

35.15 Dispute Resolution Procedures

35.15.1 Good Faith Negotiation

The Parties shall attempt in good faith to achieve consensus with respect to all matters arising under this Agreement and to use reasonable efforts through good faith discussion and negotiation to avoid and resolve disputes that could delay or impede a Party from receiving the benefits of this Agreement. These dispute resolution procedures apply to any dispute that arises from either Party's performance of, or failure to perform, in compliance with this Agreement and which the Parties are unable to resolve prior to invocation of these procedures.

35.15.2 Dispute Resolution

In the event of a Dispute arising out of or relating to this Agreement that is not resolved by the representatives of the Parties who have been designated under Section 35.3.2.2 of this Agreement within 7 days of the reference to such representatives of such Dispute, each Party shall, within 14 days' written notice by either Party to the other, designate a senior officer with authority and responsibility to resolve the Dispute and refer the Dispute to them. The senior officer designated by each Party shall have authority to make decisions on its behalf with respect to that Party's rights and obligations under this Agreement. The senior officers, once designated, shall promptly begin discussions in a good faith effort to agree upon a resolution of the Dispute. If the senior officers do not agree upon a resolution of the Dispute within 14 days of its referral to them, or within such longer period as the senior officers mutually agree to in writing, or do not within the same 14 day period agree to refer the matter to some individual or organization for alternate Dispute resolution, then the Parties shall request that FERC's Dispute Resolution Service mediate their efforts to resolve the Dispute. Upon a Party's determination, at any point in the mediation process, that mediation has failed to resolve the Dispute, either Party may seek

formal resolution by initiating a proceeding before the FERC. If the FERC is not willing or able to consider or resolve a Dispute, then either Party shall have the right to pursue any and all remedies available to it at law or in equity.

Neither the giving of notice of a Dispute, nor the pendency of any Dispute resolution process as described in this section shall relieve a Party of its obligations under this Agreement, extend any notice period described in this Agreement or extend any period in which a Party must act as described in this Agreement. Notwithstanding the requirements of this section, either Party may terminate this Agreement in accordance with its provisions, or pursuant to an action at equity. The issue of whether such a termination is proper shall not be considered a Dispute hereunder.