

**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.)	

**JOINT MOTION FOR
INTERIM RELIEF AND REQUEST FOR EXPEDITED ACTION**

Pursuant to Rule 212 of the Commission’s Rules of Practice and Procedure,¹ the “Settling Parties”² submit this Joint Unopposed Motion for Interim Relief and Request for Expedited

¹ 18 C.F.R. § 385.212.

² The “Settling Parties” are: 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 (“LG&E/KU”), and PowerSouth Energy Cooperative (“PowerSouth”), hereinafter the “Settling Parties.” AECI, Southern Companies, TVA, LG&E/KU, and PowerSouth are

Action (“Motion”) in connection with the Offer of Settlement and Settlement Agreement (“Settlement Agreement”) filed simultaneously herewith. Through this Motion, the Settling Parties request authorization to implement the compensation and transfer limit provisions of Articles II, III, and VII of the Settlement Agreement commencing February 1, 2016, pending the Commission’s consideration and acceptance of the Settlement Agreement. The proposed effective date for interim implementation coincides with the date on which MISO, by separate filing, also proposes to remove the hurdle rate limitation from its tariff.³

Granting this Motion will not prejudice the interests of any party to these proceedings and is in the public interest. Interim implementation of the compensation and transfer limit provisions of the Settlement Agreement will give effect to the negotiated bargain and benefits resulting from over 18 months of intense settlement discussions. SPP and the Joint Parties will commence receiving negotiated compensation for MISO’s use of the SPP and Joint Parties’ systems, in exchange for which MISO can resume normal dispatch of its market without the hurdle rate constraint.

I. BACKGROUND

A detailed history of these proceedings is set forth in the Settlement Agreement.⁴ On April 4, 2014, the Chief Judge appointed the Honorable Carmen A. Cintron as Settlement Judge

collectively referred to as the “Joint Parties.” NRG Energy, Inc. is a party to the Settlement Agreement only for purposes of Articles IV and XIV.

³ See Article XII of the Settlement Agreement, providing that MISO will file to remove the hurdle rate coincident with the proposed interim implementation date of February 1, 2016. The hurdle rate, reflected in MISO tariff revisions filed in Docket No. ER14-2445, operates as a dispatch constraint based on the charges currently assessed to MISO by SPP pursuant to the Service Agreement accepted by the Commission subject to refund in Docket No. ER14-1174-000. See *Midwest Indep. Transmission Sys. Operator, Inc.*, 146 FERC ¶ 61,231 (2014).

⁴ Settlement Agreement at 1-7.

in these consolidated proceedings. Following the appointment of Judge Cintron, the participants held numerous settlement conferences and meetings, and shared voluminous data and information. As a result of the extensive discussions and exchanges, the Parties have reached a settlement resolving all issues in these consolidated proceedings, as set forth in the Settlement Agreement.

Pursuant to Article XII of the Settlement Agreement, the Settling Parties wish to implement the compensation and transfer limit provisions of the Settlement Agreement under Articles II, III, and VII starting February 1, 2016.⁵ However, anticipating that the Commission may not have acted on the Settlement Agreement by such date, the Settling Parties have provided for the filing of this Motion, designed to allow the provisions of Articles II, III, and VII to be implemented starting February 1, 2016, pending the Commission's consideration and acceptance of the Settlement Agreement.⁶ In the event the compensation provisions are implemented pursuant to this Motion, and the Settlement Agreement for any reason is not approved or accepted by the Commission, or otherwise does not become effective, SPP and the Joint Parties agree to refund with interest all payments made by MISO, while the litigation proceeds.

II. PROVISIONS PROPOSED FOR INTERIM IMPLEMENTATION

As noted, this Motion seeks authority to implement, on an interim basis, Articles II, III and VII of the Settlement Agreement. Giving interim effect to these provisions will permit timely, optimal realization of key elements of the negotiated bargain.

Article II of the Settlement Agreement allows for MISO to use on a non-firm, as-available basis, available system transmission capacity of Settling Parties' systems (i.e.,

⁵ Articles II, III, and VII of the Settlement Agreement are attached to this Motion.

⁶ Should the Commission accept the Settlement Agreement prior to February 1, 2016, this Motion will become moot.

Available System Capacity Usage (“ASC Usage”)) in exchange for compensation. Article II describes MISO’s contract path capacity between MISO Midwest and MISO South (“MISO Contract Path Capacity”), and provides the terms and conditions for increasing or decreasing the MISO Contract Path Capacity. Article II also provides the terms and conditions for compensation related to ASC Usage.

Article III of the Settlement Agreement sets forth how ASC Usage will be determined.

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. Article VII provides for congestion management below the Regional Directional Transfer Limits and other flowgate considerations and further provides that, to implement the compensation and transfer limit provisions of the Settlement Agreement, MISO will, simultaneously with the filing of the Settlement Agreement, separately file to eliminate its hurdle rate, which was placed into effect in Docket No. ER14-2445.

A more full and complete description of these terms of the Settlement Agreement is contained in the Explanatory Statement to the Settlement Agreement also filed today.

III. MOTION FOR INTERIM RELIEF

The Settling Parties respectfully request an order permitting the Settling Parties to implement Articles II, III, and VII of the Settlement Agreement, on an interim basis, beginning February 1, 2016, until such time as the Commission acts on the Settlement Agreement in these consolidated proceedings.

Good cause exists to grant this Motion. First, because of the time periods prescribed in Rule 602 of the Commission’s Rules of Practice and Procedure for the submittal of comments on

the Settlement Agreement and consideration of the Settlement Agreement by the Commission thereafter, it could be a number of months before the Commission acts on the Settlement Agreement.⁷ In order for the Settling Parties and the ratepayers they serve to realize the benefits of the Settlement Agreement, Article XII of the Settlement Agreement requires the Settling Parties to file this joint motion requesting that the provisions of Articles II, III, and VII be implemented on February 1, 2016. Second, to protect all interested parties, in the event the compensation provisions in Article II are implemented and the Settlement Agreement is not approved or accepted by the Commission, or otherwise does not become effective, SPP and the Joint Parties will refund with interest all payments made by MISO. Third, granting this Motion will promote efficient administration of markets and the usage of transmission systems. Lastly, granting this Motion will facilitate the negotiated conclusion of these long-standing proceedings.

The Settling Parties request waiver of all notice and filing requirements associated with the compensation and transfer limit provisions of the Settlement Agreement so that they may become effective February 1, 2016, and remain effective subject to the final resolution of these consolidated proceedings.

⁷ See 18 C.F.R. § 385.602(f)(2).

IV. REQUEST FOR EXPEDITED TREATMENT AND ANY NEEDED WAIVERS

The Settling Parties respectfully request expeditious action on this Motion. The Settling Parties have reached a settlement, and the requested interim relief will permit the Settling Parties to implement the compensation and transfer limit provisions of the Settlement Agreement beginning on February 1, 2016, in the interests of the public, pending the Commission's consideration and acceptance or approval of the Settlement Agreement.

Accordingly, the Settling Parties request an order granting this Motion as soon as possible and, in any event, no later than January 15, 2016, to give effect to the requested interim implementation date of February 1, 2016. The Settling Parties further request that the Commission coordinate its consideration of this Motion with MISO's filing to amend its tariff to remove the Hurdle Rate, concurrently submitted with the instant Motion, so that the removal of the MISO hurdle rate takes effect simultaneously with the interim implementation of Articles II, III, and VII of the Settlement Agreement. Finally, the Settling Parties respectfully request waiver any other applicable requirements, including, to the extent otherwise applicable, the 60-days' prior notice and filing requirements, as necessary to grant the full relief requested in this Motion.

V. CONCLUSION

For the foregoing reasons, the Commission should grant this Motion and all necessary waivers of its rules and regulations to permit the Settling Parties to implement the compensation and transfer limit provisions of the Settlement Agreement beginning February 1, 2016, and remain effective subject to the final resolution of these consolidated proceedings.

Respectfully submitted,

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October 13, 2015

Attachment

Articles II, III, and VII to the Settlement Agreement

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 $1/12^{\text{th}}$ 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.

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 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

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/MVPAAnalysis.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.

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.

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.

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

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