

February 2, 2012

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

Re: *Southwest Power Pool, Inc.*, Docket No. ER12-959-_____
(errata filing)

Dear Secretary Bose:

On February 1, 2012, Southwest Power Pool, Inc. (“SPP”) filed with the Federal Energy Regulatory Commission (“Commission”) revisions to SPP’s Open Access Transmission Tariff (“Tariff”) to implement Tri-County Electric Cooperative, Inc.’s (“Tri-County”) formula rate for transmission service.¹ SPP included in the Original Filing prepared testimony and exhibits supporting Tri-County’s proposed formula rate prepared by Tri-County. Due to a miscommunication between SPP and Tri-County, SPP filed prior versions of Exhibit Nos. TCE-1, TCE-2, and TCE-4. To remedy this error, SPP submits herein, on behalf of Tri-County, corrected versions of Exhibit Nos. TCE-1, TCE-2, and TCE-4. The Exhibits submitted herein are intended to replace entirely the Exhibits submitted in the Original Filing.

To the extent required, SPP requests a waiver of any Commission regulations to permit an effective date of April 1, 2012 for the Tariff revisions submitted herein. SPP notes that the Original Filing was filed 60 days prior to the requested effective date, and SPP is not making any changes to the Tariff in this errata filing.

SPP is serving a copy of this letter on all parties to this proceeding.

¹ Submission of Tariff Revisions to Incorporate Tri-County Electric Cooperative, Inc. as a Transmission Owner of Southwest Power Pool, Inc., Docket No. ER12-959-000 (Feb. 1, 2012) (“Original Filing”).

The Honorable Kimberly D. Bose
February 2, 2012
Page 2

Respectfully submitted,

/s/ Tyler R. Brown
Carrie L. Bumgarner
Tyler R. Brown

**Attorneys for Southwest Power
Pool, Inc.**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Southwest Power Pool, Inc.

)

Docket No. ER12-959-000

DIRECT TESTIMONY
OF
MICHAEL T. SWEARINGEN
ON BEHALF OF
TRI-COUNTY ELECTRIC COOPERATIVE, INC.

February 1, 2012

1 UNITED STATES OF AMERICA
2 BEFORE THE
3 FEDERAL ENERGY REGULATORY COMMISSION
4

5 Southwest Power Pool, Inc.) Docket No. ER12-959-000
6

7 **DIRECT TESTIMONY OF MICHAEL T. SWEARINGEN**
8

9 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

10 A. My name is Michael T. Swearingen and my business address is 302 East Glaydas
11 Hooker, Oklahoma, 73945. I am employed by Tri-County Electric Cooperative, Inc. (“Tri-
12 County” or the “Company”) as Manager of Engineering/NERC Compliance. My
13 responsibilities include supervising the engineering department and overseeing Tri-County’s
14 activities involving the Southwest Power Pool (“SPP”), the North American Reliability
15 Corporation (“NERC”) and the Federal Energy Regulatory Commission (“FERC”).

16 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEING?**

17 A. I am testifying on behalf of Tri-County.

18 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE IN THE**
19 **ELECTRIC UTILITY INDUSTRY.**

20 A. I received my Bachelor of Science in Computer Science and Mathematics in 1990 from
21 Eastern New Mexico University. I have 17 years of engineering experience in the power
22 industry. I began in the electric utility industry in 1994 with Farmers Electric Cooperative,
23 Inc. (“Farmers Electric”) in Clovis, New Mexico. I worked in the engineering department of
24 Farmers Electric for 12 years, advancing to different positions within the Company:

1 Engineering Assistant between 1994-2004 and Engineering Coordinator from 2004-2006. In
2 2006 I joined Tri-County as Manager of Engineering and Operations. Since 2004 I have
3 served as a member of IEEE, the IEEE Standards Association and have worked on various
4 committees within IEEE. I am currently Vice Chair for the National Rural Electric
5 Cooperative Association Power Quality Subcommittee.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
7 **AUTHORITIES?**

8 A. No.

9 **I. SCOPE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. I am presenting testimony supporting the inclusion of certain facilities as transmission
12 under the SPP Open Access Transmission Tariff (“OATT”). This testimony is being filed in
13 conjunction with other direct testimony being submitted on behalf of Tri-County by Mr.
14 Bernard A. Cevera, a Senior Consultant with C. H. Guernsey & Company, in which Mr.
15 Cevera develops a revenue requirement and the Transmission Formula Rate associated with
16 those facilities. I am also sponsoring the Transmission Formula Rate Implementation
17 Protocols.

18 **II. DESCRIPTION OF TRI-COUNTY**

19 **Q. PLEASE PROVIDE A SUMMARY OF TRI-COUNTY AND ITS ELECTRIC**
20 **SERVICE AS IT RELATES TO THIS PROCEEDING.**

21 A. Tri-County is a not-for-profit electric cooperative headquartered in Hooker, Oklahoma.
22 Tri-County was organized in 1945 to provide electric service to the rural Oklahoma
23 Panhandle. Tri-County serves approximately 23,000 households and businesses in the
24 Oklahoma Panhandle, the northern border of the Texas Panhandle, southwestern Kansas, a

1 small portion of Baca County, Colorado, and a few meters in Union County, New Mexico.
2 Tri-County has more than 4,800 miles of distribution lines, 419 miles of transmission lines
3 and it operates 44 substations. Tri-County sells less than 4,000,000 megawatt hours of
4 electricity per year and, on that basis, FERC confirmed in 2006 that Tri-County is not subject
5 to the Commission's jurisdiction. *See Tri-County Electric Cooperative, Inc., et al.*, 117
6 FERC ¶ 61,280 (2006). On July 29, 2010, Tri-County transferred control over its 115kV and
7 69kV transmission facilities to SPP.

8 **III. INCLUSION OF FACILITIES AS TRANSMISSION**

9 **Q. PLEASE DESCRIBE THE FACILITIES TRI-COUNTY IS SEEKING TO** 10 **INCLUDE IN THE SPP TARIFF AS TRANSMISSION FACILITIES.**

11 A. Tri-County owns 419 miles of lines with operating voltage of 115 kV and 69 kV that
12 serve 30 substations which Tri-County is classifying as Transmission Facilities under
13 Attachment AI to SPP's OATT. This includes two 115 kV transmission lines totaling 71
14 miles and various 69 kV transmission lines that in the aggregate are 335 miles in length. Tri-
15 County is including various substations and two transmission interchanges relating to these
16 power lines in its classification of Transmission Facilities.

17 **Q. HAVE ANY OF THESE FACILITIES PREVIOUSLY BEEN TREATED AS** 18 **TRANSMISSION BY FERC?**

19 A. Yes. Of these various facilities, 119 miles of lines, 16 distribution substations and 2
20 interchanges were acquired from XCEL Energy in 2006. Xcel had operated and classified
21 these facilities as transmission.

22 **Q. WILL SPP HAVE FUNCTIONAL CONTROL OF THE VARIOUS TRI-COUNTY** 23 **TRANSMISSION FACILITIES?**

1 A. Yes. Under Section 2.0 Rights, Powers and Obligations of SPP of the SPP Membership
2 Agreement, Tri-County relinquishes functional control of its transmission facilities
3 transferred to SPP.

4 **Q. HAVE YOU PREPARED AN EXHIBIT THAT SHOWS THE FACILITIES THAT**
5 **QUALIFY AS TRANSMISSION UNDER THE SPP OATT AND AS OTHERWISE**
6 **ESTABLISHED UNDER FERC ORDERS AND PRECEDENT?**

7 A. Yes. I have prepared Exhibit TCE-2, captioned “Tri-County Electric Cooperative, Inc.
8 Facilities Classified As ‘Transmission Facilities’ Under Southwest Power Pool Tariff,” that
9 shows the Tri-County facilities meeting the definition of “Transmission Facilities” under
10 Attachment AI to the SPP Tariff and FERC orders. These facilities satisfy the Transmission
11 Facilities definition for the following reasons:

- 12 • The facilities are located on the high voltage side of a substation used to transform
13 power from a voltage higher than 60 kV to a lower voltage and are connected to
14 power lines qualifying as transmission facilities under FERC’s seven factor test for
15 transmission set forth in Order No. 888 and Commission precedent thereunder,
16 including the recent Commission order in *City of Pella, Iowa v. Midwest Independent*
17 *Transmission System Operator, Inc. and MidAmerican Energy Co.*, 134 FERC ¶
18 61,081 (2011) (“*City of Pella*”). (Attachment AI, Section II.4).
- 19 • The facilities are non-radial power lines, substations and associated facilities operated
20 at 60 kV or above (Attachment AI, Section II.1)

21 **Q. DID YOU PREPARE ANOTHER EXHIBIT THAT PROVIDES AN**
22 **EXPLANATION FOR CLASSIFYING THE FACILITIES SHOWN IN EXHIBIT**
23 **TCE-2 AS TRANSMISSION?**

1 A. Yes. I have prepared Exhibit TCE-3, captioned “Tri-County Electric Cooperative, Inc.
2 Explanation For Classifying Facilities As ‘Transmission Facilities’ Under Southwest Power
3 Pool Tariff,” in which I have grouped the facilities listed in Exhibit TCE-2 according to the
4 particular criteria supporting the facilities’ eligibility for inclusion as “Transmission
5 Facilities” under the SPP OATT and in which I have provided a discussion of the criteria
6 supporting those groupings.

7 **Q. PLEASE SUMMARIZE EXHIBIT TCE-3.**

8 A. Section I of Exhibit TCE-3 discusses Tri-County’s 115kV two power lines with
9 Transmission Circuit Identifiers 0905 and T-1.2. Consistent with FERC’s Order No. 888
10 seven factor test for jurisdictional transmission facilities, these 115kV lines satisfy criteria 1
11 (facilities are not in close proximity to retail customers), 5 (power transmitted on facilities is
12 not consumed in a comparatively restricted geographical area), and 7 (power transmitted on
13 facilities is not of reduced voltage). These lines therefore meet the criteria under Attachment
14 AI, Section II.4, of the SPP Tariff: *i.e.*, “facilities on the high voltage side of the
15 transformer” connected to “power lines qualifying as Transmission facilities.”

16 Other 69kV facilities also meeting the Commission’s seven factor test for transmission
17 facilities are discussed in Section II of Exhibit TCE-3. The exhibit explains why these
18 various facilities are “qualifying . . . Transmission facilities” under Attachment AI, Section
19 II.4, of the SPP OATT. Section II also describes the Tri-County substations that qualify as
20 Transmission Facilities under Attachment AI, Section II.4, of the SPP OATT.

21 Section III of Exhibit TCE-3 describes two other 69 kV lines with Transmission Circuit
22 Identifiers Y-53 and Z-27. As explained in that exhibit, these lines are classified as

1 Transmission Facilities because under Attachment AI, Section II.1, of the SPP Tariff the
2 facilities are “existing non-radial power lines, substations, and associated facilities operated
3 at 60kV or above.”

4 **Q. WHY DID YOU RELY ON THE COMMISSION’S *CITY OF PELLA* ORDER AND**
5 **THE ORDER NO. 888 SEVEN FACTOR TEST AS THE BASES FOR CLASSIFYING**
6 **CERTAIN TRI-COUNTY 69 kV FACILITIES AS TRANSMISSION?**

7 A. In *City of Pella*, the Commission agreed with the City of Pella, Iowa, (“Pella”) that its 69
8 kV facilities should be classified as transmission facilities under the Commission’s Order No.
9 888 seven factor test. The similarities with respect to the Commission’s findings in that case
10 involving Pella’s 69 kV facilities and Tri-County’s 69 kV facilities described more fully in
11 Exhibit TCE-3 support the classification of Tri-County’s facilities as Transmission Facilities
12 under the SPP OATT.

13 **IV. TRANSMISSION FORMULA RATE PROTOCOLS**

14 **Q. PLEASE DESCRIBE EXHIBIT TCE-4.**

15 A. Exhibit TCE-4 was developed under my direct supervision and contains Tri-County’s
16 Formula Rate Implementation Protocols. These protocols are consistent with the protocols
17 on file for other utilities within SPP in terms of transparency and with respect to providing
18 fair and reasonable opportunity for review and comment by others.

19 **Q. DOES THIS COMPLETE YOUR PREPARED TESTIMONY**

20 A. Yes.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Southwest Power Pool, Inc.

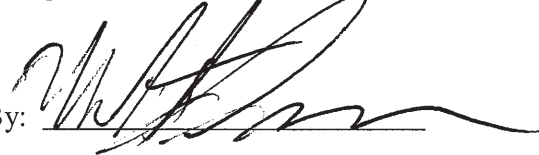
)

Docket No. ER12-959-000

Verification of Testimony

Pursuant to 18 C.F.R. §385.2005(b)(3), I verify under penalty of perjury that I have read and know the contents of the foregoing Direct Testimony and the exhibits annexed thereto; that they were prepared by me or under my direct supervision; and that the answers contained therein are true and correct to the best of my knowledge, information and belief.

By: _____



Michael T. Swearingen

Date: February 1, 2012

**TRI-COUNTY ELECTRIC COOPERATIVE, INC.
FACILITIES CLASSIFIED AS "TRANSMISSION FACILITIES"
UNDER SOUTHWEST POWER POOL TARIFF**

Base kV	From Node		To Node	Length (Miles)	Impedance (Ohms)				Fault Current (Amps)		Transmission Circuit Identifier	Description
					Imp R1	Imp X1	Imp R0	Imp X0	LG	3Ø		
115	TX Co	to	Goodwell Tap	10.78	6.13	24.50	6.4	34.78	2453	2272	Breaker 0905	10.78 mi - 477 MCM ACSR
115	Goodwell Tap	to	New Goodwell	5.85	7.28	28.97	8.73	44.84	2002	2402	Breaker 0905	5.85 mi - 477 MCM ACSR
115	Goodwell Tap	to	Whiting	23.84	10.07	39.84	14.4	69.35	1383	1765	Breaker 0905	23.84 mi - 477 MCM ACSR
115	Cole	to	Anthony Tap	12.15	14.34	40.94	16.99	65.31	1363	1634	T-1.2	12.15 mi - #4/0 ACSR
115	Anthony Tap	to	Anthony	2.15	14.78	42.64	17.89	69.15	1301	1565	T-1.2	2.15 mi - 477 MCM ACSR
115	Anthony Tap	to	Rose	16.38	21.46	55.6	28.94	96.87	956	1200	T-1.2	16.38 mi - #4/0 ACSR
69	TX Co	to	Thompson	5.34/ 7.35	2.47	11.54	277	15.92	3292	3741	Y-53	Loop feed, 1)5.34 mi-397 MCM ACSR & 2) 5.70 mi- 397 MCM ACSR & 1.65 mi- 477 MCM ACSR
69	TX Co	to	Seaboard	5.70/ 6.99	2.48	11.59	2.77	16.65	3221	3724	Z-27	Loop feed, 5.34 mi - 397 MCM ACSR & 1.65 mi - 477 MCM ACSR or 5.70 mi - 397 MCM ACSR

Base kV	From Node		To Node	Length (Miles)	Impedance (Ohms)				Fault Current (Amps)		Transmission Circuit Identifier	Description
					Imp R1	Imp X1	Imp R0	Imp X0	LG	3Ø		
69	Thompson	to	Optima Tap	3.40	4.04	14.79	5.42	22.92	2485	2904	Y-52	3.40 mi - #4/0 ACSR
69	Optima Tap	to	Optima	5.00	6.27	19.09	9.07	36.69	1680	2217	Y-52	5.00 mi - #4/0 ACSR
69	Optima Tap	to	Hooker (Alt.Fd)	20.67	13.17	28.43	23.58	60.98	1033	1406	Y-52	20.67 mi - #4/0 ACSR
69	Optima Tap	to	Hough Tap	9.00	5.81	21.67	9.75	45.26	1436	2015	Y-52	9.00 mi - 477 MCM ACSR
69	Hough Tap	to	Hough	7.00	10.78	28.12	16.74	65.05	1028	1493	Y-52	7.00 mi - #2/0 ACSR
69	Hough	to	Thrall	5.00	14.62	33.10	22.13	80.33	842	1240	Y-52	5.00 mi - #2/0 ACSR
69	Hough Tap	to	Sturgis Tap	15.00	8.75	33.13	16.98	82.49	856	1334	Y-52	15.00 mi - 477 MCM ACSR
69	Sturgis Tap	to	Sturgis	10.10	13.34	41.99	24.52	110.9	648	1031	Y-52	10.10 mi - #1/0 ACSR
69	Sturgis Tap	to	Doolin	4.00	10.53	36.48	19.91	93.67	762	1198	Y-52	4.00 mi - #4/0 ACSR
69	Doolin	to	Griggs Tap	7.00	13.64	42.50	25.02	112.95	638	1015	Y-52	7.00 mi - #4/0 ACSR
69	Griggs Tap	to	Griggs	11.00	18.32	51.52	32.7	141.86	513	826	Y-52	11.00 mi - #4/0 ACSR

Base kV	From Node		To Node	Length (Miles)	Impedance (Ohms)				Fault Current (Amps)		Transmission Circuit Identifier	Description
					Imp R1	Imp X1	Imp R0	Imp X0	LG	3Ø		
69	Griggs Tap	to	Cimarron Co.	21.00	24.55	63.56	42.93	180.41	407	661	Y-52	21.00 mi - #4/0 ACSR
69	Cimarron Co.	to	Felt	23.00	34.61	82.99	59.46	242.7	305	500	Y-52	23.00 mi - #4/0 ACSR
69	Thompson	to	Elkhart Tap	30.00	16.90	39.60	26.62	76.32	731	977	Y-51	30.00 mi - #4/0 ACSR
69	Elkhart Tap	to	Elkhart	16.55	23.05	53.68	39.86	101.44	556	716	Y-51	16.55 mi - #4/0 ACSR
69	Elkhart Tap	to	Keyes	19.50	24.78	57.48	40.18	114.81	492	669	Y-51	19.50 mi - #4/0 ACSR
69	Cole	to	Balko	9.00	12.62	29.07	16.73	42.97	1149	1332	Breaker 0343	9.00 mi - #1/0 ACSR
69	Balko	to	Pugh	7.89	15.79	35.04	22.48	56.04	918	1104	Breaker 0343	7.89 mi - #4/0 ACSR
69	Pugh	to	Elmwood	6.11	18.85	40.81	28.04	68.67	769	947	Breaker 0343	6.11 mi - #4/0 ACSR
69	Cole	to	Camrick Tap	4.00	8.34	24.69	9.93	32.98	1452	1613	Breaker 0337	4.00 mi - #1/0 ACSR
69	Camrick Tap	to	Camrick	6.00	13.67	30.16	18.41	45.44	1092	1276	Breaker 0337	6.00 mi - #1/0 ACSR
69	Camrick Tap	to	Hardesty	14.00	15.02	37.58	21.87	60.71	866	1044	Breaker 0337	14.00 mi - #4/0 ACSR

Base kV	From Node		To Node	Length (Miles)	Impedance (Ohms)				Fault Current (Amps)		Transmission Circuit Identifier	Description
					Imp R1	Imp X1	Imp R0	Imp X0	LG	3Ø		
69	Cole	to	Turpin	20.63	8.64	36.02	12.27	59.94	935	1162	Breaker 0338	20.63 mi - 477 MCM ACSR
69	Turpin	to	Ponderosa	8.00	11.95	42.80	18.24	74.60	764	969	Breaker 0338	1)1.00 mi - 477 MCM ACSR & 2) 7.00 mi - #4/0 ACSR
69	Turpin	to	Beard Tap	9.00	12.84	44.52	19.83	78.30	729	929	Breaker 0338	9.00 mi - #4/0 ACSR
69	Beard Tap	to	Beard	2.00	13.96	46.66	21.82	82.92	691	883	Breaker 0338	2.00 mi - #4/0 ACSR
69	Beard Tap	to	NEHU Tap	3.03	13.92	46.59	21.75	82.76	692	885	Breaker 0338	3.03 mi - #4/0 ACSR
69	NEHU Tap	to	NEHU	7.39	15.39	52.00	24.74	96.52	607	791	Breaker 0338	7.39 mi - 477 MCM ACSR
69	NEHU Tap	to	Hooker	7.20	17.46	53.43	28.09	97.48	591	765	Breaker 0338	7.20 mi - #4/0 ACSR

SUBSTATIONS

Name	Latitude	Longitude
Thompson	36.71075215680	-101.47405262200
Balko	36.61688700800	-100.68818571600
Sturgis	36.90753286290	-101.90151230000
Optima	36.79054142840	-101.42121559900
Thrall	36.92087804300	-101.61371582000
McMurray	36.65948291450	-101.40345428300
Doolin	36.76182983420	-101.97796079700
Griggs	36.60958202070	-102.10442421500
Hardesty	36.61604746320	-101.17047956700
Turpin	36.86358469150	-100.91001539600
Ponderosa	36.96450695460	-100.89216601400
Anthony	36.76332096340	-100.75722357200
Beard	36.91317121490	-101.07226301300
Hough	36.86349686380	-101.64008703200
Warren	36.65951964160	-101.47713415900
Reed	36.65951964160	-101.47713415900
Texas Co Interchange	36.65951964160	-101.47713415900
Hooker	36.85445788490	-101.21587743600
Cimarron Co	36.70486901690	-102.47142113900
Keyes	36.81390388420	-102.24652804800
Elmwood	36.61684387560	-100.43588400800
Felt	36.60983022320	-102.78643037600
Camrick	36.53135892400	-100.91762289700
Rose	36.77638664480	-100.52320324000
Goodwell	36.58771333410	-101.63987210700
Elkhart Distribution 69/34.5	36.99952281840	-101.90828160100
Elkhart Distribution 69/4.16	36.99952281840	-101.90828160100
Seaboard Sub	36.71100714040	-101.44349491000
Cole Interchange	36.61657220850	-100.84631410700
Tucker	36.71063144770	-101.47393124900

Tri-County Electric Cooperative, Inc. Transmission Formula Rate Implementation Protocols

Section 1 Annual Updates

- A. The net “Annual Transmission Revenue Requirement” (“ATRR”) shall be revised annually.
- B. On or before January 1st of each year after approval of Tri-County’s initial Transmission Formula Rate (“TFR”), Tri-County shall:
 - (i) Recalculate its ATRR and transmission service rates for the Tri-County facilities under the functional control of the Southwest Power Pool (“SPP”).
 - (ii) Post, or cause to be posted, the “Annual Update” (as defined in F below) on the SPP Internet website.
- C. If the date for making the Annual Update posting and filing falls on a weekend or a recognized federal holiday, then the posting and filing shall be due on the next business day.
- D. The “Annual Publication and Filing Date” shall be the date on which the last of the events listed in Section 1.B or 1.C occurs for each year.
- E. Upon written request for a particular year’s Annual Update by any interested party served by Tri-County or by a state utility commission, Tri-County will make available an Excel (or substantially similar such) file with all relevant formulas and data of the Annual Update requested within thirty (30) days.
- F. The Annual Update for the rate year:
 - (i) Shall be based upon data included in Tri-County’s independently audited, certified books and records, consistent with internal accounting policies;
 - (ii) Shall provide supporting documentation for data used in the TFR;
 - (iii) Shall provide, upon request, any material changes in Tri-County’s accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based.
 - (iv) Shall be subject to challenge limited to whether the TFR, including treatment of any material accounting changes, has been applied appropriately under its terms and these Implementation Protocols.

Section 2 Annual Review Procedures

Each Annual Update shall be subject to the following review procedures:

- A. Interested parties shall have up to one hundred fifty (150) days after the annual publication and filing date, unless Tri-County extends the period to review the underlying calculations and to notify Tri-County of any specific challenges, including

those related to material accounting changes, concerning Tri-County's application of the TFR ("Review Period"). All such extensions and notifications shall be in writing.

- B. Interested parties shall have up to one hundred twenty (120) days after each annual publication and filing date, unless Tri-County extends the period in writing, to serve reasonable information requests on Tri-County, limited to information reasonably necessary to determine if Tri-County has properly applied the TFR.
- C. Tri-County shall make a good faith effort to respond to information requests under B hereof pertaining to the Annual Update within seven business days of receipt of such requests.
- D. Challenges related to material accounting changes are not intended to serve as a means to pursue other objections to the TFR. Failure to make a challenge under Section 2 hereof to a material accounting change in an Annual Update shall act as a bar for that Annual Update but shall not bar a challenge related to a subsequent year's Annual Updates if the material accounting change affects the subsequent year's Annual Update.

Section 3 Resolving Challenges

- A. If Tri-County and any interested party have not resolved any challenge under Section 2(A) hereof to the Annual Update within 21 days after the end of the Review Period, an interested party shall have an additional 21 days (unless Tri-County extends in writing the period to continue efforts to resolve the challenge) to make a "Formal Challenge," which shall be filed with FERC and served on Tri-County by electronic service on the date of such filing. A party's Formal Challenge may not raise any issue that was not the subject of that party's challenge during the applicable Review Period.
- B. Each Annual Update shall become final and no longer subject to challenge under these Protocols or by any other means, or any other entity on the later to occur of (i) passage of the 21-day period (or extended period, if applicable) for making a Formal Challenge, if no such challenge has been made, and a proceeding to consider the Annual Update has not been initiated, or (ii) a final Order issued in response to a Formal Challenge or a proceeding initiated to consider the Annual Update.
- C. Except as specifically provided herein, nothing shall be deemed to limit in any way the right of Tri-County to file changes to the TFR or any of its inputs (including, but not limited to, rate of return and transmission incentive mechanisms) or the right of any other party to request such changes.
- D. Resolution of Formal Challenges concerning material accounting changes may require adjusting the TFR input data for the applicable Annual Update or changes to the rate formula to achieve a just and reasonable TFR. For this purpose, each adjusted input shall be provided to meet the requirements set forth in Section 1.F above.

Section 4 Changes to Annual Information Filings

Any changes to the data inputs, including but not limited to revisions to Tri-County's financial reports, or as the result of any proceeding to consider the Annual Update or these Protocols, shall be incorporated into the TFR and the charges produced by the TFR in the Annual Update for the next effective rate period. This reconciliation mechanism shall apply in lieu of mid-rate year adjustments and any refunds or surcharges.