

MUNICIPALS, COOPERATIVES, AND TRANSMISSION DEPENDENT UTILITIES SECTOR'S GOVERNANCE GUIDELINE

1. **Purpose:**

The purpose of this Governance Guideline is to codify the practices and customs of the Municipals, Cooperatives, and Transmission Dependent Utilities (hereinafter TDU) Sector, as the practices and customs have evolved since the formation of the Midcontinent Independent System Operator, LLC (hereinafter MISO), formerly the Midwest Independent System Operator, LLC.

2. **Definitions:**

With the exception of the following terms, the capitalized terms in this Guideline are to be defined as identified in the MISO Tariff and then the MISO Stakeholder Governance Guide.

21. Advisory Committee Representative: One of three elected TDU Sector Representatives on the Advisory Committee (AC).
22. Consultant: A person or company representing a TDU Company.
23. Eligible Voting Member: Each TDU Company will designate either an employee or a Consultant to serve as a voting member within the TDU Sector.
24. Planning Advisory Committee Representative: One person from a TDU Company elected by the Sector to represent the TDU Sector at the Planning Advisory Committee (PAC).
25. Representative: A TDU Company employee or Consultant who is designated to represent the TDU Company in TDU Sector business.
26. Sector: all references are to the TDU Sector unless otherwise indicated.
27. TDU Company: A company that is a member of the MISO and has indicated its primary designation in the MISO membership application as a TDU.
28. Sector Chair: A TDU Company employee who is responsible for: setting the agenda for Sector meetings; providing agenda items to the chair of any joint Sector meetings; coordinating and facilitating Sector meetings; maintaining a list of TDU Company contacts; developing and submitting communications on behalf of the Sector; and conducting votes on matters to be decided by the Sector.

3. Eligibility

The TDU Sector is comprised of TDU Companies which are members of the MISO and have indicated their primary designation is that of a TDU Sector. Such TDU Companies will be considered Eligible Voting Members. TDU Companies consist of non-transmission owning load serving entities and include municipals, co-ops, public power joint action agencies that serve municipals and/or co-ops and investor-owned utilities. Entities that own a *de minimis* amount of transmission or that have passive ownership (not involved in day-to-day operations) of transmission facilities are also eligible Sector members. . A current list of the TDU Companies is located on the MISO website. These companies have voting rights in this Sector. Only employees from such companies may represent this Sector on the MISO Advisory Committee and Planning Advisory Committee.

Each TDU Company shall designate from time to time one Representative and an alternate to represent that company in this Sector and cast votes on issues decided by the Sector. Nothing in these Guidelines are intended to impact the ability of a TDU Company or Consultant's ability to participate in any MISO stakeholder process (*e.g.* Market Subcommittee) other than the Advisory Committee, Planning Advisory Committee and internal Sector governance issues.

Each TDU Company is responsible for notifying the Sector Chair of its Representative designation as such Representative may change from time to time. Nothing herein shall prevent any TDU Company from having more than one employee attend any Sector meeting, provided that only the designated Representative or that company's alternate Representative shall be entitled to cast a vote on behalf of that company.

4. Consultant Participation in TDU Sector

A TDU Company may utilize a single third-party Consultant to represent them in the TDU Sector so long as the Consultant only represents companies from the TDU Sector, and represents no more than 20% of the Eligible Voting Members of the TDU Sector. The intent of this limitation is to prevent a Consultant from representing companies outside of the TDU Sector in order to maintain a level of confidentiality of information, positions, and business of the TDU Companies.

A Consultant representing a TDU Company is eligible to participate in this Sector only if the TDU Company and its Consultant provide a written attestation that:

- 4.1 Confirms the Consultant has authority to represent the indicated TDU Company;
- 4.2 Affirms intent to comply with items identified in the first paragraph of this section; and
- 4.3 Indicates whether or not the Consultant has been delegated authority to vote on behalf of the TDU Company that the Consultant represents.

Such attestation shall be sent to the Sector Chair prior to the Consultant's

participation in Sector activity. It is the Sector Chair's responsibility to notify the Sector of the new Consultant's participation in this Sector.

It is the responsibility of the TDU Company that the Consultant represents to notify the Sector Chair, in a timely manner, of termination of the Consultant's relationship with the company.

5. Voting

Sector Representatives may vote in this Sector, and each TDU Company shall only cast one vote. Decisions will pass on the basis of a simple majority unless specified otherwise in these Guidelines. When these Guidelines call for a supermajority, the passing vote will require a vote of 70%, with a minimum of 7 votes cast by TDU Companies. However, if there are fewer than 7 TDU Companies remaining in the Sector, then the vote will pass based only on a supermajority vote of 70% of the TDU Companies participating in that vote.

Advisory Committee Representatives and the Planning Advisory Committee Representative shall cast their votes on matters before the AC and PAC in accordance with the outcome of voting by Sector Representatives. Generally, the results of votes taken in this Sector shall be allocated to the available Advisory Committee votes on a pro rata basis; provided that, in no event, shall a single Advisory Committee vote be split into increments of less than $\frac{1}{2}$ vote. Notwithstanding the foregoing, when an Advisory Committee or Planning Advisory Committee Representative from this Sector is running for a leadership position (chair or vice-chair), the Sector shall cast all of its votes for said Representative, unless a supermajority of the Sector votes to waive this requirement. In the event that more than one Advisory Committee Representative from this Sector wishes to run for the same leadership position, the Sector shall conduct a vote to determine the candidate.

Those TDU Companies comprising the minority position may (or may not) request to split this Sector's vote on a specific issue before the Advisory Committee. Notwithstanding the foregoing, no such split shall result in an Advisory Committee vote of less than $\frac{1}{2}$ of a full vote. (i.e., if there are 3 Sector Advisory Committee votes and 12 TDU Companies, 2 Eligible Companies would have to agree on an issue to achieve a split of $\frac{1}{2}$ of one of the 3 Advisory Committee votes). In order to minimize the impact of a minority position of a small number of TDU Companies, if the TDU Sector has 3 Advisory Committee votes (or 6 votes of $\frac{1}{2}$ each) and the number of TDU Companies supporting a minority position is less than $\frac{1}{6}$ of the total number of voting TDU Companies, the TDU Sector's Advisory Committee votes will not be split and all 3 votes will be cast for the majority position.

6. Sector Chair

Only an employee of a TDU Company may be the Sector Chair. TDU Companies shall annually, in November of each year, select a Sector Chair from the Representatives of the TDU Companies. The Sector Chair (who does not have to be an Advisory Committee or Planning Advisory Committee Representative) shall serve a one year term, and there shall be

no limit on the number of terms a Sector Chair may serve.

The Sector Chair shall be responsible for: 1) setting the agenda for Sector meetings; 2) providing agenda items to the chair of any combined Sector meetings; 3) coordinating and facilitating Sector meetings; 4) maintaining a list of TDU Company contacts; 5) when appropriate, developing and submitting communications on behalf of the Sector and 6) conducting votes on matters to be decided by the Sector (provided that Advisory Committee Representative elections shall be coordinated as set forth below).

Should the Sector Chair be unable to fulfill these responsibilities the TDU Companies will select another Sector Chair by a special election.

7. Advisory Committee Representation

Only employees from a TDU Company may represent the TDU Sector on the MISO Advisory Committee. Commencing with the November 2014 Advisory Committee Representative elections, the term of Advisory Committee representation shall be two years, unless this restriction is modified or if a term is extended or reduced as provided herein. The same TDU Company may hold a position on the MISO Advisory Committee for no more than two consecutive full terms. The only exceptions to the consecutive term limitation provisions are as follows:

- 7.1 There are no other TDU Companies in the Sector that are able to provide an Advisory Committee Representative.
- 7.2 No other TDU Company wishes to have an Advisory Committee Representative.
- 7.3 The Advisory Committee Representative of another TDU Company cannot fulfill his/her commitment to serve on the MISO Advisory Committee. In this case, a special election (described below) will be held to fill this vacancy for the remainder of the unfulfilled term.
- 7.4 The elected alternate Advisory Committee Representatives are unavailable to substitute for another elected Advisory Committee Representative for a single Advisory Committee meeting.
- 7.5 A 70% supermajority vote of the Eligible Voting Members on a written motion to override the provisions for consecutive term limitations which is noticed to all Eligible Voting Members of the TDU Sector.

Advisory Committee Representatives and Sector Representatives shall make a good faith effort to attend Sector meetings to discuss upcoming MISO Advisory Committee agenda items. Advisory Committee Representatives shall vote as directed by this Sector and the requirements herein. In the event that significant impromptu issues, motions, or decisions are put before the Advisory Committee, elected Advisory Committee Representatives are

encouraged to solicit the Advisory Committee Chairman for an opportunity to consult with their Sector prior to a vote of the Advisory Committee.

The TDU Sector collectively believes that filling all three seats (votes) is important for Advisory Committee meetings. Hence, if an Advisory Committee Representative cannot make a meeting, the Advisory Committee Representative that cannot attend a meeting shall notify the Sector and advise the MISO Advisory Committee Chair, Liaison and Stakeholder Relations that a Sector alternate will be filling this seat. If Sector alternates are not available for any reason, every effort must be made to find and communicate to the MISO Advisory Committee Chair, Liaison and Stakeholder Relations the proxy name of another stakeholder in this Sector, who can fill this proxy role for this meeting. In the event the Advisory Committee Representative is unable to make the proper notification of an alternate or proxy, the Sector Chair shall provide the notification.

The ballots for and the election results for the TDU Sector Advisory Committee Representatives will be designated and filled consistent with the Transmission Owners Agreement's designation of seats for specific geographic areas.

8. Planning Advisory Committee Representation

Only employees from a TDU Company may represent this Sector on the Planning Advisory Committee (hereinafter PAC). Commencing with the November 2014, the term of the PAC Representative shall be two years, unless this restriction is modified or if a term is extended or reduced as provided herein. The same TDU Company may hold a position on the PAC for no more than two consecutive full terms. The only exceptions to the consecutive term limitation provisions are as follows:

- 8.1 There are no other TDU Companies in the Sector that are able to provide a PAC Representative.
- 8.2 No other TDU Company wishes to provide a PAC Representative.
- 8.3 The PAC Representative of another TDU Company cannot fulfill his/her commitment to serve on the PAC. In this case, a special election (described below) will be held to fill this vacancy for the remainder of the unfulfilled term.
- 8.4 The elected alternate PAC Representatives are unavailable to substitute for the PAC Representative for a single PAC meeting.
- 8.5 A 70% supermajority vote of the Eligible Voting Members on a written motion to override the provisions for consecutive term limitations which is noticed to all Eligible Voting Members of the TDU Sector.

The PAC Representative should make a good faith effort to attend Sector meetings to discuss upcoming MISO PAC agenda items. The PAC Representative shall vote as directed by this Sector. In the event that significant impromptu issues, motions, or decisions are put

before the PAC, the PAC Representative is encouraged to solicit the PAC Chairman for an opportunity to consult with their Sector prior to a vote of the PAC.

9. Elections

Elections will be held for representation on both the MISO Advisory Committee and the Planning Advisory Committee in November of each year as current Advisory Committee and Planning Advisory Committee Representatives' terms expire. Observing consecutive term limitation provisions (outlined above), only employees of a TDU Company are eligible to represent this Sector on the MISO Advisory Committee and Planning Advisory Committee.

The Sector Chair shall serve as the election coordinator and shall request nominations and provide at least one week's notice before votes are tallied. The election coordinator will also be responsible for providing the MISO Advisory Committee Stakeholder Relations designee with the Advisory Committee Representative election results, and the PAC Chair with the PAC Representative results. A simple majority of the votes cast will determine the new Representative for the following calendar year. In the event that an open Advisory Committee seat cannot be filled without violating term limitations, an existing Advisory Committee Representative can be nominated to fill the seat. If more than 1 existing Advisory Committee Representatives are nominated to fill a seat, a simple majority of the votes cast will determine which Advisory Committee Representative will continue to serve.

Following the election of the Advisory Committee and Planning Advisory Committee Representatives, separate elections will be held for the alternates to the Advisory Committee and the Planning Advisory Committee Representatives. The Sector Chair shall serve as the election coordinator and shall request nominations immediately following the close of the election for Representatives and provide at least one week's notice before votes for alternates are tallied. Alternates hold terms of one year. Alternate Representatives will substitute for MISO Advisory Committee and Planning Advisory Committee Representatives on an as-needed basis. Consecutive term limitation provisions do not apply to alternate Representatives. A simple majority of the votes cast will determine the new alternates for the following calendar year.

At any time that an elected Advisory Committee or Planning Advisory Committee Representative or alternate Representative can no longer fulfill their obligation to serve on the MISO AC or PAC, a special election for a replacement to serve for the remainder of that term shall be held as soon as reasonably possible. The Sector Chair shall serve as the election coordinator for such elections, and shall request nominations and provide at least one week's notice before votes are tallied. The Sector Chair will also be responsible for providing the MISO Advisory Committee Chair, Liaison and Stakeholder Relations with the Advisory Committee Representative election results, and the PAC Chair with the Planning Advisory Committee Representative election results. The consecutive term limitation provisions for Advisory Committee and Planning Advisory Committee Representatives do not apply in instances where the Sector is replacing a Representative for the remainder of a specific term. A simple majority of the votes cast will determine the election of the needed replacement.

In the event it is determined that an Advisory Committee Representative, Planning Advisory Committee Representative or alternate Representative is not representing this Sector in an appropriate manner, a recall election may be held. A minimum of five TDU Companies may request a recall election. The Representative in question will not be removed unless votes equaling 70% or more of the TDU Companies, with a minimum of 7 TDU Company votes cast, agree to replace the Representative. However, if there are fewer than 7 TDU Companies remaining in the Sector, then the recall vote will pass based on a supermajority vote of 70% of the TDU Companies. In the event it is determined that the Representative should be replaced, then an election for a replacement Representative will be held (as outlined above). In such case, the Sector Chair shall serve as the election coordinator.

Notwithstanding the term limitations set forth herein, elections for an Advisory Committee, Planning Advisory Committee Representative or alternate Representative will also be held whenever that TDU Company withdraws from membership in the MISO, changes its announced Sector membership in MISO, or when the elected Representative changes employers. If still eligible, the employee so required to vacate this Representative position may run in this election. In such case, the Sector Chair shall serve as the election coordinator.

10. Designation of Majority, Minority, & Company Specific Hot Topic Papers

A simple majority of TDU Companies will determine the majority position Hot Topic Paper. If more than one company supports a paper dissenting from the majority that paper will be designated as the minority position. If only one company supports a paper dissenting from the majority the sole company supporting that paper will submit the paper to the Advisory Committee and MISO Board of Directors as a standalone company specific paper.

At least 20% of the time available for Hot Topic oral presentations will be allocated to a minority position paper, allowing those endorsing the minority position to explain their differences with the majority position (e.g., for a 10 minute time allotment, approximately 2 minutes will be allocated for discussion of the minority position). In the event there is more than one minority position paper, the appropriate time allocation for each paper will be decided at the Sector meeting held prior to the presentation date.

11. Amendment.

This Agreement may be amended by a 70% supermajority vote of the Eligible Voting Members on a written motion which is noticed to all Eligible Voting Members of the TDU Sector.