



COST ALLOCATION COMMITTEE

CHARTER

Adopted: August 27, 2013

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COST ALLOCATION COMMITTEE CHARTER

OF

NORTHERN TIER TRANSMISSION GROUP

(An Unincorporated Association)

This document currently and completely sets forth the charter of the Northern Tier Transmission Group's ("Northern Tier") Cost Allocation Committee ("Committee") and supersedes all prior charters whether amended or restated.

ARTICLE 1. PURPOSE AND LIMITATIONS

1.1. **Purpose.** The Committee shall carry out the responsibilities assigned to the Committee in Attachment K of the Open Access Transmission Tariffs of the entities enrolled in Northern Tier as Full Funders. In addition, the Committee shall carry out such additional duties assigned by the Steering Committee. The Committee shall act in accordance with such Attachment Ks, this charter, the Steering Committee's directions, and applicable legal and regulatory requirements.

1.2. **Limitations.** The Committee does not have the authority to amend, alter or repeal a charter of Northern Tier, an Attachment K, the Practice Document, or any resolution of any other Northern Tier committee.

1.3. **Reporting to Steering Committee.** The Committee shall report to the Steering Committee through its chair.

ARTICLE 2. MEMBERSHIP

2.1. **Membership Classes.** The Committee is composed of two classes of members, Class 1 and Class 2.

2.2. **Eligibility for Membership.** Class 1 members shall consist only of those entities enrolled in Northern Tier as a funder and that have appointed a representative to the Steering Committee. Class 2 members shall consist only of those state utility commissions, state consumer advocates, or state transmission siting agencies within the Northern Tier Footprint that have appointed a representative to the Steering Committee (the "Regulators").

2.3. Stakeholder Participation; Becoming a Member. Any stakeholder may participate in Committee meetings. However, only those stakeholders that satisfy the criteria of a membership class, as described in Section 2.2 above, or that submits a letter requesting membership in the case of Regulators, are members of the Committee. Committee members are the only stakeholders eligible to vote during Committee meetings. The Committee therefore operates as a single body of all participating stakeholders, with the voting members being the subset composed of the members of Class 1 and Class 2

ARTICLE 3. MEMBER REPRESENTATIVES

3.1. General Powers. The business and affairs of the Committee shall be carried out through member representatives or their alternates. Each member representative (or alternate properly appointed by the member representative) shall make decisions that further the purposes of Northern Tier and the Committee.

3.2. Appointment of Member Representative. Each member is entitled (but not obligated) to appoint one (1) representative to the Committee. The individual must have authority to make decisions. Such member may appoint a representative at any time and may change its representative at any time; provided, however, a representative must be appointed at least one (1) business day in advance of a meeting to be eligible to vote at the meeting. A representative is appointed by the eligible member providing the representative's contact information to the chair of the Committee using such form as may be established by the chair for such purposes.

3.3. Alternate Representative. A member representative is entitled to appoint one (1) alternate with authority to make decisions to act on behalf of the member representative. An alternate assumes all the authority of the representative during the period of time designated by the member representative. An alternate must be appointed at least one (1) business day in advance of a meeting to be eligible to vote at the meeting. An alternate is appointed by the member representative by providing the alternate's contact information and beginning and ending dates of appointment to the chair of the Committee using such form as may be established by the chair for such purposes. An alternate's authority to act on behalf its appointing member representative terminates automatically if the member that appointed the member representative replaces the member representative.

3.4. State Representatives. Neither the actions nor positions taken or not taken by Northern Tier, any committee of Northern Tier, or member representative or alternate shall constitute a prejudgment of any issue in a proceeding before a state utility commission or state transmission siting agency.

3.5. Resignation. A member representative or an alternate may resign at any time by giving written notice to the chair. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Once a resignation takes effect, quorum and voting thresholds shall be reduced accordingly, until the eligible member appoints a new member representative.

3.6. Removal. A member representative is automatically removed as member representative to the Committee if the member representative does not participate directly or through an alternate in three (3) consecutive meetings (whether regular or special). The chair shall cause notice of removal to be promptly provided to the member representative and member. While a member may appoint a new member representative to replace the removed member representative, the Committee will not consider the member to have done so for quorum or voting purposes until such time as the member appoints a new member representative and the representative so appointed attends a Committee meeting.

3.7. No Compensation from Northern Tier. No member representative or alternate shall receive compensation or any reimbursement of expenses from Northern Tier, the Committee, or a signatory to the Northern Tier Funding Agreement. A member representative or alternate shall look to its appointing member for compensation or reimbursement of expenses.

ARTICLE 4.

MEMBER REPRESENTATIVE MEETINGS

4.1. Open Meetings and Limitations. All Committee meetings are public and open to stakeholder participation; provided, however, that attendance may be restricted at a meeting to the extent necessary to address non-public information, critical energy infrastructure information, or other legal or regulatory requirements.

4.2. Meetings; Notice and Minutes. The Committee shall hold regular meetings at such times and locations as the Committee shall from time-to-time establish. Special meetings of the Committee may be called at any time by the chair. Notice of all special meetings shall be transmitted by or on behalf of the chair to all member representatives and alternates not less than seven (7) calendar days before each meeting. Notice shall be transmitted by email and posted on Northern Tier's website, and contain the date, time and location of the special meeting. Meeting materials shall be posted on the Northern Tier website prior to meeting. The chair shall cause minutes of each meeting to be taken and posted on Northern Tier's website.

4.3. Procedure. The chair shall establish the order of business at all meetings. In case of dispute regarding procedural matters, Roberts Rules of Order shall be followed.

4.4. Member Representative List. The member representative list in each class shall be established one (1) business day in advance of each meeting.

4.5. Quorum. Sixty percent (60%) of the member representatives or alternates set forth on the membership list in each class must be present at a meeting for voting to occur at the meeting.

4.6. Voting. At any meeting of the Committee at which a quorum is achieved, any business may be transacted, and the Committee may exercise all of its powers. Each member representative or its designated alternate shall possess one vote in matters coming before the Committee. Only a member representative or designated alternate may vote at a meeting. The act of a majority of member representatives or alternates in each class that are present at a meeting at which a quorum is achieved shall be the act of the Committee. A member representative or alternate who is present at such a meeting shall be presumed to have assented to the action taken at that meeting unless the member representative or alternate's dissent or abstention is entered in the minutes of the meeting.

4.7. Action Without Meeting. Any action that may be taken by the Committee at a meeting may be taken without a meeting if done in the form of a written record (including email). The record shall set forth the action to be taken. The consent of all member representatives on record at the time the vote was initiated shall be the act of the Committee. This consent may be given in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same record.

4.8. Telephone Participation. Member representatives and their alternates may participate in Committee meetings by means of a conference telephone or similar communications equipment where all persons participating in the meeting can hear each other at the same time. Participation of a member representative or designated alternate by such means shall constitute presence in person at a meeting.

ARTICLE 5. OFFICERS

5.1. Officers, Election, and Term. The officers of the Committee shall be the chair and vice-chair. The Committee may elect such other officers and assistant officers as it shall deem necessary. Every two years in the fourth quarter, the Committee shall elect, from its member representatives (not alternates) of Class 1, a chair and a vice-chair.

5.2. Chair. The chair is responsible for ensuring the Committee's purposes are achieved, and is the primary public spokesperson for the Committee. The chair shall preside at all meetings of the Committee. The chair shall be accountable to the Steering Committee. The chair shall otherwise perform all other duties usually inherent in such office. The chair shall have such additional powers and duties as shall be prescribed by the Steering Committee.

5.3. Vice-Chair. The vice-chair shall perform all duties usually inherent in such office. The vice-chair shall perform the duties of the chair in the event of absence or withdrawal of the chair. In addition, if the member representative serving as chair ceases being a member representative for any reason or submits his resignation as the chair, the vice-chair shall perform the duties of the chair for the remainder of the prior chair's term. The vice-chair shall have such additional powers and duties as shall be prescribed by the chair. The vice-chair shall be the individual intended to become the next chair of the Committee.

5.4. Removal. The Steering Committee or the Committee may remove any officer whenever, in the Steering Committee or Committee's judgment, removal will serve the best interests of Northern Tier and the Committee.

5.5. Resignation. Any officer may resign at any time by giving written notice to the chair (or, if the chair, by giving notice to the Steering Committee chairs and to the vice-chair). Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

5.6. Vacancies. Vacancies in any office arising from any cause may be filled by the Committee at any regular or special meeting.

ARTICLE 6. MISCELLANEOUS

6.1. Sub-Committees. The Committee chair or the Steering Committee may establish subcommittees to the Committee to further the purposes of the Committee. Such subcommittees shall be of limited duration, and shall report to the Committee chair.

6.2. Dispute Resolution. Disputes shall be subject to the dispute resolution process outlined in Attachment K of the OATT of the signatories to the Northern Tier Funding Agreement with an OATT.

6.3. Amendments. Recommendations to amend this charter, in all or any part, may be developed and approved from time to time by the Committee. Any such Committee recommendation shall be forwarded to the Steering Committee for consideration. At least once a year the Committee or the Steering Committee should review this charter to determine if it reflects the manner in which the Committee conducts its activities and proscribes a reasonable governance structure for the Committee.

CERTIFICATION

The undersigned hereby certifies that the foregoing Cost Allocation Committee Charter of the Northern Tier Transmission Group was adopted at a meeting of the Steering Committee on the 27th day of August, 2013, and that the foregoing was approved to become effective on the effective date of the version of the Northern Tier Transmission Group’s Attachment K that satisfies the regional requirements of Order No. 1000.

/s/ Ray Brush
By _____
Ray Brush, Utility Co-Chair
Steering Committee
Northern Tier Transmission Group

/s/ Travis Kavulla
By _____
Travis Kavulla, State Co-Chair
Steering Committee
Northern Tier Transmission Group