

February 25, 2016

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

Re: *Midcontinent Independent System Operator, Inc.*, Docket No. EL14-19-002, *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, the MISO Transmission Owners,¹ together with Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies;² the Midcontinent Independent System Operator, Inc. (“MISO”); Associated Electric Cooperative; The Empire District Electric Company; Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company; Missouri Joint Municipal Electric Utility Commission; the City of Carthage, Missouri; the City of Malden, Missouri; the City of Piggott, Arkansas; East Texas Electric Cooperative, Inc.; the NRG Companies;³ the City of Poplar Bluff, Missouri; and Southern Company Services, Inc., by and on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company (collectively, the “Settling Parties”)

¹ For purposes of this filing, the MISO Transmission Owners are: American Transmission Company LLC; Big Rivers Electric Corporation; City Water, Light & Power (Springfield, IL); Dairyland Power Cooperative; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indianapolis Power & Light Company; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power, Inc.; 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 The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

³ For purposes of this filing, the NRG Companies are Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, Cottonwood Energy Company LP, Louisiana Generating LLC, NRG Power Marketing LLC, NRG Sterlington Power LLC, NRG Wholesale Generation LP, and GenOn Energy Management, LLC.

submit an Offer of Settlement in the referenced proceeding. The Offer of Settlement represents a resolution of all remaining issues in the proceeding.

This submission includes:

1. The Settlement Agreement and Offer of Settlement (“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.

The Settling Parties are also filing, contemporaneous with the Offer of Settlement, an “Unopposed Joint Motion for Authorization to Implement Settlement Rates on an Interim Basis Pending Commission Approval and Request for Shortened Comment Period and Expedited Action” (the “Interim Rate Motion”). In the Interim Rate Motion, the Settling Parties request approval to implement the settlement rates and related provisions set forth in the Settlement Agreement on an interim basis, effective January 1, 2016, pending Commission approval of the Settlement Agreement.

The Settling Parties respectfully request that the Commission promptly approve the Offer of Settlement without modification or condition. Approval of the Offer of Settlement is in the public interest because it represents the result of negotiations among the Settling Parties and resolves all remaining issues in the referenced proceedings. The Settling Parties circulated the Settlement Agreement in draft form to parties to the captioned dockets and have not been informed that any party opposes the settlement. Thus, the Settling Parties submit that approval also is in the public interest because the Offer of Settlement appears to be unopposed by the parties to this proceeding.

The Settling Parties also request that the Commission approve the Offer of Settlement on an expedited basis to facilitate the resolution of the issues identified in the Settlement Agreement and to enable MISO to process refunds for past periods as soon as possible, as required by the terms of the Settlement Agreement. In particular, to the extent feasible, the Settling Parties respectfully request that the Commission issue an order approving the Offer of Settlement by June 24, 2016, to allow for the expeditious processing by MISO of refunds as called for by the terms of the Settlement Agreement.

In accordance with Rule 602(d)(1), a copy of this filing will be served on all participants in the consolidated proceedings in Docket Nos. EL14-19-002, *et al.*, as well as upon all MISO customers and state commissions. In accordance with Rule 602(f), the Settling Parties advise recipients of this letter that initial comments on the Offer of Settlement are due 20 days from the date of filing, or March 16, 2016; reply comments are due on March 28, 2016. Pursuant to Rule 602(f)(3), “[a]ny failure to file a comment constitutes a waiver of all objections to the [O]ffer of [S]ettlement.”

Respectfully,



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Attachments

Attachment A

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midcontinent Independent System)	Docket No. ER13-948-004
Operator, Inc.)	
)	

Midcontinent Independent System)	Docket No. EL14-19-002
Operator, Inc.)	
)	

Midcontinent Independent System)	Docket No. ER14-649-001
Operator, Inc.)	
)	

Midcontinent Independent System)	Docket No. ER14-1645-001
Operator, Inc.)	
)	

SETTLEMENT AGREEMENT AND OFFER OF SETTLEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission” or “FERC”), 18 C.F.R. § 385.602 (2015), the Settling Parties, herein defined as Associated Electric Cooperative, The Empire District Electric Company, Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company, Missouri Joint Municipal Electric Utility Commission, the City of Carthage, Missouri, the City of Malden, Missouri, the City of Piggott, Arkansas, Southern Company Services, Inc., by and on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company (collectively, “TSA Customers”); East Texas Electric Cooperative, Inc.; the NRG Companies;¹

¹ For purposes of this filing, the NRG Companies are Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, Cottonwood Energy Company LP, Louisiana Generating LLC, NRG Power

the City of Poplar Bluff, Missouri; the MISO Transmission Owners;² Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies;³ and Midcontinent Independent System Operator, Inc. (“MISO”) hereby enter into this Settlement Agreement and Offer of Settlement (“Settlement Agreement”) to resolve all outstanding issues among Settling Parties in the above-captioned proceedings.

The Settlement Agreement is filed with an Explanatory Statement that is not intended to, and does not, alter any of the provisions of this Settlement Agreement. In the event of an inconsistency between the Explanatory Statement and this Settlement Agreement, this Settlement Agreement shall control.

I. RECITALS

WHEREAS, pursuant to section 205 of the Federal Power Act (“FPA”),⁴ MISO and ESI filed formula rate templates for each of the Entergy Operating Companies in Docket No. ER13-948-000 on February 15, 2013, which the Commission accepted in part and suspended in part,

Marketing LLC, NRG Sterlington Power LLC, NRG Wholesale Generation LP, and GenOn Energy Management, LLC.

² The MISO Transmission Owners for this filing consist of: American Transmission Company LLC; Big Rivers Electric Corporation; City Water, Light & Power (Springfield, IL); Dairyland Power Cooperative; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indianapolis Power & Light Company; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power, Inc.; 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 The Entergy Operating Companies are: Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

⁴ 16 U.S.C. § 824d (2012).

setting for hearing and settlement a number of issues related to the proposed formula rate templates;⁵

WHEREAS, in accordance with the Rates Rehearing and RTOR Issues Order, the Commission instituted an FPA section 206 proceeding in Docket No. EL14-19-000 on February 20, 2014 to investigate the justness and reasonableness of MISO's "proposed [Regional Through-and-out-Rate ("RTOR")] for service over the transmission system in the MISO South region",⁶ and consolidated the proceeding for purposes of settlement, hearing, and decision with Docket No. ER13-948-000;⁷

WHEREAS, on December 17, 2013, in Docket No. ER14-649-000, and on April 1, 2014, in Docket No. ER14-1645, MISO and ESI made FPA section 205 filings to revise the Entergy Operating Companies' formula rate templates and filed proposed MISO Tariff⁸ Schedules 41, 42-A, and 42-B and 47, and the Commission issued orders accepting and suspending these filings and consolidated them with the consolidated proceeding established in Docket Nos. ER13-948-000 and EL14-19-000, *et al.*, for purposes of settlement, hearing, and decision;⁹

⁵ *ITC Holdings Corp.*, 143 FERC ¶ 61,257 at PP 44-46 (2013) ("Rates Order"), *order on reh'g*, 146 FERC ¶ 61,111 (2014) ("Rates Rehearing and RTOR Issues Order"), *order on reh'g*, 151 FERC ¶ 61,263 (2015) ("RTOR Issues Second Rehearing Order"), *appeal docketed*, No. 14-1030 (D.C. Cir. Feb. 28, 2014), *appeal docketed*, No. 14-1053 (D.C. Cir. Apr. 10, 2014), *appeal docketed*, No. 15-1288 (D.C. Cir. Aug. 25, 2015).

⁶ Rates Rehearing and RTOR Issues Order at P 76.

⁷ *Id.*

⁸ As used herein, the term "MISO Tariff" shall mean MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff or its successor tariff, as may be amended by the Commission. Unless otherwise defined herein, all capitalized terms shall be as defined in the MISO Tariff.

⁹ *Midcontinent Indep. Sys. Operator, Inc.*, 147 FERC ¶ 61,161 (2014); *Midcontinent Indep. Sys. Operator, Inc.*, 147 FERC ¶ 61,162 (2014).

WHEREAS, on July 31, 2015, ESI filed an Offer of Partial Settlement in the above-captioned proceedings, and on October 5, 2015, the presiding judge, Judge Dring, certified the Offer of Partial Settlement;

WHEREAS, on October 8, 2015, Judge Dring issued an order establishing the procedural schedule in Docket No. EL14-19-002, and the Chief Judge on October 19, 2015, granted an unopposed motion to hold that procedural schedule in abeyance until January 5, 2016, as extended by subsequent orders until March 4, to allow parties to reinitiate settlement discussions with respect to issues not resolved by the Offer of Partial Settlement (“Unresolved Issues”);

WHEREAS, on December 14, 2015, the Settling Parties reached a settlement in principle on the Unresolved Issues;

NOW THEREFORE, the Settling Parties hereby agree as follows:

II. SETTLEMENT AND RELEASE OF CLAIMS

This Settlement Agreement is intended to establish a mechanism to smooth certain rate impacts associated with the transition of certain long-term firm point-to-point transmission service agreements entered originally with the Entergy Operating Companies but which have since become service agreements under the MISO Tariff in connection with the Entergy Operating Companies becoming transmission owning members of MISO. In addition, the TSA Customers have contested various aspects of the Entergy Operating Companies’ becoming transmission-owner members and integrating into MISO, and this Settlement Agreement is also intended to resolve the issues and concerns that they have raised.

This Settlement Agreement is not intended to alter any of the terms in the Offer of Partial Settlement filed with the Commission by ESI on July 31, 2015 in Docket Nos. ER13-948, *et al.*, and is intended only to address and resolve the Unresolved Issues.

A. Transition Mechanism for Charges Under MISO Tariff Schedules 7, 8 and 26

The Settling Parties agree as follows:

(1) *Applicability.* This Settlement Agreement applies to long-term firm point-to-point transmission service agreements (“Settlement Service Agreements”) that (a) were executed pursuant to the Entergy Open Access Transmission Tariff (“Entergy OATT”)¹⁰ prior to December 19, 2013 for service terms of five years or longer; (b) contain service start dates beginning no later than February 27, 2014; (c) have been transitioned to long-term firm point-to-point transmission service agreements under the MISO Tariff;¹¹ (d) involve (1) firm point-to-point transmission service where the generation source is located within the Entergy Operating Companies’ Transmission System and the sink is located outside of the MISO Transmission System Region; or (2) firm point-to-point transmission service where both the generation source and sink are located outside of the MISO Transmission System Region, but with a path through the Entergy Operating Companies’ Transmission System;¹² (e) do not specify a path which required the customer to pay the MISO RTOR prior to the Entergy Operating Companies’ integration into MISO; and (f) have been executed by a transmission service customer who is either a Settling Party or an Additional Settling Party.¹³

(2) *Schedule 7 Transition.* Customers taking service pursuant to one of the Settlement Service Agreements (“Settlement Service Agreement Customers”) shall pay monthly

¹⁰ The Entergy OATT was originally filed in FERC Docket No. ER95-112.

¹¹ With few exceptions, all of these transmission service agreements were identified and succeeded to MISO and transitioned to service under the MISO Tariff in Docket No. ER14-148, as accepted by the Commission.

¹² The Entergy Operating Companies’ Transmission System is comprised of the FERC-jurisdictional transmission facilities owned by the Entergy Operating Companies.

¹³ A list of the Settlement Service Agreements of the Settling Parties is provided as Attachment A.

MISO Schedule 7 charges applicable to each Settlement Service Agreement according to the following transition schedule:

(a) The Schedule 7 charges assessed pursuant to the Settlement Service Agreements shall be transitioned from an Entergy-only RTOR to the MISO-wide RTOR over a ten-year period (the “Schedule 7 Transition Period”) as set forth in this section.

(b) During each month of Year 1 of the Schedule 7 Transition Period, which begins on December 19, 2013 and runs through December 31, 2014, the applicable Schedule 7 rate for each Settlement Service Agreement shall be an Entergy-only RTOR,¹⁴ to be calculated based on the Attachment O formula rate templates for the Entergy Operating Companies, using the 2014 True-Up (which is defined as the Actual Annual Transmission Revenue Requirement for the 2014 calendar year).¹⁵

(c) During each month of Year 2 of the Schedule 7 Transition Period, which is calendar year 2015, the applicable Schedule 7 rate for each Settlement Service Agreement shall be an Entergy-only RTOR, to be calculated in Year 2 based on the Attachment O formula rate templates for the Entergy Operating Companies.¹⁶

¹⁴ The Entergy-only RTOR will be the sum of each Entergy Operating Company’s ATRR divided by the sum of the divisors for each Entergy Operating Company. The ATRR will be the Net Revenue Requirement reported on line 193, column “True-up” of Appendix A of each Entergy Attachment O template for Year 1 and Year 2. The ATRR will be the Net Adjusted Revenue Requirement reported on line 195, column “Projected” of Appendix A of each Entergy Attachment O template for Year 3 and every subsequent Year. The divisor will be the Average of the 12 CP reported on line 200 of Appendix A of each Entergy Attachment O template.

¹⁵ The 2014 True-Up was included in the Settlement Attachment O templates that were publicly posted on the Entergy Operating Companies’ OASIS page on October 30, 2015.

¹⁶ For Year 2 and each year of the Schedule 7 Transition Period, MISO will re-calculate the Entergy-only RTOR and the MISO-wide RTOR using applicable Attachment O rates, as trued-up consistent with applicable procedures. MISO will use the 2015 True-Up to calculate Year 2 rates.

(d) During each month of Year 3 of the Schedule 7 Transition Period, which is calendar year 2016, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{3,m} = \text{RTOR}_{E,3,m} + ((1/8) * (\text{RTOR}_{M,3,m} - \text{RTOR}_{E,3,m})),$$

where

$R_{3,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 3 of the Schedule 7 Transition Period;

$\text{RTOR}_{E,3,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 3 of the Schedule 7 Transition Period; and

$\text{RTOR}_{M,3,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 3 of the Schedule 7 Transition Period.¹⁷

(e) During each month of Year 4 of the Schedule 7 Transition Period, which is calendar year 2017, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{4,m} = \text{RTOR}_{E,4,m} + ((1/4) * (\text{RTOR}_{M,4,m} - \text{RTOR}_{E,4,m})),$$

where

$R_{4,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 4 of the Schedule 7 Transition Period;

$\text{RTOR}_{E,4,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 4 of the Schedule 7 Transition Period; and

Beginning in Year 3, MISO will use the “projected” columns of the Attachment O submittals to develop rates.

¹⁷ The MISO-wide RTOR is calculated in accordance with MISO’s Attachment O – Rate Formulae, 2, MISO Formulaic Rates, lines 22-44. The MISO-wide RTOR is updated at least twice a year: on January 1 and on June 1, at minimum. The applicable monthly MISO-wide RTOR for Years 3 through 10 of the Schedule 7 Transition Period is the RTOR in effect for the billing month.

$RTOR_{M,4,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 4 of the Schedule 7 Transition Period.

(f) During each month of Year 5 of the Schedule 7 Transition Period, which is calendar year 2018, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{5,m} = RTOR_{E,5,m} + ((3/8) * (RTOR_{M,5,m} - RTOR_{E,5,m})),$$

where

$R_{5,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 5 of the Schedule 7 Transition Period;

$RTOR_{E,5,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 5 of the Schedule 7 Transition Period; and

$RTOR_{M,5,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 5 of the Schedule 7 Transition Period.

(g) During each month of Year 6 of the Schedule 7 Transition Period, which is calendar year 2019, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{6,m} = RTOR_{E,6,m} + ((1/2) * (RTOR_{M,6,m} - RTOR_{E,6,m})),$$

where

$R_{6,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 6 of the Schedule 7 Transition Period;

$RTOR_{E,6,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 6 of the Schedule 7 Transition Period; and

$RTOR_{M,6,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 6 of the Schedule 7 Transition Period.

- (h) During each month of Year 7 of the Schedule 7 Transition Period, which is calendar year 2020, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{7,m} = RTOR_{E,7,m} + ((5/8) * (RTOR_{M,7,m} - RTOR_{E,7,m})),$$

where

$R_{7,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 7 of the Schedule 7 Transition Period;

$RTOR_{E,7,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 7 of the Schedule 7 Transition Period; and

$RTOR_{M,7,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 7 of the Schedule 7 Transition Period.

- (i) During each month of Year 8 of the Schedule 7 Transition Period, which is calendar year 2021, the monthly applicable Schedule 7 rate for each Settlement Service Agreement Customer shall equal the following:

$$R_{8,m} = RTOR_{E,8,m} + ((3/4) * (RTOR_{M,8,m} - RTOR_{E,8,m})),$$

where

$R_{8,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 8 of the Schedule 7 Transition Period;

$RTOR_{E,8,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 8 of the Schedule 7 Transition Period; and

$RTOR_{M,8,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 8 of the Schedule 7 Transition Period.

- (j) During each month of Year 9 of the Schedule 7 Transition Period, which is calendar year 2022, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the following:

$$R_{9,m} = RTOR_{E,9,m} + ((7/8) * (RTOR_{M,9,m} - RTOR_{E,9,m})),$$

where

$R_{9,m}$ is the Schedule 7 rate applicable to Settlement Service Agreements in the relevant billing month of Year 9 of the Schedule 7 Transition Period;

$RTOR_{E,9,m}$ is the Entergy-only RTOR calculated for the relevant billing month of Year 9 of the Schedule 7 Transition Period; and

$RTOR_{M,9,m}$ is the MISO-wide RTOR calculated for the relevant billing month of Year 9 of the Schedule 7 Transition Period.

- (k) During each month of Year 10 of the Schedule 7 Transition Period, which is calendar year 2023, the monthly applicable Schedule 7 rate for each Settlement Service Agreement shall equal the MISO-wide RTOR calculated for the relevant billing month. The Schedule 7 Transition Period terminates at the end of Year 10.

- (l) *Rollover Requests.* For any Settlement Service Agreement Customer that exercises a Rollover Request in accordance with the MISO Tariff¹⁸ for a Settlement Service Agreement during the Schedule 7 Transition Period, such Settlement Service Agreement will continue to be assessed the Schedule 7 settlement rate, as defined above in subsections (a)-(k) (“Schedule 7 Settlement

¹⁸ See MISO Tariff, Section 2.2 Reservation Priority for Existing Firm Service Customer.

Rate”) for the duration of the Schedule 7 Transition Period, notwithstanding any circumstances that might otherwise require the Settlement Service Agreement Customer submitting the Rollover Request to pay the Tariff rate.¹⁹

(m) *Switch to MISO-wide RTOR.* If at any time during the Schedule 7 Transition Period the relevant Entergy-only RTOR is greater than or equal to the MISO-wide RTOR, as may be in effect at that time, MISO shall post a notice of the switch on its Open Access Same-time Information System (“OASIS”), and each Settlement Service Agreement shall be switched by MISO to the MISO-wide RTOR in place of the Schedule 7 Settlement Rate in the same month the OASIS posting is made. Once such a switch occurs, the Settlement Service Agreements shall remain at the MISO-wide RTOR and will not revert back to the Schedule 7 Settlement Rate, even if the MISO-wide RTOR subsequently becomes higher than an Entergy-only RTOR. In the event a switch occurs, it shall have no effect on the Schedule 26 Transition described in Section II.A(4).

(3) *Limited Schedule 8 Transition.* Settlement Service Agreement Customers that redirect their transmission reservations on a non-firm basis pursuant Sections 22.1 and 22.2 of the MISO Tariff²⁰ to another sink located outside of the MISO Transmission System Region and thereby take such point-to-point service under Schedule 8 rather than Schedule 7 shall pay Schedule 8 charges applicable to each Settlement Service Agreement according to the following transition schedule:

¹⁹ See *id.*

²⁰ See MISO Tariff, Section 22.1 Modifications on a Non-Firm Basis; Section 22.2 Additional Charge to Prevent Abuse.

(a) The Schedule 8 charges assessed pursuant to the Settlement Service Agreements shall be transitioned from an Entergy-only RTOR to the MISO-wide RTOR over a two-year period (the “Schedule 8 Transition Period”).

(b) During each month of Year 1 of the Schedule 8 Transition Period, which begins on December 19, 2013 and runs through December 31, 2014, the applicable Schedule 8 rate shall be equal to the Schedule 7 rate for the same period established in Section II.A(2)(b).

(c) During each month of Year 2 of the Schedule 8 Transition Period, which is calendar year 2015, the applicable Schedule 8 rate shall be equal to the Schedule 7 rate for the same period established in Section II.A(2)(c).

(d) The Schedule 8 Transition Period concludes at the end of Year 2. Beginning on January 1, 2016 and continuing thereafter, no settlement treatment shall apply to any Schedule 8 service taken pursuant to a Settlement Service Agreement. For clarity, the Settling Parties specifically acknowledge and agree that, for purposes of applying Sections 22.1 and 22.2 of the MISO Tariff, including MISO’s calculation of any “higher of” charges, the applicable Schedule 8 rate shall be as stated in the MISO Tariff, except as provided under paragraphs (a)-(c) above.

(4) *Schedule 26 Transition.* Settlement Service Agreement Customers shall pay monthly MISO Schedule 26 charges applicable to Settlement Service Agreements according to the following transition schedule:

- (a) The Schedule 26 charges assessed pursuant to the Settlement Service Agreements shall be transitioned in over a thirteen-year period (the “Schedule 26 Transition Period”) as set forth in this section.
- (b) During each month of Year 1 of the Schedule 26 Transition Period, which begins on December 19, 2013 and runs through December 31, 2014, the Settlement Service Agreement Customers shall pay no Schedule 26 charges on Settlement Service Agreements.
- (c) During each month of Years 2 through 5 of the Schedule 26 Transition Period, which runs in calendar years 2015, 2016, 2017, and 2018, respectively, the Settlement Service Agreement Customers shall pay no Schedule 26 charges on Settlement Service Agreements.
- (d) During each month of Year 6 of the Schedule 26 Transition Period, which runs in calendar year 2019, the Settlement Service Agreement Customers shall pay 12.5% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.²¹
- (e) During each month of Year 7 of the Schedule 26 Transition Period, which runs in calendar year 2020, the Settlement Service Agreement Customers shall pay 25% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.
- (f) During each month of Year 8 of the Schedule 26 Transition Period, which runs in calendar year 2021, the Settlement Service Agreement Customers shall

²¹ MISO updates Schedule 26 out-and-through rates at least twice per year. Monthly charges for Years 6 through 13 of the Schedule 26 Transition Period shall be determined with respect to the then-current rate for each month.

pay 37.5% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.

(g) During each month of Year 9 of the Schedule 26 Transition Period, which runs in calendar year 2022, the Settlement Service Agreement Customers shall pay 50% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.

(h) During each month of Year 10 of the Schedule 26 Transition Period, which runs in calendar year 2023, the Settlement Service Agreement Customers shall pay 62.5% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.

(i) During each month of Year 11 of the Schedule 26 Transition Period, which runs in calendar year 2024, the Settlement Service Agreement Customers shall pay 75% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.

(j) During each month of Year 12 of the Schedule 26 Transition Period, which runs in calendar year 2025, the Settlement Service Agreement Customers shall pay 87.5% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements.

(k) During each month of Year 13 of the Schedule 26 Transition Period, which runs in calendar year 2026, the Settlement Service Agreement Customers shall pay 100% of the then-current Schedule 26 out-and-through rate on Settlement Service Agreements. The Schedule 26 Transition Period terminates at the end of Year 13.

(l) *Rollover Requests.* For any Settlement Service Agreement Customer that exercises a Rollover Request in accordance with the MISO Tariff²² for a Settlement Service Agreement during the Schedule 26 Transition Period, such Settlement Service Agreement shall continue to be assessed the applicable settlement rate for Schedule 26 charges, as defined above in subsections (a)-(k), for the first year of the renewed service only. After the end of the first year of the renewed service, the renewed Settlement Service Agreement shall revert to MISO's otherwise applicable, non-settlement out-and-through rate for Schedule 26.

(5) *Schedule 26-A.* Schedule 26-A charges shall be assessed to Settlement Service Agreement Customers in accordance with transitional Tariff provisions first approved in FERC Docket No. ER12-480. No separate settlement treatment is provided for Schedule 26-A and nothing in this Settlement Agreement changes how Schedule 26-A charges apply to Settlement Service Agreement Customers.

B. Implementation

(1) *Interim Implementation of Settlement Rates.* The Settling Parties desire to implement the Year 3 rate provisions of this Settlement Agreement—applicable to calendar year 2016—as early as possible and in advance of the Settlement Effective Date. Simultaneously with the filing of the Settlement Agreement, and to recognize the possibility that the Settlement Effective Date may not yet be established during the time the Settling Parties desire to implement the rates agreed to in the Settlement Agreement, the Settling Parties shall file a joint motion requesting that, pending the Commission's consideration and acceptance or approval of

²² See MISO Tariff, Section 2.2 Reservation Priority for Existing Firm Service Customer.

the Settlement Agreement, the Commission allow implementation of Year 3 rate provisions (including associated MISO Tariff revisions) effective January 1, 2016. The Settling Parties will request shortened response periods and expedited approval of the motion by no later than March 7, 2016. The Settling Parties shall also request that the order providing for interim implementation of settlement rates also approve implementation of Section II.B(5) so that refunds may be made if interim rate relief has been implemented, but the Commission neither accepts nor approves the Settlement Agreement, or the Settlement Agreement is terminated pursuant to Section II.C(6)(c). Upon approval of the motion, MISO shall, in the immediately next invoicing cycle in which such interim rates can be implemented by MISO, provide Year 3 settlement treatment for any charges subject to settlement provisions and incurred pursuant to Settlement Service Agreements, as defined in Section II.A.

Without limiting the foregoing, the Settling Parties acknowledge that implementing the Year 3 settlement treatment will require revisions to MISO's systems and software, and, consequently, refunds for the months of January, February, March and April 2016 will be delayed, but shall be processed as soon as practicable, in any event within one hundred twenty (120) days after an order approving the relief sought in this Section. In the event that MISO requires more than one hundred twenty (120) days to implement interim relief, it shall confer with the Settling Parties and explain the steps it has taken, and the reason why additional time is required, before making any filing with FERC seeking to extend the deadline beyond one hundred twenty (120) days. Settling Parties reserve full rights to participate in any such proceeding. In the event that the relief set forth in this section is granted, then MISO shall provide refunds for Year 1 and Year 2 in accordance with Section II.B(3).

(2) *Implementation Absent Interim Relief.* If the interim relief set forth in Section II.B(1) is not granted, then MISO, in the immediately next invoicing cycle after which settlement rates are authorized and can be implemented by MISO, shall commence invoicing Settlement Service Agreement Customers at the then-applicable Year settlement rate.

(3) *Refunds for Past Periods.* Upon satisfaction of the conditions of Section II.C(6)(b) of the Settlement Agreement, MISO will provide a refund to each Settlement Service Agreement Customer for charges subject to settlement provisions and that were incurred pursuant to Settlement Service Agreements in Year 1 (December 19, 2013 through December 31, 2014) and in Year 2 (calendar year 2015), as well as any later invoicing cycles that were invoiced before settlement rates are implemented. MISO shall pay the initial, lump-sum refund associated with Schedules 7 and 8,²³ as specified in Section II.B(3)(b), in the immediately next invoicing cycle after the date which is ninety (90) days after a Commission order approving or accepting this Settlement Agreement. MISO shall also pay the Schedule 26 refunds in the immediately next invoicing cycle after the date which is ninety (90) days after a Commission order approving or accepting this Settlement Agreement.

a. *Extension of Time.* In the event that MISO requires more than ninety (90) days to implement the refunds, it shall confer with the Settling Parties and explain the steps it has taken, and the reason why additional time is required, before making any filing with FERC seeking to extend the deadline beyond ninety (90) days. Settling Parties reserve full rights to participate in any such proceeding.

²³ As provided in Settlement Agreement Section II.A(3), settlement treatment for Schedule 8 is provided only during the Schedule 8 Transition Period, which runs from December 19, 2013 through December 31, 2015 (Years 1 and 2 of the corresponding Schedule 7 Transition Period).

b. *Schedules 7 and 8 Rebidding.* In order to meet the timing requirements of Section II.B(3), MISO shall provide an initial, lump-sum refund for actual billings in Year 1 and in Year 2 through the use of the Schedules 7 and 8 Initial Refund RTORs (“Initial Refund RTORs”). In performing the initial, lump-sum refund calculations for Year 1, the Initial Refund RTOR to be utilized by MISO shall be \$28,600 per megawatt-year (“MW-yr”). Likewise, in performing the initial, lump-sum refund calculations for Year 2, the Initial Refund RTOR to be utilized by MISO shall be \$30,200/MW-yr.²⁴ The Settling Parties recognize that the resulting initial, lump-sum refund is only an approximation for the Schedules 7 and 8 refunds owed to the Settlement Service Agreement Customers, and the actual settlement rates prescribed in Sections II.A(2) and II.A(3) depend on the Entergy Operating Companies’ Attachment O Templates, which are subject to modification in response to a Commission order on the Offer of Partial Settlement filed in Docket Nos. ER13-948, *et al.* (“Offer of Partial Settlement”) or as a result of standard update and true-up procedures. Consequently, MISO will conduct a billing adjustment after the initial refund and after any Commission action in response to the Offer of Partial Settlement to ensure that refunds for Years 1 and 2 are consistent with the rates required in Sections II.A(2) and II.A(3) of this Settlement Agreement. In addition, if the interim relief set forth in Section II.B(1) is not granted, then refunds for any periods after Year 1 and Year 2, including the billing period in which the Commission issues an order accepting or approving the Settlement Agreement, will be provided through this billing adjustment. There shall be no timing constraint on when this billing adjustment must be completed.

(4) *No Interest.* No interest will be included on any refunds due to the Settlement Service Agreement Customers pursuant to this Settlement Agreement.

²⁴ MISO will use the Initial Refund RTOR values to calculate the related monthly, weekly, daily and hourly rates for Years 1 and 2.

(5) *Unwinding Interim Relief.* In the event that the relief set forth in Section II.B(1) is granted, but the Settlement Agreement is neither approved nor accepted by the Commission, or it is terminated as set forth in Section II.C(3)(c), then MISO shall calculate the difference between (1) the charges invoiced to Settlement Service Agreement Customers under their respective Settlement Service Agreements at settlement rates and (2) the charges that would have been applicable to the same Settlement Service Agreements at the effective filed rate, for all periods of time in which MISO has issued either invoices or refunds pursuant to the relief set forth in Section II.B(1), and invoice each Settlement Service Agreement Customer for the resulting amount in the immediate next invoicing cycle in which such charges can be implemented by MISO. The billing and payment provisions of the MISO Tariff shall apply to these invoices, and such charges shall not be subject to any interest.

The Settling Parties acknowledge that unwinding interim relief will require revisions to MISO's systems and software and, consequently, invoices may be delayed, but shall be processed as soon as practicable, in any event within one hundred eighty (180) days after an order approving the relief sought in this Section. In the event that MISO requires more than one hundred eighty (180) days to unwind the interim relief, it shall confer with the Settling Parties and explain the steps it has taken, and the reason why additional time is required, before making any filing with FERC seeking to extend the deadline beyond one hundred eighty (180) days. Settling Parties reserve full rights to participate in any such proceeding.

C. General Provisions

(1) *Resolution of All Existing Claims.* The Settling Parties irrevocably waive and release any rights, claims, remedies, or causes of action they may have against any other Settling Party arising out of or relating to FERC Docket No. EL14-19; provided, however, that nothing herein shall bar any action or proceeding to enforce the terms of this Settlement Agreement.

Within fifteen (15) days of the Settlement Effective Date, the Settlement Service Agreement Customers, ESI, and the MISO Transmission Owners shall withdraw all outstanding claims in the captioned dockets. In addition, within fifteen (15) days of the issuance of a FERC order approving this Settlement Agreement, the TSA Customers shall withdraw or otherwise terminate all of their pending challenges before the Commission and in the courts to proceedings related to the integration of the Entergy Operating Companies into MISO. These challenges are (1) petition for review of Commission orders in Docket No. ER12-2681, *et al.* in the U.S. Court of Appeals for the District of Columbia Circuit (“D.C. Circuit”), Case No. 15-1288; (2) comments opposing the Offer of Partial Settlement in Docket Nos. ER13-948, *et al.*; (3) petition for review of Commission orders in Docket No. ER14-148, D.C. Circuit Case No. 15-1287; (4) requests for rehearing of the Commission’s order in Docket No. EL15-66; and (5) limited protest of an application for transaction authorization in Docket No. EC15-98. Within fifteen (15) days of the Settlement Effective Date, the MISO Transmission Owners shall withdraw their request for rehearing pending in Docket No. EL15-66.²⁵ Within fifteen (15) days of the Settlement Effective Date, NRG Power Marketing LLC shall withdraw any pending request for rehearing or petition for review of a Commission order or orders in Docket No. EL16-3. Finally, notwithstanding the foregoing portions of this Section II.C(1), no Settling Party or Additional Settling Party releases any rights, claims, remedies, or causes of action related to proceedings in Docket No. ER14-1736.

(2) *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

²⁵ The MISO Transmission Owners shall withdraw their request for rehearing of *S. Co. Servs., Inc., et al. v. Midcontinent Indep. Sys. Operator, Inc.*, 153 FERC ¶ 61,026 (2015) only in Docket No. EL15-66. The request for rehearing shall remain in Docket No. EL15-77.

matters agreed to herein. The Settling Parties agree that the Settlement Agreement raises no disputed issues of material fact, is supported by all Settling Parties and all Additional Settling Parties, and should be approved as just and reasonable, and in the public interest.

(3) *No Principles Established.* No Settling Party or Additional Settling Party shall be prejudiced or bound hereby in any proceeding except as specifically provided herein, and no Settling Party or Additional Settling 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 Settling Party or Additional Settling 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 Settling Party or Additional Settling Party. FERC's approval of this Settlement Agreement will not constitute the approval of, or precedent concerning, any principle, issue, or matter in this proceeding. Nothing in this Settlement Agreement will be deemed a "settled practice" as set forth in *Public Service Comm'n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

(4) *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 (2015), and unless it becomes effective in accordance with Section II.C(6)(b) hereof, the Settlement Agreement shall be privileged and shall not be admissible in evidence in any proceeding for use against any Settling Party, Additional Settling 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 Settling Party, Additional Settling 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, except for the purpose of enforcing the terms of the Settlement Agreement.

(5) *Non-Severability.* This Settlement Agreement is an integrated, negotiated package, and the various parts hereof are not severable without upsetting the balance of consideration and compromises achieved among the Settling Parties. Except as provided in Section II.B, no Settling Party or Additional Settling Party shall be bound to any undertaking herein unless this Settlement Agreement becomes effective as described below in Section II.C(6).

(6) *Commission Approval and Effectiveness.*

(a) The Settling 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 Settling Parties in good faith shall defend the Settlement Agreement in the proceedings before the Commission, or in any appellate proceedings.

(b) The effectiveness of this Settlement Agreement is contingent upon FERC approval. The Settlement Effective Date shall be that date on which FERC approves or accepts the Settlement Agreement in its entirety, without any material condition or modification, or, in the event of a material condition or modification, no Settling Party shall have exercised timely its right under Section II.C(6)(c) 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.

(c) If the Commission approves or accepts the Settlement Agreement, but with any material condition or modification, then any Settling Party adversely affected by such material condition or modification shall have the right to terminate the Settlement Agreement by notifying the Commission and all Settling Parties and other participants of such termination within thirty (30) days following the date of the Commission 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 Settling Party, such Settling Party may seek rehearing, but seeking rehearing shall not toll the above 30-day deadline for terminating the agreement. In the event the Settlement Agreement is terminated pursuant to this Section II.C(6)(c), it shall not be admissible in evidence and shall have no effect in this or any other proceeding.

(d) Prior to any Settling Party invoking its right to terminate the Settlement Agreement pursuant to Section II.C(6)(c), that Settling Party will make a good faith effort to confer with all Settling Parties, no later than fourteen (14) days after the issuance of a Commission or court order imposing any material condition or modification with respect to the Settlement Agreement.

(7) *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 Settling Party waives any claim or right which it may otherwise have with respect to any matters not expressly provided for herein.

(8) *Integrated Agreement.* This Settlement Agreement supersedes all previous representations, understandings, negotiations, and agreements, either written or oral, between or among the Settling Parties or their representatives, with respect to the subject matter hereof, and constitutes the entire agreement of the Settling 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 Settling Parties and accepted or approved by the Commission.

(9) *Standard of Review.* The standard of review for any modifications to this Settlement Agreement, whether offered by Settling Parties, Additional Settling Parties or non-parties, will be the just and reasonable standard of review. *See Devon Power LLC*, 126 FERC ¶ 61,027 (2009), *citing Me. Pub. Util. Comm'n v. FERC*, 520 F.3d 464 (D.C. Cir. 2008).

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

(11) *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.

(12) *No Construction Against Drafter.* The language used in this Settlement Agreement is the product of all Settling Parties' joint efforts. Accordingly, each Settling 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.

(13) *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 Settling Party at the address set forth below (or to such other designated person or to such other address as a Settling 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 Settling Parties.

(14) *Successors and Assigns.* This Settlement Agreement shall be binding upon and for the benefit of the Settling Parties and Additional Settling Parties and their successors and assigns.

(15) *Conforming Settlement Service Agreements.* Within sixty (60) days of the Settlement Effective Date, any party to a Settlement Service Agreement may request of the other parties to that Settlement Service Agreement that they engage in good faith negotiation to make such changes as may be necessary to remove from the Settlement Service Agreement references to the Entergy OATT and otherwise make such changes as necessary to reflect the fact that MISO is now the Transmission Service Provider, *provided, however*, that such changes shall be ministerial in nature, with no substantive changes to the nature of service provided or the rates, terms and conditions for such service. The parties shall use commercially reasonable efforts to complete such negotiations and file resulting changes with FERC within ninety (90) days, if necessary.

(16) *Conforming MISO Tariff Revisions.* Within thirty (30) days of the Settlement Effective Date, MISO shall file with the Commission conforming revisions to its Tariff, substantially as set forth in Attachment C to this Settlement Agreement. The effective date of these Tariff revisions shall be the Settlement Effective Date or, in the event the motion for

interim relief provided under Section II.B(1) hereof is granted, the date on which such interim relief becomes effective.

D. Additional Settling Parties

(1) *Required Process.* Any customer that wishes to receive the benefit of the Settlement Agreement's provisions must satisfy the requirements contained in this section by the date established herein. A customer taking service pursuant to a service agreement that meets all of the applicability criteria stated in Section II.A(1) is eligible to join this Settlement Agreement as an Additional Settling Party and Settlement Service Agreement Customer if, and only if, the customer satisfies all of the following conditions: (a) the customer shall execute the form contained in Attachment B, assenting to all terms of this Settlement Agreement, and shall file the executed form in FERC Docket No. EL14-19-002 no later than March 16, 2016; (b) the customer shall submit, at the same time it submits the executed form, (1) information sufficient to demonstrate that its service agreement meets all of the applicability criteria in Section II.A(1), (2) information for its service agreement equivalent to that included for the Settlement Service Agreements identified in Attachment A, and (3) a copy of the executed Entergy service agreement that serves as the basis for the MISO service agreement that the customer claims meets the applicability criteria in Section II.A(1); and (c) pursuant to Section II.D(1), the customer shall withdraw or otherwise terminate any and all of its pending challenges before the Commission and in the courts to proceedings related to the integration of the Entergy Operating Companies into MISO. Agreement to the terms of the Settlement Agreement is to all of the terms of the Settlement Agreement, and customer waives all rights, claims, remedies, or causes of action related to the difference between the customer's rates under its Settlement Service Agreement(s) with Entergy and MISO Schedule 7, Schedule 8, Schedule 26 and Schedule 26-A charges.

(2) *Withdrawal Right.* If the Commission approves or accepts the Settlement Agreement, but with any material condition or modification, then any Additional Settling Party adversely affected by such material condition or modification shall have the right to withdraw from the Settlement Agreement by notifying the Commission and all Settling Parties and other participants of such withdrawal within thirty (30) days following the date of the Commission 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 Additional Settling Party, then such Additional Settling Party may seek rehearing, but seeking rehearing shall not toll the above 30-day deadline for withdrawal from the agreement. In the event that an Additional Settling Party withdraws from the Settlement Agreement pursuant to this section, then it shall cease to be an Additional Settling Party and will no longer be bound to comply with the requirements of Section II.D(1).

(3) *OASIS Posting.* Within one day following the filing of this Settlement Agreement, MISO shall post notice of the filing of this Settlement Agreement and the dates, actions, and requirements contained in Section II.D(1) on its OASIS. The notice shall instruct MISO's customers on how to find a copy of the Settlement Agreement and any supporting materials, and it shall state that any customer that is not yet a Settlement Service Agreement Customer and Settling Party or Additional Settling Party must satisfy the requirements contained in Section II.D(1) by the date established therein or said customer will not receive the benefit of the Settlement Agreement's provisions.

Authorized Signatories:

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Dated: February 25, 2016

Attachment A: Settling Parties' Settlement Service Agreements

Settlement Service Agreements Docket No. EL14-19-002		
MISO_MARKET_PARTICIPANT_LEGAL_NAME	NERC ID	MISO_OASIS_RESERVATION_NUMBER
ASSOCIATED ELECTRIC COOPERATIVE, INC.	APM	78974950
ASSOCIATED ELECTRIC COOPERATIVE, INC.	APM	78974951
SOUTHERN COMPANY SERVICES, INC. (acting as agent for Buffalo Dunes Wind Project, LLC)	SWE	79087977
CARTHAGE WATER AND ELECTRIC PLANT	CWEP	78974965/79480249/80048023
SOUTHERN COMPANY SERVICES, INC. (acting as agent for Chisholm View)	SWE	78975014
EAST TEXAS ELECTRIC COOP.	ETEC	78974966/80352023
THE EMPIRE DISTRICT ELECTRIC COMPANY	EDEP	79083502
THE EMPIRE DISTRICT ELECTRIC COMPANY	EDEP	79083503
KCP&L GREATER MISSOURI OPERATIONS COMPANY	UCU	78975017
KCP&L GREATER MISSOURI OPERATIONS COMPANY	UCU	78975018
KCP&L GREATER MISSOURI OPERATIONS COMPANY	UCU	78975019
KCP&L GREATER MISSOURI OPERATIONS COMPANY	UCU	78975020
CITY OF MALDEN	1073	79059808/79404831
MIDAMERICAN ENERGY COMPANY	MECB	78974992
MISSOURI JOINT MUNICIPAL	MEUC	78974996
MISSOURI JOINT MUNICIPAL	MEUC	78974998
MISSOURI JOINT MUNICIPAL	MEUC	78974997
NRG POWER MARKETING	NRG	78975941
POPLAR BLUFF	PBEL	79059810/79404833
PIGGOTT	PARL	79059809/79404832

Attachment B: Form of Agreement for Additional Settling Parties

In order for a customer that takes service pursuant to a transmission service agreement that meets all of the applicability criteria stated in Section II.A(1) of the Settlement Agreement to receive the benefit of the Settlement Agreement's provisions, the customer must satisfy the conditions set forth in Section II.D(1) by the date established therein and thereby become an Additional Settling Party. Among the requirements established in Section II.D(1) is that any such customer seeking to become an Additional Settling Party must execute this form and file it with the Commission in Docket No. EL14-19-002 by the date established in Section II.D(1).

Please note that this form consists of three pages. The form contains a Table B-1, in which customers shall provide specific information about their potentially settlement-eligible transmission service agreements. Following Table B-1, this form contains a reminder to attach to this form particular materials necessary to establish eligibility.

Compliance with the provisions contained in this form is not a substitute for strict compliance with and satisfaction of the requirements set forth in Section II.D(1) of the Settlement Agreement. Failure to comply with and satisfy the requirements set forth in Section II.D(1) by the date established therein will preclude a customer from receiving the benefit of the Settlement Agreement's provisions.

The undersigned hereby agrees to the following terms:

1. The undersigned has the authority to bind the customer named below to the provisions of the Settlement Agreement and to the provisions contained in this form.
2. The customer named below assents and agrees to be bound by all provisions of the Settlement Agreement.
3. The customer's transmission service agreement(s), as identified in Table B-1, meet(s) all of the applicability requirements provided in Section II.A(1) of the Settlement Agreement.
4. By executing this form, the customer named below waives all rights, claims, remedies, or causes of action related to the difference between the customer's rates under its Settlement Service Agreement(s) with Entergy and MISO Schedule 7, Schedule 8, Schedule 26 and Schedule 26-A charges.
5. The customer named below shall withdraw or otherwise terminate any and all of its pending challenges before the Commission and in the courts to proceedings related to the integration of the Entergy Operating Companies into MISO within fifteen (15) days of the Settlement Effective Date, as that term is defined in Section II.C(6)(c) of the Settlement Agreement. Pleadings, filings, or other forms of challenge to be withdrawn or otherwise terminated must be listed below:

Docket or Case No.	Description of Claim/Pleading to be Withdrawn or Terminated

6. In the event that the customer's transmission service agreement(s) are found not to satisfy all of the applicability criteria contained Section II.A(1) of the Settlement Agreement, (1) this executed form shall be null and void, (2) said customer shall not become an Additional Settling Party, and (3) the customer shall not receive the benefit of the provisions of the Settlement Agreement, nor shall the customer be bound by the provisions of the Settlement Agreement.

Signed: _____

Printed Name _____

Title: _____

For Customer: _____

Dated: _____

Table B-1: Customer's Transmission Service Agreements

MISO Market Participant Legal Name	NERC ID	MISO OASIS Reservation Number	Date of Service Agreement Under the Entergy OATT	Dates of Transmission Service	Generation Source Location	Sink Location	Reservation Size (MW)

REMINDER: *In order to qualify for the benefit of the provisions of the Settlement Agreement, the customer must comply with and satisfy all requirements contained in Section II.D(1) of the Settlement Agreement, including submitting, along with this form, (1) a copy of the relevant executed Entergy transmission service agreement or agreements, and (2) sufficient information regarding the customer's potentially eligible current transmission service agreement or agreements identified above to allow Settling Parties and the Commission to determine whether the customer and its transmission service agreement(s) meet the applicability criteria in Section II.A(1) of the Settlement Agreement.*

THIS FORM MUST BE FILED IN DOCKET NO. EL14-19 BY THE DATE SET FORTH IN SECT. II.D(1).

Attachment C: MISO Tariff Sheets

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point

Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. A Transmission Customer shall compensate an ITC for Reserved Capacity between Point(s) of Receipt and Point(s) of Delivery that are both on the ITC Transmission System in accordance with Schedule 7 of such ITC, which is included in this Tariff. All effective rates under this Schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 5, 6, 7, and 9. See Schedule 7 – Michigan for the Transmission System (Michigan). The rates will be recalculated each June 1 based on the prior full calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar year used in deriving the rates shall be the calendar or fiscal year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

For the American Transmission Company LLC, Zones 2A – 2E, the initial rates are listed below and will be in effect until January 1, 2002, unless modified by a compliance filing, otherwise the rates will be recalculated using the formula included in Attachment O – ATC and posted on the Transmission Provider's OASIS. For the rates are listed below. For each ITC, the

rates are calculated using Attachment O of such ITC, if applicable, which is included in this Tariff.

(1) Zonal Rates:¹ The Transmission Customer shall pay the zonal rate (per KW of reserved capacity) based upon the zone where the load is located for (1) Firm Point-To-Point Transmission Service where the generation source is outside the Transmission System Region and the load is located within the Transmission System Region and (2) Firm Point-To-Point Transmission Service where both the generation source and the load are located within the Transmission System Region.

The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-16, except as otherwise provided for by the Transmission Owner or provided for in an applicable Attachment O of such ITC. The zonal rates shall be adjusted by the Transmission Provider to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff.

The zones are as follows:

Zone 1: ITC Midwest LLC (includes Great River Energy, Tipton Municipal Utilities, Southern Minnesota Municipal Power Agency, Missouri River Energy Services as an agent with functional control of the transmission assets of Worthington Public Utilities, and certain Central Minnesota Municipal Power Agency members including City of Mountain Lake and City of Windom)

Zone 2A: American Transmission Company LLC - Madison Gas and Electric Company

Phase-in Revenue Requirement: \$ 8,505,235

Total NITS and long-term Point-To-Point kilowatts are: 6,153,350

Monthly Charge per MW:	\$ 1,382.37
Weekly Charge per MW:	\$ 319.01
On-Peak Daily Charge per MW:	\$ 53.17
Off-Peak Daily Charge per MW:	\$ 45.57

Zone 2B: American Transmission Company LLC - Wisconsin Public Service Corporation

Phase-in Revenue Requirement:	\$ 26,660,427
Total NITS and long-term Point-To-Point kilowatts are:	22,491,511
Monthly Charge per MW:	\$ 1,185.36
Weekly Charge per MW:	\$ 273.54
On-Peak Daily Charge per MW:	\$ 45.59
Off-Peak Daily Charge per MW:	\$ 39.08

Zone 2C: American Transmission Company LLC - Wisconsin Power and Light Company

Phase-in Revenue Requirement:	\$ 37,385,581
Total NITS and long-term Point-To-Point kilowatts are:	25,004,146
Monthly Charge per MW:	\$ 1,495.18
Weekly Charge per MW:	\$ 345.04
On-Peak Daily Charge per MW:	\$ 57.51
Off-Peak Daily Charge per MW:	\$ 49.29

Zone 2D: American Transmission Company LLC - Wisconsin Energy Corporation

Phase-in Revenue Requirement:	\$ 74,209,812
Total NITS and long-term Point-To-Point kilowatts are:	61,249,590
Monthly Charge per MW:	\$ 1,211.60
Weekly Charge per MW:	\$ 279.60
On-Peak Daily Charge per MW:	\$ 46.60
Off-Peak Daily Charge per MW:	\$ 39.94

Zone 2E: American Transmission Company LLC - Upper Peninsula Power Company

Phase-in Revenue Requirement:	\$5,910,435
Total NITS and long-term Point-To-Point kilowatts are:	1,689,408
Monthly Charge per MW:	\$3,498.52
Weekly Charge per MW:	\$807.35
On-Peak Daily Charge per MW:	\$134.56
Off-Peak Daily Charge per MW:	\$115.34

Zone 3A: Ameren Illinois Company (includes Ameren Transmission Company of Illinois
and Prairie Power, Inc.)

Zone 3B: Ameren Missouri

Zone 4: [Reserved]

Zone 5: Duke Energy Indiana, Inc. (includes Indiana Municipal Power Agency and
Wabash Valley Power Association)

Zone 6: City of Columbia, Missouri

- Zone 7: City Water, Light & Power (Springfield, Illinois)
- Zone 8: Great River Energy (includes NSP Companies, Missouri River Energy Services as an agent with functional control of the transmission assets of Hutchinson Utilities Commission, Southern Minnesota Municipal Power Agency, Central Minnesota Municipal Power Agency as an agent with functional control of the transmission assets of certain of its members including Elk River Municipal Utilities, and Willmar Municipal Utilities)
- Zone 9: Hoosier Energy
- Zone 10: International Transmission Company (includes Michigan Public Power Agency)
- Zone 11: Indianapolis Power & Light Company
- Zone 12: Lincoln Electric (Neb.) System **AVAILABILITY SUSPENDED**
- Zone 13: Michigan Joint Zone (includes Michigan Electric Transmission Company, LLC, Consumers Energy Company and Michigan Joint Zone Subzone)
- Zone 13A: Michigan Joint Zone Subzone (includes Michigan Public Power Agency and certain of its Members including Grand Haven Board of Light and Power, Traverse City Light and Power, and Zeeland Board of Public Works and Wolverine Power Supply Cooperative, Inc. as both Transmission Owners and Michigan Joint Zone Subzone Load and Michigan South Central Power Agency as Michigan Joint Zone Subzone Load). Zone 13A rates are calculated and applied in accordance with Section 7 of this Schedule.
- Zone 14: Allete, Inc. dba Minnesota Power, Inc. (includes Great River Energy)
- Zone 15: Montana-Dakota Utilities Co.

- Zone 16: NSP Companies (includes Great River Energy, Northwestern Wisconsin Electric Company, Southern Minnesota Municipal Power Agency, Minnesota Municipal Power Agency, Rochester Public Utilities, Missouri River Energy Services as an agent with functional control of the transmission assets of Marshall Municipal Utilities, and Central Minnesota Municipal Power Agency as an agent with functional control of the transmission assets of certain of its members including Blue Earth Board of Public Works, Delano Water, Light & Power Commission, and Glencoe Light and Power Commission)
- Zone 17: Northern Indiana Public Service Company
- Zone 18: Otter Tail Power Company (includes Great River Energy, Missouri River Energy Services as an agent with functional control of the transmission assets of ALP Utilities, City of Benson, Minnesota and the City of Detroit Lakes, Minnesota and its own facilities)
- Zone 19: Southern Illinois Power Cooperative
- Zone 20: Southern Minnesota Municipal Power Agency (includes Great River Energy, and Rochester Public Utilities)
- Zone 21: Aquila, Inc. – Kansas (West Plains Energy) **AVAILABILITY SUSPENDED**
- Zone 22: Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.) **AVAILABILITY SUSPENDED**
- Zone 23: Vectren Energy
- Zone 24: MidAmerican Energy Company (includes Cedar Falls Utilities (CFU), Atlantic Municipal Utilities (AMU), Iowa Public Power Agency (IPPA), Montezuma

Municipal Light & Power, Tipton Municipal Utilities, City of Pella Electric
Department, City of Eldridge, and City of Ames)

Zone 25: Muscatine Power and Water

Zone 26: Dairyland Power Cooperative (includes Northwestern Wisconsin Electric
Company)

Zone 27: Big Rivers Electric Corporation

Zone 28: Entergy Arkansas, Inc. (includes Arkansas Electric Cooperative Corporation)

Zone 29: Entergy Louisiana, LLC (includes Entergy New Orleans, Inc., Entergy Gulf States
Louisiana, L.L.C., and Cleco Power LLC)

Zone 30: Entergy Mississippi Inc. (includes South Mississippi Electric Power Association)

Zone 31: Entergy Texas, Inc. (includes East Texas Electric Cooperative, Inc.)

Zone 32: Cleco Power LLC (includes City of Alexandria, Louisiana)

Zone 33: South Mississippi Electric Power Association

Zone 34: Lafayette City-Parish Consolidated Government

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an ITC transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(1)(a) Allete, Inc. - High Voltage Direct Current (HVDC) Rates

Transmission Customers taking Firm HVDC Service shall pay the Firm HVDC Service rate (per KW of reserved capacity) for their load that is served or deemed to be served pursuant to Section 27A of the Tariff by Allete’s HVDC transmission facilities as defined in the Agency Agreement for Open Access Transmission Service over Non-Transferred HVDC Facilities between Allete, Inc. d/b/a Minnesota Power and Midwest Independent Transmission System Operator, Inc. (“Agency Agreement”). The Allete, Inc. Firm HVDC rates will be calculated in accordance with the Allete, Inc. Attachment O approved by the Commission and will be adjusted to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff. Revenue requirements and load deemed to be served by the HVDC facilities subject to the Agency Agreement will not be included in the calculation of the Single System-Wide Rates discussed below. Revenue collected under this provision shall be distributed in accordance with the Agency Agreement.

To eliminate rate pancaking, any new original request for Firm Point-to-Point Transmission Service on the MISO alternating-current (AC) system that sinks at the HVDC facility subject to the Agency Agreement will receive a \$0 rate. AC transmission service that is redirected to a sink at such HVDC facility will be subject to applicable “higher-of” pricing, as set forth in Section 22.3 of the Tariff.

(2) Single System-Wide Rates: The Transmission Customer shall pay the applicable single system-wide rate for (1) Firm Point-To-Point Transmission Service where the generation source is located within the Transmission System Region and the load is located outside of the Transmission System Region; and (2) Firm Point-To-Point Transmission Service where both the

generation source and the load are located outside of the Transmission System Region. The single system-wide rate shall be adjusted by the Transmission Provider to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff.

(3) Rates to the PJM Interconnection, LLC, et al.: In accordance with the Commission's November 18, 2004 Order in Docket Nos. ER05-6, EL04-135, EL02-111 and EL03-212, *Midwest Independent Transmission System Operator, Inc.* 109 FERC ¶ 61,168 (2004), beginning on December 1, 2004, the charge under Section (2) above for Points of Delivery at the border of the Transmission System Region for reservations pursuant to requests made on or after November 17, 2003, for service commencing on or after April 1, 2004, shall not apply to transactions to serve load within the area served under the open access transmission tariff on file with the Commission of the PJM Interconnection, LLC where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff. Beginning April 1, 2006, the charge under Section (2) above for Points of Delivery at the border of the Transmission Provider Region shall not apply to all transactions to serve load within the area served under the open access transmission tariff on file with the Commission of PJM Interconnection, LLC, where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff.

(4) Caps: The total demand charge in any week, pursuant to a reservation for daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week.

(5) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all

Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the Transmission System.

(6) Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

(7) Zone Specific Rates and Revenue Requirements: The formula in Attachment O or the applicable ITC Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23-44, except as otherwise provided in an applicable ITC Attachment O. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner.

In calculating the rates under Attachment O for the Michigan Joint Zone and the Michigan Joint Zone Subzone, Michigan Electric Transmission Company, LLC, Wolverine Power Supply Cooperative, Inc. and Michigan Public Power Agency, and any additional

Transmission Owners that may be included in the Michigan Joint Zone, must quantify the load in the Michigan Joint Zone served under ownership entitlements granting use of the METC transmission system associated with jointly-owned facilities consistent with the Commission's directives in Docket No. ER02-2458-001. This load shall be submitted to the Transmission Provider as a schedule appended to Attachment O, and shall adhere to the same calendar or fiscal year reporting requirements as Attachment O and shall be consistent with the divisor from Attachment O.

The Transmission Provider shall determine the Michigan Joint Zone Subzone rate by dividing a) the sum of non-METC net revenue requirements from Attachment O, page 1, line 7, allocated to the Michigan Joint Zone by the sum of b) divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor, plus c) all load served under ownership entitlements associated with jointly-owned facilities in the Michigan Joint Zone as appended to Attachment O. The Michigan Joint Zone Subzone rate shall be applied to all ownership entitlement load.

The zonal rate for the Michigan Joint Zone shall be a) the METC net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor and the METC divisor shall not include load served under ownership entitlements, plus b) the Consumers Energy Company net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor and the Consumers Energy Company divisor shall not include load served under

ownership entitlements, plus c) the rate for the Michigan Joint Zone Subzone. The Michigan Joint Zone Rate shall be applied to all loads within the Michigan Joint Zone, excluding the ownership entitlement load paying the Michigan Joint Zone Subzone rate.

Transmission Customers with Points of Delivery in Zone 1, and whose transmission service requires the use of integrated transmission facilities owned by Central Iowa Power Cooperative (“CIPCO”) as determined by Article IV of the Midwest ISO Rate Schedule No. 32 (“Coordination Agreement By and Among Midwest Independent Transmission System Operator Inc., ITC Midwest L.L.C., Interstate Power and Light Company, and Central Iowa Power Cooperative”) shall pay the ITC Midwest LLC zonal rate and the Central Iowa Power Cooperative Tariff Rate.

(8) Joint Zone Rate Development

- a) The transmission rates within each of the following pricing zones will be the same for all Transmission Customers within the pricing zone. Except as indicated below, the transmission rates for the following pricing zones reflect the sum of the revenue requirements for each Transmission Owner within the pricing zone as calculated under Attachment O divided by the aggregate average of the twelve (12) month coincident peak Loads for the pricing zone (Attachment O zonal transmission rates).

Zone 5 - Duke Energy Indiana, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)

Zone 3A - Ameren Illinois Company (includes Ameren Transmission Company of Illinois and Prairie Power, Inc.)

Zone 13 – Michigan Joint Zone (for non-ownership entitlement load, Zone 13 rates are calculated and applied in accordance with the provisions of Section (7) above).

Zone 13A – Michigan Joint Zone Subzone (for ownership entitlement load, Zone 13A rates are calculated and applied in accordance with the provisions of Section (7) above.)

Zone 24 – MidAmerican Energy Company (includes Cedar Falls Utilities (CFU), Atlantic Municipal Utilities (AMU), Iowa Public Power Agency (IPPA), Montezuma Municipal Light & Power, Tipton Municipal Utilities, City of Pella Electric Department, City of Eldridge, and City of Ames)

Zone 28 – Entergy Arkansas, Inc. (includes Arkansas Electric Cooperative Corporation (AECC))

Zone 31 – Entergy Texas, Inc. (includes East Texas Electric Cooperative, Inc. (ETEC))

- b) This provision applies to each pricing zone with Transmission Owners that own transmission facilities in more than one pricing zone. Within each such pricing zone, Attachment O zonal transmission rates are based on the sum of the revenue requirements for all Attachment O zonal transmission facilities located within that pricing zone divided by the aggregate Load served by all Transmission Owners within that pricing zone.

The aggregate Load is the sum of the twelve (12) month average of the coincident peak Loads served by all Transmission Owners in each pricing zone. Attachment O, which is submitted by each Transmission Owner to the Transmission Provider, sets forth the total revenue requirement for all Attachment O zonal transmission facilities owned by each Transmission Owner in all pricing zones as Net Revenue Requirement from Attachment O, page 1, Line 7. Attachment O zonal transmission facilities, for each Transmission Owner, are derived based on the gross transmission facilities by pricing zone less Attachment GG, Attachment MM, and Attachment ZZ gross transmission facilities by pricing zone. Net Revenue Requirement excludes the Attachment GG, Attachment MM, and Attachment ZZ transmission revenue requirement for transmission facilities, the costs of which are recovered under Schedules 26, 26-A, and 45 of the Tariff. Unless otherwise authorized by the Commission upon application by a Transmission Owner in one of the pricing zones identified in Section 8(b), each Transmission Owner's total Net Revenue Requirement is allocated proportionately to each pricing zone in which the Transmission Owner owns Attachment O zonal transmission facilities based on the gross transmission plant value of all of its transmission facilities that are recovered in Attachment O zonal transmission rates located in that pricing zone relative to the gross transmission plant value of all of its transmission facilities that are recovered in Attachment O zonal transmission rates and in all pricing zones, as reflected in Attachment O. Attachment O also sets forth each Transmission Owner's total Load served in all

pricing zones. The portion of each Transmission Owner's total Load that is served by that Transmission Owner in each pricing zone is included in the rate calculations of the pricing zone in which the Load is located.

The pricing zones with Transmission Owners that own facilities located in other pricing zones are:

Zone 1 – ITC Midwest LLC (includes facilities owned by Southern Minnesota Municipal Power Agency (SMMPA), Great River Energy (GRE), Missouri River Energy Services as an agent with functional control of the transmission assets of Worthington Public Utilities and certain Central Minnesota Municipal Power Agency members including City of Mountain Lake and City of Windom)

Zone 8 – Great River Energy (includes facilities owned by SMMPA, Missouri River Energy Services as an agent with functional control of the transmission assets of Hutchinson Utilities Commission, Northern States Power Companies (NSP), Central Minnesota Municipal Power Agency as an agent with functional control of transmission assets of certain of its members including Elk River Municipal Utilities, and Willmar Municipal Utilities)

Zone 10 – International Transmission Company (International) (includes facilities owned by Michigan Public Power Agency (MPPA))

Zone 14 – Allete, Inc dba Minnesota Power Inc. (includes facilities owned by GRE)

Zone 16 – NSP Companies (includes facilities owned by SMMPA, Northwestern Wisconsin Electric Company, GRE, Minnesota Municipal Power Agency, Rochester Public Utilities, Missouri River Energy Services as an agent with functional control of the transmission assets of Marshall Municipal Utilities, and Central Minnesota Municipal Power Agency, as an agent with functional control of the transmission assets of certain of its members including Blue Earth Board of Public Works, Delano Water, Light & Power Commission, and Glencoe Light and Power Commission)

Zone 18 – Otter Tail Power Company (includes facilities owned by GRE, Missouri River Energy Services as an agent with functional control of the transmission assets of ALP Utilities, City of Benson, Minnesota and the City of Detroit Lakes, Minnesota and its own facilities)

Zone 20 – Southern Minnesota Municipal Power Agency (includes facilities owned by Rochester Public Utilities)

Zone 26 – Dairyland Power Cooperative (includes facilities owned by Northwestern Wisconsin Electric Company)

Zone 29 – Entergy Louisiana, LLC (includes facilities owned by Entergy New Orleans, Inc., Entergy Gulf States Louisiana, L.L.C., and Cleco Power LLC)

Zone 30 – Entergy Mississippi Inc. (includes facilities owned by South Mississippi Electric Power Association (SMEPA))

Zone 32 – Cleco Power LLC (includes City of Alexandria, Louisiana)

(9) Compliance with Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.

(10) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event that the Transmission Provider initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

(11) Transitional Rates for Certain Settlement Service Agreements Transactions: In accordance with the Settlement Agreement filed in Docket No. EL14-19-002 on February 1, 2016, as accepted in *Midcontinent Independent System Operator, Inc.*, FERC ¶ 10,152 (2016) (“Settlement Agreement”), the charge under Section (2) above for transactions under certain defined Settlement Service Agreements shall be determined and applied, during the Schedule 7 Transition Period, as provided in the Settlement Agreement. For purposes of this Section (11), the terms “Settlement Service Agreements” and “Schedule 7 Transition Period” shall be as defined in the Settlement Agreement.

¹ After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph A.1 of the ISO Agreement pursuant to a filing made by the ISO and Transmission Owners.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below in addition to other applicable charges specified in the Tariff. A Transmission Customer shall compensate an ITC for Reserved Capacity between Point(s) of Receipt and Point(s) of Delivery that are both on the ITC System in accordance with Schedule 8 of such ITC, which is included in this Tariff. All effective rates under this Schedule shall be posted on the Transmission Provider's OASIS. The rates are calculated using the formula included in Attachment O, pages 1 and 2 except as provided in Sections 5, 6, 7 and 9. *See* Schedule 8 – Michigan for the Transmission System (Michigan). The rates will be recalculated each June 1 based on the prior calendar or fiscal year. The initial rates will be calculated based on a prior full calendar or fiscal year period. However, if the initial rates are to take effect between January 1 and June 1 of a year, then the calendar or fiscal year used in deriving the rates shall be the calendar year preceding the last calendar or fiscal year. These initial rates then would be recalculated effective on June 1 based on the prior full calendar or fiscal year.

For the American Transmission Company LLC, Zones 2A – 2E, the initial rates are listed below and will be in effect until January 1, 2002, unless modified by a compliance filing, otherwise the rates will be recalculated using the formula included in Attachment O – ATC and posted on the Transmission Provider's OASIS. For the rates are listed below. For each ITC, the rates are calculated using Attachment O of such ITC, if applicable, which is included in this tariff.

- (1) Zonal Rates:**¹ The Transmission Customer shall pay the zonal rate (per kW of reserved capacity) based upon the zone where the load is located within the Transmission System for
- (1) Non-Firm Point-To-Point Transmission Service where the generation source is outside the Transmission System Region and the load is located within the Transmission System Region and
- (2) Non-Firm Point-To-Point Transmission Service where both the generation source and the load are located within the Transmission Provider Region.

The zonal rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 2-16, except as otherwise provided for by the Transmission Owner or provided for in an applicable Attachment O of an ITC. The zonal rates shall be adjusted by the Transmission Provider to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff.

The zones are as follows:

Zone 1: ITC Midwest LLC (includes Great River Energy, Tipton Municipal Utilities, Southern Minnesota Municipal Power Agency, Missouri River Energy Services as an agent with functional control of the transmission assets of Worthington Public Utilities and certain Central Minnesota Municipal Power Agency members including City of Mountain Lake and City of Windom)

Zone 2A: American Transmission Company LLC - Madison Gas and Electric Company

Phase-in Revenue Requirement: \$ 8,505,235

Total NITS and long-term Point-To-Point kilowatts are: 6,153,350

Monthly Charge per MW: \$ 1,382.37

Weekly Charge per MW: \$ 319.01

Effective On:

On-Peak Daily Charge per MW:	\$	53.17
Off-Peak Daily Charge per MW:	\$	45.57
On-Peak Hourly Charge per MW:	\$	3.32
Off-Peak Hourly Charge per MW:	\$	2.22

Zone 2B: American Transmission Company LLC - Wisconsin Public Service Corporation

Phase-in Revenue Requirement:	\$	26,660,427
Total NITS and long-term Point-To-Point kilowatts are:		22,491,511
Monthly Charge per MW:	\$	1,185.36
Weekly Charge per MW:	\$	273.54
On-Peak Daily Charge per MW:	\$	45.59
Off-Peak Daily Charge per MW:	\$	39.08
On-Peak Hourly Charge per MW:	\$	2.85
Off-Peak Hourly Charge per MW:	\$	1.90

Zone 2C: American Transmission Company LLC - Wisconsin Power and Light Company

Phase-in Revenue Requirement:	\$	37,385,581
Total NITS and long-term Point-To-Point kilowatts are:		25,004,146
Monthly Charge per MW:	\$	1,495.18
Weekly Charge per MW:	\$	345.04
On-Peak Daily Charge per MW:	\$	57.51
Off-Peak Daily Charge per MW:	\$	49.29

On-Peak Hourly Charge per MW: \$ 3.59

Off-Peak Hourly Charge per MW: \$ 2.40

Zone 2D: American Transmission Company LLC - Wisconsin Energy Corporation

Phase-in Revenue Requirement: \$ 74,209,812

Total NITS and long-term Point-To-Point kilowatts are: 61,249,590

Monthly Charge per MW: \$ 1,211.60

Weekly Charge per MW: \$ 279.60

On-Peak Daily Charge per MW: \$ 46.60

Off-Peak Daily Charge per MW: \$ 39.94

On-Peak Hourly Charge per MW: \$ 2.91

Off-Peak Hourly Charge per MW: \$ 1.94

Zone 2E: American Transmission Company LLC - Upper Peninsula Power Company

Phase-in Revenue Requirement: \$ 5,910,435

Total NITS and long-term Point-To-Point kilowatts are: 1,689,408

Monthly Charge per MW: \$ 3,498.52

Weekly Charge per MW: \$ 807.35

On-Peak Daily Charge per MW: \$ 134.56

Off-Peak Daily Charge per MW: \$ 115.34

On-Peak Hourly Charge per MW: \$ 8.41

Off-Peak Hourly Charge per MW: \$ 5.61

- Zone 3A: Ameren Illinois Company (includes Ameren Transmission Company of Illinois and Prairie Power, Inc.)
- Zone 3B: Ameren Missouri
- Zone 4: [Reserved]
- Zone 5: Duke Energy Indiana, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)
- Zone 6: City of Columbia, Missouri
- Zone 7: City Water, Light & Power (Springfield, Illinois)
- Zone 8: Great River Energy (includes NSP Companies, Missouri River Energy Services as an agent with functional control of the transmission assets of Hutchinson Utilities Commission, Southern Minnesota Municipal Power Agency, Central Minnesota Municipal Power Agency as an agent with functional control of the transmission assets of certain of its members including Elk River Municipal Utilities, and Willmar Municipal Utilities)
- Zone 9: Hoosier Energy
- Zone 10: International Transmission Company (includes Michigan Public Power Agency)
- Zone 11: Indianapolis Power & Light Company
- Zone 12: Lincoln Electric (Neb.) System **AVAILABILITY SUSPENDED**
- Zone 13: Michigan Joint Zone (includes Michigan Electric Transmission Company, LLC, Consumers Energy Company and Michigan Joint Zone Subzone,)

- Zone 13A: Michigan Joint Zone Subzone (includes Michigan Public Power Agency and certain of its Members including Grand Haven Board of Light and Power, Traverse City Light and Power, and Zeeland Board of Public Works, and Wolverine Power Supply Cooperative, Inc. as both Transmission Owners and Michigan Joint Zone Subzone Load and Michigan South Central Power Agency as Michigan Joint Zone Subzone Load). Zone 13A rates are calculated and applied in accordance with Section 7 of this Schedule.
- Zone 14: Allete, Inc. dba Minnesota Power, Inc. (includes Great River Energy)
- Zone 15: Montana-Dakota Utilities Co.
- Zone 16: NSP Companies (includes Great River Energy, Northwestern Wisconsin Electric Company, Southern Minnesota Municipal Power Agency, Minnesota Municipal Power Agency, Rochester Public Utilities, Missouri River Energy Services as an agent with functional control of the transmission assets of Marshall Municipal Utilities, and Central Minnesota Municipal Power Agency, as an agent with functional control of the transmission assets of certain of its members including Blue Earth Board of Public Works, Delano Water, Light & Power Commission, and Glencoe Light and Power Commission)
- Zone 17: Northern Indiana Public Service Company
- Zone 18: Otter Tail Power Company (includes Great River Energy, Missouri River Energy Services as an agent with functional control of the transmission assets of ALP Utilities, City of Benson, Minnesota and the City of Detroit Lakes, Minnesota and its own facilities)

- Zone 19: Southern Illinois Power Cooperative
- Zone 20: Southern Minnesota Municipal Power Agency (includes Great River Energy, and Rochester Public Utilities)
- Zone 21: Aquila, Inc. – Kansas (West Plains Energy) **AVAILABILITY SUSPENDED**
- Zone 22: Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.) **AVAILABILITY SUSPENDED**
- Zone 23: Vectren Energy
- Zone 24: MidAmerican Energy Company (includes Cedar Falls Utilities (CFU), Atlantic Municipal Utilities (AMU), Iowa Public Power Agency (IPPA), Montezuma Municipal Light & Power, Tipton Municipal Utilities, City of Pella Electric Department, City of Eldridge, and City of Ames)
- Zone 25: Muscatine Power and Water
- Zone 26: Dairyland Power Cooperative (includes Northwestern Wisconsin Electric Company)
- Zone 27: Big Rivers Electric Corporation
- Zone 28: Entergy Arkansas, Inc. (includes Arkansas Electric Cooperative Corporation)
- Zone 29: Entergy Louisiana, LLC (includes Entergy New Orleans, Inc., Entergy Gulf States Louisiana, L.L.C., and Cleco Power LLC)
- Zone 30: Entergy Mississippi Inc. (includes South Mississippi Electric Power Association)
- Zone 31: Entergy Texas, Inc. (includes East Texas Electric Cooperative, Inc.)
- Zone 32: Cleco Power LLC (includes City of Alexandria, Louisiana)
- Zone 33: South Mississippi Electric Power Association

Zone 34: Lafayette City-Parish Consolidated Government

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company (“ITC”) transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

(1)(a) Allete, Inc. - High Voltage Direct Current (HVDC) Rates

Transmission Customers taking Non-Firm HVDC Service shall pay the Non-Firm HVDC Service rate (per KW of reserved capacity) for their load that is served or deemed to be served pursuant to Section 27A of the Tariff by Allete’s HVDC transmission facilities as defined in the Agency Agreement for Open Access Transmission Service over Non-Transferred HVDC Facilities between Allete, Inc. d/b/a Minnesota Power and Midwest Independent Transmission System Operator, Inc. (“Agency Agreement”). The Allete, Inc. Non-Firm HVDC rates will be calculated in accordance with the Allete, Inc. Attachment O approved by the Commission and will be adjusted to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff. Revenue requirements and load deemed to be served by the HVDC facilities subject to the Agency Agreement will not be included in the calculation of the Single System-Wide Rates discussed below. Revenue collected under this provision shall be distributed in accordance with the Agency Agreement.

To eliminate rate pancaking, any new original request for Non-Firm Point-to-Point Transmission Service on the MISO alternating-current (AC) system that sinks at the HVDC facility subject to the Agency Agreement will receive a \$0 rate.

(2) Single System-Wide Rates: The Transmission Customer shall pay the applicable single system-wide rate for (1) Non-Firm Point-To-Point Transmission Service where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) Non-Firm Point-To-Point Transmission Service where both the generation source and the load are located outside of the Transmission Provider Region. The single system-wide rates shall be calculated in accordance with Attachment O, p. 2 of 2, lines 23-44. The single system-wide rate shall be adjusted by the Transmission Provider to reflect those charges collected under Schedules 26, 26-A, and 45 of this Tariff.

(3) Rates to the PJM Interconnection, LLC: In accordance with the Commission's November 18, 2004 Order in Docket Nos. ER05-6, EL04-135, EL02-111 and EL03-212, *Midwest Independent Transmission System Operator, Inc.* 109 FERC ¶ 61,168 (2004), beginning on December 1, 2004, the charge under Section (2) above for Points of Delivery at the border of the Transmission System Region for reservations pursuant to requests made on or after November 17, 2003, for service commencing on or after April 1, 2004, shall not apply to transactions to serve load within the area served under the open access transmission tariff on file with the Commission of the PJM Interconnection, LLC where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff. Beginning April 1, 2006, the charge under Section (2) above for Points of Delivery at the border of the Transmission Provider Region shall not apply to all transactions to serve loads within the area served under the

open access transmission tariff on file with the Commission of PJM Interconnection, LLC, where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff.

(4) Caps: The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the weekly rate times the highest amount in kilowatts of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the daily rate times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

(5) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

(6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by section 23.1 of the Tariff.

(7) **Zone Specific Rates and Revenue Requirements:** The formula in Attachment O or the applicable ITC Attachment O shall be used to establish rates for each zone unless the Commission allows a modification to the formula, a new formula, or different rates to be used for a zone or zones. In such event, the rates for the affected zone or zones shall reflect the Commission accepted changes and be included in the calculation of the single system-wide rates in accordance with Attachment O, p. 2 of 2, lines 23 - 44, except as otherwise provided in an applicable ITC Attachment O. The calculation of the single system-wide rates will also include the zonal rates for any Coordinating Owner.

In calculating the rates under Attachment O for the Michigan Joint Zone and the Joint Zone Subzone, Michigan Electric Transmission Company, LLC, Wolverine Power Supply Cooperative, Inc. and Michigan Public Power Agency, and any additional Transmission Owners that may be included in the Michigan Joint Zone, must quantify the load in the Michigan Joint Zone served under ownership entitlements granting use of the METC transmission system associated with jointly-owned facilities consistent with the Commission's directives in Docket No. ER02-2458-001. This load shall be submitted to the Transmission Provider as a schedule appended to Attachment O, and shall adhere to the same calendar or fiscal year reporting requirements as Attachment O and shall be consistent with the divisor from Attachment O.

The Transmission Provider shall determine the Michigan Joint Zone Subzone rate by dividing a) the sum of non-METC net revenue requirements from Attachment O, page 1, line 7,

allocated to the Michigan Joint Zone by the sum of b) divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor, plus c) all load served under ownership entitlements associated with jointly-owned facilities in the Michigan Joint Zone as appended to Attachment O. The Michigan Joint Zone Subzone rate shall be applied to all ownership entitlement load.

The zonal rate for the Michigan Joint Zone shall be a) the METC net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor and the METC divisor shall not include load served under ownership entitlements, plus b) the Consumers Energy Company net revenue requirement from Attachment O, page 1, line 7, divided by the sum of divisors from Attachment O, page 1, line 15, allocated to the Michigan Joint Zone, provided that there shall be no duplication of load in the divisor and the Consumers Energy Company divisor shall not include load served under ownership entitlements, plus c) the rate for the Michigan Joint Zone Subzone. The Michigan Joint Zone Rate shall be applied to all loads within the Michigan Joint Zone, excluding the ownership entitlement load paying the Michigan Joint Zone Subzone rate.

Transmission Customers with Points of Delivery in Zone 1, and whose transmission service requires the use of integrated transmission facilities owned by Central Iowa Power Cooperative (“CIPCO”) as determined by Article IV of MISO Rate Schedule No. 32 (“Coordination Agreement By and Among Midcontinent Independent System Operator Inc., ITC Midwest L.L.C., Interstate Power and Light Company, and Central Iowa Power Cooperative”) shall pay the ITC Midwest LLC zonal rate and the Central Iowa Power Cooperative Tariff Rate.

(8) Joint Zone Rate Development

- a) The transmission rates within each of the following pricing zones will be the same for all Transmission Customers within the pricing zone. Except as indicated below, the transmission rates for the following pricing zones reflects the sum of the revenue requirements for each Transmission Owner within the pricing zone as calculated under Attachment O divided by the aggregate average of the twelve (12) month coincident peak Loads for the pricing zone (Attachment O zonal transmission rates).

Zone 5 - Duke Energy Indiana, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)

Zone 3A - Ameren Illinois Company (includes Ameren Transmission Company of Illinois and Prairie Power, Inc.)

Zone 13 - Michigan Joint Zone (for non-ownership entitlement load, Zone 13 rates are calculated and applied in accordance with the provisions of Section (7) above.)

Zone 13A - Michigan Joint Zone Subzone (for ownership entitlement load, Zone 13A rates are calculated and applied in accordance with the provisions of Section (7) above.)

Zone 24 - MidAmerican Energy Company (includes Cedar Falls Utilities (CFU), Atlantic Municipal Utilities (AMU), Iowa Public Power Agency (IPPA), Montezuma Municipal Light & Power, Tipton Municipal

Utilities, City of Pella Electric Department, City of Eldridge, and City of Ames)

Zone 28 – Entergy Arkansas, Inc. (includes Arkansas Electric Cooperative Corporation (AECC))

Zone 31 - Entergy Texas, Inc. (includes East Texas Electric Cooperative, Inc. (ETEC))

- b) This provision applies to each pricing zone with Transmission Owners that own transmission facilities in more than one pricing zone. Within each such pricing zone, Attachment O zonal transmission rates are based on the sum of the revenue requirements for all Attachment O zonal transmission facilities located within that pricing zone divided by the aggregate Load served by all Transmission Owners within that pricing zone.

The aggregate Load is the sum of the twelve (12) month average of the coincident peak Loads served by all Transmission Owners in each pricing zone. Attachment O, which is submitted by each Transmission Owner to the Transmission Provider, sets forth the total revenue requirement for all Attachment O zonal transmission facilities owned by each Transmission Owner in all pricing zones as Net Revenue Requirement from Attachment O, page 1, Line 7. Attachment O zonal transmission facilities, for each Transmission Owner, are derived based on the gross transmission facilities by pricing zone less Attachment GG, Attachment MM, and Attachment ZZ gross transmission facilities by pricing zone. Net Revenue Requirement excludes the Attachment GG, Attachment MM, and

Attachment ZZ transmission revenue requirement for transmission facilities, the costs of which are recovered under Schedules 26, 26-A, and 45 of the Tariff.

Unless otherwise authorized by the Commission upon application by a Transmission Owner in one of the pricing zones identified in Section 8(b), each Transmission Owner's total Net Revenue Requirement is allocated proportionately to each pricing zone in which the Transmission Owner owns Attachment O zonal transmission facilities based on the gross transmission plant value of all of its transmission facilities that are recovered in Attachment O zonal transmission rates located in that pricing zone relative to the gross transmission plant value of all of its transmission facilities that are recovered in Attachment O zonal transmission rates and in all pricing zones, as reflected in Attachment O. Attachment O also sets forth each Transmission Owner's total Load served in all pricing zones. The portion of each Transmission Owner's total Load that is served by that Transmission Owner in each pricing zone is included in the rate calculations of the pricing zone in which the Load is located.

The pricing zones with Transmission Owners that own facilities located in other pricing zones are:

Zone 1 – ITC Midwest LLC (includes facilities owned by Southern Minnesota Municipal Power Agency (SMMPA), Great River Energy (GRE), Missouri River Energy Services as an agent with functional control of the transmission assets of Worthington Public Utilities and certain

Central Minnesota Municipal Power Agency members including City of Mountain Lake and City of Windom)

Zone 8 – Great River Energy (includes facilities owned by SMMPA, Missouri River Energy Services as an agent with functional control of the transmission assets of Hutchinson Utilities Commission, Northern States Power Companies (NSP), Central Minnesota Municipal Power Agency, as an agent with functional control of transmission assets of certain of its members including Elk River Municipal Utilities, and Willmar Municipal Utilities)

Zone 10 – International Transmission Company (International) (includes facilities owned by Michigan Public Power Agency (MPPA))

Zone 14 – Allete, Inc. dba Minnesota Power Inc. (includes facilities owned by GRE)

Zone 16 – NSP Companies (includes facilities owned by SMMPA, Northwestern Wisconsin Electric Company, GRE, Minnesota Municipal Power Agency, Rochester Public Utilities, Missouri River Energy Services as an agent with functional control of the transmission assets of Marshall Municipal Utilities, and Central Minnesota Municipal Power Agency, as an agent with functional control of the transmission assets of certain of its members including Blue Earth Board of Public Works, Delano Water, Light & Power Commission, and Glencoe Light and Power Commission)

Zone 18 – Otter Tail Power Company (includes facilities owned by GRE, Missouri River Energy Services as an agent with functional control of the transmission assets of ALP Utilities, City of Benson, Minnesota and the City of Detroit Lakes, Minnesota and its own facilities)

Zone 20 – Southern Minnesota Municipal Power Agency (includes facilities owned by Rochester Public Utilities)

Zone 26 – Dairyland Power Cooperative (includes facilities owned by Northwestern Wisconsin Electric Company)

Zone 29 – Entergy Louisiana, LLC (includes facilities owned by Entergy New Orleans, Inc., Entergy Gulf States Louisiana, L.L.C., and Cleco Power LLC)

Zone 30 – Entergy Mississippi Inc. (includes facilities owned by South Mississippi Electric Power Association (SMEPA))

Zone 32 – Cleco Power LLC (includes City of Alexandria, Louisiana)

(9) Compliance With Agreements: If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.

(10) Credit for Charges During Transmission Loading Relief (TLR) Events: In the event that the Transmission Provider initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will

be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.

(11) Transitional Rates for Certain Settlement Service Agreements Transactions: In accordance with the Settlement Agreement filed in Docket No. EL14-19-002 on February __, 2016, as accepted in *Midcontinent Independent System Operator, Inc.*, FERC ¶ __ (__) (“Settlement Agreement”), the charge under Section (2) above for certain transactions under certain defined Settlement Service Agreements shall be determined and applied, during the Schedule 8 Transition Period, as provided in the Settlement Agreement. For purposes of this Section (11), the terms “Settlement Service Agreements” and “Schedule 8 Transition Period” shall be as defined in the Settlement Agreement.

¹ After the Transition Period, the zonal rate structure may be revised in accordance with Appendix C, Section II, Paragraph A.1 of the ISO Agreement pursuant to a filing made by the ISO and the Transmission Owners.

SCHEDULE 26

NETWORK UPGRADE CHARGE FROM TRANSMISSION EXPANSION PLAN

The Transmission Customer shall compensate the Transmission Provider the current Network Upgrade Charge (“NUC”) for Reserved Capacity at the sum of the applicable charges set forth below in addition to all other charges for Transmission Service for which the Transmission Customer is responsible under this Tariff. The rates are calculated using the formula included in Attachment GG of this Tariff.

The charges under this Schedule 26 shall be in addition to any charges under Schedules 7, 8, 9, and 26-A. Grandfathered Agreements, including the provision of Transmission Service, shall not be charged this Schedule 26.

- 1) Pricing Zone Rates:** The Transmission Customer shall pay the zonal rate as calculated under Attachment GG, per kW of Reserved Capacity, based upon the pricing zone where the load is located for Transmission Service (1) where the generation source is outside the Transmission Provider Region and the load is located within the Transmission Provider Region and (2) where both the generation source and the load are located within the Transmission Provider Region. The Network Customer shall pay the monthly rate as calculated under Attachment GG for the pricing zone where the load is located based on its Network Load. The rate for each pricing zone will be determined in accordance with the provisions of Attachment GG. Pricing zones will include a rate component of the NUC that is system-wide pursuant to Attachment FF, or limited to a specific Planning Area where a project terminates exclusively pursuant to Attachment FF-6, as provided

under Section 2 of Attachment GG and designated pricing zones will include an additional NUC rate component.

The pricing zones are as follows:

Zone 1:	ITC Midwest LLC
Zone 2:	American Transmission Company LLC
Zone 3A:	Ameren Illinois
Zone 3B:	Ameren Missouri
Zone 4:	[Reserved]
Zone 5:	Duke Energy Indiana, Inc. (includes Indiana Municipal Power Agency and Wabash Valley Power Association)
Zone 6:	City of Columbia, Missouri
Zone 7:	City Water, Light & Power (Springfield, Illinois)
Zone 8:	Great River Energy
Zone 9:	Hoosier Energy
Zone 10:	International Transmission Company
Zone 11:	Indianapolis Power & Light Company
Zone 12:	Lincoln Electric (Neb.) System AVAILABILITY SUSPENDED
Zone 13:	Michigan Joint Zone (Michigan Electric Transmission Company LLC, Michigan Public Power Agency, Wolverine Power Supply Cooperative, Inc. and Consumers Energy Company)
Zone 13A:	Michigan Joint Zone Subzone
Zone 14:	Minnesota Power, Inc.

Zone 15:	Montana-Dakota Utilities Co.
Zone 16:	NSP Companies
Zone 17:	Northern Indiana Public Service Company
Zone 18:	Otter Tail Power Company
Zone 19:	Southern Illinois Power Cooperative
Zone 20:	Southern Minnesota Municipal Power Agency
Zone 21:	Aquila, Inc. – Kansas (West Plains Energy) AVAILABILITY SUSPENDED
Zone 22:	Aquila, Inc. – Missouri (St. Joseph Light & Power and Missouri Public Service Co.) AVAILABILITY SUSPENDED
Zone 23:	Vectren Energy
Zone 24:	MidAmerican Energy Company
Zone 25:	Muscatine Power and Water
Zone 26:	Dairyland Power Cooperative
Zone 27:	Big Rivers Electric Corporation
Zone 28:	Entergy Arkansas, Inc.
Zone 29:	Entergy Louisiana, LLC
Zone 30:	Entergy Mississippi Inc.
Zone 31:	Entergy Texas, Inc.
Zone 32:	Cleco Power LLC
Zone 33:	South Mississippi Electric Power Association
Zone 34:	Lafayette City-Parish Consolidated Government

Additional zones may be added if a) additional Transmission Owners transfer

control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Schedules 7, 8 and 9 of this Tariff.

- 2) NUC Out and Through Rate:** The Transmission Customer shall pay the rate specified under Attachment GG for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.
- 3) Rates to the PJM Interconnection, LLC:** In accordance with the Commission's November 18, 2004 Order in Docket Nos. ER05-6, EL04-135, EL02-111 and EL03-212, *Midwest Independent Transmission System Operator, Inc.* 109 FERC ¶ 61,168 (2004), the charge under Section 2 above for Points of Delivery at the border of the Transmission Provider Region for reservations pursuant to requests made on or after November 17, 2003, for service commencing on or after April 1, 2004, shall not apply to transactions to serve load within the area served under the open access transmission tariff on file with the Commission of the PJM Interconnection, LLC where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff. Beginning April 1, 2006, the charge under Section (1) above for Points of Delivery at the border of the Transmission Provider Region shall not apply to all transactions to serve loads within the area served under the open access transmission tariff on file with the Commission of PJM Interconnection, LLC, where transmission service is taken under the PJM Interconnection, LLC open access transmission tariff.
- 4) Rate Caps:** The total demand charge in any week, pursuant to a reservation for Daily

delivery, shall not exceed the weekly rate times the highest amount in kW of Reserved Capacity in any day during such week. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the daily rate times the highest amount in kW of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the weekly rate above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

- 5) Credit for Charges During Transmission Loading Relief (TLR) Events:** In the event that the Transmission Provider initiates Curtailment of confirmed Point-To-Point Transmission Service on the Transmission System due to a TLR event in accordance with Attachment Q, credit will be given to the Transmission Customer(s) that are actually requested to curtail their energy schedules associated with the confirmed Point-To-Point Transmission Service. No credits will be given for: (1) TLR events external to the Transmission System; (2) Non-Firm Secondary Point-To-Point Transmission Service under a Firm Point-To-Point reservation; or, (3) Next-Hour Transmission Service. Under no circumstances shall the amount credited exceed the amount the customer was actually curtailed nor will credit be given for any hours other than those in which the Curtailment was requested.
- 6) Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant

or an affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same Point(s) of Delivery on the Transmission System.

- 7) **Compliance with Agreements:** If the Commission has allowed agreements to become effective which require a waiver of any of the charges under this Schedule, then such charges shall be waived.
- 8) **Revenue Distribution to Transmission Owners and ITCs:** As and to the extent that the Transmission Provider collects revenues from Transmission Customers, it shall remit such revenues to the Transmission Owner and/or ITC's in proportion to their annual pro-rata share of the total NUC revenue requirement as determined under Attachment GG.

(9) Transitional Rates for Certain Settlement Service Agreements Transactions: In accordance with the Settlement Agreement filed in Docket No. EL14-19-002 on February __, 2016, as accepted in *Midcontinent Independent System Operator, Inc.*, __ FERC ¶ __ () ("Settlement Agreement"), the charge under Section (2) above for transactions under certain defined Settlement Service Agreements shall be determined and applied, during the Schedule 26 Transition Period, as provided in the Settlement Agreement. For purposes of this Section (9), the terms "Settlement Service Agreements" and "Schedule 26 Transition Period" shall be as defined in the Settlement Agreement.

MISO
FERC Electric Tariff
SCHEDULES

SCHEDULE 26
Network Upgrade Charge From Transmission Expansion Plan
~~31.0.0~~, [32.0.0](#)

Effective On:

Attachment B

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midcontinent Independent System Operator, Inc.)	Docket No. ER13-948-004
)	
)	

Midcontinent Independent System Operator, Inc.)	Docket No. EL14-19-002
)	
)	

Midcontinent Independent System Operator, Inc.)	Docket No. ER14-649-001
)	
)	

Midcontinent Independent System Operator, Inc.)	Docket No. ER14-1645-001
)	
)	

EXPLANATORY STATEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission” or “FERC”), 18 C.F.R. § 385.602 (2015), the Settling Parties, herein defined as Associated Electric Cooperative, The Empire District Electric Company, Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company, Missouri Joint Municipal Electric Utility Commission, the City of Carthage, Missouri, the City of Malden, Missouri, the City of Piggott, Arkansas, Southern Company Services, Inc., by and on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company (collectively, “TSA Customers”); East Texas Electric Cooperative, Inc.; the NRG Companies;¹

¹ For purposes of this filing, the NRG Companies are Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, Cottonwood Energy Company LP, Louisiana Generating LLC, NRG Power

the City of Poplar Bluff, Missouri; the MISO Transmission Owners;² Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies;³ and Midcontinent Independent System Operator, Inc. (“MISO”) hereby submit this Explanatory Statement in connection with the Settlement Agreement and Offer of Settlement (“Settlement Agreement”) in the captioned proceedings. The Settling Parties have circulated the Settlement Agreement in draft form to parties to the captioned dockets and have not been informed that any party opposes the settlement.

This Explanatory Statement summarizes the Settlement Agreement, but does not modify or alter any provision of it. The Settling Parties intend that the Settlement Agreement speak for itself, and that this Explanatory Statement should not be used to interpret the Settlement Agreement. The Settling Parties respectfully request that the Commission approve the Settlement Agreement without modification or condition. The Settling Parties also request that the Commission approve the Settlement Agreement on an expedited basis to facilitate the resolution of the issues identified in the Settlement Agreement and to enable MISO to process refunds for past periods as soon as possible, as required by the terms of the Settlement Agreement. In particular, to the extent feasible, the Settling Parties respectfully request that the

Marketing LLC, NRG Sterlington Power LLC, NRG Wholesale Generation LP, and GenOn Energy Management, LLC.

² The MISO Transmission Owners for this filing consist of: American Transmission Company LLC; Big Rivers Electric Corporation; City Water, Light & Power (Springfield, IL); Dairyland Power Cooperative; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indianapolis Power & Light Company; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power, Inc.; 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 The Entergy Operating Companies are: Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.

Commission issue an order approving the Settlement Agreement by June 24, 2016, to allow for the expeditious processing by MISO of the refunds called for by the Settlement Agreement.

I. Case History and Background

The procedural background for the above-captioned proceedings began on February 15, 2013, when, pursuant to section 205 of the Federal Power Act (“FPA”),⁴ MISO and ESI filed company-specific formula rate templates modeled after the Attachment O to MISO’s Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff” or “MISO Tariff”),⁵ with modifications, for each of the Entergy Operating Companies in Docket No. ER13-948-000. The proposed formula rate templates were intended to establish each Entergy Operating Company’s Annual Transmission Revenue Requirements to be recovered under the MISO Tariff. MISO and ESI requested that the Commission accept the Entergy Operating Companies’ transmission formula rate templates effective as of the date the Entergy Operating Companies would join MISO as transmission-owning members, which ultimately occurred on December 19, 2013. Certain of the TSA Customers that entered into long-term commitments for point-to-point transmission service through or out of the Entergy transmission system prior to the Entergy Operating Companies becoming transmission-owning members of MISO protested ESI’s Attachment O filing.

On June 20, 2013, the Commission accepted in part and suspended in part the proposed formula rate templates, effective as of the date the Entergy Operating Companies would join MISO, and subject to refund pending the outcome of settlement or hearing procedures (the

⁴ 16 U.S.C. § 824d (2012).

⁵ Unless otherwise defined herein, all capitalized terms shall be as defined in the MISO Tariff.

“Rates Order”).⁶ In the Rates Order, the Commission set for hearing and settlement a number of issues related to the proposed Entergy Operating Companies’ formula rate templates.⁷ The Commission later determined, however, that “the RTOR issue was not among the issues that were set for hearing and settlement judge procedures in the Rates Order.”⁸ KCP&L, KCP&L Greater Missouri Operations Company, and The Empire District Electric Company have a joint appeal pending in the U.S. Court of Appeals for the District of Columbia Circuit regarding, among other matters, the particular issues that the Commission set for hearing and resolved in the Rates Order. By order dated June 27, 2013, the Chief Judge issued an order appointing Judge Philip C. Baten as the Settlement Judge for Docket Nos. ER13-948-000, *et al.*

On February 20, 2014, the Commission issued an order on rehearing in which it instituted a FPA section 206⁹ proceeding in Docket No. EL14-19-000 and set issues with respect to MISO’s RTOR for hearing (the “Rates Rehearing and RTOR Issues Order”).¹⁰ The Commission consolidated the proceeding with Docket No. ER13-948-000 for purposes of settlement, hearing, and decision.¹¹ On June 26, 2015, the Commission issued an order denying rehearing of the Rates Rehearing and RTOR Issues Order.¹²

⁶ *ITC Holdings Corp.*, 143 FERC ¶ 61,257 at P 45 (2013) (“Rates Order”), *order on reh’g*, 146 FERC ¶ 61,111 (2014) (“Rates Rehearing and RTOR Issues Order”), *order on reh’g*, 151 FERC ¶ 61,263 (2015) (“RTOR Issues Second Rehearing Order”).

⁷ Rates Order at PP 44-46.

⁸ RTOR Issues Second Rehearing Order at P 7.

⁹ 16 U.S.C. § 824e (2012).

¹⁰ Rates Rehearing and RTOR Issues Order at P 76.

¹¹ *Id.*

¹² RTOR Issues Second Rehearing Order at P 7 (denying rehearing of its finding in the Rates Rehearing and RTOR Issues Order “that the RTOR issue was not among the issues that were set for hearing” in the Rates Order).

On December 17, 2013, in Docket No. ER14-649-000, MISO and ESI made a FPA section 205 filing to revise the Entergy Operating Companies' formula rate templates and filed proposed MISO Tariff Schedules 41, 42-A, and 42-B for the Entergy Operating Companies to provide a mechanism to recover, outside the Entergy Operating Companies' transmission formula rate mechanisms, certain charges and credits already approved by the Commission through settlements in other proceedings. On April 1, 2014, in Docket No. ER14-1645-000, MISO and ESI submitted, under FPA section 205, a proposed MISO Tariff Schedule 47, which provides a mechanism for the Entergy Operating Companies to recover transition costs incurred for their integration into MISO. On May 29, 2014, the Commission issued orders accepting and suspending these two filings and consolidated them with the consolidated proceeding established in Docket Nos. ER13-948-000 and EL14-19-000, *et al.*, for purposes of settlement, hearing, and decision.¹³

Between July 16, 2013 and May 12, 2015, parties engaged in settlement discussions. On May 12, 2015—by which time several parties¹⁴ had reached a settlement in principle on non-RTOR issues—Judge Baten submitted a recommendation to the Commission and the Chief Judge to terminate settlement procedures in the above-referenced consolidated proceedings. On May 20, 2015, the Chief Judge issued an order in these dockets terminating settlement judge

¹³ Midcontinent Indep. Sys. Operator, Inc., 147 FERC ¶ 61,161 (2014); Midcontinent Indep. Sys. Operator, Inc., 147 FERC ¶ 61,162 (2014).

¹⁴ These parties ("Non-RTOR Settling Parties") were ESI on behalf of the Entergy Operating Companies; Mississippi Delta Energy Agency and its members, Clarksdale Public Utilities Commission of the City of Clarksdale, Mississippi, and Public Service Commission of Yazoo City, Mississippi, South Mississippi Electric Power Association, and Arkansas Electric Cooperative Corporation (together, "Joint Customers"); and MISO. Commission Trial Staff also participated with these parties in discussions that led to the settlement-in-principle.

procedures, designating the Honorable John P. Dring as presiding judge for hearing, and establishing Track II procedural time standards.¹⁵

On June 9, 2015, the Chief Judge denied a motion from ESI, the MISO Transmission Owners, MISO, and several other parties to sever RTOR issues from the consolidated proceedings, but suspended the Track II procedural time standards until July 31, 2015 to allow parties time to finalize the offer of settlement on the non-RTOR issues.¹⁶ On July 31, 2015, ESI filed an Offer of Partial Settlement memorializing the agreements of the Non-RTOR Settling Parties, followed, on August 19, by an ESI-filed errata to the Offer of Partial Settlement. On September 9, 2015, certain TSA Customers filed comments opposing the Offer of Partial Settlement. On October 5, 2015, Judge Dring certified the Offer of Partial Settlement as a contested settlement, noting that “there is no disputed genuine issue of material fact.”¹⁷

Before certifying the Offer of Partial Settlement, on September 29, 2015, the Chief Judge issued an order reinstating the Track II procedural schedule, to begin running as of the date of the scheduled prehearing conference, which Presiding Judge Dring set for October 6, 2015.¹⁸ During the October 6, 2015 prehearing conference, the Settling Parties conveyed to Judge Dring that there would be value in an additional, limited period of time for settlement negotiations. On October 8, 2015, Judge Dring issued an order establishing the procedural schedule in this proceeding. Then, on October 9, 2015, the MISO Transmission Owners and ESI jointly filed an unopposed motion to hold the procedural schedule in abeyance until January 5, 2016, to allow parties to reinitiate settlement discussions with respect to the RTOR issues. No answers were

¹⁵ Chief Judge’s Settlement Termination Order at 1.

¹⁶ *Entergy Servs., Inc.*, 151 FERC ¶ 63,015 at PP 5-6 (2015).

¹⁷ *Entergy Servs., Inc.*, 153 FERC ¶ 63,001 at P 5 (2015).

¹⁸ Chief Judge’s Order Reinstating Track II Procedural Timelines (2015); Order Scheduling Prehearing Conference (2015).

filed in response to the motion, and the Chief Judge granted the requested abeyance on October 19, 2015.¹⁹ Settling Parties filed status reports and requested extended abeyances on January 5 and February 4, 2016, both of which requests the Chief Judge granted. The procedural schedule is currently in abeyance through March 4, 2016, pending the filing of an offer of settlement or an additional status report.

During the abeyance period, the Settling Parties have exchanged settlement offers and convened both in-person and via teleconference to negotiate. The Settling Parties reached a settlement in principle on December 14, 2015, and have been working for the last two months to develop definitive settlement documents.

II. Description of the Settlement Agreement

Article I of the Settlement Agreement contains recitals providing a brief procedural history. Article II, which contains the bulk of the Settlement Agreement, provides that the Settlement Agreement is intended to smooth rate impacts associated with the transition of certain long-term firm point-to-point transmission service agreement entered originally with the Entergy Operating Companies, but which have since become service agreements under the MISO Tariff as a result of the Entergy Operating Companies' integrating into MISO. In Article II, the Settling Parties state that the Settlement Agreement is not intended to alter any of the terms in the Offer of Partial Settlement filed on July 31, 2015 in Docket Nos. ER13-948, *et al.*

The four Sections of Article II contain the substantive provisions of the Settlement Agreement. Section II.A establishes Settlement Agreement eligibility criteria, defining the Settlement Service Agreements to which the Settlement Agreement applies.

¹⁹ Order of Chief Judge Granting Motion to Hold Procedural Schedule in Abeyance (2015).

Section II.A also establishes transition periods and the rates that will apply to Settlement Service Agreements for charges pursuant to MISO Tariff Schedules 7, 8, and 26 during the specified transition periods.

Section II.B contains implementation provisions specifying how the conditions agreed to in the Settlement Agreement will be implemented. In this section, the Settling Parties state that they will file a motion requesting interim implementation of Year 3 (calendar year 2016) settlement rates, effective January 1, 2016, contemporaneous with the filing of the Settlement Agreement. Section II.B also provides that refunds for Year 1 and Year 2 will be provided in the immediately next invoicing cycle after the date that is ninety (90) days after an order approving or accepting the Settlement Agreement, regardless of whether interim implementation is granted, in accordance with and subject to the procedures specified therein. In the event that interim implementation is not granted, then Section II.B provides that refunds for Year 3 periods invoiced at non-settlement rates will be provided in a subsequent billing adjustment, which will also true-up initial Schedules 7 and 8 refunds.

Finally, Section II.B provides that no interest will apply to refunds under the Settlement Agreement, and it provides for MISO to have up to 180 days to unwind interim implementation, in the event that Settling Parties receive approval for interim implementation of Year 3 settlement rates, but the Settlement Agreement is not accepted or approved by the Commission, or it is terminated by a Settling Party.

Section II.C contains general provisions. Among other items, Section II.C provides that Settling Parties and Additional Settling Parties agree to irrevocably waive and release any rights, claims, remedies or causes of action arising out of or relating to Docket No. EL14-19. Within 15 days of the Settlement Effective Date, Settling Parties agree to withdraw or terminate pending

challenges before the Commission and the courts in specified matters related to the integration of the Entergy Operating Companies into MISO.

Pursuant to Section II.C(6), the Settlement Agreement will become effective upon an order of the Commission approving or accepting the Settlement Agreement, and Settling Parties retain a right to terminate the Settlement Agreement if an order of the Commission imposes material conditions or modifications. Provisions of Section II.C further provide (1) that the standard of review shall be the just and reasonable standard, (2) that parties to Settlement Service Agreements may request revisions to Settlement Service Agreements to reflect that MISO is now the transmission provider, and (3) that MISO shall file conforming Tariff revisions within 30 days of the Settlement Effective Date. Finally, Section II.C contains miscellaneous provisions typical of settlement agreements filed with the Commission, including various representations and reservations of rights by the Settling Parties and Additional Settling Parties.

Section II.D establishes a process by which a customer that is not a Settling Party may receive the benefits of the Settlement Agreement's provisions, provided that the customer's service agreements meet the criteria established in Section II.A regarding applicability and the customer satisfies the requirements established in Section II.D. Such a customer then becomes an Additional Settling Party. Section II.D provides that an Additional Settling Party may withdraw from the Settlement Agreement in the event that the Commission approves the Settlement Agreement with a material condition or modification, and it requires that MISO provide notice of the Settlement Agreement and the procedures by which a Customer may become an Additional Settling Party on its OASIS.

The Settlement Agreement also contains several attachments. Attachment A is a list of Settling Parties' Settlement Service Agreements. Attachment B contains a form agreement that

an entity shall execute if it wishes to become an Additional Settling Party as required by Section II.D(1). Attachment C contains revisions to the MISO Tariff that MISO will file within 30 days of the Settlement Effective Date in order to implement the Settlement Agreement.

III. Statements Required By the 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 Settlement Agreement establishes a mechanism to smooth certain rate impacts associated with the transition of certain long-term firm point-to-point transmission service agreements entered originally with the Entergy Operating Companies but which have since become service agreements under the MISO Tariff in connection with the Entergy Operating Companies' becoming transmission owning members of MISO.

B. Whether any of the issues raise policy implications:

The Settling 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 just and reasonable standard or whether there is *Mobile-Sierra* language making it the standard, *i.e.*, the applicable standards of review:

By the terms of the Settlement Agreement in Section II.C(9), modifications to the Settlement Agreement, whether offered by Settling Parties or non-parties, will be reviewed under and subject to the just and reasonable standard.

IV. Conclusion

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

Respectfully submitted,

/s/ Karis Gong Parnham

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Attorney for the NRG Companies

Dated: February 25, 2016

Attachment C

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

In Reply Refer To:
Midcontinent Independent System
Operator, Inc.
Docket No. ER13-948-004

Midcontinent Independent System
Operator, Inc.
Docket No. EL14-19-002

Midcontinent Independent System
Operator, Inc.
Docket No. ER14-649-001

Midcontinent Independent System
Operator, Inc.
Docket No. ER14-1645-001

Brooksany Barrowes
Baker Botts L.L.P.
1299 Pennsylvania Ave., N.W.
Washington, DC 20004-2400

Attention: Brooksany Barrowes

Dear Ms. Barrowes:

1. On February 25, 2016, the MISO Transmission Owners; Entergy Services, Inc. (“ESI”), as agent for the Entergy Operating Companies; the Midcontinent Independent System Operator, Inc. (“MISO”); Associated Electric Cooperative, Inc.; The Empire District Electric Company; Kansas City Power & Light Company (“KCP&L”) and KCP&L Greater Missouri Operations Company; Missouri Joint Municipal Electric Utility Commission; the City of Carthage, Missouri; the City of Malden, Missouri; the City of Piggott, Arkansas; East Texas Electric Cooperative, Inc.; the NRG Companies; the City of Poplar Bluff, Missouri; and Southern Company Services, Inc., by and on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, and Southern Power Company (collectively, the “Settling Parties”) filed in Docket Nos. EL14-19-002, *et al.* a Settlement Agreement and Offer of Settlement (the “Settlement Agreement”). The Settlement Agreement resolves all issues in Docket Nos. EL14-19-002, *et al.* Comments on the Settlement were filed by _____. Reply comments were filed by _____.

2. The Settlement Agreement, including the proposed implementing amendments to the MISO Tariff, 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 proceeding.

3. Consistent with the terms of the Settlement Agreement, MISO is directed to file revised tariff sheets, consistent with the *pro forma* sheets appended to the Settlement Agreement, in eTariff format within 30 days of the date of issuance of this order.

4. This order terminates Docket No. EL14-19-002.

By direction of the Commission.

Kimberly D. Bose
Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service lists compiled by the Secretary in these proceedings, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2015).

Dated at Washington, D.C. this 25th day of February, 2016.

/s/ Jennifer Arneson
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