

THE ORGANIZATION OF MISO STATES, INC.

TRAVEL EXPENSE REIMBURSEMENT POLICY

Amended January 21, 2010

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A. OVERVIEW AND POLICY STATEMENT

It is the intent of the Organization of MISO States (OMS) that travel should be judiciously used in order to carry out and promote the efficient work and duties of the OMS and otherwise protect and promote its interests. All travel at OMS expense must be for the purpose of conducting OMS business.

OMS travel expenses will be confined to reimbursement of OMS staff, OMS directors, work group members and other state/provincial regulatory officers or staff, who have been pre-approved for travel by the Executive Director of the OMS, as provided for in this policy and the annual budget.

This Travel Expense Reimbursement Policy (Policy) is modeled after the Expense Reimbursement Policy adopted by the National Association of Regulatory Utility Commissioners. It is intended to represent a fair policy that complies with both applicable federal regulations and the Funding Agreement between the OMS and the Midwest Independent Transmission System Operator, Inc. (MISO). The OMS Policy is designed to meet the Internal Revenue Service definition of an accountable plan. As a result, expenses and reimbursements that conform to this policy are not reported as taxable income to the individual.

OMS appreciates the efforts of those who travel on OMS business to keep costs within reasonable limits and to follow consistent policy and procedures with respect to the reimbursement of these expenses. Directors, work group members and other state/provincial regulatory officers or staff must apply the provisions of this policy consistently to all travel expenses incurred. Additional restrictions may apply to travel expenses funded by federal agencies.

This Policy is designed to:

- Provide a clear and consistent understanding of OMS's travel expense reimbursement policy;
- Explain requirements that promote the reasonableness of costs incurred for travel on OMS business.

The Treasurer will perform the functions designated in this policy to the Executive Director, if the Executive Director requests assistance or is unavailable.

B. GENERAL REIMBURSEMENT GUIDELINES:

Automatically Approved Travel

Although these requests are automatically approved, we ask you to send the request form to help with budget control and to speed reimbursement.

The three state representatives to the MISO Advisory Committee are automatically approved for travel to attend the monthly MISO Advisory Committee meetings. Additional travel to MISO Advisory Committee meetings by Advisory Committee representative states or other OMS Board Members (or their designees) may be reimbursed subject to prior approval. (See Section C., Travel Approval Policy). Expenses for each trip should be reasonable and customary for travel from the representative state to the meeting location. Up to three individuals from each member state are automatically approved for reimbursement for attending the Annual OMS Meeting. Expenses for each trip should be reasonable and customary. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.

Each OMS board member, plus one additional person per state, is automatically approved for reimbursement for attending a duly designated board meeting of the OMS. Expenses for each trip should be reasonable and customary. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.

Executive Committee members are automatically approved for reimbursement for attending a duly scheduled Executive Committee meeting. Expenses should be reasonable and customary.

1. The Executive Director is automatically approved for travel to all meetings listed in paragraphs 1 through 4 above. Expenses approved for the Executive Director should also be reasonable and customary for travel from the OMS office to the meeting location.

Case-by-Case Travel Approval

All other travel requires prior approval by the Executive Director, except that other travel for the Executive Director requires approval by the Treasurer.

6. An OMS board member or work group member (or their designees) may be reimbursed to attend a MISO work group or task force meeting. Normally a maximum of two individuals per work group meeting will be approved for reimbursement. Expenses for each trip should be reasonable and customary.

7. An OMS board member or work group member (or their designees) may be reimbursed for attendance in person at OMS work group or project group meetings. (See Section C., Travel Approval Policy). Expenses should
8. OMS Board members or work group members (or their designees) may be reimbursed for attending FERC Technical Conferences. (See Section C., Travel Approval Policy). Expenses should be reasonable and customary.
9. Additional attendees at any of the meetings designated above as having automatic approval for a limited number of people, (paragraphs 1-4) may be approved. Expenses should be reasonable and customary.
10. However, associate members may be approved for OMS reimbursement on a case-by- case basis as determined appropriate by the Executive Director in accordance with the Travel Approval Policy contained in Section C. Reimbursement for Consumer Advocate travel from designated Consumer Advocate may be approved by the Executive Director

The Executive Director is authorized to approve other travel expenses not covered under these general guidelines if necessary to carry out the official functions and duties of the OMS.

C. TRAVEL APPROVAL POLICY

1. All travel at OMS expense must be for the purpose of conducting OMS business. The intent of this policy is to ensure that all travel on behalf of OMS can be reimbursed by OMS. The Executive Director shall have the authority to limit the number of travelers to a specific event if necessary based on the needs of OMS. It is expected that the Executive Director will confer with a Work Group chair before approving travel related to that Work Group's issues.
2. For expenses to be reimbursable, travel must be approved in advance. Whenever possible, Requests for Approval should be sent to the Executive Director 10 days prior to travel. Travel approvals will be automatically transferable to substitutes for approved travelers.

D. NON-REIMBURSEABLE EXPENSES

The following expenses are not reimbursable under this policy:

- Alcoholic beverages.
- Car rental insurance purchased for domestic travel.
- Childcare.
- Corporate card delinquency fees or finance charges.
- Dues in private clubs.
- Personal grooming services, such as barbers, hairdressers and shoe shines.
- Membership fees associated with frequent flier and other similar awards for hotel and car rentals.
- Gym and recreational fees, including massages and saunas.
- In-room movies.
- Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance.
- Laundry or valet service for travel of fewer than five days.
- Lost baggage.
- Loss or theft of cash advance money, airline tickets, personal funds or property.
- "No-show" charges for hotel and car service.
- Parking tickets or traffic violations.
- Personal automobile repairs.
- Personal credit card annual fees.
- Personal telephone charges in excess of one telephone call home per day
- Upgrades (air, hotel, car, etc.).

EXCEPTIONS

The Executive Director and the Treasurer have the authority to approve exceptions to provisions of this policy. Approved exceptions must be explicitly justified as related to OMS business.

E. TRAVELER RESPONSIBILITIES

Travelers should spend OMS funds prudently. Business travel expenses will be paid by OMS only if they are reasonable, necessary and in accordance with this Policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel.

The traveler is responsible for submitting all forms related to his/her travel within 30 days of returning. The traveler is also responsible for ensuring compliance with OMS requirements.

Whether using the Per Diem Reimbursement or Actual Cost Reimbursement Method, all business travel expenses require dated, receipts or invoices for expenses of \$25 or more.

Authorization

All forms related to travel must be approved by the Executive Director or the Treasurer IN ADVANCE OF TRAVEL. The following must be verified:

- Business purpose of the travel is valid and directly related to official OMS business.
- Total cost of the trip is within the approved budget.
- Expenses are charged to the proper accounts.

F. REIMBURSEMENTS – GENERAL

Expense Advances

Expense advances may be approved for an individual traveling on business upon filling out a Request for Approval form. The amount of cash advance is calculated based on anticipated pre-paid expenses of the trip including lodging, meals, tips and the cost of local transportation. The request for funds should be submitted to the Executive Director for approval and processing at least 20, but not more than 90 days prior to travel. The cash advance must be netted against actual expenses, within 30 days after return, by filling out an Expense Reimbursement Form. The original receipts must accompany the completed Expense Reimbursement Form.

Travel advances will be authorized based on conservative estimates of out-of-pocket expenses due before the actual travel. Advance amounts are intended to defray a significant amount (but not all) of costs in advance of approved travel.

Transportation Tickets

Passenger copies of transportation tickets are required when each expense is \$25 or greater. For electronic tickets, obtain proof of payment from the travel agent or obtain a passenger coupon at the ticket counter.

Transportation receipts should include dates, destinations and amounts.

G. AIR TRAVEL

Travelers must purchase the lowest-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare.

Travelers should make reservations as soon as travel plans are finalized to obtain advance purchase discounts. OMS will reimburse travelers for additional meals and lodging associated with a longer stay if such costs are less than the airfare savings resulting from an earlier arrival or later departure.

Air Travel Funded by Grants from United States Government Agencies

Federal requirements of the Fly America Act¹ state that domestic grantees must use U.S. flag carriers to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience or personal travel.

Seating Upgrades

Seating upgrades will not be reimbursed.

Airport/Airline Club Memberships

OMS will not pay dues for membership in airline clubs.

Advance Purchase of Miles

Advance purchase of travel miles (VIP Miles) is not permitted and will not be reimbursed.

Reimbursement of Early Airfare Purchase

If transportation tickets are purchased with personal funds far in advance of the trip, travelers may be reimbursed by submitting an Expense Reimbursement Form prior to the start of their trip.

H. RENTAL CARS

Long distance travel by rental car is discouraged, since it increases travel time and places the OMS at higher risk for business travel accident liabilities.

OMS will reimburse the traveler for the cost of renting a compact or standard-size car and for the automobile-related expenses if use of the rental vehicle is the most economical mode of transportation. Upgrades to full-sized cars may be pre-approved if a detailed explanation (for example, number of persons, luggage accommodations, length of commute between airport and destination)

¹ Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (pub. L. 93-624, January 3, 1975), 40 U.S.C. App. 1517, as amended by section 21 of the International Air Transportation Competition Act of 1979 (Pub. L. 96-192, February 15, 1980), 94 Stat. 43).

accompanies the request. Before renting a car, the traveler should consider shuttle services and taxis, particularly for transportation between airport and lodging. Mileage is not reimbursable for rental cars. In these cases, the direct cost of gasoline may be reimbursed. **Car rental agreements for both employees and non-employees renting cars for OMS business should, for insurance reasons, include “OMS” with the name of an individual.**

Accident Notification

If a rented vehicle is involved in an accident, the Executive Director should be notified no later than the following business day.

Insurance

For the traveler to be covered by the rental agency's basic insurance, the rental vehicle may not be driven by persons other than the renter or leave the state in which it is rented without the agency's permission.

I. OTHER GROUND TRANSPORTATION

Travelers should select the most cost effective means of ground transportation, whether shuttle, taxi, limousine or local bus, as needed to travel between business locations.

Private Automobiles

OMS will pay a standard rate per mile for official OMS travel by private automobile based on the actual driving distance by the most direct route. The standard mileage allowance, defined by the IRS, is in lieu of all actual automobile expenses such as fuel and lubrication, towing charges, physical damage to the vehicle, repairs, replacements, tires, depreciation, insurance, etc.

In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, ferries, parking, bridges, tunnels, and liability and physical damage insurance coverage for driving in foreign countries. Traffic ticket and parking ticket expenses will not be reimbursed.

Other Forms of Travel

For travelers using railroads, non-local buses or other commercial vessels OMS will pay the cost of the lowest first-class accommodations available for the trip. Reimbursement will not exceed the commercial airfare that would be reimbursable for the same trip.

J. HOTEL AND LODGING CONSIDERATIONS

Deposits and Cancellations

Hotels normally hold a room without prior financial commitment until approximately 6:00 p.m. on the check-in date (local destination time). In order to hold a confirmed reservation beyond that hour, the hotel will generally require an advance deposit (normally prepayment for one night) or a guarantee by the traveler's credit card. After a deposit is submitted or a guarantee is made, the traveler is responsible for notifying the hotel of cancellation. The traveler will not be reimbursed for the deposit or guarantee penalty if he/she fails to make a cancellation notification unless there is extreme extenuating circumstances beyond the control of the traveler (for example, a canceled flight). Such circumstances must be documented on the expense report.

Some hotels hosting large conferences may require a prepayment irrespective of the guest's arrival time. If hotel reservation is made on OMS block direct-billing system, the traveler will be responsible for avoidable charges resulting from failure to cancel.

Hotel Frequent Guest Programs

Business travelers will not be reimbursed for free accommodations awarded in connection with hotel frequent guest programs.

K. LAUNDRY

Travelers will be reimbursed for reasonable and actual expenses for laundry services that are necessary due to an absence from home for five or more days or when unusual and documented circumstances mandate these services. These circumstances should be included on the expense report.

L. TELEPHONE

Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting OMS business. One personal phone call per day to allow travelers to stay in contact with their families will also be reimbursed.

M. REIMBURSEMENT METHODS

OMS will reimburse a traveler for allowable meal and incidental expenses incurred during OMS-related travel. The OMS provides two distinct methods for reimbursement:

- PER DIEM BASED; and
- ACTUAL COST BASED

A traveler can use only one of these methods for the duration of a trip. When and if applicable, only the per-diem based method is used for domestic federally funded grant activities.

Per-diem rates presented in this policy represent the maximum per diem reimbursable by the OMS. When the method of per diem for meals is chosen, there will be no reimbursement of meals charged to the lodging receipt.

Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Incidental expenses do not include ground transportation, telephone calls or laundry.

Meals and incidentals on lodging receipts must be itemized separately.

PER DIEM REIMBURSEMENT METHOD

Domestic Per Diem Rates

The OMS will reimburse meal and incidental expenses based on the per-diem rate for the geographic region where the expenses are incurred. The OMS's reimbursement rate for domestic travel is based on the U.S. General Services Administration-maintained Web site of domestic per diems by geographic area at <http://www.gsa.gov/Portal/gsa/ep/home.do?tabId=0>

Consult that site for the per-diem rate of the destination city or region.

Because rates for specific localities may change as often as every two months, the traveler must be careful to ensure that the applied rate is appropriate to the actual dates of travel.

Per Diem Meal Reductions

On the days of travel to or from the destination, per diems should be adjusted for the individual's departure and return times, to exclude any meals not incurred during the time of travel.

Per diems should also be adjusted to exclude meals furnished at no cost or nominal cost to the traveler. If meal costs are provided in the cost of a conference, those meals should be deducted from the per-diem rate following the federal rate reduction schedule.

OMS travelers are requested to show the calculation of per diem amounts.

ACTUAL COST REIMBURSEMENT METHOD

The OMS will generally reimburse travelers for three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel.

As a guideline, the OMS suggests the following maximum meal reimbursement levels:

- \$10 for breakfast, \$15 for lunch, and \$25 for dinner.
- Restaurant receipts are required when the total meal expenses for the day exceed the average per-diem rate of \$60
- Individual meals over \$40 should include justification.

The OMS will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)

N. DOCUMENTATION (PER DIEM AND ACTUAL COST METHODS)

Meal Receipts

Original restaurant receipts, when required, must include all of the following information:

- The name and location of the restaurant.
- The number of people served.
- The date and amount of expense.

Gratuities should be shown on the credit card receipt or restaurant receipt. When using the per diem method of reimbursement, gratuities count toward the overall per diem allocation per attendee.

Required Receipts

Receipts for lodging are *always* required. All other expenses require dated, original receipts only when each expense is \$25 or greater. These receipts must be submitted with a completed Expense Reimbursement Form.

Lost Receipts

If a lodging or other receipt equal to or greater than \$25 is not issued or is lost, a detailed log will serve as sufficient documentation of the actual cost. The OMS expects that a good faith effort will be made by travelers to collect and retain all required receipts. Receipts are always the preferred form of documentation.

Local Travel

In general, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay.

Non-Business Days

Weekends, holidays and other necessary layover days may be counted as business days only if they fall between business travel days. If they are at the end of a traveler's business activity and the traveler remains at the business destination for non-business reasons, reimbursement is not allowed for the additional days. The only exception is when travel is at a lower total cost if the traveler stays over a weekend or holiday. This case must be explicitly justified on the travel expense report.

Travel Expenses of Family and Friends

In general, the expenses of a spouse, family or others accompanying the business traveler are not reimbursable.