

SCHEDULE 33

Blackstart Service

Blackstart Service is necessary to facilitate reliable and complete system restoration following a shut down of the bulk power Transmission System. Blackstart Service enables Transmission Operators to designate specific facilities as Blackstart Units whose location and capabilities are required to assist in re-energizing a specific portion of the Transmission System following a system-wide blackout.

I. SERVICE OBLIGATIONS

All Transmission Customers are subject to charges for Blackstart Service provided pursuant to this Schedule 33. The Transmission Provider and Transmission Operators will work with the applicable Regional Entity to determine the Blackstart Service required for complying with NERC reliability standards. The Transmission Provider will distribute revenues collected under this Schedule 33 to Blackstart Unit Owners in accordance with this Schedule 33.

A Blackstart Unit Owner must be a Tariff Customer to qualify for payments under this Schedule 33. A qualifying Blackstart Unit Owner or a Transmission Operator may contract with an entity inside or outside of the Transmission Provider Region for supply of Blackstart Service if such Blackstart Service is consistent with the Transmission Operator's System Restoration Plan, NERC reliability standards, and the minimum requirements of this Schedule 33. Payments will be made by the Transmission Provider to such a Blackstart Unit Owner or Transmission Operator as reimbursement for the Commission approved costs of the contract, in accordance with Section V of this Schedule. The Blackstart Unit Owner or the Transmission Operator is responsible for all reporting to the Transmission Provider and the contract must provide that all requirements of the Tariff including Schedule 33 are to be met.

II. PROVISION OF BLACKSTART SERVICE

A Blackstart Unit shall be considered capable of providing Blackstart Service when it meets the criteria established by NERC and the applicable Regional Entity, has been included in the Transmission Operator's System Restoration Plan and/or entered into the database of the applicable Regional Entity's Blackstart Capability Plan. Notwithstanding the foregoing, a Blackstart Unit must meet the minimum requirements of Section III of this Schedule 33 to be eligible for compensation.

The Transmission Operators are responsible for identifying to the Transmission Provider the Blackstart Units that are included in each of their individual System Restoration Plans and that are required for the reliable restoration of the Transmission System in each of the Transmission Pricing Zones. Blackstart Units will be identified by the Transmission Operators pursuant to criteria established by NERC and the applicable Regional Entity, and in conjunction with the coordination of the Transmission Operators' System Restoration Plans by the Transmission Provider acting in its capacity as the Reliability Coordinator.

To be eligible for compensation under this Schedule 33, Blackstart Unit Owners initially shall commit to provide Blackstart Service for a minimum term of a continuous three-year period either by submitting an executed Service Agreement to the Transmission Provider using Attachment NN to the Tariff or by entering into an agreement for such service with a Transmission Operator, and submitting an executed Service Agreement to the Transmission Provider using Attachment NN to the Tariff. Subject to the terms of the applicable contract, a Blackstart Unit Owner may terminate this three-year commitment only upon written notice to the Transmission Operator and Transmission Provider, given at least two years before the date the

commitment period ends, absent an event of Force Majeure as defined in Section 10.1 of the Tariff. A Transmission Operator may terminate a Blackstart Unit's designation by providing written notice of such termination to the Blackstart Unit Owner and the Transmission Provider at least two years before the date the commitment period ends.

In the event that neither the Blackstart Unit Owner nor the Transmission Operator exercises its right to terminate by providing a two year written notice of termination, the commitment to provide Blackstart Service will be extended automatically for an additional year to maintain a rolling three-year commitment. In the event that a Blackstart Unit Owner fails to fulfill its three year rolling commitment to provide Blackstart Service, the right to receive Blackstart Service revenues associated with the non-performing Blackstart Unit shall cease effective upon the date that such commitment ceases.

III. PERFORMANCE STANDARDS AND OUTAGE RESTRICTIONS

To be eligible for compensation under this Schedule 33, Blackstart Units must demonstrate the minimum performance capabilities for Blackstart Units in accordance with the criteria set forth in the NERC System Restoration and Blackstart reliability standards and any applicable Regional Entity standards (as such standards may be revised from time to time), and must remain in effect for the duration of the Blackstart Unit Owner's commitment to provide Blackstart Service, and must not be included in the computation of rates for Transmission Service while contemporaneously serving as a Blackstart Unit.

Each Blackstart Unit Owner must maintain procedures for the start-up of the Blackstart Units consistent with the procedures established by NERC and the applicable Regional Entity.

Planned outages at Blackstart Units within a Transmission Pricing Zone may be restricted based on Transmission Operator requirements for Blackstart Service availability. Such restrictions must be predefined and approved by the Transmission Provider acting in its capacity as Reliability Coordinator in accordance with the Regional System Restoration Plan.

A service agreement entered into between a Blackstart Unit Owner and a Transmission Operator for Blackstart Service may contain additional terms and conditions consistent with the minimum requirements of this Section III.

IV. TESTING

To verify that a Blackstart Unit can be started and operated without being connected to the Transmission System, Blackstart Units shall be tested periodically in accordance with the NERC System Restoration and Blackstart reliability standards.

To be compensated for providing Blackstart Service, a Blackstart Unit Owner must provide the Transmission Provider by May 1 with all data necessary to demonstrate that it has met all applicable NERC and Regional Entity Blackstart criteria, standards and requirements. The Blackstart Unit Owner must also affirm that it will continue to meet the requirements of this Schedule 33 for the next 12 months.

To receive Blackstart Service compensation, a Blackstart Unit must have a successful periodic test on record with the Transmission Provider within the preceding 3 calendar years and also meet all applicable NERC and Regional Entity Blackstart standards and requirements as set forth in this Schedule 33.

A service agreement entered into between a Blackstart Unit Owner and a Transmission Operator for Blackstart Service may contain additional terms and conditions consistent with the minimum testing requirements of this Section IV.

V. DETERMINATION OF REVENUE REQUIREMENT FOR A BLACKSTART UNIT

1. A Blackstart Unit Owner shall be compensated for Blackstart Service under this Schedule 33. Compensation shall be based on the annual revenue requirements associated with each Blackstart Unit. The Blackstart Unit Owner possesses the unilateral right under Section 205 of the Federal Power Act to file to establish or revise its annual cost-based revenue requirement for this Schedule and shall be responsible for making all appropriate filings with the Commission.

2. Blackstart Service revenue requirements shall be calculated using the formula set forth below, or as determined by the Commission in an order issued pursuant to paragraph 5 of this Section V. Commission approved changes to the Blackstart Service revenue requirements may be made once each year with written notice to the Transmission Provider no later than May 1 for the revised revenue requirements to be included in charges effective the following June 1.

3. The formula for calculating a Blackstart Unit's annual Blackstart Service revenue requirement shall represent a pass through of costs that a Blackstart Unit Owner incurs to provide Blackstart Service (*i.e.*, costs that would not otherwise be incurred, but for providing Blackstart Service capabilities, including, but not limited to, costs related to all applicable NERC Reliability Standards) from a Blackstart Unit. The Blackstart Service revenue requirement shall

be the sum of the following three (3) elements: **Fixed Blackstart Service Costs + Variable Blackstart Service Costs + Training and Compliance Costs.**

Fixed Blackstart Service Costs: shall include the annual amortized fixed costs that a Blackstart Unit Owner incurs to be able to provide Blackstart Service. If the Transmission Operator terminates a Blackstart Unit's designation pursuant to Section II (and the Blackstart Equipment was installed in response to a request by a Transmission Operator to provide Blackstart Service under this Tariff), the Blackstart Unit Owner shall be entitled, upon termination, to full recovery over a ten year period of any unamortized fixed capital costs (including its financing costs of capital), that the Blackstart Unit Owner invested in the Blackstart Equipment. A terminated Blackstart Unit shall provide information regarding fixed costs to the Transmission Provider consistent with information filed with the Commission in support of its revenue requirements.

Variable Blackstart Service Costs: shall include the reasonable operating, maintenance and costs to maintain sufficient fuel inventory that can be attributed to supporting Blackstart Service for a Blackstart Unit.

Training and Compliance Costs: shall include those training and compliance costs that are reasonably incurred to enable a Blackstart Unit Owner's employees to efficiently operate the Blackstart Service capabilities of the Blackstart Unit, including costs incurred to comply with NERC reliability standards applicable to Blackstart Units such as, but not limited to, Critical Infrastructure Protection standards.

Each Blackstart Unit Owner shall certify in writing under penalty of perjury that all of the data and information provided to the Transmission Provider is complete and accurate.

4. A Transmission Operator contracting for Blackstart Unit services shall be compensated for Blackstart Service under this Schedule 33 if the bilateral agreement for blackstart service with a Blackstart Unit Owner meets the minimum term and technical capability requirements of this Schedule 33. Compensation paid to the Transmission Operator shall be based on the Commission approved contract associated with each Blackstart Unit to the extent the costs are consistent with the calculation of the annual revenue requirement set forth in this Section V. A Transmission Operator otherwise entitled to compensation as set forth in this Section may elect to have the Transmission Provider compensate the Blackstart Unit Owner in the amount that would otherwise be paid to the Transmission Operator pursuant to this Schedule 33, if permitted by the agreement between the Transmission Operator and the Blackstart Unit Owner.

5. Nothing in this Tariff interferes with the right of any Blackstart Unit Owner that is physically located on the Transmission System to file with the Commission, individually or in connection with an agreement to provide Blackstart Service to a Transmission Operator, a rate schedule consistent with Commission policy providing for compensation for the provision of Blackstart Service. If the Blackstart Unit Owner meets the eligibility requirements of this Schedule 33, the revenue requirement established by the Commission for that Blackstart Unit Owner will be the revenue requirement used by the Transmission Provider for determining the rate to be charged for Blackstart Service under Section VI of this Schedule 33.

VI. CALCULATION OF BLACKSTART SERVICE CHARGES

The Transmission Provider shall calculate rates for Blackstart Service for each Transmission Pricing Zone in the Transmission System. The charges collected under this

Schedule 33 shall represent a pass through of Blackstart Service costs, based upon the annual cost-based revenue requirements of those Blackstart Units providing service pursuant to this Schedule 33, that have been approved by the Commission. For those Transmission Pricing Zones where more than one entity is deemed to be a Blackstart Unit Owner providing the service described under this Schedule 33, the Transmission Provider will pass through the revenue it receives directly to each individual Blackstart Unit Owner based on the revenue requirements specified in Section V.

A. Rates for Blackstart Service provided to Load within the Transmission System

The Transmission Provider shall determine the rates for each Transmission Pricing Zone within the Transmission System through the following steps:

1. Summing the annual revenue requirements for Blackstart Service, as determined pursuant to Section V for Blackstart Units in each respective Transmission Pricing Zone, less revenue allocated to each Transmission Pricing Zone's Blackstart Units from transactions exiting the Transmission System for the prior 12-month calendar period, to determine the yearly Blackstart Service revenue requirement;
2. Multiplying the annual Blackstart Service revenue requirement determined in step 1 above by one-twelfth (1/12) to obtain the monthly Blackstart Service revenue requirement for the Transmission Pricing Zone; and
3. Dividing the monthly Blackstart Service revenue requirement determined in step 2 above by the Attachment O, Page 1, Line 15 rate divisor for each Transmission Pricing Zone to derive a monthly rate; and deriving from that monthly rate the rates for yearly, weekly, daily and hourly service. For those Transmission Pricing Zones not utilizing

Attachment O to derive rates for base Transmission Service, the Transmission Provider shall use the same rate divisor used in calculating base transmission rates for Schedule 7 (the MISO Single System-Wide Rates) unless an alternate divisor is specified by a Commission order as the Schedule 33 rate divisor.

For those Blackstart Unit Owners having a cost-based rate schedule on file with the Commission that does not include an annual revenue requirement (*i.e.*, a stated rate), the Transmission Provider will calculate the rates in the respective Transmission Pricing Zone by adding the incremental rates as calculated in steps 1-3 above to the stated rates.

The Transmission Provider will calculate the rates annually effective June 1. Rates will be calculated as soon as reasonably practicable for any new Blackstart Units with Commission approved Blackstart revenue requirements. In accordance with Section V of this Schedule, the Transmission Provider will assign Blackstart charges and distribute revenue in the billing cycle following the effective date of any new or revised rates.

B. Rates for Blackstart Service for Transactions Exiting the Transmission System

The Transmission Provider shall determine the appropriate rate for Transmission Customers with Loads located outside the Transmission Provider's Transmission System by:

1. Summing the annual revenue requirements for Blackstart Service, as determined pursuant to Section V for all Transmission Pricing Zones to determine the yearly system-wide Blackstart Service revenue requirement; and
2. Dividing the annual system-wide revenue requirement determined in step 1 above by the Attachment O divisor used for calculating the Schedule 7, Part (2) Single-System

Rate, or use a divisor as specified by Commission order, to derive a monthly rate; and deriving from that monthly rate the rates for yearly, weekly, daily and hourly service.

In those instances where a Blackstart Unit has a cost-based rate schedule on file with the Commission that does not include an annual revenue requirement (*i.e.*, a stated rate), the Transmission Provider will calculate the average rate by weighting the respective rates calculated in Section V together with the stated rates, using the rate divisor previously mentioned in Section VI.A.3. The average rate will be the sum of the load weighted rates.

The Transmission Provider will calculate the rates annually effective June 1. Rates will also be calculated as soon as reasonably practicable for the addition of any new Blackstart Units with Commission approved Blackstart revenue requirements. In accordance with Section V the Transmission Provider will assign Blackstart charges and distribute revenue in the billing cycle following the effective date of any new or revised rates.

VII. COLLECTION OF CHARGES AND DISTRIBUTION OF REVENUES

1. Each Transmission Customer shall pay the Transmission Provider a monthly charge for Blackstart Service determined by multiplying the applicable rate as calculated in Section VI.A or VI.B either: (1) by the Reserved Capacity for the Transmission Customer taking Point-To-Point Transmission Service, or (2) by the Network Load for a Network Customer taking NITS.

2. Each month for Point-to-Point Transmission Service or NITS provided to load within a Transmission Pricing Zone within the Transmission System, the Transmission Provider

shall distribute to each Blackstart Unit Owner a *pro rata* allocation of the amounts collected under this Schedule 33 based upon the Blackstart Unit Owner's respective share of the relative rates within the Transmission Pricing Zone (*i.e.*, rates of the Blackstart Units divided by the total rates of Blackstart Units in a Transmission Pricing Zone) derived under Section VI.A.

3. Each month for Transmission Service provided to Points of Delivery or Loads located outside the Transmission System, the Transmission Provider shall distribute to each Blackstart Unit Owner a *pro rata* allocation of the amounts collected for its share of its gross annual Blackstart Service revenue requirement among all Blackstart Unit Owners providing service under this Schedule 33.

4. Each month the Transmission Provider shall distribute to each Transmission Operator that has contracted for Blackstart Service and is eligible for compensation pursuant to Section V of this Schedule 33, a *pro rata* allocation of the amounts collected for its share of its Blackstart Service contract payment among the gross annual Blackstart Service revenue requirement of all Blackstart Unit Owners providing service under this Schedule 33.