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July 25, 2014

**VIA ELECTRONIC FILING**

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

Re: Midcontinent Independent System Operator, Inc.  
FERC Docket No. ER14-\_\_\_\_-000  
Filing of Amended and Restated Transmission Facilities and Operating Agreement  
George Neal Unit No. 4 Transmission

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and Part 35 of the Commission's regulations 18 CFR § 35.10 (2013), the Midcontinent Independent System Operator, Inc. ("MISO") hereby respectfully submits for filing an executed MidAmerican Energy Company ("MidAmerican") First Revised FERC Rate Schedule No. 70 Amended and Restated Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission ("Neal 4 Agreement") among MidAmerican, Interstate Power and Light Company ("IPL"), ITC Midwest LLC ("ITC Midwest"), Northwestern Corporation d/b/a Northwestern Energy ("Northwestern"), Corn Belt Power Cooperative ("Corn Belt"), Northwest Iowa Power Cooperative ("NIPCO") Algona Municipal Utilities ("Algona") Bancroft Municipal Utilities ("Bancroft") Coon Rapids Municipal Utilities ("Coon Rapids") Graettinger Municipal Light Plant ("Graettinger"), Laurens Municipal Light & Power Plant ("Laurens"), Milford Municipal Utilities ("Milford"), Spencer Municipal Utilities ("Spencer"), City of Webster City, Iowa ("Webster City"), Municipal Electric Utility of Cedar Falls, Iowa ("Cedar Falls"), and Grundy Center Municipal Utilities ("Grundy Center"); and MISO. MISO has designated the MidAmerican First Revised Rate Schedule No. 70 as Original Service Agreement No. 2681 under the MISO FERC Electric Tariff, Fifth Revised Vol. No. 1 ("Tariff")<sup>1</sup>.

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<sup>1</sup> As explained below, the instant filing modifies an existing agreement. Because MISO is proposed to become a signatory to the Neal 4 Agreement, the agreement is being designated as a Service Agreement under the MISO Tariff as shown on the attached coversheet. MidAmerican is also designating the Neal 4 Agreement as MidAmerican Energy Company MidAmerican First Revised Rate Schedule No. 70.

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## **I. OVERVIEW OF FILING**

The primary purpose of this filing is to amend the Neal 4 Agreement to recognize the admission of Grundy Center Municipal Utilities as a new joint owner by way of a transfer of a 0.333% ownership interest in George Neal Unit No. 4 Transmission from Corn Belt Power Cooperative. In addition, this amendment also extends the term of the Neal 4 Agreement, originally set to expire on October 24, 2014, for a second 30-year term; provides for MISO to be a non-party signatory; adds a provision waiving the right to a jury trial; recognizes the capacity requirement increase required due to the uprate of Neal Unit No. 4 to 644 MW; and makes a number of other corrections, most notably to the ownership shares of several joint owners.

## **II. REVISIONS TO TRANSMISSION FACILITIES AND OPERATING AGREEMENT GEORGE NEAL UNIT NO. 4 TRANSMISSION**

Specifically, the revisions to the Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission include the following:

- 1) The recitals have been updated to recognize that the parties have consented to the admission of Grundy Center as a joint owner of Neal Unit No. 4 transmission and to MISO as a non-party signatory.
- 2) In ARTICLE 2 – OWNERSHIP, the table in ¶ 2.1 has been updated to recognize the addition of Grundy Center as an owner by transfer of a 0.333% ownership share from Corn Belt, to correct the ownership shares previously shown for Algona, ITC Midwest, MidAmerican and NIPCO, and to correct the names displayed for several of the parties; the table in ¶ 2.2 has been updated to recognize the allocation of an uprated Neal 4 unit output of 644 MW, according to the percentages in ¶ 2.1.
- 3) A footnote has been added to the ownership percentage table on page 5 to recognize explicitly that IPL retains the transmission capacity rights associated with ITC Midwest's transmission ownership interest.
- 4) In ¶ 9.5, the reference to the Iowa Commerce Commission has been updated to reflect the current title, Iowa Utilities Board, or its successor.
- 5) ARTICLE 13 – TERM OF AGREEMENT has been amended to extend the term of the Neal 4 Agreement for an additional 30 years from the original expiration date of October 24, 2014.
- 6) A new ¶ 15.8 has been added to provide that the parties waive the right to a jury trial to the greatest extent permitted under law.
- 7) A new ¶ 15.9 has been added to recognize the limited purpose of MISO's signature to the Neal 4 Agreement.

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- 8) The signature blocks have been updated as appropriate, and to add Grundy Center and MISO.

MISO has reviewed the Neal 4 Agreement and agrees with the parties that none of these changes would abrogate the Grandfathered Agreement (“GFA”) status of the Neal 4 Agreement.<sup>2</sup> The GFA status of the Neal 4 Agreement should not be affected by the instant filing because the transfer of ownership interest creates no new transmission service under the GFA.

### III. DOCUMENTS SUBMITTED TO THIS FILING

Documents submitted with this filing include the transmittal letter;

Tab A Clean copy of the Neal 4 Agreement; and

Tab B Redline comparison of the Neal 4 Agreement with the version of that agreement currently on file at the Commission.

### IV. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVER

MISO respectfully requests that the Commission waive its sixty (60) day notice requirement, as required by Section 35.3(a) of the Commission’s regulations, 18 C.F.R. §35.3(a), and make this amended agreement effective as of July 25, 2014<sup>3</sup>. The Commission’s policy permits waivers of the 60-day prior notice requirement in the case of uncontested filings that do not change rates. The parties have indicated their intention for and support of an effective date of July 25, 2014.

MISO requests that the July 25, 2014 date be used to provide certainty to the Parties as to the status of the agreement. To the extent that the Commission determines that any requirements of 18 C.F.R. § 35 apply that have not been specifically addressed herein, the MISO respectfully requests waiver of such requirements.

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<sup>2</sup> As noted in the new Recital paragraphs to the Neal 4 Agreement, the agreement was already designated as a GFA under the MISO Tariff. *See* Tariff at Attachment P (listing MidAmerican Contract No. 70). MidAmerican has joined MISO as a Transmission Owner, so MISO has been added as a signatory to the Neal 4 Agreement as part of the amendment process. *See Indianapolis Power & Light*, 111 FERC ¶ 61,016 at P 9-10 (2005) (noting the requirement that “ISO-related interconnection agreements be three-party agreements between the transmission owner, the transmission provider, and the interconnection customer[]” and conditionally accepting amended agreement, subject to refiling as a three party agreement). The addition of MISO as a signatory is not intended to alter the transmission service provided under the Neal 4 Agreement.

<sup>3</sup> The Commission’s policy permits waivers of the 60-day prior notice of filing requirement in the case of a non-rate change to the terms and conditions of a Commission-accepted Rate Schedule. *See Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, *reh’g denied*, 61 FERC ¶ 61,189 (1992).

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## **V. COMMUNICATIONS**

Correspondence, pleadings and other materials regarding this filing should be addressed to the following persons:

Jacob T. Krouse (jkrouse@misoenergy.org)\*  
Sally L. Clore (sclore@misoenergy.org)\*  
Julie Bunn (jbunn@misoenergy.org)  
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\*Persons authorized to receive service

## **VI. NOTICE AND SERVICE**

MISO notes that it has served a copy of this filing electronically, including attachments, upon all Tariff Customers under the Tariff, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, MISO Advisory Committee participants, as well as all state commissions within the Region. The filing has been posted electronically on MISO's website at <https://www.misoenergy.org/Library/FERCFilingsOrders/Pages/FERCFilings.aspx> for other interested parties in this matter. In addition, MISO has served a copy of this filing electronically on all parties to this agreement.

## **VII. CONCLUSION**

For all the foregoing reasons, MISO respectfully requests that the Commission accept for filing this Amended and Restated Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission and grant the proposed effective date of July 25, 2014, and grant waiver of any Commission regulations not addressed herein that the Commission may deem applicable to this filing.

Respectfully submitted,

*/s/ Jacob T. Krouse*

Jacob T. Krouse  
Attorney for the Midcontinent Independent  
System Operator, Inc.

Attachment

Tab A

SA 2681 MIDAMERICAN-NEAL 4 TRANSMISSION FACILITIES AGREEMENT

VERSION 31.0.0

EFFECTIVE 7/26/2014

ORIGINAL SERVICE AGREEMENT NO. 2681

**TRANSMISSION FACILITIES AND OPERATING AGREEMENT**

entered into by the

MidAmerican Energy Company,

Interstate Power and Light Company,

ITC Midwest LLC,

Northwestern Corporation d/b/a Northwestern Energy,

Corn Belt Power Cooperative,

Northwest Iowa Power Cooperative,

Algona Municipal Utilities,

Bancroft Municipal Utilities,

Coon Rapids Municipal Utilities,

Graettinger Municipal Light Plant,

Laurens Municipal Light & Power Plant,

Milford Municipal Utilities,

Spencer Municipal Utilities,

City of Webster City, Iowa,

Municipal Electric Utility of Cedar Falls, Iowa,

And

Grundy Center Municipal Utilities

**AMENDED AND RESTATED TRANSMISSION  
FACILITIES AND OPERATING AGREEMENT  
GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION**

**THIS AGREEMENT**, made and entered into this 24th day of October, 1984 and previously amended twice, with such previous amendments effective October 31, 1987, and January 1, 1997, and as amended and restated herein effective July 11, 2014, by and between **MidAmerican Energy Company (MidAmerican)**, an Iowa corporation, **Interstate Power and Light Company (IPL)**, an Iowa corporation, **ITC Midwest LLC**, a Michigan limited liability company (ITC Midwest), **Northwestern Corporation d/b/a Northwestern Energy (Northwestern)**, a Delaware corporation, and the following, hereinafter referred to collectively as Cooperatives: **Corn Belt Power Cooperative (Corn Belt)**, an Iowa cooperative, **Northwest Iowa Power Cooperative (NIPCO)**, an Iowa cooperative, **Algona Municipal Utilities (Algona)**, an Iowa municipal corporation, **Bancroft Municipal Utilities (Bancroft)**, an Iowa municipal corporation, **Coon Rapids Municipal Utilities (Coon Rapids)**, an Iowa municipal corporation, **Graettinger Municipal Light Plant (Graettinger)**, an Iowa municipal corporation, **Laurens Municipal Light & Power Plant (Laurens)**, an Iowa municipal corporation, **Milford Municipal Utilities (Milford)**, an Iowa municipal corporation, **Spencer Municipal Utilities (Spencer)**, an Iowa municipal corporation, **City of Webster City, Iowa (Webster City)**, an Iowa municipal corporation, **Municipal Electric Utility of Cedar Falls, Iowa (Cedar Falls)**, an Iowa municipal corporation, and **Grundy Center Municipal Utilities (Grundy Center)**, an Iowa municipal corporation. All the parties are referred to herein singly, each, as Party and collectively as Parties.

**WITNESSETH:**

**WHEREAS**, ITC Midwest owns electric facilities and is engaged in the transmission of electric energy within the geographical areas served by the Parties; and

**WHEREAS**, IPL is engaged in the generation and sale of electric power and energy within the geographical areas served by the Parties; and

**WHEREAS**, MidAmerican, Northwestern, and the Cooperatives own electric facilities and are engaged in the generation, transmission, distribution, and sale of electric power and energy within the geographical areas served by the Parties; and

**WHEREAS**, the Parties executed an agreement dated June 26, 1974, as subsequently amended, providing for the construction, ownership and operation of George Neal Generating Station Unit No. 4 (Neal Unit 4), located in the vicinity of Sioux City, Iowa; and

**WHEREAS**, a Memorandum of Understanding has been entered into dated May 13, 1977, concerning the Parties' understanding in regard to transmission facilities that have been constructed jointly by said Parties; and

**WHEREAS**, MidAmerican succeeded to the interests of Iowa Public Service Company, including its interest in this Agreement; and



**WHEREAS**, IPL succeeded to the interests of Interstate Power Company, including its interest in this Agreement; and

**WHEREAS**, ITC Midwest purchased the transmission assets of IPL on December 20, 2007; and

**WHEREAS**, with MidAmerican's concurrence and in accordance with the terms approved by the Federal Energy Regulatory Commission ("FERC") in its December 3, 2007, order in Docket No. EC07-89, 12 FERC ¶ 61,229, approving ITC Midwest's purchase of IPL's transmission assets, IPL assigned its transmission-related rights and obligations under the Agreement to ITC Midwest, effective December 20, 2007, and IPL retained its non-transmission related rights and obligations;

**WHEREAS**, by its signature hereinbelow each of the Parties except for Grundy Center gives its written consent pursuant to Section 15.1 to Corn Belt to transfer a 0.333 % share of its ownership interest in Neal 4 Transmission to Grundy Center, the effect of such consent being to allow Grundy Center to become a joint owner of George Neal Unit No. 4 Transmission; and

**WHEREAS**, in order to become a joint owner and by its signature hereinbelow, Grundy Center has agreed to assume all rights and responsibilities associated with joint ownership hereunder, and shall, upon approval of this Amended and Restated Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission by all relevant regulatory authorities, be henceforth a Party to this Agreement and one of the Cooperatives; and

**WHEREAS**, the Parties desire to provide for the continuing operation of George Neal Generating Station Unit No. 4 Transmission and accordingly are extending the agreement for a term of thirty years as well as adding Grundy Center as a party thereto at this time; and

**WHEREAS**, the Midcontinent Independent System Operator, Inc. ("MISO") is the Transmission Provider for MidAmerican and this agreement has been designated as a Grandfathered Agreement ("GFA") under the MISO FERC Electric Tariff, Fourth Revised Volume No. 1 ("Tariff") at Substitute First Revised Sheet No. 2765 (listing MidAmerican Contract No. 22 in Attachment P of the Tariff);

**WHEREAS**, this agreement is being amended to reflect changes that do not alter transmission service hereunder and do not alter the status of this agreement as a GFA under the MISO Tariff, and MISO is only executing the agreement for the limited purpose of monitoring interconnection to the MISO Transmission System; and

**WHEREAS**, the Parties acknowledge that MISO is not a party to the agreement, and the Parties and the MISO agree that the addition of the MISO as a signatory does not alter the underlying transmission service provided by this agreement as a GFA;

**NOW THEREFORE**, in consideration of the foregoing and of the mutual covenants herein contained, the Parties agree as follows:



**ARTICLE 1**  
**FACILITIES TO BE PROVIDED**

1.1 For the purposes of this Agreement, the following transmission facilities and associated equipment will be provided by MidAmerican, ITC Midwest, Northwestern, and the Cooperatives and are referred to herein as Neal 4 Transmission:

- a) The Neal 4 Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the 345 kV line from Neal 4, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.
- b) The Western Area Power Administration (WAPA) Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the Raun-WAPA line, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.
- c) The Raun Transformer No. 2, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of providing and controlling a transformation from 345 kV to 161 kV, including one 345/161 kV 180/240/300 MVA transformer, one 345 kV power circuit breaker, one 161 kV power circuit breaker and all necessary control, relaying, metering and facilities housing.
- d) The Conversion of Raun 345 kV Bus to Breaker-and-a-half Connection, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of converting the 345 kV bus from a ring bus configuration to a breaker-and-a-half configuration, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing and communications devices.
- e) The Raun-WAPA Line, consisting of the 345 kV line extending from the Raun Substation of MidAmerican, located south of Sioux City, Iowa, to the NAPA Sioux City Substation, located north of Sioux City, Iowa, the limits of which shall be the points of attachment of line conductors to the dead-ending hardware at the terminating substations.

**ARTICLE 2**  
**OWNERSHIP**

2.1 MidAmerican, ITC Midwest, Northwestern, and the Cooperatives will be owners, as tenants in common with undivided ownership interests as follows, of Neal 4 Transmission,

and the cost, capacity rights<sup>1</sup> and ownership thereof will be shared in accordance with the following percentages:

Algona Municipal Utilities	2.937%
Bancroft Municipal Utilities	.347%
Coon Rapids Municipal Utilities	.521%
Corn Belt Power Cooperative	8.695%
Graettinger Municipal Light Plant	.174%
ITC Midwest LLC	25.695%
MidAmerican Energy Company	40.570%
Laurens Municipal Light and Power Plant	.521%
Milford Municipal Utilities	.347%
Northwest Iowa Power Cooperative	4.860%
Spencer Municipal Utilities	1.215%
City of Webster City, Iowa	2.604%
Northwestern Energy	8.681%
Municipal Electric Utility of Cedar Falls, Iowa	2.500%
Grundy Center Municipal Utilities	.333%
Total	<u>100.000%</u>

2.2 The percentages of ownership contained in Paragraph 2.1 were based upon the ratio of capacity initially needed by each of the Parties to the total of capacity initially needed for all of the Parties, as follows:

Algona Municipal Utilities	18.91 MW
Bancroft Municipal Utilities	2.23 MW
Coon Rapids Municipal Utilities	3.36 MW
Corn Belt Power Cooperative	56.00 MW
Graettinger Municipal Light Plant	1.12 MW
Interstate Power and Light Company	165.48 MW
MidAmerican Energy Company	261.27 MW
Laurens Municipal Light and Power Plant	3.36 MW
Milford Municipal Utilities	2.23 MW
Northwest Iowa Power Cooperative	31.30 MW
Spencer Municipal Utilities	7.82 MW
City of Webster City, Iowa	16.77 MW
Northwestern Energy	55.91 MW
Municipal Electric Utility of Cedar Falls, Iowa	16.10 MW
Grundy Center Municipal Utilities	2.14 MW
Total	<u>644.00 MW</u>

2.3 As used herein, the phrase “Operating Party” refers to MidAmerican.

2.4 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agree that from time to time, upon request by other Parties to this Agreement, each will execute and deliver

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<sup>1</sup> IPL retains the capacity rights commensurate with ITC Midwest’s ownership interest in Neal 4 Transmission.

such further documents or instruments of transfer or confirmation of titles as may in the opinion of counsel for the requesting Party be necessary or advisable to effectuate and carry out the intent and purpose of this instrument, so long as such documents do not impair the rights of the requested Party.

2.5 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest hereby agree to grant easements to any Party to this Agreement for the construction, maintenance and operation of solely-owned facilities as contemplated hereunder. It is understood that such solely-owned facilities shall be constructed so as not to unreasonably restrict the operation of the transmission and substation facilities needed by all the Parties to export Neal Unit 4 power.

2.6 Either prior to or shortly after delivery of any document or instrument provided for in Paragraphs 2.4 and 2.5, the transferor shall obtain the release of the interests and easements to be conveyed, or conveyed, as the transferor's covenants respecting such interests and easements as set forth in Paragraphs 2.4 and 2.5 above.

2.7 Transferability of Interests.

- a) The relation of tenants in common in the ownership, construction, operation and maintenance of Neal 4 Transmission as provided by this Agreement is undertaken in mutual trust and confidence in the financial responsibility, engineering and operating competence, efficiency and common objectives of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest. Since the effects of transfers of the interests of one Party upon the rights and interests of the other Parties over the long term of this Agreement cannot be determined at this time, it must be presumed that such effects might be adverse. Therefore, the Cooperatives, MidAmerican, Northwestern, and ITC Midwest, for the protection of themselves and of the other Parties, agree that their interests in this Agreement, including its rights, duties, and obligations hereunder, and its titles to and interests in all Neal 4 Transmission shall at all times during the term of this Agreement be subject to the provisions of this Paragraph 2.7. Nothing in this Agreement shall be construed as subjecting the interest of a Party to any lien or charge resulting directly or indirectly from the debt or obligation of any other Party.
- b) The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agrees that during the term of this Agreement and except as specifically permitted under subsection (c) of this Paragraph 2.7, neither its interest in this Agreement, including its rights, duties and obligations hereunder, nor its interest in any of Neal 4 Transmission shall be assigned, transferred or otherwise disposed of and each Party hereby waives and releases any right it may now have or hereafter acquire to permit or require partition of the Neal 4 Transmission, so long as Neal 4 Transmission is used or useful for the transmission of electric power.
- c) The provisions of subparagraph b) of this Paragraph 2.7 shall not restrict (i) dispositions and sales incident to renewals or replacements, or (ii) the right of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest to subject its own interest to the lien of any mortgage upon all or substantially all of its physical electric utility property, or (iii) the rights of the trustee under any such mortgage,

or (iv) the rights of any purchaser on foreclosure of any such mortgage who acquires any interest subject to any such mortgage, or (v) the right of any Party to transfer voluntarily its interest as an incident to any sale, merger or other transfer of all or a substantial part of its electric facilities as an operating entity, if the transferee assumes the obligations of the transfer or under this Agreement and has the ability and adequate financial responsibility to carry out such obligation, (vi) transfers to wholly-owned subsidiaries of any of the Parties hereto which own all or substantially all of the generating facilities of such Party, (vii) the right of any Party to transfer its interest to another Party to this Agreement, or (viii) the right of any Party to provide transmission services over its ownership portion in accordance with Paragraph 4.8. Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), (vii) and (viii) no trustee, purchaser on foreclosure or other transferee of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to require partitioning of Neal 4 Transmission.

Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), and (vii), no trustee, purchaser on foreclosure or other transferee of a the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to require partitioning of Neal 4 Transmission.

2.8 Except for the interest of a mortgagee under a mortgage permitted by Paragraph 2.7(c), the Cooperatives, MidAmerican, Northwestern, and ITC Midwest shall notify all other Parties: as soon as it has reason to believe that any other person might have or acquire any substantial claim or colorable claim to any right or interest under this Agreement or any right to or interest in the real or personal property which is the subject matter of this Agreement.

2.9 Prior to the conveyances provided for in Paragraphs 2.4 and 2.5, the transferor shall furnish the transferee with satisfactory evidence of title to the property to be conveyed.

### **ARTICLE 3**

#### **INTERCONNECTIONS**

3.1 Interconnections of Neal 4 Transmission with other transmission systems occur at (i) the Raun Substation of MidAmerican and (ii) the WAPA Sioux City Substation.

3.2 Additional points of interconnection between the systems of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives, or of others, may be established with the written consent of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives. Such consent shall not be unreasonably withheld.

### **ARTICLE 4**

#### **USE AND CAPACITY SCHEDULES**

4.1 Capacity Schedules are reservations for power schedules, expressed in (MW), established for the delivery of the power output of specific generating units through a discrete

transformer and/or over a discrete Line Section to or toward a particular service area or transmission system. Capacity Schedules of a Party shall not be less than Base Capacity Schedules as determined pursuant to Paragraph 4.5. While ITC Midwest purchased the transmission assets of IPL, IPL retains all capacity scheduling rights under this Agreement including Exhibit B.

4.2 A Line Section is a Line length between substations. Line Sections will be created or modified as substations are added or removed.

4.3 The Transmission Capacity of a Line Section shall be equal to the lesser of:

- a) The thermal capability of the line conductors expressed in MW at 345 kV and unity power factor. The thermal capability of the line conductors shall be based on the value of the current that will produce a fifty (50) degree Celsius rise above a twenty-five (25) degree Celsius ambient with a two (2) feet per second wind velocity. Using these criteria, the Transmission Capacity of the Raun-WAPA Line Section is 1190 MW, or
- b) The capacity, in megawatts, of the substation terminating equipment for the Line Section.

4.4 The Transmission Capacity Rights, expressed in MW, of a Party in a Line Section or a transformer are the lesser of the product of eighty-five percent (85%) of the Transmission Capacity of the Line Section multiplied by that Party's percentage ownership share in Neal 4 Transmission, as listed in Paragraph 2.1, or one hundred percent (100%) of the top nameplate rating of a transformer, multiplied by that Party's percentage ownership share in Neal 4 Transmission, as listed in Paragraph 2.1.

4.5 Base Capacity Schedules are associated with Neal Unit 4 cruise capacity (which is normally 96 percent (96%) of the accredited capability of Neal Unit 4, as reported for the Mid-Continent Area Power Pool) and are commitments by MidAmerican, IPL, Northwestern, and the Cooperatives related to adequate interconnection of Neal Unit 4 into the transmission system. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have the Base Capacity Schedules equal to 96 percent (96%) of the amounts listed in Paragraph 2.2 in each Line Section of Neal 4 Transmission. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have Base Capacity Schedules in the Neal 4 345/161 kV transformer equal to 96 percent (96%) of the amounts listed in Paragraph 2.2 with each further limited in proportion by the transformer Total Scheduling Capacity. Base Capacity Schedules shall be modified as the accredited capability of Neal Unit 4 is adjusted. A Party may establish additional Capacity Schedules, but such additional Capacity Schedules shall not reduce the total commitment of that Party for Capacity Schedules in any Line Section or transformer to a value of less than its Base Capacity Schedule.

4.6 MidAmerican, IPL, Northwestern, and the Cooperatives may each, at its sole discretion, by informing the other Parties, but without their consent, establish additional Capacity Schedules for a stated duration of time in any line section or transformer, provided that the sum of all Capacity Schedules for such Party's use and its assignments of Capacity Schedules for use by others does not exceed such Party's Transmission Capacity Rights.

4.7 MidAmerican, IPL, Northwestern, and the Cooperatives or a non-party may seek to establish additional Capacity Schedules by requesting an assignment from the Transmission Capacity Rights of another Party or combination of Parties. A non-party who establishes a Capacity Schedule or a Party who establishes an additional Capacity Schedule pursuant to the terms of the agreement shall be referred to as an Assignee for the purposes of such establishment.

4.8 Any of MidAmerican, IPL, Northwestern, and the Cooperatives, with Transmission Capacity Rights in a Line Section or transformer, pursuant to Paragraph 4.10, may make an assignment from its Transmission Capacity Rights for Capacity Schedules to another Party or to a non-party. Any assignment of Transmission Capacity Rights by a Party subject to the jurisdiction of the FERC to another Party or non-party shall be made in accordance with the assigning Party's Open Access Transmission Tariff. Any assignment of Transmission Capacity Rights by a Party having a non-jurisdictional Open Access Transmission Tariff on file with FERC or a Regional Transmission Group (RTG), for the purpose of providing reciprocal transmission service shall be made in accordance with such tariff. Any assignment to another Party or to a non-party of Transmission Capacity Rights by a Party not subject to the jurisdiction of FERC and not having filed a non-jurisdictional Open Access Transmission Tariff with FERC or an RTG shall be made pursuant to Paragraph 4.11 and written in substantially the form of First Revised Exhibit B, attached hereto and by this reference incorporated herein. The Assignor of each executed First Revised Exhibit B shall provide a copy of each such exhibit to each other Party to this Agreement.

4.9 When MidAmerican, IPL, Northwestern, or the Cooperatives or a non-party, pursuant to Paragraph 4.7, requests an assignment for the purpose of establishing a Capacity Schedule in a Line Section or transformer, to the extent such a request can be satisfied, it shall be satisfied from the Transmission Capacity Rights in that Line Section or transformer, as determined in Paragraph 4.10. A Party who makes an assignment of Capacity Schedules from its Transmission Capacity Rights to a Party or a non-party pursuant to the terms of this Agreement shall be referred to as an Assignor.

4.10 MidAmerican, IPL, Northwestern, or the Cooperatives' Transmission Capacity Rights available for assignment in a Line Section or transformer shall be determined by subtracting one of the following from its Transmission Capacity Rights in that Line Section or transformer:

- a) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others, are all in the same direction, the absolute value of the sum of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer.
- b) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others are in both directions, the absolute value of the largest algebraic sum achieved by eliminating in turn each of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer one at a time.



4.11 An Assignee of a Capacity Schedule from MidAmerican, IPL, Northwestern, or the Cooperatives not subject to the jurisdiction of FERC, and not having a non-jurisdictional Open Access Transmission Tariff on file with FERC or an RTG, shall take its assignment subject to the provisions of this Agreement, and shall assume the following additional obligations:

- a) For the Capacity Schedule assigned in a specified Line Section or transformer, the Assignee shall annually pay each Assignor a sum computed: Fixed charge rate of the Assignor computed as set forth in Exhibit C, attached hereto and by this reference incorporated herein, multiplied by the investment at original cost of Neal 4 Transmission in that Line Section or transformer through which the assignment is made, multiplied by MW of Capacity Schedule assigned by the Assignor. This product will be divided by the sum of the Absolute Values of the Capacity Schedules, as determined in accordance with Paragraph 4.12, or Transmission Capacity in the transformer as determined in accordance with Paragraph 4.4. Payment shall be due by July 1. If an Assignee is billed later than June 15, payment shall be due no more than 15 days after the mailing date of the billing. For the calendar year in which the assignment becomes effective, the annual payment shall be prorated from the effective date of the assignment; and
- b) The Assignee shall compensate each Assignor for the Assignee's proportionate share of demand and energy losses; and
- c) The Assignee shall reimburse its Assignor for the Assignee's proportionate share of operation and maintenance expenses and overhead charges as further set forth in Paragraphs 5.4 and 7.4.

4.12 The Sum of the Absolute Values of the Capacity Schedules in a Line Section or transformer shall be computed: The total of the Capacity Schedules for each of MidAmerican, IPL, Northwestern, and the Cooperatives and for each Assignee in each of the two possible directions is first determined. For each of MidAmerican, IPL, Northwestern, and the Cooperatives and each Assignee, the larger of these two amounts is selected. The absolute values of the selected amounts are then summed.

4.13 The Capacity Schedules Limitation shall be the lesser of the Transmission Capacity Rights of a Line Section or transformer or the transfer capability under NERC guidelines. The Sum of the Capacity Schedules shall be the larger of the following:

- a) The absolute value of the algebraic sum of all Capacity Schedules; or
- b) The absolute value of the largest algebraic sum of Capacity Schedules achieved by eliminating in turn each of the Capacity Schedules one at a time. When the total of the Capacity Schedules exceeds the Capacity Schedule Limitation, the Capacity Schedules in the direction that compounds the excess shall be reduced on a pro-rata basis until the Capacity Schedule Limitation is no longer exceeded.

4.14 The addition or removal of substations or switching stations in a Line Section that alter the length of the Line Section will increase or decrease the Transmission Capacity Rights of

the Parties in the same ratio as the Transmission Capacity of the modified Line Section increases or decreases.

## **ARTICLE 5**

### **OPERATIONS, OBJECTIVES AND PRIORITY OF SCHEDULING**

5.1 The Parties intend that Neal 4 Transmission be operated and maintained with good operating practice by the Parties charged in the operation and maintenance thereof, as provided above, and that the cost of such operation and maintenance be minimized to the extent practicable.

5.2 The Parties intend that all operation and maintenance procedures be coordinated to maximize effective utilization of Neal 4 Transmission.

5.3 The Parties intend that transactions arranged between any of the Parties or with others shall not abridge the permanent transmission scheduling rights of the respective shares of Neal Unit 4 power and energy, and that such transactions (including, for purposes of this clause, the scheduling of Neal Unit 4 power and energy, or power and energy in substitution therefor or any other classification of power and energy approved by the Operating Committee) shall be such as will not exceed the capacity of or otherwise endanger or impair, in the sole judgment of the Parties, the facilities operated and maintained hereunder.

5.4 MidAmerican shall operate and maintain Neal 4 Transmission as the Operating Party for the Parties, for which MidAmerican shall be reimbursed by the Cooperatives, Northwestern, and ITC Midwest as set forth in Paragraph 7.4. MidAmerican shall charge its normal overhead charges. MidAmerican shall bill the Cooperatives, Northwestern, and ITC Midwest at least quarterly for their share of operation and maintenance expenses and overhead charges. MidAmerican shall provide sufficient accounting documentation to the Cooperatives, Northwestern, and ITC Midwest and will, upon request, provide additional documentation if requested by one of the other Parties.

5.5 Subject to the limitations of Paragraph 5.3 above, the Cooperatives, MidAmerican, Northwestern, and IPL each grants to the others the right to use the Transmission Capacity of Neal 4 Transmission for purposes of scheduling Neal Unit 4 power and energy deliveries in proportion to its percentage ownership share in Neal 4 Transmission as set forth in Paragraph 2.1, with IPL using ITC Midwest's ownership share, and the right to use the capacity of Neal 4 Transmission for deliveries of Neal Unit 4 power and energy or substitute power and energy not exceeding the percentage ownership shares of the Parties in Neal Unit 4 capacity. "Substitute power and energy" means power and energy acquired from any source, without regard to its power and energy classification as firm or non-firm, at such times as Neal Unit 4 capacity or any portion thereof may be unavailable because of the operational status of the unit or unscheduled for reasons of operational economy.

5.6 To the extent not otherwise expressly provided in this Article, scheduling of power and energy shall be determined under procedures established by the Operating Committee and shall conform to any applicable regional or regulatory scheduling procedures.

## **ARTICLE 6**

### **OPERATING COMMITTEE**

6.1 An Operating Committee, consisting of a representative of each the Parties, is hereby established. Each Party shall designate a regular representative and may designate an alternate who may at any time act in lieu of the regular representative. ITC Midwest shall not have the right to vote on decisions made by the Operating Committee for which the obligations and responsibilities have been retained by IPL as described in this Agreement: capacity scheduling, metering, and losses. IPL shall not have the right to vote on decisions made by the Operating Committee for which obligations and responsibilities lie with ITC Midwest, which as described in this Agreement is everything not specifically reserved for IPL.

6.2 The Operating Committee shall adopt rules and procedures pursuant to this Agreement and consistent with the intent of the Neal Unit 4 Agreement and regulatory requirements as may be necessary or appropriate to:

- a) Coordinate scheduled maintenance of Neal 4 transmission, as determined by MidAmerican on advice of Operating Committee; and
- b) Administer accounting for power and energy losses and maintenance and repair, as has been deemed necessary by MidAmerican on advice of the Operating Committee; and
- c) Coordinate daily operation and control of Neal 4 Transmission; and
- d) Perform such other duties as may be necessary or appropriate to carry out the purposes of this agreement.

6.3 The Operating Committee shall hold its initial meeting no later than 30 days subsequent to the effective date hereof, at which meeting the Operating Committee will select one of its members as chairman. Meetings of the Operating Committee shall be called by the chairman of the Operating Committee at his or her discretion. Additional meetings may be called upon the request of any Operating Committee member.

## **ARTICLE 7**

### **OPERATIONS**

7.1 Neal 4 Transmission shall be interconnected and energized at all times except when removal from service of any portion thereof is necessitated by failure or maintenance requirements. The Operating Party shall be responsible for operation of substation equipment. The Operating Party shall keep the other Parties informed about operating conditions of all elements of Neal 4 Transmission, and shall be responsible for keeping the other Parties informed about unusual conditions during emergencies or unusual situations affecting performance, availability or vulnerability of Neal 4 Transmission which could affect scheduling or indicate abnormalities.

7.2 Outages of all or any part of Neal 4 Transmission for purposes of maintenance, inspection, modification, replacement or repair of facilities will be requested by MidAmerican

and approved by the Parties under procedures established by the Operating Committee. The Operating Party shall not remove from service any portion of Neal 4 Transmission without such approval, except in emergencies where immediate removal of facilities from service is deemed necessary by MidAmerican in order to protect life or property. When MidAmerican has received approval for a scheduled outage, it shall be responsible for issuing clearance to its field personnel.

7.3 The Operating Committee shall establish procedures for identification of the causes of unscheduled outages where such causes must be ascertained by field inspection.

7.4 Operation and maintenance costs shall be shared by Cooperatives, MidAmerican, Northwestern, and ITC Midwest in proportion to their ownership shares in Neal 4 Transmission. Each Party's share shall be the cost of operation and maintenance, multiplied by the Party's percent ownership in Neal Unit 4 with ITC Midwest share based on IPL's ownership in Neal Unit 4.

## **ARTICLE 8**

### **MAINTENANCE AND REPAIR**

8.1 The Neal 4 Transmission facilities installed and used pursuant to this Agreement shall be maintained in good operating condition by the owners thereof. MidAmerican shall not replace any portion of the conductors, insulating devices, or equipment of Neal 4 Transmission with equipment having electrical ratings lower than those originally provided except by written consent of all Parties.

## **ARTICLE 9**

### **METERING**

9.1 Neal 4 Transmission will be located in the load control area of MidAmerican. Control area kilowatt metering equipment and associated telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL.

9.2 Reactive (KVAR) metering and associated, telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL. Reactive metering locations shall be selected so as to provide adequate monitoring and subsequent control of the operation of Neal 4 Transmission and the transmission systems it interconnects.

9.3 Billing accuracy kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL. Billing accuracy kilowatt-hour metering locations, at a minimum, shall include the locations of control area kilowatt demand metering. Telemetered readings of kilowatt-hours per clock hour at the end of each hour shall be provided as required for the determination of inter-area energy exchanges on a current basis. Additional billing accuracy kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as required for the determination of transmission losses.

9.4 Each billing meter provided for purposes of this Agreement shall be read and recorded by its owner on or about the first day of the calendar month, and the results will be

forwarded to the other Parties in accordance with procedures established by the Operating Committee.

9.5 Accuracy of registration of meters shall be maintained in accordance with the highest practicable commercial standards. Periodic tests and inspections of the billing meters shall be made at reasonable intervals as agreed upon by the Cooperatives, MidAmerican, Northwestern, and IPL and in accordance with the standards established by the Iowa Utilities Board or its successor. The expenses involved in such tests shall be the responsibility of the respective owners of the meters. On request of any Party, special tests shall be made at its expense. Any Party shall be given the opportunity to be present at any or all regular or special tests. If any test of metering equipment discloses an inaccuracy exceeding two (2) percent, all Parties shall be promptly notified and the interchange accounts between the Parties for service supplied shall be adjusted accordingly. Such correction and adjustment shall be made from the date the meter became inaccurate, if known. If this date cannot be determined, such adjustment shall be made for the previous billing month and the elapsed period in the month during which the test was made. Should metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the power and energy transmitted shall be determined by the Parties from the best available data.

## **ARTICLE 10**

### **LOSSES**

10.1 Energy losses normally shall be calculated from records of line flow. Energy losses may be determined at the sole-discretion of the Party in whose control area the losses occur, by meter readings recorded at billing metering locations whenever unusual losses, such as may be caused by abnormal weather conditions, are apparent from operating data.

10.2 Among ITC Midwest and IPL, losses are the responsibility of IPL, and not ITC Midwest.

10.3 For purposes of allocating the energy component of losses, energy losses shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for monthly adjustment of or compensation for energy-losses shall be established by the Operating Committee, including allocation of compensation or adjustment for losses referred to in subparagraph 4.13(b).

10.4 For purposes of allocating the demand component of losses, energy losses occurring during any clock hour shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for the adjustment of the system net demands of the Parties for Neal 4 Transmission losses shall be established by the Operating Committee, including allocation of compensation, or system net demand adjustment, for losses referred to in subparagraph 4.11(b).

10.5 MidAmerican shall keep such meter readings, log sheets and other records as may be needed to document a clear history of movements of power and energy through the Neal 4 Transmission so as to permit proper adjustment for power and energy losses in accordance with the provisions hereof. The originals of all such meter records and other records shall be open to inspection by representatives of any Party. Each Party maintaining meter reading records will

also furnish appropriate data from meter registrations or from other sources for operating records or for settlement.

## **ARTICLE 11**

### **UNCONTROLLABLE FORCE**

11.1 No Party shall be held responsible or liable to any other Party for any loss or damage resulting from failure to perform its obligations hereunder on account of acts of God, fire, flood, explosion, strike, sabotage, accidents, acts of the public enemy civil or military authority (including court orders, injunctions, executive orders and orders of governmental agencies with proper jurisdiction), insurrection or riot, acts of the elements, or because of failure of equipment, substations or transmission lines resulting from other than a failure of said Party to perform its obligations hereunder, or any other cause beyond the control of said Party.

## **ARTICLE 12**

### **ARBITRATION**

12.1 Any dispute arising out or relating to this Agreement shall be submitted to the chief executive officers or equivalent of the Parties for determination. If the dispute involves a payment of money, prior to such submission, the Party shall pay the disputed amount to the Operating Party, which shall be held in escrow until the dispute is resolved. If unanimous agreement cannot be reached by the chief executive officers or their equivalent within 60 days, the dispute shall be submitted to arbitration. The Party submitting a request for arbitration shall serve notice upon the other Parties setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to the dispute involved, and the Party's suggested resolution thereof.

12.2 The Parties, within 15 days of the request for arbitration, shall attempt to agree upon the selection of one person to act as sole arbitrator. If the Parties fail to agree upon the selection of an arbitrator within such 15 day period, the dispute shall promptly be submitted to and arbitrated by an arbitrator selected by the American Arbitration Association in accord with its then existing rules. The decision or award of the arbitrator shall be final and binding upon all Parties, and judgment on any decision or award may be entered in any court having jurisdiction. Costs incurred in connection with the arbitration shall be assessed by the arbitrator against the Parties in proportion to the extent to which the claims of each Party shall be disallowed, except that each Party shall assume its direct expense associated with the arbitration proceedings.

## **ARTICLE 13**

### **TERM OF AGREEMENT**

13.1 This Agreement was originally effective on October 24, 1984 and as amended hereby shall continue in force and effect for the remainder of this initial term and then thereafter for a second term of 30 years commencing October 24, 2014.

13.2 This Agreement may be amended from time to time by written agreement signed by all parties hereto. Notwithstanding Paragraph 13.1, prior to the expiration of thirty years this



Agreement may be terminated by a written agreement signed by all parties hereto. No termination shall be effective so long as obligations payable in whole or in part from revenues derived from the operation of the facilities, and issued by a City, are outstanding, unless prior consent is first granted by all parties.

#### **ARTICLE 14**

#### **INDEMNIFICATION**

14.1 Each of the Parties hereto (including MidAmerican) agrees to indemnify MidAmerican in its capacity as agent for the parties as provided in Article 5 of this agreement from and against liability and loss, damage and expense, including judgments, costs and attorneys' fees by reason of property damage or injuries to or death of any person or persons, expressly including therein (i) any workers' compensation liability of MidAmerican to its employees, or (ii) liability to any agents, contractors, subcontractors or consultants, or (iii) liability to any third parties or (iv) by reason of claims of any and every character resulting from, arising out of, or connected with the construction, reconstruction, modification, operation or maintenance of Neal 4 Transmission, regardless whether caused wholly or partially by the negligence of MidAmerican, or its employees or agents, to the extent that the percentage of its ownership share, as specified in Paragraph 2.1 hereof, bears to the total liability, loss, damage and expense.

14.2 Each Party shall be liable only for its own acts with regard to Neal 4 Transmission. Subject to the provisions of Article 14 - Indemnification, hereof, and § 390.4, Code of Iowa (1983), as may hereafter be amended, the Parties shall have such rights of indemnity and contribution between themselves with respect to the subject of this Agreement as shall be permitted by law and consistent with the provisions of this Agreement.

14.3 The undivided ownership interest of each Party in Neal 4 Transmission may not be charged directly or indirectly with a debt or obligation of another Party or be subject to any lien as a result thereof. Each Party will be individually responsible for, and will pay, all taxes, if any, chargeable to its ownership of Neal 4 Transmission under statutes now or hereafter in effect.

#### **ARTICLE 15**

#### **GENERAL**

15.1 This Agreement shall inure to the benefit of, and shall bind, the Parties hereto and their successors and assigns, but unless the other Parties shall consent thereto, in writing, may not be assigned by any Party except to a successor to all or substantially all of the property and assets of such Party or to a corporation resulting from a reorganization, merger or other consolidation of a Party with another.

15.2 This Agreement shall be subject to all applicable laws, regulations and orders, and approval of, or acceptance for filing with, any regulatory or administrative authorities having jurisdiction over any or all of the Parties or the subject matter.

15.3 Except as the Parties may otherwise agree prior to an effective date of termination, the property, real and personal, comprising Neal 4 Transmission shall be treated as

hereinafter set forth. For purposes of disposition, this paragraph shall survive the termination of the Agreement. Upon termination of this Agreement, all real and personal property comprising Neal 4 Transmission shall be sold, or otherwise disposed of, by MidAmerican, as agent, as promptly as practicable. The Cooperatives, MidAmerican, Northern, and ITC Midwest irrevocably grant to MidAmerican such rights and powers hereunder as shall be necessary for these purposes. The proceeds of such sale or disposition, excluding costs incurred, and including salvage, if any, shall be distributed among the Cooperatives, MidAmerican, Northern, and ITC Midwest in accordance with the percentage of ownership existing at the effective date of termination.

15.4 The provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any person or persons other than Parties and the obligations hereunder are intended solely for the use and benefit of the Parties.

15.5 Any written notice given by any Party to any other Party or Parties concerning matters of policy or administration with respect to the Agreement shall be deemed properly made and served if signed by an officer of the notifying Party and regularly mailed, postage prepaid, or delivered to the chief executive officer of the notified Party or Parties at the principal office of the same. All notices or other communications required or appropriate hereunder with respect to operating matters shall be given in accordance with procedures set forth herein or as may be prescribed by the Operating Committee.

15.6 Any waiver at any time by any Party of its rights under this Agreement or of any default of another Party shall not be deemed a waiver of any other right or default.

15.7 This Agreement shall be construed, interpreted and controlled by the laws of the State of Iowa and will be construed to comply with the provisions of Chapter 390, Code of Iowa (1983) as they may be hereafter amended.

15.8 TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED, UNLESS APPLICABLE LAW OR RULES OF PROCEDURE REQUIRE CONSOLIDATION OR BAR OR PRECLUDE AN ACTION IF NOT CONSOLIDATED.

15.9 The Parties acknowledge and understand that the signature of the authorized officer of the MISO on this Agreement is for the limited purpose of acknowledging that the representative of MISO has read the terms of this Agreement. The Parties and MISO further state that they understand that FERC desires that the Parties keep MISO fully apprised of the matters addressed herein as well as any reliability and planning issues that may arise under this Agreement, and that the signature of the officer of MISO shall not in any way be deemed to imply that MISO is taking responsibility for the actions of any Party, that MISO has any affirmative duties under this Agreement or that MISO is liable in any way under this Agreement.

Original Sheet No. 17

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed on the date first above written.

MIDAMERICAN ENERGY COMPANY

Attest:

Paul J. Light  
Secretary

By

Jeffrey J. Hunt  
Vice President, Compliance and Standards

INTERSTATE POWER AND LIGHT COMPANY

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

ITC MIDWEST, LLC

By ITC Holdings Corp., its sole member

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

CITY OF WEBSTER CITY, IOWA

Attest:

\_\_\_\_\_  
City Clerk

By \_\_\_\_\_

CORN BELT POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

President, Board of Directors  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

Original Sheet No. 17

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MIDAMERICAN ENERGY COMPANY

Attest:

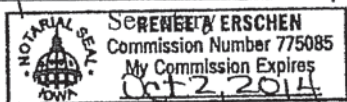
By \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By Teng Kouba



Attest:

ITC MIDWEST, LLC, a Michigan Limited Liability Company,  
By ITC Holdings Corp., its sole member

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

CITY OF WEBSTER, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

By \_\_\_\_\_

President, Board of Directors  
Corn Belt Power Cooperative

\_\_\_\_\_  
Secretary

NORTHWEST IOWA POWER COOPERATIVE

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary



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MIDAMERICAN ENERGY COMPANY

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By \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC, a Michigan Limited Liability Company,  
By ITC Holdings Corp., a Michigan corporation, its sole member

Attest:

By  \_\_\_\_\_

\_\_\_\_\_  
Secretary

CITY OF WEBSTER, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

By \_\_\_\_\_

President, Board of Directors  
Corn Belt Power Cooperative

\_\_\_\_\_  
Secretary

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By \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC

By ITC Holdings Corp., its sole member

Attest:

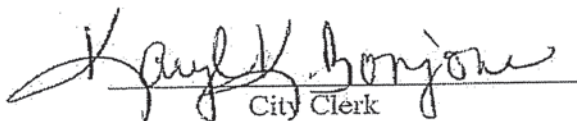
By \_\_\_\_\_

\_\_\_\_\_  
Secretary

CITY OF WEBSTER CITY, IOWA

Attest:

By   
[ ] Mayor

  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

President, Board of Directors  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary



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By \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC  
By ITC Holdings Corp., its sole member

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

CITY OF WEBSTER, IOWA

Attest:

By \_\_\_\_\_

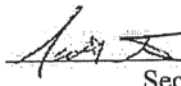
\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

By 

President, Board of Directors  
Corn Belt Power Cooperative

  
Secretary

NORTHWEST IOWA POWER COOPERATIVE

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

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By \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC

By ITC Holdings Corp., its sole member

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

CITY OF WEBSTER, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President, Board of Directors  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:

By Lorecia R. Reed

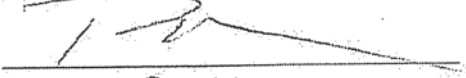
Margaret L. Klem  
Secretary

\_\_\_\_\_  
President

Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

Attest:

  
\_\_\_\_\_  
Secretary

By John Bilsten

  
\_\_\_\_\_  
General Manager

BANCROFT MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

COON RAPIDS MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

MILFORD MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

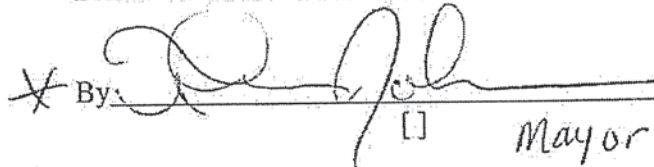
Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

BANCROFT MUNICIPAL UTILITIES

Attest:

X By:  [ ] Mayor

  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

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By \_\_\_\_\_

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Secretary

Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

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Secretary

BANCROFT MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest:

*Brian A. Lind*

By

*Ron Brower*

☐ CHAIRMAN OF BOARD

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

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Secretary

Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

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Secretary

BANCROFT MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

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Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

By *Theresa C. Petersen*

*Pamela Peterson*  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary



Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

BANCROFT MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By Richard Meier  
Chairman, Board of Trustees

Chad Chvala

Secretary

MILFORD MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

Original Sheet No. 18

ALGONA MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

BANCROFT MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

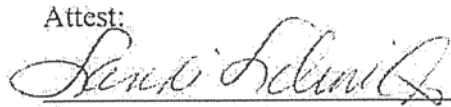
Attest:

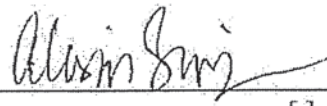
By Keith W. [Signature]

Paula Nordblad  
Secretary

Original Sheet No. 19

SPENCER MUNICIPAL UTILITIES

Attest:  
  
Secretary

By   
\_\_\_\_\_ [ ]

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:  
\_\_\_\_\_  
Secretary

By \_\_\_\_\_

NORTHWESTERN ENERGY

Attest:  
\_\_\_\_\_  
Secretary

By \_\_\_\_\_

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:  
\_\_\_\_\_  
Secretary

By \_\_\_\_\_

The signature below of the authorized officer of MISO is for the limited purpose of  
acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest:  
\_\_\_\_\_  
Secretary

By \_\_\_\_\_

Original Sheet No. 19

SPENCER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_


\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By  \_\_\_\_\_

Roger A. Kueter [ ] Chair - Board of Trustees

  
Pamela L. Taylor - Secretary

NORTHWESTREN ENERGY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

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acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

Original Sheet No. 19

SPENCER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

NORTHWESTERN ENERGY

Attest:

By John D. Hines

  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

The signature below of the authorized officer of MISO is for the limited purpose of  
acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary



Original Sheet No. 19

SPENCER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

NORTHWESTERN ENERGY

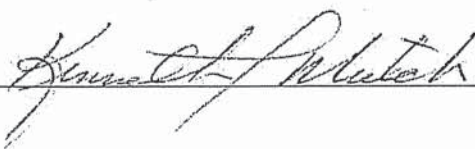
Attest:

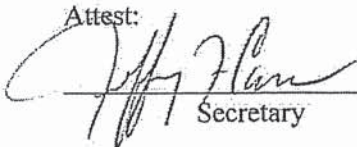
By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By 

  
Secretary

The signature below of the authorized officer of MISO is for the limited purpose of  
acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

Original Sheet No. 19

SPENCER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

NORTHWESTERN ENERGY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary


The signature below of the authorized officer of MISO is for the limited purpose of  
acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest:

  
\_\_\_\_\_  
Secretary

By \_\_\_\_\_

  
JENNIFER CURRAN  
Vice President - Transmission  
7/11/14

**FIRST REVISED EXHIBIT B**

TRANSMISSION FACILITIES AND OPERATING AGREEMENT  
 GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION  
(Terminal) to (Terminal)  
(Assignee)

GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION  
ASSIGNMENTS FOR TRANSMISSION CAPACITY RIGHTS

Pursuant to Operating Agreement of \_\_\_\_\_

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_  
 20\_\_, by and between \_\_\_\_\_,  
 hereinafter referred to collectively as the Assignors(s); and \_\_\_\_\_,  
 hereinafter referred to as the Assignee(s).

WITNESSETH:

WHEREAS, the Assignor(s) are parties to a certain Agreement, dated October 24, 1984,  
 titled Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4  
 Transmission, as amended and restated on July 3, 2012; and

WHEREAS, Paragraph 4.08 of the Transmission Facilities and Operating Agreement  
 permits any Party possessing Transmission Capacity Rights to make assignments for the  
 Capacity Schedules of another Party or non-party subject to written notification to all Parties;  
 and

WHEREAS, each of the Assignor(s) possesses Transmission Capacity Rights for the  
 Capacity Schedules of the Assignee; and

WHEREAS, the Assignee seeks Capacity Schedules of \_\_\_\_\_ megawatts, from  
 \_\_\_\_\_ generating unit, entering Neal 4 Transmission at the  
 \_\_\_\_\_ terminal, and exiting Neal 4 Transmission at  
 \_\_\_\_\_ terminal.

NOW THEREFORE, in consideration of the premises and covenants contained herein, it is agreed:

1. Assignments. The respective Assignor(s) hereby make assignments for the Capacity Schedules of the Assignee in the following manner:

ASSIGNOR	MEGAWATTS ASSIGNED	FROM TERMINAL	TO TERMINAL	MILES BETWEEN TERMINALS
----------	-----------------------	------------------	----------------	-------------------------------

---

2. Assignee's Covenants. The Assignee understands and agrees to perform all applicable terms, conditions and obligations contained in the Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4 Transmission, (receipt of a conformed copy of which is hereby acknowledged) including, but not limited to, the obligations contained in Paragraph 4.11 therein and any amendment now existing or hereafter created to said paragraph or other terms and obligations contained in the aforementioned Transmission Facilities and Operating Agreement.

The Assignee further agrees that neither the Capacity Schedules assigned herein nor any portion thereof shall be reassigned or otherwise transferred without written agreement in substantially the form of this Revised Exhibit 13.

3. Effective Date. This Agreement shall become effective as of \_\_\_\_\_, 20\_\_\_\_.

4. Special Provisions.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this Agreement to be duly executed as of the date first above written.

(Name) Assignor(s)

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---

---

(Name) (Assignee)

---



**NEAL NO. 4 TRANSMISSION  
ANNUALIZED FIXED CHARGE RATE  
EXHIBIT C**

1. Cost of Capital:

XX.XX%	Long Term Debt @ X.XX%	X.XX%
XX.XX	Common Stock @ X.XX%	X.XX
<u>XX.XX</u>	Preferred Stock @ X.XX%	<u>X.XX</u>
<u>100.00%</u>	Total cost of Capital	<u>XX.XX%</u>

2. Depreciation Life of Facility – XX yrs.

3. Levelized Return:

Cost of Capital XX.XX%

Depreciation Annuity:

$$\frac{0.XXXX}{(1 + 0.XXXX) XX - 1} = \frac{.XX\%}{XX.XX\%}$$

4. Return Less Straight-line depreciation

$$\frac{-100\% \div XX}{\text{Levelized Return on Investment}} = \frac{-X.XX}{X.XX\%}$$

5. Levelized Fixed Charge Rate:

Levelized Return On Investment	X.XX%
Straight-line Depreciation	X.XX
Income Taxes:	

$$X.XX \times \frac{X.XX\% + X.XX\%}{XX.XX\%} \times \frac{XX.XX\%}{100\% - XX.XX\%} = X.XX$$

Property Taxes	<u>X.XX</u>
----------------	-------------

6. Total Annual Levelized Fixed Charge Rate	<u>XX.XX%</u>
---	---------------

### Annualized Fixed Charge Rate Instructions

- 1) Cost of Capital: The cost of capital used in the calculation will be based on the capital structure, cost of debt and cost of preferred stock realized at the time the Neal #4 Transmission Facilities were constructed. The return on common equity (if Applicable) will be based on the latest allowed return by the Iowa State Commerce Commission or other applicable regulatory authority. The following costs will be used in calculating the cost of capital:
  - a) MEC
 

52.83% Debt	@ 9.29% = 4.91%
10.97% Preferred	@ 7.84% = .86
36.20% Common	@ x.xx% = x.xx
  - b) ITC Midwest
 

52.10% Debt	@ 7.58% = 3.95%
14.03% Preferred	@ 8.64% = 1.21
33.87% Common	@ x.xx% = x.xx
  - c) Northwestern
 

53.59% Debt	@ 8.43% = 4.52%
10.79% Preferred	@ 8.29% = .89
35.62% Common	@ x.xx% = x.xx
  - d) Corn Belt & Webster City
 

100% Debt	@ 11.868% = 11.868%
-----------	---------------------
  - e) NIPCO
 

100% Debt	@ 8.50% = 8.50%
-----------	-----------------
  - f) Northern Iowa Municipal electric Cooperative Association (the utilities of Cities of Algona, Bancroft, Coon Rapids, Graettinger, Laurens, Milford and Spencer are members of this association)
 

33.75% Debt	@ 5.689% = 1.92%
66.25% Equity	@ x.xx% = x.xx
- 2) Depreciation Life of Facility: Each owner will use its own depreciable life for the Neal #4 Transmission Facilities.
- 3) Levelized Return: The levelized return will be calculated using the cost of capital and depreciable life in Items #1 and #2. The levelized return represents return plus depreciation arrived at by adding the depreciation annuity to the cost of capital. The depreciation annuity is calculated by the following formula:

$$\frac{\text{Cost of Capital}}{(1 + \text{cost of Capital})^N - 1}$$

Where N equals the life of the facility

- 4) Return Less Depreciation: Straight-line depreciation is subtracted from Item #3 to obtain a levelized return on investment.
- 5) Levelized Fixed Charge Rate: The levelized fixed charge rate is computed by adding levelized return on investment, straight-line depreciation, income taxes and property taxes. Income taxes are calculated by the formula:

$$\begin{array}{lcl} \text{(Levelized Return)} & \frac{\text{(Cost of Equity Capital)}}{\text{(Total Cost of Capital)}} & \frac{\text{(Composite Income Tax Rate)}}{\text{(100\% - Composite Income Tax Rate)}} \\ \text{(Step 4)} & \times & \times \end{array}$$

Property taxes are based on the latest experience for the Neal #4 Transmission Facilities.

This fixed charge calculation will be calculated for each respective owner prior to entering into a capacity assignment for the Neal #4 Transmission Facilities and updated annually thereafter.

#### MIDAMERICAN ENERGY COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

#### INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

#### ITC MIDWEST, LLC

By ITC Holdings Corp., its sole member

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
Secretary

#### CITY OF WEBSTER CITY, IOWA

Attest:

By \_\_\_\_\_

\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President, Board of Trustees  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

ALGONA MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

BANCROFT MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

COON RAPIDS MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

SPENCER MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

NORTHWESTERN ENERGY

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

Tab B



**AMENDED AND RESTATED TRANSMISSION FACILITIES AND OPERATING  
AGREEMENT GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION**

---

THIS AGREEMENT, made and entered into this 24th day of October, 1984, and  
previously amended twice, with such previous amendments effective October 31, 1987, and  
January 1, 1997, and as amended and restated herein effective \_\_\_\_\_, by  
and between MidAmerican Energy Company (MidAmerican), an Iowa corporation, Interstate  
Power and Light Company (IPL), an Iowa corporation, ITC Midwest LLC, a Michigan limited  
liability company (ITC Midwest), Northwestern Corporation d/b/a Northwestern Energy  
(Northwestern), a Delaware corporation, and the following, hereinafter referred to collectively as  
Cooperatives: Corn Belt Power Cooperative (Corn Belt), an Iowa cooperative, Northwest Iowa  
Power Cooperative (NIPCO), an Iowa cooperative, Algona Municipal Utilities (Algona), an  
Iowa municipal corporation, Bancroft Municipal Utilities (Bancroft), an Iowa municipal  
corporation, Coon Rapids Municipal Utilities (Coon Rapids), an Iowa municipal corporation,  
Graettinger Municipal Light Plant (Graettinger), an Iowa municipal corporation, Laurens  
Municipal Light & Power Plant (Laurens), an Iowa municipal corporation, Milford Municipal  
Utilities (Milford), an Iowa municipal corporation, Spencer Municipal Utilities (Spencer), an  
Iowa municipal corporation, City of Webster City, Iowa (Webster City), an Iowa municipal  
corporation, ~~and~~ Municipal Electric Utility of Cedar Falls, Iowa (Cedar Falls~~), an Iowa~~  
municipal corporation, and Grundy Center Municipal Utilities (Grundy Center), an Iowa  
municipal corporation. All the parties are referred to herein singly, each, as Party and  
collectively as Parties. ~~This amended and restated Agreement, originally entered into on October~~  
~~24, 1984, is now amended and restated effective [filing date].~~

**WITNESSETH:**

WHEREAS, ITC Midwest owns electric facilities and is engaged in the transmission of electric energy within the geographical areas served by the Parties; and

WHEREAS, IPL is engaged in the generation and sale of electric power and energy within the geographical areas served by the Parties; and

WHEREAS, MidAmerican, Northwestern, and the Cooperatives own electric facilities and ~~is~~are engaged in the generation, transmission, distribution, and sale of electric power and energy within the geographical areas served by the Parties; and

WHEREAS, the Parties ~~have~~ executed an agreement dated June 26, 1974, ~~as~~and subsequently amended, ~~which~~ providinges for the construction, ownership and operation of George Neal Generating Station Unit No. 4 (Neal Unit 4), located in the vicinity of Sioux City, Iowa; and

WHEREAS, ~~the Parties have entered into~~ a Memorandum of Understanding has been entered into dated May 13, 1977, concerning ~~their~~the Parties' understanding in regard to transmission facilities that have been constructed jointly by said Parties; and

WHEREAS, MidAmerican succeeded to the interests of Iowa Public Service Company, including its interest in this Agreement; and

WHEREAS, IPL succeeded to the interests of Interstate Power Company, including its interest in this Agreement; and

WHEREAS, ITC Midwest purchased the transmission assets of IPL on December 20, 2007; and

WHEREAS, with MidAmerican's concurrence and in accordance with the terms approved by the Federal Energy Regulatory Commission ("FERC") in its December 3, 2007,

order in Docket No. EC07-89, 12 FERC ¶ 61,229, approving ITC Midwest's purchase of IPL's transmission assets, IPL assigned its transmission-related rights and obligations under the Agreement to ITC Midwest, effective December 20, 2007, and IPL retained its non-transmission related rights and obligations;

WHEREAS, by its signature hereinbelow each of the Parties except for Grundy Center gives its written consent pursuant to Section 15.1 to Corn Belt to transfer a 0.333 % share of its ownership interest in Neal 4 Transmission to Grundy Center, the effect of such consent being to allow Grundy Center to become a joint owner of George Neal Unit No. 4 Transmission; and

WHEREAS, in order to become a joint owner and by its signature hereinbelow, Grundy Center has agreed to assume all rights and responsibilities associated with joint ownership hereunder, and shall, upon approval of this Amended and Restated Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission by all relevant regulatory authorities, be henceforth a Party to this Agreement and one of the Cooperatives; and

WHEREAS, the Parties desire to provide for the continuing operation of George Neal Generating Station Unit No. 4 Transmission and accordingly are extending the agreement for a term of thirty years as well as adding Grundy Center as a party thereto at this time; and

WHEREAS, the Midcontinent Independent System Operator, Inc. ("MISO") is the Transmission Provider for MidAmerican and this agreement has been designated as a Grandfathered Agreement ("GFA") under the MISO FERC Electric Tariff, Fourth Revised Volume No. 1 ("Tariff") at Substitute First Revised Sheet No. \_\_\_\_ (listing MidAmerican Contract No. 22 in Attachment P of the Tariff);

WHEREAS, this agreement is being amended to reflect changes that do not alter transmission service hereunder and do not alter the status of this agreement as a GFA under the

MISO Tariff, and MISO is only executing the agreement for the limited purpose of monitoring interconnection to the MISO Transmission System; and

WHEREAS, the Parties acknowledge that MISO is not a party to the agreement, and the Parties and the MISO agree that the addition of the MISO as a signatory does not alter the underlying transmission service provided by this agreement as a GFA;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants herein contained, the Parties agree as follows:

## **ARTICLE 1** **FACILITIES TO BE PROVIDED**

1.1 For the purposes of this Agreement, the following transmission facilities and associated equipment will be provided by MidAmerican, ITC Midwest, Northwestern, and the Cooperatives and are referred to herein as Neal 4 Transmission:

a) The Neal 4 Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the 345 kV line from Neal 4, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.

b) The Western Area Power Administration (WAPA) Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the Raun-WAPA line, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.

c) The Raun Transformer No. 2, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of

providing and controlling a transformation from 345 kV to 161 kV, including one 345/161 kV 180/240/300 MVA transformer, one 345 kV power circuit breaker, one 161 kV power circuit breaker and all necessary control, relaying, metering and facilities housing.

d) The Conversion of Raun 345 kV Bus to Breaker-and-a-half Connection, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of converting the 345 kV bus from a ring bus configuration to a breaker-and-a-half configuration, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing and communications devices.

e) The Raun-WAPA Line, consisting of the 345 kV line extending from the Raun Substation of MidAmerican, located south of Sioux City, Iowa, to the NAPA Sioux City Substation, located north of Sioux City, Iowa, the limits of which shall be the points of attachment of line conductors to the dead-ending hardware at the terminating substations.

## **ARTICLE 2** **OWNERSHIP**

2.1 MidAmerican, ITC Midwest, Northwestern, and the Cooperatives will be owners, as tenants in common with undivided ownership interests as follows, of Neal 4 Transmission, and the cost, capacity rights<sup>1</sup> and ownership thereof will be shared in accordance with the following percentages:

Algona Municipal Utilities	2. <del>604</del> <u>937</u> %
Bancroft Municipal Utilities	.347%
Coon Rapids Municipal Utilities	.521%
Corn Belt Power Cooperative	<del>9.028</del> <u>8.695</u> %
Graettinger Municipal Light Plant	.174%
ITC Midwest <u>LLC</u>	<del>21.701</del> <u>25.695</u> %
MidAmerican <u>Energy Company</u>	40. <del>903</del> <u>570</u> %
Laurens Municipal Light and Power <u>Plant</u>	.521%
Milford Municipal Utilities	.347%

<sup>1</sup> IPL retains the capacity rights commensurate with ITC Midwest's ownership interest in Neal 4 Transmission.

Northwest Iowa Power Cooperative	<del>9.02</del> <u>74.86</u> 0%	
Spencer Municipal Utilities	1.215%	
<u>City of Webster City, Iowa</u>	2.604%	
Northwestern <u>Energy</u>	8.681%	
<del>Cedar Falls</del> Municipal Electric Utility <u>of Cedar Falls, Iowa</u>		2.500%
<u>Grundy Center Municipal Utilities</u>	<u>.333%</u>	
<u>Total</u>	<u>100.000%</u>	

2.2 The percentages of ownership contained in Paragraph 2.1 were based upon the ratio of capacity initially needed by each of the Parties to the total of capacity initially needed for all of the Parties, as follows:

Algona Municipal <u>Utilities</u>	<del>15</del> <u>18.91</u> MW
<del>Utilities</del> -Bancroft Municipal Utilities	<del>2</del> <u>2.23</u> MW
Coon Rapids Municipal Utilities	<del>3</del> <u>3.36</u> MW
Corn Belt Power Cooperative	<del>28</del> <u>56.00</u> MW
Graettinger Municipal Light Plant	<del>1</del> <u>1.12</u> MW
<u>Interstate Power and Light Company</u>	<del>100</del> <u>165.48</u> MW
MidAmerican <u>Energy Company</u>	<del>300</del> <u>261.27</u> MW
Laurens Municipal Light and Power <u>Plant</u>	<del>3</del> <u>3.36</u> MW
Milford Municipal Utilities	<del>2</del> <u>2.23</u> MW
Northwest Iowa Power Cooperative	<del>50</del> <u>31.30</u> MW
Spencer Municipal Utilities	<del>7</del> <u>7.82</u> MW
<u>City of Webster City, Iowa</u>	<del>15</del> <u>16.77</u> MW
Northwestern <u>Energy</u>	<del>50</del> <u>55.91</u> MW
<u>Municipal Electric Utility of Cedar Falls, Iowa</u>	<u>16.10</u> MW
<u>Grundy Center Municipal Utilities</u>	<u>2.14</u> MW
<u>Total</u>	<del>576</del> <u>644.00</u> MW

2.3 As used herein, the phrase "Operating Party" refers to MidAmerican.

2.4 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agree that from time to time, upon request by other Parties to this Agreement, each will execute and deliver such further documents or instruments of transfer or confirmation of titles as may in the opinion of counsel for the requesting Party be necessary or advisable to effectuate and carry out the intent and purpose of this instrument, so long as such documents do not impair the rights of the requested Party.

2.5 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest hereby agree



to grant easements to any Party to this Agreement for the construction, maintenance and operation of solely-owned facilities as contemplated hereunder. It is understood that such solely-owned facilities shall be constructed so as not to unreasonably restrict the operation of the transmission and substation facilities needed by all the Parties to export Neal Unit 4 power.

2.6 Either prior to or shortly after delivery of any document or instrument provided for in Paragraphs 2.4 and 2.5, the transferor shall obtain the release of the interests and easements to be conveyed, or conveyed, as the transferor's covenants respecting such interests and easements as set forth in Paragraphs 2.4 and 2.5 above.

## 2.7 Transferability of Interests.

a) The relation of tenants in common in the ownership, construction, operation and maintenance of Neal 4 Transmission as provided by this Agreement is undertaken in mutual trust and confidence in the financial responsibility, engineering and operating competence, efficiency and common objectives of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest. Since the effects of transfers of the interests of one Party upon the rights and interests of the other Parties over the long term of this Agreement cannot be determined at this time, it must be presumed that such effects might be adverse. Therefore, the Cooperatives, MidAmerican, Northwestern, and ITC Midwest, for the protection of themselves and of the other Parties, agree that their interests in this Agreement, including its rights, duties, and obligations hereunder, and its titles to and interests in all Neal 4 Transmission shall at all times during the term of this Agreement be subject to the provisions of this Paragraph 2.7. Nothing in this Agreement shall be construed as subjecting the interest of a Party to any lien or charge resulting directly or indirectly from the debt or obligation of any other Party.

b) The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agrees

that during the term of this Agreement and except as specifically permitted under subsection (c) of this Paragraph 2.7, neither its interest in this Agreement, including its rights, duties and obligations hereunder, nor its interest in any of Neal 4 Transmission shall be assigned, transferred or otherwise disposed of and each Party hereby waives and releases any right it may now have or hereafter acquire to permit or require partition of the Neal 4 Transmission, so long as Neal 4 Transmission is used or useful for the transmission of electric power.

c) The provisions of subparagraph b) of this Paragraph 2.7 shall not restrict (i) dispositions and sales incident to renewals or replacements, or (ii) the right of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest to subject its own interest to the lien of any mortgage upon all or substantially all of its physical electric utility property, or (iii) the rights of the trustee under any such mortgage, or (iv) the rights of any purchaser on foreclosure of any such mortgage who acquires any interest subject to any such mortgage, or (v) the right of any Party to transfer voluntarily its interest as an incident to any sale, merger or other transfer of all or a substantial part of its electric facilities as an operating entity, if the transferee assumes the obligations of the transfer or under this Agreement and has the ability and adequate financial responsibility to carry out such obligation, (vi) transfers to wholly-owned subsidiaries of any of the Parties hereto which own all or substantially all of the generating facilities of such Party, (vii) the right of any Party to transfer its interest to another Party to this Agreement, or (viii) the right of any Party to provide transmission services over its ownership portion in accordance with Paragraph 4.8. Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), (vii) and (viii) no trustee, purchaser on foreclosure or other transferee of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to

require partitioning of Neal 4 Transmission.

Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), and (vii), no trustee, purchaser on foreclosure or other transferee of a the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to require partitioning of Neal 4 Transmission.

2.8 Except for the interest of a mortgagee under a mortgage permitted by Paragraph 2.7(c), the Cooperatives, MidAmerican, Northwestern, and ITC Midwest shall notify all other Parties: as soon as it has reason to believe that any other person might have or acquire any substantial claim or colorable claim to any right or interest under this Agreement or any right to or interest in the real or personal property which is the subject matter of this Agreement.

2.9 Prior to the conveyances provided for in Paragraphs 2.4 and 2.5, the transferor shall furnish the transferee with satisfactory evidence of title to the property to be conveyed.

### **ARTICLE 3** **INTERCONNECTIONS**

3.1 Interconnections of Neal 4 Transmission with other transmission systems occur at (i) the Raun Substation of MidAmerican and (ii) the WAPA Sioux City Substation.

3.2 Additional points of interconnection between the systems of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives, or of others, may be established with the written consent of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives. Such consent shall not be unreasonably withheld.

### **ARTICLE 4** **USE AND CAPACITY SCHEDULES**

4.1 Capacity Schedules are reservations for power schedules, expressed in (MW), established for the delivery of the power output of specific generating units through a discrete

transformer and/or over a discrete Line Section to or toward a particular service area or transmission system. Capacity Schedules of a Party shall not be less than Base Capacity Schedules as determined pursuant to Paragraph 4.5. While ITC Midwest purchased the transmission assets of IPL, IPL retains all capacity scheduling rights under this Agreement including Exhibit B.

4.2 A Line Section is a Line length between substations. Line Sections will be created or modified as substations are added or removed.

4.3 The Transmission Capacity of a Line Section shall be equal to the lesser of:

a) The thermal capability of the line conductors expressed in MW at 345 kV and unity power factor. The thermal capability of the line conductors shall be based on the value of the current that will produce a fifty (50) degree Celsius rise above a twenty-five (25) degree Celsius ambient with a two (2) feet per second wind velocity. Using these criteria, the Transmission Capacity of the Raun-WAPA Line Section is 1190 MW, or

b) The capacity, in megawatts, of the substation terminating equipment for the Line Section.

4.4 The Transmission Capacity Rights, expressed in MW, of a Party in a Line Section or a transformer are the lesser of the product of eighty-five percent (85%) of the Transmission Capacity of the Line Section multiplied by that Party's percentage ownership share in Neal 4 Transmission, as listed in Paragraph 2.1, or one hundred percent (100%) of the top nameplate rating of a transformer, multiplied by that Party's percentage ownership share in Neal 4 Transmission, as listed in Paragraph 2.1.

4.5 Base Capacity Schedules are associated with Neal Unit 4 cruise capacity (which is normally 96 percent (96%) of the accredited capability of Neal Unit 4, as reported for the Mid-

Continent Area Power Pool) and are commitments by ~~the~~ MidAmerican, IPL, Northwestern, and the Cooperatives related to adequate interconnection of Neal Unit 4 into the transmission system. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have the Base Capacity Schedules equal to 96 percent (96%) of the amounts listed in Paragraph 2.2 in each Line Section of ~~the~~ Neal 4 Transmission. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have Base Capacity Schedules in the Neal 4 345/161 kV transformer equal to 96 percent (96%) of the amounts ~~like~~listed in Paragraph 2.2 with each further limited in proportion by the transformer Total Scheduling Capacity. Base Capacity Schedules shall be modified as the accredited capability of Neal Unit 4 is adjusted. A Party may establish additional Capacity Schedules, but such additional Capacity Schedules shall not reduce the total commitment of that Party for Capacity Schedules in any Line Section or transformer to a value of less than its Base Capacity Schedule.

4.6 MidAmerican, IPL, Northwestern, and the Cooperatives may each, at its sole discretion, by informing the other Parties, but without their consent, establish additional Capacity Schedules for a stated duration of time in any line section or transformer, provided that the sum of all Capacity Schedules for such Party's use and its assignments of Capacity Schedules for use by others does not exceed such Party's Transmission Capacity Rights.

4.7 MidAmerican, IPL, Northwestern, and the Cooperatives or a non-party may seek to establish additional Capacity Schedules by requesting an assignment from the Transmission Capacity Rights of another Party or combination of Parties. A non-party who establishes a Capacity Schedule or a Party who establishes an additional Capacity Schedule pursuant to the terms of the agreement shall be referred to as an Assignee for the purposes of such establishment.

4.8 Any of MidAmerican, IPL, Northwestern, and the Cooperatives, with Transmission Capacity Rights in a Line Section or transformer, pursuant to Paragraph 4.10, may make an assignment from its Transmission Capacity Rights for Capacity Schedules to another Party or to a non-party. Any assignment of Transmission Capacity Rights by a Party subject to the jurisdiction of the ~~Federal Energy Regulatory Commission (FERC)~~ to another Party or non-party shall be made in accordance with the assigning Party's Open Access Transmission Tariff. Any assignment of Transmission Capacity Rights by a Party having a non-jurisdictional Open Access Transmission Tariff on file with FERC or a Regional Transmission Group (RTG), for the purpose of providing reciprocal transmission service shall be made in accordance with such tariff. Any assignment to another Party or to a non-party of Transmission Capacity Rights by a Party not subject to the jurisdiction of FERC and not having filed a non-jurisdictional Open Access Transmission Tariff with FERC or an RTG shall be made pursuant to Paragraph 4.11 and written in substantially the form of First Revised Exhibit B, attached hereto and by this reference incorporated herein. The Assignor of each executed First Revised Exhibit B shall provide a copy of each such exhibit to each other Party to this Agreement.

4.9 When MidAmerican, IPL, Northwestern, or the Cooperatives or a non-party, pursuant to Paragraph 4.7, requests an assignment for the purpose of establishing a Capacity Schedule in a Line Section or transformer, to the extent such a request can be satisfied, it shall be satisfied from the Transmission Capacity Rights in that Line Section or transformer, as determined in Paragraph 4.10. A Party who makes an assignment of Capacity Schedules from its Transmission Capacity Rights to a Party or a non-party pursuant to the terms of this Agreement shall be referred to as an Assignor.

4.10 MidAmerican, IPL, Northwestern, or the Cooperatives' Transmission Capacity

Rights available for assignment in a Line Section or transformer shall be determined by subtracting one of the following from its Transmission Capacity Rights in that Line Section or transformer:

a) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others, are all in the same direction, the absolute value of the sum of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer.

b) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others are in both directions, the absolute value of the largest algebraic sum achieved by eliminating in turn each of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer one at a time.

4.11 An Assignee of a Capacity Schedule from MidAmerican, IPL, Northwestern, or the Cooperatives not subject to the jurisdiction of ~~the~~ FERC, and not having a non-jurisdictional Open Access Transmission Tariff on file with FERC or an RTG, shall take its assignment subject to the provisions of this Agreement, and shall assume the following additional obligations:

a) For the Capacity Schedule assigned in a specified Line Section or transformer, the Assignee shall annually pay each Assignor a sum computed: Fixed charge rate of the Assignor computed as set forth in Exhibit C, attached hereto and by this reference incorporated herein, multiplied by the investment at original cost of Neal 4 Transmission in that Line Section or transformer through which the assignment is made, multiplied by MW of Capacity Schedule assigned by the Assignor. This product will be divided by the sum of the Absolute Values of the Capacity Schedules, as determined in accordance with Paragraph 4.12, or



Transmission Capacity in the transformer as determined in accordance with Paragraph 4.4.

Payment shall be due by July 1. If an Assignee is billed later than June 15, payment shall be due no more than 15 days after the mailing date of the billing. For the calendar year in which the assignment becomes effective, the annual payment shall be prorated from the effective date of the assignment; and

b) The Assignee shall compensate each Assignor for the Assignee's proportionate share of demand and energy losses; and

c) The Assignee shall reimburse its Assignor for the Assignee's proportionate share of operation and maintenance expenses and overhead charges as further set forth in Paragraphs 5.4 and 7.4.

4.12 The Sum of the Absolute Values of the Capacity Schedules in a Line Section or transformer shall be computed: The total of the Capacity Schedules for each of MidAmerican, IPL, Northwestern, and the Cooperatives and for each Assignee in each of the two possible directions is first determined. For each of MidAmerican, IPL, Northwestern, and the Cooperatives and each Assignee, the larger of these two amounts is selected. The absolute values of the selected amounts are then summed.

4.13 The Capacity Schedules Limitation shall be the lesser of the Transmission Capacity Rights of a Line Section or transformer or the transfer capability under NERC guidelines. The Sum of the Capacity Schedules shall be the larger of the following:

a) The absolute value of the algebraic sum of all Capacity Schedules; or

b) The absolute value of the largest algebraic sum of Capacity Schedules achieved by eliminating in turn each of the Capacity Schedules one at a time. When the total of the Capacity Schedules exceeds the Capacity Schedule Limitation, the Capacity Schedules in the

direction that compounds the excess shall be reduced on a pro-rata basis until the Capacity Schedule Limitation is no longer exceeded.

4.14 The addition or removal of substations or switching stations in a Line Section that alter the length of the Line Section will increase or decrease the Transmission Capacity Rights of the Parties in the same ratio as the Transmission Capacity of the modified Line Section increases or decreases.

## **ARTICLE 5**

### **OPERATIONS, OBJECTIVES AND PRIORITY OF SCHEDULING**

5.1 The Parties intend that Neal 4 Transmission be operated and maintained with good operating practice by the Parties charged in the operation and maintenance thereof, as provided above, and that the cost of such operation and maintenance be minimized to the extent practicable.

5.2 The Parties intend that all operation and maintenance procedures be coordinated to maximize effective utilization of Neal 4 Transmission.

5.3 The Parties intend that transactions arranged between any of the Parties or with others shall not abridge the permanent transmission scheduling rights of the respective shares of Neal Unit 4 power and energy, and that such transactions (including, for purposes of this clause, the scheduling of Neal Unit 4 power and energy, or power and energy in substitution therefor or any other classification of power and energy approved by the Operating Committee) shall be such as will not exceed the capacity of or otherwise endanger or impair, in the sole judgment of the Parties, the facilities operated and maintained hereunder.

5.4 MidAmerican shall operate and maintain Neal 4 Transmission as the Operating Party for the Parties, for which MidAmerican shall be reimbursed by the Cooperatives, Northwestern, and ITC Midwest as set forth in Paragraph 7.4. MidAmerican shall charge its

normal overhead charges. MidAmerican shall bill the Cooperatives, Northwestern, and ITC Midwest at least quarterly for their share of operation and maintenance expenses and overhead charges. MidAmerican shall provide sufficient accounting documentation to the Cooperatives, Northwestern, and ITC Midwest and will, upon request, provide additional documentation if requested by one of the other Parties.

5.5 Subject to the limitations of Paragraph 5.3 above, the Cooperatives, MidAmerican, Northwestern, and IPL each grants to the others the right to use the Transmission Capacity of Neal 4 Transmission for purposes of scheduling Neal Unit 4 power and energy deliveries in proportion to its percentage ownership share in Neal 4 Transmission as set forth in Paragraph 2.1, with IPL using ITC Midwest's ownership share, and the right to use the capacity of Neal 4 Transmission for deliveries of Neal Unit 4 power and energy or substitute power and energy not exceeding the percentage ownership shares of the Parties in Neal Unit 4 capacity. "Substitute power and energy" means power and energy acquired from any source, without regard to its power and energy classification as firm or non-firm, at such times as Neal Unit 4 capacity or any portion thereof may be unavailable because of the operational status of the unit or unscheduled for reasons of operational economy.

5.6 To the extent not otherwise expressly provided in this Article, scheduling of power and energy shall be determined under procedures established by the Operating Committee and shall conform to any applicable regional or regulatory scheduling procedures.

## **ARTICLE 6**

### **OPERATING COMMITTEE**

6.1 An Operating Committee, consisting of a representative of each the Parties, is hereby established. Each Party shall designate a regular representative and may designate an alternate who may at any time act in lieu of the regular representative. ITC Midwest shall not

have the right to vote on decisions made by the Operating Committee for which the obligations and responsibilities have been retained by IPL as described in this Agreement: capacity scheduling, metering, and losses. IPL shall not have the right to vote on decisions made by the Operating Committee for which obligations and responsibilities lie with ITC Midwest, which as described in this Agreement is everything not specifically reserved for IPL.

6.2 The Operating Committee shall adopt rules and procedures pursuant to this Agreement and consistent with the intent of the Neal Unit 4 Agreement and regulatory requirements as may be necessary or appropriate to:

- a) Coordinate scheduled maintenance of Neal 4 transmission, as determined by MidAmerican on advice of Operating Committee; and
- b) Administer accounting for power and energy losses and maintenance and repair, as has been deemed necessary by MidAmerican on advice of the Operating Committee; and
- c) Coordinate daily operation and control of Neal 4 Transmission; and
- d) Perform such other duties as may be necessary or appropriate to carry out the purposes of this agreement.

6.3 The Operating Committee shall hold its initial meeting no later than 30 days subsequent to the effective date hereof, at which meeting the Operating Committee will select one of its members as chairman. Meetings of the Operating Committee shall be called by the chairman of the Operating Committee at his or her discretion. Additional meetings may be called upon the request of any Operating Committee member.

## **ARTICLE 7** **OPERATIONS**

7.1 Neal 4 Transmission shall be interconnected and energized at all times except

when removal from service of any portion thereof is necessitated by failure or maintenance requirements. The Operating Party shall be responsible for operation of substation equipment. The Operating Party shall keep the other Parties informed about operating conditions of all elements of Neal 4 Transmission, and shall be responsible for keeping the other Parties informed about unusual conditions during emergencies or unusual situations affecting performance, availability or vulnerability of Neal 4 Transmission which could affect scheduling or indicate abnormalities.

7.2 Outages of all or any part of Neal 4 Transmission for purposes of maintenance, inspection, modification, replacement or repair of facilities will be requested by MidAmerican and approved by the Parties under procedures established by the Operating Committee. The Operating Party shall not remove from service any portion of Neal 4 Transmission without such approval, except in emergencies where immediate removal of facilities from service is deemed necessary by MidAmerican in order to protect life or property. When MidAmerican has received approval for a scheduled outage, it shall be responsible for issuing clearance to its field personnel.

7.3 The Operating Committee shall establish procedures for identification of the causes of unscheduled outages where such causes must be ascertained by field inspection.

7.4 Operation and maintenance costs shall be shared by Cooperatives, MidAmerican, Northwestern, and ITC Midwest in proportion to their ownership shares in Neal 4 Transmission. Each Party's share shall be the cost of operation and maintenance, multiplied by the Party's percent ownership in Neal Unit 4 with ITC Midwest share based on IPL's ownership in Neal Unit 4.

## **ARTICLE 8**

### **MAINTENANCE AND REPAIR**

8.1 The Neal 4 Transmission facilities installed and used pursuant to this Agreement shall be maintained in good operating condition by the owners thereof. MidAmerican shall not replace any portion of the conductors, insulating devices, or equipment of Neal 4 Transmission with equipment having electrical ratings lower than those originally provided except by written consent of all Parties.

## **ARTICLE 9** **METERING**

9.1 Neal 4 Transmission will be located in the load control area of MidAmerican. Control area kilowatt metering equipment and associated telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL.

9.2 Reactive (KVAR) metering and associated, telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL. Reactive metering locations shall be selected so as to provide adequate monitoring and subsequent control of the operation of Neal 4 Transmission and the transmission systems it interconnects.

9.3 Billing accuracy ~~kilowatthour~~kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL. ~~-Billing accuracy kilowatthour~~kilowatt-hour metering locations, at a minimum, shall include the locations of control area kilowatt demand metering. ~~-Telemetered readings of kilowatthours~~kilowatt-hours per clock hour at the end of each hour shall be provided as required for the determination of inter-area energy exchanges on a current basis. ~~-Additional billing accuracy kilowatthour~~kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as required for the determination of transmission losses.

9.4 Each billing meter provided for purposes of this Agreement shall be read and recorded by its owner on or about the first day of the calendar month, and the results will be

forwarded to the other Parties in accordance with procedures established by the Operating Committee.

9.5 Accuracy of registration of meters shall be maintained in accordance with the highest practicable commercial standards. Periodic tests and inspections of the billing meters shall be made at reasonable intervals as agreed upon by the Cooperatives, MidAmerican, Northwestern, and IPL and in accordance with the standards established by the Iowa ~~State Commerce Commission.~~ Utilities Board or its successor. The expenses involved in such tests shall be the responsibility of the respective owners of the meters. On request of any Party, special tests shall be made at its expense. Any Party shall be given the opportunity to be present at any or all regular or special tests. If any test of metering equipment discloses an inaccuracy exceeding two (2) percent, all Parties shall be promptly notified and the interchange accounts between the Parties for service supplied shall be adjusted accordingly. Such correction and adjustment shall be made from the date the meter became inaccurate, if known. If this date cannot be determined, such adjustment shall be made for the previous billing month and the elapsed period in the month during which the test was made. Should metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the power and energy transmitted shall be determined by the Parties from the best available data.

## **ARTICLE 10**

### **LOSSES**

10.1 Energy losses normally shall be calculated from records of line flow. Energy losses may be determined at the sole-discretion of the Party in whose control area the losses occur, by meter readings recorded at billing metering locations whenever unusual losses, such as may be caused by abnormal weather conditions, are apparent from operating data.

10.2 Among ITC Midwest and IPL, losses are the responsibility of IPL, and not ITC



Midwest.

10.3 For purposes of allocating the energy component of losses, energy losses shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for monthly adjustment of or compensation for energy-losses shall be established by the Operating Committee, including allocation of compensation or adjustment for losses referred to in subparagraph 4.13(b).

10.4 For purposes of allocating the demand component of losses, energy losses occurring during any clock hour shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for the adjustment of the system net demands of the Parties for Neal 4 Transmission losses shall be established by the Operating Committee, including allocation of compensation, or system net demand adjustment, for losses referred to in subparagraph 4.11(b).

10.5 MidAmerican shall keep such meter readings, log sheets and other records as may be needed to document a clear history of movements of power and energy through the Neal 4 Transmission so as to permit proper adjustment for power and energy losses in accordance with the provisions hereof. The originals of all such meter records and other records shall be open to inspection by representatives of any Party. Each Party maintaining meter reading records will also furnish appropriate data from meter registrations or from other sources for operating records or for settlement.

## **ARTICLE 11**

### **UNCONTROLLABLE FORCE**

11.1 No Party shall be held responsible or liable to any other Party for any loss or damage resulting from failure to perform its obligations hereunder on account of acts of God, fire, flood, explosion, strike, sabotage, accidents, acts of the public enemy civil or military

authority (including court orders, injunctions, executive orders and orders of governmental agencies with proper jurisdiction), insurrection or riot, acts of the elements, or because of failure of equipment, substations or transmission lines resulting from other than a failure of said Party to perform its obligations hereunder, or any other cause beyond the control of said Party.

## **ARTICLE 12**

### **ARBITRATION**

12.1 Any dispute arising out or relating to this Agreement shall be submitted to the chief executive officers or equivalent of the Parties for determination. If the dispute involves a payment of money, prior to such submission, the Party shall pay the disputed amount to the Operating Party, which shall be held in escrow until the dispute is resolved. If unanimous agreement cannot be reached by the chief executive officers or their equivalent within 60 days, the dispute shall be submitted to arbitration. The Party submitting a request for arbitration shall serve notice upon the other Parties setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to the dispute involved, and the Party's suggested resolution thereof.

12.2 The Parties, within 15 days of the request for arbitration, shall attempt to agree upon the selection of one person to act as sole arbitrator. If the Parties fail to agree upon the selection of an arbitrator within such 15 day period, the dispute shall promptly be submitted to and arbitrated by an arbitrator selected by the American Arbitration Association in accord with its then existing rules. The decision or award of the arbitrator shall be final and binding upon all Parties, and judgment on any decision or award may be entered in any court having jurisdiction. Costs incurred in connection with the arbitration shall be assessed by the arbitrator against the Parties in proportion to the extent to which the claims of each Party shall be disallowed, except that each Party shall assume its direct expense associated with the arbitration proceedings.

### **ARTICLE 13**

#### **TERM OF AGREEMENT**

13.1 This Agreement ~~shall become~~was originally effective ~~upon execution by the Parties~~on October 24, 1984 and as amended hereby shall continue in force and effect for the remainder of this initial term and then thereafter for a second term of 30 years commencing October 24, 2014.

13.2 This Agreement may be amended from time to time by written agreement signed by all parties hereto. Notwithstanding Paragraph 13.1, prior to the expiration of thirty years this Agreement may be terminated by a written ~~agreement~~agreement signed by all parties hereto. No termination shall be effective so long as obligations payable in whole or in part from revenues derived from the operation of the facilities, and issued by a City, are outstanding, unless prior consent is first granted by all parties.

### **ARTICLE 14**

#### **INDEMNIFICATION**

14.1 Each of the Parties hereto (including MidAmerican) agrees to indemnify MidAmerican in its capacity as agent for the parties as provided in Article 5 of this agreement from and against liability and loss, damage and expense, including judgments, costs and attorneys' fees by reason of property damage or injuries to or death of any person or ~~persona~~persons, expressly including therein (i) any workers' compensation liability of MidAmerican to its employees, or (ii) liability to any agents, contractors, subcontractors or consultants, or (iii) liability to any third parties or (iv) by reason of claims of any and every character resulting from, arising out of, or connected with the construction, reconstruction, modification, operation or maintenance of Neal 4 Transmission, regardless whether caused wholly or partially by the negligence, of MidAmerican, or its employees or agents, to the extent that the percentage of its ownership share, as specified in Paragraph 2.1 hereof, bears to the total

liability, loss, damage and expense.

14.2 Each Party shall be liable only~~;~~ for its own acts with regard to Neal 4 Transmission. Subject to the provisions of Article 14 - Indemnification, hereof, and § 390.4, Code of Iowa (1983), as may hereafter be amended, the Parties shall have such rights of indemnity and contribution between themselves with respect to the subject of this Agreement as shall be permitted by law and consistent with the provisions of this Agreement.

14.3 The undivided ownership interest of each Party in ~~the~~ Neal 4 Transmission may not be charged directly or indirectly with a debt or obligation of another Party or be subject to any lien as a result thereof. Each Party will be individually responsible for, and will pay, all taxes, if any, chargeable to its ownership of Neal 4 Transmission under statutes now or hereafter in effect.

## **ARTICLE 15**

### **GENERAL**

15.1 This Agreement shall inure to the benefit of, and shall bind, the Parties hereto and their successors and assigns, but unless the other Parties shall consent thereto, in writing, may not be assigned by any Party except to a successor to all or substantially all of the property and assets of such Party or to a corporation resulting from a reorganization, merger or other consolidation of a Party with another.

15.2 This Agreement shall be subject to all applicable laws, regulations and orders, and approval of, or acceptance for filing with, any regulatory or administrative authorities having jurisdiction ~~of~~over any or all of the Parties or ~~of~~ the subject matter.

15.3 Except as the Parties may otherwise agree prior to an effective date of termination, the property, real and personal, comprising Neal 4 Transmission shall be treated as hereinafter set forth. For purposes of disposition, this paragraph shall survive the termination of

the Agreement. Upon termination of this Agreement, all real and personal property comprising Neal 4 Transmission shall be sold, or otherwise disposed of, by MidAmerican, as agent, as promptly as practicable. The Cooperatives, MidAmerican, Northern, and ITC Midwest irrevocably grant to MidAmerican such rights and powers hereunder as shall be necessary for these purposes. The proceeds of such sale or disposition, excluding costs incurred, and including salvage, if any, shall be distributed among the Cooperatives, MidAmerican, Northern, and ITC Midwest in accordance with the percentage of ownership existing at the effective date of termination.

15.4 The provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any person or persons other than Parties and the obligations hereunder are intended solely for the use and benefit of the Parties.

15.5 Any written notice given by any Party to any other Party or Parties concerning matters of policy or administration with respect to the Agreement shall be deemed properly made and served if signed by an officer of the notifying Party and regularly mailed, postage prepaid, or delivered to the chief executive officer of the notified Party or Parties at the principal office of the same. All notices or other communications required or appropriate hereunder with respect to operating matters shall be given in accordance with procedures set forth herein or as may be prescribed by the Operating Committee.

15.6 Any waiver at any time by any Party of its rights under this Agreement or of any default of another Party shall not be deemed a waiver of any other right or default.

15.7 This Agreement shall be construed, interpreted and controlled by the laws of the State of Iowa and will be construed to comply with the provisions of Chapter 390, Code of Iowa (1983) as they may be hereafter amended.

~~15.7~~ 15.8 TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED, UNLESS APPLICABLE LAW OR RULES OF PROCEDURE REQUIRE CONSOLIDATION OR BAR OR PRECLUDE AN ACTION IF NOT CONSOLIDATED.

15.9 The Parties acknowledge and understand that the signature of the authorized officer of the MISO on this Agreement is for the limited purpose of acknowledging that the representative of MISO has read the terms of this Agreement. The Parties and MISO further state that they understand that FERC desires that the Parties keep MISO fully apprised of the matters addressed herein as well as any reliability and planning issues that may arise under this Agreement, and that the signature of the officer of MISO shall not in any way be deemed to imply that MISO is taking responsibility for the actions of any Party, that MISO has any affirmative duties under this Agreement or that MISO is liable in any way under this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed on the date first above written.

~~(SMS 12/13/84)~~

MIDAMERICAN ENERGY COMPANY

Attest:

By \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

INTERSTATE POWER AND LIGHT COMPANY

Attest:

By \_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC  
By ITC Holdings Corp., its sole member

By \_\_\_\_\_  
President

\_\_\_\_\_  
City Clerk

CITY OF WEBSTER, IOWA

Attest:

By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
City Clerk

~~CORNBELT~~CORN BELT POWER COOPERATIVE

Attest:

By \_\_\_\_\_  
~~Chairman~~President, Board of ~~Trustees~~Directors  
~~Cornbelt~~Corn Belt Power Cooperative

\_\_\_\_\_  
Secretary

NORTHWEST IOWA POWER COOPERATIVE

Attest:

By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary



ALGONA MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

BANCROFT MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

SPENCER MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, [IOWA](#)

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest: \_\_\_\_\_ By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

The signature below of the authorized officer of MISO is for the limited purpose of  
acknowledging that an authorized officer of MISO has read this Agreement.

\_\_\_\_\_

MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

Attest: \_\_\_\_\_ By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

**FIRST REVISED EXHIBIT B**  
**TRANSMISSION FACILITIES AND OPERATING AGREEMENT**  
**GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION**  
**(Terminal) to (Terminal)**  
**(Assignee)**

GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION  
ASSIGNMENTS FOR TRANSMISSION CAPACITY RIGHTS

Pursuant to Operating Agreement of \_\_\_\_\_

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_  
20\_\_, by and between \_\_\_\_\_,  
hereinafter referred to collectively as the Assignors(s); and \_\_\_\_\_,  
hereinafter referred to as the Assignee(s).

WITNESSETH:

WHEREAS, the Assignor(s) are parties to a certain Agreement, dated October 24, 1984,  
titled Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4  
Transmission, as amended and restated on ~~December \_\_, 2011~~ July 3, 2012; and

WHEREAS, Paragraph 4.08 of the Transmission Facilities and Operating Agreement  
permits any Party possessing Transmission Capacity Rights to make assignments for the  
Capacity Schedules of another Party or non-party subject to written notification to all Parties;  
and

WHEREAS, each of the Assignor(s) possesses Transmission Capacity Rights for the  
Capacity Schedules of the Assignee; and

WHEREAS, the Assignee seeks Capacity Schedules of \_\_\_\_\_ megawatts, from  
\_\_\_\_\_ generating unit, entering Neal 4 Transmission at the  
\_\_\_\_\_ terminal, and exiting Neal 4 Transmission at

\_\_\_\_\_ terminal.

NOW THEREFORE, in consideration of the premises and covenants contained herein, it is agreed:

1. Assignments. The respective Assignor(s) hereby make assignments for the Capacity Schedules of the Assignee in the following manner:

ASSIGNOR	MEGAWATTS ASSIGNED	FROM TERMINAL	TO TERMINAL	MILES BETWEEN TERMINALS
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2. Assignee’s Covenants. The Assignee understands and agrees to perform all applicable terms, conditions and obligations contained in the Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4 Transmission, (receipt of a conformed- copy of which is hereby acknowledged) including, but not limited to, the obligations contained in Paragraph 4.11 therein and any amendment now existing or hereafter created to said paragraph or other terms and obligations contained in the aforementioned Transmission Facilities and Operating Agreement.

The Assignee further agrees that neither the Capacity Schedules assigned herein nor any portion thereof shall be reassigned or otherwise transferred without written agreement in substantially the form of this Revised Exhibit 13.

3. Effective Date. This Agreement shall become effective as of \_\_\_\_\_, 20\_\_.

4. Special Provisions.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this Agreement to be duly executed as of the date first above written.

(Name) Assignor(s)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Name) (Assignee)

\_\_\_\_\_

**NEAL NO. 4 TRANSMISSION  
ANNUALIZED FIXED CHARGE RATE  
EXHIBIT C**

1. Cost of Capital:

XX.XX%	Long Term Debt @ X.XX%	X.XX%
XX.XX	Common Stock @ X.XX%	X.XX
<u>XX.XX</u>	Preferred Stock @ X.XX%	<u>X.XX</u>
<u>100.00%</u>	Total cost of Capital	<u>XX.XX%</u>

2. Depreciation Life of Facility – XX yrs.

3. Levelized Return:

Cost of Capital XX.XX%

Depreciation Annuity:

$$\frac{0.XXXX}{(1 \div \pm 0.XXXX)_{XX} - 1} = \frac{.XX\%}{XX.XX\%}$$

4. Return Less Straight-line depreciation

$$\frac{-100\% \div XX}{\text{Levelized Return on Investment}} = \frac{-X.XX}{X.XX\%}$$

5. Levelized Fixed Charge Rate:

Levelized Return On Investment	X.XX%
Straight-line Depreciation	X.XX
Income Taxes:	

$$X.XX \times \frac{X.XX\% \div X.XX\%}{XX.XX\% \times 100\% - XX.XX\%} = X.XX$$

Property Taxes X.XX

6. Total Annual Levelized Fixed Charge Rate XX.XX%

### Annualized Fixed Charge Rate Instructions

- 1) Cost of Capital: The cost of capital used in the calculation will be based on the capital structure, cost of debt and cost of preferred stock realized at the time the Neal #4 Transmission Facilities were constructed. The return on common equity (if Applicable) will be based on the latest allowed return by the Iowa State Commerce Commission or other applicable regulatory authority. The following costs will be used in calculating the cost of capital:
  - a) MEC
 

52.83% Debt	@ 9.29% = 4.91%
10.97% Preferred	@ 7.84% = .86
36.20% Common	@ x.xx% = x.xx
  - b) ITC Midwest
 

52.10% Debt	@ 7.58% = 3.95%
14.03% Preferred	@ 8.64% = 1.21
33.87% Common	@ x.xx% = x.xx
  - c) Northwestern
 

53.59% Debt	@ 8.43% = 4.52%
10.79% Preferred	@ 8.29% = .89
35.62% Common	@ x.xx% = x.xx
  - d) Corn Belt & Webster City
 

100% Debt	@ 11.868% = 11.868%
-----------	---------------------
  - e) NIPCO
 

100% Debt	@ 8.50% = 8.50%
-----------	-----------------
  - f) Northern Iowa Municipal electric Cooperative Association (the utilities of Cities of Algona, Bancroft, Coon Rapids, Graettinger, Laurens, Milford and Spencer are members of this association)
 

33.75% Debt	@ 5.689% = 1.92%
66.25% Equity	@ x.xx% = x.xx
- 2) Depreciation Life of Facility: Each owner will use its own depreciable life for the Neal #4 Transmission Facilities.
- 3) Levelized Return: The levelized return will be calculated using the cost of capital and depreciable life in Items #1 and #2. The levelized return represents return plus depreciation arrived at by adding the depreciation annuity to the cost of capital. The depreciation annuity is calculated by the following formula:



$$\frac{\text{Cost of Capital}}{(1 + \text{cost of Capital})^N - 1}$$

Where N equals the life of the facility

- 4) Return Less Depreciation: Straight-line depreciation is subtracted from Item #3 to obtain a levelized return on investment.
- 5) Levelized Fixed Charge Rate: The levelized fixed charge rate is computed by adding levelized return on investment, straight-line depreciation, income taxes and property taxes. Income taxes are calculated by the formula:

$$\begin{array}{ccccc} \text{(Levelized Return)} & & \text{(Cost of Equity Capital)} & & \text{(Composite Income Tax Rate)} \\ \text{(Step 4)} & \times & \text{(Total Cost of Capital)} & \times & \text{(100\% - Composite Income Tax Rate)} \end{array}$$

Property taxes are based on the latest experience for the Neal #4 Transmission Facilities.

This fixed charge calculation will be calculated for each respective owner prior to entering into a capacity assignment for the Neal #4 Transmission Facilities and updated annually thereafter.

#### MIDAMERICAN ENERGY COMPANY

Attest: \_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President

#### INTERSTATE POWER AND LIGHT COMPANY

Attest: \_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President

ITC MIDWEST, LLC  
By ITC Holdings Corp., its sole member

By \_\_\_\_\_  
President

CITY OF WEBSTER CITY, IOWA

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
City Clerk

CORN BELT POWER COOPERATIVE

Attest: By \_\_\_\_\_  
Chairman, Board of Trustees  
Corn Belt Power Cooperative

\_\_\_\_\_  
Secretary

NORTHWEST IOWA POWER COOPERATIVE

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

ALGONA MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

BANCROFT MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

COON RAPIDS MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]

\_\_\_\_\_  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest: By \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest: By \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
Secretary

SPENCER MUNICIPAL UTILITIES

Attest: By \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, [IOWA](#)

Attest: By \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
Secretary

[GRUNDY CENTER MUNICIPAL UTILITIES](#)

[Attest:](#) [By](#) \_\_\_\_\_  
[ ]  
\_\_\_\_\_  
[Secretary](#)

FERC rendition of the electronically filed tariff records in Docket No. ER14-02507-000

Filing Data:

CID: C001344

Filing Title: 2014-07-25\_SA 2681 MidAmerican Neal 4 GFA

Company Filing Identifier: 10233

Type of Filing Code: 10

Associated Filing Identifier:

Tariff Title: Midwest ISO Agreements

Tariff ID: 13

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

SA 2681, MidAmerican Neal 4 Transmission Facilities Agreement, 31.0.0, A

Record Narrative Name:

Tariff Record ID: 10219

Tariff Record Collation Value: 277267456 Tariff Record Parent Identifier: 4505

Proposed Date: 2014-07-26

Priority Order: 1000000000

Record Change Type: NEW

Record Content Type: 1

Associated Filing Identifier:

**SA 2681 MIDAMERICAN-NEAL 4 TRANSMISSION FACILITIES AGREEMENT**

**VERSION 31.0.0**

**EFFECTIVE 7/26/2014**

**ORIGINAL SERVICE AGREEMENT NO. 2681**

**TRANSMISSION FACILITIES AND OPERATING AGREEMENT**

entered into by the

MidAmerican Energy Company,

Interstate Power and Light Company,

ITC Midwest LLC,

Northwestern Corporation d/b/a Northwestern Energy,

Corn Belt Power Cooperative,

Northwest Iowa Power Cooperative,

Algona Municipal Utilities,

Bancroft Municipal Utilities,

Coon Rapids Municipal Utilities,  
Graettinger Municipal Light Plant,  
Laurens Municipal Light & Power Plant,  
Milford Municipal Utilities,  
Spencer Municipal Utilities,  
City of Webster City, Iowa,  
Municipal Electric Utility of Cedar Falls, Iowa,  
And  
Grundy Center Municipal Utilities

**AMENDED AND RESTATED TRANSMISSION  
FACILITIES AND OPERATING AGREEMENT  
GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION**

**THIS AGREEMENT**, made and entered into this 24th day of October, 1984 and previously amended twice, with such previous amendments effective October 31, 1987, and January 1, 1997, and as amended and restated herein effective July 11, 2014, by and between **MidAmerican Energy Company (MidAmerican)**, an Iowa corporation, **Interstate Power and Light Company (IPL)**, an Iowa corporation, **ITC Midwest LLC**, a Michigan limited liability company (ITC Midwest), **Northwestern Corporation d/b/a Northwestern Energy (Northwestern)**, a Delaware corporation, and the following, hereinafter referred to collectively as Cooperatives: **Corn Belt Power Cooperative (Corn Belt)**, an Iowa cooperative, **Northwest Iowa Power Cooperative (NIPCO)**, an Iowa cooperative, **Algona Municipal Utilities (Algona)**, an Iowa municipal corporation, **Bancroft Municipal Utilities (Bancroft)**, an Iowa municipal corporation, **Coon Rapids Municipal Utilities (Coon Rapids)**, an Iowa municipal corporation, **Graettinger Municipal Light Plant (Graettinger)**, an Iowa municipal corporation, **Laurens Municipal Light & Power Plant (Laurens)**, an Iowa municipal corporation, **Milford Municipal Utilities (Milford)**, an Iowa municipal corporation, **Spencer Municipal Utilities (Spencer)**, an Iowa municipal corporation, **City of Webster City, Iowa (Webster City)**, an Iowa municipal corporation, **Municipal Electric Utility of Cedar Falls, Iowa (Cedar Falls)**, an Iowa municipal corporation, and **Grundy Center Municipal Utilities (Grundy Center)**, an Iowa municipal corporation. All the parties are referred to herein singly, each, as Party and collectively as Parties.

**WITNESSETH:**

**WHEREAS**, ITC Midwest owns electric facilities and is engaged in the transmission of electric energy within the geographical areas served by the Parties; and

**WHEREAS**, IPL is engaged in the generation and sale of electric power and energy within the geographical areas served by the Parties; and

**WHEREAS**, MidAmerican, Northwestern, and the Cooperatives own electric facilities and are engaged in the generation, transmission, distribution, and sale of electric power and energy within the geographical areas served by the Parties; and

**WHEREAS**, the Parties executed an agreement dated June 26, 1974, as subsequently amended, providing for the construction, ownership and operation of George Neal Generating Station Unit No. 4 (Neal Unit 4), located in the vicinity of Sioux City, Iowa; and

**WHEREAS**, a Memorandum of Understanding has been entered into dated May 13, 1977, concerning the Parties' understanding in regard to transmission facilities that have been constructed jointly by said Parties; and

**WHEREAS**, MidAmerican succeeded to the interests of Iowa Public Service Company, including its interest in this Agreement; and

**WHEREAS**, IPL succeeded to the interests of Interstate Power Company, including its interest in this Agreement; and

**WHEREAS**, ITC Midwest purchased the transmission assets of IPL on December 20, 2007; and

**WHEREAS**, with MidAmerican's concurrence and in accordance with the terms approved by the Federal Energy Regulatory Commission ("FERC") in its December 3, 2007, order in Docket No. EC07-89, 12 FERC ¶ 61,229, approving ITC Midwest's purchase of IPL's transmission assets, IPL assigned its transmission-related rights and obligations under the Agreement to ITC Midwest, effective December 20, 2007, and IPL retained its non-transmission related rights and obligations;

**WHEREAS**, by its signature hereinbelow each of the Parties except for Grundy Center gives its written consent pursuant to Section 15.1 to Corn Belt to transfer a 0.333 % share of its ownership interest in Neal 4 Transmission to Grundy Center, the effect of such consent being to allow Grundy Center to become a joint owner of George Neal Unit No. 4 Transmission; and

**WHEREAS**, in order to become a joint owner and by its signature hereinbelow, Grundy Center has agreed to assume all rights and responsibilities associated with joint ownership hereunder, and shall, upon approval of this Amended and Restated Transmission Facilities and Operating Agreement George Neal Unit No. 4 Transmission by all relevant regulatory authorities, be henceforth a Party to this Agreement and one of the Cooperatives; and

**WHEREAS**, the Parties desire to provide for the continuing operation of George Neal Generating Station Unit No. 4 Transmission and accordingly are extending the agreement for a term of thirty years as well as adding Grundy Center as a party thereto at this time; and

**WHEREAS**, the Midcontinent Independent System Operator, Inc. ("MISO") is the Transmission Provider for MidAmerican and this agreement has been designated as a Grandfathered Agreement ("GFA") under the MISO FERC Electric Tariff, Fourth Revised Volume No. 1 ("Tariff") at Substitute First Revised Sheet No. 2765 (listing MidAmerican Contract No. 22 in Attachment P of the Tariff);

**WHEREAS**, this agreement is being amended to reflect changes that do not alter transmission service hereunder and do not alter the status of this agreement as a GFA under the MISO Tariff, and MISO is only executing the agreement for the limited purpose of monitoring interconnection to the MISO Transmission System; and

**WHEREAS**, the Parties acknowledge that MISO is not a party to the agreement,

and the Parties and the MISO agree that the addition of the MISO as a signatory does not alter the underlying transmission service provided by this agreement as a GFA;

**NOW THEREFORE**, in consideration of the foregoing and of the mutual covenants herein contained, the Parties agree as follows:

## **ARTICLE 1**

### **FACILITIES TO BE PROVIDED**

1.1 For the purposes of this Agreement, the following transmission facilities and associated equipment will be provided by MidAmerican, ITC Midwest, Northwestern, and the Cooperatives and are referred to herein as Neal 4 Transmission:

- a) The Neal 4 Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the 345 kV line from Neal 4, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.
- b) The Western Area Power Administration (WAPA) Terminal at Raun, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of terminating and controlling the Raun-WAPA line, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing, communications and reactive compensation devices.
- c) The Raun Transformer No. 2, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of providing and controlling a transformation from 345 kV to 161 kV, including one 345/161 kV 180/240/300 MVA transformer, one 345 kV power circuit breaker, one 161 kV power circuit breaker and all necessary control, relaying, metering and facilities housing.
- d) The Conversion of Raun 345 kV Bus to Breaker-and-a-half Connection, consisting of all substation structures and equipment installed at the existing Raun Substation of MidAmerican for the specific purpose of converting the 345 kV bus from a ring bus configuration to a breaker-and-a-half configuration, including two 345 kV power circuit breakers and all necessary control, relaying, metering, facilities housing and communications devices.
- e) The Raun-WAPA Line, consisting of the 345 kV line extending from the Raun Substation of MidAmerican, located south of Sioux City, Iowa, to



the NAPA Sioux City Substation, located north of Sioux City, Iowa, the limits of which shall be the points of attachment of line conductors to the dead-ending hardware at the terminating substations.

## **ARTICLE 2** **OWNERSHIP**

2.1 MidAmerican, ITC Midwest, Northwestern, and the Cooperatives will be owners, as tenants in common with undivided ownership interests as follows, of Neal 4 Transmission, and the cost, capacity rights and ownership thereof will be shared in accordance with the following percentages:

Algona Municipal Utilities	2.937%
Bancroft Municipal Utilities	.347%
Coon Rapids Municipal Utilities	.521%
Corn Belt Power Cooperative	8.695%
Graettinger Municipal Light Plant	.174%
ITC Midwest LLC	25.695%
MidAmerican Energy Company	40.570%
Laurens Municipal Light and Power Plant	.521%
Milford Municipal Utilities	.347%
Northwest Iowa Power Cooperative	4.860%
Spencer Municipal Utilities	1.215%
City of Webster City, Iowa	2.604%
Northwestern Energy	8.681%
Municipal Electric Utility of Cedar Falls, Iowa	2.500%
Grundy Center Municipal Utilities	<u>.333%</u>
Total	<u>100.000%</u>

2.2 The percentages of ownership contained in Paragraph 2.1 were based upon the ratio of capacity initially needed by each of the Parties to the total of capacity initially needed for all of the Parties, as follows:

Algona Municipal Utilities	18.91 MW
Bancroft Municipal Utilities	2.23 MW
Coon Rapids Municipal Utilities	3.36 MW
Corn Belt Power Cooperative	56.00 MW
Graettinger Municipal Light Plant	1.12 MW
Interstate Power and Light Company	165.48 MW
MidAmerican Energy Company	261.27 MW
Laurens Municipal Light and Power Plant	3.36 MW
Milford Municipal Utilities	2.23 MW
Northwest Iowa Power Cooperative	31.30 MW
Spencer Municipal Utilities	7.82 MW
City of Webster City, Iowa	16.77 MW
Northwestern Energy	55.91 MW

Municipal Electric Utility of Cedar Falls, Iowa	16.10 MW
Grundy Center Municipal Utilities	<u>2.14 MW</u>
Total	<u>644.00 MW</u>

2.3 As used herein, the phrase “Operating Party” refers to MidAmerican.

2.4 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agree that from time to time, upon request by other Parties to this Agreement, each will execute and deliver such further documents or instruments of transfer or confirmation of titles as may in the opinion of counsel for the requesting Party be necessary or advisable to effectuate and carry out the intent and purpose of this instrument, so long as such documents do not impair the rights of the requested Party.

2.5 The Cooperatives, MidAmerican, Northwestern, and ITC Midwest hereby agree to grant easements to any Party to this Agreement for the construction, maintenance and operation of solely-owned facilities as contemplated hereunder. It is understood that such solely-owned facilities shall be constructed so as not to unreasonably restrict the operation of the transmission and substation facilities needed by all the Parties to export Neal Unit 4 power.

2.6 Either prior to or shortly after delivery of any document or instrument provided for in Paragraphs 2.4 and 2.5, the transferor shall obtain the release of the interests and easements to be conveyed, or conveyed, as the transferor’s covenants respecting such interests and easements as set forth in Paragraphs 2.4 and 2.5 above.

2.7 Transferability of Interests.

- a) The relation of tenants in common in the ownership, construction, operation and maintenance of Neal 4 Transmission as provided by this Agreement is undertaken in mutual trust and confidence in the financial responsibility, engineering and operating competence, efficiency and common objectives of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest. Since the effects of transfers of the interests of one Party upon the rights and interests of the other Parties over the long term of this Agreement cannot be determined at this time, it must be presumed that such effects might be adverse. Therefore, the Cooperatives, MidAmerican, Northwestern, and ITC Midwest, for the protection of themselves and of the other Parties, agree that their interests in this Agreement, including its rights, duties, and obligations hereunder, and its titles to and interests in all Neal 4 Transmission shall at all times during the term of this Agreement be subject to the provisions of this Paragraph 2.7. Nothing in this Agreement shall be construed as subjecting the interest of a Party to any lien or charge resulting directly or indirectly from the debt or obligation of any other Party.
- b) The Cooperatives, MidAmerican, Northwestern, and ITC Midwest agrees

that during the term of this Agreement and except as specifically permitted under subsection (c) of this Paragraph 2.7, neither its interest in this Agreement, including its rights, duties and obligations hereunder, nor its interest in any of Neal 4 Transmission shall be assigned, transferred or otherwise disposed of and each Party hereby waives and releases any right it may now have or hereafter acquire to permit or require partition of the Neal 4 Transmission, so long as Neal 4 Transmission is used or useful for the transmission of electric power.

- c) The provisions of subparagraph b) of this Paragraph 2.7 shall not restrict (i) dispositions and sales incident to renewals or replacements, or (ii) the right of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest to subject its own interest to the lien of any mortgage upon all or substantially all of its physical electric utility property, or (iii) the rights of the trustee under any such mortgage, or (iv) the rights of any purchaser on foreclosure of any such mortgage who acquires any interest subject to any such mortgage, or (v) the right of any Party to transfer voluntarily its interest as an incident to any sale, merger or other transfer of all or a substantial part of its electric facilities as an operating entity, if the transferee assumes the obligations of the transfer or under this Agreement and has the ability and adequate financial responsibility to carry out such obligation, (vi) transfers to wholly-owned subsidiaries of any of the Parties hereto which own all or substantially all of the generating facilities of such Party, (vii) the right of any Party to transfer its interest to another Party to this Agreement, or (viii) the right of any Party to provide transmission services over its ownership portion in accordance with Paragraph 4.8. Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), (vii) and (viii) no trustee, purchaser on foreclosure or other transferee of the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to require partitioning of Neal 4 Transmission.

Notwithstanding the exceptions of the foregoing clauses (ii), (iii), (iv), (v), (vi), and (vii), no trustee, purchaser on foreclosure or other transferee of a the Cooperatives, MidAmerican, Northwestern, and ITC Midwest's interest in any of the Neal 4 Transmission shall have any right greater than specified in subsection (b) above to partition or to require partitioning of Neal 4 Transmission.

2.8 Except for the interest of a mortgagee under a mortgage permitted by Paragraph 2.7(c), the Cooperatives, MidAmerican, Northwestern, and ITC Midwest shall notify all other Parties: as soon as it has reason to believe that any other person might have or acquire any substantial claim or colorable claim to any right or interest under this Agreement or any right to or interest in the real or personal property which is the subject matter of this Agreement.

2.9 Prior to the conveyances provided for in Paragraphs 2.4 and 2.5, the transferor shall furnish the transferee with satisfactory evidence of title to the property to be conveyed.

### **ARTICLE 3**

#### **INTERCONNECTIONS**

3.1 Interconnections of Neal 4 Transmission with other transmission systems occur at (i) the Raun Substation of MidAmerican and (ii) the WAPA Sioux City Substation.

3.2 Additional points of interconnection between the systems of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives, or of others, may be established with the written consent of MidAmerican, ITC Midwest, Northwestern, and the Cooperatives. Such consent shall not be unreasonably withheld.

### **ARTICLE 4**

#### **USE AND CAPACITY SCHEDULES**

4.1 Capacity Schedules are reservations for power schedules, expressed in (MW), established for the delivery of the power output of specific generating units through a discrete transformer and/or over a discrete Line Section to or toward a particular service area or transmission system. Capacity Schedules of a Party shall not be less than Base Capacity Schedules as determined pursuant to Paragraph 4.5. While ITC Midwest purchased the transmission assets of IPL, IPL retains all capacity scheduling rights under this Agreement including Exhibit B.

4.2 A Line Section is a Line length between substations. Line Sections will be created or modified as substations are added or removed.

4.3 The Transmission Capacity of a Line Section shall be equal to the lesser of:

- a) The thermal capability of the line conductors expressed in MW at 345 kV and unity power factor. The thermal capability of the line conductors shall be based on the value of the current that will produce a fifty (50) degree Celsius rise above a twenty-five (25) degree Celsius ambient with a two (2) feet per second wind velocity. Using these criteria, the Transmission Capacity of the Raun-WAPA Line Section is 1190 MW, or
- b) The capacity, in megawatts, of the substation terminating equipment for the Line Section.

4.4 The Transmission Capacity Rights, expressed in MW, of a Party in a Line Section or a transformer are the lesser of the product of eighty-five percent (85%) of the Transmission Capacity of the Line Section multiplied by that Party's percentage

ownership share in Neal 4 Transmission, as listed in Paragraph 2.1, or one hundred percent (100%) of the top nameplate rating of a transformer, multiplied by that Party's percentage ownership share in Neal 4 Transmission, as listed in Paragraph 2.1.

4.5 Base Capacity Schedules are associated with Neal Unit 4 cruise capacity (which is normally 96 percent (96%) of the accredited capability of Neal Unit 4, as reported for the Mid-Continent Area Power Pool) and are commitments by MidAmerican, IPL, Northwestern, and the Cooperatives related to adequate interconnection of Neal Unit 4 into the transmission system. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have the Base Capacity Schedules equal to 96 percent (96%) of the amounts listed in Paragraph 2.2 in each Line Section of Neal 4 Transmission. Initially, MidAmerican, IPL, Northwestern, and the Cooperatives shall have Base Capacity Schedules in the Neal 4 345/161 kV transformer equal to 96 percent (96%) of the amounts listed in Paragraph 2.2 with each further limited in proportion by the transformer Total Scheduling Capacity. Base Capacity Schedules shall be modified as the accredited capability of Neal Unit 4 is adjusted. A Party may establish additional Capacity Schedules, but such additional Capacity Schedules shall not reduce the total commitment of that Party for Capacity Schedules in any Line Section or transformer to a value of less than its Base Capacity Schedule.

4.6 MidAmerican, IPL, Northwestern, and the Cooperatives may each, at its sole discretion, by informing the other Parties, but without their consent, establish additional Capacity Schedules for a stated duration of time in any line section or transformer, provided that the sum of all Capacity Schedules for such Party's use and its assignments of Capacity Schedules for use by others does not exceed such Party's Transmission Capacity Rights.

4.7 MidAmerican, IPL, Northwestern, and the Cooperatives or a non-party may seek to establish additional Capacity Schedules by requesting an assignment from the Transmission Capacity Rights of another Party or combination of Parties. A non-party who establishes a Capacity Schedule or a Party who establishes an additional Capacity Schedule pursuant to the terms of the agreement shall be referred to as an Assignee for the purposes of such establishment.

4.8 Any of MidAmerican, IPL, Northwestern, and the Cooperatives, with Transmission Capacity Rights in a Line Section or transformer, pursuant to Paragraph 4.10, may make an assignment from its Transmission Capacity Rights for Capacity Schedules to another Party or to a non-party. Any assignment of Transmission Capacity Rights by a Party subject to the jurisdiction of the FERC to another Party or non-party shall be made in accordance with the assigning Party's Open Access Transmission Tariff. Any assignment of Transmission Capacity Rights by a Party having a non-jurisdictional Open Access Transmission Tariff on file with FERC or a Regional Transmission Group (RTG), for the purpose of providing reciprocal transmission service shall be made in accordance with such tariff. Any assignment to another Party or to a non-party of Transmission Capacity Rights by a Party not subject to the jurisdiction of FERC and not having filed a non-jurisdictional Open Access Transmission Tariff with FERC or an RTG

shall be made pursuant to Paragraph 4.11 and written in substantially the form of First Revised Exhibit B, attached hereto and by this reference incorporated herein. The Assignor of each executed First Revised Exhibit B shall provide a copy of each such exhibit to each other Party to this Agreement.

4.9 When MidAmerican, IPL, Northwestern, or the Cooperatives or a non-party, pursuant to Paragraph 4.7, requests an assignment for the purpose of establishing a Capacity Schedule in a Line Section or transformer, to the extent such a request can be satisfied, it shall be satisfied from the Transmission Capacity Rights in that Line Section or transformer, as determined in Paragraph 4.10. A Party who makes an assignment of Capacity Schedules from its Transmission Capacity Rights to a Party or a non-party pursuant to the terms of this Agreement shall be referred to as an Assignor.

4.10 MidAmerican, IPL, Northwestern, or the Cooperatives' Transmission Capacity Rights available for assignment in a Line Section or transformer shall be determined by subtracting one of the following from its Transmission Capacity Rights in that Line Section or transformer:

- a) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others, are all in the same direction, the absolute value of the sum of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer.
- b) If the Party's Capacity Schedules in that Line Section or transformer, including prior assignments for the Capacity Schedules of others are in both directions, the absolute value of the largest algebraic sum achieved by eliminating in turn each of the Party's Capacity Schedules and prior assignments for the Capacity Schedules of others in that Line Section or transformer one at a time.

4.11 An Assignee of a Capacity Schedule from MidAmerican, IPL, Northwestern, or the Cooperatives not subject to the jurisdiction of FERC, and not having a non-jurisdictional Open Access Transmission Tariff on file with FERC or an RTG, shall take its assignment subject to the provisions of this Agreement, and shall assume the following additional obligations:

- a) For the Capacity Schedule assigned in a specified Line Section or transformer, the Assignee shall annually pay each Assignor a sum computed: Fixed charge rate of the Assignor computed as set forth in Exhibit C, attached hereto and by this reference incorporated herein, multiplied by the investment at original cost of Neal 4 Transmission in that Line Section or transformer through which the assignment is made, multiplied by MW of Capacity Schedule assigned by the Assignor. This product will be divided by the sum of the Absolute Values of the Capacity Schedules, as determined in accordance with Paragraph 4.12, or



Transmission Capacity in the transformer as determined in accordance with Paragraph 4.4. Payment shall be due by July 1. If an Assignee is billed later than June 15, payment shall be due no more than 15 days after the mailing date of the billing. For the calendar year in which the assignment becomes effective, the annual payment shall be prorated from the effective date of the assignment; and

- b) The Assignee shall compensate each Assignor for the Assignee's proportionate share of demand and energy losses; and
- c) The Assignee shall reimburse its Assignor for the Assignee's proportionate share of operation and maintenance expenses and overhead charges as further set forth in Paragraphs 5.4 and 7.4.

4.12 The Sum of the Absolute Values of the Capacity Schedules in a Line Section or transformer shall be computed: The total of the Capacity Schedules for each of MidAmerican, IPL, Northwestern, and the Cooperatives and for each Assignee in each of the two possible directions is first determined. For each of MidAmerican, IPL, Northwestern, and the Cooperatives and each Assignee, the larger of these two amounts is selected. The absolute values of the selected amounts are then summed.

4.13 The Capacity Schedules Limitation shall be the lesser of the Transmission Capacity Rights of a Line Section or transformer or the transfer capability under NERC guidelines. The Sum of the Capacity Schedules shall be the larger of the following:

- a) The absolute value of the algebraic sum of all Capacity Schedules; or
- b) The absolute value of the largest algebraic sum of Capacity Schedules achieved by eliminating in turn each of the Capacity Schedules one at a time. When the total of the Capacity Schedules exceeds the Capacity Schedule Limitation, the Capacity Schedules in the direction that compounds the excess shall be reduced on a pro-rata basis until the Capacity Schedule Limitation is no longer exceeded.

4.14 The addition or removal of substations or switching stations in a Line Section that alter the length of the Line Section will increase or decrease the Transmission Capacity Rights of

the Parties in the same ratio as the Transmission Capacity of the modified Line Section increases or decreases.

## **ARTICLE 5**

### **OPERATIONS, OBJECTIVES AND PRIORITY OF SCHEDULING**

5.1 The Parties intend that Neal 4 Transmission be operated and maintained with good operating practice by the Parties charged in the operation and maintenance thereof, as provided above, and that the cost of such operation and maintenance be minimized to the extent practicable.

5.2 The Parties intend that all operation and maintenance procedures be coordinated to maximize effective utilization of Neal 4 Transmission.

5.3 The Parties intend that transactions arranged between any of the Parties or with others shall not abridge the permanent transmission scheduling rights of the respective shares of Neal Unit 4 power and energy, and that such transactions (including, for purposes of this clause, the scheduling of Neal Unit 4 power and energy, or power and energy in substitution therefor or any other classification of power and energy approved by the Operating Committee) shall be such as will not exceed the capacity of or otherwise endanger or impair, in the sole judgment of the Parties, the facilities operated and maintained hereunder.

5.4 MidAmerican shall operate and maintain Neal 4 Transmission as the Operating Party for the Parties, for which MidAmerican shall be reimbursed by the Cooperatives, Northwestern, and ITC Midwest as set forth in Paragraph 7.4. MidAmerican shall charge its normal overhead charges. MidAmerican shall bill the Cooperatives, Northwestern, and ITC Midwest at least quarterly for their share of operation and maintenance expenses and overhead charges. MidAmerican shall provide sufficient accounting documentation to the Cooperatives, Northwestern, and ITC Midwest and will, upon request, provide additional documentation if requested by one of the other Parties.

5.5 Subject to the limitations of Paragraph 5.3 above, the Cooperatives, MidAmerican, Northwestern, and IPL each grants to the others the right to use the Transmission Capacity of Neal 4 Transmission for purposes of scheduling Neal Unit 4 power and energy deliveries in proportion to its percentage ownership share in Neal 4 Transmission as set forth in Paragraph 2.1, with IPL using ITC Midwest's ownership share, and the right to use the capacity of Neal 4 Transmission for deliveries of Neal Unit 4 power and energy or substitute power and energy not exceeding the percentage ownership shares of the Parties in Neal Unit 4 capacity. "Substitute power and energy" means power and energy acquired from any source, without regard to its power and energy classification as firm or non-firm, at such times as Neal Unit 4 capacity or any portion thereof may be unavailable because of the operational status of the unit or unscheduled for reasons of operational economy.

5.6 To the extent not otherwise expressly provided in this Article, scheduling of power and energy shall be determined under procedures established by the Operating Committee and shall conform to any applicable regional or regulatory scheduling procedures.



## **ARTICLE 6**

### **OPERATING COMMITTEE**

6.1 An Operating Committee, consisting of a representative of each the Parties, is hereby established. Each Party shall designate a regular representative and may designate an alternate who may at any time act in lieu of the regular representative. ITC Midwest shall not have the right to vote on decisions made by the Operating Committee for which the obligations and responsibilities have been retained by IPL as described in this Agreement: capacity scheduling, metering, and losses. IPL shall not have the right to vote on decisions made by the Operating Committee for which obligations and responsibilities lie with ITC Midwest, which as described in this Agreement is everything not specifically reserved for IPL.

6.2 The Operating Committee shall adopt rules and procedures pursuant to this Agreement and consistent with the intent of the Neal Unit 4 Agreement and regulatory requirements as may be necessary or appropriate to:

- a) Coordinate scheduled maintenance of Neal 4 transmission, as determined by MidAmerican on advice of Operating Committee; and
- b) Administer accounting for power and energy losses and maintenance and repair, as has been deemed necessary by MidAmerican on advice of the Operating Committee; and
- c) Coordinate daily operation and control of Neal 4 Transmission; and
- d) Perform such other duties as may be necessary or appropriate to carry out the purposes of this agreement.

6.3 The Operating Committee shall hold its initial meeting no later than 30 days subsequent to the effective date hereof, at which meeting the Operating Committee will select one of its members as chairman. Meetings of the Operating Committee shall be called by the chairman of the Operating Committee at his or her discretion. Additional meetings may be called upon the request of any Operating Committee member.

## **ARTICLE 7**

### **OPERATIONS**

7.1 Neal 4 Transmission shall be interconnected and energized at all times except when removal from service of any portion thereof is necessitated by failure or maintenance requirements. The Operating Party shall be responsible for operation of substation equipment. The Operating Party shall keep the other Parties informed about operating conditions of all elements of Neal 4 Transmission, and shall be responsible for keeping the other Parties informed about unusual conditions during emergencies or unusual situations affecting performance, availability or vulnerability of Neal 4

Transmission which could affect scheduling or indicate abnormalities.

7.2 Outages of all or any part of Neal 4 Transmission for purposes of maintenance, inspection, modification, replacement or repair of facilities will be requested by MidAmerican and approved by the Parties under procedures established by the Operating Committee. The Operating Party shall not remove from service any portion of Neal 4 Transmission without such approval, except in emergencies where immediate removal of facilities from service is deemed necessary by MidAmerican in order to protect life or property. When MidAmerican has received approval for a scheduled outage, it shall be responsible for issuing clearance to its field personnel.

7.3 The Operating Committee shall establish procedures for identification of the causes of unscheduled outages where such causes must be ascertained by field inspection.

7.4 Operation and maintenance costs shall be shared by Cooperatives, MidAmerican, Northwestern, and ITC Midwest in proportion to their ownership shares in Neal 4 Transmission. Each Party's share shall be the cost of operation and maintenance, multiplied by the Party's percent ownership in Neal Unit 4 with ITC Midwest share based on IPL's ownership in Neal Unit 4.

## **ARTICLE 8**

### **MAINTENANCE AND REPAIR**

8.1 The Neal 4 Transmission facilities installed and used pursuant to this Agreement shall be maintained in good operating condition by the owners thereof. MidAmerican shall not replace any portion of the conductors, insulating devices, or equipment of Neal 4 Transmission with equipment having electrical ratings lower than those originally provided except by written consent of all Parties.

## **ARTICLE 9**

### **METERING**

9.1 Neal 4 Transmission will be located in the load control area of MidAmerican. Control area kilowatt metering equipment and associated telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL.

9.2 Reactive (KVAR) metering and associated, telemetering facilities shall be provided as agreed to by the Cooperatives, MidAmerican, Northwestern, and IPL. Reactive metering locations shall be selected so as to provide adequate monitoring and subsequent control of the operation of Neal 4 Transmission and the transmission systems it interconnects.

9.3 Billing accuracy kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as agreed to by the Cooperatives, MidAmerican,

Northwestern, and IPL. Billing accuracy kilowatt-hour metering locations, at a minimum, shall include the locations of control area kilowatt demand metering. Telemetered readings of kilowatt-hours per clock hour at the end of each hour shall be provided as required for the determination of inter-area energy exchanges on a current basis. Additional billing accuracy kilowatt-hour metering and 60-minute kilowatt demand metering shall be provided as required for the determination of transmission losses.

9.4 Each billing meter provided for purposes of this Agreement shall be read and recorded by its owner on or about the first day of the calendar month, and the results will be forwarded to the other Parties in accordance with procedures established by the Operating Committee.

9.5 Accuracy of registration of meters shall be maintained in accordance with the highest practicable commercial standards. Periodic tests and inspections of the billing meters shall be made at reasonable intervals as agreed upon by the Cooperatives, MidAmerican, Northwestern, and IPL and in accordance with the standards established by the Iowa Utilities Board or its successor. The expenses involved in such tests shall be the responsibility of the respective owners of the meters. On request of any Party, special tests shall be made at its expense. Any Party shall be given the opportunity to be present at any or all regular or special tests. If any test of metering equipment discloses an inaccuracy exceeding two (2) percent, all Parties shall be promptly notified and the interchange accounts between the Parties for service supplied shall be adjusted accordingly. Such correction and adjustment shall be made from the date the meter became inaccurate, if known. If this date cannot be determined, such adjustment shall be made for the previous billing month and the elapsed period in the month during which the test was made. Should metering equipment at any time fail to register or should the registration thereof be so erratic as to be meaningless, the power and energy transmitted shall be determined by the Parties from the best available data.

## **ARTICLE 10**

### **LOSSES**

10.1 Energy losses normally shall be calculated from records of line flow. Energy losses may be determined at the sole-discretion of the Party in whose control area the losses occur, by meter readings recorded at billing metering locations whenever unusual losses, such as may be caused by abnormal weather conditions, are apparent from operating data.

10.2 Among ITC Midwest and IPL, losses are the responsibility of IPL, and not ITC Midwest.

10.3 For purposes of allocating the energy component of losses, energy losses shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for monthly adjustment of or compensation for energy-losses shall be established by the Operating Committee, including allocation of compensation or adjustment for losses referred to in

subparagraph 4.13(b).

10.4 For purposes of allocating the demand component of losses, energy losses occurring during any clock hour shall be shared by the Parties in proportion to their ownership shares in Neal 4 Transmission with IPL using ITC Midwest's ownership share. Procedures for the adjustment of the system net demands of the Parties for Neal 4 Transmission losses shall be established by the Operating Committee, including allocation of compensation, or system net demand adjustment, for losses referred to in subparagraph 4.11(b).

10.5 MidAmerican shall keep such meter readings, log sheets and other records as may be needed to document a clear history of movements of power and energy through the Neal 4 Transmission so as to permit proper adjustment for power and energy losses in accordance with the provisions hereof. The originals of all such meter records and other records shall be open to inspection by representatives of any Party. Each Party maintaining meter reading records will also furnish appropriate data from meter registrations or from other sources for operating records or for settlement.

## **ARTICLE 11**

### **UNCONTROLLABLE FORCE**

11.1 No Party shall be held responsible or liable to any other Party for any loss or damage resulting from failure to perform its obligations hereunder on account of acts of God, fire, flood, explosion, strike, sabotage, accidents, acts of the public enemy civil or military authority (including court orders, injunctions, executive orders and orders of governmental agencies with proper jurisdiction), insurrection or riot, acts of the elements, or because of failure of equipment, substations or transmission lines resulting from other than a failure of said Party to perform its obligations hereunder, or any other cause beyond the control of said Party.

## **ARTICLE 12**

### **ARBITRATION**

12.1 Any dispute arising out or relating to this Agreement shall be submitted to the chief executive officers or equivalent of the Parties for determination. If the dispute involves a payment of money, prior to such submission, the Party shall pay the disputed amount to the Operating Party, which shall be held in escrow until the dispute is resolved. If unanimous agreement cannot be reached by the chief executive officers or their equivalent within 60 days, the dispute shall be submitted to arbitration. The Party submitting a request for arbitration shall serve notice upon the other Parties setting forth in detail the matter or matters to be arbitrated, including a statement of the facts or circumstances giving rise to the dispute involved, and the Party's suggested resolution thereof.

12.2 The Parties, within 15 days of the request for arbitration, shall attempt to agree upon the selection of one person to act as sole arbitrator. If the Parties fail to agree upon the selection of an arbitrator within such 15 day period, the dispute shall promptly be submitted to and arbitrated by an arbitrator selected by the American Arbitration Association in accord with its then existing rules. The decision or award of the arbitrator shall be final and binding upon all Parties, and judgment on any decision or award may be entered in any court having jurisdiction. Costs incurred in connection with the arbitration shall be assessed by the arbitrator against the Parties in proportion to the extent to which the claims of each Party shall be disallowed, except that each Party shall assume its direct expense associated with the arbitration proceedings.

### **ARTICLE 13** **TERM OF AGREEMENT**

13.1 This Agreement was originally effective on October 24, 1984 and as amended hereby shall continue in force and effect for the remainder of this initial term and then thereafter for a second term of 30 years commencing October 24, 2014.

13.2 This Agreement may be amended from time to time by written agreement signed by all parties hereto. Notwithstanding Paragraph 13.1, prior to the expiration of thirty years this Agreement may be terminated by a written agreement signed by all parties hereto. No termination shall be effective so long as obligations payable in whole or in part from revenues derived from the operation of the facilities, and issued by a City, are outstanding, unless prior consent is first granted by all parties.

### **ARTICLE 14** **INDEMNIFICATION**

14.1 Each of the Parties hereto (including MidAmerican) agrees to indemnify MidAmerican in its capacity as agent for the parties as provided in Article 5 of this agreement from and against liability and loss, damage and expense, including judgments, costs and attorneys' fees by reason of property damage or injuries to or death of any person or persons, expressly including therein (i) any workers' compensation liability of MidAmerican to its employees, or (ii) liability to any agents, contractors, subcontractors or consultants, or (iii) liability to any third parties or (iv) by reason of claims of any and every character resulting from, arising out of, or connected with the construction, reconstruction, modification, operation or maintenance of Neal 4 Transmission, regardless whether caused wholly or partially by the negligence of MidAmerican, or its employees or agents, to the extent that the percentage of its ownership share, as specified in Paragraph 2.1 hereof, bears to the total liability, loss, damage and expense.

14.2 Each Party shall be liable only for its own acts with regard to Neal 4 Transmission. Subject to the provisions of Article 14 - Indemnification, hereof, and § 390.4, Code of Iowa (1983), as may hereafter be amended, the Parties shall have such rights of indemnity and contribution between themselves with respect to the subject of

this Agreement as shall be permitted by law and consistent with the provisions of this Agreement.

14.3 The undivided ownership interest of each Party in Neal 4 Transmission may not be charged directly or indirectly with a debt or obligation of another Party or be subject to any lien as a result thereof. Each Party will be individually responsible for, and will pay, all taxes, if any, chargeable to its ownership of Neal 4 Transmission under statutes now or hereafter in effect.

## **ARTICLE 15**

### **GENERAL**

15.1 This Agreement shall inure to the benefit of, and shall bind, the Parties hereto and their successors and assigns, but unless the other Parties shall consent thereto, in writing, may not be assigned by any Party except to a successor to all or substantially all of the property and assets of such Party or to a corporation resulting from a reorganization, merger or other consolidation of a Party with another.

15.2 This Agreement shall be subject to all applicable laws, regulations and orders, and approval of, or acceptance for filing with, any regulatory or administrative authorities having jurisdiction over any or all of the Parties or the subject matter.

15.3 Except as the Parties may otherwise agree prior to an effective date of termination, the property, real and personal, comprising Neal 4 Transmission shall be treated as hereinafter set forth. For purposes of disposition, this paragraph shall survive the termination of the Agreement. Upon termination of this Agreement, all real and personal property comprising Neal 4 Transmission shall be sold, or otherwise disposed of, by MidAmerican, as agent, as promptly as practicable. The Cooperatives, MidAmerican, Northern, and ITC Midwest irrevocably grant to MidAmerican such rights and powers hereunder as shall be necessary for these purposes. The proceeds of such sale or disposition, excluding costs incurred, and including salvage, if any, shall be distributed among the Cooperatives, MidAmerican, Northern, and ITC Midwest in accordance with the percentage of ownership existing at the effective date of termination.

15.4 The provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any person or persons other than Parties and the obligations hereunder are intended solely for the use and benefit of the Parties.

15.5 Any written notice given by any Party to any other Party or Parties concerning matters of policy or administration with respect to the Agreement shall be deemed properly made and served if signed by an officer of the notifying Party and regularly mailed, postage prepaid, or delivered to the chief executive officer of the notified Party or Parties at the principal office of the same. All notices or other communications required or appropriate hereunder with respect to operating matters shall be given in accordance with procedures set forth herein or as may be prescribed by the



Operating Committee.

15.6 Any waiver at any time by any Party of its rights under this Agreement or of any default of another Party shall not be deemed a waiver of any other right or default.

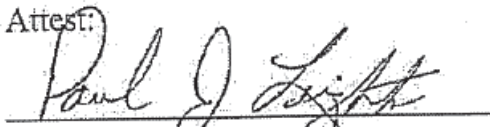
15.7 This Agreement shall be construed, interpreted and controlled by the laws of the State of Iowa and will be construed to comply with the provisions of Chapter 390, Code of Iowa (1983) as they may be hereafter amended.

15.8 TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED, UNLESS APPLICABLE LAW OR RULES OF PROCEDURE REQUIRE CONSOLIDATION OR BAR OR PRECLUDE AN ACTION IF NOT CONSOLIDATED.

15.9 The Parties acknowledge and understand that the signature of the authorized officer of the MISO on this Agreement is for the limited purpose of acknowledging that the representative of MISO has read the terms of this Agreement. The Parties and MISO further state that they understand that FERC desires that the Parties keep MISO fully apprised of the matters addressed herein as well as any reliability and planning issues that may arise under this Agreement, and that the signature of the officer of MISO shall not in any way be deemed to imply that MISO is taking responsibility for the actions of any Party, that MISO has any affirmative duties under this Agreement or that MISO is liable in any way under this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed on the date first above written.

MIDAMERICAN ENERGY COMPANY

Attest:  
  
Secretary

By   
Vice President, Compliance and Standards

Attest:  
  


INTERSTATE POWER AND LIGHT COMPANY

By 

Attest:

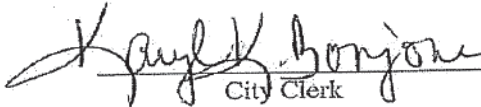
\_\_\_\_\_  
Secretary

ITC MIDWEST, LLC, a Michigan Limited Liability Company,  
By ITC Holdings Corp., a Michigan corporation, its sole member

By 

CITY OF WEBSTER, IOWA

Attest:

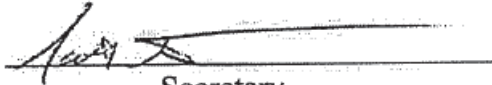
  
City Clerk

By 

[ ] Mayor

CORN BELT POWER COOPERATIVE

Attest:

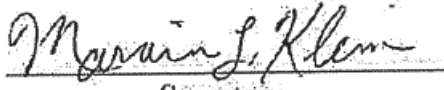
  
Secretary

By 

President, Board of Directors  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:


  
Secretary

By 

President

ALGONA MUNICIPAL UTILITIES

Attest:

  
Secretary

By /s/ John Bilsten  
General Manager

BANCROFT MUNICIPAL UTILITIES

Attest:

  
Secretary


By 

[ ]

Mayor

COON RAPIDS MUNICIPAL UTILITIES

Attest:

  
Secretary

By 

[ ] CHAIRMAN OF BC



Attest:

Pamela Seton  
Secretary

GRAETTINGER MUNICIPAL LIGHT PLANT

By David C. Petersen

Attest:

Chad Chvala  
Secretary

LAURENS MUNICIPAL LIGHT & POWER PLANT

By Richard Meier  
Chairman, Board of Trustees

Attest:

Paula Nordblad  
Secretary

MILFORD MUNICIPAL UTILITIES

By Keth Wray

Attest:

Sarah Schmidt  
Secretary

SPENCER MUNICIPAL UTILITIES

By Alvin Smith

Attest:

Pamela L. Taylor  
Pamela L. Taylor - Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

By Roger A. Kueter  
Roger A. Kueter [ ] Chair - Board of

Attest:

Emily J. Hines  
Secretary

NORTHWESTERN ENERGY

By John D. Hines

Attest:

Jeff Flinn  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

By Harold H. Blatch

The signature below of the authorized officer of MISO is for the limited purpose of acknowledging that an authorized officer of MISO has read this Agreement.

MIDCONTINENT INDEPENDENT SYSTEM  
OPERATOR, INC.

Attest:

By /s/Jennifer Curran  
Vice President - Transmission

Michele Preston  
Secretary

**FIRST REVISED EXHIBIT B**

TRANSMISSION FACILITIES AND OPERATING AGREEMENT  
GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION  
(Terminal) to (Terminal)  
(Assignee)

GEORGE NEAL GENERATING UNIT NO. 4 TRANSMISSION  
ASSIGNMENTS FOR TRANSMISSION CAPACITY RIGHTS

Pursuant to Operating Agreement of \_\_\_\_\_

THIS AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and

WITNESSETH:

WHEREAS, the Assignor(s) are parties to a certain Agreement, dated October 24, 1984, titled Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4 Transmission, as amended and restated on July 3, 2012; and

WHEREAS, Paragraph 4.08 of the Transmission Facilities and Operating Agreement permits any Party possessing Transmission Capacity Rights to make assignments for the Capacity Schedules of another Party or non-party subject to written notification to all Parties; and

WHEREAS, each of the Assignor(s) possesses Transmission Capacity Rights for the Capacity Schedules of the Assignee; and

WHEREAS, the Assignee seeks Capacity Schedules of \_\_\_\_\_ megawatts, from \_\_\_\_\_ generating unit, entering Neal 4 Transmission at the \_\_\_\_\_ terminal, and exiting Neal 4 Transmission at \_\_\_\_\_ terminal.

NOW THEREFORE, in consideration of the premises and covenants contained herein, it is agreed:

1. Assignments. The respective Assignor(s) hereby make assignments for the Capacity Schedules of the Assignee in the following manner:

ASSIGNOR	MEGAWATTS ASSIGNED	FROM TERMINAL	TO TERMINAL	MILES BETWEEN TERMINALS
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2. Assignee's Covenants. The Assignee understands and agrees to perform all applicable terms, conditions and obligations contained in the Transmission Facilities and Operating Agreement George Neal Generating Unit No. 4 Transmission, (receipt of a conformed copy of which is hereby acknowledged) including, but not limited to, the obligations contained in Paragraph 4.11 therein and any amendment now existing or hereafter created to said paragraph or other terms and obligations contained in the aforementioned Transmission Facilities and Operating Agreement.

The Assignee further agrees that neither the Capacity Schedules assigned herein nor any portion thereof shall be reassigned or otherwise transferred without written agreement in substantially the form of this Revised Exhibit 13.

3. Effective Date. This Agreement shall become effective as of \_\_\_\_\_, 20\_\_\_\_.

4. Special Provisions.

IN WITNESS WHEREOF, the Assignors and the Assignee have caused this

Agreement to be duly executed as of the date first above written.

(Name) Assignor(s)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(Name) (Assignee)

\_\_\_\_\_

**NEAL NO. 4 TRANSMISSION  
 ANNUALIZED FIXED CHARGE RATE  
 EXHIBIT C**

1. Cost of Capital:

XX.XX% Long Term Debt @ X.XX%	X.XX%
XX.XX Common Stock @ X.XX%	X.XX
<u>XX.XX Preferred Stock @ X.XX%</u>	<u>X.XX</u>
<u>100.00% Total cost of Capital</u>	<u>XX.XX%</u>

2. Depreciation Life of Facility – XX yrs.

3. Levelized Return:

Cost of Capital XX.XX%

Depreciation Annuity:

$$\frac{0.XXXX}{(1 + 0.XXXX) XX - 1} = \frac{.XX\%}{XX.XX\%}$$

4. Return Less Straight-line depreciation

$$\frac{-100\% \div XX}{\text{Levelized Return on Investment}} = \frac{-X.XX}{X.XX\%}$$

5. Levelized Fixed Charge Rate:

Levelized Return On Investment

Straight-line Depreciation

Income Taxes:

X.XX%

X.XX

X.XX

x

X.XX% + X.XX%

XX.XX%

x

XX.XX%

100% - XX.XX%

=

X.XX

Property Taxes

X.XX

6.

Total Annual Levelized Fixed Charge Rate

XX.XX%

### Annualized Fixed Charge Rate Instructions

- 1) Cost of Capital: The cost of capital used in the calculation will be based on the capital structure, cost of debt and cost of preferred stock realized at the time the Neal #4 Transmission Facilities were constructed. The return on common equity (if Applicable) will be based on the latest allowed return by the Iowa State Commerce Commission or other applicable regulatory authority. The following costs will be used in calculating the cost of capital:
  - a) MEC
 

52.83% Debt	@ 9.29% = 4.91%
10.97% Preferred	@ 7.84% = .86
36.20% Common	@ x.xx% = x.xx
  - b) ITC Midwest
 

52.10% Debt	@ 7.58% = 3.95%
14.03% Preferred	@ 8.64% = 1.21
33.87% Common	@ x.xx% = x.xx
  - c) Northwestern
 

53.59% Debt	@ 8.43% = 4.52%
10.79% Preferred	@ 8.29% = .89
35.62% Common	@ x.xx% = x.xx
  - d) Corn Belt & Webster City
 

100% Debt	@ 11.868% = 11.868%
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  - e) NIPCO
 

100% Debt	@ 8.50% = 8.50%
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  - f) Northern Iowa Municipal electric Cooperative Association (the utilities of Cities of Algona, Bancroft, Coon Rapids, Graettinger, Laurens, Milford and Spencer are members of this association)
 

33.75% Debt	@ 5.689% = 1.92%
66.25% Equity	@ x.xx% = x.xx
- 2) Depreciation Life of Facility: Each owner will use its own depreciable life for the Neal #4 Transmission Facilities.
- 3) Levelized Return: The levelized return will be calculated using the cost of capital and depreciable life in Items #1 and #2. The levelized return represents return plus depreciation arrived at by adding the depreciation annuity to the cost of capital. The depreciation annuity is calculated by the following formula:

$$\frac{\text{Cost of Capital}}{(1 + \text{cost of Capital})^N - 1} \quad -$$

Where N equals the life of the facility

- 4) Return Less Depreciation: Straight-line depreciation is subtracted from Item #3 to obtain a levelized return on investment.
- 5) Levelized Fixed Charge Rate: The levelized fixed charge rate is computed by adding levelized return on investment, straight-line depreciation, income taxes and property taxes. Income taxes are calculated by the formula:

$$\frac{\text{(Levelized Return Rate)}}{\text{(Step 4) Tax Rate}} \times \frac{\text{(Cost of Equity Capital)}}{\text{(Total Cost of Capital)}} \times \frac{\text{(Composite Income Tax)}}{\text{(100\% - Composite Income Tax Rate)}}$$

Property taxes are based on the latest experience for the Neal #4 Transmission Facilities.

This fixed charge calculation will be calculated for each respective owner prior to entering into a capacity assignment for the Neal #4 Transmission Facilities and updated annually thereafter.

#### MIDAMERICAN ENERGY COMPANY

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

#### INTERSTATE POWER AND LIGHT COMPANY

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

#### ITC MIDWEST, LLC

By ITC Holdings Corp., its sole member

Attest:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

#### CITY OF WEBSTER CITY, IOWA

Attest:

\_\_\_\_\_

By \_\_\_\_\_



City Clerk

CORN BELT POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_  
President, Board of Trustees  
Corn Belt Power Cooperative

NORTHWEST IOWA POWER COOPERATIVE

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_

ALGONA MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_

BANCROFT MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_

COON RAPIDS MUNICIPAL UTILITIES

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_

GRAETTINGER MUNICIPAL LIGHT PLANT

Attest:

\_\_\_\_\_  
Secretary

By\_\_\_\_\_

LAURENS MUNICIPAL LIGHT & POWER PLANT

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

MILFORD MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

SPENCER MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

MUNICIPAL ELECTRIC UTILITY OF CEDAR  
FALLS, IOWA

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

NORTHWESTERN ENERGY

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

GRUNDY CENTER MUNICIPAL UTILITIES

Attest:

By\_\_\_\_\_

\_\_\_\_\_  
Secretary

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