

The construction of the line and terminal facilities shall be commenced promptly after the execution of this agreement, and shall be completed as soon as practicable.

We shall continue to study jointly the economic feasibility, in the light of developing circumstances, of converting the line to operation at not less than 500 kv and also of extending it in a northerly and southerly direction to provide an extra high voltage intertie between the Pacific Northwest and California. It is understood that we will convert the line to operation at not less than 500 kv and extend it in both directions at such time as we jointly determine that such actions are economically justified.

After supplying customers off of the Cottonwood and Stillwater Lines, the primary use of the three interconnecting lines shall be for firm service, exchange service (including emergency service) and sales of surplus energy between PP&L and PG&E. It is contemplated that PP&L may have transmission capacity in its system that will not be required for purposes deemed necessary by PP&L. PP&L intends to make such excess transmission capacity, along with any excess capacity in the three interconnecting lines after serving their primary use, available for service between Bonneville Power Administration and utility companies in the Pacific Northwest and PG&E. In such case PP&L will make a reasonable charge for transmitting the energy of any other company or agency over its system, the exact amount of the charge to be as agreed upon between PP&L and the owner of the energy.

PG&E and PP&L will plan and operate their systems so that the flow of reactive power will not adversely affect the system of the other, and they shall operate, or provide for others to operate, adequate tie line and frequency control equipment so as to minimize the power swings over the lines and to contribute a proportionate share of the total interconnected system frequency regulation. In addition, an operating committee consisting of an equal number of representatives from each company shall meet from time to time to agree upon methods of operation and related matters in order to achieve the purposes of this agreement, and such matters shall include, but not be limited to, reactive power, voltage regulation, tie line control settings, clock corrections, deviations from energy delivery schedules, emergency operations, estimates of deliverties during meter outages, and scheduling arrangements.

From time to time PP&L may desire to purchase energy from PG&E. PG&E agrees to sell PP&L energy provided that PG&E has surplus energy and the parties have mutually agreed as to the price to be paid, the period to be covered and the time of day deliverties are to be made.

The power sale agreement dated July 14, 1952, as heretofore amended and supplemented, between PG&E and The California Oregon Power