

October 13, 2015

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: *Southwest Power Pool, Inc. v. Midcontinent Independent System Operator, Inc.*, Docket Nos. EL14-21-000, et al., Offer of Settlement

Dear Secretary Bose:

In accordance with the provisions of Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602, Southwest Power Pool, Inc. (“SPP”), together with Midcontinent Independent System Operator, Inc. (“MISO”), Associated Electric Cooperative, Inc. (“AECI”), Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, by and through their agent Southern Company Services, Inc. (collectively, “Southern Companies”), the Tennessee Valley Authority (“TVA”), Louisville Gas and Electric Company and Kentucky Utilities Company (together, “LG&E/KU”), PowerSouth Energy Cooperative (“PowerSouth”), and NRG Energy, Inc. (“NRG”) (collectively, the “Parties”), submit an Offer of Settlement in the referenced proceeding. The Offer of Settlement represents a resolution of all issues between and among the Parties in the proceeding.

This submission includes:

1. The Settlement Agreement (Attachment A), including attachments;
2. An Explanatory Statement describing the terms of the Settlement Agreement as required by Rule 602(c)(1)(ii) (Attachment B);
3. A draft letter order, in Microsoft Word format, accepting the Offer of Settlement (Attachment C); and
4. A certificate of service.

SPP respectfully requests that the Commission promptly approve the Offer of Settlement, without modification or condition, because it is in the public interest, represents the result of negotiations among the Parties, and resolves all issues in the referenced proceedings, as among the Parties. Based on discussions preceding the filing of this Settlement Agreement, the Parties believe that the Settlement Agreement is largely

supported or unopposed by the active parties to this proceeding. In fact, the Parties are authorized to represent that both the MISO Transmission Owners¹ and the SPP Transmission Owners² support the Settlement Agreement. In addition, among the parties not opposing the Settlement Agreement are: Commission Trial Staff, the Organization of MISO States, Arkansas Electric Cooperative Corporation, Kansas Corporation Commission, Manitoba Hydro, the Council of the City of New Orleans, Western Farmers Electric Cooperative, Wisconsin Electric Power Company, and Wisconsin Public Service Corporation.

¹ For purposes of this filing, the MISO Transmission Owners are: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; Big Rivers Electric Corporation; City Water, Light & Power (Springfield, IL); Cleco Power, LLC; Dairyland Power Cooperative; Duke Energy Corporation for Duke Energy Indiana, Inc.; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; Michigan Public Power Agency; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Otter Tail Power Company; Prairie Power Inc.; South Mississippi Electric Power Association; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a Vectren Energy Delivery of Indiana); Southern Minnesota Municipal Power Agency; and Wabash Valley Power Association, Inc.

² For the purposes of this filing, the SPP Transmission Owners are: Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company; American Electric Power Service Company, on behalf of Public Service Company of Oklahoma and Southwestern Electric Power Company; City Utilities of Springfield, Missouri; Lincoln Electric System; Omaha Public Power District; The Empire District Electric Company; Westar Energy, Inc.; Sunflower Electric Power Corporation; Mid-Kansas Electric Company, LLC; Nebraska Public Power District; and Oklahoma Gas & Electric Company.

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SPP is serving a copy of this filing on all participants in the consolidated proceedings in Docket Nos. EL14-21-000, et al, as well as upon all Southwest Power Pool, Inc. customers, members, and state regulatory commissions. In accordance with Rule 602(f), the Parties advise recipients of this letter that initial comments on the Offer of Settlement are due 20 days from the date of filing, i.e., November 2, 2015; reply comments are due 30 days from the date of filing, or November 12, 2015. Pursuant to Rule 602(f)(3), any failure to file a comment constitutes a waiver of all objections to the Offer of Settlement.

Respectfully submitted,

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cc: All participants in the consolidated proceedings in Docket Nos. EL14-21-000, et al.

Attachment A

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.,)	
Complainant,)	
)	
v.)	Docket No. EL14-21-000
)	
Midcontinent Independent System)	
Operator, Inc.,)	
Respondent.)	
)	
Southwest Power Pool, Inc.)	Docket No. ER14-1174-000
)	
Midcontinent Independent System)	
Operator, Inc.)	Docket No. EL11-34-002
)	
Midcontinent Independent System)	
Operator, Inc.,)	
Complainant,)	
)	
v.)	Docket No. EL14-30-000
)	
Southwest Power Pool, Inc.,)	
Respondent.)	

OFFER OF SETTLEMENT

Case History and Background

The parties to this Settlement Agreement included with this Offer of Settlement (hereinafter “the Parties”)¹ agree that the following background discussion is provided for convenience only and shall not bind the Parties. The Parties further agree that this Non-Binding

¹ The Parties to the Settlement Agreement are as follows: Southwest Power Pool, Inc. (“SPP”), Midcontinent Independent System Operator, Inc. (“MISO”), Associated Electric Cooperative, Inc. (“AECI”), Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, by and through their agent Southern Company Services, Inc. (collectively, “Southern Companies”), the Tennessee Valley Authority (“TVA”), Louisville Gas and Electric Company and Kentucky Utilities Company (together, “LG&E/KU”), and PowerSouth Energy Cooperative (“PowerSouth”), and NRG Energy, Inc. (“NRG”) for purposes of Articles IV and XIV of the Settlement Agreement only. AECI, Southern Companies, TVA, LG&E/KU, and PowerSouth are collectively referred to as the “Joint Parties.”

Case History and Background shall not be included in the Settlement Agreement and shall not be used to interpret any provision in the Settlement Agreement.

In 2005, Entergy Arkansas, Inc. (“Entergy Arkansas”), a wholly-owned operating utility subsidiary of Entergy Corporation (“Entergy”), filed a notice to terminate its participation in the Entergy System Agreement among the Entergy Operating Companies,² effective December 2013. In February 2010, the Arkansas Public Service Commission initiated a proceeding to manage the process of choosing a successor arrangement to the Entergy System Agreement for Entergy Arkansas. In May 2011, Entergy Arkansas filed with the Arkansas Public Service Commission a report evaluating the available options and recommending participation in MISO as the preferred option.

During discussions among SPP, MISO, Entergy, and Entergy’s retail regulators of the various options, an issue arose involving the MISO-SPP Joint Operating Agreement (“JOA”).³ Specifically, MISO was asked to confirm the availability of contract path capacity sharing under Section 5.2 of the JOA⁴ in the event that Entergy Arkansas chose, or was directed, to join MISO. Upon review, MISO concluded that the contract path capacity sharing provisions of Section 5.2 would continue to be applicable to Entergy Arkansas after it became a transmission-owning member of MISO. SPP disagreed with MISO’s interpretation and concluded that, in the event

² The Entergy Operating Companies are Entergy Arkansas, Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

³ The full legal name of the JOA is the “Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc.” The JOA is a FERC-accepted rate schedule of both MISO and SPP and has been in effect, one form or another, since 2004.

⁴ Section 5.2 of the JOA provides as follows: “If the Parties have contract paths to the same entity, the combined contract path capacity will be made available for use by both Parties. This will not create new contract paths for either Party that did not previously exist. SPP will not be able to deal directly with companies with which it does not physically or contractually interconnect and the Midwest ISO will not be able to deal directly with companies with which it does not physically or contractually interconnect.”

Entergy Arkansas became a MISO Transmission Owner, MISO would not be able to rely on the contract path sharing provisions of Section 5.2 to use capacity on the SPP transmission system and MISO would be limited to its direct contractual and physical interconnection capacity with Entergy Arkansas.

On April 8, 2011, MISO filed a Petition for Declaratory Order (“MISO Petition”) with the Federal Energy Regulatory Commission (“FERC” or “Commission”) to resolve the dispute over the conflicting interpretations of Section 5.2 of the JOA. In the declaratory order issued on July 1, 2011 in Docket No. EL11-34-000,⁵ the Commission granted the MISO Petition, finding that Section 5.2 of the JOA allowed for the sharing of available transmission capacity between MISO and Entergy Arkansas and SPP and Entergy Arkansas in the event that Entergy Arkansas became a transmission-owning member of MISO. The requests for rehearing filed by various parties, including SPP, were denied, and SPP appealed the Commission’s Declaratory Petition Orders to the U.S. Court of Appeals for the District of Columbia Circuit (“D.C. Circuit”).

Following Entergy’s April 2011 announcement of its intention to join MISO as a Transmission Owner effective December 19, 2013, MISO and Entergy initiated various FERC filings to effectuate the proposed integration.⁶ On June 20, 2013, the Commission issued an order generally accepting the proposed integration, subject to hearing on certain issues and

⁵ *Midwest Indep. Transmission Sys. Operator, Inc.*, 136 FERC ¶ 61,010 (2011), *order on reh’g*, 138 FERC ¶ 61,055 (2012) (“Declaratory Petition Orders”).

⁶ In addition, MISO, the Joint Parties and SPP entered into an Operations Reliability Coordination Agreement (“ORCA”) on August 15, 2013, in order to afford the Joint Parties greater familiarity and experience with the expanded MISO Balancing Authority Area operations. *Midcontinent Independent System Operator, Inc.*, 145 FERC ¶ 61,032 (2013). The original ORCA expired by its own terms on April 1, 2015, and the Parties negotiated a replacement ORCA, which was accepted by a FERC letter order issued on April 15, 2015. *Midcontinent Independent System Operator, Inc.*, Docket No. ER15-1141-000 (April 15, 2015).

subject to various conditions and compliance filings.⁷ SPP and certain other parties filed for rehearing, seeking, among other things, a determination with respect to the contract path capacity sharing issue. The Commission denied rehearing on the contract capacity sharing issue in an order issued on February 20, 2014,⁸ finding that the proceeding was not the proper forum to address the issue, and SPP filed a petition for review in the D.C. Circuit, Case No. 14-1053, which remains pending.

On December 3, 2013, the D.C. Circuit issued an opinion vacating and remanding the Commission's Declaratory Petition Orders issued in Docket No. EL11-34.⁹ The D.C. Circuit found that the Commission failed to provide a reasoned explanation for its decision by interpreting one item of evidence without explaining its implicit rejection of alternative interpretations. Additionally, the D.C. Circuit found that the Commission did not explain its disregard of evidence that the applicable law required it to consider.¹⁰ The D.C. Circuit concluded that the contract path capacity sharing language of Section 5.2 was ambiguous, but did not endorse either the MISO construction or the SPP construction of the provision.

Following the D.C. Circuit Decision, SPP sought assurances from MISO that it would refrain from any flows of energy between the MISO Midwest region and the new MISO South region in excess of MISO's 1,000 megawatt ("MW") contractual tie between the two regions. MISO declined to provide such assurances, stating that the D.C. Circuit Decision did not endorse SPP's interpretation of Section 5.2 of the JOA, but merely left the parties in their original

⁷ *ITC Holdings Corp.*, 143 FERC ¶ 61,257 (2013).

⁸ *ITC Holdings Corp.*, 146 FERC ¶ 61,111(2014).

⁹ *Sw. Power Pool, Inc. v. FERC*, 736 F.3d 994 (D.C. Cir. 2013) ("D.C. Circuit Decision").

¹⁰ *Id.* at 995.

position with regard to contract path capacity sharing under Section 5.2. On December 19, 2013, MISO and Entergy completed the integration process and the Entergy Operating Companies became transmission-owning members of MISO.

On January 28, 2014, SPP filed a complaint in Docket No. EL14-21-000 (“SPP Complaint”) under sections 206 and 306 of the Federal Power Act (“FPA”) seeking a Commission order finding that MISO is violating the JOA and the SPP open access transmission tariff (“SPP Tariff”), and requiring MISO to compensate SPP for use of the SPP transmission system under the SPP Tariff. Alternatively, SPP requested that the Commission find that the JOA is no longer just, reasonable, and is unduly discriminatory to the extent that it does not provide a mechanism by which SPP may assess charges for MISO’s claimed use of the SPP transmission system to integrate the Entergy Operating Companies and that the compensation mechanism proposed in the SPP Complaint is the just, reasonable, and not unduly discriminatory rate for MISO’s use of the SPP transmission system. Also, on January 28, 2014, SPP filed a non-conforming, unexecuted service agreement (“Service Agreement”) in Docket No. ER14-1174-000 under section 205 of the FPA to assess charges for MISO’s use of the SPP transmission system as a result of MISO’s real-time energy transfers between the MISO Midwest and MISO South regions.

On February 18, 2013, MISO filed an answer to the SPP Complaint and a protest with respect to SPP’s Service Agreement filing. MISO denied that it engaged in any unauthorized use of SPP’s transmission system, contending that Section 5.2 of the JOA provided the basis for contract path capacity sharing between the two RTOs and that SPP was attempting to obtain unauthorized loop flow compensation. Additionally, MISO argued that the Service Agreement was legally deficient because it made MISO a transmission customer of SPP and subjected

MISO to unreserved use penalties in violation of FERC orders, and contained various unjust and unreasonable terms and conditions of service.

Also, on February 18, 2013, MISO filed a complaint against SPP in Docket No. EL14-30-000 (“MISO Complaint”) under sections 206 and 306 of the FPA, requesting that the Commission prohibit SPP from attempting to collect unreserved use penalties from MISO because MISO is not a customer under the SPP Tariff and flows of energy between the MISO Midwest region and the MISO South region do not constitute transmission service under the SPP Tariff. MISO further requested that the Commission find that SPP is acting in violation of the JOA and void SPP’s invoices. On March 10, 2013, SPP filed an answer to the MISO Complaint rejecting MISO’s contentions.

Numerous parties filed comments, answers and protests in response to SPP’s and MISO’s filings in Docket Nos. EL14-21-000, ER14-1174-000, and EL14-30-000. Some of these pleadings supported MISO’s position and some supported SPP’s position. As relevant here, the Joint Parties submitted comments generally supporting the SPP Complaint and the Service Agreement. The Joint Parties alleged reliability impacts on their systems resulting from the MISO dispatch flows between MISO Midwest and MISO South. They also asserted that compensation for MISO dispatch flows in excess of MISO’s contract path capacity should be paid to all impacted transmission providers, including the Joint Parties.

On March 28, 2014, the Commission issued an order accepting for filing the Service Agreement, effective January 29, 2014, subject to refund and hearing.¹¹ The Commission consolidated Docket No. ER14-1174-000 with the JOA remand proceeding in Docket No. EL11-34-002, the SPP Complaint in Docket No. EL14-21-000, and the MISO Complaint in Docket No.

¹¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 146 FERC ¶ 61,231 (2014) (“March 28, 2014 Order”).

EL14-30-000, and established hearing and settlement judge procedures. MISO and certain other parties filed rehearing requests with respect to the March 28, 2014 Order, which remain pending.

On April 4, 2014, the Chief Judge appointed the Honorable Carmen A. Cintron as Settlement Judge in these consolidated proceedings. Following the appointment of Judge Cintron, the parties and the participants have held numerous settlement conferences, meetings and telephone discussions and have exchanged issues papers, presentations, as well as various data and certain technical documentation. As a result of the extensive discussions and exchanges conducted, the Parties have reached a settlement resolving all issues in these consolidated proceedings, as set forth herein.

SETTLEMENT AGREEMENT

The Parties, defined herein as Southwest Power Pool, Inc. (“SPP”), Midcontinent Independent System Operator, Inc. (“MISO”), Associated Electric Cooperative, Inc. (“AECI”), Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, by and through their agent Southern Company Services, Inc. (collectively, “Southern Companies”), the Tennessee Valley Authority (“TVA”), Louisville Gas and Electric Company and Kentucky Utilities Company (together, “LG&E/KU”), and PowerSouth Energy Cooperative (“PowerSouth”),¹² and NRG Energy, Inc. (“NRG”) for purposes of Articles IV and XIV only, agree to the following terms and conditions, together with the attachments hereto, (the “Settlement Agreement”) to be filed with the Federal Energy Regulatory Commission (“FERC” or “Commission”) in settlement of all issues in the above dockets. These terms and conditions comprise an interrelated package that reflects negotiated compromises among the Parties in order

¹² AECI, Southern Companies, TVA, LG&E/KU, and PowerSouth are collectively referred to as the “Joint Parties.”

to achieve an agreed resolution, thereby avoiding the time, expense and uncertainty of protracted litigation. The Settlement Agreement is subject in every particular to the conditions set forth herein, and is made with the understanding that each term is material and integral to the whole.

I. Withdrawal of Complaints and Service Agreement; Release of Claims

1.1 Upon the issuance of a final, unreviewable Commission order¹³ accepting or approving the Settlement Agreement, SPP's Complaint against MISO in Docket No. EL14-21 and MISO's Complaint against SPP in Docket No. EL14-30 shall be resolved and dismissed with prejudice. Within forty (40) days after a final, unreviewable Commission order accepting or approving the Settlement Agreement, SPP shall withdraw: (1) its unexecuted, non-firm service agreement with MISO filed in Docket No. ER14-1174 ("Service Agreement"); and (2) its Petition for Review of the Commission's Orders in Docket No. ER13-948, et al. to the U.S. Court of Appeals for the District of Columbia Circuit, Case No. 14-1053.

1.2 Except as provided in this Section 1.2 and Article II, there shall be no rebillings, refunds or resettlements of any kind whatsoever relating to the disputed provisions of the SPP-MISO Joint Operating Agreement ("JOA") that gave rise to the respective complaints and the Service Agreement. Within forty (40) days after February 1, 2016, if the Commission permits implementation of this Settlement Agreement as described in Section 12.1, or otherwise within forty (40) days of the date the Commission accepts or approves the Settlement Agreement, SPP shall withdraw and cancel all invoices previously issued on the basis of the Service Agreement or SPP's Complaint. In the event the compensation provisions of Article II are effective pursuant to Section 12.1, but pending the issuance of a final unreviewable order accepting or

¹³ A "final, unreviewable Commission order" means that the order is no longer subject to review under section 313 of the Federal Power Act. 16 U.S.C. § 825I.

approving the Settlement Agreement, SPP shall not issue any new invoices for service under the Service Agreement and shall not attempt to collect any amounts that may be due under the Service Agreement, and MISO shall not be under any obligation to make any payments under the Service Agreement. In the event that the Commission does not accept or approve this Settlement Agreement, or such acceptance or approval is vacated, SPP may issue invoices (including replacement invoices for any invoices that have been withdrawn and cancelled) for service under the Service Agreement for all time periods that the Service Agreement is in effect, and MISO reserves the right to dispute those invoices.

1.3 This Settlement Agreement comprehensively resolves and settles all issues, claims, demands and allegations by the Parties in the above-captioned dockets, and that no compensation, refunds or damages shall be due to any Party (including any Party that is not subject to the Commission’s jurisdiction under sections 205 and 206 of the Federal Power Act) in connection with any such issues, claims, demands and allegations, except as provided under this Settlement Agreement. Subject to the foregoing, approval or acceptance of this Settlement Agreement by the Commission, as set forth in Article XI, shall constitute the release and discharge forever of each Party, its officers, directors, employees, members, successors, and assigns by each and every other Party from any and all claims, demands, damages, amounts owed, actions, causes of actions, or suits of any kind or nature whatsoever, known or unknown, foreseen or unforeseen, that arose or could have arisen in connection with the matters addressed by this Settlement Agreement for events that occurred prior to the filing date of the Settlement Agreement.

1.4 This Settlement Agreement is the long-term successor agreement contemplated by the Operations Reliability Coordination Agreement (“ORCA”), filed and accepted by the

Commission in Docket No. ER15-1141. Upon the Commission’s approval or acceptance of this Settlement Agreement, the ORCA will expire by its own terms.

II. Available System Capacity Usage and Compensation

2.1 Available System Capacity Usage. In exchange for compensation from MISO, as provided in Section 2.6, and in addition to MISO Contract Path Capacity, as defined in Section 2.2, MISO shall have the ability to use on a non-firm, as-available basis, available system transmission capacity of other Parties’ systems (“Available System Capacity Usage” or “ASC Usage”), as described in Article III.

2.2 MISO Contract Path Capacity. MISO, at the time of entering into the Settlement Agreement, has a contract path between MISO Midwest and MISO South¹⁴ (“MISO Contract Path Capacity”) that provides the contractual rights to transfer energy in the amount of 1,000 MW between its MISO South and MISO Midwest regions via the transmission facilities operated by MISO under the MISO Tariff,¹⁵ pursuant to the 2011 Amended and Restated Interchange Agreement between Entergy Arkansas, Inc., Associated Electric Cooperative, Inc., and Union Electric Company d/b/a Ameren Missouri for the Missouri-Arkansas EHV

¹⁴ For purposes of this Settlement Agreement, “MISO South” is understood to mean the area that was integrated into MISO as of December 19, 2013. As described by the Commission, it comprises “the Balancing Authority Areas (BAAs) operated by: the Entergy Operating Companies (including, but not limited to, Entergy Arkansas, Inc., Entergy Mississippi, Inc., Entergy Louisiana, LLC, Entergy New Orleans, Inc., Entergy Texas, Inc., and Entergy Gulf States Louisiana, L.L.C. (collectively, Entergy)); Louisiana Energy and Power Authority; Lafayette Utilities System; the Southern Mississippi Electric Power Association; Cleco Corporation; and NRG/Louisiana Generating, LLC (including the Arkansas municipalities of West Memphis, North Little Rock, and Conway) . . .” *Midcontinent Indep. Sys. Operator, Inc.*, 145 FERC ¶ 61,032, at P 1 n.5 (2013). For purposes of this Settlement Agreement “MISO Midwest” is generally understood to be the historical MISO footprint prior to the integration of MISO South.

¹⁵ The term “MISO Tariff” shall mean MISO’s Open Access Transmission, Energy and Operating Reserve Markets Tariff as it may be amended from time to time or a successor thereto.

interconnection (“MOARK Agreement”). The Parties acknowledge that the Settlement Agreement does not modify, amend, or abrogate any of the terms of the MOARK Agreement.

2.3 Changes in MISO Contract Path Capacity. Any changes to MISO Contract Path Capacity will be recognized as of the first day of the month following the month in which the change went into effect.

2.3.1 Increased MISO Contract Path Capacity. MISO Contract Path Capacity will increase through the following actions: (1) addition of facilities that physically connect MISO South and MISO Midwest through changes in the configuration of MISO’s Regional Transmission Organization (“RTO”) footprint, including adding new members; (2) transmission customers or members obtaining incremental long-term¹⁶ firm transmission rights under a single agreement with a dually connected entity¹⁷ to the extent that (i) such agreement creates rights to transfer energy directly between MISO South and MISO Midwest and (ii) such agreement is assigned to MISO or otherwise linked to a corresponding reservation on the MISO transmission system by the transmission customer or member, such that there is no simultaneous use of the underlying transmission service under that agreement with the dually-connected entity; (3) the construction of transmission facilities that physically connect MISO South and MISO Midwest; or (4) other similar long-term contractual arrangements creating the right to transfer energy directly between MISO South and MISO Midwest. For further clarity, and by way of example, if MISO takes action pursuant to this Section 2.3.1 that provides

¹⁶ “Long-term” refers to a period of one (1) year or longer.

¹⁷ “Dually connected entity” is defined in the Compensation Manual (Attachment 1).

3,000 MW of transmission capacity, then MISO Contract Path Capacity would be equal to 4,000 MW, the sum of the ratings of the applicable facilities.

2.3.2 Decreased MISO Contract Path Capacity. MISO Contract Path Capacity will decrease through the following actions: (1) removal of facilities that physically connect MISO South and MISO Midwest through changes in the configuration of MISO's RTO footprint, including a change in RTO membership; (2) transmission customers or members terminating or reducing transmission rights under a single agreement with a dually connected entity to the extent that such agreement (i) created rights to transfer energy directly between MISO South and MISO Midwest and (ii) such agreement was assigned to MISO or otherwise linked to a corresponding reservation on the MISO transmission system by the transmission customer or member, such that there is no simultaneous use of the transmission service under that agreement with the dually-connected entity; (3) the permanent removal of transmission facilities to the extent that such transmission facilities previously had physically connected MISO South and MISO Midwest; (4) changes in other similar long-term contractual arrangements creating the right to transfer energy directly between MISO South and MISO Midwest; or (5) outages of six (6) months (or more) for transformers and outages of four (4) months (or more) for all other types of transmission facilities.

2.3.3 Before any change to MISO Contract Path Capacity pursuant to this Section 2.3 takes effect, MISO shall report to the Operating Committee the expected capacity of the change and the basis for the change. MISO shall make this report to the Operating Committee as soon as practicable, but not less than thirty (30) days prior to the date that the change will take effect. MISO retains the right, at its sole discretion and

without approval of the Operating Committee, to take actions that would result in an increase or decrease in MISO Contract Path Capacity pursuant to Sections 2.3.1 and 2.3.2. In the event that MISO increases MISO Contract Path Capacity pursuant to Section 2.3.1(3), and the expected change would cause the MISO Contract Path Capacity to exceed the Regional Directional Transfer Limit in either direction, MISO shall use reasonable efforts to provide the informational report not less than six (6) months' prior to the date the change will take effect.

2.4 Available System Capacity Usage shall not alter any requirements contained within any Party's respective open access transmission tariff ("OATT") or requirements by and between third parties for the provision of transmission service. No Party shall be required to become a transmission customer of another Party, or to take transmission service under another Party's OATT as a result of the Settlement Agreement.

2.5 Available System Capacity Usage shall not alter flowgate allocations, Firm Flow Limits/Entitlements, or the priority of market flows or tagged transaction impacts, as established by the Congestion Management Process ("CMP") or Transmission Loading Relief ("TLR") procedures, nor as between MISO and SPP shall it alter the application of the Interregional Coordination Process. Although the Parties acknowledge that flows resulting from actions taken pursuant to the CMP are included in ASC Usage, no payments paid pursuant to this Settlement Agreement should be considered compensation specifically for actions taken by either RTO pursuant to the CMP. ASC Usage shall not constitute reportable transmission for purposes of 18 C.F.R. § 382.

2.6 Compensation for Available System Capacity Usage.

2.6.1 Compensation Phase I. For the period of January 29, 2014 through January 31, 2016, MISO shall pay eight million dollars (\$8,000,000) per year (for a total of \$16,000,000) to settle all claims for compensation by SPP and the Joint Parties for periods prior to February 1, 2016. MISO shall pay sixty percent (60%) of the payment to SPP and forty percent (40%) of the payment to the collective Joint Parties.

2.6.2 Compensation Phase II. From February 1, 2016 through January 31, 2017 (“Compensation Phase II”), MISO will pay, half to SPP and half to the collective Joint Parties, a monthly amount equal to 1/12th of sixteen million dollars (\$16,000,000) for Available System Capacity Usage in each direction, subject to a true-up based on the actual Capacity Factor and any compensation adjustments pursuant to Sections 2.6.5 or 2.6.6 and, 2.6.7, or 2.6.8 for that period. Within sixty (60) days after the expiration of Compensation Phase II of this Settlement Agreement, the Parties will calculate the Capacity Factor for Compensation Phase II to determine the compensation owed by MISO to SPP and the Joint Parties pursuant to the payment structure set forth in Section 2.6.3. If the Capacity Factor for Compensation Phase II is 20% or greater, MISO will pay SPP and the collective Joint Parties the difference between \$16 million and the amount identified in Section 2.6.3 that corresponds to the calculated Capacity Factor for Compensation Phase II. Any payment owed shall be paid by MISO, half to SPP and half to the collective Joint Parties. No interest will be applied to any such payments.

2.6.3 Compensation Phase III. For all years (with each such year running from February 1 through January 31) after Compensation Phase II (“Compensation Phase III”), the Parties agree that MISO will pay monthly, half to SPP and half to the collective Joint

Parties, for Available System Capacity Usage in each direction based on the following payment structure:

\$1,333,333 per month when the Capacity Factor for the prior year is less than 20%. The monthly amount will escalate 2% per year, starting February 1, 2020, or

\$2,250,000 per month when the Capacity Factor for the prior year is between 20% and 70% (inclusive). The monthly amount will escalate 2% per year, starting February 1, 2020, or

\$3,166,667 per month when the Capacity Factor for the prior year exceeds 70%. The monthly amount will escalate 4% per year, starting February 1, 2020.

The calculation of the Capacity Factor used above is set forth in the MISO Regional Transfer Calculation Compensation Manual (“Compensation Manual”) that is Attachment 1 to the Settlement Agreement.

2.6.4 The Parties agree that if the Available System Capacity Usage is zero for any month, then no monthly payment will be due for that month.

2.6.5 Compensation Adjustment for Increases to MISO Contract Path Capacity.

For every megawatt of increased MISO Contract Path Capacity pursuant to Section 2.3.1, the payment structure included in Section 2.6.3 will be reduced by \$667/MW-month.

2.6.6 Compensation Adjustment for Decreases to MISO Contract Path Capacity.

For every megawatt of decreased MISO Contract Path Capacity pursuant to Section 2.3.2, the payment structure included in Section 2.6.3 will be increased by \$667/MW-month.

2.6.7 Compensation Adjustment for Decreases to Regional Directional Transfer

Limits. For every megawatt of decreased Regional Directional Transfer Limit (except for changes pursuant to Section 7.2.1), the payment structure included in Section 2.6.3 will be decreased by \$667/MW-month.

2.6.8 Compensation Adjustment for Increases to Regional Directional Transfer Limits. For every megawatt of increased Regional Direction Transfer Limits (except for changes pursuant to Section 7.2.1), the payment structure included in Section 2.6 will be increased by \$667/MW-month.

2.7 Payment Terms.

2.7.1 MISO shall pay the amount required by Section 2.6.1 no later than thirty (30) days after the earlier of the FERC order approving the motion described in Section 12.1 or a FERC order approving or accepting the Settlement Agreement. MISO shall pay the monthly amounts due under Section 2.6.2 no later than the fifteenth (15th) day of the month following the month for which the payment is applicable, and shall pay any true-up amount required under Section 2.6.2 within fifteen (15) days of that true-up calculation. MISO shall pay the monthly amounts due under Section 2.6.3 no later than seventy-five (75) days following the month for which the payment is applicable.

2.7.2 All payments made under this Section 2.7 shall be by wire transfer or as otherwise may be agreed by the Parties.

2.7.3 Interest on any amounts not paid when due shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a), from the due date to the date of receipt.

2.7.4 Any Party alleging a failure of payment when due under this Section 2.7 shall give a written notice to all other Parties describing the alleged failure. If such alleged failure is not cured in five (5) days from the date of the notice, any Party may initiate dispute resolution in accordance with Article IX.

2.7.5 Any compensation adjustments required under Sections 2.6.5, 2.6.6, 2.6.7 or 2.6.8 will take effect as of the first day of the month following the month in which the referenced change went into effect unless otherwise specified.

2.7.6 All payments under this Section 2.7 shall be corrected for provable errors. Notwithstanding the foregoing, no claim seeking an adjustment in any payment under this Settlement Agreement may be asserted with respect to a month if the Applicable Claim Period set forth in Section 2.7.6.1 has expired, unless a claim seeking such adjustment had been received by the Party prior thereto.

2.7.6.1

(a) For each month in Compensation Phase II, the Applicable Claim Period shall expire two (2) years following the date upon which the payment for that month was received.

(b) For the true-up at the end of Compensation Phase II described in Section 2.6.2, the Applicable Claim Period shall expire one (1) year following the date upon which the true-up amount was calculated, except that if the Capacity Factor for Compensation Phase II is calculated to be between 18 percent and 22 percent, or between 68 percent and 72 percent, the Applicable Claim Period shall be two (2) years.

(c) For each month in Compensation Phase III, the Applicable Claim Period shall expire one (1) year following the date upon which the payment for that month was received, except that if the Capacity Factor applicable to that month is calculated to be between 18 percent and 22 percent, or between 68

percent and 72 percent, the Applicable Claim Period for that month shall instead be two (2) years.

III. Determination of Available System Capacity Usage

3.1 Calculation of Available System Capacity Usage shall be based on the higher of the two 30-minute integrated MW values within a clock hour determined by: (i) information provided by MISO's Unit Dispatch System ("UDS"); (ii) real-time flow data associated with any special use pseudo-ties; and (iii) MISO meter settlement data, and shall be incremental to MISO Contract Path Capacity. The methodology for computing Available System Capacity Usage is described in the Compensation Manual. MISO agrees to provide all data used in the calculations when requested by any Party.

3.2 Treatment of Dually-Connected Transactions. Transactions that source from or sink in systems that are connected to both MISO Midwest and MISO South will be treated for compensation purposes in the manner set forth in the Compensation Manual.

IV. Firm Point-to-Point Transmission Service

4.1 The Parties agree that ASC Usage does not provide a basis for MISO to provide firm transmission service to its transmission customers. However, MISO previously has granted firm transmission service to NRG in excess of MISO's Contract Path Capacity. The NRG transmission service reservations ("TSRs") for such previously granted MISO firm transmission service are listed in Attachment 2. The table in Section 4.1.1 below groups the NRG TSRs in annual amounts for periods beginning on June 1 of a year and ending on May 30 of the following year (the "Delivery Year"). For each of the identified Delivery Years, the NRG Payment described in Section 4.1.1 shall be paid for the amount of NRG firm transmission service in excess of 1,000 MW (the "NRG MWs"), and for the limited purpose described in this Article IV, the Parties agree to not dispute the validity or effectiveness of the firm transmission service

provided to NRG by MISO under the TSRs identified in Attachment 2 for the Delivery Years identified in the table below, as such service may be modified pursuant to Section 4.1.4.

The Parties further agree that nothing in this Settlement Agreement provides incremental rights to MISO with regard to firm service previously sold, except as specified in Section 4.1.3 below. MISO has no obligation to pay SPP, any SPP transmission owner, or the Joint Parties any additional sums to ensure that the NRG MWs will be honored, other than the charges recovered via the compensation provisions at Section 2.6 above. Actual, real-time flows associated with the firm service previously sold, and compensation for those flows by MISO, shall be included in the determination of ASC Usage and the associated compensation provided in Article II.

4.1.1 NRG has agreed to make the following payments, half to SPP and half to the collective Joint Parties (“NRG Payment”), as set forth in the table below.

Delivery Year (June 1 to May 31)	Total NRG firm transmission reservations on the MISO system (per Attachment 2)	MW Over 1,000 that would be Firm (“NRG MWs”)	NRG Rate Paid by NRG to SPP/Joint Parties with respect to the NRG MWs (in \$/MW-month) (“NRG Rate”)
2015/2016	1849	849	\$730
2016/2017	1624	624	\$730
2017/2018	1516	516	\$3,066
2018/2019	1304	304	\$3,066

The NRG Payment shall be the product of the NRG Rate and the NRG MWs, as defined in the table above and subject to adjustment in accordance with 4.1.4, and is in addition

to the payments by MISO pursuant to Section 2.6. The NRG Payment shall be inclusive of any ancillary service or other fees. The NRG Payment shall be the sole responsibility of NRG. In exchange for this consideration, the NRG MWs for which NRG pays the NRG Payment are valid firm MISO transmission reservations. Specifically, the flows associated with the NRG MWs for which NRG pays the NRG Payment shall be recognized as firm on the Parties' systems, and the validity of such NRG MWs previously granted by MISO shall not be challenged. Under no circumstances shall MISO or any other MISO member be responsible for the NRG Payments committed to by NRG under this Article IV.

4.1.2 With respect to the transmission arrangement described in this Article IV, this Settlement Agreement controls and no other or additional service agreement is necessary.

4.1.3 For the 2017/2018 or 2018/2019 Delivery Year, the MISO Contract Path Capacity under Section 2.3.1 shall increase by the amount of MWs for which NRG pays the \$3,066/MW-Month rate and the compensation for MISO Contract Path shall be adjusted by the same amount of MWs, as well as the corresponding dollar amount established in Section 2.6.5. For the 2017/2018 or 2018/2019 Delivery Years, MISO will credit NRG \$667/MW-month for the increase in MISO Contract Path for the actual amount of MWs for which NRG pays the \$3,066/MW-Month rate and MISO receives an adjustment in MISO Contract Path, which does not result in an increase in the Regional Directional Transfer Limit. NRG agrees that it will not seek additional compensation from MISO or any party for the difference between the \$667/MW-Month credit provided for in this Section and the \$3,066/MW-Month rate that NRG has agreed to pay to SPP

and the Joint Parties, in Docket Nos. ER14-1174, et al., or ER14-1736. Provided, however, NRG may continue to raise any legal or policy arguments in Docket No. ER14-1736 regarding proper cost allocation and applicability of charges.

4.1.4 At least six (6) months prior to the commencement of each Delivery Year beginning with the 2016/2017 Delivery Year, NRG shall have the right to reduce the NRG MWs for each such delivery year from the amount for that year initially set forth in the table in Section 4.1.1 (which are incremental to 1,000 MW of firm TSRs held by NRG), or as may be subsequently revised in accordance with this Section 4.1.4. In the event of such noticed reduction, MISO shall annul, recall or redirect, as appropriate, any of NRG's firm TSRs, in whole or in part, in excess of the sum of the 1,000 MW plus the revised NRG MWs. Subject to the limitations herein, NRG shall have the right to determine which NRG MWs are subject to the NRG Payment, and which NRG MWs are instead subject to annulment, recall or redirection.

4.1.5 Nothing in this Settlement Agreement shall provide NRG any separate or new authority to redirect NRG TSRs, and redirection of NRG TSRs is subject to the MISO Tariff. However, in the event any of the NRG TSRs are redirected but still involve transmission service from MISO South to MISO Midwest (or vice versa), the NRG MWs shall include such amounts and NRG shall pay the corresponding NRG Payment. NRG shall have the right to redirect such NRG TSRs (and reflect such on OASIS) provided that, in any Delivery Year, the total amount of transmission service reserved by NRG shall not exceed the amount of the corresponding TSRs included in Attachment 2.

4.1.6 It is the intent of this Article IV, in conjunction with the NRG Payments, to allow NRG's resources to meet the firm transmission requirements of an external

resource for purposes of qualifying such units as an external capacity resource, suitable for participation as a capacity resource in PJM Interconnection, L.L.C.'s Reliability Pricing Model ("RPM") mechanism for procuring capacity. This Settlement Agreement is entered into for the avoidance of doubt as to whether NRG's resources have firm transmission sufficient to qualify them to participate in the PJM RPM structure, and is not intended to absolve NRG from meeting all other RPM requirements.

4.1.7 Article IV of this Settlement Agreement shall be effective upon an order from FERC accepting or approving the Settlement, with any payments calculated from June 1, 2015. The NRG Payments shall be paid to SPP and the Joint Parties monthly, starting with the month following the issuance of the FERC order accepting or approving the Settlement. Payments are due and payable on or before the tenth (10) day of the month following the month to which such payments apply, and are late if not received within ten (10) days of the due date. Late payments shall accrue interest at the prevailing FERC interest rate. NRG's initial payment hereunder shall include any outstanding amounts for prior months dating back to June 1, 2015. NRG, SPP and the Joint Parties shall provide each other with all information reasonably needed to accomplish billing and payment hereunder.

4.2 MISO acknowledges that it shall not grant any short-term firm or long-term firm TSRs between MISO South and MISO Midwest above MISO's Contract Path Capacity. Any transmission customer who submits firm TSRs to MISO that, if granted, would cause MISO to exceed MISO's Contract Path Capacity shall be referred by MISO to other Transmission Service Providers.

4.3 MISO will not be prohibited from granting short-term firm and long-term firm TSRs between MISO and any dually-connected entity, as that term is defined in the Compensation Manual.

4.4 Nothing in the Settlement Agreement shall affect the administration of or assumptions used in MISO's internal processes related to its Resource Adequacy construct, except that MISO will not exceed Regional Directional Transfer Limits as defined in Article VII. MISO shall not have or claim incremental firm rights of any kind on neighboring transmission systems as a result of this Section 4.4 or MISO's Resource Adequacy Construct. In evaluating whether to proceed with a proposed interregional transmission project, MISO will not be prevented from considering increased costs, if any, incurred pursuant to this Settlement Agreement in the assessment of costs and benefits in the application of MISO's regional criteria pursuant to Order No. 1000 planning processes between MISO and any Party to this Settlement Agreement, provided that such increased costs would not be incurred but for the proposed interregional transmission project, and provided that such increased costs shall not be used to support an involuntary allocation of project costs to SPP or any of the Joint Parties.

4.5 Nothing in this Settlement Agreement shall predetermine future flowgate allocations, Firm Flow Limits/Entitlements, or the priority of market flows or tagged transaction impacts.

V. Amendments to the JOA

5.1 MISO and SPP agree to replace Section 5.2 of the JOA with the following revised Section 5.2 and to add to the JOA the following new Sections 5.3 and 5.4:

Section 5.2 – Sharing Contract Path Capacity

If the Parties have contract paths to the same entity, the combined contract path capacity will be made available for use by both Parties. No Party will exceed the combined contract path capacity. Any use of the combined

contract path capacity shall be subject to all NERC reliability requirements and the terms of the Congestion Management Process and Section 5.3. This will not create new contract paths for either Party that did not previously exist. SPP will not be able to deal directly with companies with which it does not physically or contractually interconnect and the Midcontinent ISO will not be able to deal directly with companies with which it does not physically or contractually interconnect.

Section 5.3 – Compensation for Sharing Contract Path Capacity

If a Party exceeds or anticipates that it will exceed its own contract path capacity and thus rely on combined contract path capacity during normal operating conditions as a result of changes in RTO membership that affect configuration which occurred on or after December 19, 2013, the Parties will negotiate an arrangement for appropriate compensation of the other Party's contract path capacity. For purposes of negotiating a compensation provision, a Party shall provide notice to the other Party six months prior to engaging in such usage, and the Parties shall negotiate in good faith to arrive at terms for compensation for such service. For purposes of negotiating a compensation agreement for the integration of MISO South, the Parties agree that the Settlement Agreement filed and accepted in Docket Nos. ER14-1174, *et al.* is the compensation agreement between the Parties. Any new agreement reached under this Section 5.3 shall have no impact on the Settlement Agreement filed and accepted in Docket No. ER14-1174, *et al.* Notwithstanding the foregoing, in the event a Party exceeds its own contract path capacity in circumstances other than those specifically described in this Section 5.3, nothing in this Agreement shall be interpreted as authorizing or precluding compensation to the other Party.

Section 5.4 - Dispute Resolution

In the event that, after good faith negotiation, the Parties are unable to reach mutual agreement on the terms of the shared contract path usage described in Sections 5.2 and 5.3, the Parties shall submit unresolved issues to the dispute resolution, as provided in Section 14.2 of this Agreement. The sharing of contract path capacity pursuant to Section 5.2 shall be permitted during the pendency of the dispute, subject to all NERC reliability requirements and terms of the Congestion Management Process. Compensation and other terms resolved through the dispute resolution process or any FERC proceeding initiated as a result of a failure to reach agreement shall be retroactive to the date usage commenced.

Pro forma tariff sheets reflecting these provisions are appended as Attachment 3. Upon Commission approval or acceptance of the Settlement Agreement, MISO and SPP shall revise their eTariff records accordingly.

5.2 MISO and SPP agree that no other amendments to the JOA are necessary under the Settlement Agreement and that Available System Capacity Usage will be subject to all other provisions of the JOA, the Congestion Management Process and the Interregional Coordination Process of the JOA.

5.3 MISO and SPP agree to review Section 14.2, Dispute Resolution Procedures, of the JOA in existing working group forums to evaluate, determine, and recommend, if necessary, amendments to Section 14.2.

VI. Coordination with the Joint Parties

6.1 The Parties agree that potentially affected Joint Parties must be afforded a reasonable opportunity to evaluate impacts on their systems that might result from the use of combined contract path capacity under Section 5.2 of the JOA (or its successor in function with respect to the use of combined contract path capacity). Accordingly, if SPP or MISO anticipates exceeding its own contract path capacity and thus relying on the combined contract path capacity of both MISO and SPP during normal operating conditions over a sustained period, and such use of combined contract capacity will increase flows on the system of any of the Joint Parties, then such Party (i.e., SPP or MISO) will use reasonable efforts to provide six (6) months prior notice to each of the Joint Parties. This will afford the Joint Parties a reasonable opportunity to study the anticipated use of the combined contract capacity to identify any adverse impacts on their respective transmission systems prior to such anticipated use.

6.2 The JOA party requesting use of the combined contract path capacity shall be responsible for remedying any identified and agreed-upon adverse impacts prior to such use. Any dispute as to the existence, nature or extent of an adverse impact created by the proposed use of the combined contract path capacity, or the appropriate steps to remedy the identified adverse impacts, will be referred to the Operating Committee.

VII. System Operating Requirements for Available System Capacity Usage

7.1 Regional Directional Transfer Limits. Unless otherwise agreed to by the Parties, MISO will limit its internal transfers between MISO Midwest and MISO South, such that the following Regional Directional Transfer Limits are respected:

Midwest-South Regional Directional Transfer Limit: 3,000 MW

South-Midwest Regional Directional Transfer Limit: 2,500 MW

Any changes in Regional Directional Transfer Limits must be unanimously agreed upon by the Operating Committee, subject to the condition in Section 7.2.2 that such limits cannot be lower than MISO Contract Path Capacity. Temporary changes pursuant to Section 7.2.1 do not require Operating Committee approval.

7.2 Regional Directional Transfers, as defined in the MISO Regional Transfer Manual, may include network transfers external to MISO and will include applicable directional transfers associated with the MISO Balancing Authority configuration as of the effective date of this settlement. To the extent that Regional Directional Transfer Limits are exceeded, MISO will take action consistent with Good Utility Practice and Section 7.2.1 of this Settlement Agreement to reduce its internal transfers in order to return Regional Directional Transfers to the stated limit within thirty (30) minutes. The reference to Good Utility Practice is not intended to permit or justify an exceedance, or the continuation of an exceedance, of the

Regional Directional Transfer Limit for reasons, circumstances, or factors related to economic considerations (such as, without limitation, cost of generation or cost of congestion).

7.2.1 The Parties agree that the Regional Directional Transfer Limits may be temporarily changed (increased or decreased) to avoid a system emergency or during emergent or actual system emergencies, provided it does not cause a system emergency of another Party. Any such temporary change shall not increase or decrease MISO Contract Path Capacity. As used herein, “system emergency” refers to operational circumstances that directly impact transmission system reliability and shall not include circumstances or factors related to cost of generation, congestion pricing or other such economic considerations. Any party requesting a temporary increase or decrease in the Regional Directional Transfer Limits to address a system emergency shall immediately contact the affected Reliability Coordinators (TVA, Southern Companies, MISO, SPP), notify all Reliability Coordinators via a posting to the Reliability Coordinator Information System, or its successor in function, and subsequently notify all other Parties to the Settlement as soon as practicable. Each affected Reliability Coordinator shall assess the potential reliability impact of the requested change in the Regional Directional Transfer Limits and notify the requesting Party whether it can accommodate such change.

7.2.2 Increases or decreases in MISO Contract Path Capacity pursuant to Section 2.3 of the Settlement Agreement can result in proportional and corresponding increases or decreases in Regional Directional Transfer Limits, as established in Section 7.1. As provided in Section 2.3.3, MISO will provide documentation with regard to increases in MISO Contract Path Capacity. The Regional Directional Transfer Limit in a given direction cannot be lower than MISO Contract Path Capacity unless the MISO

Contract Path Capacity includes one or more TSRs, pursuant to Section 2.3.1(2), in the opposite direction, in which case such Regional Directional Transfer Limit cannot be lower than the MISO Contract Path Capacity less the amount of such TSRs.

7.3 Congestion Management. Subject to Section 7.4 of this Settlement Agreement, the Parties agree to apply Transmission Loading Relief (“TLR”) procedures pursuant to standards of the North American Electric Reliability Corporation and North American Energy Standards Board, or their respective successors in function, for jointly managing congestion below the Regional Directional Transfer Limits unless the Parties have other agreements that describe how congestion shall be managed, in which case those other agreements shall prevail.

7.4 Particular Flowgate Considerations. After all applicable curtailments under TLR-3 have been implemented on flowgates with the AECI-monitored elements listed below, MISO will manage the remaining MISO non-firm market flows to preclude TLR-5, provided it does not cause a system emergency (as defined in Section 7.2.1 above), until such time as the proposed MISO Multi-Value Projects (“MVP”)¹⁸ that will alleviate the impacts on the following facilities are placed into service: (1) Palmyra 345/161 kV transformer, (2) Idalia-Essex 161 kV line, and (3) Old Maries 161/138 kV transformer. Once current MVP No. 8¹⁹ and MVP No. 9²⁰ go into service, the impacts on Palmyra 345/161 kV transformer will be alleviated. As transmission projects are identified to address Idalia-Essex 161 kV line and Old Maries 161/138

¹⁸ “Multi-Value Projects” means MISO regional transmission projects which are approved through the MISO Transmission Expansion Plan (MTEP) and meet: (1) public policy needs, or (2) provide economic value, or (3) combination of reliability and economic value.

<https://www.misoenergy.org/Planning/TransmissionExpansionPlanning/Pages/MVPAnalysis.aspx>.

¹⁹ MVP No. 8 is Zachary-Maywood 345 kV line and associated terminal facilities.

²⁰ MVP No. 9 is Maywood-Herleman-Meredosia-Ipava & Meredosia-Austin 345 kV lines and associated terminal facilities.

kV transformer, MISO will provide that information to AECI for review and upon mutual agreement, those projects will alleviate the impacts on the Idalia-Essex and Old Maries facilities. If AECI would join an RTO during the term of this Settlement Agreement, MISO and the RTO will use existing Congestion Management processes to manage the facilities identified in this Section.

7.5 Outage Impacts. The Parties agree that there are possible events that could warrant an immediate change in the Regional Directional Transfer Limits. Pursuant to Section 8.1, any such changes (other than temporary changes pursuant to Section 7.2.1) are within the scope of responsibilities of the Operating Committee.

7.6 MISO Regional Transfer Manual. Details regarding the determination of Regional Transfers are set forth in the MISO Regional Transfer Manual, which is Attachment 4 to the Settlement Agreement.

VIII. Operating Committee

8.1 The Parties agree to convene a six-member Operating Committee, comprising two designated representatives each of MISO, SPP, and the collective Joint Parties, to govern interactions under and the administration of the Settlement Agreement. The Operating Committee will meet periodically and otherwise as needed to address matters that fall within its areas of responsibility.

IX. Dispute Resolution

In the event a dispute arises with respect to any aspect of this Settlement Agreement, the following dispute resolution process shall apply:

9.1 Step One: Any Party that considers itself aggrieved by virtue of a disputed matter shall give written notice of the dispute to the other Parties. Within fourteen (14) days of such

notice, the Operating Committee shall meet in person and will attempt to resolve the dispute by reasonable efforts through good faith discussion and negotiation. The Parties shall serve upon each other written position papers concerning the dispute no later than two days in advance of such meeting. Only for purposes of this Article IX and when the Operating Committee will address a dispute brought under this Article IX, each of MISO, SPP, and the collective Joint Parties also shall be permitted to bring no more than two other individuals to Operating Committee meetings as subject matter experts. In addition, each of MISO, SPP, and the collective Joint Parties may bring two attorneys. In the event the Operating Committee is unable to resolve the dispute within thirty (30) days of such notice or within such additional period as the Parties subject to the dispute unanimously agree, any Party shall be entitled to invoke Step Two.

9.2 Step Two: In the event the Operating Committee fails to resolve the dispute in Step One, a Party shall be entitled to invoke this Step Two. Upon the demand of a Party, the dispute shall be referred to the Dispute Resolution Division of FERC's Office of Administrative Law Judges and Dispute Resolution for mediation.

9.3 Step Three: Upon a Party's sole judgment at any point in the mediation that mediation is unlikely to resolve the dispute, a Party may seek formal resolution of the dispute by initiating a proceeding before the Commission.

9.4 Compensation and other terms resolved through the dispute resolution process or any FERC proceeding initiated as a result of a failure to reach agreement shall be retroactive to the date of the event that precipitated the dispute.

X. Term and Termination

10.1 The initial term of the Settlement Agreement shall be from January 29, 2014 through January 31, 2021 ("Initial Term"), and shall thereafter be subject to annual 12-month

extensions unless terminated by at least 12-months prior written notice of a Party to the other Parties and to the Operating Committee representatives of the other Parties. However, in no event shall the Settlement Agreement terminate prior to the end of the Initial Term. The following provisions shall survive the termination of the Settlement Agreement: Article V (“Amendments to the JOA”); Article VI (“Coordination with the Joint Parties”), Article IX (“Dispute Resolution”), and Article X.

10.2 Upon receipt of a notice of termination of the Settlement Agreement, as provided in Section 10.1 above:

10.2.1 The Parties shall recognize MISO’s then current Contract Path Capacity.

10.2.2 The Parties will engage in a non-binding renegotiation period of four (4) months to replace the Settlement Agreement.

10.3 In the event of termination of the Settlement Agreement, and in the absence of a renegotiated replacement agreement, the following provisions shall apply:

10.3.1 MISO shall have no rights to usage of the transmission systems of any of the other Parties to the Settlement Agreement and cannot exceed the MISO Contract Path Capacity that exists at the time of termination or thereafter.

10.3.2 To the extent MISO exceeds the MISO Contract Path Capacity, MISO shall pay SPP the then-current SPP Tariff charges for firm or non-firm unreserved use and associated penalties. SPP will divide evenly between SPP and the collective Joint Parties any such payments received from MISO.

XI. Commission Approval or Acceptance and Effective Date

11.1 The Parties shall actively seek and cooperate in securing prompt Commission approval or acceptance of the Settlement Agreement. In the event that there are comments

objecting to any aspect of the Settlement Agreement, the Parties in good faith shall defend the Settlement Agreement in the proceedings before the Commission, or in any appellate proceedings.

11.2 The Settlement Agreement shall be effective as of January 29, 2014, upon Commission approval or acceptance of the Settlement Agreement in its entirety (including the revisions to the JOA set forth in Section 5.1), without any material condition or modification, or, in the event of a material condition or modification, no Party shall have exercised timely its right under Section 11.3 to terminate the Settlement Agreement. A Commission order approving or accepting this Settlement Agreement shall be deemed to have waived any applicable Commission rule or regulation necessary to give effect to all provisions of the Settlement Agreement.

11.3 If the Commission approves or accepts the Settlement Agreement, but with any material condition or modification, or if any such material condition or modification is imposed on rehearing, appeal, or remand, then any Party adversely affected by such material condition or modification shall have the right to terminate the Settlement Agreement by notifying the Commission and all Parties and other participants of such termination within thirty (30) days following the date of the Commission or court order containing such material condition or modification. If the Commission approves or accepts the Settlement Agreement subject to material condition or modification that is unacceptable to any Party, such Party may seek rehearing and may, by written notice filed with the Commission and served on all parties no later than thirty (30) days after the issuance of a Commission order on rehearing that retains in effect the offending material condition or modification, declare the Settlement Agreement terminated.

In the event the Settlement Agreement is terminated pursuant to this Section 11.3, it shall not be admissible in evidence and shall have no effect in this or any other proceeding.

11.4 Prior to any Party invoking its right to terminate the Settlement Agreement pursuant to Section 11.3, the Parties shall confer, no later than seven (7) days after the issuance of a Commission or court order imposing any material condition or modification with respect to the Settlement Agreement, to determine whether, notwithstanding such material condition or modification, the Settlement Agreement, as so conditioned or modified, is acceptable to such adversely affected Party, in its sole discretion.

XII. Implementation of Certain Provisions

12.1 The Parties desire to implement the compensation and transfer limit provisions of the Settlement Agreement, as governed by Articles II, III, and VII, as early as possible. To facilitate that implementation, MISO will file to eliminate its Hurdle Rate, as filed in Docket No. ER14-2445, simultaneously with the filing of this Settlement Agreement. Simultaneously with the filing of the Settlement Agreement, and to recognize the possibility that the Commission may still be considering the Settlement Agreement during the time the Parties desire to implement Compensation Phase II and transfer limit provisions of the Settlement Agreement, the Parties shall file a joint motion requesting that, pending the Commission's consideration and acceptance or approval of the Settlement Agreement, the Commission allow the provisions of Articles II, III, and VII to be implemented on February 1, 2016.

12.2 In the event that the provisions of Article II are implemented pursuant to Section 12.1 and the Settlement Agreement is not approved or accepted by FERC, or is terminated as set forth in Section 11.3, SPP and the Joint Parties agree to refund in full, with interest calculated using the lower of FERC's Interest Rate or the average monthly short-term debt interest rate of the

party paying the refund, without condition or delay, all payments made by MISO pursuant to the Settlement Agreement.

XIII. Standard of Review

13.1 To the extent the Commission considers any changes to the provisions of this Settlement Agreement during its term, as defined in Article X, the standard of review for such changes shall be the most stringent standard permissible under applicable law. For the avoidance of doubt, the standard of review for any modifications to the Settlement Agreement, other than amendments agreed to by all Parties, whether proposed by a Party, any third party, or the Commission acting *sua sponte*, shall be solely the most strict standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956); *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008), and refined in *NRG Power Marketing v. Maine Public Utilities Commission*, 130 S. Ct. 693, 700 (2010). Notwithstanding the foregoing, no consent by Parties other than MISO and SPP shall be required for any revisions to Article V of this Settlement Agreement (including any amendments to the JOA) and nothing in this Settlement Agreement modifies the standard of review otherwise applicable to JOA amendments.

XIV. Miscellaneous Provisions

14.1 Negotiated Settlement. This Settlement Agreement represents a negotiated compromise of the various matters agreed to herein, for the sole purpose of the resolution of the matters agreed to herein. The Parties agree that the Settlement Agreement raises no disputed issues of material fact, is supported by all Parties, and should be approved as just and reasonable, and in the public interest.

14.2 No Principles Established. No Party shall be prejudiced or bound hereby in any proceeding except as specifically provided herein and no Party shall be deemed to have approved, accepted, agreed, or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided for herein. No Party is waiving its litigation rights and positions in the event the Settlement Agreement does not become effective or is terminated. The approval or acceptance of this Settlement Agreement by the Commission shall not in any respect constitute a determination by the Commission as to the merits of any allegation or contention made in these proceedings and shall not be construed as admission of liability by any Party.

14.3 Settlement Privilege. The Settlement Agreement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602, and unless it becomes effective in accordance with Article XI hereof, the Settlement Agreement shall be privileged and shall not be admissible in evidence in any proceeding for use against any Party or participant. The interactions that have produced this Settlement Agreement have been conducted with the explicit understanding that all settlement communications, documents and discussions, without exception, have been and shall remain privileged and confidential, and without prejudice to the position of any Party or participant making such communications or participating in any such interactions, and shall not be used in any manner in connection with these proceedings or any other proceeding.

14.4 Non-Severability. This Settlement Agreement is an integrated settlement and the various parts hereof are not severable without upsetting the balance of consideration and compromises achieved among the Parties. Except as provided in Article XII, no Party shall be

bound to any undertaking herein unless this Settlement Agreement becomes effective pursuant to the terms of Article XI.

14.5 Scope and Reservation of Rights. The provisions of this Settlement Agreement are intended to relate only to the specific matters referred to herein and, by agreeing to this Settlement Agreement, no Party waives any claim or right which it may otherwise have with respect to any matters not expressly provided for herein.

14.5.1 The Parties agree that nothing in this Settlement Agreement constitutes a determination that a rate or rate structure requiring either (1) payment of transmission charges to each regional transmission organization for transactions that source in one regional transmission organization and sink in the other regional transmission organization, or (2) payment of transmission charges for regional through and out or drive out service based upon a MISO system-wide rate design, is or is not just and reasonable. The Parties also agree that nothing in this Settlement Agreement prejudices or precludes any entity, whether a Party or not, from challenging or defending the justness and reasonableness of such a rate or rate structure in any other proceeding or forum, or from raising any argument in support thereof, notwithstanding Section 1.3.

14.6 Integrated Agreement. This Settlement Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between or among the Parties or their representatives, with respect to the subject matter hereof, and constitutes the entire agreement of the Parties with respect to the subject matter hereof. No amendment to this Settlement Agreement shall be binding unless such amendment is in writing and is signed by all of the Parties and accepted or approved by the Commission.

14.7 Further Assurances. Following execution of this Settlement Agreement, the Parties shall prepare and execute any further pleadings, documents, or filings reasonably necessary to effectuate the Parties' intent under this Settlement Agreement and shall otherwise cooperate to ensure prompt acceptance or approval of the Settlement Agreement.

14.8 Headings. The descriptive headings of this Settlement Agreement are inserted for convenience only and do not constitute a part of the Settlement Agreement. Unless otherwise indicated, any article, paragraph, attachment, or other section references made in this Settlement Agreement refer to an article, paragraph, attachment, or other section of this Settlement Agreement.

14.9 No Construction Against Drafter. The language used in this Settlement Agreement is the product of all Parties' joint efforts. Accordingly, each Party irrevocably waives the benefit of any rule of contract construction that disfavors the drafter of an agreement or the drafter of specific language in an agreement.

14.10 Audit Rights. Each Party grants the other Party, acting through its officers, employees and agents, upon reasonable notice, access to the books and records of the other as is necessary to audit and verify the accuracy of charges between the Parties under this Settlement Agreement. Such access shall be at the location of the Party whose books and records are being reviewed pursuant to this Settlement Agreement and shall occur during regular business hours.

14.11 Confidentiality.

14.11.1 The term "Confidential Information" shall mean: (a) all information, whether furnished before or after the Effective Date, whether oral, written or recorded/electronic, and regardless of the manner in which it is furnished, that is marked or identified as "confidential" or "proprietary"; (b) all reports, summaries, compilations,

analyses, notes or other information of a Party which are based on, contain or reflect any Confidential Information; and (c) any information which, if disclosed by a transmission function employee of a utility regulated by the FERC to a market function employee of the same utility system, other than by public posting, would violate the FERC's Standards of Conduct set forth in 18 C.F.R. § 37 *et seq.* and the Parties' Standards of Conduct on file with the FERC or as posted by the Party.

14.11.2 During the course of the Parties' performance under this Agreement, a Party may receive or become exposed to Confidential Information. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party. In addition, each Party shall ensure that its employees, its subcontractors and its subcontractors' employees and agents to whom Confidential Information is exposed agree to be bound by the terms and conditions contained herein. Each Party shall be liable for any breach of this Section by its employees, its subcontractors and its subcontractors' employees and agents. This obligation of confidentiality shall not extend to information that, at no fault of the recipient Party, is or was: (1) in the public domain or generally available or known to the public; (2) disclosed to a recipient by a third party who had a legal right to do so; (3) independently developed by a Party or known to such Party prior to its disclosure hereunder; and (4) required to be disclosed by subpoena, law or other directive of a court, administrative agency or arbitration panel, in which event the recipient agrees to provide the issuing Party with prompt Notice of such request or requirement in order to enable the issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with

respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section 14.11.2. In the event that such protective order or other remedy is not obtained, or that the issuing Party waives compliance with the provisions hereof, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information.

14.12 No Partnership. This Settlement Agreement does not create or establish, and shall not be construed to create or establish, any partnership or joint venture among or between the Parties.

14.13 No Third Party Benefit. Nothing in this Settlement Agreement shall be construed to create any duty, obligation or liability of any Party to any person or entity not a Party to this Settlement Agreement.

14.14 Limitation on Damages. Notwithstanding anything to the contrary herein, no Party shall be liable for incidental, punitive, exemplary, consequential, special or indirect damages of any nature (including damages associated with lost profits, business interruption and loss of goodwill) arising under this Settlement Agreement at any time, whether in tort, warranty, strict liability, by contract or statute, or otherwise.

14.15 Notices. Unless otherwise specified herein, all notices, demands, requests or communications required or permitted by this Settlement Agreement shall be given in writing to a Party at the address set forth below (or to such other designated person or to such other address as a Party, or its agent, shall designate in writing) and shall be delivered by hand, facsimile,

electronic mail or overnight courier. The effective date for all such transmittals shall be the date on which the transmittal was delivered to the recipient Parties.

For MISO:

Attn: Erin Murphy
Managing Assistant General Counsel
Midcontinent Independent System Operator,
Inc.
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Carmel, IN 46082-4202
Phone: 317-249-5912
Email: emurphy@misoenergy.org

For SPP:

Attn: Michael B. Riley
Associate General Counsel - Corporate
Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223-4936
Phone: 501-614-3372
Fax: 501-482-2022
Email: Michael.B.Riley@spp.org

For the Joint Parties:

Southern Company Services, Inc., as agent for
Alabama Power Company, Georgia Power
Company, Gulf Power Company and
Mississippi Power Company

Attn: John E. Lucas
General Manager, Transmission Policy and
Services
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Phone: 205-257-7200
Fax: 205-257-6654
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PowerSouth Energy Cooperative

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Tennessee Valley Authority

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Associated Electric Cooperative

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Louisville Gas and Electric Company and
Kentucky Utilities Company

Attn: Christopher D. Balmer
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Phone: (502) 627-4578
Facsimile: (502) 217-4777
Email: Chris.Balmer@lge-ku.com

For NRG Energy, Inc:

Attn: Abraham Silverman
Assistant General Counsel, Regulatory
211 Carnegie Center
Princeton, NJ 08540
Phone: (609) 524-4696
Email: abe.silverman@nrg.com

14.16 Successors and Assigns. This Settlement Agreement shall be binding upon and for the benefit of the Parties and their successors and assigns.

14.17 Authorized Signatories. Each person executing this Settlement Agreement represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to sign for, the Party for whom he or she has signed.

/s/ Carl Monroe
Carl Monroe

Executive Vice President and COO
Southwest Power Pool, Inc.

/s/ William O. Ball
William O. Ball

Executive Vice President and Chief
Transmission Officer
Southern Company Services, Inc., as agent for
Alabama Power Company, Georgia Power
Company, Gulf Power Company and
Mississippi Power Company

/s/ William D. Johnson
William D. Johnson

President and Chief Executive Officer
Tennessee Valley Authority

/s/ Jim Jura
Jim Jura

CEO and General Manager
Associated Electric Cooperative, Inc.

/s/ Jennifer Curran
Jennifer Curran

Vice President System Planning and Seams
Coordination
Midcontinent Independent System Operator,
Inc.

/s/ Gary L. Smith
Gary L. Smith

President and Chief Executive Officer
PowerSouth Energy Cooperative

/s/ Thomas A. Jessee
Thomas A. Jessee

Vice President Transmission
Louisville Gas and Electric Company and
Kentucky Utilities Company

/s/ Abraham Silverman
Abraham Silverman

Assistant General Counsel, Regulatory
NRG Energy, Inc.

Attachment 1

ATTACHMENT 1

MISO REGIONAL TRANSFER CALCULATION COMPENSATION MANUAL

Introduction

This manual specifies the process and calculations for the determination of the ASC Usage Capacity Factor that is used to set the compensation level as specified in the Settlement Agreement. The manual is divided into two main sections: Definitions and the Capacity Factor Determination Process. The Capacity Factor Determination Process includes descriptive language intended to assist in understanding the process and the operation of the specific formulas.

At a high level, for compensation purposes the ASC Usage is comprised of two basic components: the MISO Capacity Requirement to support the total power transfers between the two regions and the Contract Path available to MISO to support the power transfers. The ASC Usage is simply the difference between the MISO Capacity Requirement and the MISO Contract Path.

The MISO Capacity Requirement is comprised of three (3) components: the MISO South Region Balance, the MISO South Region Transactions and the Regional Pseudo-Tie (“RPT”) Flow. The first two components are a combination of elements needed to operate the MISO Market (generation dispatch and energy transactions), whereas the third reflects special non-market operating arrangements (Regional Pseudo-Ties).

- MISO South Region Balance – The MISO South Region Balance is the difference between total generation and total load (including losses) in the MISO South region that results from MISO executing the MISO Real-Time Market. The MISO South Region Balance is a result of the Real-Time Market dispatch (excluding interchange transaction, determined separately below) and is a component used to determine the MISO Total Transfer between regions.
- MISO South Region Transactions – The MISO South Region Transactions are the energy transactions between the MISO South region and external entities (Balancing Authorities) physically connected to the MISO South region and represent the power transfers between the MISO South region and those external Balancing Authorities. MISO South Region Transactions are a component of the MISO Total Transfer. There are two (2) classifications of external entities for the purposes of determining the transaction transfer.
 - Singly Connected Entities are external entities with physical connections to the MISO South region only.
 - Dually Connected Entities are external entities with physical connections to both the MISO South and MISO Midwest regions.

The methodologies for the determination of these two classifications differ and are detailed in the Capacity Factor Determination Process.

- Regional Pseudo-Tie (“RPT”) Flow – The RPT Flow is the power transfer between MISO regions resulting from flows associated with special case non-MISO market operating arrangements

(Pseudo-Ties) that specifically require capacity (MISO transmission service) between the MISO regions to support the power transfers, and is a component of the MISO Total Transfer. Depending on the arrangement of the Pseudo-Ties and the supporting transmission service, the RPT Flows and the resulting transfers may be in the MISO South region to MISO Midwest region direction (positive value) or the MISO Midwest region to MISO South region direction (negative value).

The MISO Total Transfer between regions is calculated algebraically by summing these three components. The MISO Total Transfer requires sufficient capacity between MISO regions to support the transfer (MISO Capacity Requirement). To the extent the MISO Capacity Requirement exceeds MISO's Contract Path between regions, Available System Capacity is used (ASC Usage).

Definitions

1. **Dispatch Period (DP)** – The time period within a clock hour (inclusive), expressed as a start time and an end time, that a MISO's UDS solution is effective for (normally not to exceed 5 minutes).
2. **Dispatch Period Available System Capacity (ASC) Usage** – The MISO Capacity Requirement less MISO Hourly Contract Path Capacity effective for each Dispatch Period.
3. **Dually Connected Entities** – Balancing Authority Areas that have connections to both the MISO Midwest region and MISO South region (currently, AECL, SWPP, SPA and TVA).
4. **Hourly Available System Capacity Limit (ASCL)** – For each hour, the maximum of the Hourly Regional Transfer Limit and the MISO Hourly Contract Path.
5. **Hourly Regional Transfer Limits (RTL)** – For each hour, the Regional Transfer Limit as defined in the Regional Transfer Manual and recorded as revised in Table 1: Hourly Regional Transfer Limits below.
6. **Hourly Available System Capacity Usage** – The average of the absolute value of all Dispatch Period ASC Usage values during 1) the first 30 minute period and 2) the second 30 minute period of each clock hour. The maximum of the two periods sets the ASC Usage for the respective hour.
7. **Interchange Transaction Tag** – The details of an Interchange Transaction required for its physical implementation.
8. **Interchange Transaction** – An agreement to transfer energy from a seller to a buyer that crosses one or more Balancing Authority Area boundaries.
9. **Measurement Period** – The period over which the ASC Usage and/or Capacity Factor are calculated for the process(es) specified in the Compensation Manual.
10. **MISO Capacity Requirement** – For each Dispatch Period, the MISO Capacity Requirement is equal to the absolute value of the MISO Total Transfer.
11. **MISO Hourly Contract Path Capacity** – The MISO Contract Path Capacity as originally set forth in Section 2.2 of the Settlement Agreement, and subject to revision under Section 2.3 of the Settlement Agreement, all as recorded in Table 2: MISO Hourly Contract Path Capacity below.
12. **MISO Interchange Transaction Unknown (MITU)** – Interchange Transaction with an unknown source or sink from a Dually Connected Entity. Unknown import Interchange Transaction Tags from a Dually Connected Entity are allocated between the two MISO regions based on which region is generation deficient, while honoring the tie-line capability between the respective MISO region and the Dually Connected Entity. Unknown export Interchange

Transaction Tags are allocated between the two MISO regions based on which region is generation excess, while honoring the tie-line capability between the respective MISO region and the Dually Connected Entity.

13. **MISO Midwest Available Contract Path (MWACP)** – The tie line capability between a Dually Connected Entity and MISO Midwest, less contract path required for: (i) MISO Midwest Interchange Transactions Known, and (ii) MISO Midwest Pseudo-Ties with that Dually Connected Entity. The tie line capability between MISO Midwest and each Dually Connected Entity is listed in Table 3.
14. **MISO Midwest Interchange Transaction Known (MWITK)** – Scheduled physical real-time energy Interchange (imports or exports) Transactions with Dually Connected Entities that source or sink in the MISO Midwest Region. MWITKs are identified by Interchange Transaction Tags with a MISO POR (import) or POD (export) field (as identified on the MISO physical path section of the Interchange Transaction Tag) containing a Dually Connected Entity and a MISO Midwest Region LBA (first part in CPNode designation; *e.g.*, LBA.xxxx) in the MISO source (export) or MISO sink (import) field on the Interchange Transaction Tag.
15. **MISO South Available Contract Path (MSACP)** – The tie line capability between a Dually Connected Entity and MISO South, less contract path required for: (i) MISO South Interchange Transactions Known, and (ii) MISO South Pseudo-Ties with that Dually Connected Entity. The tie line capability between MISO South and each Dually Connected Entity is listed in Table 3: Tie Line Capability between MISO and Dually Connected Entities.
16. **MISO South Interchange Transaction Known (MSITK)** – Scheduled physical real-time energy Interchange (imports or exports) Transactions with Dually Connected Entities that source or sink in the MISO South region. MISO South Interchange Transactions Known are identified by Interchange Transaction Tags with a MISO POR (import) or POD (export) field (as identified on the MISO physical path section of the Interchange Transaction Tag) containing a Dually Connected Entity and a MISO South region LBA (first part in CPNode designation; *e.g.*, LBA.xxxx) in the MISO source (export) or MISO sink (import) field on the Interchange Transaction Tag.
17. **MISO South Interchange Transaction Unknown (MSITU)** – Interchange Transactions with an unknown source or sink in MISO from a Dually Connected Entity that are allocated to MISO South.
18. **MISO South Region Balance** – The portion of the MISO Total Transfer attributable to the difference between the total generation in the MISO South region and the total load (including losses) in the MISO South region. If there are Internal Pseudo-Ties or Import Pseudo-Ties that impact the MISO South Region Balance, they should be added to or subtracted from the generation or load, as appropriate.
19. **MISO South Region Transactions** – The MISO South Region Transactions is portion of the MISO Total Transfer attributable to Interchange Transactions between the MISO South region and external entities (Balancing Authority Areas) physically connected to MISO South.
20. **MISO South Singly Connected Interchange Transactions (MSSCIT)** – Interchange Transactions to/from Singly Connected Entities that are connected to MISO South.
21. **MISO Total Transfer** – The total transfer of power between the MISO regions. It is the algebraic sum of the MISO South Region Balance, the MISO South Region Transactions and the Regional Pseudo-Tie (RPT) Flow. If the MISO Total Transfer is a positive value, the direction of

the transfer is from the MISO South region to the MISO Midwest region. If the MISO Total Transfer is a negative value, then the direction of the transfer is from the MISO Midwest region to the MISO South region.

22. **Regional Pseudo-Ties (RPT)** – Regional Pseudo-Ties are special case non-MISO market operating arrangements (Pseudo-Ties) that specifically require capacity (MISO transmission service) between the MISO regions to support the transfer of energy. Regional Pseudo-Ties are identified by the Operating Committee. The list of Regional Pseudo-Ties and their treatment is listed in Appendix B of the Regional Transfer Manual. Reference is made to the Regional Transfer Manual for additional details.
23. **Regional Pseudo-Tie (RPT) Flow** – The portion of the MISO Total Transfers resulting from Regional Pseudo-Ties. Power flows in the direction of the MISO South region to MISO Midwest region are expressed as a positive value and power transfers flows in the direction of MISO Midwest region to MISO South region are expressed as a negative value.
24. **Singly Connected Entities** – Balancing Authority Areas that have a connection to only one MISO region (Midwest or South). Interchange Transactions to or from a singly connected Balancing Authority Area are assumed to flow to/from the MISO region to which the Balancing Authority Area is physically connected.

Capacity Factor Determination Process

This section explains the process of calculating the Capacity Factor for a Measurement Period. The Capacity Factor represents the ratio of actual ASC Usage to the maximum possible ASC Usage, where the maximum possible ASC Usage is based on the difference between the Hourly Available System Capacity Limits and the MISO Contract Path for each hour during the Measurement Period.

The Capacity Factor for a Measurement Period is calculated after-the-fact using MISO validated settlement system data provided by Market Participants for some elements.

Step 1 – Determine MISO South Region Balance

The MISO South Region Balance is measured as the difference between the total generation in the MISO South region and the total load (including losses) in the MISO South region, with both generation and load to include any applicable import or internal Pseudo-Ties¹. The source of data for determination of the MISO South Region Balance is the MISO South metered Supply (Generation) and Demand (Load) provided by Market Participants (“Settlement Data”), including losses (subject to validation below), or alternative sources identified in Step 1a below.

If the data source is hourly data, the hourly data will need to be profiled into Dispatch Period data in order to capture the intra-hour variability required to calculate the ASC Usage. This process is described below.

In order to allow sufficient time for Market Participants to provide the Meter Data identified above, an ASC Usage or Capacity Factor determination will normally not occur earlier than 60 days after the end of the Measurement Period.

Step 1a – Source Data Validation

This process is to validate the source of the MISO South generation and MISO South load values which are utilized in the calculation to determine the MISO South Region Balance². MISO South Generation and Load values can be from meter data submitted to MISO by Generators and Loads (“Settlement Data”), MISO South region generation and MISO South region load data from the MISO UDS (“UDS Data”), or from the operational UDS Dispatch Transfer by removing the operational transactional impacts (“Constraint Data”)³.

The source data validation process for MISO South generation and load values will be executed on a daily basis.

¹ Internal or import Pseudo-Ties are discussed more fully in the Regional Transfer Manual. Reference is made to the Regional Transfer Manual for additional details.

² The Operating Committee may periodically review the validation thresholds.

³ Refer to the Regional Transfer Manual for the methodology of calculating operational transactional impacts.

1. Settlement Data will be utilized if 95% or more of the Settlement Data for a settlement day are available. If not, then:
2. MISO South Generation and Load values from MISO's UDS will be utilized if the UDS Data is within ten (10) MW of the Constraint Data. If not, then:
3. Constraint Data will be utilized

Step 1b - Profile Settlement Data (if Settlement Data is used)

Settlement Data is available on an hourly integrated basis only. In order to capture the variability of the MISO South Region Balance necessary to calculate the ASC Usage, the Settlement Data must be profiled using the UDS Data. If UDS data is not valid, then the Constraint Data must be used for profiling.

1. Determine the Average UDS Generation and Load difference (UDS MISO South Region Balance) and Settlement Data Generation and Load difference (Settlement Data MISO South Region Balance) for each clock hour

$$South\ Balance_{Avg\ UDS} = \frac{\sum_{DP}(MISO\ South\ Generation_{UDS} - MISO\ South\ Load_{UDS})}{Number\ of\ DP}$$

$$South\ Balance_{Settlement\ Data} = (Generation_{Settlement\ Data} - Load_{Settlement\ Data})$$

2. Determine the hourly difference between the Settlement Data South Balance and UDS South Balance by subtracting UDS South Balance from the Settlement Data South Balance

$$South\ Balance_{Hourly\ Difference} = (South\ Balance_{Settlement\ Data} - South\ Balance_{Avg\ UDS})$$

3. Determine the profiled Settlement Data by adding the difference identified in step 2 to the validated UDS Data or Constraint Data for each Dispatch Period

$$South\ Balance_{Profiled} = South\ Balance_{UDS\ DP} + South\ Balance_{Hourly\ Difference}$$

Step 1c - Record Dispatch Period MISO South Region Balance

If Settlement Data is utilized, then the Dispatch Period MISO South Region Balance is equal to the profiled South Balance determined in Step 1b. If not, then the valid UDS Data or Constraint data, which is already Dispatch Period based, will be utilized.

$$MISO\ South\ Region\ Balance = valid(South\ Balance_{Profiled}, South\ Balance_{UDS}, South\ Balance_{Constraint})$$

Step 2 - Determine MISO South Region Transaction

The MISO South Region Transaction represents transactions between the MISO South region and external entities (Balancing Authority Areas) physically connected to MISO South, and consists of three (3) components:

- Singly Connected Entity Transactions – Interchange Transactions to/from entities that are connected to the MISO South region (currently, SOCO and Power South)

- Dually Connected Entity Transactions – Interchange Transactions to/from entities that are connected to both the MISO South region and the MISO Midwest region. Currently, these entities are AECL, TVA, SPP, and SWPA. The transactions are comprised of two different types:
 - Known Dually Connected Entity Transactions – Scheduled physical real-time energy Interchange (imports or exports) Transactions with Dually Connected Entities that can be identified as sourcing or sinking in the MISO South region, identified by Interchange Transaction Tags with:
 - a MISO POR (import) or POD (export) field containing a Dually Connected Entity; and
 - a MISO South Region LBA in the MISO source (export) or MISO sink (import) field
 - Unknown Dually Connected Transactions – Interchange Transactions with an unknown source or sink in MISO from a Dually Connected Entity that are allocated to the MISO South region as described below in Step 2c.

The data source for the MISO South Region Transaction determination is MISO final, verified Interchange Transaction Tags (“Transaction Data”).

Step 2a - Determine Dispatch Period Singly Connected Entity Net Transaction

Using the validated Interchange Transactions Tags, determine the net sum of the Interchange Transactions between the MISO South region and Singly Connected Entities (SOCO, AEC) for each Dispatch Period during the Measurement Period.

$$MSSCIT_{Entity} = \sum MSSCIT_{Entity\ Exports} - \sum MSSCIT_{Entity\ Imports}, \text{ then}$$

$$MSSCIT = \sum_{Entity} MSSCIT_{Entity}$$

Step 2b - Determine Dispatch Period Known Dually Connected Entity Net Transaction for MISO South and MISO Midwest Regions

Using the validated Interchange Transactions Tags, determine: 1) the net sum of the Interchange Transactions with the Dually Connected Entities with a MISO South Region Local Balancing Area (LBA) in the MISO source (export) or MISO sink (import) field for each Dispatch Period during the Measurement Period, and 2) the net sum (exports minus imports) of the Interchange Transactions with the Dually Connected Entities with a MISO Midwest Region LBA in the MISO source (export) or MISO sink (import) field for each Dispatch Period.

$$1) MSITK_{Entity} = \sum MSITK_{Entity\ Exports} - \sum MSITK_{Entity\ Imports}, \text{ then}$$

$$MSITK = \sum_{Entity} MSITK_{Entity}, \text{ and}$$

$$2) MWITK_{Entity} = \sum MWITK_{Entity_{Exports}} - \sum MWITK_{Entity_{Imports}}, \text{ then}$$

$$MWITK = \sum_{Entity} MWITK_{Entity}$$

Step 2c - Determine Dispatch Period Unknown Dually Connected Entity Transaction

Using the validated Interchange Transactions Tags, determine the net sum of the Interchange Transactions with the Dually Connected Entities without a specific MISO CPNode specified in either the MISO source (export) or MISO sink (import) field for each Dispatch Period during the Measurement Period. Normally, this field will contain “MISO” in lieu of a specific CPNode within MISO. Since the source/sink for these transactions are tagged to the general MISO market (MISO Midwest and MISO South regions), these transactions must be allocated to one of the MISO regions.

In general, the transactions are allocated based on two variables: the Available Contract Path between each Dually Connected entity and the MISO Midwest or the MISO South region, and the native Dispatch Period South Balance calculated in Step 1 above.

There are three (3) basic steps to the allocation process:

1. *Determine the Available Contract Path between each entity and each region*

The Available Contract Path per each Dually Connected Entity is equal to the installed tie-line capacity with each region minus capacity used for Dually Connected Known Transactions with each region minus real-time power flow with associated Pseudo-Ties with each region

$$MSACP_{Entity} = MSTieCapacity_{Entity} - MSITK_{Entity} - \sum PseudoTie_{South}, \text{ and}$$

$$MWACP_{Entity} = MWTieCapacity_{Entity} - MWITK_{Entity} - \sum PseudoTie_{Midwest}$$

2. *Determine unknown transaction that are required to be allocated to MISO South*

Unknown transactions are required to be allocated to the MISO South region based on Midwest Available Contract Path to the extent they exceed the Midwest Available Contract Path for each respective dually connected entity. Power transfers associated with transactions required to be allocated to MISO South region will add or subtract (depending on direction) to the MISO South Region Balance from Step 1 resulting in an adjusted “South Balance”.

If $|MITU_{Import_{Entity}}| > MWACP_{Entity}$, then

$$MSITU_{Required_{Entity}} = -(|Imports_{Entity}| - MWACP_{Entity}), \text{ else } MSITU_{Required_{Entity}} = 0, \text{ and}$$

If $|MITU_{Export_{Entity}}| > MWACP_{Entity}$, then

$$MSITU_{Required_{Entity}} = Exports_{Entity} - MWACP_{Entity}, \text{ else } MSITU_{Required_{Entity}} = 0, \text{ then}$$

$$SouthBalance_{Adj} = MISO\ South\ Region\ Balance - MSSCIT - MSITK - MSITU_{Required}, \text{ where}$$

$$MSITU_{Required} = \sum MSITU_{Required_{Entity}}$$

3. *Determine remaining unknown transaction that must be allocated to MISO South*

Unallocated transactions from Step 2 must be allocated to the MISO South region if the power transfer associated with the transactions acts to reduce the adjusted “South Balance” (i.e., decrease MISO Total Transfer), while respecting the MISO South Available Contract Path.

a. *If the net of unknown transactions from an entity is import, then:*

$$MSITU_{Bal_{import}} = - \sum_{Entity} \text{Min} \left(\left| MITU_{Entity} - MSITU_{Required_{Entity}} \right|, MSACP_{South_{Entity}} - \left| MSITU_{Required_{Entity}} \right| \right), \text{ or}$$

b. *If the net of unknown transactions from an entity is exports, then:*

$$MSITU_{Bal_{Export}} = \sum_{Entity} \text{Min} \left(MITU_{Entity} - MSITU_{Required_{Entity}}, MSACP_{South_{Entity}} - MSITU_{Required_{Entity}} \right), \text{ then}$$

$$MSITU_{Bal} = MSITU_{Bal_{Import}} + MSITU_{Bal_{Export}}$$

c. *Allocate the remaining unknown transactions if adjusted “South Balance” is reduced:*

If South Balance_{Adj} < 0 and MSITU_{Bal} < 0, then

$$MSITU_{Remaining} = \text{Max}(\text{South Balance}_{Adj}, MSITU_{Bal}), \text{ else } 0, \text{ or}$$

If South Balance_{Adj} > 0 and MSITU_{Bal} > 0, then

$$MSITU_{Remaining} = \text{Min}(\text{South Balance}_{Adj}, MSITU_{Bal}), \text{ else } 0$$

Step 2d - Calculate Dispatch Period MISO South Region Net Transactions

The MISO South region net transactions (South Net Schedule Interchange, or NSI) is the net sum of transactions identified or allocated in steps 2a through 2c.

$$NSI_{South} = MSSCIT + MSITK + MSITU_{Required} + MSITU_{Remaining}$$

Step 3 – Determine Regional Pseudo-Tie (RPT) Flow

The Regional Pseudo-Tie Flow is the power flow resulting from special case non-MISO market operating arrangements (Pseudo-Ties) that specifically require transmission capability (MISO transmission service) between the MISO regions to support the power transfers.

The data source for the Regional Pseudo-Tie (RPT) Flow determination is the final verified measured tie-line flows for each Regional Pseudo-Tie (“RPT Settlement Data”).

Step 3a - Determine the Dispatch Period Regional Pseudo-Tie (RPT) Flow for each Regional Pseudo-Tie

Using the RPT Settlement Data identified above, determine the Regional Pseudo-Tie (RPT) Flow for each Dispatch Period during the Measurement Period. If the native data is on an hourly basis, the data will be profiled using integrated real-time telemetered data for each Dispatch Period.

1. Determine the average telemetered RPT flow for each Dispatch Period

$$RPT_{Data} = \text{Time weighted average of telemetered RPT flow}$$

2. Determine the hourly integrated real-time telemetered RPT flow each clock hour

$$RPT_{Hourly\ Average} = \sum \frac{RPT_{Data}}{\text{Number of DPs}}$$

3. Profile the RPT Settlement Data using the integrated real-time telemetered flow for each Dispatch Period during an hour

$$RPT_{Profiled} = RPT_{Data} + (RPT_{Settlement\ Data} - RPT_{Hourly\ Average})$$

Step 3b - Sum the Dispatch Period Regional Pseudo-Tie (RPT) Flows in the South to Midwest and Midwest to South directions

Depending on the configuration of the Regional Pseudo-Ties, the RPT Flow may be in the MISO Midwest region to MISO South region direction (expressed as a negative number) or in the MISO South region to MISO Midwest region direction (expressed as a positive number). If there are multiple Regional Pseudo-Ties, the RPT Flow will be the net of all Regional Pseudo-Ties for each Dispatch Period. For purposes of calculating the ASC usage, both directions are expressed as positive numbers with the directional component retained.

$$RPT_{South-Midwest} = \sum_{RPT_{Profiled} > 0} RPT_{Profiled}$$

$$RPT_{Midwest-South} = | \sum_{RPT_{Profiled} < 0} RPT_{Profiled} |$$

Step 4 - Determine Hourly ASC Usage

The ASC Usage is effectively the MISO Capacity Requirement for each Dispatch Period during the Measurement Period minus the MISO Hourly Contract Path Capacity for the effective Dispatch Period during the Measurement Period, where the MISO Capacity Requirement is the total capacity required to support the Total Transfer, as calculated in Steps 1-3.

Step 4a - Determine Dispatch Period MISO Capacity Requirement

Determine the Dispatch Period MISO Total Transfer for each Dispatch Period during the Measurement Period. This is the algebraic sum of the MISO South Region Balance, the MISO South Region Transactions, and the Regional Pseudo-Tie Flow for each Dispatch Period. If the Dispatch Period MISO Total Transfer is positive (reflecting a South region to Midwest region transfer), the directional Dispatch Period MISO Capacity Requirement_(South-Midwest) is equal to the Dispatch Period MISO Total Transfer. If the Dispatch Period MISO Total Transfer is negative (reflecting a Midwest region to South region transfer), the directional Dispatch Period MISO Capacity Requirement_(Midwest-South) is equal to the absolute value of the Dispatch Period MISO Total Transfer.

$$MISO \text{ Total Transfer} = MISO \text{ South Region Balance} - NSI_{South} + RPT_{South-Midwest} - RPT_{Midwest-South}$$

If MISO Total Transfer > 0, then

$$MISO \text{ Capacity Requirement}_{South-Midwest} = MISO \text{ Total Transfer}$$

If MISO Total Transfer < 0, then

$$MISO \text{ Capacity Requirement}_{Midwest-South} = |MISO \text{ Total Transfer}|$$

Step 4b - Determine Dispatch Period ASC Usage

For any given Dispatch Period, the ASC Usage will be in only one direction, determined by the maximum value derived from: (i) the Dispatch Period MISO Capacity Requirement_(South-Midwest) minus the MISO Hourly Contract Path_(South-Midwest), or (ii) the Dispatch Period MISO Capacity Requirement_(Midwest-South) minus the MISO Contract Path_(Midwest-South).

$$\begin{aligned} ASC \text{ Usage } DP_{South-Midwest} &= MISO \text{ Capacity Requirement}_{South-Midwest} \\ &\quad - MISO \text{ Hourly Contract Path Capacity}_{South-Midwest}, \text{ or} \end{aligned}$$

$$\begin{aligned} ASC \text{ Usage } DP_{Midwest-South} &= MISO \text{ Capacity Requirement}_{Midwest-South} \\ &\quad - MISO \text{ Hourly Contract Path Capacity}_{Midwest-South} \end{aligned}$$

$$ASC \text{ Usage } DP = MAX(ASC \text{ Usage } DP_{South-Midwest} \text{ or } ASC \text{ Usage } DP_{Midwest-South})$$

Step 4c - Determine Hourly Available System Capacity Usage

The Hourly ASC Usage is the maximum of the average of the Dispatch Period ASC Usage during the first 30 minutes of each hour and the average of the Dispatch Period ASC Usage during the second 30 minutes of the same hour. This is determined for each hour during the Measurement Period.

$$\text{Hourly ASC Usage} = \text{MAX} \left\{ \left[\frac{\sum_{0 \text{ min}}^{30 \text{ min}} \text{ASC Usage DP}}{\sum_{0 \text{ min}}^{30 \text{ min}} \text{DP}} \right] \text{ or } \left[\frac{\sum_{30 \text{ min}}^{60 \text{ min}} \text{ASC Usage DP}}{\sum_{30 \text{ min}}^{60 \text{ min}} \text{DP}} \right] \right\}$$

Step 5 – Determine Measurement Period Capacity Factor

The Capacity Factor for the Measurement Period is the total Hourly ASC Usage divided by the Maximum ASC Usage over the same period, where the Maximum ASC Usage is effectively the difference between the Available System Capacity Limit and the MISO Contract Path in each direction. Since the Maximum ASC Usage_(Midwest-South) and the Maximum ASC Usage_(South-Midwest) can be different, the Maximum ASC Usage in each direction is weighted by the Dispatch Period ASC Usage in each direction.

Step 5a - Determine Adjusted Maximum ASC Usage for each Measurement Period

1. Determine the percentage ratio of Dispatch Period ASC Usage for each direction

The ratio of Dispatch Period ASC Usage_(South-Midwest) and Dispatch Period ASC Usage_(Midwest-South) is calculated as follows:

- The Percent Dispatch Period ASC Usage_(South-Midwest) is equal to the algebraic sum of Dispatch Period ASC Usage_(South-Midwest) during the Measurement Period divided by the sum of the ASC Usage for all Dispatch Periods irrespective of direction during the Measurement Period.

$$\% \text{ ASC Usage}_{\text{South-Midwest}} = \frac{\sum \text{ASC Usage DP}_{\text{South-Midwest}}}{\sum \text{ASC Usage DP}}$$

- The Percent Dispatch Period ASC Usage_(Midwest-South) is equal to the algebraic sum of Dispatch Period ASC Usage_(Midwest-South) during the Measurement Period divided by the sum of the ASC Usage for all Dispatch Periods irrespective of direction during the Measurement Period.

$$\% \text{ ASC Usage}_{\text{Midwest-South}} = \frac{\sum \text{ASC Usage DP}_{\text{Midwest-South}}}{\sum \text{ASC Usage DP}}$$

2. Determine Maximum Hourly ASC Usage for each direction

For each Measurement Period, the Maximum Hourly ASC Usage for each direction is determined as follows:

- The Maximum Hourly ASC Usage_(South-Midwest) is the sum of the Available System Capacity Limits_(South-Midwest) for each hour during the Measurement Period minus the sum of the Hourly Contract Path_(South-Midwest) for each hour during the Measurement Period.

$$\begin{aligned} \text{Maximum Hourly ASC Usage}_{\text{South-Midwest}} &= \sum \text{Hourly ASCL}_{\text{South-Midwest}} \\ &\quad - \sum \text{MISO Hourly Contract Path Capacity}_{\text{South-Midwest}} \end{aligned}$$

- The Maximum Hourly ASC Usage_(Midwest-South) is the sum of the Available System Capacity Limits_(Midwest-South) for each hour during the Measurement Period minus the sum of the Hourly Contract Path_(Midwest-South) for each hour during the Measurement Period.

$$\begin{aligned}
& \text{Maximum Hourly ASC Usage}_{\text{Midwest-South}} \\
&= \sum \text{Hourly ASCL}_{\text{Midwest-South}} \\
&- \sum \text{MISO Hourly Contract Path Capacity}_{\text{Midwest-South}}
\end{aligned}$$

3. *Determine the Adjusted Maximum Hourly ASC Usage for each direction*

For each Measurement Period, the Adjusted Maximum Hourly ASC Usage for each direction is determined as follows:

- The Maximum Hourly ASC Usage_(South-Midwest) multiplied by the Percent Dispatch Period ASC Usage_(South-Midwest)

$$\begin{aligned}
& \text{Adjusted Max ASC Usage}_{\text{South-Midwest}} \\
&= \text{Maximum Hourly ASC Usage}_{\text{South-Midwest}} \times \% \text{ ASC Usage}_{\text{South-Midwest}}
\end{aligned}$$

- The Maximum Hourly ASC Usage_(Midwest-South) multiplied by the Percent Dispatch Period ASC Usage_(Midwest-South)

$$\begin{aligned}
& \text{Adjusted Max ASC Usage}_{\text{Midwest-South}} \\
&= \text{Maximum Hourly ASC Usage}_{\text{Midwest-South}} \times \% \text{ ASC Usage}_{\text{Midwest-South}}
\end{aligned}$$

Step 5b - Determine Measurement Period ASC Usage Capacity Factor

The Measurement Period ASC Usage Capacity Factor is equal to the total Hourly ASC Usage in that Measurement Period divided by the corresponding Adjusted Maximum Hourly ASC Usage.

$$\text{ASC Usage Capacity Factor} = \frac{\sum \text{Hourly ASC Usage}}{(\text{Adjusted Max ASC Usage}_{\text{South-Midwest}} + \text{Adjusted Max ASC Usage}_{\text{Midwest-South}})}$$

Data Tables

Table 1: Hourly Regional Transfer Limits

Hourly Regional Transfer Limits				
<i>Revision No.</i>	<i>South-Midwest</i>	<i>Midwest-South</i>	<i>Revised by:</i>	<i>Effective Date</i>
Initial Value	2500	3000	Settlement Agreement	Feb. 1, 2016

Table 2: MISO Hourly Contract Path Capacity

MISO Hourly Contract Path Capacity				
<i>Revision No.</i>	<i>South-Midwest</i>	<i>Midwest-South</i>	<i>Revised by:</i>	<i>Effective Date</i>
Initial Value	1000	1000	Settlement Agreement	Feb. 1, 2016

Table 3: Tie Line Capability between MISO and Dually Connected Entities

Tie Line Capabilities					
<i>Revision No.</i>	<i>Entity</i>	<i>MISO Midwest</i>	<i>MISO South</i>	<i>Revised by:</i>	<i>Effective Date</i>
Initial Value	AECI	11,935	1,143	Drafting Working Group	Feb 1, 2016
Initial Value	SWPP	6467	5852	Drafting Working Group	Feb 1, 2016
Initial Value	TVA	4038	13386	Drafting Working Group	Feb 1, 2016
Initial Value	SPA	335	2386	Drafting Working Group	Feb 1, 2016

Revision History

<i>Issue No</i>	<i>Reason for Issue</i>	<i>Revised By</i>	<i>Issue Date</i>	<i>Effective Date</i>
Rev 0	Creation of Compensation Manual	Drafting WG	10/13/2015	2/1/2016

Attachment 2

ATTACHMENT 2

NRG FIRM TSRs APPROVED BY MISO

80961255	80775766	81150763	80776973
80974596	80775846	79072604	80776981
80961272	80775862	79072605	80777035
80974657	80775873	80818131	80777046
80988660	80775865	79119211	80777050
80988753	80775876	79571094	80777053
80989435	80775867	80818154	80777058
80989475	80775878	79072603	80777062
80989441	81150782	79119091	80777064
80989452	80775868	80818179	80777070
80989454	80775881	79119121	80680097
80989488	80775870	80776952	80680670
80989492	80775882	80776955	80818251
80989534	80775871	80776957	80681287
80989582	80775887	80776960	79616880
80989868	80775872	80776964	80380912
81103523	80775888	80776969	81511760

Attachment 3

Pro Forma Redline Tariff

Southwest Power Pool, Inc./Rate Schedules and Seams Agreements Tariff

Rate Schedule FERC No. 9, MISO-SPP Joint Operating Agreement

Section 5.2 Sharing Contract Path Capacity.

If the Parties have contract paths to the same entity, the combined contract path capacity will be made available for use by both Parties. No Party will exceed the combined contract path capacity. Any use of the combined contract path capacity shall be subject to all NERC reliability requirements and the terms of the Congestion Management Process and Section 5.3.

This will not create new contract paths for either Party that did not previously exist. SPP will not be able to deal directly with companies with which it does not physically or contractually interconnect and the Midwest ISO will not be able to deal directly with companies with which it does not physically or contractually interconnect.

Section 5.3 Compensation for Sharing Contract Path Capacity.

If a Party exceeds or anticipates that it will exceed its own contract path capacity and thus rely on combined contract path capacity during normal operating conditions as a result of changes in RTO membership that affect configuration which occurred on or after December 19, 2013, the Parties will negotiate an arrangement for appropriate compensation of the other Party's contract path capacity. For purposes of negotiating a compensation provision, a Party shall provide notice to the other Party six months prior to engaging in such usage, and the Parties shall negotiate in good faith to arrive at terms for compensation for such service. For purposes of negotiating a compensation agreement for the integration of MISO South, the Parties agree that the Settlement Agreement filed and accepted in Docket Nos. ER14-1174, et al. is the compensation agreement between the Parties. Any new agreement reached under this Section 5.3 shall have no impact on the Settlement Agreement filed and accepted in Docket No. ER14-1174, et al. Notwithstanding the foregoing, in the event a Party exceeds its own contract path capacity in circumstances other than those specifically described in this Section 5.3, nothing in this Agreement shall be interpreted as authorizing or precluding compensation to the other Party.

Section 5.4 Dispute Resolution.

In the event that, after good faith negotiation, the Parties are unable to reach mutual agreement on the terms of the shared contract path usage described in Sections 5.2 and 5.3, the Parties shall submit unresolved issues to the dispute resolution, as provided in Section 14.2 of this Agreement. The sharing of contract path capacity pursuant to Section 5.2 shall be permitted during the pendency of the dispute, subject to all NERC reliability requirements and terms of the Congestion Management Process. Compensation and other terms resolved through the dispute resolution process or any FERC proceeding initiated as a result of a failure to reach agreement shall be retroactive to the date usage commenced.

Pro Forma Redline Tariff

Midcontinent Independent System Operator, Inc./MISO Rate Schedules

Joint Operating Agreement Midwest ISO and SPP

If the Parties have contract paths to the same entity, the combined contract path capacity will be made available for use by both Parties. No Party will exceed the combined contract path capacity. Any use of the combined contract path capacity shall be subject to all NERC reliability requirements and the terms of the Congestion Management Process and Section 5.3.

This will not create new contract paths for either Party that did not previously exist. SPP will not be able to deal directly with companies with which it does not physically or contractually interconnect and the Midwest ISO will not be able to deal directly with companies with which it does not physically or contractually interconnect.

If a Party exceeds or anticipates that it will exceed its own contract path capacity and thus rely on combined contract path capacity during normal operating conditions as a result of changes in RTO membership that affect configuration which occurred on or after December 19, 2013, the Parties will negotiate an arrangement for appropriate compensation of the other Party's contract path capacity. For purposes of negotiating a compensation provision, a Party shall provide notice to the other Party six months prior to engaging in such usage, and the Parties shall negotiate in good faith to arrive at terms for compensation for such service. For purposes of negotiating a compensation agreement for the integration of MISO South, the Parties agree that the Settlement Agreement filed and accepted in Docket Nos. ER14-1174, *et al.* is the compensation agreement between the Parties. Any new agreement reached under this Section 5.3 shall have no impact on the Settlement Agreement filed and accepted in Docket No. ER14-1174, *et al.* Notwithstanding the foregoing, in the event a Party exceeds its own contract path capacity in circumstances other than those specifically described in this Section 5.3, nothing in this Agreement shall be interpreted as authorizing or precluding compensation to the other Party.

In the event that, after good faith negotiation, the Parties are unable to reach mutual agreement on the terms of the shared contract path usage described in Sections 5.2 and 5.3, the Parties shall submit unresolved issues to the dispute resolution, as provided in Section 14.2 of this Agreement. The sharing of contract path capacity pursuant to Section 5.2 shall be permitted during the pendency of the dispute, subject to all NERC reliability requirements and terms of the Congestion Management Process. Compensation and other terms resolved through the dispute resolution process or any FERC proceeding initiated as a result of a failure to reach agreement shall be retroactive to the date usage commenced.

Attachment 4

Attachment 4

MISO Regional Transfer Manual

(Regional Transfer Calculation Specification)

Purpose

This document defines the initial programming specifications to be used by MISO in the calculation of the MISO Dispatch Transfer and the Regional Transfer values, and sets forth the data sharing provisions associated with these calculations. These values are calculated by MISO within the real-time operating horizon and are used by MISO operations to manage MISO dispatch and regional transfers in accordance with the terms of this Settlement Agreement. The result of the calculation is also provided to the TVA, SOCO and SPP Reliability Coordinators for use in monitoring real-time transfers for operational purposes.

This specification will be reviewed by the Operating Committee on a regular basis (and otherwise as needed), and may be modified by the Operating Committee as deemed appropriate. MISO will modify and/or maintain the necessary programming to perform the calculation per this specification.

A. Definitions

1. **Dispatch Transfer Limit (DTL)** – The MISO UDS will use the DTLs to control MISO’s internal dispatched generation so that the Regional Transfers remain under the applicable RTL.

$$DTL_{South - Midwest} = RTL_{South - Midwest} - RPT_{South - Midwest} + RPT_{Midwest - South}$$

$$DTL_{Midwest - South} = RTL_{Midwest - South} - RPT_{Midwest - South} + RPT_{South - Midwest}$$

Where,

$RPT_{South - Midwest}$ is the instantaneous megawatt value every five minutes of the Regional Pseudo Tie in the South to Midwest direction

$RPT_{Midwest - South}$ is the instantaneous megawatt value every five minutes of the Regional Pseudo Tie in the Midwest to South direction

2. **MISO Dispatch Transfers** – The MISO Dispatch Transfer is the power transfer between the MISO South and the MISO Midwest regions and is based on the difference between generation and load in the South region of the MISO Balancing Authority Area (BA Area), with an adjustment for interchange transactions with the BA Areas physically connected to the MISO South region

MISO South region generation and load is the total of all load and generation resources from MISO Unit Dispatch System (UDS) within the South Region of the MISO BA Area, including;

1. Internal pseudo ties that are modeled wholly inside the MISO BA Area
 - Generation and Load will be accounted for in the region the generation and load is physically connected
2. Import pseudo ties that enter MISO South and sink in MISO Midwest region
 - The generation will be accounted for in the MISO South region
3. Import pseudo ties that enter MISO Midwest and sink in MISO South region
 - The generation will be accounted for in the MISO Midwest region
4. Import pseudo ties that enter MISO Midwest and sink in MISO Midwest region
 - The generation will be accounted for in the MISO Midwest region
5. Import pseudo ties that enter MISO South and sink in MISO South region
 - The generation will be accounted for in the MISO South region

If any of the above pseudo ties are not naturally modeled as generation or load resources in a manner that properly reflects their impact on MISO Dispatch Transfers, the pseudo tie will be added as an RPT. If explicit source and sink locations for the above pseudo ties are not clear, the reserved transmission path will be used to determine source/sink locations. The Operating Committee will resolve any issues regarding pseudo tie implementation.

3. **Regional Transfer Limit (RTL)** – The Regional Transfer Limit is a directional limitation on the amount of power transfers between the MISO South region and the MISO Midwest region resulting from MISO’s generation dispatch, including interchange transactions (MISO Dispatch Transfers) and Regional Pseudo Tie flows.

The Regional Transfer Limit(s) are set forth in Section 7.1 of the Settlement Agreement.

4. **Regional Transfer** – Regional Transfers include both MISO Dispatch Transfers as well as other specific transfers identified below.
 - Regional Pseudo Ties (RPT) - Pseudo ties into or out of the MISO BA Area that contribute to the MISO Regional Transfer (*i.e.*, pseudo ties that traverse MISO South and MISO Midwest regions). Regional pseudo ties to/from dually connected entities will be assumed to flow over the path that is identified in the associated transmission service. Pseudo tie scenarios that need to be included as RPTs include:
 - a) Pseudo ties that source in MISO South and exit MISO Midwest (*e.g.*, MISO South to PJM)
 - b) Pseudo ties that source in MISO Midwest and exit MISO South (*e.g.*, MISO Midwest to SOCO)
 - c) Pseudo ties that wheel through MISO across both MISO South and MISO Midwest (*e.g.*, SOCO to MISO to PJM)

Currently operational Regional Pseudo-Ties are listed in Appendix A. MISO will keep the Operating Committee informed as to the current list of pseudo ties (Internal, Import and Regional). All new pseudo-ties or pseudo-tie changes will be reviewed by the Operating Committee to determine their treatment in this process before they become effective.

Dispatch Transfer and Regional Transfer Calculation

From a conceptual standpoint, the Impedance Plus methodology developed for the Operations Reliability Coordination Agreement (ORCA) is the basis for calculating transactional impacts on the MISO Dispatch Transfer. That methodology has been modified to simplify the calculation algorithm (Simplified Impedance Plus Methodology) and to incorporate the five minute data from Unit Dispatch System¹ (UDS) to calculate total MISO South and MISO Midwest generation.

$$MISO\ Dispatch\ Transfer^2 = Generation_{South} - Load_{South} - NSI_{South}$$

The known values are $Generation_{South}$ and $Load_{South}$. NSI_{South} is a calculated value from NSI_{Total} using the Simplified Impedance Plus Methodology described below.

Regional Transfer is calculated algebraically by adding or subtracting (depending on direction) the Regional Pseudo Tie amount to/from the Dispatch Transfer.

$$Regional\ Transfer = MISO\ Dispatch\ Transfer \pm Regional\ Pseudo\ Tie\ Impacts$$

The steps to calculate MISO Dispatch Transfer and Regional Transfer are as follows:

1. Determine load (including losses) and generation totals for MISO South and MISO Midwest regions. If there are internal pseudo ties or import pseudo ties that impact the Dispatch Transfer, they should be added to or subtracted from the generation in the appropriate region.
2. Determine Net Scheduled Interchange for MISO South region (NSI_{South}) – The Dispatch Transfer calculation methodology allocates a portion of the total MISO scheduled interchange to the MISO South region. The allocation process is based on the following transactional assumptions:

Net Scheduled Interchange with Singly Connected Entities ($NSI_{South\ SC}$) – Transactions with entities that have a physical connection only to the MISO South region are assumed to sink in or source from the MISO South region.

Net Scheduled Interchange with Dually Connected Entities ($NSI_{South\ DC}$) – Transactions with entities that have physical connections to both the MISO South and MISO Midwest regions are assumed to sink in or source from both MISO regions. The MISO South portion is determined as follows:

¹ In addition to calculations based upon UDS data, MISO will provide the Regional Transfer calculation using telemetered generation and load data. This will enable the parties to benchmark the UDS-based calculations against results derived using actual telemetered data and thereby confirm the representative nature of the UDS-based calculations (*see* Appendix C). MISO will inform the Operating Committee of any changes to the MISO UDS algorithm that will materially impact the MISO Dispatch Transfer calculation.

² The MISO Dispatch Transfer is calculated using MISO South generation, load and interchange transactions with entities physically connected to the MISO South region. A corollary calculation (equal but opposite) could be performed using MISO Midwest data.

- a. Determine the Midwest and South regions' Average Adjusted Generation and Average Adjusted Load values, based on the average interchange transactions. Transactions with the singly connected entities are treated as an additional source or an additional load within the MISO South region. A yearly average is used to calculate the Adjusted Generation and Adjusted Load values.
- i. MISO imports from singly connected entities are treated as additions to the region's generation.

$$\begin{aligned} \text{Avg Adjusted Gen}_{\text{Midwest}} &= \text{Avg} \left(\text{Gen}_{\text{Midwest}} + \sum \text{Imports}_{\text{Singly Connected Midwest}} \right) \end{aligned}$$

$$\begin{aligned} \text{Avg Adjusted Gen}_{\text{South}} &= \text{Avg} \left(\text{Gen}_{\text{South}} + \sum \text{Imports}_{\text{Singly Connected South}} \right) \end{aligned}$$

$$\begin{aligned} \text{Avg Adjusted Gen}_{\text{MISO}} &= \text{Avg Adjusted Gen}_{\text{Midwest}} + \text{Avg Adjusted Gen}_{\text{South}} \end{aligned}$$

Where: Avg = Yearly average³

- ii. MISO exports to singly connected entities are treated as additions to the region's load.

$$\begin{aligned} \text{Avg Adjusted Load}_{\text{Midwest}} &= \text{Avg} \left(\text{Load}_{\text{Midwest}} + \sum \text{Exports}_{\text{Singly Connected Midwest}} \right) \end{aligned}$$

$$\begin{aligned} \text{Avg Adjusted Load}_{\text{South}} &= \text{Avg} \left(\text{Load}_{\text{South}} + \sum \text{Exports}_{\text{Singly Connected South}} \right) \end{aligned}$$

$$\begin{aligned} \text{Avg Adjusted Load}_{\text{MISO}} &= \text{Avg Adjusted Load}_{\text{Midwest}} + \text{Avg Adjusted Load}_{\text{South}} \end{aligned}$$

Where, Avg = Yearly average⁴

- b. Determine allocation of transactions for dually connected entities based on MISO total demand obligations.
- i. If the transaction is a MISO export, the transaction is allocated based on the MISO adjusted generation ratio.

³ The yearly average adjusted generation and load values will be calculated on May 1 for the prior year (April 1_{year-1} through March 31_{year}, inclusive), and implemented effective June 1.

⁴ The yearly average adjusted generation and load values will be calculated on May 1 for the prior year (April 1_{year-1} through March 31_{year}, inclusive), and implemented effective June 1.

$$NSI_{SA DC} = \left(\frac{Avg\ Adjusted\ Gen_{South}}{Avg\ Adjusted\ Gen_{MISO}} \right) * (NSI_{DC})$$

$$NSI_{MA DC} = \left(\frac{Avg\ Adjusted\ Gen_{Midwest}}{Avg\ Adjusted\ Gen_{MISO}} \right) * (NSI_{DC})$$

Dually Connected Entity (DC) South Allocation (SA) Midwest Allocation (MA)

- ii. If the transaction is a MISO import, the transaction is allocated based on the MISO adjusted load ratio.

$$NSI_{SA DC} = \left(\frac{Avg\ Adjusted\ Load_{South}}{Avg\ Adjusted\ Load_{MISO}} \right) * (NSI_{DC})$$

$$NSI_{MA DC} = \left(\frac{Avg\ Adjusted\ Load_{Midwest}}{Avg\ Adjusted\ Load_{MISO}} \right) * (NSI_{DC})$$

Dually Connected Entity (DC) South Allocation (SA) Midwest Allocation (MA)

- c. Apply Transfer Distribution Factors (TDFs)

The Simplified Impedance Plus methodology recognizes the transmission system network impacts on the transfers to/from the dually connected entities. The process for the determination of TDFs is specified in Appendix D. The TDFs are applied to the transaction splits for dually connected entities, as determined in step b, based on direction of transfer.

$$NSI_{South\ DC} = (NSI_{MA\ DC} * TDF_{through\ MISO\ South}) + (NSI_{SA\ DC} * TDF_{to/fr\ MISO\ South})$$

Dually Connected Entity (DC) South Allocation (SA) Midwest Allocation (MA)

- d. Determine the total net scheduled interchange for MISO South region.

$$NSI_{South} = \sum_{Dually\ Connected\ Entity\ (DC)} NSI_{South\ SC} + \sum_{Singly\ Connected\ Entity\ (SC)} NSI_{South\ DC}$$

3. The MISO Dispatch Transfer is calculated by the MISO UDS as follows:

- a. Instantaneous telemetered MISO South Generation, MISO South Load, and NSI forecast for 5 minutes out are used to calculate an intermediate MISO Dispatch Transfer value.

$$MISO\ Dispatch\ Transfer_{Interm} = Generation_{South} - Load_{South} - NSI_{South}^{5min\ fcst}$$

- b. The UDS uses the intermediate MISO Dispatch Transfer value, state estimated MISO South Generation⁵ ($Generation_{South}^{UDS}$), state estimated MISO South Load ($Load_{South}^{UDS}$) and other inputs and limits, including the Dispatch Transfer Limit, in order to determine the forecasted MISO South Generation_{UDS} ($Generation_{South}^{UDS\ 5min\ fcst}$) value. Forecasted MISO South Generation_{UDS} and MISO South Load forecast ($Load_{South}^{5min\ fcst}$) are then used to calculate the MISO Dispatch Transfer_{UDS} value every 5 minutes.

$$\begin{aligned} MISO\ Dispatch\ Transfer_{UDS} &= MISO\ Dispatch\ Transfer_{Interm} + (Generation_{South}^{UDS\ 5min\ fcst} \\ &- Generation_{South}^{UDS}) - (Load_{South}^{5min\ fcst} - Load_{South}^{UDS}) \end{aligned}$$

⁵ The state estimator uses the telemetered MISO South Generation and Load.

4. Calculate Regional Transfer

$$\text{Regional Transfer} = \text{MISO Dispatch Transfer}_{UDS} + RPT_{\text{South-Midwest}} - RPT_{\text{Midwest-South}}$$

Where, $RPT_{\text{South-Midwest}}$ and $RPT_{\text{Midwest-South}}$ are real-time telemetered values.

When $\text{Regional Transfer} > 0$, the power flow is from MISO South to MISO Midwest.

When $\text{Regional Transfer} < 0$, the power flow is from MISO Midwest to MISO South.

C. Data Provision

In addition to the MISO Dispatch Transfer and Regional Transfer values calculated by MISO, MISO will provide the TVA, SOCO and SPP Reliability Coordinators all of the data, interim values and other inputs necessary for them to perform a shadow calculation of such values. This information will be supplied via real-time telemetry or as described in Appendix B and with a periodicity consistent with the calculations being performed by MISO. Specific data elements to be provided are listed in Appendix B. The Operating Committee can revise Appendix B as necessary.

Revision History

Issue No	Reason for Issue	Issue Date	Effective Date
Rev 0	Creation of calculation specification document	10/13/2015	2/1/2016

Appendix A

Current Operational Regional Pseudo Ties

None

Appendix B

MISO Data Provision

Data	Description/Comments
RPT_MIDWEST_SOUTH_RAW_MW	Regional Pseudo Tie _{South-Midwest} telemetry
RPT_SOUTH_MIDWEST_RAW_MW	Regional Pseudo Tie _{Midwest-South} telemetry
RPT_MIDWEST_SOUTH_OPS_MW	Operational Regional Pseudo Tie _{South-Midwest} (5 min)
RPT_SOUTH_MIDWEST_OPS_MW	Operational Regional Pseudo Tie _{Midwest-South} (5 min)
REGIONAL_TRANSFER_LIMIT_MIDWEST_SOUTH	Midwest_South Regional Transfer Limit
REGIONAL_TRANSFER_LIMIT_SOUTH_MIDWEST	South_Midwest Regional Transfer Limit
AEC_EXPORT_MW	Net Schedule Interchange _{AEC-MISO}
AECI_EXPORT_MW	Net Schedule Interchange _{AECI-MISO}
EEL_EXPORT_MW	Net Schedule Interchange _{EEL-MISO}
LGEKU_EXPORT_MW	Net Schedule Interchange _{LGEKU-MISO}
MHEB_EXPORT_MW	Net Schedule Interchange _{MHEB-MISO}
MISO_DISPATCH_TRANSFER_OPS_MW	Dispatch Transfer from UDS (5 min)
MISO_DISPATCH_TRANSFER_RAW_MW	Dispatch Transfer _{real-time} (1 minute)
MISO DISPATCH TRANSFER LIMIT MIDWEST_SOUTH	Midwest_South Constraint limit from UDS (5 min)
MISO DISPATCH TRANSFER LIMIT SOUTH_MIDWEST	South_Midwest Constraint limit from UDS (5 min)
MISO_MIDWEST_ADJ_LOAD_MW	Not an ICCP point
MISO_MIDWEST_ADJ_GEN_MW	Not an ICCP point
MISO_SOUTH_ADJ_LOAD_MW	Not an ICCP point
MISO_SOUTH_ADJ_GEN_MW	Not an ICCP point
MISO SOUTH LOAD RAW MW	MISO South real-time load
MISO SOUTH LOAD INTERM OPS MW	MISO South initial load from UDS (5 min)
MISO SOUTH LOAD FCST OPS MW	MISO South forecasted load from UDS (5 min)
MISO_SOUTH_GEN_RAW_MW	MISO South real-time generation
MISO_SOUTH_GEN_OPS_MW	MISO South dispatched generation from UDS (5 min)
MISO SOUTH INTERM GEN OPS MW	MISO South initial generation from UDS (5 min)
ONT_EXPORT_MW	Net Schedule Interchange _{ONT-MISO}
OVEC_EXPORT_MW	Net Schedule Interchange _{OVEC-MISO}
PJM_EXPORT_MW	Net Schedule Interchange _{PJM-MISO}
REGIONAL_OPS_TRANSFER_MW	Regional Transfer _{UDS} (Updated every 5 mins)
REGIONAL_TRANSFER_RAW_MW	Regional Transfer _{real-time} (Updated every 1 minute)
SOCO_EXPORT_MW	Net Schedule Interchange _{SOCO-MISO}
SPP_EXPORT_DATA_MW	Net Schedule Interchange _{SPP-MISO}
SWPA Export MW	Net Schedule Interchange _{SWPA-MISO}
TVA_EXPORT_MW	Net Schedule Interchange _{TVA-MISO}
Transfer Distribution Factors	Not an ICCP Point (refer to Appendix D; Table 1 &2)

Appendix C

Regional Transfer Calculation using Real Time Data

MISO will provide the Regional Transfer calculation using the real time data updated every 30 seconds. The Regional Transfer_{real-time} calculation uses real time generation and load data instead of the generation and load data from MISO's Unit Dispatch System (UDS).

$$MISO\ Dispatch\ Transfer_{real-time} = Generation_{South} - Load_{South} - NSI_{South}$$

$$Regional\ Transfer_{real-time}$$

$$= MISO\ Dispatch\ Transfer_{real-time} + RPT_{South-Midwest} - RPT_{Midwest-South}$$

Appendix D

Procedure for the Determination of Transmission Distribution Factors (TDFs)

The procedure for the determination of TDFs uses PSS MUST bubble diagrams to calculate the portion of the transaction with a dually connected entity that flows directly to/from the receiving/sending MISO region and the portion that flows through the other MISO region. The steps to calculate these TDFs are as follows:

1. The MUST bubble diagram is based upon the areas defined in the power flow model. MISO Midwest, MISO South and SPP regions are represented by multiple areas in the power flow model. Therefore, the areas of each region must be consolidated into one area in the power flow model. The areas to be combined are listed below.
2. Transfers between the MISO regions and the dually connected entities must be established in a subsystem file. Exports are simulated pro-rata from the on-line generation and imports are simulated pro-rata to the load.
3. Each transfer is simulated in MUST and reported using the bubble diagram option. The portion of the transaction that flows through the other MISO region is shown within the bubble of that power flow area. The remainder of the transaction is assumed to flow directly between the transacting entities. For example, the portion that flows through MISO South for a MISO Midwest to TVA transaction will be shown in the MISO South bubble.

TDFs will be re-calculated prior to May 10 of each year utilizing the May IDC model for that year, or as soon as practical if the Operating Committee deems necessary because of system topology changes. TDF calculation results will be made available to the Operating Committee for review prior to their implementation, normally effective June 1 of each year. If the PSS MUST software is not available to determine the TDFs, the Operating Committee will agree on substitute power flow software and calculation methodology.

Examples of Transfer Distribution Factors (TDFs) for use in the Dispatch Transfer calculation are shown in Table 1 and Table 2 below. An example of the PSS MUST bubble diagrams is shown in Figure 1.

Table 1 - TDFs for MISO South Transactions

Direction	Through MISO Midwest	To/From MISO South
AECI to MISO South	26.79%	73.21%
SPP to MISO South	28.75%	71.25%
SWPA to MISO South	23.05%	76.95%
TVA to MISO South	17.61%	82.39%
MISO South to AECI	31.66%	68.34%
MISO South to SPP	28.94%	71.06%
MISO South to SWPA	17.89%	82.11%
MISO South to TVA	16.08%	83.92%

Table 2 - TDFs for MISO Midwest Transactions

Direction	Through MISO South	To/From MISO Midwest
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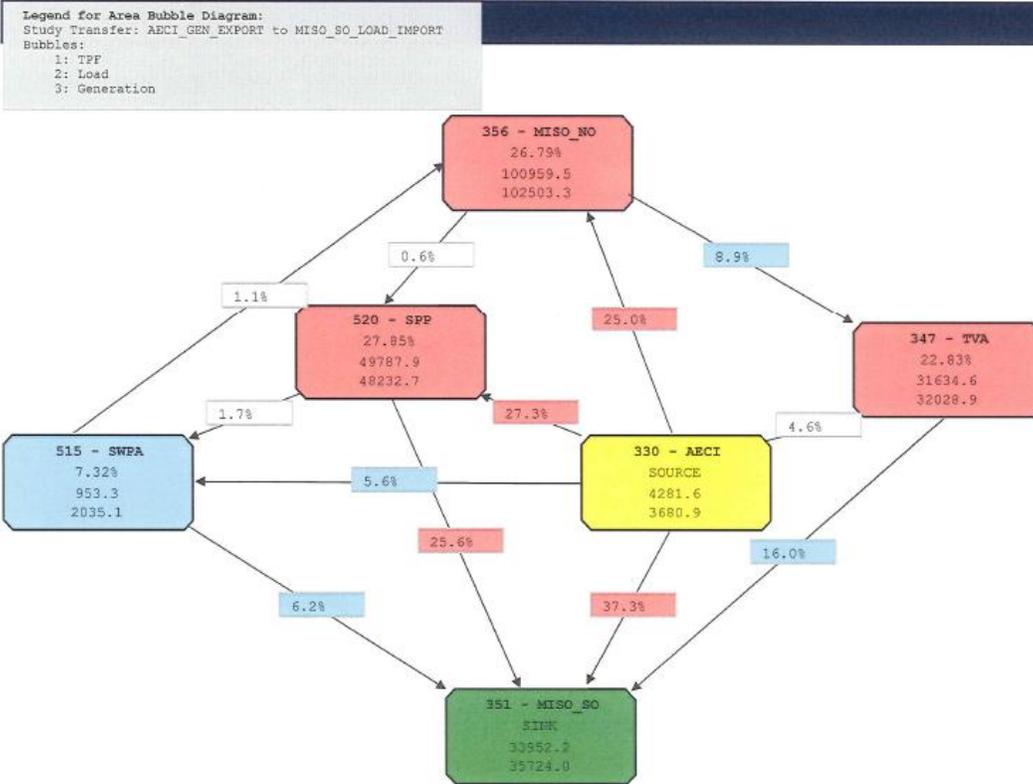
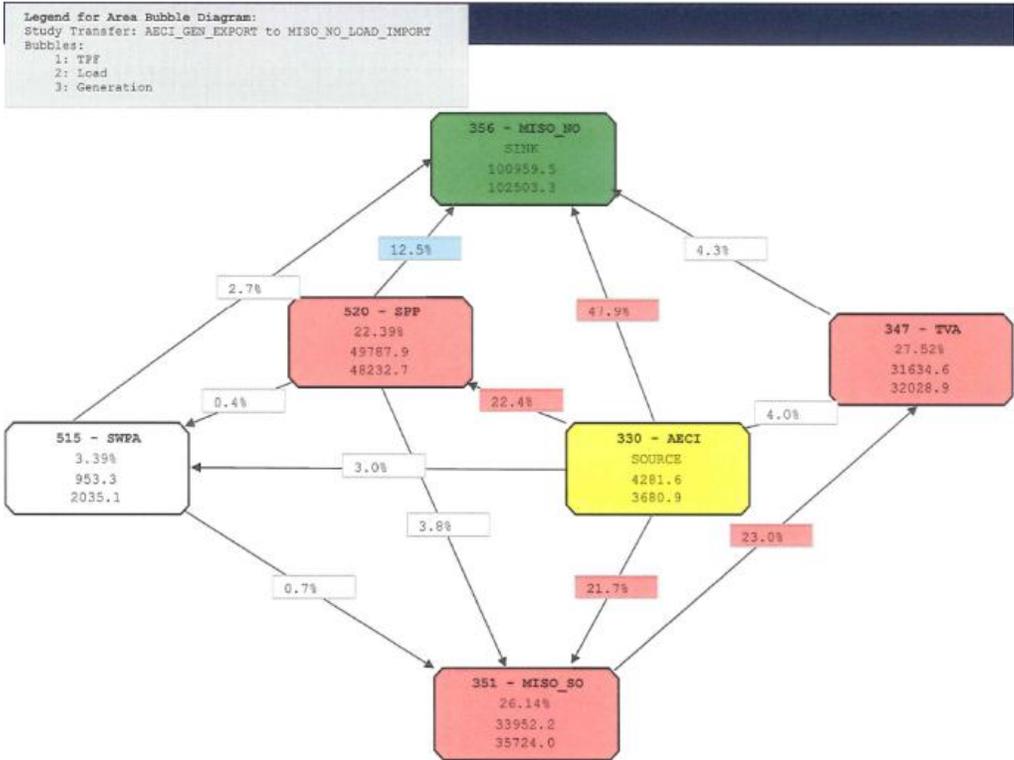
AECI to MISO Midwest	26.14%	73.86%
SPP to MISO Midwest	30.71%	69.29%
SWPA to MISO Midwest	32.89%	67.11%
TVA to MISO Midwest	24.00%	76.00%
MISO Midwest to AECI	21.96%	78.04%
MISO Midwest to SPP	30.48%	69.52%
MISO Midwest to SWPA	41.74%	58.26%
MISO Midwest to TVA	25.28%	74.72%

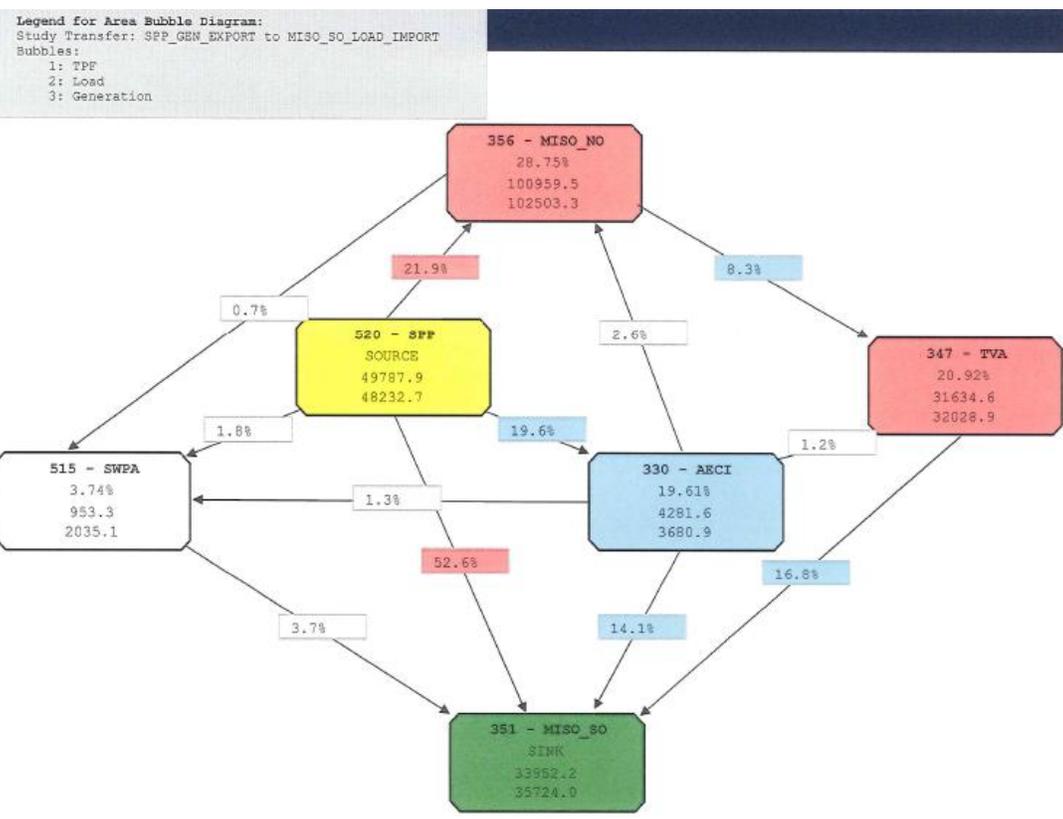
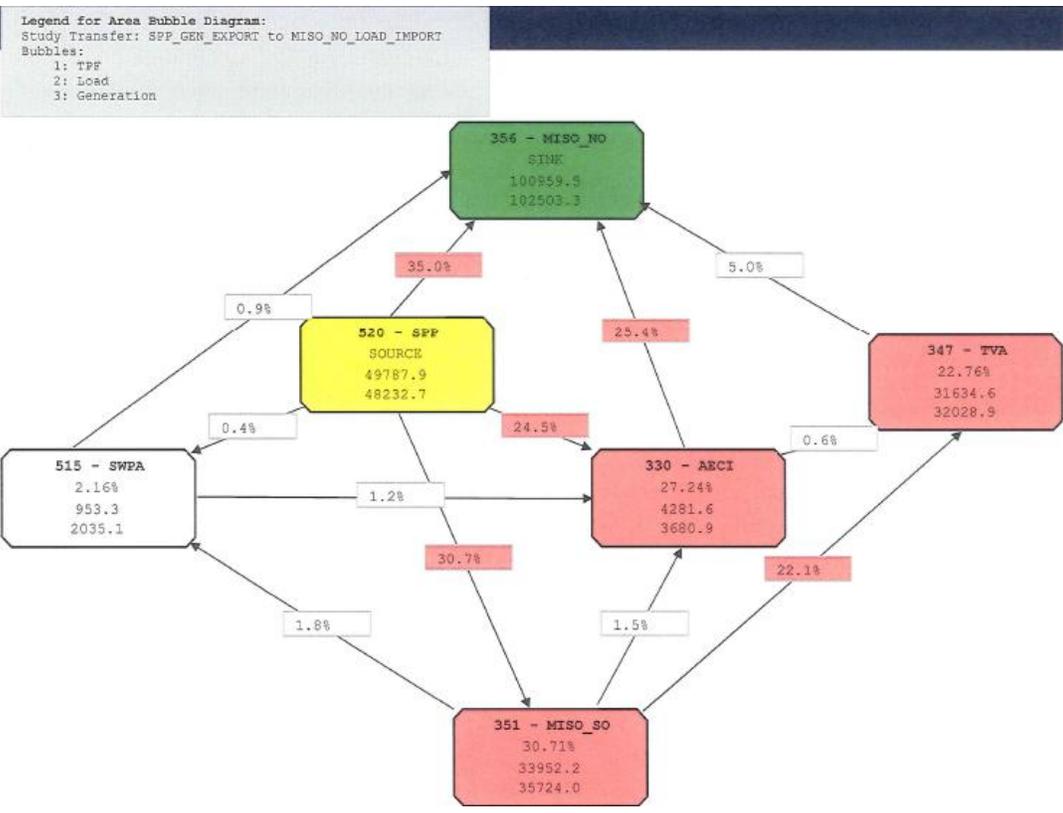
List of areas to be combined for TDF calculations using PSS MUST bubble diagrams.

MISO Midwest		MISO South		SPP	
Area	Area Name	Area	Area Name	Area	Area Name
207	HE	327	EES-EAI	520	AEPW
208	DEI	332	LAGN	523	GRDA
210	SIGE	349	SMEPA	524	OKGE
216	IPL	351	EES	525	WFEC
217	NIPS	502	CLEC	526	SPS
218	METC	503	Lafa	534	SUNC
219	ITC	504	LEPA	536	WERE
295	WEC			540	GMO
314	BREC			541	KCPL
333	CWLD			542	KACY
356	AMMO			544	EMDE
357	AMIL			545	INDN
360	CWLP			546	SPRM
361	SIPC			640	NPPD
600	XEL			645	OPPD
608	MP			650	LES
613	SMMPA			652	WAUE
615	GRE				
620	OTP				
627	ALTW				
633	MPW				
635	MEC				
661	MDU				
680	DPC				
694	ALTE				
696	WPS				
697	MGE				
698	UPPC				

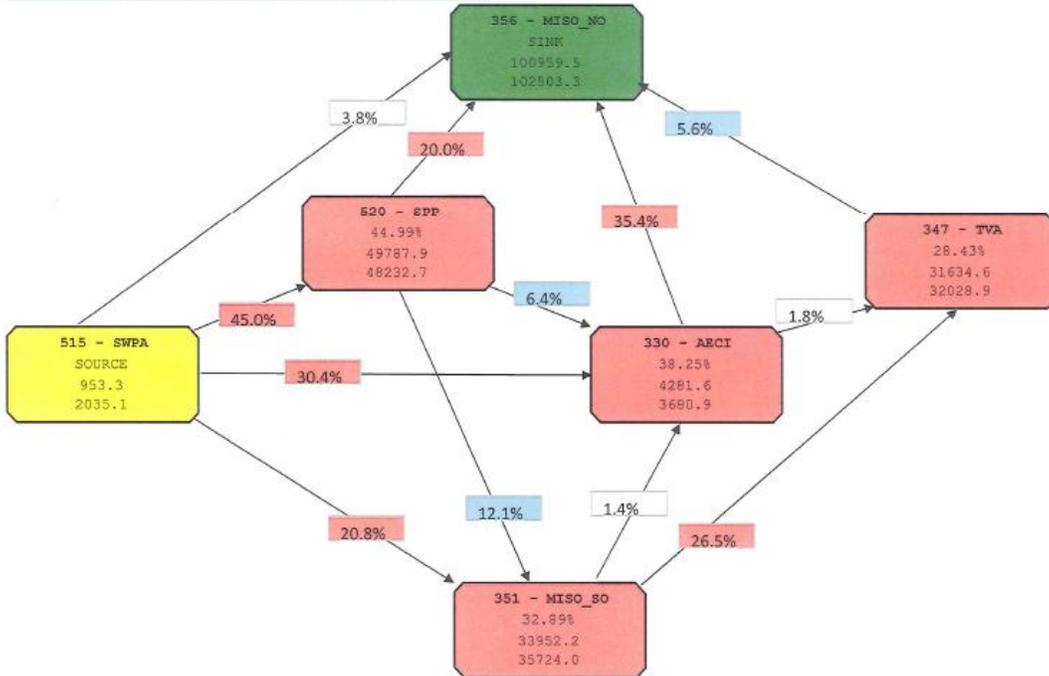
Note: The list will be periodically reviewed by the Operating Committee.

Figure 1: Example of PSS MUST Bubble Diagrams

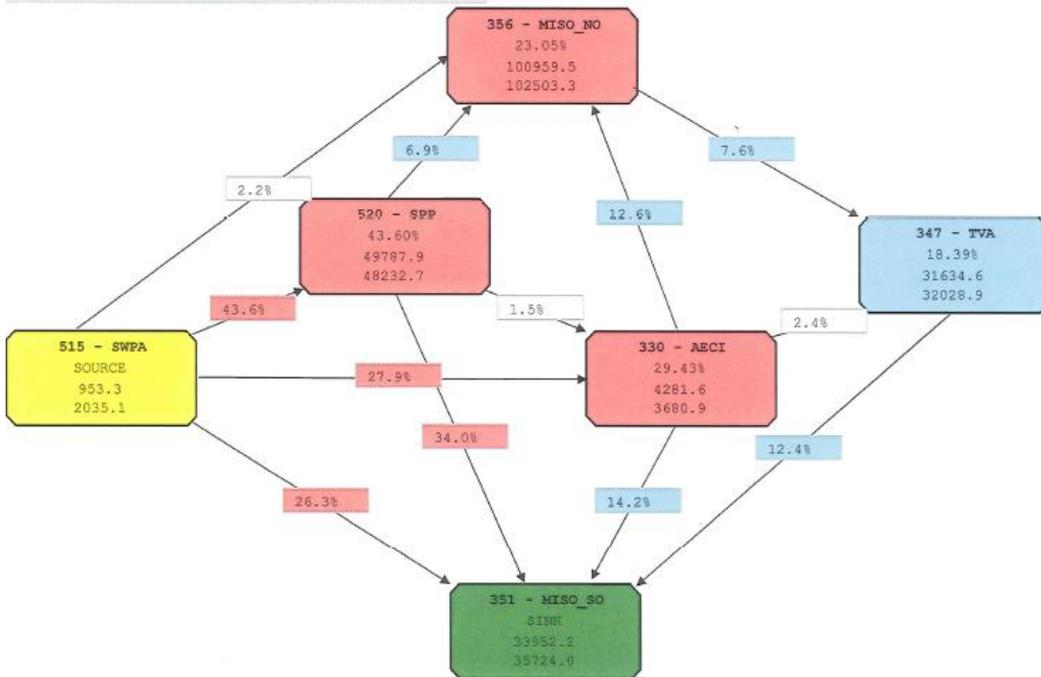




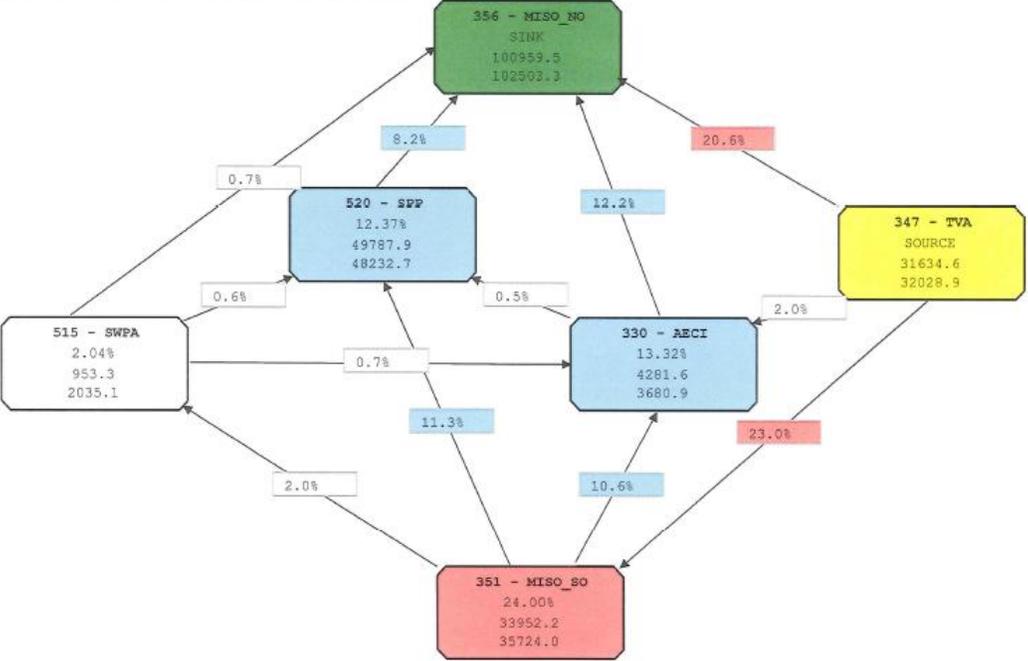
Legend for Area Bubble Diagram:
 Study Transfer: SWPA_GEN_EXPORT to MISO_NO_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



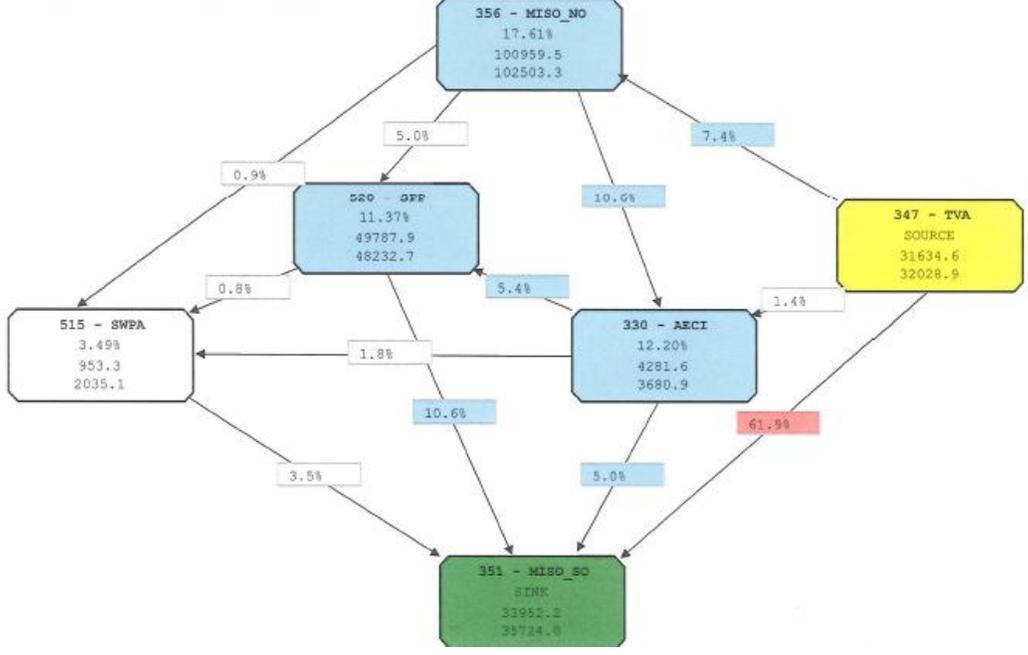
Legend for Area Bubble Diagram:
 Study Transfer: SWPA_GEN_EXPORT to MISO_SO_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



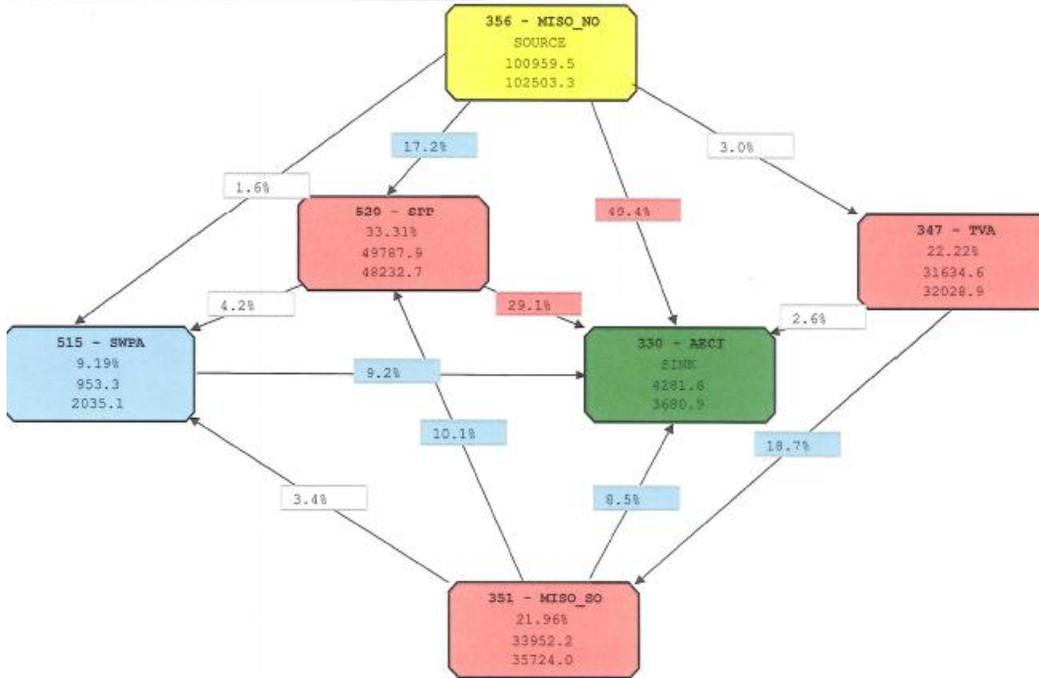
Legend for Area Bubble Diagram:
 Study Transfer: TVA_GEN_EXPORT to MISO_NO_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



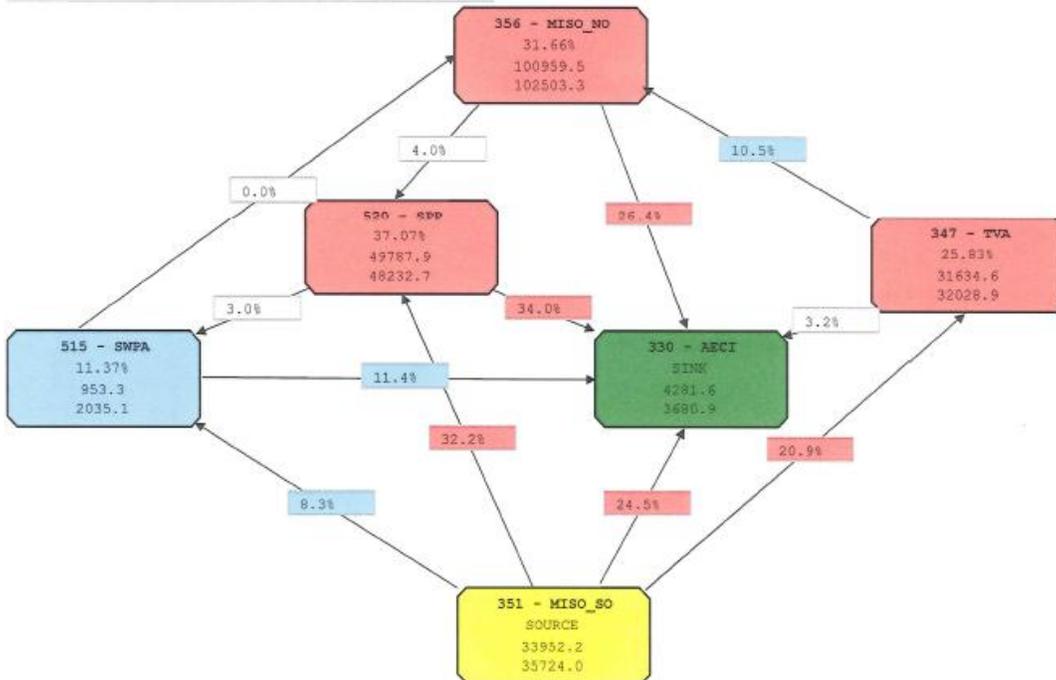
Legend for Area Bubble Diagram:
 Study Transfer: TVA_GEN_EXPORT to MISO_SO_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



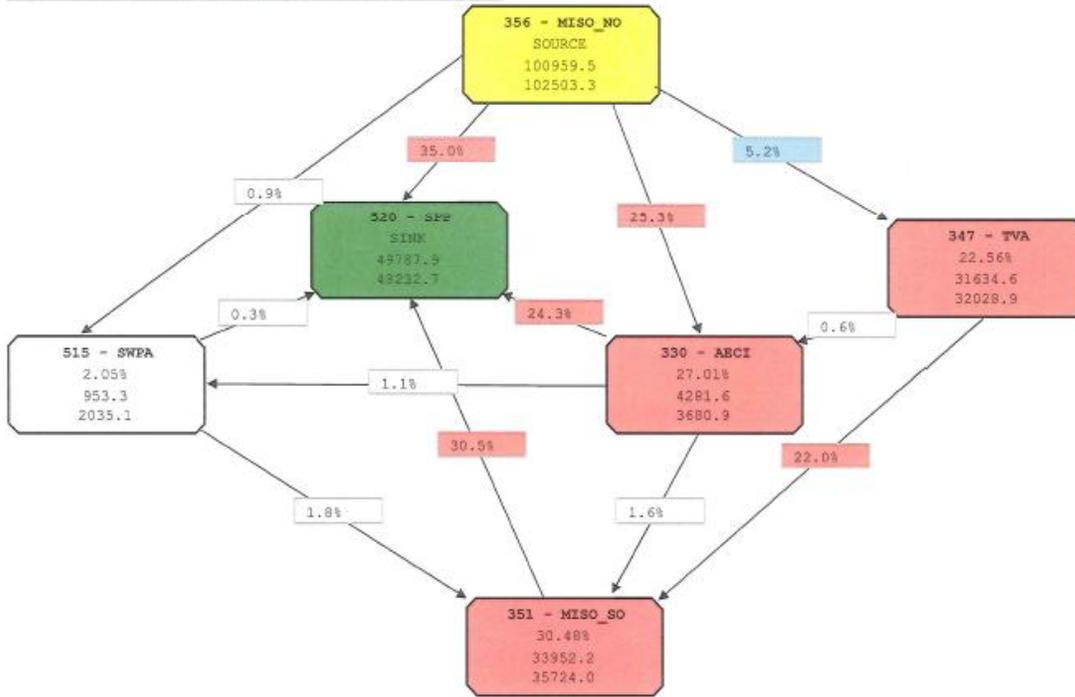
Legend for Area Bubble Diagram:
 Study Transfer: MISO_NO_GEN_EXPORT to AECI_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



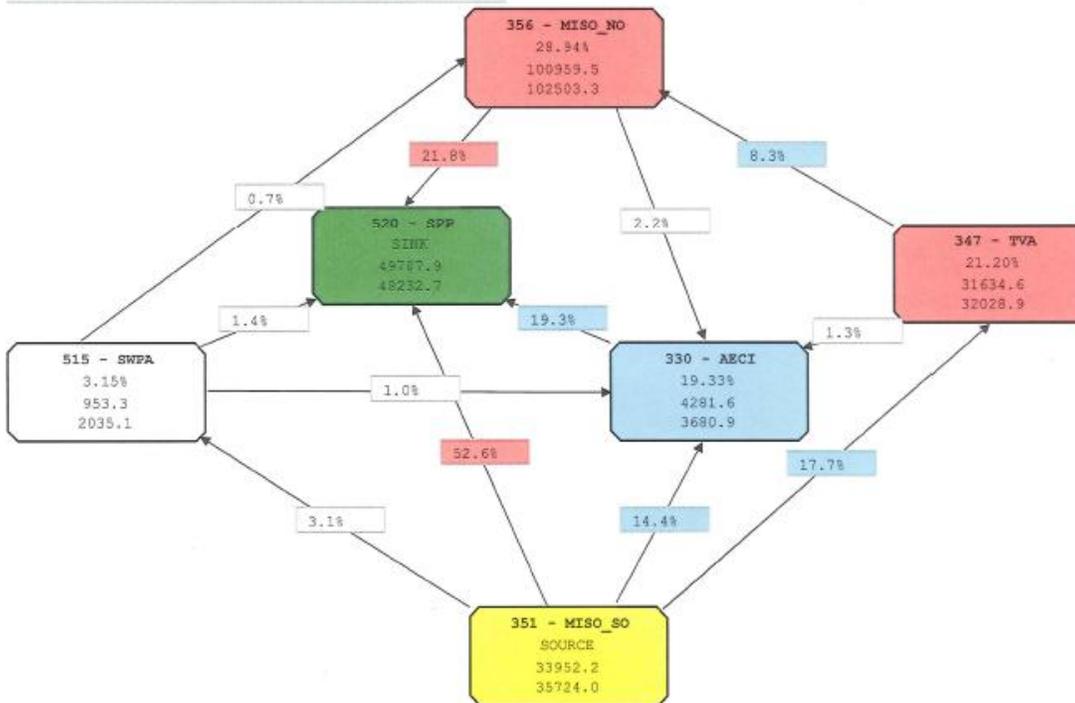
Legend for Area Bubble Diagram:
 Study Transfer: MISO_SO_GEN_EXPORT to AECI_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



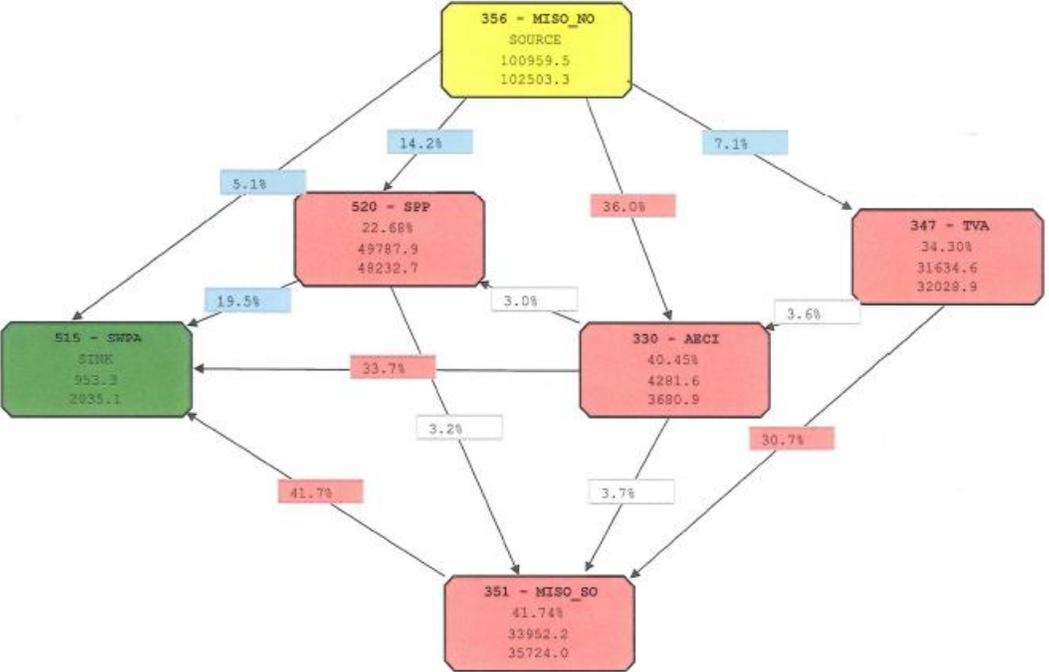
Legend for Area Bubble Diagram:
 Study Transfer: MISO_NO_GEN_EXPORT to SPP_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



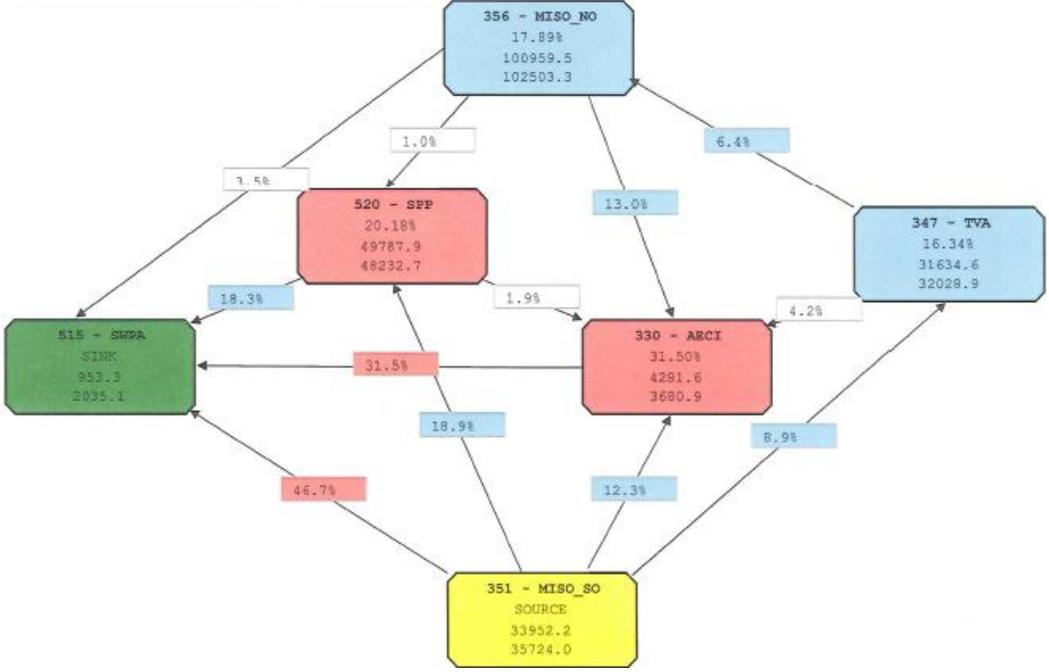
Legend for Area Bubble Diagram:
 Study Transfer: MISO_SO_GEN_EXPORT to SPP_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



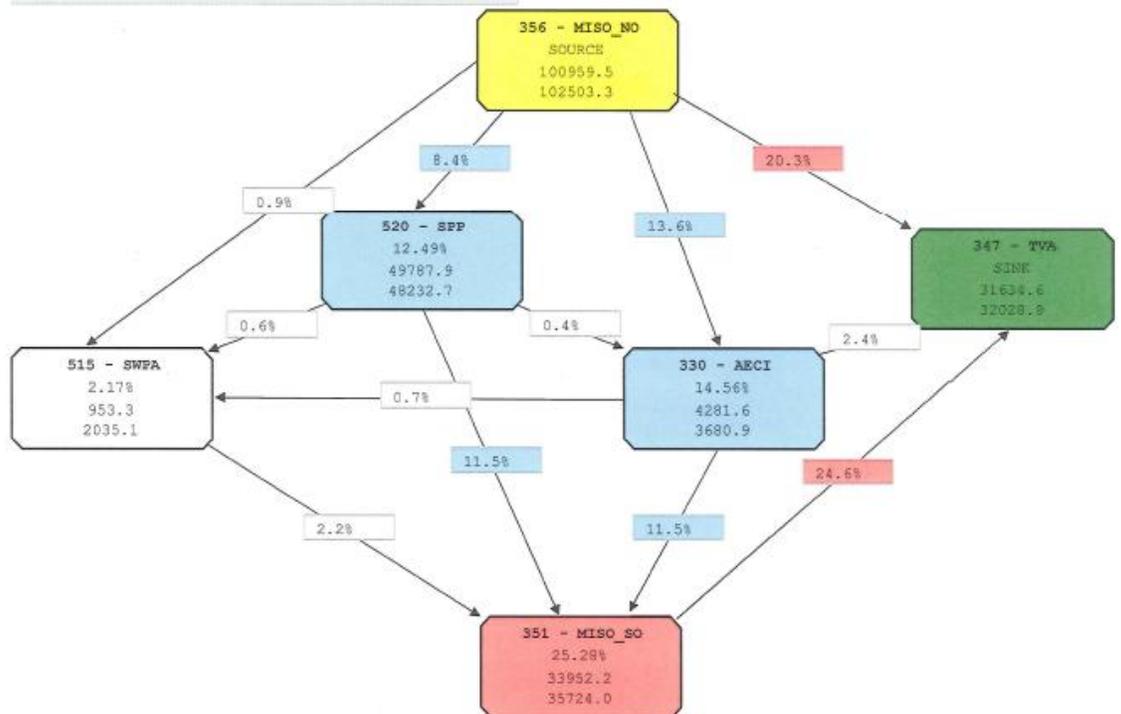
Legend for Area Bubble Diagram:
 Study Transfer: MISO_NO_GEN_EXPORT to SWPA_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



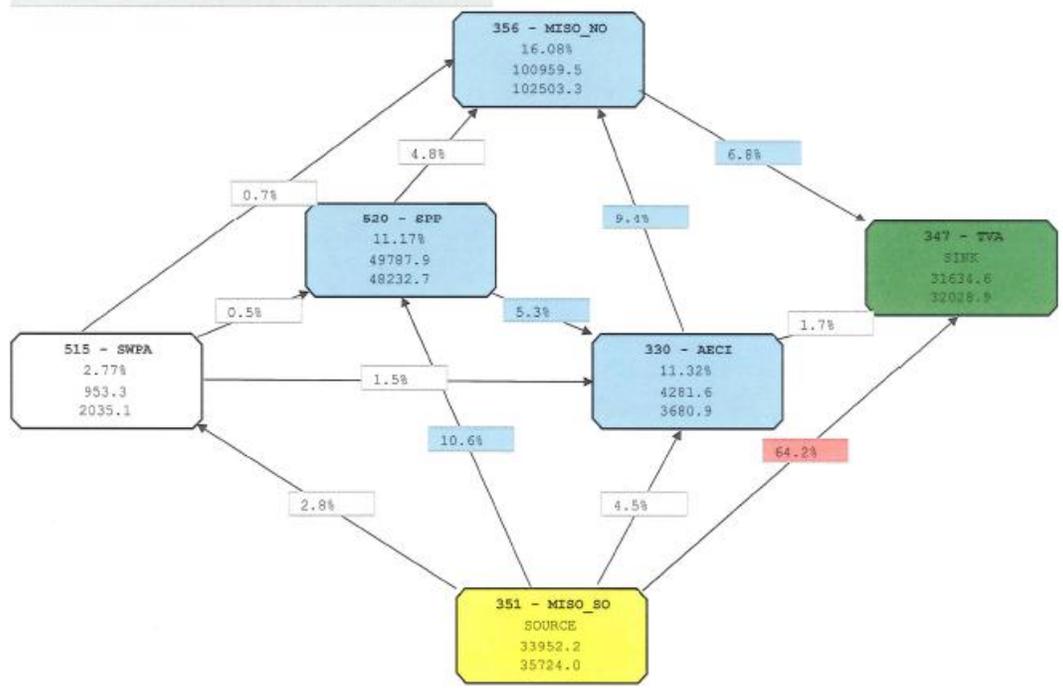
Legend for Area Bubble Diagram:
 Study Transfer: MISO_SO_GEN_EXPORT to SWPA_LOAD_IMPORT
 Bubbles:
 1: TPF
 2: Load
 3: Generation



Legend for Area Bubble Diagram:
 Study Transfer: MISO_NO_GEN_EXPORT to TVA_LOAD_IMPORT
 Bubbles:
 1: TFF
 2: Load
 3: Generation



Legend for Area Bubble Diagram:
 Study Transfer: MISO_SO_GEN_EXPORT to TVA_LOAD_IMPORT
 Bubbles:
 1: TFF
 2: Load
 3: Generation



Attachment B

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.,)	
Complainant,)	
)	
v.)	Docket No. EL14-21-000
)	
Midcontinent Independent System)	
Operator, Inc.)	
Respondent.)	
)	
Southwest Power Pool, Inc.)	Docket No. ER14-1174-000
)	
Midcontinent Independent System)	
Operator, Inc.)	Docket No. EL11-34-002
)	
Midcontinent Independent System)	
Operator, Inc.,)	
Complainant,)	
)	
v.)	Docket No. EL14-30-000
)	
Southwest Power Pool, Inc.,)	
Respondent.)	

EXPLANATORY STATEMENT

Pursuant to Rule 602 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.602, the Parties, defined herein as Southwest Power Pool, Inc. (“SPP”), Midcontinent Independent System Operator, Inc. (“MISO”), Associated Electric Cooperative, Inc. (“AECI”), Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, by and through their agent Southern Company Services, Inc. (collectively, “Southern Companies”), the Tennessee Valley Authority (“TVA”), Louisville Gas and Electric Company and Kentucky Utilities Company

(together, “LG&E/KU”), and PowerSouth Energy Cooperative (“PowerSouth”),¹ and NRG Energy, Inc. (“NRG”) for purposes of Articles IV and XIV only, hereby submit this Explanatory Statement in connection with the Settlement Agreement and Offer of Settlement (“Settlement Agreement”) in the captioned proceedings. Based on discussions preceding the filing of this Settlement Agreement, the Parties believe that the Settlement Agreement is largely supported or unopposed by the active parties to this proceeding. In fact, the Parties are authorized to represent that both the MISO Transmission Owners² and the SPP Transmission Owners³ support the Settlement Agreement. In addition, among the parties not opposing the Settlement Agreement

¹ AECl, Southern Companies, TVA, LG&E/KU, and PowerSouth are collectively referred to as the “Joint Parties.”

² For purposes of this filing, the MISO Transmission Owners are: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; Big Rivers Electric Corporation; City Water, Light & Power (Springfield, IL); Cleco Power, LLC; Dairyland Power Cooperative; Duke Energy Corporation for Duke Energy Indiana, Inc.; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; Michigan Public Power Agency; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Otter Tail Power Company; Prairie Power Inc.; South Mississippi Electric Power Association; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a Vectren Energy Delivery of Indiana); Southern Minnesota Municipal Power Agency; and Wabash Valley Power Association, Inc.

³ For the purposes of this filing, the SPP Transmission Owners are: Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company; American Electric Power Service Company, on behalf of Public Service Company of Oklahoma and Southwestern Electric Power Company; City Utilities of Springfield, Missouri; Lincoln Electric System; Omaha Public Power District; The Empire District Electric Company; Westar Energy, Inc.; Sunflower Electric Power Corporation; Mid-Kansas Electric Company, LLC; Nebraska Public Power District; and Oklahoma Gas & Electric Company.

are: Commission Trial Staff, the Organization of MISO States, Arkansas Electric Cooperative Corporation, Kansas Corporation Commission, Manitoba Hydro, the Council of the City of New Orleans, Western Farmers Electric Cooperative, Wisconsin Electric Power Company, and Wisconsin Public Service Corporation.

This Explanatory Statement summarizes the Settlement Agreement. This Explanatory Statement is not intended to modify or alter any provision of the Settlement Agreement. The Parties respectfully request that the Commission approve the Settlement Agreement, without modification or condition.

I. DESCRIPTION OF THE SETTLEMENT AGREEMENT

The section of the Settlement Agreement labeled “Case History and Background” contains relevant procedural history leading to the development of the Settlement Agreement.

Article I of the Settlement Agreement provides for the withdrawal of SPP’s Complaint against MISO in Docket No. EL14-21 and MISO’s Complaint against SPP in Docket No. EL14-30, and for SPP to withdraw its Service Agreement filed in Docket No. ER14-1174 and its Petition for Review of the Commission’s Orders in Docket No. ER13-948, et al. to the U.S. Court of Appeals for the District of Columbia Circuit, Case No. 14-1053. Article I also provides that there are to be no rebillings, refunds or resettlements of any kind relating to the disputed provisions of the MISO-SPP Joint Operating Agreement (“JOA”) that gave rise to the respective complaints and the Service Agreement, and that SPP is to withdraw and cancel all invoices previously issued on the basis of the Service Agreement or SPP’s Complaint. Article I states that the Settlement Agreement resolves and settles all issues, claims, demands and allegations by the Parties in the captioned dockets, and that no compensation, refunds or damages shall be due to any Party in connection with any such issues, claims, demands and allegations, except as provided under the Settlement Agreement. It further states that the Settlement Agreement is the

long-term successor agreement contemplated by the Operations Reliability Coordination Agreement (“ORCA”) accepted by the Commission in Docket No. ER15-1141 and that the ORCA will expire by its own terms upon Commission acceptance or approval of the Settlement Agreement.

Article II of the Settlement Agreement provides for MISO’s Available System Capacity Usage (“ASC Usage”)—the ability to use on a non-firm, as-available basis, available system transmission capacity of other Parties’ systems—in exchange for compensation. Article II describes the contract path between MISO Midwest and MISO South (“MISO Contract Path Capacity”), and provides the terms and conditions for making changes to the MISO Contract Path Capacity. It states that ASC Usage shall not alter any requirements contained within a Party’s open access transmission tariff (“OATT”) or requirements by and between third parties for the provision of transmission service, and that the Settlement Agreement does not require a Party to become a transmission customer of another Party, or to take transmission service under another Party’s OATT. It further states that ASC Usage shall not alter flowgate allocations, Firm Flow Limits/Entitlements, or the priority of market flows or tagged transaction impacts and that the Settlement Agreement does not require any compensation for any actions taken by either MISO or SPP as part of the Congestion Management Process.

Article II also provides the terms and conditions for compensation related to ASC Usage. Specifically, MISO is required to pay \$16 million to settle all claims for compensation by SPP and the Joint Parties for the period prior to February 1, 2016, with MISO paying 60% of the payment to SPP and 40% of the payment to the collective Joint Parties. For the period of February 1, 2016 through January 31, 2017, MISO is required to pay a monthly amount equal to 1/12th of \$16 million, with MISO paying half to SPP and half to the collective Joint Parties. That

amount will be subject to a true-up based on the actual Capacity Factor and any compensation adjustments for that period. For all years after January 31, 2017 (with each such year running from February 1 through January 31), MISO is required to pay \$1,333,333 per month when the Capacity Factor for the prior year is less than 20%, with that monthly amount subject to escalation of 2% per year, starting February 1, 2020; or \$2,250,000 per month when the Capacity Factor for the prior year is between 20% and 70% (inclusive), with that monthly amount subject to escalation of 2% per year, starting February 1, 2020; or \$3,166,667 per month when the Capacity Factor for the prior year exceeds 70%, with that monthly amount subject to escalation of 4% per year, starting February 1, 2020. MISO will pay half the monthly amount to SPP and half to the collective Joint Parties. If the ASC Usage is zero for any month, then no monthly payment will be due for that month. Additionally, Article II provides for adjustments to payments due to increases or decreases in the MISO Contract Path Capacity or in Regional Directional Transfer Limits. Article II contains the payment terms, including when MISO must make payments during each of the periods described above, the calculation of interest on amounts not paid when due, notice and cure for failure of payment when due, and the limitations on corrections and adjustments for prior payments.

Article III contains the calculation for determining ASC Usage. It provides that the methodology for computing ASC Usage is described in the Compensation Manual, which is Attachment 1 to the Settlement Agreement. It also provides that transactions that source from or sink in systems that are connected to both MISO Midwest and MISO South will be treated for compensation purposes in the manner set forth in the Compensation Manual.

Article IV contains the terms and conditions regarding firm point-to-point transmission service. Specifically, it states that ASC Usage does not provide a basis for MISO to provide firm

transmission service to its transmission customers, except to the extent MISO previously has granted firm transmission service to NRG in excess of MISO's Contract Path Capacity as shown in Attachment 2 to the Settlement Agreement, and for which NRG will make payments, half to SPP and half to the collective Joint Parties. Article IV describes the terms and conditions under which MISO will credit NRG for payments made by NRG to SPP and the Joint Parties that result in increases in MISO Contract Path Capacity. It also provides that MISO will not grant any short-term firm or long-term firm transmission service reservations ("TSR") between MISO South and MISO Midwest above MISO's Contract Path Capacity, and that any requests for such TSRs will be referred by MISO to other Transmission Service Providers. Article IV further provides that MISO is not prohibited from granting short-term firm and long-term firm TSRs between itself and any dually-connected entity, that the Settlement Agreement does not affect the administration of or assumptions used in MISO's internal processes related to its Resource Adequacy construct, including increased costs incurred under the Settlement Agreement, and that the Settlement Agreement does not predetermine future flowgate allocations, Firm Flow Limits/Entitlements, or the priority of market flows or tagged transaction impacts.

Article V addresses amendments to the JOA. Specifically, it provides that MISO and SPP will amend Section 5.2 of the JOA and add new Sections 5.3 and 5.4 to the JOA. Specifically, JOA Section 5.2 is amended to provide that any sharing of contract path capacity between SPP and MISO shall be subject to the terms of the Congestion Management Process and new JOA Section 5.3. New JOA Section 5.3 constitutes the agreement between MISO and SPP governing compensation for usage of contract path capacity to integrate MISO South. Section 5.3 of the Settlement Agreement provides that MISO and SPP will negotiate, in good faith, compensation for any energy transfers that exceed that Party's contract path capacity and rely on

the shared contract path capacity, and provide six months' notice prior to use of shared contract path capacity. New JOA Section 5.4 provides for dispute resolution pursuant to JOA Section 14.2 in the event MISO and SPP are unable to reach mutual agreement on the terms of shared contract path usage under JOA Sections 5.2 and 5.3, and that the sharing of contract path capacity shall be allowed during the pendency of any dispute and any compensation will be retroactive to the date such usage commenced. Article V indicates that pro forma tariff sheets reflecting these provisions are appended as Attachment 3 to the Settlement Agreement, and that, upon Commission approval or acceptance of the Settlement Agreement, MISO and SPP will revise their eTariff records accordingly.

Article VI provides that potentially affected Joint Parties will be afforded a reasonable opportunity to evaluate impacts on their systems that might result from the use of combined contract path capacity under Section 5.2 of the JOA, and that if SPP or MISO anticipates exceeding its own contract path capacity and thus relying on the combined contract path capacity resulting in use of combined contract capacity that will increase flows on the system of any of the Joint Parties, then SPP or MISO, as the case may be, will use reasonable efforts to provide six months prior notice to each of the Joint Parties. Article VI further provides that the Party requesting use of the combined contract path capacity will be responsible for remedying any identified and agreed-upon adverse impacts prior to such use, and that any dispute regarding an adverse impact will be referred to the Operating Committee.

Article VII addresses the system operating requirements for ASC Usage. Specifically, it provides that MISO will limit its internal transfers between MISO Midwest and MISO South, such that the Midwest-South Regional Directional Transfer Limit will be 3,000 MW and the South-Midwest Regional Directional Transfer Limit will be 2,500 MW. It further provides that

any changes in Regional Directional Transfer Limits must be unanimously agreed upon by the Operating Committee, except for temporary changes which do not require Operating Committee approval. Article VII provides for congestion management below the Regional Directional Transfer Limits and other flowgate considerations. Article VII also provides that the details on determining Regional Transfers are set forth in the MISO Regional Transfer Manual which is Attachment 4 to the Settlement Agreement.

Article VIII describes the six-member Operating Committee, which will consist of two designated representatives from each of MISO, SPP, and the collective Joint Parties, and will govern interactions under, and the administration of, the Settlement Agreement. Article VIII provides that the Operating Committee will meet periodically and as otherwise needed.

Article IX sets forth the dispute resolution procedures with respect to any dispute that arises under the Settlement Agreement. It provides that a Party is to give written notice of a dispute to the Parties and, within 14 days of such notice, the Operating Committee is to meet in person and attempt to resolve the dispute. Article IX provides that each of MISO, SPP, and the collective Joint Parties will be permitted to bring no more than two subject matter experts and two attorneys. It further provides that, if the Operating Committee is unable to resolve the dispute, upon the demand of a Party, the dispute will be referred to the Commission's Office of Dispute Resolution for mediation. At any point in the mediation, a Party may exercise its right to initiate a proceeding before the Commission.

Article X states that the initial term of the Settlement Agreement will be from January 29, 2014 through January 31, 2021, and thereafter will be subject to annual 12-month extensions unless terminated by at least 12-months prior written notice. It further provides that in no event will the Settlement Agreement terminate prior to the end of its initial term. Article X also

provides post-termination terms for MISO's usage of the transmission systems of the other Parties to the Settlement Agreement, including exceeding the MISO Contract Path Capacity.

Article XI provides for the Parties to cooperate in securing Commission approval or acceptance of the Settlement Agreement and to defend the Settlement Agreement in the event of any opposition. Article XI also provides that, if the Commission approves or accepts the Settlement Agreement with any material condition or modification, then any Party adversely affected by such material condition or modification will have the right to terminate the Settlement Agreement.

Article XII states that the Parties wish to implement the compensation and transfer limit provisions of the Settlement Agreement under Articles II, III, and VII as early as possible, and that the Parties will file a joint motion asking the Commission, pending its consideration and acceptance or approval of the Settlement Agreement, to allow the provisions of Articles II, III, and VII to be implemented on February 1, 2016. Article XII provides that, in the event the compensation provisions are implemented and the Settlement Agreement is not approved or accepted by the Commission, or is terminated pursuant to Article XI, SPP and the Joint Parties agree to refund with interest all payments made by MISO.

Article XIII provides that the standard of review for any modifications to the Settlement Agreement, other than amendments agreed to by all Parties, whether proposed by a Party, any third party, or the Commission acting *sua sponte*, will be the most strict standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956); *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008), and refined in *NRG Power Marketing v. Maine Public Utilities Commission*, 130

S. Ct. 693, 700 (2010). Article XIII clarifies that only the consent of MISO and SPP will be required for any revisions to Article V of the Settlement Agreement and that nothing in the Settlement Agreement modifies the standard of review applicable to JOA amendments.

Article XIV contains miscellaneous provisions typical of settlement agreements filed with the Commission, including various representations and reservations of rights of the Parties.

II. STATEMENTS REQUIRED BY CHIEF ADMINISTRATIVE LAW JUDGE'S NOTICE TO THE PUBLIC

In accordance with the Chief Administrative Law Judge's October 15, 2003 Notice to the Public: Information to be provided with Settlement Agreements (corrected October 23, 2003), the Parties respond below to the questions identified by the Chief Administrative Law Judge:

a. What are the issues underlying the settlement and what are the major implications:

The issues underlying the Settlement Agreement, and its major implications, concern the rates and charges for MISO's use of the available system transmission capacity of the other Parties' systems.

b. Whether any of the issues raise policy implications:

The Parties do not believe the Settlement Agreement raises any policy implications. The settled issues are fact-specific among the Parties, and the Settlement Agreement is not intended to establish any policy or precedent in ongoing or future proceedings beyond the specific terms and conditions set forth in the Settlement Agreement.

c. Whether other pending cases may be affected:

The Settlement Agreement does not affect any pending cases not specifically addressed in the Settlement Agreement.

d. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved:

The Settlement Agreement does not involve issues of first impression, or previous reversals on the issues involved.

e. Whether the proceeding is subject to the ordinary just and reasonable standard or whether there is *Mobile-Sierra* language requiring public interest findings, i.e., the applicable standard of review:

By the terms of the Settlement Agreement, and subject to the limitations specified in Article XIII (relating to changes to Article V), other than amendments agreed to by all Parties, amendments proposed by a Party, any third party, or the Commission acting *sua sponte*, will be reviewed under and subject to the most strict standard set forth in *Mobile-Sierra*.

III. CONCLUSION

Wherefore, the Parties respectfully request that the Commission issue an order approving the Settlement Agreement without material change or condition.

Attachment C

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

In Reply Refer To:
Southwest Power Pool, Inc. v.
Midcontinent Independent System
Operator, Inc.
Docket No. EL14-21-000

Southwest Power Pool, Inc.
Docket No. ER14-1174-000

Midcontinent Independent System
Operator, Inc.
Docket No. EL11-34-002

Midcontinent Independent System
Operator, Inc. v. Southwest Power
Pool, Inc.
Docket No. EL14-30-000

Wright & Talisman, P.C.
1200 G Street, NW
Suite 600
Washington, DC 20005

Attention: _____

Dear _____:

1. On October 13, 2015, Southwest Power Pool, Inc. (“SPP”), together with Midcontinent Independent System Operator, Inc. (“MISO”), Associated Electric Cooperative, Inc. (“AECF”), Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company, by and through their agent Southern Company Services, Inc. (collectively, “Southern Companies”), the Tennessee Valley Authority (“TVA”), Louisville Gas and Electric Company and Kentucky Utilities Company (together, “LG&E/KU”), PowerSouth Energy Cooperative (“PowerSouth”), and NRG Energy, Inc. (“NRG”) (collectively, the “Parties”) filed in Docket Nos. EL14-21-000, et al. an Offer of Settlement and Settlement Agreement (“Settlement”). The Settlement resolves all issues in Docket Nos. EL14-21-000, et al. Comments on the Settlement were filed by _____.

2. The Settlement, including the amendments to the Joint Operating Agreement Between the Midwest Independent Transmission System Operator, Inc. and Southwest Power Pool, Inc. (“JOA”), is fair and reasonable and in the public interest and is hereby

approved. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this consolidated proceeding.

3. Consistent with the terms of the Settlement, SPP and MISO are directed to file revised tariff sheets, consistent with the pro forma sheets appended to the Settlement Agreement, in eTariff format to revise the JOA,¹ within 30 days of the date of issuance of this order.

4. This order terminates Docket Nos. EL14-21-000, ER14-1174-000, EL11-34-002, and EL14-30-000.

By direction of the Commission.

Kimberly D. Bose
Secretary

¹ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding, as well as upon all Southwest Power Pool, Inc. customers, members, and state regulatory commissions.

Dated at Washington, D.C., this 13th day of October, 2015.

/s/ Ryan J. Collins
Ryan J. Collins
Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005

*Attorney for
Southwest Power Pool, Inc.*