

Southwest Power Pool
CORPORATE GOVERNANCE COMMITTEE MEETING

Conference Call

April 16, 2015

• M I N U T E S •

Agenda Item 1 – Call to Order

Committee Chair Nick Brown called the meeting to order at 8:02 a.m. and declared a quorum.

Members who participated were: Jim Eckelberger (Director), Jason Fortik (LES), John McClure (NPPD), Robert Janssen (Dogwood), Robert Harris (WAPA – UGPR), Jason Atwood (NTEC), and Denise Buffington (KCPL).

Also participating were: Paul Suskie, Carl Monroe, and Mike Riley (SPP Staff), Heather Starnes (MJM EUC), Meena Thomas (PUCT), Brett Leopold (ITC), Blaine Erhardt (BEPC), Lori Frisk-Thompson (Basin), Bob Star (East River), and William DeGrandis (Representing Corn Belt, East River, and NIPCO).

Agenda Item 2 – Consideration of Membership Agreement Amendments

Paul Suskie reported that three member cooperatives that are part of the Basin Electric Power Cooperative (Basin) network would like to join SPP when Basin joins. He explained that their load is already calculated as a part of Basin joining and that these Cooperatives would like to put their facilities under the Tariff and become voting members of SPP. As a result of going through the process to join they have asked for membership agreement amendments that are materially the same as those incorporated for Basin. Mr. Suskie noted that in the background information the Committee can find the membership agreement for Basin as approved by the Corporate Governance Committee, the Board of Directors, and FERC. Additionally, he noted that none of the items are on re-hearing before FERC; so, they are fully adjudicated and closed out.

Mike Riley reported that the three redline documents reflect the respective modifications proposed by Corn Belt Power Cooperative (Corn Belt), East River Electric Cooperative (East River) and Northwest Iowa Power Cooperative (NIPCO) as compared against the Basin Membership Agreement Amendment (Attachment 1 - Corn Belt, Attachment 2 – East River, and Attachment 3 – NIPCO).

The three cooperatives that are members of Basin are: Corn Belt, East River, and NIPCO (Attachment 4 – Basin Membership Agreement Amendments). These entities anticipate signing the currently effective SPP Membership Agreement. All three cooperatives are embedded within and integrated into the Integrated System (IS). The agreements are identical to each other. The whereas clauses of the amendments have some differences, and the respective FERC docket numbers are referenced. Mr. Riley noted three substantive issues covered in the amendments: dispute resolution, withdrawal rights and obligation to build conditions.

There was a question concerning the use of the word “also” in the Withdrawal Rights paragraph. It was suggested that the word be deleted because the amendment should stand on its own. There is also an incorrect edit that should read “Great Plains” (rather than “Plans”). All other questions and concerns voiced were addressed.

Rob Janssen made a motion to approve the Membership Agreement Amendments as modified for Corn Belt, East River, and NIPCO for recommendation to the Board. Bob Harris seconded the motion. The motion passed unanimously.

Corporate Governance Committee
April 16, 2015

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 8:22 a.m.

Respectfully Submitted,

Paul Suskie, Secretary



Southwest Power Pool, Inc.

CORPORATE GOVERNANCE COMMITTEE MEETING

April 16, 2015

Conference Call

• A G E N D A •

8:00 – 9:00 a.m. CDT

1. Call to Order and Administrative Items.....Nick Brown
2. Consideration of Membership Agreement Amendments Mike Riley
 - a. Corn Belt Power Cooperative (“Corn Belt”)
 - b. East River Electric Cooperative (“East River”)
 - c. Northwest Iowa Power Cooperative (“NIPCO”)
3. Future Meetings
August 27, 2015 Kansas City, MO

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*

AMENDMENT TO SPP MEMBERSHIP AGREEMENT

This amendment (“Amendment”) to the Southwest Power Pool, Inc. (“SPP”) Membership Agreement (the “Agreement”) is hereby entered into by SPP and Corn Belt Power Cooperative (“Corn Belt”) (together, the “Parties”), effective as of the date of execution.

WHEREAS, Corn Belt is a member of Basin Electric Power Cooperative (“Basin Electric”);

WHEREAS, the Federal Energy Regulatory Commission (“FERC”) in its order on November 10, 2014 in Docket No. ER14-2850, conditionally accepted certain terms and conditions associated with Basin Electric’s integration as a transmission owning member (“TO”) of SPP; and

WHEREAS, as a result of Basin Electric’s intended SPP TO membership, Corn Belt has decided to pursue SPP TO membership

NOW THEREFORE, in consideration of the mutual obligations and undertakings reflected herein and the Agreement, the Parties agree to the additional terms and conditions, amending and clarifying certain provisions of the Agreement:

A1. Dispute Resolution

- a. Notwithstanding any provisions in the Agreement or the SPP Bylaws to the contrary, any disputes arising under the Agreement or SPP Bylaws relating to determinations, decisions, conduct, and/or actions made, taken, or planned by Corn Belt in connection with its participation in SPP shall be subject to binding dispute resolution pursuant to Section 3.13 of the SPP Bylaws only to the extent agreed upon by Corn Belt’s board of directors (the “Corn Belt’s Board”) and subject to the terms and conditions established by Corn Belt’s Board.

A2. Withdrawal Rights

- a. Corn Belt may terminate this Amendment and withdraw as a member of SPP with less than the advance notice required under Section 4.2.2 of the Agreement, in the event that: (1) Basin Electric withdraws from SPP as a TO in accordance with its withdrawal rights; or (2) Western Area Power Administration-Upper Great Plains Region (“Western-UGP”) withdraws from SPP in accordance with its withdrawal rights; or (3) if FERC finds that SPP has not adhered to all of the amendments to the Agreement, agreed to by SPP and Corn Belt, as well as by SPP, Western-UGP, and Basin Electric and filed in FERC Docket No. ER14-2850. In such event, Corn Belt and SPP shall meet and confer to facilitate the withdrawal as soon as practicable or as necessary to ensure compliance with state or Federal law. In the event of a withdrawal by Basin Electric, Corn Belt’s withdrawal will become effective on the same date as that of Basin Electric. If Corn Belt exercises its withdrawal rights under this provision, the financial obligations will be calculated under §4.3 of the Agreement.

A3. Obligation to Build Conditions

- a. Corn Belt’s Board shall have discretionary authority to decide whether Corn Belt shall construct new transmission facilities. Corn Belt’s Board shall not displace any state regulatory authority with responsibility for siting or permitting activities under state law.

IN WITNESS WHEREOF, Corn Belt and SPP have caused their duly authorized representatives to execute, on their respective behalves, these Amendments to Corn Belt's Membership Agreement with SPP, which Amendments are fully applicable and incorporated into said Membership Agreement and together shall constitute one and the same instrument binding upon Corn Belt and SPP.

Corn Belt Power Cooperative:

Transmission Owner
Type of Entity (Transmission Owner or Non-Transmission Owner)

Kenneth H. Kuyper
Name of Authorized Representative

Executive Vice President & General Manager
Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

Southwest Power Pool, Inc.:

Transmission Provider
Type of Entity (Transmission Owner or Non-Transmission Owner)

Nicholas A. Brown
Name of Authorized Representative

President and CEO
Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

AMENDMENT TO SPP MEMBERSHIP AGREEMENT

This amendment (“Amendment”) to the Southwest Power Pool, Inc. (“SPP”) Membership Agreement (the “Agreement”) is hereby entered into by SPP and East River Electric Power Cooperative, Inc. (“East River”) (together, the “Parties”), effective as of the date of execution.

WHEREAS, East River is a member of Basin Electric Power Cooperative (“Basin Electric”);

WHEREAS, the Federal Energy Regulatory Commission (“FERC”) in its order on November 10, 2014 in Docket No. ER14-2850, conditionally accepted certain terms and conditions associated with Basin Electric’s integration as a transmission owning member (“TO”) of SPP; and

WHEREAS, as a result of Basin Electric’s intended SPP TO membership, East River has decided to pursue SPP TO membership

NOW THEREFORE, in consideration of the mutual obligations and undertakings reflected herein and the Agreement, the Parties agree to the additional terms and conditions, amending and clarifying certain provisions of the Agreement:

A1. Dispute Resolution

- a. Notwithstanding any provisions in the Agreement or the SPP Bylaws to the contrary, any disputes arising under the Agreement or SPP Bylaws relating to determinations, decisions, conduct, and/or actions made, taken, or planned by East River in connection with its participation in SPP shall be subject to binding dispute resolution pursuant to Section 3.13 of the SPP Bylaws only to the extent agreed upon by East River’s board of directors (the “East River’s Board”) and subject to the terms and conditions established by East River’s Board.

A2. Withdrawal Rights

- a. East River may terminate this Amendment and withdraw as a member of SPP with less than the advance notice required under Section 4.2.2 of the Agreement, in the event that: (1) Basin Electric withdraws from SPP as a TO in accordance with its withdrawal rights; or (2) Western Area Power Administration-Upper Great Plains Region (“Western-UGP”) withdraws from SPP in accordance with its withdrawal rights; or (3) if FERC finds that SPP has not adhered to all of the amendments to the Agreement, agreed to by SPP and East River, as well as by SPP, Western-UGP, and Basin Electric and filed in FERC Docket No. ER14-2850. In such event, East River and SPP shall meet and confer to facilitate the withdrawal as soon as practicable or as necessary to ensure compliance with state or Federal law. In the event of a withdrawal by Basin Electric, East River’s withdrawal will become effective on the same date as that of Basin Electric. If East River exercises its withdrawal rights under this provision, the financial obligations will be calculated under §4.3 of the Agreement.

A3. Obligation to Build Conditions

- a. East River’s Board shall have discretionary authority to decide whether East River shall construct new transmission facilities. East River’s Board shall not displace any state regulatory authority with responsibility for siting or permitting activities under state law.

IN WITNESS WHEREOF, East River and SPP have caused their duly authorized representatives to execute, on their respective behalves, these Amendments to East River’s Membership Agreement with SPP, which Amendments are fully applicable and incorporated into said Membership Agreement and together shall constitute one and the same instrument binding upon East River and SPP.

East River Electric Power Cooperative, Inc.:

Transmission Owner

Type of Entity (Transmission Owner or Non-Transmission Owner)

Name of Authorized Representative

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

Southwest Power Pool, Inc.:

Transmission Provider

Type of Entity (Transmission Owner or Non-Transmission Owner)

Nicholas A. Brown

Name of Authorized Representative

President and CEO

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

AMENDMENT TO SPP MEMBERSHIP AGREEMENT

This amendment (“Amendment”) to the Southwest Power Pool, Inc. (“SPP”) Membership Agreement (the “Agreement”) is hereby entered into by SPP and Northwest Iowa Power Cooperative (“NIPCO”) (together, the “Parties”), effective as of the date of execution.

WHEREAS, NIPCO is a member of Basin Electric Power Cooperative (“Basin Electric”);

WHEREAS, the Federal Energy Regulatory Commission (“FERC”) in its order on November 10, 2014 in Docket No. ER14-2850, conditionally accepted certain terms and conditions associated with Basin Electric’s integration as a transmission owning member (“TO”) of SPP; and

WHEREAS, as a result of Basin Electric’s intended SPP TO membership, NIPCO has decided to pursue SPP TO membership

NOW THEREFORE, in consideration of the mutual obligations and undertakings reflected herein and the Agreement, the Parties agree to the additional terms and conditions, amending and clarifying certain provisions of the Agreement:

A1. Dispute Resolution

- a. Notwithstanding any provisions in the Agreement or the SPP Bylaws to the contrary, any disputes arising under the Agreement or SPP Bylaws relating to determinations, decisions, conduct, and/or actions made, taken, or planned by NIPCO in connection with its participation in SPP shall be subject to binding dispute resolution pursuant to Section 3.13 of the SPP Bylaws only to the extent agreed upon by NIPCO’s board of directors (the “NIPCO’s Board”) and subject to the terms and conditions established by NIPCO’s Board.

A2. Withdrawal Rights

- a. NIPCO may terminate this Amendment and withdraw as a member of SPP with less than the advance notice required under Section 4.2.2 of the Agreement, in the event that: (1) Basin Electric withdraws from SPP as a TO in accordance with its withdrawal rights; or (2) Western Area Power Administration-Upper Great Plains Region (“Western-UGP”) withdraws from SPP in accordance with its withdrawal rights; or (3) if FERC finds that SPP has not adhered to all of the amendments to the Agreement, agreed to by SPP and NIPCO, as well as by SPP, Western-UGP, and Basin Electric and filed in FERC Docket No. ER14-2850. In such event, NIPCO and SPP shall meet and confer to facilitate the withdrawal as soon as practicable or as necessary to ensure compliance with state or Federal law. In the event of a withdrawal by Basin Electric, NIPCO’s withdrawal will become effective on the same date as that of Basin Electric. If NIPCO exercises its withdrawal rights under this provision, the financial obligations will be calculated under §4.3 of the Agreement.

A3. Obligation to Build Conditions

- a. NIPCO’s Board shall have discretionary authority to decide whether NIPCO shall construct new transmission facilities. NIPCO’s Board shall not displace any state regulatory authority with responsibility for siting or permitting activities under state law.

IN WITNESS WHEREOF, NIPCO and SPP have caused their duly authorized representatives to execute, on their respective behalves, these Amendments to NIPCO's Membership Agreement with SPP, which Amendments are fully applicable and incorporated into said Membership Agreement and together shall constitute one and the same instrument binding upon NIPCO and SPP.

Northwest Iowa Power Cooperative:

Transmission Owner
Type of Entity (Transmission Owner or Non-Transmission Owner)

Name of Authorized Representative

Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

Southwest Power Pool, Inc.:

Transmission Provider
Type of Entity (Transmission Owner or Non-Transmission Owner)

Nicholas A. Brown
Name of Authorized Representative

President and CEO
Title of Authorized Representative

Signature of Authorized Representative

Date of Execution

Corporate Governance Committee

April 16, 2015

Mike Riley

614-3372

Michael.b.riley@spp.org



Membership Agreement Amendments

- **Corn Belt Power Cooperative**
- **Northwest Iowa Power Cooperative**
- **East River Electric Cooperative**

- **All 3 are Members of Basin Electric Power Cooperative**

Membership Agreement Amendments

- **Corn Belt – HQ Humboldt, Iowa. Serves 9 rural coops in Iowa**
- **NIPCO – HQ Le Mars, Iowa. Serves 6 rural coops in Iowa**
- **East River – HQ Madison, South Dakota. Serves 24 rural coops in South Dakota and Minnesota**
- **All three Cooperatives are imbedded within and integrated into the Integrated System (“IS”)**

Membership Agreement Amendments

- **The three Cooperatives anticipate signing the currently effective SPP Membership Agreement**

- **Proposed Membership Agreement Amendments**
 - **Identical to each other**
 - **Materially the same as the Basin Membership Agreement Amendment**
 - **SPP BOD approved Basin Amendment June 9, 2014**

Membership Agreement Amendments

- **Whereas Clauses**
 - **Cooperative membership in Basin**
 - **FERC filing**
 - **Basin's Membership in SPP**
 - **Coops' intent to join SPP**

Membership Agreement Amendments

- **Three Substantive Issues in the Amendments**

(1) Dispute Resolution

(2) Withdrawal Rights

(3) Obligation to Build Conditions

Membership Agreement Amendments

(1) Dispute Resolution

Any dispute arising under the MA or SPP Bylaws relating to the Cooperative's actions will be subject to binding dispute resolution under Section 3.13 of the SPP Bylaws only with consent of the Cooperative's Board and subject to terms and conditions the Cooperative's Board may impose.

Membership Agreement Amendments

(2) Withdrawal Rights

Allows the Cooperatives to terminate SPP Membership with less notice than prescribed in Section 4.2.2 of the MA if certain conditions exist:

- (a) Basin withdraws; or
- (b) Western withdraws; or,
- (c) FERC finds SPP has not complied with the MA Amendments of the Cooperatives, Basin and Western

If Basin withdraws, the Cooperative's withdrawal is effective the same date

Cooperatives are subject to financial withdrawal obligations of MA

Membership Agreement Amendments

(3) Obligation to Build Conditions

Cooperative's obligation to construct transmission facilities is subject to the discretionary authority of their respective Boards of Directors.

Cooperative Board will not supplant any state regulatory authority over siting or permitting activities under state law.

Membership Agreement Amendments

Questions ?