

PJM Interconnection, L.L.C.
Rate Schedule FERC No. 43

Wisconsin Electric Power Company
Rate Schedule FERC No. 117

**BALANCING AUTHORITY OPERATIONS
COORDINATION AGREEMENT**

between

Wisconsin Electric Power Company

and

PJM Interconnection, L.L.C.

BALANCING AUTHORITY OPERATIONS COORDINATION AGREEMENT

This Balancing Authority Operations Coordination Agreement is entered into as of the 27th day of October, 2022 by and between PJM Interconnection L.L.C. (“PJM”) a Delaware limited liability company having its principal place of business at 2750 Monroe Blvd., Audubon Pennsylvania 19403, and Wisconsin Electric Power Company (“Wisconsin Electric”), a Wisconsin corporation, having its principal place of business at 231 West Michigan Street, Milwaukee, Wisconsin 53203. PJM and Wisconsin Electric are individually referred to herein as “Party”, or collectively as “Parties”.

WITNESS THAT:

WHEREAS, Wisconsin Electric owns electric facilities and is engaged in the generation, distribution and sale of electric power and energy in the states of Wisconsin and Michigan;

WHEREAS, PJM is the Regional Transmission Organization (RTO) that provides operating and reliability functions in portions of the mid-Atlantic and Midwest States;

WHEREAS, each Party is a Balancing Authority and is responsible for balancing its respective resources and load obligations in contiguous Balancing Authority Areas (BAA);

WHEREAS, because of the contiguous nature of the Parties’ BAAs, certain activities must be coordinated to ensure the reliable operation of their respective BAAs;

WHEREAS, Wisconsin Electric and the Midcontinent Independent System Operator, Inc. (“MISO”) have entered into an agreement in which various Balancing Authority tasks are administered by Wisconsin Electric and the MISO;

WHEREAS, PJM is the Balancing Authority in which Commonwealth Edison resides;

WHEREAS, Wisconsin Electric is the Balancing Authority in which portions of the American Transmission Company transmission system resides;

WHEREAS, the Parties desire to enter this Agreement to control such coordination of Balancing Authority activities – including (but not limited to) the continuous synchronization of their respective electrical systems and to account for and attempt to minimize the Inadvertent Energy flows, as defined below, between the respective BAAs; and

WHEREAS, the Parties desire to establish responsibility for reliable operations and maintaining compliance with North American Electric Reliability Corporation (“NERC”) and Regional Entity (“RE”) (“RE”) reliability standards;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth, the Parties agree as follows:

ARTICLE 1

BALANCING AUTHORITY INTERCONNECTION

1.01 The operational interconnection between the Parties' BAAs shall be coordinated and governed by the terms and conditions set forth herein, by the standards of the NERC, the RE or its successor, applicable state or federal regulations, or any higher standards established by mutual agreement of the Parties.

1.02 Each Dynamic Interconnection Point between the BAAs of Wisconsin Electric and PJM is described in Exhibit 1, which is hereby made a part of this Agreement.

1.03 Exhibit 1 shall set forth the terms and conditions applicable to each Dynamic Interconnection Point between the BAAs of Wisconsin Electric and PJM.

1.04 Wisconsin Electric and PJM shall amend Exhibit 1 as necessary to identify any new Dynamic Interconnection Points or to accommodate any changes in the terms and conditions applicable to specific Dynamic Interconnection Points.

1.05 Each new Dynamic Interconnection Point shall be identified by appropriate geographical reference, and any applicable terms and conditions pertaining thereto shall be listed in Exhibit 1.

ARTICLE 2

OPERATIONAL STANDARDS

2.01 The Parties shall establish and maintain Balancing Authority operations in compliance with the standards of the NERC, the RE or its successor, applicable state or federal regulations, or any higher standards established by mutual agreement of the Parties.

2.02 Good Utility Practice shall mean the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the industry, including those practices required by Federal Power Act section 215(a)(4).

2.03 The Parties shall coordinate Balancing Authority operations to ensure continuous synchronism of their respective systems. If the synchronous operation of the Parties' BAAs is interrupted, the Parties shall cooperate so as to remove, in accordance with Good Utility Practice, the cause of such interruption as soon as practicable and restore such facilities to normal operating condition. Neither Party shall be responsible to the other Party for any damage or loss of revenue caused by any such interruption in service.

2.04 The Parties shall maintain and operate their respective BAAs so as to minimize, in accordance with Good Utility Practice, the likelihood of a disturbance originating in either BAA, which might cause impairment to the service of the other Party's BAA or of any BAA interconnected with the other Party. Each Party shall comply with the orders, directives, requirements and reasonable requests of NERC, the RE, or successor reliability organizations.

2.05 The Parties shall have a process in place to confirm actual and scheduled deliveries of energy and reactive power between their respective BAAs. In so doing, the Parties shall coordinate with any other party whose BAA is either directly or indirectly interconnected with its BAA to develop and execute operating procedures that minimize, to the extent practicable, deviations from scheduled deliveries of real and reactive power and energy.

2.06 Any difference between the amount of energy scheduled to be delivered, as hereinafter provided, during the period and the amount actually delivered in such period, as well as any unintentional flow of energy during periods when no energy is scheduled, shall be designated as Inadvertent Energy. Inadvertent Energy shall not be

billed, but shall be accounted for and offset as outlined by NERC and adhered to by the Parties. Wisconsin Electric's Inadvertent Energy is administered by the MISO.

2.07 The Parties shall cooperate to develop the necessary accounting and operational procedures to comply with new methodologies, procedures, and policies respecting Inadvertent Energy that may be developed from time to time by NERC, the RE, successor reliability organizations, or other governmental authorities.

2.08 Except in emergency circumstances affecting BAA reliability, any transmission or non-public market information received by personnel engaged in Balancing Authority operations functions shall not be shared with personnel involved with wholesale merchant functions.

ARTICLE 3

METERS AND METERING

3.01 Electric power and energy interchanged between the Parties shall be measured, both as to demand and energy, by suitable metering equipment installed and maintained at the Dynamic Interconnection Points designated in Exhibit 1.

3.02 If, as a result of any test, any meter is found to register more than one percent above or below one hundred percent accuracy, the account between the Parties hereto shall be corrected, for a period equal to one-half of the elapsed time since the last prior test, according to the percentage of inaccuracy so found – except that if the meter shall have become defective or inaccurate at a reasonably ascertainable time since the most recent test of such meter, the correction shall extend back to such time. Should metering equipment at any time fail to register, the energy delivered shall be determined from the best available data.

ARTICLE 4

GENERAL PROVISIONS

4.01 Any notice, request or demand between the Parties made in accordance with any provision hereof, except as otherwise provided herein, may be given either orally or in writing. Any notice, request or demand given orally shall be confirmed, upon request of the Party receiving such notice, in writing by mail addressed to the person listed below or to such person or persons as may be designated from time to time by the Parties.

4.02 (a) Notice to Wisconsin Electric shall be addressed to:

Wisconsin Electric Power Company
Matthew P. Beilfuss
Manager, Electric System Operations
W237 N1500 Busse Road
Waukesha, WI 53188-1124
262-544-7559 (office)
262-544-7099 (facsimile)

(b) Notice to PJM shall be addressed to:

Michael Bryson
Senior Vice President - Operations
PJM Interconnection, L.L.C.
2750 Monroe Blvd.
Audubon, Pennsylvania 19403

4.03 This Agreement may be executed in multiple counterparts, each as an original, and shall be binding upon the successors and assigns of the respective Parties hereto. No rights of either Party hereunder shall be assigned by it without the prior consent in writing of the other Party. Neither Party, however, shall unreasonably withhold its consent to any such assignment if its rights hereunder will not be adversely affected thereby.

4.04 Each Party shall exercise reasonable care, foresight and Good Utility Practice to perform required acts hereunder on a timely basis, in good faith, and using the necessary technical and personnel resources.

4.05 Except for the obligation to make any payments under this Agreement, neither Party shall be considered to be in default or breach of this Agreement or liable in damages or otherwise responsible to the other Party for any delay in or failure to carry out any of its obligations under this Agreement unless such delay or failure was a result of gross negligence or intentional misconduct.

4.06 Neither Party shall be considered to be in default or breach of this Agreement or liable in damages or otherwise responsible to the other Party for any delay in or failure to carry out any of its obligations under this Agreement if, and only to the extent that, such Party's inability to perform or prevention from performing is caused by an event of Force Majeure. Notwithstanding the foregoing sentence, neither Party may claim Force Majeure for any delay or failure to perform or carry out any provision of this Agreement to the extent that such Party has been grossly negligent or engaged in intentional misconduct and such gross negligence or intentional misconduct substantially and directly caused that Party's delay or failure to perform or carry out its duties and obligations under this Agreement. The term Force Majeure means those events beyond the reasonable control of, and without the fault or gross negligence of, the Party claiming Force Majeure which, through the exercise of Good Utility Practice, that Party could not have avoided and which, by exercise of due diligence, that Party is unable to overcome. Such events, to the extent they conform to the foregoing criteria, include, but are not limited to, the following: labor disputes (including a strike); flood; lightning strikes; earthquake; storm, ice, fire; epidemic; war; invasion; riot; civil disturbance; sabotage or vandalism; explosion; insurrection; military or usurped power; action of any court or governmental authority, or any civil or military authority, de facto or de jure; act of God or the public enemy; or any other event or cause of a similar nature beyond a Party's reasonable control. Mere economic hardship does not constitute Force Majeure.

4.07 This Agreement is not intended to (and shall not) create rights of any character whatsoever in favor of any person, corporation, association or entity other than the Parties to this Agreement, and the obligations herein assumed are solely for the use and benefit of said Parties.

4.08 This Agreement and any arbitration award that may be made hereunder are made subject to the jurisdiction of any governmental authority, or authorities, having jurisdiction in the premises.

ARTICLE 5

MISCELLANEOUS

5.01 Waivers. Any waiver, or any delay short of the statutory period of limitation in asserting or enforcing any right under this Agreement or any waiver of a breach of any term in this Agreement, will not be considered (1) a waiver of a further breach of the same term, or (2) a waiver of a breach of any other term.

5.02 Severability. Each provision of this Agreement must be interpreted in a way that is valid under applicable law. If any provision is held invalid, the rest of the Agreement will remain in full effect.

5.03 Amendments. This Agreement may be amended only by written documents signed by both Parties.

5.04 Entire Agreement. This Agreement and its Exhibits and attachments contain the entire understanding between the Parties.

5.05 Third Party Beneficiaries. This Agreement confers no rights or remedies on any third party, other than the Parties to this Agreement and their respective successors and permitted assigns.

5.06 Titles and Headings. Titles and headings are inserted in this Agreement for reference purposes only, and must not be used to interpret the Agreement.

5.07 Indemnification. Subject to the limitation of liability set forth in Section 5.08, each Balancing Authority (for purposes of this section the “Indemnifying Balancing Authority”) shall indemnify, defend, save and hold harmless the other Balancing Authority and its officers, shareholders, directors, employees, and members (*i.e.*, cooperative members and municipal joint action agency members) (being referred to as the “Indemnified Balancing Authority”) from and against any and all damages, losses, claims, (including without limitation claims and actions relating to injury to, or death of, any person, or damage to property), suits, recoveries, costs and expenses, court costs, attorney fees, and all other demands by or obligations to third parties or other Balancing Authorities, arising out of or resulting from and to the extent of the Indemnifying Balancing Authority’s performance of its obligations under this Agreement.

5.08 Limitation of Liability. Notwithstanding anything to the contrary contained herein, under no circumstances and under no legal theory (whether in tort, contract, or otherwise) shall either Party, its affiliates, subsidiaries, members, employees, officers or directors be liable to the other Party, or to any other person claiming through such other Party, for any indirect, special, incidental, consequential, or punitive damages of any character (including, without limitation, damages for loss of business profits or goodwill, business interruption, loss of business information, work stoppage, computer failure or malfunction, or for any and all other damages or losses) arising out of the

performance of this Agreement, even if such Party has been advised of the possibility of such damages, and each Party hereby waives and releases any and all such claims.

5.09 Confidentiality. Each Party agrees that any and all information, documents, instructions, techniques, know-how or other information of the other Party shall be considered Confidential Information. Confidential Information shall not include any information that the receiving Party can reasonably demonstrate: (a) was in the public domain prior to disclosure to the receiving Party, or thereafter comes into the public domain without the fault or breach of any confidentiality obligation by receiving Party; (b) was known by the receiving Party prior to disclosure, as shown by contemporaneous written records; (c) was acquired in good faith from a third party who is not in breach of a confidential relationship by its disclosure to receiving Party; or (d) was independently developed without the use of Confidential Information. The Party receiving such Confidential Information (“Receiving Party”) hereby agrees to maintain the Confidential Information strictly confidential and shall only disclose such Confidential Information (i) to those employees or consultants of Receiving Party who have a need to know such information in connection with the performance of this Agreement; or (ii) to the extent required by statute or regulation or by valid order of any government body, agency, or court.

ARTICLE 6

DISPUTE RESOLUTION

6.01 In the event either Party has a dispute, or asserts a claim, that arises out of or is in connection to this Agreement, then that Party (the “disputing Party”) shall provide the other Party (“non-disputing Party”) with written notice of the dispute or claim (“Notice of Dispute”). Such dispute or claim shall be referred to a designated senior officer of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the non-disputing Party.

In the event the designated senior officers of the Parties are unable to resolve the claim or dispute within sixty (60) calendar days of the other Party’s receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

6.02 Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) business days of the submission of the dispute to arbitration, each party shall choose one arbitrator who shall within ten (10) business days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationship with any party to the arbitration (except prior arbitration).

6.03 Parties may submit written pre-hearing statements prior to the hearing. At the hearing, the Parties each shall have the opportunity to make arguments, offer evidence by way of oral testimony and exhibits, and cross examine, provided that the hearing shall conclude within one day to the extent practicable. The arbitrator shall be responsible for the conduct of the hearing.

6.04 Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within thirty (30) business days of appointment and shall notify the Parties in writing of such decision and the reasons therefore.

6.05 Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half of the cost of the single arbitrator jointly chosen by the Parties.

ARTICLE 7

OTHER AGREEMENTS

7.01 This Agreement governs traditional Balancing Authority operational matters, including (but not limited to) Inadvertent Energy exchange and metering issues, between the Parties respective BAAs. With regard to the physical wire-to-wire interconnection at each Dynamic Interconnection Point encompassed by this Agreement, the Parties agree that an interconnection agreement, independently negotiated with PJM and the applicable transmission owner(s) at each Dynamic Interconnection Point, shall govern.

ARTICLE 8

TERM

8.01 This Agreement shall become effective on December 30, 2022, and shall continue in effect until terminated upon mutual agreement between the Parties or upon one year's written notice by either Party to the other.

PJM INTERCONNECTION, L.L.C.

By: /s/ Michael E. Bryson

Michael Bryson

Sr. Vice President, Operations

Date: October 27, 2022

WISCONSIN ELECTRIC POWER
COMPANY

By: /s/ William Mastoris

William Mastoris

Executive VP – Customer Service And
Operations

Date: October 26, 2022

EXHIBIT 1

1) This Exhibit 1 sets forth the terms and conditions applicable to each Dynamic Interconnection Point between the Balancing Authority Areas of Wisconsin Electric and PJM.

A) DYNAMIC INTERCONNECTION POINT AT LAKEVIEW, for the Lakeview – Zion 138 kv Line.

i) The BAAs of Wisconsin Electric and PJM are interconnected via the American Transmission Company transmission system and the Commonwealth Edison transmission system, respectively, at the facility located at the Illinois-Wisconsin state line in the N.W. ¼ and S.W. ¼ of the Northeast corner (N.E. ¼) of Section 33, Town 1 North, Range 22 East, Village of Pleasant Prairie, Kenosha County, Wisconsin. This Dynamic Interconnection Point is known as the Interconnection Point at Lakeview.

ii) Wisconsin Electric presently owns and shall continue to own the two-way metering equipment used to measure the power and energy delivered or received by the Parties at the Interconnection Point at Lakeview.

iii) All electric power and energy interchanged between the Parties' BAAs shall be measured, both as to demand and energy, by suitable metering equipment provided and maintained by Wisconsin Electric at the Lakeview Substation.

iv) Each Party shall provide or cause to be provided appropriate communication facilities from the location of the metering equipment at the Lakeview Substation to a suitable termination point in its BAA.

B) DYNAMIC INTERCONNECTION POINT AT PARIS, for the Paris - Zion 345 kV Line.

i) The BAAs of Wisconsin Electric and PJM are interconnected via the American Transmission Company transmission system and the Commonwealth Edison transmission system, respectively, at the facility located at Southwest quarter of the Northwest quarter of Section 3, Township 2 North, Range 21 East, Town of Paris, Kenosha County, Wisconsin.. This Dynamic Interconnection Point is known as the Interconnection Point at Paris.

ii) Wisconsin Electric presently owns and shall continue to own the two-way metering equipment used to measure the power and energy delivered or received by the Parties at the Interconnection Point at Paris.

iii) All electric power and energy interchanged between the Parties' BAAs shall be measured, both as to demand and energy, by suitable metering equipment provided and maintained by Wisconsin Electric at the Paris Substation.

iv) Each Party shall provide or cause to be provided appropriate communication facilities from the location of the metering equipment at the Paris Substation to a suitable termination point in its BAA.

C) DYNAMIC INTERCONNECTION POINT AT PLEASANT PRAIRIE, for the Pleasant Prairie – Zion 345 kV Line.

i) The BAAs of Wisconsin Electric and PJM are interconnected via the American Transmission Company transmission system and the Commonwealth Edison transmission system, respectively, at the facility located at the Illinois-Wisconsin state line in the S.E. ¼ of Section 33 in the town of Pleasant Prairie, Wisconsin. This Dynamic Interconnection Point is known as the Interconnection Point at Pleasant Prairie.

ii) Wisconsin Electric presently owns and shall continue to own the two-way metering equipment used to measure the power and energy delivered or received by the Parties at the Interconnection Point at Pleasant Prairie.

iii) All electric power and energy interchanged between the Parties' BAAs shall be measured, both as to demand and energy, by suitable metering equipment provided and maintained by Wisconsin Electric at the Pleasant Prairie Substation.

iv) Each Party shall provide or cause to be provided appropriate communication facilities from the location of the metering equipment at the Pleasant Prairie Substation to a suitable termination point in its BAA.

D) DYNAMIC INTERCONNECTION POINT AT ZION ENERGY CENTER, for the Zion – Pleasant Prairie 345 kV Line.

i) The BAAs of Wisconsin Electric and PJM are interconnected via the American Transmission Company transmission system and the Commonwealth Edison transmission system, respectively, at the Zion Energy Center located at the E ½ of N.W. ¼ of Section 13, Township 46 North, Range 11 East, Newport Township, Lake County, Illinois. This Dynamic Interconnection Point is known as the Interconnection Point at Zion Energy Center.

ii) Commonwealth Edison presently owns and shall continue to own the two-way metering equipment used to measure the power and energy delivered or received by the Parties at the Interconnection Point at Zion Energy Center.

iii) All electric power and energy interchanged between the Parties' BAAs shall be measured, both as to demand and energy, by suitable metering

equipment provided and maintained by Commonwealth Edison at the Zion Energy Center Substation.

iv) Each Party shall provide or cause to be provided appropriate communication facilities from the location of the metering equipment at the Zion Energy Center Substation to a suitable termination point in its BAA.