

## Operations Reliability Coordination Agreement

This Agreement regarding Operations Reliability Coordination (“Agreement”) is made and entered into as of the 19th day of June, 2013, by and between **Midcontinent Independent System Operator, Inc. (“MISO”)** and **Associated Electric Cooperative Inc. (“AECI”), Louisville Gas and Electric Company (“LG&E”), Kentucky Utilities Company (“KU”), PowerSouth Energy Cooperative (“PowerSouth”),** Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company by and through their agent Southern Company Services, Inc. (collectively, “**Southern Companies**”), the Southwest Power Pool (“**SPP**”) and the **Tennessee Valley Authority (“TVA”)** (AECI, LG&E, KU, PowerSouth, Southern Companies, SPP and TVA collectively referred to herein as the “**Joint Parties**”).

### WITNESSETH

**WHEREAS**, the Entergy Operating Companies (including, but not limited to, Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc. and Entergy Texas, Inc.), Louisiana Energy and Power Authority, Lafayette Utilities System, the South Mississippi Electric Power Association, Cleco Corporation, and NRG/Louisiana Generating, LLC (including West Memphis, North Little Rock and Conway) balancing authority areas (collectively referred to herein as the “MISO South Region”) are in the process of being integrated into the MISO system; and

**WHEREAS**, MISO intends to operate the MISO South Region and the MISO Midwest Region, which is currently the same footprint as the MISO Balancing Authority Area (“MISO Midwest Region”), as a single Balancing Authority Area (“BAA”); and

**WHEREAS**, in order to support the reliable integration of the MISO South Region into the MISO BAA while the Joint Parties gain familiarity and experience with the expanded MISO BAA operations, MISO and the Joint Parties have negotiated the principles set forth herein to govern an Operations Transitional Period (“OTP”) and a period after the OTP (“Post-OTP”).

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein and other valuable consideration and intending to be legally bound, MISO and the Joint Parties agree as follows:

1. MISO Reliability Plan. MISO has presented its Reliability Plan to the North American Electric Reliability Corporation (“NERC”) Operating Committee (“NERC OC”). Subject to the principles, terms and conditions set forth in this Agreement, the Joint Parties agree to support the approval of the MISO Reliability Plan before the NERC OC regarding MISO’s operation as a single BAA (comprised of the MISO Midwest Region and the MISO South Region) beginning on December 19, 2013. Without limiting the principles, terms and conditions set forth in this Agreement, Joint Parties agree to support the approval of the MISO Reliability Plan by the NERC OC with the following understandings:

- (a) MISO and the Joint Parties will engage in regional coordination on long-term transmission planning.
- (b) The Joint Parties and MISO shall, in good faith, endeavor to develop an Operations Coordination Process (OCP) that will be used during the Post-OTP which will be agreed to by MISO and the Joint Parties other than SPP, such mutual agreement to be reflected in a new agreements(s) between MISO and each of the Joint Parties other than SPP.
- (c) MISO and SPP have a Federal Energy Regulatory Commission (“FERC”) approved Joint Operating Agreement (“JOA”) in effect and are currently working with stakeholders on enhancements thereto. Therefore, MISO and SPP will continue to utilize their JOA for congestion management during the OTP and Post-OTP. SPP and MISO are engaged in litigation in various regulatory and judicial proceedings, and are engaged in various dispute resolution processes, concerning the interpretation of, and the rights and obligations of SPP and MISO under, the JOA and MISO’s planned usage of the SPP system to integrate the Entergy balancing authority into MISO. Nothing in this Agreement shall be construed as diminishing or enhancing MISO’s or SPP’s rights to flow energy on the other’s system pursuant to the JOA, or shall be deemed to amend or otherwise modify the JOA. Nothing in this Agreement shall be deemed a concession or admission by SPP or MISO regarding any issue concerning the JOA. This Agreement shall not be used by MISO or SPP as evidence regarding, or to support or contest the validity of any issue pending in the D.C. Circuit Court of Appeals in Case No. 12-1158, any remand proceeding or other derivative FERC proceeding.
- (d) If the NERC OC does not approve MISO’s Reliability Plan at the next committee vote following signature of this agreement, this agreement will be void and have no effect. However, the voiding of this Agreement upon an adverse vote of the NERC OC shall not preclude MISO and the Joint Parties from incorporating some or all of the concepts described in this Agreement into subsequent operating agreements between MISO and the Joint Parties.

2. Operation Transition Period. In order to support the reliable integration of the MISO South Region into the MISO BAA, MISO and the Joint Parties have negotiated the principles set forth herein regarding the OTP and the Post-OTP. The OTP shall consist of three (3) different phases. MISO will, during the three phases, take action, as described further below, to limit or control its dispatch based on agreed upon operating limits without reaching actual System Operating Limits (“SOL”) on the transmission systems of the parties in real time.

MISO will monitor and provide to the Joint Parties the actual MISO Midwest Region to and from the MISO South Region real time intra-Balancing Authority Area generation to load net dispatch flow (the “Dispatch Flow”) and provide its forecasted annual, seasonal, and near-term dispatch flow levels to the Joint Parties. Further, MISO will operate its market dispatch (including firm and non-firm deliveries) during the OTP at Dispatch Flow limits as described herein. Subsequent to the conclusion of Phase One, the Dispatch Flow limits will be based on flow limits on Coordinated Flowgates identified using the CMP criteria and other flowgates as

agreed upon by the parties, using Available Flowgate Capability (“AFC”) type processes, translated to a MISO Midwest Region to and from MISO South Region net Dispatch Flow. The priorities (firm and non-firm) for MISO’s Dispatch Flow will be determined per current TLR/CMP on Coordinated Flowgates when congestion relief is needed.

(a). Phase One

- (i) Phase One will commence on December 19, 2013 and will remain in place until the later of: (i) April 19, 2014; or (ii) completion of the Phase Two testing and validation; provided, however, the Joint Parties will agree to commence Phase Two earlier than April 19, 2014 if the Phase Two testing and validation is completed early.
- (ii) MISO and the Joint Parties shall develop a mutually agreed upon mechanism or process that allows the Dispatch Flow to be monitored and provided to the Joint Parties in advance as appropriate and in real time. The Dispatch Flow calculation will be based on the difference between generation and load in the MISO South Region with an adjustment for interchange transactions with the balancing authority areas connected to the MISO South Region companies.
- (iii) The Dispatch Flow limit for MISO’s combined balancing authority area operation (the “Total Dispatch Flow Limit”) for Phase One will be 2,000 MW. MISO’s Dispatch Flow shall not exceed 2,000 MW unless the limit is increased by using the intra-day process. If SOLs are reached or exceeded on Coordinated Flowgates and other flowgates as agreed upon by the parties, and Dispatch Flow is greater than 1500 MW, MISO will make Dispatch Flow reductions to relieve Coordinated Flowgates and other flowgates as agreed upon by the parties as needed down to 1500 MW Dispatch Flow. If Dispatch Flow is 1500 MW or less, each party shall use its existing congestion management process (e.g., NERC Transmission Loading Relief (“TLR”) or local procedures) or the new process outlined in Section 4, to the extent the parties have developed and agreed to the concepts therein, to manage congestion on its system.
- (iv) The parties shall use good faith efforts to develop the Total Dispatch Flow Limit concept for subsequent use in Phases Two and Three, including, but not limited to, methods of coordination and calculations, information exchange, timing of communications and common tools as outlined below.
- (v) Prior to commencement of Phase Two, MISO and the Joint Parties will develop the Total Dispatch Flow Limit calculation for Phase Two (i.e., two days ahead) for use in the Joint Parties and MISO coordination processes. The Phase Two Dispatch Flow Limit calculation must be tested and be validated by MISO and the Joint Parties for a minimum of sixty

(60) consecutive days. For this calculation, the Joint Parties will identify Coordinated Flowgates for modeling MISO Market Flow impacts. In addition, flowgates may be added that consider impacts of less than 5% in order to reliably manage operational issues consistent with the criteria developed per Section 4 (Congestion Management on Non-Coordinated Flowgates). Using Available Flowgate Capability (“AFC”) calculation methods, the Total Dispatch Flow Limits would be determined based on the most limiting AFC.

- (vi) MISO and the Joint Parties shall endeavor to develop and implement as soon as reasonably possible an intra-day process whereunder the parties will communicate and may increase the Total Dispatch Flow Limit intra-day when actual flows are (or forecasted intra-day flows are projected to be) less than SOL on Coordinated Flowgates and other flowgates as agreed upon by the parties (“Intra-Day Process”). Prior to use of the Intra-Day Process during the OTP, MISO and the Joint Parties must test, verify and agree upon the Intra-Day Process.

(b). Phase Two

- (i) Phase Two will commence upon the completion of Phase One (as explained above) and will remain in place until the later of: (i) October 1, 2014; or (ii) completion of the Phase Three testing and validation (explained below); provided, however, the Joint Parties will agree to commence Phase Three earlier than October 1, 2014 if the Phase Three testing and validation is completed early.
- (ii) The Total Dispatch Flow Limit developed for Phase Two in accordance with Section 2(a)(v) will be calculated two days ahead and one value will be calculated for each operating day. MISO shall not exceed the Phase Two Total Dispatch Flow Limit for the applicable operating day unless the limit is increased by intra-day process. If Dispatch Flow is at or below the Phase Two Total Dispatch Flow Limit for the applicable operating day, each party shall use its existing congestion management process (e.g., NERC TLR or local procedures) or the new process outlined in Section 4, to the extent the parties have developed and agreed to the concepts therein, to manage congestion on its system.
- (iii) Prior to commencement of Phase Three, the parties will develop the Total Dispatch Flow Limit calculation for Phase Three (i.e., one day ahead) and the Joint Parties and MISO coordination processes. The Phase Three Total Dispatch Flow Limit calculation must be tested and validated by MISO and the Joint Parties for a minimum of sixty (60) consecutive days. For this calculation, the Joint Parties will identify Coordinated Flowgates for modeling MISO Market Flow impacts. In addition, flowgates may be added that consider impacts of less than 5% in order to reliably manage

operational issues consistent with the criteria developed in Section 4 (Congestion Management on Non-Coordinated Flowgates). Using AFC/ATC calculation methods, the Total Dispatch Flow Limits would be determined based on the most limiting AFC.

(c). Phase Three

- (i) Phase Three will commence upon the completion of Phase Two (as explained above) and will remain in place until April 1, 2015.
- (ii) The Total Dispatch Flow Limit developed for Phase Three in accordance with Section 2(b)(iii) will be calculated one day ahead and one value will be calculated for each operating day. MISO shall not exceed the Phase Three Total Dispatch Flow Limit for the applicable operating day. If Dispatch Flow is at or below the Phase Three Total Dispatch Flow Limit for the applicable operating day, each party shall use its existing congestion management process (e.g., NERC TLR or local procedures) or the new process outlined in Section 4, to the extent the parties have developed and agreed to the concepts therein, to manage congestion on its system.

3. The Post-OTP Period. The OTP shall end no later than April 1, 2015. Parties shall, in good faith, endeavor to develop the OCP procedure or similar agreement on or before February 1, 2015. The OCP could include concepts from the Total Dispatch Flow Limit approach, and/or other processes/procedures developed by the parties based on the Congestion Management Process. The OCP must be tested and be validated for a minimum of sixty (60) consecutive days, and agreed to by the parties before implementation. Nothing in this Agreement shall prevent any of the parties from filing at any time with FERC for appropriate relief, including that a party is not satisfied with the progress to develop the OCP or any other process. The principles on which the OCP will be established are as follows:

- (a) Limits are based on actual System Operating Limits on Coordinated Flowgates and actual System Operating Limits of other flowgates the parties agree to coordinate.
- (b) Processes and calculations shall be transparent, understandable and readily available.
- (c) Processes are mutually agreeable.
- (d) Processes are reciprocal to the extent possible.
- (e) Processes have treatment of like priorities (non-discriminatory and comparable) during real time and day-ahead congestion management.
- (f) Processes accurately reflect system flows and impacts.
- (g) Proactive and efficient processes are used to minimize the use of congestion management procedures while reliably and efficiently utilizing the transmission system.
- (h) Process will ensure continued reliable operation of the bulk power system.

4. Congestion Management on Non-Coordinated Flowgates. The MISO and the Joint Parties shall endeavor to develop and implement proactive, efficient, reciprocal processes and criteria to manage congestion on facilities that have a less than 5% response factor where MISO Market Flow or individual Joint Parties generation to load flow have a significant impact but are not considered Coordinated Flowgates. All parties significantly impacting these less than 5% response factor flowgates will participate in the agreed to process for managing their respective impacts. The goal for managing congestion on these facilities will be to use mutually agreeable localized mitigation (including redispatch as available) where possible. In the event localized mitigation is unavailable or deemed to be ineffective, MISO will use reduced Dispatch Flow limits, as set forth in each respective phase of the OTP, to manage congestion on these facilities. In the event localized mitigation is unavailable or deemed to be ineffective in the Post-OTP, MISO and the individual Joint Parties will employ this or similar solutions to manage congestion on these facilities.

5. Miscellaneous.

(a). MISO and the Joint Parties will, subject to appropriate confidentiality protections and agreement of the parties as to the data that will be exchanged, exchange data to develop appropriate modeling and dispatches of MISO and the Joint Parties areas for use by MISO and the Joint Parties in modeling and reliability processes, and also their respective internal reliability assessments.

(b). MISO and the Joint Parties will assess their firm transfer capability needs and coordinate with the Parties' planning authorities to identify projects and/or transmission arrangements desired.

(c). MISO and the Joint Parties will conduct appropriate reliability assessments to identify Coordinated Flowgates/constraints (including any non-thermal constraints such as voltage or stability). These assessments will be completed prior to December 19, 2013. Coordinated Flowgates may be added in accordance with the existing Congestion Management Process on an ongoing basis.

(d). In the event that any of the Joint Parties or MISO becomes engaged in litigation in regulatory and/or judicial proceedings, this Agreement shall not be used to claim any legal right or industry standard for the usage of the system to any party to this Agreement. Nothing in this Agreement shall be construed as enhancing or diminishing any parties' rights to flow energy on another party's system.

6. Governing Law and Disputes. This Agreement and the rights and obligations of the parties hereunder shall be interpreted, construed, and governed by the Federal laws of the United States of America, without regard to the laws requiring the application of the laws of another jurisdiction. Except as to TVA, to the extent not subject to the jurisdiction of FERC, all disputes arising under this Agreement shall be instituted in the courts of the State of Delaware or of the United States in the State of Delaware, as applicable. Each party irrevocably submits, for itself and its properties, to the exclusive jurisdiction of the courts of the State of Delaware and of the United States sitting in the State of Delaware in connection with any dispute arising under this Agreement.

7. Integration, Amendments and Waivers. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, whether oral or written, related to the subject matter hereof. This Agreement shall not be amended unless such amendment is agreed to in writing by duly authorized representatives of all of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against which it is sought to be enforced. The delay or failure by any party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that party's right to enforce those rights.

8. Confidential Information. It may be necessary for the parties to exchange information which a disclosing party deems to be confidential ("Confidential Information"). The parties receiving such information ("Receiving Party"), designated as confidential by the disclosing party, agrees not to disclose, discuss, use, reproduce, duplicate, distribute, copy, reconstruct or in any way communicate, directly or indirectly, the Confidential Information for purposes other than in connection with the purpose of this Agreement. Receiving Party shall not disclose, discuss, use, reproduce, duplicate, distribute or in any way communicate, directly or indirectly, the Confidential Information to its own employees, agents or contractors in a manner that violates the Standards of Conduct promulgated by FERC or the restrictions on the sharing of operating information applicable to NERC operating entities. Receiving Party shall not disclose, discuss, use, reproduce, duplicate, distribute or in any way communicate, directly or indirectly, the Confidential Information to any other party and will use all reasonable efforts to protect the confidentiality of such information. Receiving Party will require that Receiving Party's employees, officers, directors, agents, contractors, representatives, consultants and advisors who need to have access to such Confidential Information in order to assist Receiving Party in connection with the fulfillment of this Agreement (1) are aware of the Receiving Party's confidentiality obligation hereunder, and (2) agree to be bound by such confidentiality obligations. A Receiving Party shall notify a Disclosing Party immediately of any loss, misuse, or misappropriation of any Confidential Information of which Receiving Party becomes aware.

9. Definitions. All capitalized terms shall be as defined herein. To the extent any capitalized term is not defined herein, it shall have the meaning as set forth in the NERC Glossary of Terms or the Congestion Management Process document.

10. Representatives. Within three business days of the execution of this Agreement, each party shall communicate to the other parties the name and contact information of the individuals who shall represent that party in the development of the processes required by this Agreement. The parties agree to meet as soon as possible, and as often as reasonably necessary to fulfill the obligations imposed on them by this Agreement.

11. Regulatory Approvals. MISO has determined that it will be filing this Agreement at FERC. The Joint Parties agree to support the filing of the Agreement and any filings deemed necessary to implement this Agreement. MISO shall provide the Joint Parties with advance copies of any filings as soon as reasonably possible prior to the filing dates. If a Joint Party is not subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") as a "public utility" under the Federal Power Act, that Joint Party shall not be required to take any action or participate in any filing or appeal that would confer FERC jurisdiction over the Joint Party. Nothing in this Agreement waives any objection to, or otherwise constitutes consent to, the jurisdiction by FERC over the Joint Party or its transmission service, facilities and rates.

12. Termination. This Agreement shall remain in effect for the duration of the OTP. The OTP shall end as to each of the Joint Parties upon the earlier of: (1) the effective date of a FERC accepted agreement as to that party, such agreement having been agreed to by the parties prior to submission to FERC, or (2) April 1, 2015. By mutual consent, MISO and one or more Joint Parties may agree in writing to extend the termination date beyond April 1, 2015 for a reasonable period of time in order to conclude the negotiation and execution of an agreement for those parties.

13. FERC Acceptance. In the event the Commission materially modifies or conditions this Agreement, the parties shall attempt to agree within twenty (20) days of the Commission's order with respect to how to accommodate any such material modification or condition. In the event no such agreement is reached by the parties within the specified time period, and such period is not extended by the parties, any Joint Party that considers itself aggrieved by the material condition or modification imposed by the Commission may terminate its participation in this Agreement upon written notice to the other parties. In the event one or more Joint Parties terminates its participation in this Agreement as contemplated herein this Section 13, MISO shall promptly make any appropriate filings at FERC to terminate such Joint Party's participation in this Agreement and/or any proceedings related thereto. Nothing in this Agreement restricts in any way any party's rights under Section 206 of the Federal Power Act.

14. Liability. No party or any of its directors, officers, agents, employees and representatives shall be liable to any other party for any claims, demands, costs or expenses for loss, damage or injury to persons or property directly or indirectly connected with or arising out of the development or implementation of the principles, terms, obligations or requirements including, but not limited to, congestion management or calculation of the Total Dispatch Flow Limit, established hereunder, whether or not any such claims, demands, costs or expenses for loss, damage or injury to persons or property be caused or contributed to by the negligence, actual or claimed, of the party. Further, no party or any of its directors, officers, agents, employees and representatives shall be liable under this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, to any other party or any of its directors, officers, agents, employees and representatives for incidental, punitive, special, indirect, multiple, exemplary or consequential damages (including, without limitation, lost profits or revenue, or loss of goodwill) relating to or resulting from performance or non-performance of this Agreement or otherwise.

15. Counterparts. This Agreement may be executed in counterparts, each of which taken together will constitute one and same instrument. This Agreement and any counterpart thereof may be delivered via facsimile, it being the express intent of the parties that the Agreement and any counterparts thereof delivered via facsimile will have the same force and effect as if they were originals.

In witness whereof, the parties have executed this Agreement by their duly authorized representatives on the date first written above.

**Tennessee Valley Authority**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Midcontinent Independent System Operator, Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Associated Electric Cooperative Inc.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Southern Companies**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Southwest Power Pool**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Louisville Gas and Electric Company/Kentucky Utilities Company**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PowerSouth Energy Cooperative**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_