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June 28, 1990

VIA HAND-DELIVERY

Mr. Thomas E. Murley
Director
Office of Nuclear Reactor
Regulation
U.S. Nuclear Regulatory
One White Flint North
11155 Rockville Pike
Rockville, MD 20852

Re: Texas Utilities Electric Company,
Docket Nos. 50-445A and 50-446A.

Dear Mr. Director:

Enclosed herewith is a copy of the Power Supply Agreement Between Texas Utilities Electric Company And Cap Rock Electric Cooperative, Inc., dated June 8, 1990 ("PSA"). The PSA, which received final approval by the Boards of Directors of the respective parties on June 21, 1990, constitutes a settlement of the outstanding disputes between Cap Rock Electric Cooperative, Inc. ("Cap Rock") and Texas Utilities Electric Company ("TU Electric"), including those differences that gave rise to the request for enforcement of the antitrust license conditions, pursuant to 10 C.F.R. §2.206, filed with your office by Cap Rock on May 12, 1989.^{1/}

The PSA provides a means by which Cap Rock will be able to engage in an orderly transition from its current status as a full requirements customer of TU Electric, to a partial requirements customer of TU Electric and, ultimately, to a separate and independent electric utility. Cap Rock's transition, ultimately

1/ Request Of Cap Rock Electric Cooperative, Inc. For An Order Enforcing And Modifying Antitrust License Conditions, dated May 12, 1989 ("Request").

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Mr. Thomas E. Murley
June 28, 1990
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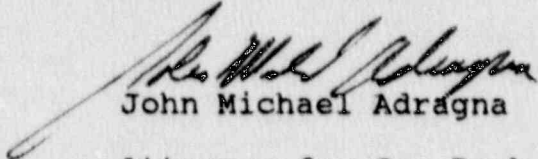
to independent status, will obviously be a complicated, multi-step process that will not occur overnight. Consequently, the PSA contemplates that many of the services that Cap Rock and TU Electric have agreed will be provided in the future will be provided pursuant to separate agreements, negotiated pursuant to the PSA. The PSA in no way affects the rights or obligations of either TU Electric or Cap Rock under the License Conditions.

Section 10.17(b) of the PSA provides that, upon final ratification of the PSA, Cap Rock will move to withdraw its May 12, 1989 Request and move for an order for dismissal of its appeal in Cap Rock Electric Cooperative, Inc. v. United States Nuclear Regulatory Commission, United States Court of Appeals for the District of Columbia Circuit No. 89-1735. Pursuant to the PSA, therefore, Cap Rock hereby files the PSA with you as settlement of the matters raised in Cap Rock's Request and moves to withdraw its Request. Cap Rock will shortly move to dismiss Case No. 89-1735 before the Court of Appeals.

Cap Rock wishes to express its sincere appreciation to the legal and technical staff of the Nuclear Regulatory Commission. Cap Rock believes that a timely settlement of the Cap Rock's Request would not have been likely had it not been for their diligence, cooperation and able assistance.

If you have any questions, please do not hesitate to call me.

Respectfully,



John Michael Adragna

Attorney for Cap Rock
Electric Cooperative, Inc.

Encl.

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POWER SUPPLY AGREEMENT

BETWEEN

TEXAS UTILITIES ELECTRIC COMPANY

AND

CAP ROCK ELECTRIC COOPERATIVE, INC.

DATED AS OF JUNE 8, 1990

POWER SUPPLY AGREEMENT
BETWEEN
TEXAS UTILITIES ELECTRIC COMPANY
AND
CAP ROCK ELECTRIC COOPERATIVE, INC.

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POWER SUPPLY AGREEMENT
BETWEEN
TEXAS UTILITIES ELECTRIC COMPANY
AND
CAP ROCK ELECTRIC COOPERATIVE, INC.

This Power Supply Agreement ("Agreement") is made and entered into as of the 8th day of June, 1990, by and between Texas Utilities Electric Company ("TU Electric"), a Texas corporation, and Cap Rock Electric Cooperative, Inc. ("Cap Rock"), a Texas cooperative corporation, (each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties").

WITNESSETH:

WHEREAS, Cap Rock is a full requirements wholesale customer of TU Electric; and

WHEREAS, Cap Rock desires to develop alternative power supply arrangements, including the purchase of power from suppliers other than TU Electric, as well as construction of Cap Rock's own generation and transmission, and obtaining the necessary regulatory approvals in connection therewith; and

WHEREAS, Cap Rock intends to pursue development of control area arrangements; and

WHEREAS, Cap Rock expects to make such power supply arrangements for Lone Wolf Electric Cooperative, Inc. ("Lone Wolf") delivery points in the event that Cap Rock and Lone Wolf merge or otherwise consolidate;

NOW, THEREFORE, in recognition of the foregoing, the Parties hereby agree as follows:

ARTICLE I. DEFINITIONS

The following terms, when used herein and in the Exhibits attached hereto, shall have the meaning specified below, except as may otherwise be expressly set forth in this Agreement:

1.01 "Contract Demand" shall mean the maximum amount of power and energy expressed in kilowatts (Contract Kw) that Cap Rock projects TU Electric will be required to provide at each Point of Delivery. Contract Demand will be specified on Exhibit A, which may be changed from time to time as provided in Section 3.08 hereof.

1.02 "Control Area" shall mean an area within ERCOT which has contractually and electrically prescribed boundaries at transmission voltages whose nominal operating voltage is at least 60,000 volts when measured phase-to-phase, is capable of instantaneously matching generation and load within such area and is established and operated in accordance with prudent electric utility practices, including all provisions of the ERCOT Operating Guides.

1.03 "Cost of Service Study" shall mean that study undertaken by TU Electric to allocate its system cost to its rate classes as most recently approved by the Public Utility Commission of Texas ("PUCT") in a general rate case.

1.04 "Default" shall mean the failure of Cap Rock or TU Electric to make any payment or perform any obligation in the time and

manner provided in this Agreement.

1.05 "ERCOT" shall mean the Electric Reliability Council of Texas or its successor(s).

1.06 "ERCOT Operating Guides" shall mean those operating guides prepared and adopted by the Operating Subcommittee of ERCOT and approved by the Technical Advisory Committee of ERCOT, the purpose of which is to outline the mutually agreed upon practices to be followed in operation of the interconnected systems of the member utilities of ERCOT.

1.07 "Firm Capability" shall mean the maximum capacity expressed in megawatts (exclusive of installed and spinning reserves) for each Firm Power Resource specified on Exhibit B.

1.08 "Firm Power Resource" shall mean a Power Supply Resource fully backed up by an electric utility member of ERCOT, other than TU Electric which (i) is available at all times, even under adverse conditions, (ii) includes both installed and spinning reserves, and (iii) is of a level of firmness not less than the ERCOT utility's firm native load customers.

1.09 "Metered Demand" shall mean the total metered demand at a Point of Delivery (adjusted for losses, if any, between the metering point and the Point of Delivery), excluding demand at subtract meter points, if any, serving TU Electric customers.

1.10 "Metered Energy" shall mean the total metered energy at a Point of Delivery (adjusted for losses, if any, between the metering point and the Point of Delivery), excluding energy at subtract meter points, if any, serving TU Electric customers.

1.11 **"Points of Delivery"** shall mean all points within TU Electric's Control Area at which TU Electric maintains an electrical connection with Cap Rock existing on the effective date hereof, each of which Points of Delivery shall be specified on Exhibit A hereto, which shall be amended from time to time in accordance with Section 3.07(b) hereof.

1.12 **"Points of Interconnection"** shall mean each point at which TU Electric maintains an electrical connection with Cap Rock's Control Area, at a nominal voltage level of at least 60,000 volts when measured phase-to-phase (except at such points and for such periods as provided in Section 7.02 hereof).

1.13 **"Power Supply Resources"** shall mean Cap Rock's Firm Power Resources and/or economy energy resources specified from time to time on Exhibit B hereto pursuant to the provisions of this Agreement.

1.14 **"Schedule Period"** shall mean a period of one (1) calendar day unless such day is not a Working Day, in which event the Schedule Period shall be all consecutive days which are not Working Days plus the first following Working Day.

1.15 **"TU Electric Capacity"** shall mean that amount of capacity which TU Electric will provide to Cap Rock as defined in Section 3.02(a) hereto pursuant to the provisions of this Agreement.

1.16 **"TU Electric Energy"** shall mean that amount of energy which TU Electric will provide to Cap Rock as defined in Section 3.02(b) hereto pursuant to the provisions of this Agreement.

1.17 **"Working Day"** shall mean any day from Monday through Friday

which is not a holiday recognized by TU Electric, which holidays shall be specified by TU Electric within 30 days after the execution of this Agreement, such holidays to be subject to change by TU Electric upon reasonable advance written notice.

**ARTICLE II. EFFECTIVE DATE,
TERM AND NOTICES**

2.01 Effective Date

This Agreement shall become effective, with respect to Cap Rock, from and after Cap Rock's termination of its full requirements Agreement for Purchase of Power, dated June 2, 1963, as amended, in accordance with its terms.

This Agreement shall become effective, with respect to Lone Wolf, from and after the termination of Lone Wolf's full requirements Agreement for Purchase of Power dated July 2, 1963, as amended, in accordance with its terms; provided, however, that in the event Cap Rock and Lone Wolf do not consolidate within the time specified in Section 3.07(b)(iv) hereof, all Cap Rock's rights and TU Electric's obligations with respect to Lone Wolf provided for herein shall terminate and be of no further force or effect.

2.02 Term

The term of this Agreement will be 10 years. Cap Rock will have the right to terminate this Agreement on three years' written notice in years one through five and on five years' written notice thereafter.

TU Electric will have the right to terminate this Agreement

on notice equal to the balance of the ten-year term in years one through five, and on five years' notice thereafter.

After the expiration of the fifth full year, this Agreement will be automatically extended from year to year unless terminated as provided above.

2.03 Power Supply Resources

All Power Supply Resources shall be identified on Exhibit B, which shall include, in addition to the other information specified therein, the Firm Capability of each Firm Power Resource. None of the characteristics of the Power Supply Resources may be changed, nor shall any Power Supply Resource be added or deleted from Exhibit B, except as specifically authorized by this Section 2.03, or Sections 2.04, 3.15(a)(i) or 5.01(b) hereof.

Cap Rock may, notwithstanding the notice requirements of Section 2.04, replace a Firm Power Resource with another Firm Power Resource so long as the replacement has a term no longer than the remaining term of the replaced Firm Power Resource, has the same Firm Capability as the Firm Power Resource so replaced, is substantially identical with respect to, among other things, the direction and pattern of flow of the power and energy, loadings on TU Electric's transmission facilities, and impacts on its generation dispatch, and such replacement is otherwise satisfactory to TU Electric. The Firm Power Resource so replaced shall be deleted from Exhibit B. Cap Rock may not, without the notices required by Section 2.04 hereof, substitute Firm Power Resources or increase the Firm Capability to be taken under each such Firm

Power Resource.

The number of Power Supply Resources shall never exceed six at any one time and shall not be scheduled or delivered without the giving of the notices provided for in Section 2.04.

Cap Rock shall provide a copy of all Firm Power Resource agreement(s) or generation ownership/entitlement agreement(s) to TU Electric no less than 60 days prior to the date it wishes to begin receiving power from such Firm Power Resource. Cap Rock may redact such portions of the foregoing agreements as is necessary to avoid the disclosure of confidential information, if any; provided, however, that such redaction shall not prevent TU Electric from having access to such information as it may reasonably require to insure that the power being purchased and/or generation ownership/entitlement agreement(s) meet the requirements of this Agreement; provided further that if such information includes confidential information, TU Electric will agree not to use the same for any other purpose and not to disclose such confidential information to any other person without Cap Rock's consent, unless required to do so by a court or regulatory authority of competent jurisdiction.

2.04 Notices for Changes in Purchases of Power and Energy

Cap Rock will have the right to reduce load supplied by TU Electric under this Agreement on three years' advance written notice in years one through five, inclusive, and on five years' advance written notice thereafter. After year five, Cap Rock may, upon the giving of three years' advance written notice, reduce or

increase, by not more than plus or minus 10%, the Firm Capability supplied by a Firm Power Resource (and thereby increase or reduce respectively its load supplied by TU Electric), under a previously given notice. All demand determinations under TU Electric's Rate WP Wholesale Power, or its successor, associated with and resulting from usage prior to the date upon which such reduction is effective will be waived for each load reduction at each such Point of Delivery associated with and following the expiration of the foregoing Cap Rock notice(s); otherwise such billing demand determinations shall apply.

TU Electric will have the right to reduce load to be supplied under this Agreement upon advance written notice equal to the balance of the ten-year term in years one through five, inclusive, of this Agreement and upon five years' advance written notice thereafter.

All notice(s) not associated with the addition of a Firm Power Resource given by either Party to the other pursuant to this section shall specify the Point(s) of Delivery at which such reduction is to occur and, for each such Point(s) of Delivery, the amount of such reduction.

2.05 Removal of Specified Points of Delivery

Subject to the limitations described below, all (but not part) of the power and energy requirements of Cap Rock's customers at nine Points of Delivery (Pembroke, St. Lawrence, Stiles, Knott, Ackerly, Vealmore, Coahoma, La Mesa and Schwartz) may, during years one through five of this Agreement, be served by another electric

utility, provided Cap Rock has first given TU Electric twenty-four months' advance written notice of such service to one or more of the Points of Delivery identified above by such other electric utility and such service at any such Point(s) of Delivery has commenced prior to June 1 in the year of such notice, in which event the demand determinations from TU Electric's Rate WP Wholesale Power, or its successor, shall not be imposed from and after the commencement of such service at the Point(s) of Delivery for which Cap Rock has given the required notice. The Contract Demand(s) at the Point(s) of Delivery for which notice is given pursuant to this Section 2.05 may not, in the aggregate, exceed 30 MW of Contract Demand (as specified on Exhibit A on the effective date of this Agreement). If required by the provisions of Section 3.12 or Article IX hereof, Cap Rock will disconnect each such Point of Delivery from TU Electric.

**ARTICLE III. SALE OF POWER AND ENERGY
BY TU ELECTRIC AND PURCHASE BY CAP ROCK**

3.01 Full Requirements Power and Energy

Except as otherwise permitted by this Agreement, Cap Rock shall purchase from TU Electric and TU Electric will sell to Cap Rock all of Cap Rock's power and energy requirements, including normal load growth, at each of the Points of Delivery for resale to Cap Rock's customers. Cap Rock may, upon reasonable advance written notice, elect to retain one or more of its Points of Delivery (having voltage levels of less than 60,000 volts) which

exist on the effective date of this Agreement as full requirements Points of Delivery pursuant to this Section 3.01 (notwithstanding the purchase of partial requirements power pursuant to Section 3.02 below at Cap Rock's remaining Points of Delivery), in which event, upon the giving of the notices required by Section 2.04 hereof, Cap Rock may, from time to time, convert one or more of such Points of Delivery to partial requirements Points of Delivery under the provisions of Section 3.02 hereof.

3.02 Partial Requirements Power and Energy

In the event and to the extent Cap Rock gives the requisite notice pursuant to Section 2.04 hereof and during the period(s) that TU Electric may be required to schedule under Article V hereof, Cap Rock shall purchase from TU Electric and TU Electric will sell to Cap Rock, at each of the Points of Delivery (except Points of Delivery which are retained as full requirements Points of Delivery pursuant to Section 3.01 above (the "Retained Full Requirements Points of Delivery"), unless and until such Points of Delivery become partial requirements Points of Delivery as permitted therein), partial requirements power and energy for resale to Cap Rock's customers. Partial requirements power and energy shall be determined as follows:

(a) "TU Electric Capacity" shall mean capacity equal to the difference between the Metered Demand during the billing interval on each of the metering points at each Point of Delivery (except the Retained Full Requirements Points of Delivery) delivering power and energy to Cap Rock

for resale and a portion (CP_f) of the Firm Capability of Cap Rock's Firm Power Resources, if any.

The quantity CP_f shall have the following definition:

$$CP_f = AF_f \times FPSR_c \times [(1/TL_d) \text{ or } (1/DL_d)]^*$$

where,

AF_f = The Metered Energy for each Point of Delivery (except the Retained Full Requirements Points of Delivery) during each hour of the current billing month divided by the sum of the Metered Energy for all Cap Rock's Points of Delivery (except the Retained Full Requirements Points of Delivery) during said hour.

$FPSR_c$ = The capacity (MW) of Cap Rock's Firm Power Resources actually scheduled and delivered to TU Electric's transmission system during a given clock hour on behalf of Cap Rock, in accordance with the terms of this Agreement, coincident with the Metered Demand at the Point of Delivery during the same hour of the billing month.

TL_d = The TU Electric transmission system demand loss factor as contained in TU Electric's Cost of Service Study most recently approved by the PUCT. At the time of execution of this Agreement, this factor is 1.03063139 as shown in Exhibit C attached hereto and made a part hereof.

DL_d = The TU Electric primary system demand loss factor as contained in TU Electric's Cost of Service Study most recently approved by the PUCT. At the time of execution of this Agreement, this factor is 1.05802362 as shown in Exhibit C attached hereto and made a part hereof.

(b) "TU Electric Energy" shall mean energy, at each

*The factor " $(1/TL_d)$ " shall be used for Points of Delivery at nominal voltages greater than or equal to 60 Kv. The factor " $(1/DL_d)$ " shall be used for Points of Delivery at voltages less than 60 Kv.

Point of Delivery (except the Full Requirements Points of Delivery), equal to hourly Metered Energy less the sum of: (i) a portion (EPH_{ECON}) of the energy scheduled and delivered pursuant to any economy energy scheduling agent agreements entered into between the Parties and (ii) a portion (EPH_f) of the energy from Cap Rock's Firm Power Resources, if any.

The quantities EPH_{ECON} , and EPH_f , shall have the following definitions:

$$EPH_{ECON} = AF_i \times ECONH_E \times [(1/TL_e) \text{ or } (1/DL_e)]^*$$

$$EPH_f = AF_i \times FPSRH_E \times [(1/TL_e) \text{ or } (1/DL_e)]^*$$

where,

AF_i shall have the same meaning as such factor in the preceding sub-section 3.02 (a).

TL_e = The average transmission energy loss factor as used in the determination by the PUCT of TU Electric's fuel factors then currently in effect for transmission voltage line losses. At the time of the execution of this Agreement, this factor is equal to 1.024789 as shown in Exhibit C attached hereto and made a part hereof.

DL_e = The average distribution energy loss factor used in the determination by the PUCT of TU Electric's fuel factors then currently in effect for primary voltage line losses. At the time of the execution of this Agreement, this factor is equal to 1.051741 as shown in Exhibit C attached hereto and made a part hereof.

$ECONH_E$ = The scheduled generation (MWH) actually scheduled and delivered on behalf of Cap Rock, as provided in any economy energy

*For Points of Delivery at nominal voltages equal to or greater than 60 Kv, the factor "(1/ TL_e)" shall be used. For Points of Delivery at nominal voltages less than 60 Kv, the factor "(1/ DL_e)" shall be used.

scheduling agent agreements entered into between the Parties, during said hour.

FPSRH_E = The energy (MWH) associated with Cap Rock's Firm Power Resources actually scheduled and delivered on behalf of Cap Rock in accordance with the terms of this Agreement during said hour.

When Cap Rock becomes a Control Area pursuant to Section 6.01 hereof, the partial requirements power and energy to be purchased by Cap Rock and sold by TU Electric shall be all of Cap Rock's power and energy requirements as provided in this Agreement, less the amounts being supplied from a source other than TU Electric for which notice has been given pursuant to Section 2.04 hereof, the accounting for which shall be determined pursuant to a mutually satisfactory procedure. Such power and energy shall be delivered by TU Electric to Points of Interconnection under a mutually acceptable schedule, at such times and at such capacity factors, ramp rates, and other factors as are mutually agreeable and consistent with good utility practices within ERCOT. The foregoing shall not apply to regulation power and energy provided by TU Electric pursuant to the provisions of Section 6.01 hereof or to the full requirements power and energy delivered to Cap Rock Points of Delivery, if any, remaining in TU Electric's Control Area.

In the event Cap Rock moves one or more of its Points of Delivery (other than a former Point of Delivery served by another electric utility pursuant to Section 2.05 hereof) from the Control Area of TU Electric to the Control Area of another electric utility, TU Electric will (if there is no load reduction as a consequence thereof), upon reasonable advance notice, continue to

sell such wholesale power and energy to Cap Rock for such Point(s) of Delivery in accordance with the provisions of a mutually acceptable power supply agreement at Rate WP Wholesale Power, or its successor, notwithstanding the provisions of Special Condition No. 1, or its equivalent, of TU Electric's proposed Rate WP Wholesale Power pending before the PUCT in Docket No. 9300 on the date hereof.

3.03 Load Growth

TU Electric Capacity and TU Electric Energy supplied hereunder shall include normal load growth for each Point of Delivery specified in Exhibit A hereto.

3.04 Unintentional Energy

In the event that, in any hour, the total energy scheduled and delivered to TU Electric from Cap Rock's Power Supply Resources is in excess of the Metered Energy at any Point of Delivery in that hour, TU Electric shall compensate Cap Rock for said excess, up to but not more than three percent (3%) of the Metered Energy in that hour, by way of credit, in TU Electric's sole discretion:

(a) as a direct replacement of TU Electric Energy purchased by Cap Rock under Rate WP Wholesale Power during the monthly billing period in which said hour occurs, or

(b) in an amount equal to ninety-five percent (95%) of TU Electric's actual avoided energy cost in that hour, against Cap Rock's bill for TU Electric Energy purchased by Cap Rock under Rate WP Wholesale Power during the monthly period in which said hour occurs.

Otherwise TU Electric shall have no responsibility or obligation to pay or otherwise compensate Cap Rock, directly or indirectly, for any energy scheduled to any Point of Delivery during any hour which is in excess of the Metered Energy at such Point of Delivery during such hour.

3.05 Rate Schedule

It is distinctly understood and agreed that the monthly rate of charge (including any charges for power and energy in excess of Contract Demand and any demand determinations affecting billing demand) for all power and energy which Cap Rock shall purchase from TU Electric and TU Electric is required to sell to Cap Rock under this Agreement shall be pursuant to TU Electric's Rate WP Wholesale Power, or its successor, as the same may from time to time be fixed and approved by the PUCT.

3.06 Characteristics of Power and Energy

The power and energy TU Electric is required to deliver to Cap Rock under this Agreement will be of the character commonly described as three-phase, 60 hertz, at a voltage for each Point of Delivery as specified on Exhibit A, and with reasonable variation in voltage and frequency to be allowed.

3.07 Points of Delivery

(a) Power and energy will be sold by TU Electric and purchased by Cap Rock under this Agreement at the Points of Delivery identified on Exhibit A hereto in the amounts specified in Sections 3.01, 3.02 and 3.03 hereof.

(b) Subject to the provisions of Section 3.11 hereof,

Exhibit A shall be amended from time to time (upon the execution of the supplemental agreement provided for in Section 3.08) to :

- (i) add new points of delivery required by reason of normal load growth in the certificated service areas of Cap Rock (and Lone Wolf, if Cap Rock and Lone Wolf are consolidated within the time specified in Section 3.07(b)(iv) below), as established by the PUCT as of June 8, 1990;
- (ii) add and/or delete Points of Delivery resulting from the consolidation of existing Cap Rock Points of Delivery and/or those new points of delivery, if any, added to Exhibit A pursuant to (i) above;
- (iii) delete Points of Delivery moved to the Control Area of Cap Rock or another electric utility;
- (iv) add points of delivery served by Lone Wolf on the date hereof provided that all corporate action necessary to approve such consolidation has been taken by Lone Wolf and Cap Rock within 90 days after May 15, 1990, applications are filed for approval by the PUCT and the Rural Electrification Administration ("REA") within 120 days after May 15, 1990, and the transaction is finally consummated and approved by all regulatory agencies having jurisdiction thereover within one year from the date of filing of the aforementioned applications (unless extended by mutual agreement of the Parties); provided, however, that if approved by the PUCT and otherwise consummated within 12 months following such filing date, failure of the REA to approve the consolidation, if otherwise consummated, shall not constitute a breach of the foregoing provision; and
- (v) add Points of Delivery permitted by Section 3.15(a)(ii). Any load reductions or increases resulting

from the foregoing shall be subject to the applicable notice provisions of this Agreement.

3.08 Contract Demand

Contract Demand shall be specified for each Point of Delivery identified on Exhibit A. Contract Demand at any Point of Delivery may be changed from time to time on Exhibit A, upon 12 months' prior written notice to TU Electric (but no more frequently than once every 12 months), as the result of normal load growth or normal load reductions (which, in either case, does not include load transferred to or from another source, including Cap Rock) at each such Point of Delivery.

Contract Demand at any Point of Delivery may be decreased on Exhibit A by Cap Rock contemporaneously with the expiration of the notice period provided for in Section 2.04.

Contract Demand at any Point of Delivery may be increased on Exhibit A as a result of purchases of power and energy pursuant to the provisions of Section 3.15(a)(i) or (iii) hereof, contemporaneously with the expiration of the notice periods provided for therein.

Contract Demand may be established on Exhibit A for a Point of Delivery which has been added pursuant to Section 3.07(b)(v) hereof at the expiration of the notice period provided for in Section 3.15(a)(ii) hereof and for Points of Delivery added pursuant to Section 3.07(b)(iv) hereof.

Contract Demand at any Point of Delivery may, if there is no load reduction, be changed simultaneously with the addition or

deletion of a Point of Delivery as permitted by Section 3.07(b)(ii) hereof.

Each change in Contract Demand on Exhibit A as provided above shall be subject to the execution of a supplement to this Agreement containing mutually satisfactory provisions, including any necessary changes in facilities at each Point of Delivery resulting therefrom as required by Section 3.11 hereof.

3.09 Idled Facilities

Cap Rock will pay TU Electric for each transmission and distribution-related facility(ies) which is rendered idle by reason of the reduction in any load covered by this Agreement. A facility(ies) is rendered idle if such facility(ies) (i) is no longer being used for the delivery of power and energy on behalf of Cap Rock and is not, or no longer has any reasonable prospect of, being used on behalf of any other TU Electric customer for the delivery of power and energy; or (ii) is so underutilized by an existing TU Electric customer(s) (including Cap Rock) as to require, using prudent utility practices, its removal for use elsewhere on the TU Electric system. Cap Rock agrees to pay TU Electric for each idled facility(ies) the replacement cost new (RCN) less an allowance for age and condition, plus removal costs, less salvage value; provided, however, for a facility(ies) removed for use elsewhere on the TU Electric system pursuant to (ii) above, Cap Rock agrees to pay only the costs of removal and the costs of installation of any facility(ies) replacing said removed facility(ies). Such charges shall be reduced by the amounts, if

any, previously paid by Cap Rock (pursuant to the provisions of Section 3.11 hereof and the provisions of any wheeling agreement(s) executed by the Parties as provided in Section 7.01 hereof) for such idled facilities. In lieu of paying TU Electric for the idled facilities as required above, Cap Rock may, at the sole option of TU Electric, purchase the idled facilities or pay TU Electric annually the reasonable carrying cost of the idled facilities; Cap Rock shall not be required to purchase or lease the idled facility(ies).

3.10 Change of Voltage

TU Electric will provide power and energy to Cap Rock at each Point of Delivery at the delivery voltage specified in Exhibit A as long as such delivery voltage is available. If TU Electric converts its facilities providing power and energy at any Point of Delivery to a different operating voltage, Cap Rock agrees to take power and energy at the changed voltage then available or bear all costs to transform the voltage from the changed voltage to that which Cap Rock may require. TU Electric will give Cap Rock written notice at least two years in advance of such voltage change. TU Electric will support Cap Rock in obtaining any Certificate of Convenience and Necessity ("CCN") necessary for Cap Rock to effect such conversion, and will not terminate service at the existing voltage to Cap Rock at the Point of Delivery until the CCN is granted and Cap Rock's conversion can be completed.

Cap Rock may, at its option, upgrade its facilities at any Point of Delivery to a higher delivery voltage then available from

TU Electric at such Point of Delivery; provided, however, that: (i) Cap Rock pays for all modifications to TU Electric's facilities that are necessary to provide power and energy to Cap Rock at such higher delivery voltage, (ii) Cap Rock gives TU Electric reasonable written notice of its desire to take delivery at such higher voltage, and (iii) TU Electric will not be required to provide delivery at such higher voltage until all required modifications to TU Electric's facilities can be completed.

3.11 Facilities at Points of Delivery

Any new or upgraded transmission and distribution-related facilities reasonably required by TU Electric in connection with service to Cap Rock shall be at Cap Rock's sole cost and expense.

3.12 Interconnection or Parallel Operations with Other Suppliers

Cap Rock agrees that no portion of its transmission and distribution system interconnected with TU Electric will be electrically interconnected or operated in parallel with any part or parts of a system being supplied through connection with any other supplier of electric energy, nor shall any Points of Delivery be interconnected by such transmission and distribution system; provided, however, that, subject to the execution of a mutually acceptable interconnection agreement, the foregoing limitation shall not apply to any Point of Delivery which is moved to Cap Rock's Control Area or the Control Area of another electric utility.

3.13 Forecasts

On January 15 of each year during the time this Agreement

remains in effect, Cap Rock will provide TU Electric by Point of Delivery and otherwise with such forecast(s) (in such form as TU Electric may reasonably require) of (i) total power and energy requirements, (ii) power and energy required from TU Electric, (iii) changes in Power Supply Resources, (iv) changes in transmission and distribution facilities, (v) changes in transmission service arrangements and (vi) such other information as may be reasonably required by TU Electric. Upon the furnishing of any such information, Cap Rock will appropriately designate those portions thereof which it considers to be confidential. TU Electric will use reasonable diligence to maintain in confidence all such designated information which has not otherwise become publicly available. TU Electric may furnish the foregoing information to the PUCT or to any other person if ordered to do so by any court or regulatory agency having jurisdiction and, to the extent required, to ERCOT for planning purposes only. Information supplied to TU Electric pursuant to this Section 3.13 shall be for planning purposes only and shall not constitute a notice of load reduction or load increase by Cap Rock under any provision of this Agreement.

3.14 Right of Access

Each Party shall give all necessary permission to the other to enable the agents of the other Party to carry out this Agreement and shall give the other the right by its fully authorized agents and employees to enter the premises of the other at all reasonable times for the purposes of reading or checking meters, for

inspecting, testing, repairing, renewing or exchanging any or all of its equipment which may be located on the property of the other, and for performing any other work incident to rendering the services provided for in this Agreement; provided, however, that neither Party hereto shall have any duty to inspect the equipment, lines and facilities of the other.

3.15 Changes in the Provision of Power and Energy

(a) If, during the term hereof, Cap Rock wishes to: (i) purchase power and energy from TU Electric previously supplied from a Firm Power Resource; (ii) add a Point of Delivery previously moved from the TU Electric Control Area to the Control Area of another electric utility other than Cap Rock; or (iii) otherwise increase the amount of power and energy to be supplied by TU Electric at any Point of Delivery specified on Exhibit A hereto (other than normal load growth at such Points of Delivery or increases occasioned by the consolidation of two or more existing and/or new Points of Delivery), TU Electric will, on three years' advance written notice, subject to the limitations of Sections 5.07 and 5.08 hereof, sell to Cap Rock full and partial requirements power in accordance with Rate WP Wholesale Power, or its successor, pursuant to the provisions of this Agreement.

(b) If Cap Rock or TU Electric cancels this Agreement pursuant to Section 2.02 hereof, or if Cap Rock causes one or more of its Points of Delivery (other than a former Point of Delivery served by another electric utility pursuant to Section 2.05 hereof) to become a part of another Control Area (other than Cap Rock's

Control Area) and, if there is a load reduction in connection therewith, gives the notice required by Section 2.04 hereof, TU Electric will: (i) on three years' (or five years' in the case of those Points of Delivery becoming full requirements points of delivery in accordance with Sections 5.08 and 7.02(b) hereof) advance written notice, sell to Cap Rock full and partial requirements wholesale power in accordance with the provisions of Rate WP Wholesale Power, or its successor, pursuant to a mutually acceptable agreement for electric service (which shall not include the sale of scheduling or regulation services), provided that TU Electric has sufficient bulk power available and provided the sale would not impair its ability to render adequate and reliable service to its customers or its ability to discharge prior commitments; and (ii) provide firm transmission wheeling, on a transaction specific basis, in accordance with mutually acceptable interconnection and transmission wheeling agreement(s) on terms that fully compensate TU Electric for its costs plus a reasonable return on investment, together with all costs for any additions or modifications necessary to accommodate each wheeling transaction, provided TU Electric has adequate transmission and distribution capacity available (if distribution wheeling services are then being offered) and the transaction would not unreasonably impair TU Electric's system reliability or emergency transmission capacity.

**ARTICLE IV. BACKUP, STANDBY, EMERGENCY
AND SCHEDULED MAINTENANCE POWER**

4.01 Loss of Firm Power Resource

TU Electric will not provide any backup or standby service, including installed or spinning reserves, nor will it plan for or shall it be obligated to serve any of Cap Rock's requirements not expressly specified or provided for in this Agreement, including the sale of power previously supplied from a Firm Power Resource. In the event a Firm Power Resource being scheduled as provided in Article V hereof is not delivered for any reason, Cap Rock shall, subject to the sale of emergency power provided in Section 4.02 hereof, immediately curtail load (in accordance with a curtailment plan reasonably acceptable to TU Electric), in amounts equal to such undelivered Firm Power Resource unless Cap Rock makes arrangements (satisfactory to TU Electric) to replace such undelivered Firm Power Resource with another Firm Power Resource (which shall be deemed to be a source or resource for the purposes of Sections 1.08, 2.01, 5.04 and 5.06 hereof); provided, however, that in instances where the Firm Power Resource is not delivered due solely to an emergency caused by the failure of TU Electric's transmission facilities or an emergency caused by the failure of transmission facilities of another member system of ERCOT (other than the supplier of the undelivered Firm Power Resource), Cap Rock may (if satisfactory to TU Electric) use a source to replace such undelivered Firm Power Resource other than that provided for in Section 5.01(a) at a level of firmness other than that required by Section 5.01(b), provided Cap Rock agrees in advance to execute a

scheduling agent agreement on the terms provided for in Section 5.06 and a mutually satisfactory short-term wheeling agreement. Anything in this Agreement to the contrary notwithstanding, TU Electric shall not be required to deliver any power replacing such undelivered Firm Power Resource for a period of more than four consecutive days or the length of the emergency, whichever is less, and in any event for more than three such emergencies during any 12-month period, except in cases where the emergency is due solely to an emergency caused by the failure of TU Electric's transmission facilities, in which event the period of such delivery shall continue for the entire length of the emergency and the number of such emergencies for which such delivery shall be made will not be limited.

4.02 Emergency Power

Before Cap Rock becomes a Control Area and during the period(s) in which TU Electric may be required to schedule Firm Power Resources pursuant to Article V hereof, and in the event a Firm Power Resource being scheduled as provided under Article V hereof is not delivered due to no fault of Cap Rock, and TU Electric has power and energy available therefor, TU Electric will sell emergency power to Cap Rock in an amount equal to such undelivered Firm Power Resource for a period not to exceed ten hours at the rate specified in Rate WP Wholesale Power, or its successor, including the demand determinations under Rate WP Wholesale Power specified therein; provided, however, if the Firm Power Resource is not delivered due solely to an emergency caused

by the failure of TU Electric's transmission facilities or the failure of facilities at Texas Utilities System Operating Center ("TUSOC"), TU Electric will sell or continue to sell such emergency power to Cap Rock for an additional four-day period at the same rate as aforesaid, including the demand determinations.

4.03 Curtailment Plan

No later than six months prior to the date Cap Rock first begins taking power from a Firm Power Resource in accordance with the provisions of this Agreement, Cap Rock shall develop and deliver to TU Electric a mutually acceptable curtailment plan, and TU Electric agrees to cooperate with Cap Rock in the development of said curtailment plan, identifying load equal to the capacity of such Firm Power Resource to be curtailed and the means by which said curtailment plan is to be implemented in accordance with the provisions of Section 4.01 hereof. The curtailment plan shall thereupon be added as an amendment to this Agreement and set forth in Exhibit D hereto.

The curtailment plan may be amended from time to time by mutual agreement of the Parties, provided that, upon the addition of, or any increase or reduction in Firm Capability of, any Firm Power Resource pursuant to Section 2.04 hereof and by no later than ten (10) Working Days prior to the date upon which Cap Rock desires to begin taking power from such Firm Power Resource, Cap Rock shall develop, in cooperation with TU Electric, and deliver to TU Electric a mutually acceptable revised curtailment plan, to be added to this Agreement as an amendment to Exhibit D hereto,

identifying load equal to the capacity of such Firm Power Resource and the means by which the amended curtailment plan is to be implemented.

4.04 Scheduled Maintenance Power

Before Cap Rock becomes a Control Area and during the period(s) in which TU Electric may be required to schedule Firm Power Resources pursuant to Article V hereof, and if Cap Rock owns or controls its own generation (located within TU Electric's interconnected system), TU Electric shall sell scheduled maintenance power to Cap Rock, if available, on mutually satisfactory terms and conditions, at Rate WP Wholesale Power or its successor, including the demand determinations specified therein.

4.05 Limitations on Emergency and Scheduled Maintenance Power

TU Electric shall not be required to sell emergency or scheduled maintenance power if to do so would result in the curtailment of its native load customers, the inability to discharge prior commitments or otherwise impair its ability to render adequate and reliable electric service.

4.06 Other Power and Energy

Any power and energy taken by Cap Rock from TU Electric as a result of Cap Rock's presence in the TU Electric Control Area, not permitted by this Agreement and not resulting from TU Electric's interruption of firm transmission service, will, among all other consequences provided for herein, including the Default provisions hereof, be paid for by Cap Rock at TU Electric's Rate

WP Wholesale Power, or its successor, plus the demand determinations specified therein.

ARTICLE V. SCHEDULING

5.01 Scheduling of Power Supply Resources

(a) TU Electric will schedule power from up to six Power Supply Resources (determined by source and not control area, i.e., an electric utility generating plant, an electric utility company (other than TU Electric) or a qualifying facility) specified on Exhibit B hereto so long as not more than three of which resources (at least one of which shall be a Firm Power Resource) are scheduled during any 24-hour period.

(b) TU Electric's obligation to schedule will be limited to Firm Power Resources (except when it has elected to schedule economy energy and a mutually satisfactory scheduling agent agreement has been executed). In the event TU Electric agrees to schedule economy energy, any such scheduling agent agreement(s) shall be subject to cancellation by either Party on 30 days' written notice and shall provide for charges in the same manner as set forth in Section 5.06 hereof.

5.02 Cap Rock Notice of Schedules to TU Electric

Cap Rock shall notify TU Electric in writing by facsimile communication to TUSOC, at the number set forth in Section 10.07 hereof, no later than 12:00 noon on the Working Day prior to the Schedule Period during which Cap Rock desires to receive power and

energy from any Firm Power Resource, which written notice shall specify the amount of energy (MWH) that Cap Rock desires TU Electric to schedule on its behalf during each hour of the Schedule Period from each Firm Power Resource.

5.03 Changes in Delivery Rate

Unless TU Electric agrees otherwise, no notice given by Cap Rock pursuant to Section 5.02 hereof shall contain more than four changes in the delivery rate (two up and two down) in any twenty-four hour period for each Firm Power Resource being scheduled pursuant to the provisions of this article, it being understood and agreed by the Parties that such changes will be accomplished at a ramp rate of not less than two megawatts/minute nor more than ten megawatts/minute.

5.04 Backup Resources

Any backup resource scheduled through the Control Area (excluding the TU Electric Control Area) in which the original Firm Power Resource is located and in lieu of the original Firm Power Resource, together with such original Firm Power Resource, shall be considered a single resource. In all other cases, a backup resource shall be considered a separate resource.

5.05 TU Electric Execution of Schedules

Subject to the provisions of this Agreement and the execution of mutually acceptable wheeling agreement(s) as provided in Section 7.01 hereof, TU Electric will execute the schedules in accordance with the notices received by TU Electric pursuant to Section 5.02 hereof. The scheduling of power replaced by Cap Rock

pursuant to the provisions of Section 4.01 shall, to the extent practicable, be scheduled without such notice period. In addition to any other remedies provided for in this Agreement, TU Electric shall not be obligated to execute such schedules in the event:

- (a) Cap Rock does not give TU Electric advance notice of its schedule in accordance with Section 5.02 hereof;
- (b) Cap Rock's Firm Power Resource supplier fails, for any reason, to deliver during all or any portion of any Schedule Period the amount of power and energy for Cap Rock's account that TU Electric attempts to schedule on behalf of Cap Rock;
- (c) service cannot be functionally or technically accommodated;
- (d) TU Electric is prevented from providing such service by any cause beyond its reasonable control, including, but not limited to, storm, flood, lightning, earthquake, fire, explosion, failure or threat of failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, or restraint by court or public authority; or
- (e) Cap Rock is in Default of any material obligation under this Agreement.

5.06 Scheduling and System Modification Charges

Cap Rock will pay TU Electric for scheduling services for each Firm Power Resource a scheduling charge of \$1.00/Mwh, but in

no event less than \$10,000 nor more than \$20,000 per month per Firm Power Resource; provided, however, that such charges shall not be applicable to a Firm Power Resource not scheduled during any calendar month. The aforesaid sums shall be increased beginning January 1, 1991, in accordance with the following:

(a) the percentage inflation which occurred during the calendar year preceding January 1 of each year that this Agreement is in effect shall be determined from the Bureau of Labor Statistics of the United States Department of Labor Transportation and Public Utilities Electric Services average hourly earnings, said average hourly earnings numbers to be taken from SIC Code 491 (or if said SIC Code 491 is discontinued, from such other statistics of the Bureau of Labor Statistics of the United States Department of Labor that are most nearly comparable to SIC Code 491 and as agreed by TU Electric and Cap Rock);

(b) The sum of the integer 1 plus the percentage inflation expressed as a decimal determined in accordance with (a) above shall be multiplied by each of the aforesaid sums (i.e., \$1.00/Mwh, \$10,000 and \$20,000) and the product of that multiplication shall be the sums applicable during the calendar year 1991, except that the period to be used for calculation of the percentage of inflation for 1990 shall be from July 1, 1990, through December 31, 1990.

(c) for years subsequent to calendar year 1991, the percentage inflation expressed as a decimal determined in accordance with (a) above for the preceding calendar year shall be summed with the integer 1, and that sum multiplied by the sums applicable during the preceding year to derive the sums applicable for the following year, and so on during the term of this Agreement.

In addition, so long as any Firm Power Resource is being scheduled by TU Electric pursuant to this Agreement, Cap Rock will pay to TU Electric the cost of additional or replacement computer hardware and software changes or the addition of personnel and other costs incident to the implementation and administration of schedules and the continuation of scheduling services under this Agreement, not to exceed \$150,000 during any 36-month period. Charges imposed upon Cap Rock pursuant to the foregoing sentence shall be made with reasonable written notice specifying the reasons therefor.

5.07 Term of Scheduling

Scheduling will be limited to two years from the date TU Electric is first required to commence the scheduling of a Firm Power Resource. In the event Cap Rock, due to no fault of its own, fails to become a Control Area within said two-year period, TU Electric will, subject to the provisions of Section 6.01 hereof, schedule power and energy for a maximum of five years from the date it is first required to commence the scheduling of a Firm Power Resource as aforesaid.

5.08 Full Requirements Points of Delivery after Scheduling

After the expiration of the period(s) provided in Section 5.07 hereof, all Points of Delivery remaining in TU Electric's Control Area will be full requirements Points of Delivery pursuant to Section 3.01 hereof, and TU Electric will not be required to schedule power and energy to any such Points of Delivery in the future.

Cap Rock may terminate full requirements service at any such Point of Delivery upon the same five-year notice as provided in Sections 2.02 and/or 2.04 hereof, in which event TU Electric shall not, subject to the provisions of Section 3.15(b) hereof, be obligated to provide any service to Cap Rock at any such Points of Delivery.

**ARTICLE VI. REGULATION SERVICES,
AVAILABILITY OF EMERGENCY AND SCHEDULED MAINTENANCE
BULK POWER AND DELIVERY OF POWER AND ENERGY**

6.01 Regulation Services

(a) TU Electric will provide Cap Rock not more than 15 MW of regulation power and energy, plus associated services, pursuant to a mutually acceptable regulation services agreement (which shall contain mutually acceptable terms and conditions consistent with good utility practices within ERCOT) for the purpose of facilitating the creation of a Cap Rock Control Area; provided, however, that should Cap Rock elect to purchase regulation services and becomes a Control Area, all scheduling

arrangements, if any, in effect at that time shall thereupon terminate and provided, further, that TU Electric shall not be required to furnish regulation services for a total of more than five years less such number of years TU Electric has scheduled Firm Power Resources pursuant to Article V hereof. Charges (plus the initial implementation fee) for the sale of regulation services, together with the power and energy included therewith, shall be mutually satisfactory. Cap Rock shall be solely responsible for securing Control Area status from the member utilities of ERCOT (which shall include all costs associated with becoming a Control Area), failing in which TU Electric shall not be responsible for the sale of any regulation services to Cap Rock. Within the context of this Agreement, TU Electric will support Cap Rock's discussions with the ERCOT member utilities.

(b) If, due to no fault of Cap Rock, unanticipated delays in the construction or certification of generation facilities delay Cap Rock in its efforts to continue its qualification as a Control Area after the time within which TU Electric is required to provide regulation services under the provisions of this section, TU Electric will provide such regulation services for the period of such unanticipated delay, but in no event for more than 18 months.

6.02 Availability of Emergency and Scheduled Maintenance Bulk Power

TU Electric will, when Cap Rock becomes a Control Area, cooperate, in its capacity as a member of ERCOT, in making available to Cap Rock emergency and scheduled maintenance bulk

power in accordance with the provisions of the ERCOT Operating Guides.

**ARTICLE VII. TRANSMISSION WHEELING
AND DISTRIBUTION SERVICES**

7.01 Wheeling in Connection with Scheduling

TU Electric will, on a transaction specific basis, provide wheeling services to both transmission and distribution Points of Delivery in connection with the scheduling of a Firm Power Resource pursuant to mutually acceptable wheeling agreement(s). Such wheeling service will be provided at fully allocated embedded costs plus a reasonable return on investment; together with the payment of all costs for any additions or modifications necessary to accommodate each wheeling transaction which can be forecasted by TU Electric at the time such wheeling agreement(s) are executed. Upon the payment of the foregoing costs, Cap Rock shall be entitled to firm transmission service for the entire term of such wheeling agreement(s). A Firm Power Resource which has replaced a Firm Power Resource pursuant to Section 2.03 hereof may be wheeled pursuant to the wheeling agreement covering the Firm Power Resource so replaced.

7.02 Wheeling After Cap Rock Becomes a Control Area

(a) At such time as Cap Rock becomes a Control Area pursuant to the provisions of Section 6.01 hereof or otherwise, TU Electric will, during the term of this Agreement: (i) provide firm transmission wheeling (for firm power and energy purchased by Cap Rock from other sources) to Points of Interconnection, on a

transaction specific basis, for a term and in accordance with mutually acceptable interconnection and transmission wheeling agreement(s); and (ii) for a period of two years after Cap Rock becomes a Control Area pursuant to the provisions of Section 6.01 hereof or otherwise, TU Electric will provide distribution wheeling service pursuant to a mutually acceptable distribution service agreement only to those Points of Interconnection (notwithstanding that the voltage at such Points of Interconnection is less than 60,000 volts) for which Cap Rock has demonstrable plans to supply at transmission voltages within said two-year period, the identity and plans for which shall be furnished to TU Electric within a reasonable period of time prior to the date Cap Rock becomes a Control Area.

(b) All Points of Interconnection receiving such distribution services will be supplied by Cap Rock at transmission voltages on or before the expiration of said two-year period, failing in which said Points of Interconnection shall revert to TU Electric full requirements Points of Delivery pursuant to Section 3.01 hereof.

(c) Wheeling services will be provided at fully allocated embedded cost, plus a reasonable return on investment; together with all costs for any additions or modifications reasonably necessary to accommodate each wheeling transaction (which can be forecasted by TU Electric at the time such wheeling agreement(s) are made) over the term of any such agreement. Subject to the execution of such interconnection and transmission

wheeling agreement(s) and upon the payment of the foregoing costs, Cap Rock shall be entitled to firm transmission service for the term of the wheeling agreement(s).

7.03 Transmission Arrangements with Third Parties

TU Electric's obligations to schedule or wheel power and energy shall be subject to Cap Rock's making and maintaining arrangements, including third party transmission arrangements, for the delivery of all resources; with respect to Firm Power Resources such transmission arrangements will be for firm transmission service.

ARTICLE VIII. BILLINGS AND DEFAULT

8.01 Billings and Payments

Bills for sums due hereunder shall be rendered on approximate 30 day intervals, monthly or upon occurrence, as may be convenient for TU Electric. All bills rendered shall be due and payable within sixteen (16) days after the invoice date. The failure of Cap Rock to pay the total amount of any bill within such 16-day period shall constitute a Default hereunder. If not paid within thirty (30) days after the invoice date, interest shall accrue on the amount due from the due date until paid at the rate of nine and one-half percent (9-1/2%) per annum, compounded monthly, but not to exceed the maximum rate which may lawfully be charged.

8.02 Billings and Payments Subject to Correction

Billings and payments will be subject to correction, for a period not to exceed three years from the date thereof, as may be appropriate as a result of reviews or audits made for the purpose of verification or otherwise.

8.03 Notice of Default

A Party shall give written notice of a Default to the Party in Default. The Party in Default shall have thirty (30) days from the date of receipt of such notice in which to cure such Default. If the Default is cured within the applicable period, the Default specified in such notice shall cease to exist.

8.04 Failure to Cure Default

A Default which is not cured as provided in Section 8.03 above shall entitle the Party not in Default to immediately cancel this Agreement and be relieved of any further obligation hereunder and to recover from the Party in Default twice all amounts due hereunder, including all other damages to which it is entitled at law or in equity.

8.05 Specific Performance and Injunctive Relief

TU Electric and Cap Rock agree that it may be impossible to measure in terms of money the damages which may or will accrue by reason of a Default under this Agreement and for that reason, among others, TU Electric and Cap Rock agree that, in case of any such Default, the non-defaulting Party will be irreparably damaged if this Agreement is not specifically enforceable and further no adequate remedy at law will exist. Accordingly, TU Electric and Cap Rock agree that the non-defaulting Party shall be entitled to

specific performance and/or injunctive relief, in addition to any other remedies which may exist at law or in equity. If the non-defaulting Party institutes any proceedings in accordance with this section, the defaulting Party hereby waives any claim or defense that an adequate remedy at law exists.

8.06 No Waiver

The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement, including, without limitation, the provisions of this article pertaining to Default, shall not be considered to waive the obligations, rights and/or duties imposed upon the Parties hereto.

8.07 Indemnification

It is understood that Cap Rock assumes full responsibility for electric energy furnished or delivered to Cap Rock at and past the Points of Delivery or Points of Interconnection (as the case may be) and will indemnify and hold TU Electric, its affiliates, and its or their directors, officers, employees, agents and independent contractors harmless from and against all claims for damages including but not limited to injuries to any persons, including death resulting therefrom, and damages to property occurring upon the premises of Cap Rock arising from electric power and energy delivered by TU Electric whether or not caused by the negligence of TU Electric except when the negligence of TU Electric or its agent or agents was the sole proximate cause of such injuries, death of persons or damages to property.

Without limiting the foregoing, TU Electric is not and shall

not be liable to Cap Rock for damages occasioned by: (A) irregularities or interruptions (of any duration), or failure to commence electric or other service, caused in whole or in part by (1) governmental or municipal action or authority, litigation, public enemies, strikes, acts of God (including weather and its resulting consequences), (2) an order of any Court or Judge granted in any bona fide adverse legal proceeding or action or any order of any commission or tribunal having jurisdiction in the premises, (3) interruptions in electric or other service to Cap Rock when, in TU Electric's sole judgment, such interruption: (a) will prevent or alleviate an emergency threatening to disrupt the operation of TU Electric's system, or (b) will lessen or remove possible danger to life or property, or (c) will aid in the restoration of electric service, or (d) is required to make necessary repairs to, tests of, or changes in TU Electric's facilities, or (e) when such interruption is authorized elsewhere in TU Electric's Tariff for Electric Service; (4) the absence, inadequacy or failure of protective devices which are the responsibility of Cap Rock, (5) inadequacy or failure of generation or transmission facilities, or (6) any other act or thing reasonably beyond the control of TU Electric or as may be authorized elsewhere in TU Electric's Tariff for Electric Service; or (B) any interruption of electric or other service not occasioned by situations or conditions described in (A) above that has not existed continuously for beyond a reasonable period of time after notice to TU Electric, which reasonable period shall under no

circumstances be less than twenty-four (24) hours or any interruption of service of greater than a reasonable duration if TU Electric has used reasonable diligence in attempts to restore electric or other service after TU Electric is notified of such interruption.

TU Electric may perform voluntary or emergency acts to electric facilities which are the responsibility of Cap Rock but shall have no liability for damages or injuries resulting from said acts except to the extent that said damages or injuries are proximately caused by acts or omissions of TU Electric which are found to be wanton or willful with the intent to cause injury.

Cap Rock may perform voluntary or emergency acts to electric facilities which are the responsibility of TU Electric but shall have no liability for damages or injuries resulting from said acts except to the extent that said damages or injuries are proximately caused by acts or omissions of Cap Rock which are found to be wanton or willful with the intent to cause injury.

In any claim or cause of action relating to the provision of electric or other service asserted by Cap Rock or any other person against TU Electric, TU Electric shall not be liable for any consequential, special, or non-direct damages, including but not limited to loss of use of equipment, extra expense due to the use of temporary or replacement equipment, loss of electronic data or program, loss of business revenue, costs of capital, or any cost not part of necessary repair to or reasonable replacement of electric equipment whether the claim or cause of action is based

upon contract, tort, negligence, products liability, or any other theory of recovery.

TU Electric makes no warranties whatsoever with regard to the provision of electric or other service and disclaims any and all warranties, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose.

8.08 Bankruptcy

Either Party shall have the right to cancel and terminate this Agreement, upon written notice to the other Party, if the other Party shall:

- (a) apply for or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its assets, or
- (b) be adjudicated bankrupt or insolvent or file a voluntary petition in bankruptcy or admit in writing its inability to pay its debts as they become due, or
- (c) make a formal assignment for the benefit of its creditors, or
- (d) file a petition or answer seeking reorganization or arrangement with creditors or taking advantage of any insolvency law, or
- (e) file an answer admitting the material allegations of or consenting to, or default in answering, a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding, or

(f) if, in any legal action instituted in a court of competent jurisdiction by someone other than the other Party, an order, judgment, or decree shall be entered approving a petition seeking reorganization of such Party or appointing a receiver, trustee, or liquidator of such Party or of all or substantially all of such Party's assets and such order, judgment, or decree shall continue unstayed for a period of one hundred twenty (120) days.

8.09 Non-Exclusive Remedy

The remedies set forth in this article are in addition to any other right or remedy provided in this Agreement or now or hereafter existing at law or in equity or by statute and the exercise of said remedies shall not be deemed a waiver or relinquishment by said nondefaulting Party of its right to recover any damages resulting from the other Party's breach.

ARTICLE IX. INTRASTATE OPERATIONS

9.01 Interstate Commerce

Except in compliance with the Orders of the Federal Energy Regulatory Commission (the "FERC") in FERC Dockets Nos. EL-79-8 and E-9558 issued on October 28, 1981, November 5, 1981, and January 29, 1982, and the Order issued in FERC Docket No. EL-79-8-002 on July 23, 1987, TU Electric and Cap Rock represent and warrant to each other that they do not, either directly or through connections

with other entities (who are either directly or indirectly interconnected with facilities owned or operated by TU Electric), transmit electric energy in interstate commerce or sell electric energy in interstate commerce or own or operate any facilities therefor and TU Electric and Cap Rock each agrees that it will not, except in compliance with such Orders, hereafter engage, directly or through other entities, in any such interstate activities or operate, establish, maintain, modify, or utilize, directly or through other entities, any connection or facility used or to be used for the sale or transmission of electric energy in interstate commerce without one year's prior written notice to the other Party; provided further, that such Party desiring to commence interstate operation agrees to file an application with, and use its best efforts to obtain an order from, the FERC, applicable to the other Party (unless such other Party agrees in writing that such application need not be filed), under Sections 210, 211 and 212 of the Federal Power Act, requiring the establishment, maintenance, modification, or utilization of any such connection which may be involved; provided, however, that compliance with such Orders shall not require further notice to the Parties or application to the FERC pursuant to this article.

9.02 Failure to Comply

It is understood and agreed that the failure of the Party electing to commence interstate operations to comply with any provision of this article or said Orders shall entitle the other Party to disconnect its facilities.

9.03 Specific Performance

TU Electric and Cap Rock agree that it will be impossible to measure in terms of money the damages which may or will accrue by reason of any breach of the representation and warranty above set forth, or any failure in the performance of any of the obligations contained in this article and, for that reason, among others, TU Electric and Cap Rock agree that, in case of any such breach or failure, the non-breaching Party will be irreparably damaged if this Agreement is not specifically enforceable, and accordingly, TU Electric and Cap Rock agree that the non-breaching Party is entitled to specific performance of the provisions of this article, in addition to any other remedies which may exist.

9.04 Bona Fide Emergencies

Nothing contained in this article shall preclude the utilization of connections for the transmission of electric energy in interstate commerce under bona fide emergencies pursuant to the provisions of Section 202(d) of the Federal Power Act.

ARTICLE X. MISCELLANEOUS PROVISIONS

10.01 Amendment

This Agreement may be amended only upon mutual agreement of the Parties hereto, which amendment shall not be effective until reduced to writing and executed by the Parties.

10.02 Entirety of Agreement and Prior Agreements Superseded

This Agreement, including all Exhibits attached hereto which

are hereby expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the subject matter hereof. The Parties shall not be bound by or liable for any statement, representation, promise, inducement, understanding or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein.

This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof, including without limitation the Principles of Agreement, dated May 15, 1990, between the Parties and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect; provided, however, that this Agreement shall not replace, supersede or otherwise affect Cap Rock's Agreement for Purchase of Power dated June 2, 1963, as amended, or the Agreement for Purchase of Power between Lone Wolf and TU Electric, dated July 2, 1963, as amended, such agreements to continue until terminated in accordance with their respective terms, at which time said agreements shall have no force or effect whatsoever.

10.03 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns, each of whom shall agree to be bound by all terms and conditions of this Agreement and the Mutual Release executed contemporaneously herewith, provided that this Agreement may be assigned by either

Party only upon the written consent of the other and provided further that any such assignment shall not relieve either Party of their respective obligations nor shall TU Electric's obligations be enlarged, in whole or in part, by reason thereof. Such consent will not be unreasonably withheld, provided that either Party will not be required to consent to any assignment which would in its sole judgment, among other reasons, subject it to additional federal or state regulation, subject it to the plenary jurisdiction of the Federal Energy Regulatory Commission, result in the imposition of additional costs of administration which Cap Rock does not agree to reimburse, or in any way diminish the reliability of its system, enlarge its obligations or otherwise create or maintain an unacceptable condition. The respective obligations of TU Electric and Cap Rock under this Agreement may not be changed, modified, amended or enlarged, in whole or in part, by reason of the sale, merger or other business combination of either Party with any other person or entity (other than Lone Wolf), nor may TU Electric be required to sell power and energy by reason thereof other than that specifically provided for in Sections 3.01 and 3.02 hereof.

10.04 Taxes

All present or future federal, state, municipal or other lawful taxes (other than federal income taxes) applicable by reason of the sale of power and energy, the services performed by TU Electric, or the compensation paid to TU Electric hereunder shall be paid by Cap Rock.

10.05 Agreement to Control

It is distinctly understood and agreed that the full and partial requirements power and energy sold to Cap Rock pursuant to this Agreement will be at Rate WP Wholesale Power as approved by the PUCT. It is expressly understood and agreed that all other terms and conditions of sale and the terms, conditions and charges for all other services (including but not limited to regulation power and energy and associated services) provided by TU Electric to Cap Rock hereunder shall be governed by this Agreement, notwithstanding the provisions of said Rate WP Wholesale Power or any other tariff of TU Electric which may hereafter be fixed and approved by the PUCT.

TU Electric and Cap Rock agree that neither of them shall petition any regulatory authority to review the terms of this Agreement or to change the charges established from time to time pursuant to this Agreement or the accounting set forth herein.

10.06 Service Regulations

Except as otherwise specifically provided in this Agreement, the sale of power and energy by TU Electric to Cap Rock under this Agreement shall be subject to the service regulations of TU Electric's Tariff for Electric Service as same may from time to time be fixed and approved by the PUCT.

10.07 Governing Law and Venue

This Agreement was executed in the State of Texas and shall in all respects be governed by, interpreted, construed and enforced in accordance with the laws thereof. The venue of any legal

proceeding relative to this Agreement shall be in Dallas County, Texas..

10.08 Notices

Notices of an administrative nature, including but not limited to notice of termination, limitation on access or request for amendment shall be given as provided herein to the designates listed below and shall be deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to TU Electric:

Texas Utilities Electric Company
Attn: Pitt Pittman, Vice President
Skyway Tower
400 North Olive Street, L.B. 81
Dallas, Texas 75201

(b) If to Cap Rock:

Cap Rock Electric Cooperative, Inc.
Attn: Steve Collier, Director Power Supply
P. O. Box 9589
Austin, Texas 78765-9589

All other notices required to be given by Cap Rock to TU Electric under this Agreement shall be in writing and telecopied to:

Texas Utilities System Operating Center
at 214/330-4598,

and sent by United States mail, postage prepaid, to:

Texas Utilities Electric Company
Attn: Manager, Inter-Utility Services
31st Floor, Skyway Tower
400 North Olive Street, L.B. 81
Dallas, Texas 75201

All other notices required to be given by TU Electric to Cap Rock under this Agreement shall be in writing and telecopied to:

Cap Rock Electric Cooperative, Inc.
at (512) 454-4221, Attn: Steve Collier,

and sent by United States mail, postage prepaid, to:

Cap Rock Electric Cooperative, Inc.
Attn: Steve Collier, Director of Power Supply
P. O. Box 9589
Austin, Texas 78765-9589

The above-listed names, titles, addresses, and telephone numbers of either Party may be changed by written notification to the other.

10.09 Interruption of Service

The Parties agree that TU Electric may interrupt any service it is required to provide under this Agreement to make repairs, to change equipment or to install new equipment, but only for such periods as may be reasonably unavoidable. TU Electric agrees to provide reasonable advance notice of such interruptions to Cap Rock if, in TU Electric's sole discretion, the nature of the situation permits.

10.10 No Third-Party Beneficiaries

This Agreement is not intended to and shall not create rights, remedies or benefits of any character whatsoever in favor of any persons, corporations, associations or entities other than the Parties hereto, and the obligations herein assumed are solely for the use and benefit of the Parties hereto, their successors in interest and, where permitted as provided herein, their assigns.

10.11 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all shall constitute one and the same instrument.

10.12 Headings

The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and shall be afforded no significance in the interpretation or construction of this Agreement.

10.13 Severability

In the event any of the terms, covenants, or conditions of this Agreement, or any application thereof, is finally determined to be invalid, illegal or unenforceable by any court or regulatory authority having jurisdiction, all other terms, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect; provided, however, that if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason of any provision or application being finally determined to be invalid, illegal or unenforceable that Party may terminate this Agreement on three (3) days' prior written notice to the other Party.

10.14 Agreements to be Negotiated in Good Faith

All mutually acceptable agreements and procedure required or permitted by this Agreement shall be negotiated by the Parties in good faith. The inability to reach a mutually acceptable agreement or procedure shall not itself constitute any evidence that either Party failed to negotiate in good faith.

that either Party failed to negotiate in good faith.

10.15 No Prohibition

The prohibitions specified in Sections 1.08 and 3.15(b) and the rates to be charged as provided for in Sections 4.02 and 4.04 of this Agreement shall not be construed as prohibiting TU Electric from agreeing otherwise should it, in its sole discretion, so elect.

10.16 Mutual Release

Contemporaneously herewith, the Parties hereto have executed the Mutual Release attached as Exhibit E hereto.

10.17 Withdrawal of Participation and Dismissal of Litigation

(a) Upon execution of this Agreement Cap Rock and Lone Wolf, their agents, attorneys and consultants, will, pursuant to a notice in the form of Exhibit F hereto, cease all participation, directly or indirectly on behalf of Cap Rock and Lone Wolf, in TU Electric's pending rate case before the PUCT in Docket No. 9300 and shall, by the filing of such notice, withdraw all testimony, motions or other filings on behalf of Cap Rock and Lone Wolf and shall take no action which TU Electric considers to be adverse to its interests, except that Cap Rock may participate in the rate design phase of such hearing in support of TU Electric's proposed cost allocation and rate design. Cap Rock and Lone Wolf and their employees will not consult, directly or indirectly, with any other firm, person or entity in connection with any issues pending in said Docket No. 9300, nor will they support, financially or otherwise, any other firm, person or entity in its participation

therein.

(b) Subject to the provisions of Section 10.18 hereof, Cap Rock will, on the basis of the settlement provided for herein, move for dismissal of its appeal in Cap Rock Electric Cooperative, Inc. v. United States Nuclear Regulatory Commission, and the United States of America, No. 89-1735, pending in the United States Court of Appeals for the District of Columbia Circuit, and move to withdraw its "Request for an Order Enforcing and Modifying Antitrust License Conditions," filed May 12, 1989, in Texas Utilities Electric Company (Comanche Peak Steam Electric Station). Cap Rock and TU Electric agree that any order of dismissal may refer to the Agreement and this Mutual Release provided that in no event will TU Electric be required to admit or indicate, nor shall Cap Rock assert, that TU Electric has at any time or in any manner been in violation of the License Conditions for Comanche Peak Steam Electric Station Units 1 and 2 ("License Conditions") or any other law or regulation promulgated by any government agency or entity, or taken any action inconsistent therewith. Nor shall the Agreement constitute any amendment of, addition to or interpretation of the License Conditions and Cap Rock and TU Electric agree that the Nuclear Regulatory Commission shall have no jurisdiction to enforce, directly or indirectly, any provision of the Agreement, its enforcement jurisdiction being limited to the License Conditions.

10.18 Conditions Precedent

This Agreement is subject to approval by the respective

Boards of Directors of Cap Rock, TU Electric and Lone Wolf on or before Thursday, June 21, 1990, pursuant to resolutions satisfactory in form and substance to the Parties hereto, failing in which the same shall, in all things, terminate and be of no force or effect.

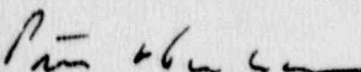
EXECUTED on the date and year first above written.

TEXAS UTILITIES ELECTRIC COMPANY

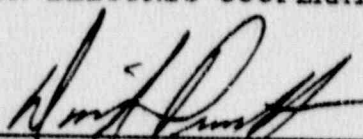
BY: 
Pitt Pittman

TITLE: Vice President

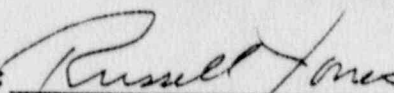
ATTEST:


Secretary

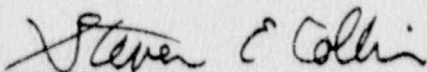
CAP ROCK ELECTRIC COOPERATIVE, INC.

BY: 
David Pruitt

TITLE: President and Chief
Executive Officer

BY: 
Russell Jones

TITLE: President of the Board

BY: 
Steven E. Collier

TITLE: Director of Power Supply

LONE WOLF ELECTRIC COOPERATIVE, INC.

BY: Hubert F. Quinn

TITLE: President of the Board

ATTEST:

Robert H. Wilson
Secretary

EXHIBIT A

Cap Rock Electric Cooperative, Inc.

Points of Delivery

Name

Contract Demand (kW)

Voltage (KV)

[Information to be Specified on
the Effective Date of this Agreement]

Cap Rock Power Supply Resources

Name and Location of <u>Power Supply Resource</u>	Control Area	Firm Capability (MW)	Term (Years) Beginning Date	Ending Date
---	-----------------	----------------------------	-----------------------------------	----------------

1. [To be specified pursuant to Section 2.03 of this Agr
2. [To be specified pursuant to Section 2.03 of this Agreement]
3. [To be specified pursuant to Section 2.03 of this Agreement]
4. [To be specified pursuant to Section 2.03 of this Agreement]
5. [To be specified pursuant to Section 2.03 of this Agreement]
6. [To be specified pursuant to Section 2.03 of this Agreement]

TU ELECTRIC COST OF SERVICE STUDY
PUCT DOCKET NO. 5640

<u>INCIDENT DEMAND FACTORS</u>		<u>WATTS</u>	<u>LOAD FACTOR</u>	<u>KV METER</u>	<u>LOSS FACTOR</u>	<u>KV SOURCE</u>	<u>FACTOR</u>
UP	PRI	1,922,825	0.54764100	400,811	1.05802362	424,008	0.02629049
UPRV	TRD	2,759,503	0.54710900	555,470	1.03063139	572,485	0.03549174

TU Electric Fuel Cost Factor Filing
PUCT Docket No. 7209

**TU ELECTRIC LOSS CALCULATIONS
BASED ON
ESTIMATED kWh SALES AND SYSTEM INPUT BY VOLTAGE LEVEL**

	<u>kWh SALES</u>	<u>SYSTEM INPUT</u>	<u>LOSS RATIO</u>	<u>MULTIPLIER</u>
PRIMARY	11,866,573,980	12,480,557,085	1.051741	0.982436
TRANSMISSION	9,349,384,501	9,581,142,934	1.024789	0.957260

of any claim, defense or counterclaim asserted, or which could be asserted, by any of the respective Releasing Parties against any person, firm, corporation or other entity other than any of the respective Released Parties.

Cap Rock, Lone Wolf and TU Electric each hereby agrees to indemnify, defend and hold harmless the other and its present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives, or any of them, jointly and severally, from and against and with respect to any and all past, present and future obligations, liabilities, claims, losses, demands, actions, causes of action, suits, damages, interest, penalties, deficiencies, judgments (and costs and expenses in connection therewith, including, without limitation, attorneys' fees and related disbursements) in any way arising out of or otherwise relating to any of the Released Claims.

Cap Rock, Lone Wolf and TU Electric each hereby covenants and agrees that it will forever refrain from instituting, maintaining, prosecuting or continuing to prosecute or maintain any suit, action or proceeding of any kind, or collecting from or proceeding against the other or the other's present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives, or any of them, jointly or severally, or any other

person, firm or corporation, based upon any of the Released Claims.

EXECUTED in multiple counterparts on this, the _____ date of
_____, 1990.

TEXAS UTILITIES ELECTRIC COMPANY

BY: _____
Pitt Pittman

TITLE: Vice President

ATTEST:

Secretary

CAP ROCK ELECTRIC COOPERATIVE, INC.

ATTEST:

Secretary

BY: _____
David Pruitt

TITLE: President and Chief
Executive Officer

BY: _____
Russell Jones

TITLE: President of the Board

BY: _____
Steven E. Collier

TITLE: Director of Power Supply

Cap Rock Curtailment Plan

[This Exhibit to be developed
as provided in Section 4.03]

Mutual Release

For and in consideration of the premises and mutual agreements set forth herein and the agreements, undertakings, promises, and covenants set forth in the Power Supply Agreement, of even date herewith, (hereinafter referred to as the "Agreement") by and between CAP ROCK ELECTRIC COOPERATIVE, INC., ("Cap Rock") and TEXAS UTILITIES ELECTRIC COMPANY ("TU Electric"), Cap Rock, Lone Wolf Electric Cooperative, Inc. ("Lone Wolf") and TU Electric do hereby covenant and agree as follows:

Cap Rock, Lone Wolf and TU Electric, each on behalf of itself and on behalf of any person or entity, private or governmental, claiming by, through or under it, including without limitation, to the extent it has the standing and right under law to do so, its present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives (which, together with Cap Rock, Lone Wolf and TU Electric are referred to herein collectively as "Releasing Parties"), hereby absolutely, unconditionally and completely releases and discharges forever and for all purposes and in all respects, the other and the other's present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives (which, together with Cap Rock, Lone Wolf and TU Electric are referred to herein

collectively as "Released Parties"), or any of them, jointly and severally, from any and all claims, demands, actions, causes of action, suits, and damages, including attorneys' fees and related disbursements, of any kind or nature whatsoever, direct or consequential, fixed or contingent, and the consequences thereof, existing at, or at any time prior to and including, the date hereof, arising out of or in any way incident to any allegation made, or which could have been made, in any judicial, administrative (except Federal Energy Regulatory Commission Docket Nos. EL79-8, ER82-545-000, et al. and EL79-8-002) or legislative proceeding (federal, state, municipal or otherwise) in which Cap Rock is, was or could have been a party, an intervenor or a witness, or has, had or could have had any other interest, including, but not limited to, PUCT Docket Nos. 9300 and 5640, Nuclear Regulatory Commission Docket Nos. 50-445A and 50-446A, and Cause No. 89-1735 pending in the United States Court of Appeals for the District of Columbia Circuit, except, however, any claims, liabilities or obligations arising after the date hereof out of or in any way relating to the Agreement or any agreement or instrument executed and delivered pursuant thereto; that certain Agreement for Purchase of Power between Cap Rock and TU Electric, dated June 2, 1963, as amended; that certain Agreement for Purchase of Power between Lone Wolf and TU Electric, dated July 2, 1963, as amended; or this Mutual Release (hereinafter collectively referred to as the "Released Claims"); provided, however, that nothing herein is intended to be, or shall constitute, a release, waiver or discharge

LONE WOLF ELECTRIC COOPERATIVE, INC.

BY: _____

TITLE: _____

ATTEST:

Secretary

DOCKET NO. 9300

APPLICATION OF TEXAS UTILITIES	\$	BEFORE THE
ELECTRIC COMPANY FOR AUTHORITY	\$	PUBLIC UTILITY COMMISSION
TO CHANGE RATES	\$	OF TEXAS

NOTICE

CAP ROCK ELECTRIC COOPERATIVE, INC. ("Cap Rock") and LONE WOLF ELECTRIC COOPERATIVE, INC. ("Lone Wolf"), by and through their attorney of record, hereby give notice that they (i) have reached a settlement of their disputes with TEXAS UTILITIES ELECTRIC COMPANY ("TU Electric") in this proceeding; (ii) hereby cease all participation, directly or indirectly, in this proceeding; (iii) no longer desire, directly or indirectly, to prosecute their intervention or take any position adverse to the position of TU Electric in this proceeding; (iv) hereby withdraw all testimony, motions, objections and other pleadings heretofore filed in this proceeding on behalf of Cap Rock and Lone Wolf; and (v) hereby support TU Electric's proposed cost allocation and rate design in this proceeding.

Respectfully submitted,

EARNEST CASSTEVENSON
901 Mopac South
400 Barton Oaks Plaza Two
Austin, Texas 78746
(512) 328-3614

By: _____
EARNEST CASSTEVENSON
State Bar No. 03980400

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing has been served upon all parties of record to this proceeding by mail or hand delivery on this the ____ day of June, 1990.

EARNEST CASSTEVENSON

Mutual Release

For and in consideration of the premises and mutual agreements set forth herein and the agreements, undertakings, promises, and covenants set forth in the Power Supply Agreement, of even date herewith, (hereinafter referred to as the "Agreement") by and between CAP ROCK ELECTRIC COOPERATIVE, INC., ("Cap Rock") and TEXAS UTILITIES ELECTRIC COMPANY ("TU Electric"), Cap Rock, Lone Wolf Electric Cooperative, Inc. ("Lone Wolf") and TU Electric do hereby covenant and agree as follows:

Cap Rock, Lone Wolf and TU Electric, each on behalf of itself and on behalf of any person or entity, private or governmental, claiming by, through or under it, including without limitation, to the extent it has the standing and right under law to do so, its present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives (which, together with Cap Rock, Lone Wolf and TU Electric are referred to herein collectively as "Releasing Parties"), hereby absolutely, unconditionally and completely releases and discharges forever and for all purposes and in all respects, the other and the other's present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives (which, together with Cap Rock, Lone Wolf and TU Electric are referred to herein

collectively as "Released Parties"), or any of them, jointly and severally, from any and all claims, demands, actions, causes of action, suits, and damages, including attorneys' fees and related disbursements, of any kind or nature whatsoever, direct or consequential, fixed or contingent, and the consequences thereof, existing at, or at any time prior to and including, the date hereof, arising out of or in any way incident to any allegation made, or which could have been made, in any judicial, administrative (except Federal Energy Regulatory Commission Docket Nos. EL79-8, ER82-545-000, et al. and EL79-8-002) or legislative proceeding (federal, state, municipal or otherwise) in which Cap Rock is, was or could have been a party, an intervenor or a witness, or has, had or could have had any other interest, including, but not limited to, PUCT Docket Nos. 9300 and 5640, Nuclear Regulatory Commission Docket Nos. 50-445A and 50-446A, and Cause No. 89-1735 pending in the United States Court of Appeals for the District of Columbia Circuit, except, however, any claims, liabilities or obligations arising after the date hereof out of or in any way relating to the Agreement or any agreement or instrument executed and delivered pursuant thereto; that certain Agreement for Purchase of Power between Cap Rock and TU Electric, dated June 2, 1963, as amended; that certain Agreement for Purchase of Power between Lone Wolf and TU Electric, dated July 2, 1963, as amended; or this Mutual Release (hereinafter collectively referred to as the "Released Claims"); provided, however, that nothing herein is intended to be, or shall constitute, a release, waiver or discharge

of any claim, defense or counterclaim asserted, or which could be asserted, by any of the respective Releasing Parties against any person, firm, corporation or other entity other than any of the respective Released Parties.

Cap Rock, Lone Wolf and TU Electric each hereby agrees to indemnify, defend and hold harmless the other and its present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives, or any of them, jointly and severally, from and against and with respect to any and all past, present and future obligations, liabilities, claims, losses, demands, actions, causes of action, suits, damages, interest, penalties, deficiencies, judgments (and costs and expenses in connection therewith, including, without limitation, attorneys' fees and related disbursements) in any way arising out of or otherwise relating to any of the Released Claims.

Cap Rock, Lone Wolf and TU Electric each hereby covenants and agrees that it will forever refrain from instituting, maintaining, prosecuting or continuing to prosecute or maintain any suit, action or proceeding of any kind, or collecting from or proceeding against the other or the other's present and past customers, predecessors, parents, shareholders, officers, directors, agents, servants, employees, insurers, subsidiaries, affiliates, divisions, consultants, attorneys, successors, assigns and legal representatives, or any of them, jointly or severally, or any other

LONE WOLF ELECTRIC COOPERATIVE, INC.

BY: Hubert F. Dumas

TITLE: President of the Board

ATTEST:

Robert J. Wilson
Secretary

person, firm or corporation, based upon any of the Released Claims.

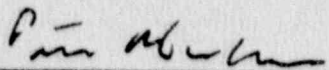
EXECUTED in multiple counterparts as of the 8th day of June,
1990.

TEXAS UTILITIES ELECTRIC COMPANY

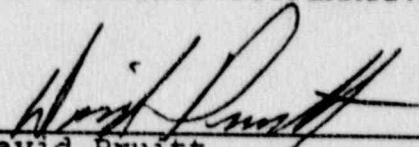
BY: 
Pitt Pittman

TITLE: Vice President

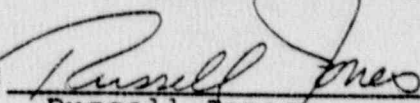
ATTEST:


Secretary


CAP ROCK ELECTRIC COOPERATIVE, INC.

BY: 
David Pruitt

TITLE: President and Chief
Executive Officer

BY: 
Russell Jones

TITLE: President of the Board

BY: 
Steven E. Collier

TITLE: Director of Power Supply

EXCERPT OF MINUTES OF MEETING
OF THE BOARD OF DIRECTORS OF
CAP ROCK ELECTRIC COOPERATIVE, INC.
TO BE HELD ON JUNE 21, 1990

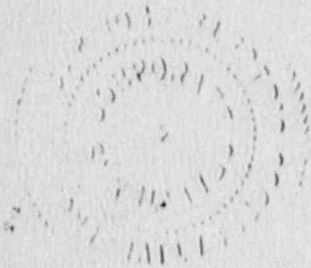
A Power Supply Agreement between this Cooperative, Texas Utilities Electric Company, and Lone Wolf Electric Cooperative, Inc. dated June 8, 1990, was presented to the meeting and all of the provisions thereof were thoroughly explained and discussed. Thereafter, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the certain Power Supply Agreement between the Cap Rock Electric Cooperative ("Cooperative"), Texas Utilities Electric Company, and Lone Wolf Electric Cooperative, Inc., dated June 8, 1990 (the "Power Supply Agreement"), presented to and discussed at this meeting, be, and the same hereby is, in all respects, approved; and that the actions of the officers, employees, consultants and representatives of the Cooperative in negotiating, executing and delivering the Power Supply Agreement and the Mutual Release provided for therein, for and on behalf and in the name of the Cooperative, be, and the same hereby are, in all respects, ratified, approved and confirmed.

I, Alfred J. Schwartz, do hereby certify that I am
Secretary/Treasurer of Cap Rock Electric and that the above is a
true and correct copy of excerpts from the minutes of a
meeting of the Board of Directors held on June 21, 1990 as
they appear in the Minute Book.

Alfred J. Schwartz

SEAL



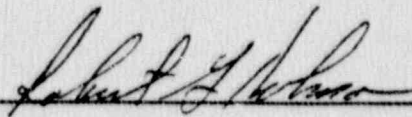
EXCERPT OF MINUTES OF MEETING
OF THE BOARD OF DIRECTORS OF
LONE WOLF ELECTRIC COOPERATIVE, INC.
TO BE HELD ON JUNE 21, 1990

A Power Supply Agreement between this Cooperative, Texas Utilities Electric Company, and Cap Rock Electric Cooperative, Inc. dated June 8, 1990, was presented to the meeting and all of the provisions thereof were thoroughly explained and discussed. Thereafter, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the certain Power Supply Agreement between the Lone Wolf Electric Cooperative ("Cooperative"), Texas Utilities Electric Company, and Cap Rock Electric Cooperative, Inc., dated June 8, 1990 (the "Power Supply Agreement"), presented to and discussed at this meeting, be, and the same hereby in, in all respects, approved, and that the actions of this Cooperative in negotiating, executing and delivering the Power Supply Agreement and the Mutual Release provided for therein, for and on behalf and in the name of the Cooperative, be, and the same hereby are, in all respects, ratified, approved and confirmed.

I, Robert Holman, do hereby certify that I am _____
Secretary/treas. of Lone Wolf Electric Cooperative, Inc.
and that the above is a true and correct copy of excerpts from the
minutes of a meeting of the Board of Directors held on June 21,
1990 as they appear in the Minute Book.

(seal)



Robert G. Holman