

AGREEMENT OF
TRANSMISSION FACILITIES OWNERS TO ORGANIZE
THE
MIDCONTINENT INDEPENDENT SYSTEM
OPERATOR, INC., A DELAWARE NON-STOCK CORPORATION

THIS AGREEMENT, including all appendices attached hereto (hereinafter “Agreement”), is entered into by the undersigned owners of electric transmission facilities for the purpose of organizing the Midcontinent Independent System Operator, Inc., a Delaware non-stock corporation (hereinafter “MISO”).

Unless the context otherwise specifies or requires, the following terms used in this Agreement, or in any appendix to this Agreement, shall have the respective meanings set forth below. Additional terms are defined for convenience of reference in other provisions of this Agreement. When used in this Agreement, or in any appendix to this Agreement, such additional terms shall have the respective meanings set forth in such other provisions of this Agreement. Any capitalized terms not defined in this Agreement shall have the meaning as defined in the Tariff.

The agreement appended hereto as Appendix G which allows Non-transferred Transmission Facilities to be offered for transmission service under the Tariff.

With respect to a person or entity, any individual, corporation, partnership, firm, joint venture, association, joint stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. The term “control” shall mean the possession, directly or indirectly, of the power to direct the management or policies of a person or an entity. A voting interest of ten percent or more shall create a rebuttable presumption of control.

The “Agreement Between the Midwest ISO and Midwest ISO Balancing Authorities relating to Implementation of TEMT,”¹ as amended from time to time.

¹ Upon the launch of MISO’s Ancillary Services Markets on January 6, 2009, MISO currently operates under the Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) as opposed to the “TEMT.”

The effective date as to any signatory to this Agreement is the date this Agreement is signed by the signatory, except as to Governmental Entities, as to whom this Agreement will become effective only upon fulfillment of the conditions specified in Article Seven, Paragraph C of this Agreement.

The organization certified by FERC to establish and enforce reliability standards for the bulk-power system, subject to FERC review.

MISO
MISO RATE SCHEDULES

E.
FERC.
30.0.0

The Federal Energy Regulatory Commission, or any successor agency.

MISO
MISO RATE SCHEDULES

F.
RESERVED.
31.0.0

RESERVED

Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region.

MISO
MISO RATE SCHEDULES

H.
He, Him, or His.
30.0.0

Includes "she," "her," or "hers," respectively.

An operational entity or Joint Registration Organization, as defined in the NERC Rules of Procedure, which is (i) responsible for compliance to NERC for some or all of the subset of NERC Balancing Authority Reliability Standards defined in the “Agreement Between Midwest ISO And Midwest ISO Balancing Authorities Relating To Implementation of TEMT,¹ As Amended On March 14, 2008” (or successor agreement) (“Amended BA Agreement”) within the MISO Balancing Authority Area, (ii) a Party to the Amended BA Agreement, excluding MISO, and (iii) listed in Appendix A of the Amended BA Agreement.

¹ Upon the launch of MISO’s Ancillary Services Markets on January 6, 2009, MISO currently operates under the Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) as opposed to the “TEMT.”

The collection of generation, transmission, and loads within the metered boundaries of a Local Balancing Authority.

A person or business entity which is (i) an Eligible Customer, as defined in the Tariff, or (ii) an Owner, as defined herein, and which pays to MISO, the non-refundable membership fees as required herein. Such person or entity shall be a Member during the period covered by the applicable membership fees unless earlier terminated pursuant to this Agreement.

The collection of generation, transmission, and loads within the metered boundaries of MISO.

The MISO Balancing Authority Area consists of the transmission system, load and generation resources interconnected to the MISO Transmission System, as defined under the Tariff, that:

(i) function as a centrally coordinated system and (ii) operate subject to the single set of dispatch instructions determined and issued by MISO.

North American Electric Reliability Corporation.

MISO
MISO RATE SCHEDULES

N.
Non-owner Member.
30.0.0

A Member which is not an Owner.

The booked transmission facilities not identified in Appendix H to this Agreement which are the subject of the Agency Agreement.

A utility or other entity which owns, operates, or controls facilities for the transmission of electricity in interstate commerce (as determined by MISO by applying the seven-factor (7-factor) test of the FERC set forth in FERC Order No. 888, 61 Fed. Reg. 21,540, 21,620 (1996), or any successor test adopted by the FERC) and which is a signatory to this Agreement. A public utility holding company system shall be treated as a single Owner for purposes of this Agreement. Each Owner shall pay the applicable membership fees and become a Member. Any termination of a utility's or entity's status as an Owner shall be determined pursuant to this Agreement.

Securities of (i) an Owner; (ii) a Member; (iii) a User; or (iv) an Affiliate of an Owner, Member, or User, if:

1. The Owner, Member, User, or Affiliate of an Owner, Member, or User has an industry code within the “Electric Power Generation, Transmission, and Distribution” industry group under the North American Industry Classification System or is otherwise determined by MISO to be in the electric, power, generation, transmission, or distribution business;

2. The Owner, Member, User, or the Affiliate of the Owner, Member, or User has been determined by MISO to be a Qualified Transmission Developer as that term is defined in the Tariff; or

3. The Owner, Member, User, or the Affiliate of the Owner, Member, or User, has engaged in activities or transactions under the MISO Tariff or any associated rate schedule in the prior calendar year subject to the below thresholds where the Owner, Member, User, or the Affiliate of the Owner, Member, or User participates in the MISO-administered markets:

a. The total activity in the MISO-administered markets (purchases and sales) for the publicly traded company and any affiliated, publicly traded holding or parent company during the most recent calendar year is equal to or greater than 0.5% of its gross revenues for the same time period; or

b. The total activity in the MISO-administered markets (purchases and sales) for the publicly traded company during the most recent calendar year is equal to or greater than 3% of the total MISO-administered market activity (purchases and sales) for the same time period. For purposes of applying this calculation to securities held during calendar

year 2014, a security will be deemed to be a Prohibited Security if the total activity in the MISO-administered markets (purchases and sales) for the company during the period from December 19, 2013 through June 19, 2014 is equal to or greater than 3% of the total MISO-administered market activity (purchases and sales) for the same time period. For purposes of this definition, Securities are defined as negotiable or non-negotiable investment or financing instruments that can be sold and bought. Securities include bonds, stocks, debentures, notes and options.

An entity having delegated enforcement authority pursuant to Section 215(e)(4) of the Federal Power Act, 16 U.S.C. § 824o(e)(4), as specifically identified in the Tariff or its successor as may be in effect from time to time.

The tariff on file with the FERC under which MISO offers transmission service, energy and ancillary market services, or any successor tariff.

MISO
MISO RATE SCHEDULES

S.
Transfer Date.
30.0.0

February 1, 2002.

The transmission facilities of the Owners which are committed to the operation of MISO by this Agreement. These facilities shall include (i) all networked transmission facilities above 100 kilovolts (hereinafter “kV”); and (ii) all networked transformers where the two (2) highest voltages qualify under the voltage criteria of item (i) above. The facilities may also include other facilities that MISO directs the Owner(s) to assign to it subject to the procedures set forth in Appendix B to this Agreement. The facilities comprising the Transmission System are identified in Appendix H to this Agreement. Appendix H shall be amended from time to time to reflect the addition of facilities to, or removal of facilities from, the Transmission System.

A Transmission Customer under the Tariff or an entity that is a party to a transaction under the
Tariff.

1. This Agreement sets forth the terms and conditions pursuant to which MISO shall be governed and, to the extent provided herein, pursuant to which it shall be operated.
2. MISO is organized as a non-stock, not-for-profit corporation, pursuant to Title 8, Chapter 1 of the laws of the State of Delaware. MISO is not to be organized for profit and shall be operated exclusively for the promotion of social welfare, in furtherance of the public policy reflected in the order of the FERC approving this Agreement and FERC Order No. 888. MISO has secured an exemption from federal taxation pursuant to Section 501 of the Internal Revenue Code of 1986, as amended, or a successor provision (hereinafter “Internal Revenue Code”).
3. No part of the net earnings, if any, of MISO shall inure to the benefit of any MISO Member, Director, Officer, employee, or any other interested private person. MISO is authorized and empowered to pay reasonable compensation for services actually rendered and to make payments or distributions in furtherance of the purposes and objectives set forth in this Agreement, the appendices hereto, and the Tariff. No substantial part of the activities of MISO shall be carrying on propaganda or otherwise attempting to influence legislation. MISO shall not participate in or intervene in any political campaign on behalf of any candidate for public office.
4. Notwithstanding any other provision of this Agreement, MISO shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation under the Internal Revenue Code, or successor provisions in any subsequent federal tax laws, or such other provision or successor provisions under which the Internal Revenue Service may recognize that MISO is exempt from taxation.

By agreeing to and executing this Agreement, the Owners declare that (i) the Transmission System committed to the operation and control of MISO, (ii) the Non-transferred Transmission Facilities, and (iii) all revenues from the provision of transmission service provided by MISO shall be managed, administered, received, and collected, in the manner and subject to the terms and conditions set forth in this Agreement, any amendments to this Agreement, and the Tariff.

This Agreement shall include all appendices, and, in the event of a conflict between this Agreement and any appendix, the appendix shall prevail as the intent of the signatories. All appendices to this Agreement are incorporated into this Agreement and expressly made a part hereof. In the event of a conflict between this Agreement, including any appendices, and the Tariff, the Tariff shall prevail as the intent of the signatories.

The authorization granted by the Owners to MISO, subject to the terms of this Agreement, shall be sufficient to commit the operation and control of the Transmission System to MISO for the following purposes: (i) providing non-discriminatory open access transmission service over the Transmission System to transmission customers, including the Owners, who may lawfully request such service pursuant to a single tariff filed with the FERC; (ii) receiving funds associated with transmission services from transmission customers solely as agent for, and in trust for the benefit of, the Owners or their designee(s) and former Owners who have a right to receive Transmission Trust Revenues and distributing such funds to the Owners or their designee(s) and former Owners who have a right to receive Transmission Trust Revenues in accordance with this Agreement, Appendix C to this Agreement, and the Tariff; (iii) being responsible for regional system Reliability, in accordance with the provisions of this Agreement; and (iv) providing energy market and ancillary services pursuant to the Tariff. With regard to the Non-transferred Transmission Facilities, MISO shall have such authority as is provided for in the Agency Agreement attached hereto as Appendix G.

Legal and equitable title to the respective properties comprising the Transmission System, including all land and land rights, and to all transmission facilities which they may hereafter build or acquire, in accordance with Appendix B to this Agreement, shall remain with each respective Owner (unless the Owner transfers title to another entity), and is not changed by this Agreement. The respective Owners shall retain all rights incident to such legal and equitable title, including, but not limited to, the right, subject to applicable federal or state regulatory approvals, to build, acquire, sell, dispose of, use as security, convey any part of their property, or use such property for purposes other than providing transmission services (such as the use of such property for telecommunications purposes), provided that the exercise of any such rights shall not impair the reliability of the Transmission System.

The Bylaws of MISO shall at all times be consistent with this Agreement and any amendments thereto. Appendix F to this Agreement shall be the Bylaws of MISO.

MISO
MISO RATE SCHEDULES

A.
Name.
30.0.0

The name of the corporation is Midcontinent Independent System Operator, Inc., in which name it may make and execute contracts and all kinds of instruments, acquire and convey real or personal property, sue and be sued, and conduct business, all as provided by applicable law and pursuant to the terms and conditions of this Agreement.

MISO
MISO RATE SCHEDULES

B.
Principal Office.
30.0.0

The principal office of MISO shall be determined by the Board of Directors.

The Board may establish such branch offices or places of business as it shall determine to be in the best interests of MISO consistent with the provisions of Article Three, Section IV, Paragraph F of this Agreement.

MISO
MISO RATE SCHEDULES

A.
In General.
30.0.0

The Board of Directors of MISO (hereinafter sometimes referred to as “Board”), shall consist of nine (9) persons plus the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President). The Board shall be elected by the Members as specified in Article Two, Section V, Paragraph B of this Agreement from a slate of candidates presented to them by the Nominating Committee. Directors shall be elected to terms of three (3) years, except for any Director elected to fill a vacancy in the remainder of the term of a previously elected Director that has been removed or resigns.

Before the term of a Director expires, a nominating committee consisting of three Board Members whose terms are not expiring appointed by the Board and two members of the Advisory Committee (established pursuant to Section VI of this Article Two) selected by the Advisory Committee shall select an executive search firm to provide at least two (2) candidates, with the qualifications specified below, to the nominating committee for each open Director position. Members may submit the names of candidates directly to the nominating committee. The nominating committee shall then provide at least two (2) candidates to the Board for each open position. The candidates for a specific Director position shall have the same type of qualifications as the Director being replaced, as set forth in Subparagraph 2 of this Paragraph A. The Board shall distribute to the Members a slate of candidates consisting of at least one (1) candidate for each Director position to be filled. The Members shall elect Directors by ballots cast by electronic transmission (or other means as designated by the Board) pursuant to an election administered by an independent third party. The deadline for Members to cast votes for the candidate(s) for each Director position shall be: (a) announced to the Members when the Board distributes to the Members the slate of candidates; and (b) at least thirty (30) days after the Board distributes the slate of candidates to the Members. The Board shall also provide the

Members with information on the qualifications and experience of the candidate to fill the Director seat for which each candidate is proposed. A candidate receiving a majority of the votes cast by the Members shall be elected. In the event that the Members fail to elect a candidate from the slate proposed by the Board, the Board shall select an alternate candidate using the procedures set forth above for consideration by the Members no later than seventy-five (75) days after such election. Each Director shall serve until his successor shall have been duly elected and qualified, or until his earlier resignation or removal. Vacancies on the Board caused by a Director leaving office before the expiration of his term shall be filled by vote of the Board, which shall choose a candidate having the same type of qualifications as his predecessor from a list prepared by the nominating committee in consultation with an executive search firm chosen by the nominating committee. A Director selected to fill such a vacancy shall serve out the term of his predecessor.

Notwithstanding the post-employment restrictions described in Article III, Section IV.F, a Director shall not be, and shall not have been at any time within one (1) year prior to election to the Board, a director, officer, or employee of a Member, User, or an affiliate of a Member or User engaged in the electric utility industry or participating in wholesale electricity markets. At all times while serving on the Board, a Director shall have no material business relationship or other affiliation with any Member or User or an affiliate of a Member or User engaged in the electric utility industry or participating in wholesale electricity markets. A Director's participation in a pension plan of a Member or User or an affiliate thereof shall not be deemed to be a material business relationship as long as such pension plan is a defined benefit pension plan that does not involve ownership of Prohibited Securities. Similarly, a Director's ownership of Prohibited Securities in a Member or User or affiliate thereof shall not be deemed to be a material business relationship if such Prohibited Securities are held through a mutual fund, retirement fund, blind trust (as defined in Appendix A, Section II.E.6) or similar arrangement where the Director has no discretion to manage the assets in such an account. Of the nine (9) Directors, six (6) shall have expertise and experience in corporate leadership at the senior management or board of directors level, or in the professional disciplines of finance, accounting, engineering, or utility laws and regulation. Of the other three (3) Directors, one (1) shall have expertise and experience in the operation of electric transmission systems, one (1) shall have expertise and experience in the planning of electric transmission systems, and one (1) shall have expertise and experience in commercial markets and trading and associated risk management.

The Board shall select from among its members a Chair of the Board. The Chair shall serve in such capacity at the pleasure of the Board until his successor shall have been elected and qualified. The Chair of the Board shall, unless otherwise determined by the Board, preside over all meetings of the Board and Members. The Chair shall perform all duties incident to the office of Chair of the Board and such other duties as from time to time may be assigned to him by the Board.

The Board shall select from among its members a Vice Chair of the Board. The Vice Chair shall serve in such capacity at the pleasure of the Board until his successor shall have been elected and qualified. In the absence of the Chair of the Board, or in the event of his inability or refusal to act, the Vice Chair shall perform the duties of the Chair of the Board, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chair of the Board. The Vice Chair shall also perform such other duties as from time to time may be assigned to him by the Board.

Any Director may resign his office by submitting a signed notice of resignation, delivered or mailed to the principal office of MISO. Such notice of resignation shall indicate the effective date of the resignation. If it does not indicate an effective date, the resignation shall take effect upon receipt of the notice at the principal office of MISO.

The Members may remove a Director by a vote of a majority of the Members. Removal proceedings may only be initiated by a petition signed by not less than twenty percent (20%) of all Members. The petition shall state the specific grounds for removal. A copy of the petition shall be provided to the FERC and to each appropriate state regulatory authority. A Director sought to be removed shall be given fifteen (15) days to respond in writing to any charges set forth in the petition. The petition shall specify when the removal vote shall take place.

The management of all the property, business, and affairs of MISO shall be vested in the Board.

The Board may exercise all of the powers of the non-stock corporation and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers, and the management of MISO) as it may deem proper and consistent with applicable law, this Agreement, the Tariff, the certificate of incorporation, and the Bylaws of MISO, provided that authority for such actions is not reserved to the Members or Owners.

Except as provided in Article Two, Section IX, Paragraphs B and C of this Agreement, the enumeration of specific duties and powers in this Agreement shall not be construed in any way as a limitation on the general powers intended to be conferred on the Board.

The Board shall have the obligation to adopt such bylaws, regulations, policies, and practices as are not inconsistent with this Agreement and the Tariff that it deems necessary or desirable for the conduct of the business of MISO and for the governance of itself, the Chief Executive Officer, the President, and all agents, employees, and representatives of MISO, without undue discrimination.

The Board shall have responsibility to oversee the Chief Executive Officer's and/or the President's performance of the obligations of MISO specified in Article Three of this Agreement. The performance of such obligations shall be carried out and executed by the Chief Executive Officer and/or the President with oversight as appropriate by the Board. The Board shall establish general policies to be followed by the Chief Executive Officer and/or the President and employees of MISO in the conduct of their duties.

The Directors shall comply with the Standards of Conduct set forth in Appendix A to this Agreement.

The Board shall have the obligation to assure that the Chief Executive Officer and/or the President accounts for all transactions on the Transmission System and other activities of MISO; submits bills for such transactions; pays the expenses of operation of MISO; collects monies for transmission service from customers solely as agent for, in trust for the benefit of, the Owners or their designee(s) and former Owners who have a right to receive Transmission Trust Revenues in accordance with the Tariff; and distributes monies to the Owners or their designee(s) in accordance with this Agreement, any associated agreements referred to in this Agreement, and the Tariff.

The Board shall have the power to employ staff, auditors, counsel, and other personnel as necessary to carry out the business of MISO and may delegate to the Chief Executive Officer and/or the President all or part of such authority to employ such staff, auditors, counsel, and other personnel.

The Board may appoint such internal committees of the Board (hereinafter “Board Committees”) as are necessary and appropriate for the conduct of the business of MISO, provided that final responsibility for any action recommended by any such committee remains with the Board.

MISO
MISO RATE SCHEDULES

C.
Meetings of the Board.
30.0.0

Regular meetings of the Board shall be held at least quarterly, and other meetings shall be held from time to time on the call of the Chief Executive Officer (or, if the Board chooses not to elect the Chief Executive Officer, the President), Chair, or a majority of the Board. A Director may participate in a meeting personally or by electronic means. Written notice of the date, location, and time of each meeting of the Board must be provided by first-class mail, telefacsimile, or other reliable electronic means to each Director no later than seven (7) calendar days prior to the date of the meeting. Participation in a meeting by a Director is a waiver of any objection that the Director may make to any failure to give adequate notice under this provision. Any action required or permitted to be taken at any meeting of the Board, or of any Board Committee, may be taken without a meeting if all Directors or Board Committee members, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or Board Committee. Consistent with this Agreement, the Board shall have all procedural authority provided and options available under Title 8 of the Delaware Corporation Law, section 141.

A majority of Directors serving on the Board shall constitute a quorum of the Board for any meeting of the Board and in the determination of a majority vote of the Board for any purpose. Except as provided in Article Two, Section VIII, Paragraph C, Subparagraph 5 of this Agreement, the affirmative vote of a majority of the Directors represented and voting is required to constitute any act or decision rendered by the Board.

At each quarterly meeting of the Board, or such other time as the Board directs, the Board shall require the Chief Executive Officer (or, if the Board chooses not to elect the Chief Executive Officer, the President) to submit for Board approval a full statement of the conditions of MISO, and all business transacted by it, and, when the statement is approved, shall cause a copy of it to be sent to each Member.

The Board shall cause to be kept by the Secretary, appointed by it, a record of all meetings of the Board, Members, and Board Committees. Insofar as non-Members of the MISO are concerned, these records shall be conclusive for the Board of the facts and activities stated and recorded therein.

MISO
MISO RATE SCHEDULES

D.
Compensation of Directors; Reimbursement of Expenses.
30.0.0

Directors shall receive from MISO such compensation, regular or special, as is set pursuant to this provision. An independent compensation consulting firm shall set Director compensation, subject to approval of the Members. If two-thirds (2/3) or more of the Members vote to reject the compensation consulting firm's recommended compensation, then the recommended compensation shall be rejected. If the recommended compensation is rejected, then the compensation consulting firm shall be requested to submit another recommendation or another compensation consulting firm may be hired for such purpose.

Directors, and their successors and assigns, shall have the right to reimbursement by MISO for all of their actual expenses reasonably incurred or accrued in the performance of their duties as Directors of MISO.

MISO
MISO RATE SCHEDULES

A.
Titles.
30.0.0

The Officers of MISO shall be the Chief Executive Officer, the President, one or more Vice Presidents (at the discretion of the Board), and a Secretary.

The Officers of MISO shall be elected from time to time by the Board. Each Officer shall hold office at the pleasure of the Board.

Any Officer may be removed by the Board whenever, in the Board's judgment, the best interests of MISO will be served thereby.

At its discretion, the Board shall have the power not to establish the office of the Chief Executive Officer, or if established, to combine the offices of the Chief Executive Officer and the President. In either case, the President shall exercise the powers and perform the duties of the Chief Executive Officer as set forth in Article Two, Section IV, Paragraph E of this Agreement. The Chief Executive Officer shall serve on the Board of MISO. The Chief Executive Officer may vote on any matter presented at a Board meeting except when the Chief Executive Officer's vote would create a tied Board vote. In that circumstance, the Chief Executive Officer shall be barred from voting. The Chief Executive Officer also may not vote on the selection of, or continued employment of, the Chief Executive Officer or on the Chief Executive Officer's compensation. The Chief Executive Officer shall be included in the determination of a quorum of the Board for any meeting of the Board and in the determination of a majority vote of the Board for any purpose. The duties of the Chief Executive Officer are as follows:

The right of the Chief Executive Officer to exercise functional control over the operation of the Transmission System, insofar as is necessary to carry out the rights, duties, and obligations of MISO as set forth in this Agreement, shall be absolute, unconditional, and free from the control and management of the Owners, who shall have only the rights specifically set forth in this Agreement. The Chief Executive Officer shall have the authority to act for MISO before any and all applicable federal or state regulatory authorities to carry out the business of MISO.

The Chief Executive Officer shall possess and exercise any and all such additional powers as are reasonably implied from the powers contained in this Agreement such as may be necessary or convenient in the conduct of any business or enterprise of MISO. The Chief Executive Officer may (i) do and perform everything that (a) he deems necessary, suitable, or proper for the accomplishment of any of the purposes, or the attainment of any one or more of the objectives, enumerated in this Agreement, or (b) that shall at any time appear conducive to, or expedient for, the protection or benefit of MISO, and (ii) do and perform all other acts or things that are deemed necessary or incidental to the purposes set forth in this Agreement.

The Chief Executive Officer shall have power to purchase, or otherwise acquire through leases, such property, except for transmission facilities which shall be governed by Appendix B to this Agreement, as necessary to carry out the obligations of MISO as specified in Article Three of this Agreement.

The Chief Executive Officer shall have full and exclusive power and authority to demand, sue for, claim, and receive any and all revenues and monies due MISO.

The Chief Executive Officer shall have the power to borrow money up to the level authorized by the Board for the purposes of MISO and to give the obligations of MISO to secure such indebtedness.

The Chief Executive Officer shall have the authority and power to make all such contracts as he may deem expedient and proper in conducting the business of MISO, except as may be limited by the Board.

The Chief Executive Officer shall have the power (i) to pay all taxes or assessments of whatever kind or nature imposed upon or against MISO in connection with MISO property, or upon or against MISO property, or any part of such property; (ii) to do all acts and things as may be required or permitted by any present or future law for the purpose of making the activities of MISO exempt from taxation; and, (iii) for any of the above-stated purposes, to do all such other acts and things as may be deemed by him necessary or desirable.

In accordance with policies set by the Board, and subject to any limitations set forth in this Agreement, the Chief Executive Officer shall have the power to select a depository, and to deposit any monies or securities held by MISO in connection with the performance of its obligations under this Agreement, with any one or more banks, trust companies, or other banking institutions deemed by the Chief Executive Officer to be responsible, such monies or securities to be subject to withdrawal on notice upon demand or in such manner as the Chief Executive Officer may determine, with no responsibility upon the Chief Executive Officer for any loss that may occur by reason of the failure of the person with whom the monies or securities had been deposited properly to account for the monies or securities so deposited.

If the Board has established the office of the Chief Executive Officer, the President shall, in the absence or disability of the Chief Executive Officer, exercise the powers and perform the duties of the Chief Executive Officer. The President shall exercise such other powers and perform such other duties as shall be prescribed by the Chief Executive Officer and/or the Board consistent with this Agreement. The President shall not be eligible to serve on the Board of MISO except when performing the duties of the Chief Executive Officer, as above provided, or except when the Board chooses not to establish the office of the Chief Executive Officer. If the Board chooses not to establish the office of the Chief Executive Officer, the President shall exercise the powers and perform the duties of the Chief Executive Officer.

If the Board chooses not to establish the office of the Chief Executive Officer, the Vice President or, if there be more than one, the Vice President designated by the Board, shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. Each Vice President shall exercise such other powers and perform such other duties as shall be prescribed by the Chief Executive Officer (or, if the Board chooses not to elect the Chief Executive Officer, the President) and the Board consistent with this Agreement. No Vice President shall be eligible to serve on the Board of MISO except when performing the duties of the President as above provided.

The Secretary shall be responsible for the following duties:

1. Keeping the minutes of the applicable meetings in one or more books provided for that purpose;
2. Seeing that all notices are duly provided in accordance with this Agreement, policies of MISO, and any and all other documents which provide for the governance of MISO;
3. Maintaining custody of the records of the business of MISO and the seal of MISO, and affixing such seal to all appropriate documents, the execution of which, on behalf of MISO, under its seal, is duly authorized in accordance with the provisions of this Agreement;
4. Keeping a register of the names and post office addresses of all Members and Directors;
5. Signing letters of membership, the issuance of which shall have been authorized by the Board;
6. Keeping on file at all times at the principal office of MISO a complete copy of this Agreement, and all amendments thereto, together with the corporate Bylaws and any policies concerning the governance of MISO, and, at the expense of MISO, forwarding or otherwise making available copies of such information to each of the Members and to the public to the extent required by law; and generally performing all duties instant to the office of Secretary and such other duties that, from time to time, may be assigned to the Secretary by the Board.

The Officers, agents, and employees of MISO shall comply with the Standards of Conduct set forth in Appendix A to this Agreement.

Any Officer, employee, or agent of MISO charged with the responsibility for the custody of any of its funds or property may be required to give bond in such sums, and with such sureties, as the Board shall determine. The Board, in its discretion, may also require any other Officer, agent, or employee of MISO to give bond in such amount, with such surety, as it shall determine. All premiums of the aforesaid bonds shall be paid by MISO.

Compensation of the Officers, agents, and employees of MISO shall be established by the Board or pursuant to the policies approved by the Board.

MISO
MISO RATE SCHEDULES

A.
General Provisions.
30.0.0

New Members may join MISO upon submittal of an application in a form approved by the Chief Executive Officer or, if the Board chooses not to elect the Chief Executive Officer, the President (or the person designated pursuant to Article Two, Section II, Paragraph D of this Agreement), and payment of the fees set forth in Article Six of this Agreement. Action upon any application for membership shall be taken at the first meeting of the Board pursuant to Article Two, Section III, Paragraph C of this Agreement following submission of the application, except as otherwise provided in Article Two, Section II, Paragraph D of this Agreement.

A new Member may join as an Owner, provided that it (i) owns, operates, or controls facilities used for the transmission of electricity in interstate commerce (as determined by MISO by applying the seven-factor (7-factor) test set forth in FERC Order No. 888, 61 Fed. Reg. 21,540, 21,620 (1996), or any successor test adopted by the FERC or the state regulatory authority) that are physically interconnected with the facilities of an existing Owner; and (ii) agrees to sign this Agreement, to be bound by all of its terms, and to make any and all payments or contributions required by this Agreement.

Upon fulfillment of these conditions, and upon completion of any physical integration of the new Owner's facilities with the Transmission System in a fashion consistent with the Chief Executive Officer's (or if the Board chooses not to elect the Chief Executive Officer, the President's) direction, the Board shall allow the new Member to become a signatory to this Agreement. In general, an Owner must own, operate, or control interstate transmission facilities as detailed above; however, on a case-by-case basis, the Board may waive the requirement that such facilities be physically interconnected if allowing the Member also to become an Owner will result in significant net benefits to MISO and its Members.

MISO
MISO RATE SCHEDULES

3.
Subject to Agreement.
30.0.0

The rights of Members in MISO shall be subject to all of the terms and conditions of this Agreement.

No Member shall have any rights to manage or control the property, affairs, or business of MISO, or any power to control the Directors in these respects.

No Member shall have any right to a partition of the property of MISO during the continuance of MISO; any partition shall be subject to all laws applicable to Delaware non-stock corporations and, in the event MISO is exempt from taxation under any law, in accordance with all laws applicable to such exemption.

MISO
MISO RATE SCHEDULES

B.
Members' Meetings; Elections.
30.0.0

The Members shall hold their meetings at the principal office of MISO, or other location designated by the Board, on the dates designated by the Board. The Members shall also hold their annual meeting at such location on the day designated by the Board, for the purpose of exercising and discharging any other powers or duties vested in them by this Agreement.

The Board or any twenty-five percent (25%) of the Members may call a special meeting of the Members at any time.

The Secretary shall provide notice to appropriate state regulatory authorities, the FERC, the members of the Advisory Committee (established pursuant to Section VI of this Article Two), and the public by posting on MISO's Internet World-Wide Web Site or equivalent form of electronic posting at least seven (7) days prior to the meeting, of the time and place of all meetings of Members, whether regular or special.

Notice mailed, sent by telefacsimile, or other electronic means no later than seven (7) days prior to the date of the meeting, directed to the Member at the address as shown on the books of MISO, shall be deemed sufficient for the provisions of this paragraph and for all other purposes, unless written notice of change of such address has been previously given to MISO. In the case of special meetings, the Secretary shall also give notice to all Members of the general purpose of the meeting and the nature of the business to be considered at such meeting. Such a special meeting shall be limited to the business thus specified in the call, unless at least twenty-five percent (25%) of the Members consent in writing to the consideration of other matters. The Members of record eligible to participate in any meeting shall be determined as of the date notice of the meeting is provided to the Members.

At all meetings of Members, the Chair, or such other person as may be designated by the Board, shall preside. Each Member shall be entitled to one vote, and Members may vote by proxy.

Twenty-five percent (25%) of the Members, or their proxies, shall constitute a quorum for the purpose of any such meeting and in determination of a vote of the Members for any purpose.

The Board shall review from time to time the quorum requirements. Except where it is otherwise provided in this Agreement, a vote of a majority of the Members represented and voting shall control.

All persons dealing with, or having any claim against, any Director, Officer, agent, or employee of MISO acting on behalf of MISO shall look only to MISO for the payment of any debt, claim, damage, judgment, or decree of MISO, or of any money or thing that may become due or payable in any way by MISO, whether founded on contract or tort, and the Members shall not be personally or individually liable for any such debt, claim, damage, judgment, or decree.

1. At all times there shall exist an Advisory Committee to the Board consisting of a total of twenty-six representatives from the following stakeholder groups chosen as follows: (i) three (3) representatives of Owners, with one (1) seat assigned to an Owner who was a member of the Mid-Continent Area Power Pool (“MAPP”) as of March 1, 2000; (ii) three (3) representatives of municipal and cooperative electric utilities and transmission-dependent utilities, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000; (iii) three (3) representatives of independent power producers (hereinafter “IPPs”) and exempt wholesale generators (hereinafter “EWGs”), with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (iv) three (3) representatives of power marketers and brokers, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (v) three (3) representatives of eligible end-use customers, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (vi) four (4) representatives of state regulatory authorities, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000), and one (1) seat assigned to a Member of this group who is a representative of either the Arkansas Public Service Commission, City of New Orleans, Louisiana Public Service Commission, Mississippi Public Service Commission or the Public Utility Commission of Texas; (vii) two (2) representatives of public consumer groups, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000);

(viii) two (2) representatives of environmental stakeholder groups, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (ix) one (1) representative of Members who, being legally unable to transfer operational control to MISO, have entered into coordination or agency agreements with MISO (“Coordination Members”); and (x) one (1) representative of competitive transmission developers; and (xi) one (1) representative of an affiliate stakeholder group, which group shall be comprised of corporate or other entities or groups not otherwise a participant in any other sector or stakeholder group. The Board may revise or expand the stakeholder groups as circumstances and industry structures change. The Board shall be responsible for facilitating meetings of the Advisory Committee, which shall be held at least quarterly. At such quarterly meetings, the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) and at least two (2) other members of the Board shall meet with the Advisory Committee. Upon request of the Advisory Committee, Board members and the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) shall use their best efforts to attend other Advisory Committee meetings.

The Advisory Committee shall be a forum for its members to be apprised of MISO’s activities and to provide information and advice to the Board on policy matters of concern to the Advisory Committee, or its constituent stakeholder groups, but neither the Advisory Committee nor any of its constituent groups shall exercise control over the Board or MISO. Nothing in this Agreement shall prohibit a corporate or other entity from participating in more than one stakeholder group provided it meets the approved eligibility criteria. The reports of the Advisory Committee and any minority reports shall be presented by the Chief Executive

Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) to the Board. The Board shall determine how and when it shall consider and respond to such reports. The Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) shall inform the Advisory Committee of any Board determination(s) with respect to such report.

2. Members of the Advisory Committee shall be selected in the following manner:

a. The Owners' representatives on the Advisory Committee shall be selected in accordance with Article Two, Section VI, Paragraph B of this Agreement.

b. The representatives of municipal and cooperative electric utilities and transmission-dependent utilities, IPPs and EWGs, power marketers and brokers, eligible end-use customers, Coordination Members, and competitive transmission developers on the Advisory Committee shall be chosen by the Members belonging to such groups. Such Member groups shall propose to the Board their own methods of eligibility and voting. Approval by the Board of such procedures shall not be unreasonably withheld.

c. The representatives of state regulatory authorities on the Advisory Committee shall be chosen by the entities that regulate the retail electric or distribution rates of the Owners who are signatories to this Agreement.

d. The representatives of public consumer groups and environmental stakeholder groups on the Advisory Committee shall be chosen by recognized consumer and environmental stakeholder organizations having an interest in the activities of MISO. The Board shall certify the organizations eligible to participate in the selection of such representatives to the Advisory Committee. Such certification shall not unreasonably be withheld. The groups so

certified shall propose to the Board their own methods of eligibility and voting. Approval of such procedures shall not unreasonably be withheld.

e. The representative of the affiliate group on the Advisory Committee shall be chosen by the members comprising the affiliate group. Such members shall propose to the Board their own methods of eligibility and voting. Approval by the Board of such procedures shall not be unreasonably withheld.

f. Meetings of the constituent stakeholder groups represented on the Advisory Committee need not be open to the public.

An Owners' Committee shall exist throughout the period of this Agreement. The Owners' Committee shall consist of one (1) person representing each of the Owners who are signatories to this Agreement. The Owners' Committee shall meet at its discretion to exercise the authority granted to the Owners as a group under this Agreement pursuant to Article Two, Section IX, Paragraph C of this Agreement. The Owners' Committee shall select three (3) representatives to serve on the Advisory Committee established pursuant to Article Two, Section VI, Paragraph A of this Agreement.

OMS Committee shall be the committee that is composed of members of the Organization of MISO States, established as an autonomous and self-governing body pursuant to the bylaws of the Organization of MISO States, having the responsibilities and rights defined in section I.B of Attachment FF of the Tariff and associated Business Practices Manual. The OMS Committee has the opportunity to provide input into the transmission planning, resource adequacy, and transmission cost allocation approach and processes, and may report periodically to MISO's Board. To enable it to exercise the authority described herein, the OMS Committee will be adequately supported by MISO through reasonable in-kind services and through the provision of reasonable funding, with the costs recovered from Transmission Customers under Schedule 10 of the Tariff.

Except as provided herein, all meetings of the Board, all meetings of committees (also sometimes referred to herein as “internal committees”) and working groups of the Board (hereinafter “Board Committees and working groups”), all meetings of the Advisory Committee and all Members’ meetings convened under Article Two, Section V, Paragraph B of this Agreement, shall be open to the public. Timely notice of such meetings and copies of all materials to be addressed at such meetings shall be provided to the members of the Advisory Committee, appropriate state regulatory authorities, and the FERC and posted on MISO’s Internet World-Wide Web site or equivalent form of electronic posting. The procedures adopted by the Board for the conduct of such meetings shall allow interested members of the public, including those stakeholders represented on the Advisory Committee, to provide oral and written comments at such meetings concerning any matter that may come before the Board, Board Committees and working groups, Advisory Committee, or Members, whichever is applicable, during the open portion of such meetings.

The meeting minutes of all meetings of the Board, Board Committees and working groups, Advisory Committee, and Members addressed in Paragraph A of this Section VII shall be made available to the public and furnished to appropriate state regulatory authorities and the FERC, upon request; provided, however, that materials or information which is privileged or confidential pursuant to Paragraph C of this Section VII may be redacted from such minutes. Copies of executed or final documents, such as contracts, leases, and agreements, not otherwise required to be treated as confidential, shall be made available for review. In the event the basis for information being treated as confidential ceases to exist, said information shall thereafter be available for review.

Executive sessions (closed to the public) shall be held as necessary to safeguard the confidentiality of (i) personnel-related information; (ii) information subject to the attorney-client privilege or to confidential treatment under the attorney-work product doctrine or concerning pending or threatened litigation; (iii) information that is confidential under Appendix A to this Agreement; (iv) consideration of assumption of liabilities, business combinations, or the purchase or lease of real property or assets; (v) except as may be required by law, consideration of the sale or purchase of securities, investments, or investment contracts; (vi) strategy and negotiation sessions in connection with a collective bargaining agreement; (vii) discussion of emergency and security procedures; (viii) consideration of matters classified as confidential by federal or state law; (ix) matters to protect trade secrets, proprietary information, specifications for competitive bidding, or to discuss a specific proposal if open discussion would jeopardize the cost or siting or give an unfair competitive or bargaining advantage to any person or entity; and (x) discussion of proceedings by the Alternate Dispute Resolution Committee established under Attachment HH of the Tariff.

It shall be the duty of Directors, Officers, employees, agents, and other representatives of MISO (i) to faithfully and diligently administer MISO as would reasonable and prudent persons acting in their own behalf; (ii) to keep correct and accurate records of all business transacted; (iii) to exercise prudence and economy in the business of MISO, including the minimization of tax liability, if any; (iv) to act in good faith, and only for the best interests of MISO; (v) to annually render a full and correct account of MISO's business; and (vi) at the termination of MISO, to render and to deliver all the properties and funds of MISO in accordance with this Agreement and applicable law.

No Director, Officer, agent, employee, or other representative of MISO, and no corporation or other business organization that employs a Director of MISO, or any Director, Officer, agent, or employee of such corporation or other business organization, shall be personally liable to MISO, any Member, or any User for any act or omission on the part of any such Director, Officer, agent, employee, or other representative of MISO, which was performed or omitted in good faith in his official capacity as a Director, Officer, agent, employee, or other representative of MISO pursuant to the operation of this Agreement, or in any other capacity he may hold, at the request of MISO, as its representative in any other organization. However, this release of liability shall not operate to release such a Director, Officer, agent, employee, or other representative of MISO from any personal liability resulting from willful acts or omissions knowingly or intentionally committed or omitted by him in breach of this Agreement, for improper personal benefit, or in bad faith. Directors, Officers, agents, employees, or other representatives of MISO also shall not be personally liable for any actions or omissions of others, including Owners, whose actions or omissions may relate to MISO, or any property or property rights forming, or intended or believed to form, part of MISO's property, or for any defect in the title to, or liens or encumbrances on, any such property or property rights.

It is the intent of MISO to indemnify its Directors, Officers, agents, employees, or other representatives to the maximum extent allowed by law consistent with this Agreement. Each Director, Officer, agent, employee, or other representative of MISO shall be indemnified by MISO against all judgments, penalties, fines, settlements, and reasonable expenses, including legal fees, incurred by him as a result of, or in connection with, any threatened, pending or completed civil, criminal, administrative, or investigative proceedings to which he may be made a party by reason of his acting or having acted in his official capacity as a Director, Officer, agent, employee, or representative of MISO, or in any other capacity which he may hold at the request of MISO, as its representative in any other organization, subject to the following conditions:

1. Such Director, Officer, agent, employee, or other representative must have conducted himself in good faith and, in the case of criminal proceedings, he must have had no reasonable cause to believe that his conduct was unlawful. When acting in his official capacity, he must have reasonably believed that his conduct was in the best interests of MISO, and, when acting in any other capacity, he must have reasonably believed that his conduct was at least not opposed to the best interests of MISO. Notwithstanding the foregoing, the personal liability of Directors of MISO's Board is eliminated to the fullest extent permitted by Section 102(b)(7) of the Delaware General Corporation Law.

2. If the proceeding was brought by or on behalf of MISO, however, indemnification shall be made only with respect to reasonable expenses referenced above. No indemnification of any kind shall be made in any such proceeding in which the Director, Officer, agent, employee, or other representative shall have been adjudged liable to MISO.

3. In no event, however, will indemnification be made with respect to any

described proceeding which charges or alleges improper personal benefit to a Director, Officer, agent, employee, or other representative and where liability is imposed upon him on the basis of the receipt of such improper personal benefit.

4. In order for any Director, Officer, agent, employee, or other representative to receive indemnification under this provision, he shall vigorously assert and pursue any and all defenses to those claims, charges, or proceedings covered hereby which are reasonable and legally available and shall fully cooperate with MISO or any attorneys involved in the defense of any such claim, charges, or proceedings on behalf of MISO.

5. No indemnification shall be made in any specific instance until it has been determined by MISO that indemnification is permissible in that specific case, under the standards set forth herein and that any expenses claimed or to be incurred are reasonable. These two (2) determinations shall be made by a majority vote of at least a quorum of the Board consisting solely of Directors who were not parties to the proceeding for which indemnification or reimbursement of expenses is claimed. If such a quorum cannot be obtained, a majority of at least a quorum of the full Board, including Directors who are parties to said proceeding, shall designate a special legal counsel who shall make said determinations on behalf of MISO. In making any such determinations, the termination of any proceeding (except proceedings referred to in Article Two, Section VIII, Paragraph C, (2) of this Agreement) by judgment, order, settlement, conviction, or upon plea of *nolo contendere*, or its equivalent, shall not, in and of itself, be conclusive that the person did not meet the standards set forth herein.

6. Any reasonable expenses, as shall be determined above, that have been incurred by a Director, Officer, agent, employee, or other representative who has been made a party to a proceeding as defined herein, may be paid or reimbursed in advance upon a majority

vote of a quorum of the full Board, including those who may be a party to the same proceeding. However, such Director, Officer, agent, employee, or other representative shall have provided MISO with (i) a written affirmation under oath that he, in good faith, believes that he has met the conditions for indemnification herein, and (ii) a written undertaking that he shall repay any amounts advanced, with interest accumulated at a reasonable rate, if it is ultimately determined that he has not met such conditions. In addition to the indemnification and reimbursement of expenses provided herein, the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) shall, if reasonably practical, purchase insurance that would protect MISO, its Directors, Officers, agents, employees, or other representatives against reasonably expected liabilities and expenses arising out of the performance of their duties for MISO.

In addition to and without limiting the provisions contained in Paragraph B of this Section VIII, Directors, Officers, agents, employees, or other representatives of MISO shall be fully protected in, and shall incur no personal liability to MISO or its Members for acting on any notice, request, consent, certificate, affidavit, statement, resolution, or other instrument, paper, or document believed in good faith by them to be genuine and to be signed and certified by the person stated in such instrument, paper, or document to be familiar with the facts set forth in such instrument, paper, or document. Directors, Officers, agents, employees, or other representatives may, however, in their sole discretion, require any such instrument, paper, or document to be sworn to, before their acceptance of such instrument, paper, or document, or before any duty shall devolve on them to act on such instrument, paper, or document. Directors, Officers, agents, employees, or other representatives may also reasonably rely upon information provided by professionals and consultants of MISO within the area of their expertise, provided such reliance is undertaken in good faith.

The Board shall annually make a written report showing the financial results of MISO's operations during the preceding fiscal year. A copy of such report shall be furnished to each Member.

Except as provided in Article Two, Section IX, Paragraphs B and C of this Agreement, this Agreement, including all appendices, may be amended by the Board from time to time, subject to the receipt of any necessary federal and state regulatory approvals. The provisions of this Paragraph A cannot be amended except by unanimous vote of the Owners who are signatories to this Agreement.

The provisions of Paragraph C of this Section IX are regarded as basic to the Owners' bargain in surrendering operation of their transmission facilities to MISO as provided herein, and, therefore, cannot be amended except by vote of the Owners who are signatories to this Agreement, in the manner specified in Paragraph C and subject to the receipt of any applicable federal and state regulatory approvals. The provisions of this Paragraph B cannot be amended except by unanimous vote of the Owners who are signatories to this Agreement.

The matters referred to in Subparagraph 6 of this Paragraph C may be changed by action of the Owners, as set forth in such Subparagraphs, without approval by the Board, subject to the receipt of any necessary federal and state regulatory approvals. The matters referred to in Subparagraphs 1, 3 through and including 5 and 8 of this Paragraph C may be changed by action of the Owners, as set forth in such Subparagraphs, with approval by the Board, subject to the receipt of all necessary federal and state regulatory approvals. Subparagraph 7 of this Paragraph C may be changed only pursuant to Article V, Section H of Appendix K.

The ownership rights set forth in Article Two, Section I, Paragraph E of this Agreement shall not be changed except by unanimous vote by the Owners.

The qualifications for, and total number of Directors on, the Board, as set forth in Article Two, Section III of this Agreement, may be changed by action of the Board, subject to approval by the FERC, without approval by the Owners.

The relationship established pursuant to Article Three, Section III, Paragraph A of this Agreement, and the duties specified in Article Three, Section III, Paragraphs B, C, and D of this Agreement, shall not be changed except by unanimous vote of the Owners.

The right of the Owners, individually and collectively, to have access to the books and records of MISO, as established pursuant to Article Three, Section IV, Paragraph C of this Agreement, shall not be changed except by unanimous vote of the Owners.

The responsibility of MISO to comply with applicable guidelines, standards, policies, rules, regulations, orders, license conditions, and all other requirements of the North American Electric Reliability Corporation (“NERC”), applicable Regional Entities, or any successor organizations, applicable federal regulatory authorities, including the Nuclear Regulatory Commission and the FERC or any successor authorities, and state regulatory authorities, as set forth in Article Three, Section I, Paragraph A of this Agreement, shall not be changed except by unanimous vote of the Owners.

The distribution of transmission service revenues collected by MISO and the methodology for determining such distribution, as set forth in Appendix C to this Agreement, and the return of start-up costs, provided for in Appendix C to this Agreement, also shall not be changed except by unanimous vote of the Owners.

The rights of the Owners and MISO to make filings pursuant to Section 205 of the Federal Power Act shall be governed by the provisions of Appendix K to this Agreement.

The withdrawal rights set forth in Articles Five and Seven of this Agreement shall not be changed except by unanimous vote by the Owners.

Except with respect to Governmental Entities, as defined in Article Seven, Section C, this Agreement shall continue in effect from the earliest Effective Date for any signatory to this Agreement until terminated in accordance with the terms of this Agreement. This Agreement may be terminated by vote of a majority of the Owners, provided that such vote may occur no earlier than January 1, 2026. In the event that a majority of the Owners vote to terminate this Agreement, such termination shall become effective on the date specified in the adopted motion terminating this Agreement, which date shall be no earlier than two (2) years after the date that such vote is concluded. Notwithstanding any other provisions of this Agreement, the appendices thereto or the Tariff, as to Governmental Entities, who become signatories to this Agreement, the initial term of the Agreement shall begin as of the Effective Date applicable to the Governmental Entity, as provided in Article One, Section I, through and including December 31 of the calendar year of execution. Thereafter, as to such Governmental Entities, this Agreement shall have a term of one (1) year and shall be automatically renewed for successive one (1) year terms; provided, however, that either MISO or such Governmental Entity may cancel this Agreement at the end of each one (1) year term, including the initial term, without cause upon prior written notice to the other party at least thirty (30) days prior to the expiration of the then current term.

An Owner may withdraw from MISO at any time, but only upon notice as provided in Article Five, Section I and Article Seven of this Agreement.

Upon the termination of MISO, the Board shall, consistent with applicable federal and state regulatory requirements, liquidate MISO, wind up its affairs, and dispose of its property and assets in the manner required by Delaware law applicable to non-stock corporations.

Furthermore, in the event that MISO is determined to be exempt from taxation by the Internal Revenue Service or any state governmental authorities, then such disposition shall be in accordance with all laws applicable to entities subject to the exemption granted.

Termination shall not relieve the Members, Owners, or Market Participants of any obligations incurred or assessed by MISO on or prior to the effective date of the termination. Termination also shall not relieve the Members, Owners, or Market Participants of any obligations assessed by MISO to such entity or entities directly related to termination, efforts to liquidate MISO, wind up its affairs, and dispose of its property and assets in accordance with terms of this Agreement, applicable state and federal regulatory requirements, and Delaware law. MISO shall exercise prudence and economy in accordance with Delaware law and this Agreement in performing any wind up of MISO's affairs.

MISO
MISO RATE SCHEDULES

ARTICLE THREE
RIGHTS, POWERS, AND OBLIGATIONS OF MISO
30.0.0

By this Agreement, each of the Owners authorizes MISO to exercise functional control over the operation of the Transmission System as necessary to effectuate transmission transactions administered by MISO. Such control shall be exercised in accordance with Good Utility Practice and shall conform to applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of NERC, applicable Regional Entities, or any successor organizations, each Owner's specific reliability requirements and operating guidelines, and all applicable requirements of federal or state laws or regulatory authorities. Disputes regarding reliability requirements and operating guidelines may be resolved through the Dispute Resolution process provided for in Attachment HH of the Tariff. Pending resolution of such disputes, the Owners' criteria shall be used by MISO until the issue is resolved. The methods of functional control are set forth in more detail in Appendix E to this Agreement.

MISO shall have responsibility for the reliability of the Transmission System in connection with its rights, powers, and obligations under this Agreement. The division of responsibility between MISO and the Owners in maintaining the reliability of the Transmission System is set forth in more detail in Appendices B and E to this Agreement.

MISO shall engage in such planning activities as are necessary to fulfill its obligations under this Agreement and the Tariff. Such planning shall conform to applicable reliability requirements of NERC, applicable Regional Entities, or any successor organizations, each Owner's specific reliability requirements and operating guidelines, and all applicable requirements of federal or state laws or regulatory authorities. Such planning shall seek to minimize costs, consistent with the reliability and other requirements set forth in this Agreement. The division of responsibility between the Owners and MISO for planning the Transmission System is set forth in more detail in Appendix B to this Agreement.

MISO shall comply with existing transmission operation and planning obligations of an Owner, imposed by federal or state laws or regulatory authorities, which can no longer be performed solely by the Owner following transfer of functional control of its transmission facilities to MISO, until such time as such obligations are changed or revised.

MISO shall offer transmission service over the entire Transmission System and over Non-transferred Transmission Facilities to all “Eligible Customers,” as defined in the Tariff, including the Owners, on a non-discriminatory basis, pursuant to the Tariff and Agency Agreement attached hereto as Appendix G. The Tariff shall offer both network and point-to-point transmission service, as presently described in the FERC's *pro forma* tariff adopted pursuant to FERC Order No. 888, 61 Fed. Reg. 21,540 (May 10, 1996), order on reh'g, Order No. 888-A, 62 Fed. Reg. 12,274 (March 14, 1997), order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), and FERC Order No. 890, 72 Fed Reg. 12,266 (March 15, 2007), order on reh'g, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), order on reh'g, Order No. 890-B, 123 FERC ¶ 61,299 (2008), order on reh'g, Order No. 890-C, 126 FERC ¶ 61,228 (2009), or other forms of service pursuant to any superseding tariff. MISO shall administer the Tariff.

In connection with the administration of the Tariff, MISO or the Owners, to the extent permitted by Appendix K of this Agreement, may propose to the FERC such transmission pricing for transmission service as is necessary to fulfill the obligations under this Agreement and may propose to the FERC such changes in prices, pricing methods, terms, and conditions as are necessary to continue to fulfill such obligations; provided, however, that the pricing approach set forth in Appendix C to this Agreement shall be changed only in accordance with Article Two, Section IX, Paragraphs B and C of this Agreement.

MISO, its Directors, Officers, employees, contractors, and agents shall adhere to the Standards of Conduct set forth in Appendix A to this Agreement.

MISO shall implement an Open Access Same-time Information System or Systems (hereinafter sometimes referred to as “OASIS”) or successor system(s) pursuant to the Tariff. The OASIS shall conform to the requirements for such systems as specified by the FERC.

MISO shall offer, as part of the Tariff, such ancillary services as are required by the FERC to be offered. MISO shall obtain such services, in a manner which minimizes cost, consistent with its reliability responsibilities and other obligations under this Agreement. In obtaining such ancillary services, MISO shall afford no undue preference or disadvantage to any supplier, including the Owners or their affiliates.

MISO and its Directors, Officers, employees, and agents shall have a custodial trust relationship to the Owners in performing the obligations set forth in Paragraphs B, C, D, and E of this Section

III.

In performing their obligations under this Agreement, MISO, its Directors, Officers, employees, and agents shall use their individual and collective best efforts to avoid physical damage to the Transmission System or any property of the Owners affected by MISO's activities.

All revenues for transmission service under the Tariff shall be received, held, used, managed, and distributed in trust for the benefit of the Owners in accordance with this Agreement and the Tariff. MISO shall hold all collected Transmission Trust Revenues in trust for the benefit of the Owners and former Owners who have the right to receive Transmission Trust Revenues in accordance with the Tariff, subject to MISO's right pursuant to Section 7.4(a) of the Tariff to deduct from such funds certain authorized fees and expenses that are payable directly to MISO from time to time for its administration of the Transmission System in accordance with the Tariff and this Agreement. MISO shall hold such collected Transmission Trust Revenues in a separate operating account together with similar amounts for transmission revenues MISO collects and holds in trust for Manitoba Hydro pursuant to the Manitoba Hydro Open Access Transmission Tariff and Coordination Agreement by and between MISO and Manitoba Hydro. The funds described in the preceding sentence held in this separate operating account shall be held separate from any other funds. MISO also shall hold disputed payments collected as Transmission Trust Revenues in trust for the benefit of Owners or former Owners who have a right to such Transmission Trust Revenues in a separate account. This Agreement is intended to create a trust for the benefit of the Owners and former Owners who have the right to receive Transmission Trust Revenues in accordance with the Tariff under applicable law for the foregoing purposes. MISO will take all action reasonably necessary to ensure that the Transmission Trust Revenues are treated under applicable law as trust property held for the benefit of the Owners and former Owners who have a right to receive Transmission Trust Revenues in accordance with the Tariff, and not as separate property of MISO.

It shall be the duty of MISO, its Directors, Officers, employees, and agents to maximize transmission service revenues associated with “Transmission Services,” as defined in the Tariff, so as to most efficiently utilize the Transmission System as it exists at any given time consistent with Appendices B and E to this Agreement. The Board shall establish incentives for the Officers, employees, and agents of MISO to meet this obligation.

MISO shall distribute on a monthly basis to each Owner or its designee(s) an amount determined in accordance with Appendix C to this Agreement and the Tariff.

With respect to the signatories to this Agreement, MISO shall assume liability for any injury or damage to persons or property arising from MISO's own acts or neglect, including the acts or neglect of its Directors, Officers, employees, agents, and contractors, and shall release, indemnify, and hold harmless each Owner, and the Owners as a group, from and against all damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising from MISO's performance or neglect of its obligations under this Agreement, except in cases where, and only to the extent that, the gross negligence or intentional wrongdoing of an Owner, or the Owners as a group, contributes to the claimed injury or damage.

MISO shall resolve disputes between and among MISO and the Owners, individually or collectively, and Users other than the Owners, in accordance with the procedures set forth in Attachment HH of the Tariff.

MISO shall grant each Member, its employees or agents, external auditors, and federal and state regulatory authorities having jurisdiction over MISO or an Owner, such access to MISO's books and records as is necessary to verify compliance by MISO with this Agreement and to audit and verify transactions under this Agreement. Such access shall be at reasonable times and under reasonable conditions. MISO shall also comply with the reporting requirements of federal and state regulatory authorities having jurisdiction over MISO with respect to the business aspects of its business operations, including, but not limited to, the State of Delaware. Contacts between Officers, employees, and agents of any Owner and those of MISO pursuant to this Paragraph C shall be strictly limited to the purposes of this Paragraph C and shall comply with the Standards of Conduct set forth in Appendix A to this Agreement.

MISO shall collect and distribute, as appropriate, any stranded cost recovery charges pursuant to applicable schedules accepted by the FERC.

MISO shall develop appropriate incentives for efficient management and administration and shall file such incentives with the FERC.

MISO shall develop “ethics” standards governing, among other things, post-employment restrictions and gifts. As to post-employment restrictions, MISO shall prohibit Directors and key employees (as identified by the Board) from having any involvement for twelve (12) months after they leave MISO on behalf of any parties other than MISO with regard to any matters in which they were substantially involved when serving for, or employed by, MISO.

MISO shall consider whether incentives in the Tariff are necessary to ensure that new generators are located in areas that better facilitate transmission and do not detrimentally affect Available Transfer Capability (“ATC”). If it determines that such incentives are necessary, MISO shall develop and file with the FERC any such incentives. Any such filing must comply with the requirements of Article Two, Section IX of this Agreement, if applicable.

MISO shall have the authority to impose penalties or other sanctions for any of the following actions by an Owner or User (subject to the Dispute Resolution procedures discussed below):

1. Material and willful violations of MISO policies;
2. Intentionally ignoring or disobeying any material directive from MISO including, without limitation, operating orders or directives issued by MISO;
3. Engaging in willful behavior which manipulates Available Transfer Capability to the detriment of other Users;
4. Willful violation of MISO operating standards; or
5. Willful violation of material provisions of this Agreement or the Tariff.

Penalties or other sanctions for such violations may include one or more of the following:

1. Imposition of a penalty which shall be no more than \$10,000 per day, per violation.
2. Ability to withhold transmission revenues from an Owner until the violation ceases and any forfeiture is fully paid.
3. Termination of service to a User that consistently or habitually ignores or disobeys directives from MISO, provided that MISO complies with any applicable FERC requirements before such termination becomes effective.

MISO
MISO RATE SCHEDULES

C.
Offset of Expenses.
30.0.0

MISO shall use revenues from any penalties under this Section V to offset MISO expenses.

All enforcement actions of MISO, except for actions under Subparagraph 3 of Paragraph B of this Section V shall be subject to the Dispute Resolution provisions of Attachment HH to the Tariff. MISO shall be required to refund any forfeitures, including interest, which it is determined that MISO was not justified in imposing. In such event, MISO shall not be subject to any additional liability.

MISO

ARTICLE FOUR

MISO RATE SCHEDULES RIGHTS, POWERS, AND OBLIGATIONS OF THE OWNERS AND USE

30.0.0

Each Owner shall follow the directions of MISO, its Officers, employees, or agents, in operating the Transmission System, redispatching generation, providing reactive supply and voltage control from generation sources or other ancillary services, and curtailing load, if so directed, in accordance with the Tariff. No Owner shall take any action which unduly interferes with the provision of transmission service by MISO. Users that own or control generation that could affect the reliability or capability of the Transmission System and that are not Owners similarly shall follow the directions of MISO in redispatching generation, providing reactive supply and voltage control from generation sources, and in providing other ancillary services consistent with the Tariff. Similarly, Users shall follow directives of MISO to curtail load in accordance with the Tariff.

Each Owner shall maintain its transmission facilities in accordance with Good Utility Practice.

Each Owner shall follow the maintenance requirements set forth in more detail in Appendix E to this Agreement for both generation and transmission facilities. Users that own or control generation facilities that could affect the reliability or capability of the Transmission System similarly shall follow the requirements in Appendix E to this Agreement.

Each Owner shall use due diligence to construct transmission facilities as directed by MISO in accordance with Article Three, Section I, Paragraph C of this Agreement and Appendix B to this Agreement, subject to such siting, permitting, and environmental constraints as may be imposed by state, local, and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, industry standards, and any applicable requirements of federal or state laws or regulatory authorities. Each Owner shall be fully compensated for the costs of construction undertaken by such Owner in accordance with this Agreement, which compensation shall be in accordance with the Tariff and Appendix C to this Agreement.

In the event an Owner acquires transmission facilities not identified in Appendix H to this Agreement, such facilities shall not become part of the Transmission System unless MISO, on its own initiative or in response to the request of any person, directs the Owner to assign such facilities to its control in accordance with Appendix E to this Agreement. In no event, however, shall any such facilities become part of the Transmission System or otherwise become subject to MISO's control unless they are electrically connected to the Transmission System or, if not so connected, unless the Owner consents.

Each Owner shall provide such service over its distribution facilities as is necessary to effectuate transmission transactions administered to Eligible Customers under the Tariff by MISO, at approved rates.

Both Owners and Users, where applicable, shall comply with the requirements of Appendices B and E to this Agreement.

Each Owner and User shall provide such information to MISO as is necessary for MISO to perform its obligations under this Agreement and the Tariff. Information may be treated as confidential as more fully described in Appendix A to this Agreement.

Each Owner shall allow MISO, its Officers, employees, or agents, such access to Transmission System facilities as is necessary for MISO to perform its obligations under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

Each Owner shall grant the FERC, MISO, its Officers, employees, and agents, and each state regulatory authority having jurisdiction over that Owner, such access to the Owner's books and records as is necessary for MISO to perform its obligations under this Agreement and to audit and verify transactions under this Agreement. Such access shall be at reasonable times and under reasonable conditions. Each Owner shall comply with the reporting requirements of any federal or state regulatory authorities having jurisdiction over the Owner with respect to the business aspects of MISO's business operations, including, but not limited to, the State of Delaware. Pursuant to this Paragraph C, contacts between Officers, employees, and agents of MISO and those of any Owner shall be strictly limited to the purpose of this Paragraph C and shall conform to the Standards of Conduct set forth in Appendix A to this Agreement.

With respect to the parties to this Agreement, each Owner (hereinafter "Indemnifying Owner") shall assume liability for any injury or damage to persons or property arising from its own acts or neglect, including the acts or neglect of its officers, employees, agents, or contractors, and shall indemnify and hold harmless MISO and each other Owner (hereinafter "Indemnified Owners") from any damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or of third parties, arising from the Indemnifying Owner's performance or neglect of its obligations under this Agreement or from the Indemnifying Owner's exercise of the rights and powers preserved to it by this Agreement, except, and to the extent that, the gross negligence or intentional wrongdoing of MISO or the Indemnified Owner(s) contributes to the claimed injury or damage. Except as provided in the Tariff, no Owner shall be liable for any costs or expenses relating to the operation, repair, maintenance, or improvement of any of the transmission facilities committed to the Transmission System by any other Owner.

A Member who is not an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), withdraw from membership in MISO at any time which withdrawal shall be effective thirty (30) days after the receipt of such notice by the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President). A Member who is also an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), commence a process of withdrawal of its facilities from the Transmission System. Such withdrawal shall not be effective until December 31 of the calendar year following the calendar year in which notice is given, nor shall any such notice of withdrawal become effective any earlier than five (5) years following the date that the Owner signed this Agreement except as provided for in Article Seven of this Agreement. Notwithstanding this limitation on withdrawals during the first five years, in the event of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all of an Owner's transmission facilities which are part of the Transmission System are acquired by another entity, that entity shall have the right to withdraw its facilities from MISO upon providing one (1) year's notice to MISO. Such withdrawal, however, may become effective only if FERC approves the withdrawal. If any withdrawal creates a situation where an Owner's or Owners' transmission system is not physically interconnected with the Transmission System, MISO shall determine if such withdrawal affects the ability of such Owner(s) to continue as an Owner(s). With regard to these withdrawal rights, the Owner shall remain a Member with all rights and obligations of a Member who is an Owner until such time as the FERC approves the withdrawal, as appropriate. However, no further FERC approval of the withdrawal is required for withdrawals pursuant to Article Seven of this Agreement, or for

withdrawals by an Owner who is not subject to the jurisdiction of the FERC at the time it executes this Agreement.

In the event of withdrawal of an Owner pursuant to Section I of this Article Five:

Users taking service which involves the withdrawing Owner and which involves transmission contracts executed before the Owner provided notice of its withdrawal shall continue to receive the same service for the remaining term of the contract at the same rates, terms, and conditions that would have been applicable if there were no withdrawal. The withdrawing Owner shall agree to continue providing service to such Users and shall receive no more in revenues for that service than if there had been no withdrawal by such Owner.

All financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal shall be honored by MISO and the withdrawing Owner.

Obligations relating to the construction of new facilities pursuant to an approved plan of MISO shall be renegotiated as between MISO and the withdrawing Owner. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Attachment HH of the Tariff.

Other obligations between MISO and the withdrawing Owner shall be renegotiated as between MISO and the withdrawing Owner.

The withdrawal by an Owner of its facilities from MISO shall be subject to applicable federal and state regulatory approvals or procedures as set forth in Article Five, Section I of this Agreement.

All entities eligible for membership in MISO shall pay an initial membership fee of \$15,000 in order to become Members. Each year thereafter, each Member shall pay an additional fee of \$1,000 to MISO to retain its membership. All such fees are nonrefundable and may be adjusted from time to time, as may be appropriate, by the Board.

This Agreement and the participation of the signatories to this Agreement is subject to acceptance or approval by the FERC and may be subject to actions of respective state regulatory authorities to which respective signatories may be subject and to the actions of any other governmental body which may affect the ability of any signatory to participate in this Agreement. This paragraph describes the signatories' rights and obligations in the event required regulatory and other approvals or acceptances are not obtained.

1. In the event the FERC disapproves or refuses in whole or in part to accept this Agreement or the Tariff, then this Agreement shall cease to be effective except that the signatories shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement and tariff which address the reasons for such FERC action. If despite such good faith negotiation, the signatories are unable to produce such a substitute agreement and tariff, then the signatories shall have no further obligations under this Agreement, the Tariff or any filing associated herewith.

2. In the event the FERC by order imposes conditions on approval of the Agreement or the Tariff which adversely affect any signatory in the sole judgment of that signatory, each such signatory may, no later than thirty (30) days after the date of such order and upon notice to all signatories, withdraw from this Agreement. In such event, the signatories shall in good faith, negotiate to determine whether changes should be made to this Agreement or the Tariff to address the reasons for such signatory's withdrawal.

3. In the event any state regulatory authority refuses to permit participation by a signatory or imposes conditions on such participation which adversely affect a signatory in the sole judgment of that signatory, such signatory or any other signatory that is, in its sole judgment, adversely affected by such regulatory action (whether or not the signatory is subject to that

regulatory authority's jurisdiction) may, no later than thirty (30) days after the date of such action, or after any such signatory concludes reasonably that the state regulatory authority has refused to act, and upon notice to all signatories, withdraw from this Agreement. In such event, the signatories shall, negotiate in good faith to determine whether changes should be made to this Agreement or the Tariff to address the reasons for such signatory's withdrawal.

4. In the event any other governmental body takes an action (or fails to take a necessary action) which adversely affects a signatory, in the sole judgment of such signatory, such signatory, that is, in its sole judgment, adversely affected by such governmental action or any other signatory (whether or not the signatory is subject to that regulatory authority's jurisdiction) may, no later than thirty (30) days after the date of such action, or after any such signatory concludes reasonably that the governmental body has refused to act, and upon notice to all signatories, withdraw from this Agreement without any additional FERC authorization. In such event, the signatories hereto shall, in good faith, negotiate to determine whether changes should be made to this Agreement or the Tariff to address the reasons for such signatory's withdrawal.

If the Internal Revenue Service or any other federal or state taxing authority issues, or fails to issue, any ruling, or imposes any requirement or obligation, in connection with this Agreement or MISO, adverse to any signatory (in the sole judgment of such signatory), then, within thirty (30) days of the date of such final action, or after the signatory concludes reasonably that the governmental body has refused to act, and upon notice to all signatories, such signatory may withdraw from this Agreement without any additional FERC authorization. In such event, the signatories shall, in good faith, negotiate to determine whether changes should be made to this Agreement to address the reasons for such signatory's withdrawal.

The effectiveness of this Agreement as to an Owner which is a political subdivision of a state (hereinafter "Governmental Entity") and which has outstanding tax-exempt bonds issued to finance, in whole or in part, transmission or distribution facilities is dependent upon satisfaction or written waiver of the following conditions:

1. Receipt of an unqualified opinion of a nationally recognized bond counsel to the effect that the provisions of this Agreement do not adversely affect the exclusion from gross income of interest on any such outstanding bonds issued to finance transmission and distribution facilities under the Internal Revenue Code of 1986, as amended;

2. Receipt of an unqualified opinion of a nationally recognized bond counsel and general counsel to such Governmental Entity to the effect that the provisions of this Agreement do not constitute a breach or impairment of, or a default under, any agreement to which such Governmental Entity is a party, including, but not limited to, its master bond resolution, as amended, and any power sales contracts with its municipal members (if any), as amended, or other agreements;

3. Receipt of a certificate of the Trustee for any such outstanding bonds issued for transmission and distribution facilities to the effect that the Governmental Entity's entry into this Agreement is permitted under the master bond resolution, as amended; and

4. Receipt of an opinion of a nationally recognized bond counsel and general counsel to the Governmental Entity that such Governmental Entity has full constitutional and statutory authority to enter into this Agreement. In the event that any of the foregoing conditions are not satisfied or waived by a Governmental Entity, then the adversely affected Governmental Entity shall promptly give notice of its objections or conditions which have not been satisfied to the other signatories, and the signatories shall expeditiously attempt in good faith to negotiate a

MISO
MISO RATE SCHEDULES

C.
Effectiveness As To Certain Owners.
30.0.0

substitute agreement.

No signatory shall withdraw from this Agreement pursuant to the provision of this Article Seven, unless such signatory shall have filed a notice of withdrawal with the FERC and FERC has approved or accepted such notice or has otherwise allowed the notice to become effective.

MISO shall follow FERC-approved procedures MISO has developed for independent monitoring by contract with an independent entity. These procedures shall allow reports to be submitted directly to regulatory agencies. The monitoring entity's duties shall include monitoring the behavior of the Owners, generators, and Users to determine if there are any attempts to create transmission constraints to exclude competitors, or any other behavior that undermines the provision of transmission service. Such monitoring also shall include monitoring of the relationship between Local Balancing Authorities and MISO on an ongoing basis to determine if the split of functions between the Local Balancing Authorities and MISO creates any competitive or reliability problems affecting MISO's provision of nondiscriminatory transmission service. The monitoring entity shall make recommendations in its reports or elsewhere for any changes to MISO's rules or protocols that it believes are necessary.

MISO
MISO RATE SCHEDULES

ARTICLE NINE
MISCELLANEOUS PROVISIONS
30.0.0

The descriptive headings of Articles, Sections, Paragraphs, Subparagraphs, and other provisions of this Agreement have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any of the provisions of this Agreement.

This Agreement shall be interpreted, construed, and governed by the laws of the State of Delaware, except to the extent preempted by the laws of the United States of America.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon all of the Owners, notwithstanding that all such Owners may not have executed the same counterpart.

This Agreement shall inure to the benefit of, and be binding upon, the Owners, their respective successors and assigns permitted hereunder, but shall not be assignable by any Owner, by operation of law or otherwise, without the approval of the Board, except as to a successor in the operation of the Owner's transmission facilities committed to the operation of MISO by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such transmission facilities are acquired by such successor and such successor becomes an Owner under this Agreement.

The failure of an Owner or MISO to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of such Owner's or MISO's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather the same shall be and remain in full force and effect.

Except for Article Two, Section IX, Article Five, and Article Seven of this Agreement, each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.

If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, then the Owners shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Owners under this Agreement immediately prior to such holding, modification, or condition. If such negotiations are unsuccessful, then the Owners may exercise their individual or collective withdrawal or termination rights available under this Agreement.

Each Owner represents and warrants to the other Owners that as of the later of the date it becomes an Owner under this Agreement or the Effective Date of this Agreement as to such Owner:

1. The Owner is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized.

2. Subject to any necessary approvals by federal or state regulatory authorities of MISO, the Owner's participation in MISO, or any transactions or actions covered by this Agreement, the execution and delivery by the Owner of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Owner and do not conflict with any applicable law or with any other agreement binding upon the Owner, other than third-party joint agreements covered by Paragraph N of this Article Nine.

3. This Agreement has been duly executed and delivered by the Owner, and, subject to the conditions set forth in Subparagraph 2 of this Section H, this Agreement constitutes the legal, valid, and binding obligation on the part of the Owner, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

4. There are no actions at law, suits in equity, proceedings, or claims pending or, to the knowledge of the Owner, threatened against the Owner before or by any federal, state, foreign, or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by the Owner of its obligations hereunder.

Each Owner agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

Except as otherwise expressly provided herein, notices required under this Agreement shall be in writing and shall be sent to an Owner, Member, or MISO by U.S. mail, overnight courier, hand delivery, telefacsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by telefacsimile or other reliable electronic means.

No Owner, Member, or User shall be liable to any other Owner, Member, or User for any actions taken pursuant to the direction of MISO except in cases of the gross negligence or intentional wrong-doing of such Owner, Member or User.

This Agreement, including the appendices attached hereto, the Tariff, the Agency Agreement and other agreements referenced herein constitute the entire agreement among the Owners with respect to the subject matter of this Agreement, and no previous or contemporary oral or written representations, agreements, or understandings made by any officer, agent, or employee of any Owner shall be binding on any Owner unless contained in this Agreement, including the appendices attached hereto, the Tariff, the Agency Agreement, or other agreements referenced herein.

Each Owner agrees that it shall in good faith take all reasonable actions necessary to permit such Owner to fulfill its obligations under this Agreement. Where the consent, agreement, or approval of any Owner must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where any Owner is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, each Owner shall cooperate with all other Owners to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

This Agreement, including the appendices to this Agreement, the Tariff, and the Agency Agreement shall not be construed, interpreted, or applied in such a manner as to cause any Owner to be in material breach, anticipatory or otherwise, of any agreement (in effect on the later of the Effective Date of this Agreement as to such Owner or the date that it becomes an Owner under this Agreement) between such Owner and one or more third parties who are not Owners under this Agreement (regardless of the inclusion of one or more other Owners as parties to such agreement) for the joint ownership, operation, or maintenance of any electrical facilities covered by this Agreement, the Tariff, or the Agency Agreement.

An Owner who has such a third-party joint agreement shall discuss with the Board and the other Owners under this Agreement any material conflict between such third-party joint agreement and this Agreement, the Tariff, or the Agency Agreement raised by a third party to such joint agreement, but the resolution of such a conflict shall, vis-à-vis the Board and the other Owners under this Agreement, be and remain within the sole discretion of such Owner; provided, however, that such Owner shall, if otherwise unresolved, utilize the available remedies and dispute resolution procedures to resolve such conflict, including, but not limited to, submitting such conflict to the FERC for resolution; provided, further, that in no event shall such Owner enter into a resolution of such conflict which would impair the reliability of the Transmission System.

The Owners do not intend that MISO constitute a partnership or joint venture, and no Owner shall be entitled to act as an agent for any other Owner with respect to MISO.

IN WITNESS WHEREOF, the Owners have caused their duly authorized representatives to execute and attest this Agreement, on their respective behalves, as of the day of _____.

Signature

Name of Owner

Title of Signatory

I. Background.

It is the policy of MISO to operate in a fair and non-discriminatory manner and to implement such rules and regulations in the governance of the organization as necessary to prevent control, or the appearance of control, of the decision-making process by any Owner, Member, or User of the Transmission System; and

It is the policy of MISO to operate and plan the Transmission System without adverse distinction or preference to any Owner, Member, or User of the Transmission System, and that investments in facilities be made by the Owners as directed by MISO without discrimination; and

It is the policy of MISO that the Directors, agents, Officers, and employees of the organization, and any immediate family member thereof (*i.e.*, spouse or minor children), shall not own Prohibited Securities or have a conflict of interest with any Owner, Member, or User of the Transmission System or any affiliates of such entities.

Nothing in this Appendix A is intended to restrict or expand any rights that any federal or state regulatory authorities may have to receive or have access to any information.

II. Standards.

In furtherance of the above policies, the Standards of Conduct for MISO shall include, but not be limited to, the following Standards:

A. MISO, its Directors, agents, Officers, and employees shall operate and plan the Transmission System without adverse distinction or preference to any Owner, Member, or User of the Transmission System. In addition, the Tariff shall be applied to any Owner, Member, or User of the Transmission System without adverse distinction or preference to any of the Owners, Members, or Users of the Transmission System.

B. MISO, its Directors, agents, Officers, and employees must strictly enforce all Tariff provisions relating to the sale or purchase of open access transmission service if the Tariff does not otherwise allow for the exercise of discretion, must apply all Tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner and shall not treat any Transmission Customers in an unduly discriminatory manner, and may not give undue preference to any person in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).

C. The operation of MISO shall be conducted in such a manner that it shall be separate from the operations of the Owners, Members, or Users of the Transmission System.

D. MISO, in operating its business, shall require any consultant, contractor, and/or subcontractor of MISO to disclose to MISO all financial affiliations and conflicts of interest with Owners, Members, or Users of the Transmission System. MISO shall have the discretion to determine if the contents of such disclosure warrant disqualification of such consultant, contractor, or subcontractor.

E. No MISO Director, agent, Officer, or employee, or any immediate family member thereof (*i.e.*, spouse or minor children), shall have any involvement in the sale of electric energy at wholesale or retail except as required or allowed by this Agreement or the Tariff.

F. The Directors, agents, Officers, and employees of MISO, and any immediate family member thereof (*i.e.*, spouse or minor children), shall not stand to be financially benefited by any transaction with any of the Owners, Members, or Users of the Transmission System. Each Director, agent, Officer, and employee of MISO in a decision-making position shall certify in writing that he does not have a direct financial interest in any Owner, Member, or User of the

Transmission System and that a conflict of interest does not exist. Further, no MISO Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), may directly own Prohibited Securities except under the following circumstances:

1. Each MISO Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), shall dispose of those Prohibited Securities or transfer such Prohibited Securities to a non-discretionary blind trust within six (6) months of the time of his affiliation or employment with MISO.

2. Each MISO Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), shall dispose of those Prohibited Securities or transfer such Prohibited Securities to a non-discretionary blind trust within six (6) months of the time a new Owner or Member is added, or a new User of the Transmission System begins taking service under the Tariff, where the MISO Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), owns Prohibited Securities of such User, Owner, or Member.

3. If a MISO Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), receives a gift or inheritance that contains Prohibited Securities, he must dispose of such Prohibited Securities or transfer such Prohibited Securities to a non-discretionary blind trust within six (6) months of the date of receipt.

4. Nothing in this Paragraph F shall be interpreted to preclude a Director, agent, Officer, or employee of MISO, or immediate family member thereof (*i.e.*, spouse or minor children), from indirectly owning Prohibited Securities through a mutual fund, blind trust or similar arrangement (other than a fund or arrangement specifically targeted

towards the electric industry or the electric utility industry, or any segments thereof) under which the Director, agent, Officer, or employee, or immediate family member thereof (*i.e.*, spouse or minor children), does not control the purchase or sale of such Prohibited Securities.

5. Participation in a pension plan of an Owner, Member, or User of the Transmission System shall not be deemed to be a direct financial benefit as long as such pension plan is a defined benefit pension plan that does not involve direct ownership of Prohibited Securities.

6. For the purposes of this Agreement, a “blind trust” means a legally binding arrangement in which a fiduciary third party trustee (the administrator of the trust) has full management discretion over the assets of the trust (the Prohibited Securities), and the trust beneficiary (*i.e.*, the MISO Director, agent, Officer or employee), or immediate family member thereof (*i.e.*, spouse or minor children), has no knowledge of the holdings or assets of the trust.

G. MISO's Directors, agents, Officers and employees shall not provide non-public transmission and reliability (hereinafter “T/R”) information (including T/R information obtained from the Owners, Members, and Users of the Transmission System in the normal course of MISO's business) to anyone outside MISO, except for such disclosure of information to T/R employees of Owners (as determined under the applicable standards of the FERC) to the extent necessary to transact MISO business. The T/R employees of Owners, in turn, are governed by 18 CFR Part 358 or successor standards of the FERC -- standards of conduct -- as far as sharing any such information with their respective merchant employees, as determined under the applicable standards of the FERC. MISO shall maintain the confidentiality of any market

information obtained from merchant employees of any User of the Transmission System or other entity.

H. If an employee of MISO discloses confidential information relating to the operation or function of the organization (other than CEII as discussed further in paragraph 1 below), which disclosure is contrary to the Standards of Conduct, then notice of such disclosure shall be posted immediately on MISO's OASIS (or successor system as approved by the FERC).

1. The above requirement notwithstanding, if an employee of MISO discloses, in a manner contrary to the Standards of Conduct, non-public Transmission Customer information that is critical energy infrastructure information (CEII) as defined in 18 C.F.R. § 388.113(c)(1) or any successor provision, or any other information that the FERC by law has determined is to be subject to limited dissemination, MISO must immediately post notice of the disclosure on its OASIS. If the disclosure is made as part of a MISO filing with the FERC, MISO will correct such filing.

I. MISO's Directors, agents, Officers, and employees shall treat all information supplied by an entity seeking transmission service under the Tariff, or supplied in connection with MISO's coordination center(s) operations, as confidential, unless or until the information is required to be posted on MISO's OASIS, or the entity seeking transmission service agrees that the information can be disclosed, or the information is otherwise publicly available.

Notwithstanding the restrictions contained in this Paragraph I, MISO's Directors, agents, Officers, and employees may share information with the North American Electric Reliability Corporation (hereinafter "NERC") or any applicable Regional Entity where required to satisfy the reliability standards or applicable requirements of NERC or successor reliability

entity. To the extent required by FERC regulations, such information shall be put on MISO's OASIS.

J. MISO's Directors, agents, Officers, and employees shall not give preferential access to transmission information, or any other information, to any third party.

MISO's Directors, agents, Officers, and employees shall be prohibited from providing to any entity engaged in wholesale or retail sales of electric energy, or to any employee, representative, or agent of any such entity (except T/R employees as provided in Section II, Paragraph G of this Appendix A), information regarding the Transmission System covered by the Tariff, unless that information is: (i) posted on MISO's OASIS; (ii) otherwise available to the general public without restriction; or (iii) is the type of information disclosed to any third party on a nonpreferential basis. Any disclosure of transmission information not in compliance with this Paragraph J shall, once identified, be posted immediately on MISO's OASIS unless such disclosure: (1) occurs during emergency circumstances and is information necessary to maintain or restore operation of the Transmission System or generating units; or (2) may affect the dispatch of generating units, during an emergency or exigent circumstance. In such case, a record of the exchange must be made as soon as practicable after the fact. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and must be retained for a period of five (5) years. MISO shall make such record available to the FERC upon request.

1. Directors, Officers, agents, and employees of MISO may discuss with a marketing function employee of any User of the Transmission System a specific request for transmission service submitted by the marketing function employee of the User.

MISO is not required to contemporaneously disclose information that relates solely to such marketing function employee's specific request for transmission service.

K. Directors, Officers, agents, and employees of MISO shall strictly enforce all Tariff provisions established by MISO. In the event any Director, Officer, agent, or employee of MISO may exercise his discretion to waive a Tariff provision, or is allowed by the Tariff to waive enforcement of a Tariff provision with respect to transactions or actions covered by the Tariff, then such waiver shall be exercised fairly and impartially, and such event shall be logged, available for FERC review upon request, and retained for a period of five (5) years from the date of the waiver.

L. No employee, agent, or contractor of any entity engaged in wholesale or retail sales of electric energy shall have access to MISO's coordination center(s), except for educational tours approved by the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) where notification of such tours is posted on MISO's OASIS.

M. MISO shall maintain its books and records separately from those of any Owner, Member, or User of the Transmission System.

N. MISO shall establish a complaint procedure for alleged violations of any of the Standards of Conduct set forth in this Appendix A. The complaint procedure shall provide for the opportunity of alternative dispute resolution, as set forth in the Tariff.

O. MISO shall inform and train MISO's Directors, agents, Officers, and employees with regard to these Standards of Conduct. MISO shall distribute copies of these Standards of Conduct to each MISO Director, agent, Officer, and employee, and require that each such Director, agent, Officer and employee execute the attached compliance statement. MISO shall

monitor compliance with these Standards of Conduct. Any Director, agent, Officer, or employee of MISO failing to comply with these Standards of Conduct may be subject to disciplinary action. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, monetary fines, or termination, which discipline shall be within the discretion of MISO.

COMPLIANCE STATEMENT

I, _____, as a Director, agent, Officer, or employee of MISO, hereby confirm that I have been informed of, provided a copy of and received training on MISO's Standards of Conduct pursuant to Appendix A of the MISO Transmission Owners Agreement and agree to comply with these Standards.

I understand that MISO shall monitor compliance with its Standards of Conduct, and that any Director, agent, Officer, or employee of MISO failing to comply with such Standards of Conduct may be subject to disciplinary action, which may take the form of reprimand, suspension without pay, limitation in scope of responsibilities, monetary fines, or termination, all of which are within the discretion of MISO.

Date: _____

(Signature)

Printed Name: _____

(Title)

I. Overview.

This Appendix B describes the process to be used by MISO in planning the Transmission System. Nothing in this Appendix is intended to restrict or expand existing state laws or regulatory authority.

The following transmission facilities of the Owners shall constitute the Transmission System for which MISO shall be responsible for operating and planning by the terms of the Agreement: (i) all networked transmission facilities above 100 kilovolts (hereinafter “kV”); and (ii) all networked transformers whose two (2) highest voltages qualify under the voltage criteria of item (i).

Network transmission facilities (including terminal equipment) are (i) transmission elements capable of carrying power in both directions for sustained periods, and (ii) components that are connected to such transmission facilities and are used for voltage or stability control of the Transmission System, including shunt inductors, shunt capacitors, and synchronous condensers. Appendix H to the Agreement identifies the facilities that constitute the Transmission System for which MISO shall have operating and planning responsibility.

MISO may direct the Owners to assign Non-transferred Transmission Facilities to its control as part of the Transmission System, subject to obtaining any necessary approvals of federal or state regulatory authorities, when such action is determined to be necessary to relieve a constraint or for reliability purposes. MISO also may require that Owners take back control of facilities included in the Transmission System subject to any such necessary approvals. If an Owner disputes such an order from MISO, the dispute shall be resolved pursuant to the dispute resolution provisions set forth in Attachment HH of the Tariff.

With regard to Non-transferred Transmission Facilities, MISO shall review and comment on the plans developed by the Owners of these facilities. With respect to such facilities, MISO shall have only that planning authority necessary to carry out its responsibilities under the Tariff. Thus, MISO, when performing System Impact and Facilities Studies under the Tariff, shall treat these Non-transferred Transmission Facilities just as it would facilities comprising the Transmission System. Similarly, MISO shall require Owners to make ATC determinations involving such Non-transferred Transmission Facilities under the Tariff. MISO shall coordinate the analyses of ATC associated with Non-transferred Transmission Facilities with the affected Owners. Any disputes concerning Non-transferred Transmission Facilities shall be subject to the dispute resolution procedures under Attachment HH of the Tariff.

The planning of all Non-transferred Transmission Facilities, as well as all distribution facilities, shall be done by the Owners. Furthermore, each Owner, in carrying out its planning responsibilities to meet the reliability needs of all loads connected to the Owner's transmission facilities and to pursue projects that will promote expanded trading in generation markets, to better integrate the grid and to alleviate congestion may, as appropriate, develop and propose plans involving modifications to any of the Owner's transmission facilities which are part of the Transmission System. All such plans developed by the Owners may be incorporated into the MISO regional plan, as described in Section VI of this Appendix B. Plans developed by the Owners that involve only Non-transferred Transmission Facilities may be incorporated into the MISO regional plan, as appropriate. The Owners shall continue to have planning responsibilities for meeting their respective transmission needs in collaboration with MISO subject to the requirements of applicable state law or regulatory authority.

II. MISO Planning Staff And The Planning Advisory Committee.

The planning function of MISO shall be the responsibility of the MISO Planning Staff (hereinafter “Planning Staff”). The process for carrying out the planning of MISO shall be collaborative with Owners, Users, the OMS Committee, and other interested parties. MISO shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the Agreement and the Tariff. In exercising such authority, MISO shall (i) evaluate and respond to requests for transmission service that extend into or fall within the “Planning Time Horizon” (defined as two (2) weeks and beyond); and (ii) develop a comprehensive MISO-wide transmission plan (hereinafter the “MISO Plan”). In order to carry out this planning function, the Planning Staff shall have the following responsibilities, set forth in more detail in subsequent Sections of this Appendix B: (i) to calculate ATC in the Planning Time Horizon; (ii) to process transmission service requests in the Planning Time Horizon; (iii) to develop cost-effective plans to resolve transmission constraints that would otherwise preclude requested transmission service; and (iv) to create the MISO Plan by integrating, evaluating, and modifying the transmission plans, and other findings from (a) Facilities Studies, (b) plans and analyses developed by the individual Owners, and/or sub-regional groups, to define needs within the Owner’s system(s), (c) plans and analyses developed by the Planning Staff to define regional needs, and (d) Planning Staff analyses giving consideration to information from the Planning Advisory Committee (established under this Appendix B) and other sources. MISO shall make the final determination in the process, subject to the Dispute Resolution procedures under Attachment HH of the Tariff and subject to review by the FERC or state regulatory authorities where appropriate.

The Planning Advisory Committee consists of one (1) representative from each of the constituent groups represented on the Advisory Committee established pursuant to Article Two,

Section VI, Paragraph A of this Agreement. The Planning Advisory Committee shall be a source of input to the Planning Staff concerning the development of the MISO Plan. The Planning Staff shall exercise its discretion in how it utilizes this advice in carrying out its responsibilities.

III. Calculation Of ATC.

The Planning Staff shall be responsible for calculating ATC of the Transmission System for the Planning Time Horizon. In calculating ATC, the Planning Staff shall: (i) take into account transmission limits that may appear regardless of whether such limits involve transferred Transmission System facilities or Non-transferred Transmission Facilities; (ii) use planning criteria which are compatible with operations, including the use of appropriate equipment ratings; (iii) follow the general principles set forth in the NERC documents, *Transfer Capability* (May 1995) and *Available Transfer Capability: Definition and Determination* (June 1996), as those documents may be revised from time to time; (iv) provide for projected load growth, all relevant committed transactions and their resulting power flows throughout the interconnection; and (v) use appropriate analytical tools to determine thermal, voltage, and stability constraints.

The Planning Staff shall adhere to applicable reliability criteria of NERC, applicable Regional Entities, or successor organizations, and Owner's planning criteria filed with federal, state, or local regulatory authorities. In the event that the Planning Staff questions the appropriateness of such Owner's planning criteria, the matter may be resolved through the Dispute Resolution process provided for in Attachment HH of the Tariff. Until any such dispute is resolved, the Owner's criteria shall govern. The Planning Staff shall also apply equipment capability ratings provided by the Owners for their respective Transmission System facilities. The process to be used by the Planning Staff to validate the ratings is discussed in Section V of this Appendix B. Disputes regarding equipment capability ratings may be resolved through the

Dispute Resolution process provided for in Attachment HH of the Tariff. The Planning Staff shall at all times comply with the procedures of the Tariff for calculating ATC.

IV. Evaluation Of Transmission Service Requests.

The Planning Staff shall receive, evaluate, and respond to all requests for transmission service that extends into or occurs within the Planning Time Horizon and involves the use of the Transmission System. With respect to all such requests, the Planning Staff shall analyze and make the determination on access to the Transmission System, including the amount of firm (non-recallable) and/or non-firm (recallable) service which the Transmission System can support. The Planning Staff shall document all requests for transmission service, the disposition of those requests, and supporting data. The Planning Staff shall coordinate with the Owners to process requests for service involving the use of Non-transferred Transmission Facilities and distribution facilities relating to service under the Tariff. The Planning Staff shall consult with the transmission planning representatives of the Owners and/or operators of the affected transmission facilities on matters such as equipment, procedures, maintenance, reliability, and public or worker safety. The Planning Staff shall provide the transmission planning representatives of each Owner with sufficient information to model local conditions and to monitor local consequences of MISO decisions by the Planning Staff related to ATC values and requests for transmission service. Any dispute regarding ATC calculations shall be subject to the applicable Dispute Resolution procedures in Attachment HH of the Tariff.

V. Resolution Of Transmission Constraints.

When the evaluation of posted ATCs reveals apparent transmission constraints that would preclude a requested firm transaction, the Planning Staff shall investigate the ability of operating guides and redispatch of generation to permit the transaction to proceed, to the extent

that available information, in the form of existing studies and models, permit. In evaluating and resolving transmission constraints, the Planning Staff shall act in a manner consistent with the provisions of the Tariff.

The Planning Staff shall follow the procedures of the Tariff when conducting System Impact and Facilities Studies. Upon receipt of an approved Facilities Study Agreement, the Planning Staff shall form, chair, and direct the activities of an Ad Hoc Planning Committee that includes representatives of all affected Owners. The Ad Hoc Planning Committee shall develop expansion alternatives, perform the described studies, and develop the resulting options, costs, and service agreement which shall be provided to the transmission customer by the Planning Staff.

Each Owner shall file with MISO information regarding the physical ratings of all of its equipment in the Transmission System. This information is intended to reflect the normal and emergency ratings routinely used in regional load flow and stability analyses. In carrying out its responsibilities, MISO shall apply ratings that have been provided by the respective Owners and have been verified and accepted as appropriate by MISO where such ratings affect MISO reliability. When requested by MISO, Owners shall provide specific methods by which the ratings of equipment are calculated. If the Planning Staff and the Owners' respective planning representatives cannot reach agreement on a rating, the dispute shall be resolved through the Dispute Resolution process provided in Attachment HH of the Tariff. However, MISO shall use the ratings provided by the Owner unless and until such ratings are changed through the Dispute Resolution process or by voluntary agreement with the affected Owner.

VI. Development Of The MISO Transmission Plan.

The Planning Staff, working in collaboration with representatives of the Owners, the OMS Committee, and the Planning Advisory Committee, shall develop the MISO Plan, consistent with Good Utility Practice and taking into consideration long-range planning horizons, as appropriate. The Planning Staff shall develop this plan for expected use patterns and analyze the performance of the Transmission System in meeting both reliability needs and the needs of the competitive bulk power market, under a wide variety of contingency conditions. The MISO Plan will give full consideration to all market participants, including demand-side options, and identify expansions needed to support competition in bulk power markets and in maintaining reliability. This analysis and planning process shall integrate into the development of the MISO Plan among other things: (i) the transmission needs identified from Facilities Studies carried out in connection with specific transmission service requests; (ii) the transmission needs identified by the Owners in connection with their planning analyses to provide reliable power supply to their connected load customers and to expand trading opportunities, better integrate the grid and alleviate congestion; (iii) the transmission planning obligations of an Owner, imposed by federal or state law(s) or regulatory authorities, which can no longer be performed solely by the Owner following transfer of functional control of its transmission facilities to MISO; (iv) the inputs provided by the Planning Advisory Committee; (v) the inputs, if any, provided by the state regulatory authorities having jurisdiction over any of the Transmission Owners; and (vi) the OMS Committee. In the course of this process, the Planning Staff shall seek out opportunities to coordinate or consolidate, where possible, individually defined transmission projects into more comprehensive cost-effective developments subject to the limitations imposed by prior commitments and lead time constraints. This multi-party collaborative process is designed to

ensure the development of the most efficient and cost-effective MISO Plan that will meet reliability needs and expand trading opportunities, better integrate the grid, and alleviate congestion, while giving consideration to the inputs from all stakeholders.

The Planning Staff shall test the MISO Plan for adequacy and reliability based on all applicable criteria. The MISO Plan shall adhere to applicable reliability requirements of NERC, Regional Entities, or successor organizations, and Owners' planning criteria filed with federal, state, or local regulatory authorities, and applicable federal, state and local system planning and operating reliability criteria. If the Planning Staff and any Owner's planning representatives cannot reach agreement on any element of the MISO Plan, the dispute may be resolved through the Dispute Resolution process provided in Attachment HH of the Tariff or by the FERC or state regulatory authorities, where appropriate. The MISO Plan shall have as one of its goals the satisfaction of all regulatory requirements. That is, MISO shall not require that projects be undertaken where it is expected that the necessary regulatory approvals for construction and cost recovery will not be obtained.

The Planning Staff shall present the MISO Plan, along with a summary of relevant alternatives that were not selected, to the Board for approval on a biennial basis, or more frequently if needed. The proposed MISO Plan shall include specific projects already approved as a result of MISO entering into service agreements with transmission customers where such agreements provide for identification of needed transmission construction, its timetable, cost, and Owner or other parties' construction responsibilities.

Except for facilities that are Competitive Transmission Projects as defined in the Tariff and subject to the transmission developer selection process set forth in Attachment FF, Section VIII of the Tariff, Baseline Reliability Projects as defined in the Tariff located in more than one

pricing zone, or Immediate Need Reliability Projects as defined in the Tariff located in more than one pricing zone: (i) ownership and the responsibility to construct facilities which are connected to a single Owner's system belong to that Owner, and that Owner is responsible for maintaining such facilities; (ii) ownership and the responsibilities to construct facilities which are connected between two (2) or more Owners' facilities belong equally to each Owner, unless such Owners otherwise agree, and the responsibility for maintaining such facilities belongs to the Owners of the facilities unless otherwise agreed by such Owners; and (iii) ownership and the responsibility to construct facilities which are connected between an Owner(s)' system and a system or systems that are not part of MISO belong to such Owner(s) unless the Owner(s) and the non-MISO party or parties otherwise agree, however, the responsibility to maintain the facilities remains with the Owner(s) unless otherwise agreed. For Baseline Reliability Projects as that term is defined in the Tariff located in more than one pricing zone, and Immediate Need Reliability Projects as that term is defined in the Tariff located in more than one pricing zone: (i) ownership and the responsibility to construct Baseline Reliability Projects or Immediate Need Reliability Projects which are connected to a single Owner's system belong to that Owner, and that Owner is responsible for maintaining such facilities; (ii) ownership and the responsibilities to construct Baseline Reliability Projects or Immediate Need Reliability Projects which are connected between two (2) or more Owners' facilities belong proportionally to each Owner based on the proportion of the Baseline Reliability Project or Immediate Need Reliability Project facilities located in each Owner's pricing zone and the responsibility for maintaining such facilities belongs to the Owners of the facilities unless otherwise agreed by such Owners; and (iii) ownership and the responsibility to construct Baseline Reliability Projects or Immediate Need Reliability Projects which are connected between an Owner(s)' system and a system or systems

that are not part of MISO belong to such Owner(s) unless the Owner(s) and the non-MISO party or parties otherwise agree, however, the responsibility to maintain the facilities remains with the Owner(s) unless otherwise agreed. Each Owner has the exclusive right to upgrade, modify, alter, or replace its own facilities and its interests in real estate as defined in the Uniform System of Accounts Account Nos. 105, 350, or 380, regardless of whether facility costs are regionally allocated.

The designated Owner or Selected Developer, as defined in the Tariff, has the responsibility and obligation to construct the facilities it is designated to construct. If the designated Owner and/or Selected Developer is financially incapable of carrying out its construction responsibilities or would suffer demonstrable financial harm from such construction, alternate construction arrangements shall be identified. Depending on the specific circumstances, such alternate arrangements shall include solicitation of other Owners or others to take on financial and/or construction responsibilities. Third-parties shall be permitted and are encouraged to participate in the financing, construction and ownership of new transmission facilities as specified in the MISO Plan. In the event interest among other Owners or other entities is not sufficient to proceed, all Owners, subject to applicable regulatory requirements, shall be responsible for sharing in the financing of the project and/or hiring of a contractor(s) to construct the needed transmission facility; provided, however, the Owners' obligations under this sentence shall be subject to the Owners being satisfied that they will be compensated fully for their investments and will not be subject to additional regulatory requirements, unless the Owners otherwise agree to waive either or both of these requirements.

Approval of the MISO Plan by the Board certifies it as the MISO's plan for meeting the transmission needs of all stakeholders subject to any required approvals by federal or state

regulatory authorities. MISO shall provide a copy of the MISO Plan to all applicable federal and state regulatory authorities. The affected Owner(s) shall make a good faith effort to design, certify, and build the designated facilities to fulfill the approved MISO Plan. However, in the event that a proposed project is being challenged through the Dispute Resolution process under Attachment HH of the Tariff, the obligation of the Owners to build that specific project (subject to required approvals) is waived until the project emerges from the Dispute Resolution process as an approved project. In the event that selection of the Selected Developer to construct a project is being challenged through the Dispute Resolution Process under Attachment HH of the Tariff, the obligation of the Selected Developer to construct the project pursuant to the Selected Developer Agreement is not waived. The Board shall allow the Owners to optimize the final design of specific facilities and their in-service dates if necessary to accommodate changing conditions, provided that such changes comport with the approved MISO Plan and provided that any such changes are accepted by MISO. Any disagreements concerning such matters shall be subject to the Dispute Resolution process under Attachment HH of the Tariff.

The Planning Staff shall assist the affected Owner(s) in justifying the need for, and obtaining certification of, any facilities required by the approved MISO Plan by preparing and presenting testimony in any proceedings before state or federal courts, regulatory authorities, or other agencies as may be required. MISO shall publish annually, and distribute to all Members and all appropriate state regulatory authorities, a five-to-ten-year (5-to-10-year) planning report of forecasted transmission requirements. Annual reports and planning reports shall be available to the general public upon request.

VII. Planning Responsibilities Of Owners.

To fulfill their roles in the collaborative process for the development of the MISO Plan, the Owners shall develop expansion plans for their transmission facilities while taking into consideration the needs of (i) connected loads, including load growth, (ii) new customers and new generation sources within the Owner's system, and (iii) known transmission service requests. Any plans that call for modifications to the Transmission System which would significantly affect ATC must be approved by MISO before being implemented. However, MISO shall develop a streamlined approval process for reviewing and approving projects proposed by the Owners so that decisions will be provided to the Owner within thirty (30) days of the projects submittal to MISO unless a longer review period is mutually agreed upon. Any dispute concerning such matters shall be subject to the Dispute Resolution procedures under Attachment HH of the Tariff. In the event that MISO fails to act or produce results through the Dispute Resolution procedures under the Agreement within a reasonable time (as determined by the Board) of the Owner's submission of its proposed projects, approval of the proposed project(s) by MISO shall be automatically conveyed to the affected Owner(s), subject to all requisite approvals.

Owners shall provide to the Planning Staff any necessary modeling or supporting data, planning criteria applicable to the Owner's system, and system-specific operating procedures. Owners shall carry out other duties deemed appropriate by the Owners that support the objectives of the MISO planning process, the calculation of ATC, or regional reliability analyses. Owners shall participate in the integration and testing of the MISO Plan. Owners shall serve on Ad Hoc Planning Committees established by the Planning Staff to respond to transmission service requests and other matters. Owners shall also calculate ATC at points of delivery to or receipt from Non-transferred Transmission Facilities and distribution facilities.

VIII. Coordination Between MISO Operating And Planning Staffs.

The Planning Staff shall provide support to the MISO Operating Staff (hereinafter “Operating Staff”) in determining and posting ATC during the Operating Time Horizon (as defined by the Operating Staff) and in developing and reviewing operating procedures. The Planning Staff also shall assist the Operating Staff by performing operational planning assessments for near-term system configurations. Within their respective time horizons, the Operating and Planning Staffs shall have the same general responsibilities for determining whether the Transmission System can accommodate a specific transaction. The Planning Staff shall be responsible for all responses to requests for transmission service that require an expansion of the Transmission System or Non-transferred Transmission Facilities.

IX. Miscellaneous Responsibilities Of Planning Staff.

Among its general responsibilities, the Planning Staff shall: (i) review and comment on Owners’ transmission plans; (ii) provide general oversight of all studies performed by Owners for MISO; (iii) identify alternatives for further study and review that could increase the efficient and economic use of the Transmission System; (iv) analyze and assess the Transmission System periodically to ensure operational reliability, adequacy, and security, and that the long-term needs of transmission customers are being met; (v) facilitate communications among Owners, transmission customers, generation suppliers, the OMS Committee, and other stakeholders; and (vi) periodically monitor real-time data to identify emerging trends that require modification of planning assumptions to assure the reliable operation of the Transmission System in the future.

The following represents the agreement of the Owners on pricing, revenue distribution, the return of Start-up Costs contributed by the Owners, and on the renegotiation procedures for certain Grandfathered Agreements.

I. Additional Definitions. Unless the context otherwise specifies or requires, the following additional definitions apply to this Appendix C, and, when used in this Appendix C, the following terms shall have the respective meanings set forth below.

A. Border Owner. A MISO Owner whose transmission facilities are interconnected with those of a non-MISO owner.

B. Bundled Load. The aggregate usage by customers who purchase electric services as a single service or customers who purchase electric services under a retail tariff rate schedule that includes power, energy and delivery components, as distinguished from customers who purchase Transmission Service as a separate service.

C. Drive-in. Point-to-Point Transmission Service where the generation source is outside MISO and the load is located within MISO.

D. Drive-out. Point-to-Point Transmission Service where the generation source is located within MISO and the load is located outside of MISO.

E. Drive-through. Point-to-Point Transmission Service where both the generation source and the load are located outside of MISO.

F. Drive-within. Point-to-Point Transmission Service where both the generation source and the load are located within MISO.

G. First Substantive Order. The order issued by the FERC on September 16, 1998 accepting for filing this Agreement and the Tariff (84 FERC ¶ 61,231).

H. Grandfathered Agreements. For revenue distribution purposes, the following types of agreements shall be considered Grandfathered Agreements: (i) non open access tariff transmission service agreements executed before the First Substantive Order date; (ii) bundled contracts which include transmission service as part of the contract executed prior to the First Substantive Order date; (iii) network and long-term firm Point-to-Point Transmission Service agreements executed prior to the First Substantive Order date; (iv) accepted and confirmed short-term firm and non-firm Point-to-Point Transmission transactions under open access transmission tariffs which were accepted and confirmed prior to the First Substantive Order date; and (v) Transmission Service agreements executed pursuant to Schedule F of the Mid-Continent Area Power Pool Open-Access Transmission Tariff executed prior to the Transfer Date.

For pricing purposes, the first, second, and fifth categories above shall be Grandfathered Agreements. The third and fourth categories of agreements shall be considered only Grandfathered Agreements for pricing purposes if the pricing terms cannot be changed under sections 205 and 206 of the FPA (except under the *Mobile-Sierra* “public interest” standard).

I. Host Zone. The Zone where load is physically connected to the MISO transmission network either directly or through a distribution system.

J. Load Serving Entity. Any entity that, has undertaken an obligation to provide or obtain electric energy for end-use customers by statute, franchise, regulatory requirement or contract for load located within or attached to the Transmission System. Where a distribution cooperative or a municipal distribution system otherwise covered by the prior sentence is a wholesale customer of a generation and transmission cooperative or a municipal joint action agency, the generation and transmission cooperative or municipal joint action agency may act as the Load Serving Entity for such distribution cooperative or municipal distribution system.

K. Network Transmission Service. Defined the same as in the definition of Network Integration Transmission Service in the Tariff.

L. Point-to-Point Transmission Service. Defined the same as in the definition of the same term in the Tariff.

M. Transition Period. The period from February 1, 2002 through January 31, 2008.

N. Zone(s). The transmission pricing zone(s) identified in the Tariff as it (they) may be changed pursuant to this Appendix C.

II. Pricing.

A. Rates and Procedures Applicable during the Transition Period.

The following are the major elements of MISO pricing during the Transition Period:

1. **Transition Period Rates.**

a. During the Transition Period, MISO shall employ a Zonal pricing structure for both Network Transmission Service and Point-to-Point Transmission Service associated with loads physically located within a MISO Zone. The Zonal rates for each Zone shall be based on the costs of the booked transmission facilities within the Zone. Payment of the Zonal rate allows the customer to obtain transmission service over the facilities covered by the Tariff without paying additional base transmission charges. The Zones shall be as specified in the Tariff submitted as part of the initial filing with the FERC to establish MISO or to add a new Owner that is a transmission provider and is or would have been a specified zone for pricing under an existing or proposed regional transmission tariff. The Zones only may be changed to reflect the effectuation of a merger (or consolidation and reorganization), to add a new Owner

that operates a balancing authority area in existence on or before the date of the initial filing with the FERC to establish MISO, or to reflect the withdrawal from MISO of an Owner or Owners.

b. The rates for Network Transmission Service and Drive-in and Drive-within Point-to-Point Transmission Service shall be the rates for the Zone in which the load is located. The rates for Drive-through and Drive-out Point-to-Point Transmission Service shall be the single MISO system-wide rate calculated as set forth in the Tariff.

2. Applicability to All Load

a. Each Owner, to the extent it is a Load Serving Entity, shall take Network Transmission Service or Point-to-Point Transmission Service from MISO in accordance with the Tariff, subject to the limitations in this Part II, Paragraph A.3 subparts a. through e. below for (1) Bundled Load served by a Load Serving Entity; and (2) load being served at wholesale under a Grandfathered Agreement. Each Owner that is a Load Serving Entity shall enter into a service agreement(s) under the Tariff with MISO for such Transmission Service. An Owner, making contractual arrangements to act as agent on behalf of another Owner(s) with load located in the same pricing zone subject to Grandfathered Agreements, will be permitted to make arrangements for Network Transmission Service or Point-to-Point Transmission Service with MISO for load served by the other Owner(s).

b. All other Load Serving Entities not covered under Part II, Paragraph A.2 subpart a. above shall take Network Transmission Service or Point-to-Point Transmission Service from MISO in accordance with the Tariff and shall enter into a service agreement(s) under the Tariff with MISO for such Transmission Service. An Owner that is not the Load Serving Entity may make contractual arrangements to act as agent on behalf of the Load Serving Entity for payment of the applicable Schedule 10 charges.

3. Limitations on Charges and Cost Responsibilities.

a. **Bundled Load:** Owners taking Network Transmission Service to serve their Bundled Load shall not pay charges pursuant to Schedules 1 through 6 and Schedule 9 and also shall not be responsible for losses from network resources located within their Local Balancing Authority Areas or pricing zone pursuant to Attachment M. The Owner, however, shall be responsible for losses under Attachment M for network resources located outside of its Local Balancing Authority Area or pricing zone that are within or attached to the Transmission System.

b. **Grandfathered Agreements for Load Inside of MISO:** For the transmission service provided as a result of or pursuant to Grandfathered Agreements for load inside of MISO, each Owner which is a party to that Grandfathered Agreement shall not be obligated to pay charges under Schedules 1 through 9, nor shall it be responsible for losses under Attachment M. Each Owner shall remain responsible for payment of the applicable Schedule 10 charges for the services taken pursuant to Section II, Paragraph A.2, subpart a above for its load, which may include wholesale loads under Grandfathered Agreements.

c. **Grandfathered Agreements for Load Outside of MISO:** For the transmission service provided as a result of or pursuant to Grandfathered Agreements for load outside of MISO, the Owner shall be exempt from rates under this Tariff for services provided pursuant to the existing agreements, except for charges under Schedule 10, which will reimburse MISO for the services it performs.

d. **Exception to Section II(A)(3)(b) and (c):** Notwithstanding the provisions of this Section II, Paragraph A. 3 subparts b. and c. above, (i) if ancillary services are not taken or provided under the Grandfathered Agreement, in whole or in part, then such

ancillary services which are not provided under such Grandfathered Agreement shall be provided and charged for under the Tariff; and (ii) if losses are not provided or paid for under the Grandfathered Agreement, then losses shall be provided in accordance with Attachment M.

e. **Direct Billing to Customers under Grandfathered Agreement:**

Once a Service Agreement, either executed or unexecuted, between MISO and the customer which is a party to the Grandfathered Agreement is effective, MISO shall bill the customer for Schedule 10 charges associated with providing service rather than the Owner.

f. Service under Grandfathered Agreements shall continue according to their terms. Grandfathered Agreements are listed in Attachment P to the Tariff.

B. Rates and Procedures Applicable after the Transition Period

1. Rates.

a. The rates for Point-to-Point and Network Transmission Service shall be the same as the rates during the Transition Period which are specified in Section II, Paragraph A.1 above except under the conditions specified in subparagraphs b or c of this paragraph B.1.

b. MISO shall file to combine zones (i) if all of the Owners in the Zones to be combined that are paying MISO for transmission service associated with Bundled Load agree to combine such zones; (ii) if all of the Owners in contiguous Zones that are paying MISO for transmission service associated with Bundled Load are allowed to recover amounts they pay MISO for such transmission service in the applicable rates; provided, however, any Owner may agree to have zones combined whether or not the Owner recovers or is assured recovery of payments to MISO; or (iii) if there are contiguous zones that are to be combined where there are no Owners paying MISO for transmission service associated with Bundled Load.

c. MISO shall file a revision to the rate formula which is set forth in Attachment O to the Tariff to implement MISO system-wide transmission rates (i.e., the same transmission rate shall apply to all customers) (i) if all Owners paying MISO for transmission service associated with Bundled Load agree; (ii) if all Owners that are paying MISO for transmission service associated with Bundled Load are allowed to recover such payments; or (iii) there are no Owners paying MISO for transmission service associated with Bundled Load.

d. In order to implement and facilitate any rate revisions to paragraphs b and c of this Section II.B.1., MISO shall establish procedures to provide for the development and submission of a filing to FERC, which shall be submitted at least six months before the end of the Transition Period.

2. Load under the Tariff. The Tariff shall be applicable to all transmission service arranged over MISO transmission facilities whether for Bundled Load, for electric load that is not Bundled Load, or for deliveries made pursuant to Grandfathered Agreements; provided, however, that Grandfathered Agreements shall not be abrogated or modified by this Agreement. Owners shall be required to take transmission service under the Tariff to serve Bundled Load to which they are providing bundled electric service unless some other entity is obtaining the necessary transmission service from MISO.

C. Other Pricing Matters.

1. Owners shall be appropriately compensated for the construction of transmission facilities required by MISO. The appropriate compensation or compensation requirements are set forth in Attachment N to the Tariff submitted as part of the initial filing with the FERC to establish MISO.

2. Each Owner shall file a request with the appropriate regulatory authority or authorities (unless a proceeding has already been initiated or completed) for a determination of which of its facilities are transmission facilities or which are distribution in accordance with the seven (7) factor test set forth in FERC Order No. 888, 61 Fed. Reg. 21,540, 21,620 (1996), or any applicable successor test. Each Owner shall use its best effort to cause these determinations to be made within 12 months of approval of its application for membership by MISO's Board of Directors. Owners that are not subject to regulation by a regulatory authority shall apply to MISO for such a determination.

3. The ISO Cost Recovery Adder mechanism shall be defined and calculated as set forth in Schedule 10 to the Tariff.

III. Revenue Distribution.

Notwithstanding any language to the contrary in this Appendix C or the Agreement, MISO shall cause the distribution monthly of the Owners' revenues associated with transmission services in accordance with this Appendix C. Any distribution of revenues to and among the Owners shall be consistent with this Appendix C.

The revenues subject to this Section III are the transmission revenues associated with charges under Schedules 7, 8, and 9 to the Tariff.

A. Revenue Distribution during Transition Period.

1. Except by mutual agreement of the parties to a Grandfathered Agreement, MISO shall not collect or distribute any revenues for transmission service related to such agreements during the Transition Period. The Owner providing the transmission service under a Grandfathered Agreement shall continue to receive payment directly from the customer under the Grandfathered Agreement. Nothing contained in this paragraph affects any rights of any

party to unilaterally make application to FERC to alter, amend, or terminate a Grandfathered Agreement.

2. Revenues collected by MISO for transmission services involving retail electric load that had the right to choose a different supplier under a state retail access program or legislation, shall be fully distributed to the Host Zone, regardless of whether the customers comprising such retail electric load have exercised such right to choose.

3. Revenues collected by MISO for transmission services associated with power transactions where the generation source(s) and load(s) are physically located within the same Host Zone shall be fully distributed to that Host Zone whether the generation source is controlled by the Owner or another entity.

4. Revenues collected by MISO for Network Transmission Service shall be fully distributed to the Host Zone.

5. Revenues collected by MISO for Point-to-Point Transmission Service for delivery directly to a wholesale requirements customer or a former wholesale requirements customer shall be distributed to the Host Zone.

6. Revenues collected by MISO for Drive-in Point-to-Point Transmission Service shall be fully distributed to the Border Owner if that Owner purchases power from outside MISO for delivery to its Zone and pays MISO for such transmission service to effectuate that purchase.

7. All other MISO transmission revenues (*i.e.*, other than those revenues specified in Paragraphs 1-6 above) shall be distributed among Zones as follows: (i) fifty percent (50%) of such revenues shall be distributed in proportion to transmission investment (calculated each month based on the relative proportion of transmission investment reflected in the then

applicable rates determined by the formula in Attachment O to the Tariff); and (ii) fifty percent (50%) of such revenues shall be shared based upon power flows. Such power flows shall be calculated using load flow analysis techniques to develop transaction participation factors. The methodology for developing transaction participation factors is described in Appendix C-1. Participation factors less than three percent (3%) shall be ignored.

Notwithstanding the foregoing in this paragraph 7, Owners that are also Mid-Continent Area Power Pool (“MAPP”) members electing to take Network Transmission Service pursuant to Section 37.5 of the Tariff shall receive no revenues under this paragraph from Point-to-Point Transmission Service associated with Owner purchases of power. Such MAPP Owners shall participate in all other revenue sharing under this paragraph 7.

8. The Owners located within a Zone that has more than one (1) Owner shall appoint a single Owner or designee to receive the revenues allocated to the Zone and to further distribute such revenues pursuant to agreement of the Owners within the Zone. If the Owners in a Zone cannot agree to a methodology for distributing such revenues, Owners may seek recourse through the Dispute Resolution procedures under Attachment HH of the Tariff or the Owners may go to the FERC for resolution. An intra-Zonal revenue distribution methodology shall, to the greatest extent possible, minimize cost shifts so that the Owners shall continue to receive the revenues they would have received absent the formation of MISO.

B. Revenue Distribution after the Transition Period Ends.

Revenues collected by MISO after the end of the Transition Period shall be distributed in accordance with Section III.A of this Appendix C to the Agreement.

IV. Return Of Start-up Costs.

MISO shall pay back an Owner’s contributions to the Start-up Costs, plus reasonable

interest; provided, however, only Owners that are signatories to the Agreement when it is initially filed with the FERC shall receive a return of their contribution to the Start-up Costs incurred prior to the date of filing. Those Owners that are not signatories at the time of filing shall forfeit any right to a return of their contributions to Start-up Costs incurred prior to the date of the initial filing. For those Owners that become signatories after the initial filing with FERC and make contributions to Start-up Costs after the date they become signatories, MISO shall return those post-filing Start-up Costs after paying back all Start-up Costs incurred before the initial FERC filing date. MISO shall obtain financing as soon as is reasonably possible to pay back such Owners and shall do so promptly upon receiving the necessary monies. MISO also shall use any membership fees to pay back such Owners as soon as possible but no later than twelve (12) months after the date of the First Substantive Order. The Start-up Costs shall include only the following costs:

- A. Contributions to cover outside joint expenses (i.e., outside legal costs and consultant or contractor costs) relating to the development of the MISO filing and implementation of the Agreement.
- B. Costs associated with joint meetings of Owners and others relating to the formation of MISO.
- C. Contributions relating to equipment, software, or other items related to the start-up of MISO. These contributions include monies spent associated with equipment, software, and other items for (1) MISO's systems; and (2) the Owners' systems where such expenditures are necessary to allow the Owners' systems to interface with the ISO. Payments made to consultants related to the start-up of MISO are included within such expenditures.
- D. Contributions to allow MISO to obtain financing.

E. Contributions or monies paid relating to the recruitment, hiring, and/or employment of Directors, Officers, employees, and contractors by MISO including salaries and other compensation and insurance premiums and any monies paid to any person or entity performing administrative and start-up functions until the MISO Board is elected.

F. Any other contributions by Owners to MISO expenses or costs in response to a request of the MISO Board or Officers.

For any facilities, software, or other items involving modifications or additions to the Owners' systems for which the Owners receive reimbursement of their costs under this Article IV, the Owners shall not include such facilities, software, or other items, or portions thereof, in their rates or in any charges to MISO.

V. Renegotiation Procedures For Certain Grandfathered Agreements.

For Grandfathered Agreements where the agreements result in the payment of pancaked rates within MISO, the parties to the agreement shall enter into good faith negotiations to consider the amendment or termination of the agreement. These negotiations shall conclude no later than the first day on which MISO begins providing service under the Tariff. During this negotiating period, the parties to the Grandfathered Agreement cannot raise any issues regarding amendment or termination of such Grandfathered Agreement with the FERC. At the end of the negotiating period, if the parties to the Grandfathered Agreement are unable to reach agreement, then either party may utilize whatever rights it otherwise would have to request that the FERC consider the need for an amendment or to terminate the Grandfathered Agreement. Except as specifically provided in this Section V, this provision does not affect any rights or arguments that a party to a Grandfathered Agreement may have.

In developing transaction participation factors (hereinafter “TPFs”) for use in transmission revenue distribution, MISO shall employ the principles outlined in this Appendix C-1, as described below.

Power Flow Models: MISO shall develop power flow base cases with sufficient detail to represent the transmission systems of MISO and surrounding networks, using the NERC power flow base case library. Power flow base cases should be developed annually for a number of load levels and various seasons (such as summer and winter) to recognize changes in the Transmission System configuration, load level, and power flow patterns. Transformer taps and switched shunts should be held fixed and the phase angle regulators should be modeled as they would be in transmission reliability studies. Other modeling adjustments should be incorporated as appropriate.

Power Transaction Simulations: Each potential power transaction should be simulated by scaling load down in the selling (or from) Local Balancing Authority Area by an appropriate amount (e.g., 100 MW) and scaling load up by the same amount in the buying (or to) Local Balancing Authority Area, making a corresponding adjustment in the scheduled interchange of the affected Local Balancing Authority Areas. Each power flow simulation should be solved using an alternating current solution.

Calculations of TPFs: Tables showing the TPF for each MISO Zone shall be constructed for each simulated transaction. When a MISO Local Balancing Authority Area is host to the load or power source for a transaction, the TPF for that Local Balancing Authority Area shall be 100%. A TPF which represents the response of each other MISO system affected by the simulated transaction shall be calculated. This calculation may be accomplished in several steps as follows:

- Algebraically sum the tie line flows between each affected Local Balancing Authority Area and each interconnected Local Balancing Authority Area neighbor of such Local Balancing Authority Area (i.e., determine the net flow in (+) or out (-) over all ties of each Local Balancing Authority Area to Local Balancing Authority Area interface) for the base case and corresponding transaction simulation case;
- Compare the corresponding base case and transaction simulation case results and determine the tie line power flow change for each such Local Balancing Authority Area interface;
- Sum the absolute values of such changes in tie line flows over all the Local Balancing Authority Area interfaces of such Local Balancing Authority Area; and
- Divide the sum by two and the simulation transaction amount, setting all TPF of less than 0.03 (3%) to zero.

REVENUE DISTRIBUTION FOR SECA

I. Additional Definitions. Unless the context otherwise specifies or requires, the following additional definitions apply to this Appendix C-4, and, when used in this Appendix C-4, the following terms shall have the respective meanings set forth below.

A. SECA. Seams Elimination Charge/Cost Adjustments/Assignments. The SECA is the mechanism for recovery of the lost revenues resulting from the elimination of through and out rates for transactions between MISO and PJM. The SECA is to be paid by entities in PJM for (1) the period beginning on December 1, 2004 and ending on March 31, 2005, and (2) the subsequent period beginning on April 1, 2005 and ending on March 31, 2006.

B. PJM. PJM Interconnection, L.L.C.

C. Coordinating Owner. Manitoba Hydro.

D. Owner. For the purposes of Appendix C-4, the term Owner includes Manitoba Hydro, which is a Coordinating Owner.

E. MWh. Megawatt hour.

II. Revenue Distribution.

MISO shall cause the distribution of the revenues received (from SECA charges under Schedule 21 of the Tariff or from SECA charges implemented within PJM) to compensate the Owners for lost revenues in proportion to each Owner's lost revenues ratio in accordance with this Appendix C-4. Each Owner's lost revenues ratio is set forth on Appendix C-4, Attachment 1.

The Owners for the purposes of the revenue distribution are listed on Appendix C-4, Attachment 1. Each Owner may designate another entity or other entities to recover the revenues it would be due under this provision.

**APPENDIX C-4
ATTACHMENT 1
Owner's Relative Share of Total Lost Revenues**

Owner

(Dec. 1, 2004

to

Dec. 31, 2004)(Jan. 1, 2005

to

Mar. 31, 2005)(Apr. 1, 2005

to

Apr. 30, 2005)(May 1, 2005

to

Mar. 31, 2006)Ameren Services Company, as agent for its electric utility affiliates, Union Electric Company (d/b/a AmerenUE) and Central Illinois Public Service Company (d/b/a AmerenCIPS)10.44%9.06%9.02%9.27% American Transmission Company, LLC0.68%0.58%2.04%2.04% American Transmission Systems, Incorporated (a subsidiary of FirstEnergy Corp.)34.12%43.53%42.94%42.63% Central Illinois Light Co.0.46%0.39%0.47%0.47% Cinergy Services (includes IMPA & WVPA)12.96%10.97%6.53%6.53% City Water, Light & Power (Springfield, IL)0.12%0.10%0.14%0.14% Great River Energy0.06%0.06%0.08%0.08% Hoosier Energy R.E.C.0.84%0.71%0.55%0.55% Illinois Power Company13.06%10.88%13.32%13.36% Indianapolis Power & Light1.98%1.68%1.16%1.16% International Transmission Company4.42%3.79%3.62%3.62% ITC Midwest LLC¹1.64%1.44%1.29%1.29% Louisville Gas & Electric/Kentucky Utilities4.76%4.06%3.69%3.69% Manitoba Hydro1.78%1.52%1.46%1.46% Michigan Electric Transmission Company, LLC1.96%1.67%2.33%2.33% Minnesota Power, Inc.0.57%0.50%0.43%0.43% Montana-Dakota Utilities Co.0.24%0.20%0.18%0.18% Northern Indiana Public Service Company2.88%2.53%6.48%6.49%

APPENDIX C-4
ATTACHMENT 1 – cont’d.
Owner’s Relative Share of Total Lost Revenues

Owner

(Dec. 1, 2004

to

Dec. 31, 2004)(Jan. 1, 2005

to

Mar. 31, 2005)(Apr. 1, 2005

to

Apr. 30, 2005)(May 1, 2005

to

Mar. 31, 2006) Otter Tail Power Co. 0.42% 0.36% 0.34% 0.35% Southern Illinois Power
Cooperative 0.15% 0.13% 0.27% 0.27% Vectren Energy Delivery 0.83% 0.71% 0.59% 0.59% Xcel Energy
Services, Inc. (Northern States Power) 5.63% 5.13% 3.09% 3.09%

¹ See, Joint Application of ITC Holdings Corp., ITC Midwest LLC (“ITC Midwest”), and Interstate Power and Light Company (“IPL”) seeking authorization and approval for the sale by IPL and the purchase by ITC Midwest of IPL’s jurisdictional transmission facilities.

FRAMEWORK FOR OPERATIONAL RESPONSIBILITIES

I. General Description Of MISO's Operational Responsibilities.

MISO, Owners, and Users shall be responsible for operational functions set forth in this Section I of this Appendix E. To the extent that there is any discrepancy between the functions and responsibilities of MISO, Owners and Users as defined herein, and those defined in the Tariff, the Tariff shall prevail. To the extent there is any discrepancy between the functions and responsibilities of MISO, Owners, Users, and Local Balancing Authorities as defined herein, and those defined in the Amended BA Agreement, the Amended BA Agreement shall prevail.

A. MISO Responsibilities. MISO shall be responsible for the following operational functions:

1. MISO shall have functional control of the Transmission System as set forth in Section II of this Appendix E and as defined in Article One, Section I, Paragraph R of the ISO Agreement.
2. MISO shall be the Balancing Authority for the MISO Balancing Authority Area as detailed in the Balancing Authority Agreement and the Tariff.
3. MISO shall review and approve, as appropriate, requests for service and schedule transmission transactions as set forth in Section III of this Appendix E and shall determine available transmission capability (hereinafter "ATC") under the Tariff as set forth in Section III of this Appendix E, and in Appendix B to the Agreement.
4. MISO shall implement and administer the Tariff applicable to the Transmission System and Non-transferred Transmission Facilities as set forth in Section IV of this Appendix E, and in Appendix B to the Agreement.

5. MISO shall be responsible for the reliability of the Transmission System as set forth in Section V of this Appendix E.

6. MISO shall be responsible for the operation and administration of a market-based mechanism for congestion management, including the MISO Energy and Operating Reserves Markets and any subsequent markets as detailed in the Tariff.

7. MISO shall offer ancillary services required to support transmission service as set forth in Section VI of this Appendix E.

8. MISO shall approve the scheduling of maintenance of all transmission facilities making up the Transmission System and shall coordinate with generation owners, as appropriate, the scheduling of maintenance on generation facilities as set forth in Section VII of this Appendix E.

9. MISO shall be responsible for operations of OASIS system(s) in accordance with the Tariff.

10. MISO shall monitor and coordinate voltage levels that shall be the responsibility of the Local Balancing Authorities and Owners to maintain.

11. MISO shall register with NERC and the Regional Entities, at a minimum, as a Regional Reliability Coordinator, Transmission Service Provider, Balancing Authority and Planning Authority or any other equivalent and appropriate functional entities as required by NERC standards for the duties and responsibilities performed by MISO pursuant to this Agreement and the Tariff. MISO shall comply with the applicable mandatory reliability standards associated with each such registration.

B. Owners' and Users' Responsibilities. As described more fully below, the Owners and Users, as appropriate, shall have the following responsibilities:

1. The Owners shall retain ownership of their transmission facilities comprising the Transmission System, and shall physically operate these facilities, subject to MISO's direction, and maintain those facilities, subject to MISO's scheduling approval as set forth in Sections II and VII of this Appendix E.

2. The Owners and Users who are Local Balancing Authorities shall continue to operate their Local Balancing Authority Areas for local generation control as set forth in Section III of this Appendix E.

3. The Owners shall provide transmission services over their respective transmission facilities at the direction of MISO pursuant to the terms of the Tariff as set forth in Section IV of this Appendix E.

4. The Owners and Users shall comply with the instructions of MISO as provided in the Tariff and this Agreement in its role as Regional Reliability Coordinator as set forth in Section V of this Appendix E.

5. The Owners shall perform maintenance on their respective transmission facilities included in the Transmission System under schedules as approved by MISO, and shall coordinate maintenance on their Non-transferred Transmission Facilities and generation facilities significantly affecting MISO transmission capability or transmission reliability with MISO as set forth in Section VII of this Appendix E. All Users that are not Owners shall coordinate maintenance on their generation facilities significantly affecting such transmission capability or reliability with MISO.

6. The Owners and Users, where appropriate, shall offer to redispatch generating units in accordance with the Tariff, when feasible, subject to receiving appropriate

compensation. The Owners and Users shall submit and coordinate unit schedules with MISO that affect transmission capability or transmission reliability.

7. The Owners shall obtain approval of MISO before taking transmission facilities included in the Transmission System out of service except in cases involving endangerment to the safety of employees or the public or damage to facilities. With regard to Non-transferred Transmission Facilities, the Owners shall provide notice to MISO, as required from time to time by MISO, before taking such facilities out of service.

8. Owners and Users shall be responsible for administering the functions and responsibilities as defined in the Tariff in their role as Local Balancing Authorities, Market Participants, Transmission Service Providers and Transmission Operators and shall comply with the applicable mandatory reliability standards associated with each such registration.

9. Owners and Users shall execute and implement physical security controls as required by applicable NERC standards and as more fully set out in related data link agreements between MISO and such Owners and Users.

II. Control Over Transmission Facilities.

A. MISO Control.

1. MISO shall have functional control over the combined transmission facilities of the Owners that make up the Transmission System. Appendix H to the Agreement specifies all transmission facilities that initially shall constitute the Transmission System.

2. MISO shall periodically review whether the Transmission System facilities under its functional control constitute all of the Owners' facilities necessary to provide reliable transmission, energy market or ancillary service contemplated under the Agreement and the Tariff.

3. MISO may exercise temporary operational control over any Non-transferred Transmission Facilities or associated non-generation facilities of an Owner in order to prevent or remedy a system emergency.

4. MISO shall maintain a publicly available registry of all facilities that constitute the Transmission System.

5. MISO shall, in consultation with affected Owners, other affected Members, and the Advisory Committee develop, in accordance with the applicable mandatory reliability standards, and then revise from time-to-time as appropriate, operating procedures governing its exercise of operational control over the Transmission System (hereinafter "Operating Procedures"). The Operating Procedures shall be provided to the Owners, and, except to the extent determined by the Board as otherwise necessary for emergency or security reasons, such procedures shall be made available to the public. MISO shall comply with its Operating Procedures, and all applicable mandatory reliability standards in exercising its functional control over the Transmission System. To the extent required, such Operating Procedures shall be filed with the appropriate regulatory agency or agencies.

6. MISO shall not exercise its operational control of the Transmission System in such a way as to interfere with rights of Users in contracts between an Owner and a User that are in effect as of the Effective Date of the Agreement (hereinafter "Existing Contracts").

7. MISO shall register with each Regional Entity that exercises responsibility over any portion of the Transmission System and shall join such Regional Entity as appropriate.

8. MISO shall comply with any transmission operating obligations of an Owner imposed by Federal or state law or authorities which can no longer be performed solely

by the Owner following transfer of functional control of its transmission facilities to MISO, until such obligations are revised or changed.

9. MISO (i) shall take no action that would impair the safety and reliability of nuclear facilities; (ii) shall take actions to comply with applicable Nuclear Plant Interface Requirements (“NPIRs”) defined within Nuclear Plant Operating Agreements (“NPOAs”) which MISO is a party thereto; and (iii) shall take actions consistent with nuclear license conditions or requirements or as otherwise required by the Nuclear Regulatory Commission (“NRC”).

B. Owner Responsibilities. The Owners shall be obligated to physically operate and maintain their transmission facilities that are part of the Transmission System, and to comply with the directions of MISO with respect to such operation and maintenance issued in compliance with the Operating Procedures.

C. Retained Rights of Owners. The Owners shall retain all rights of ownership in their transmission facilities, subject to MISO’s functional control of the Transmission System in accordance with the terms of this Appendix E. Nothing in this Appendix E shall be deemed to restrict or prohibit access to transmission facilities by the Owners, or those acting under their authority, when such access does not involve the removal of a transmission element from service or otherwise affect the provision of transmission services. To the extent required by MISO, MISO shall be notified by the Owners when maintenance is being performed on a facility that could result in unplanned outages of a transmission line or transformer.

III. Determination Of Available Transmission Capability And Transmission Scheduling.

A. Available Transmission Capability. For transactions of less than two (2) weeks’ duration, MISO operations staff shall determine the ATC consistent with the terms of the Tariff

and Appendix B to the Agreement. See Appendix B to the Agreement for ATC determinations of two (2) weeks or more.

1. MISO shall review all data received from non-MISO balancing authority areas, independent transmission system operators, Regional Entities, or other entities that impact ATC calculations.

2. MISO shall share data with non-MISO balancing authority areas, independent transmission system operators, Regional Entities, or other entities with whom data must be exchanged, as requested, in order to determine ATC.

B. Transmission Service Requests. MISO shall receive and process all transmission service requests in accordance with the Tariff. As a result:

1. MISO, or any Independent Transmission Company, shall be ultimately responsible for conducting all System Impact Studies associated with a request for transmission service. The analysis required shall be coordinated between MISO and the Owners as follows:

a. MISO shall provide sufficient information to the transmission/reliability representatives of all affected Owners to allow them to model local consequences of the requested service.

b. MISO shall coordinate with affected Owners' transmission/reliability representatives when processing requests for service into and out of Non-transferred Transmission Facilities or distribution facilities.

c. MISO shall consult with Owners with respect to equipment-specific and Non-transferred Transmission Facilities issues, including applicable local planning criteria.

2. Upon completion of any required System Impact Studies, MISO shall be responsible for making the final determination as to the amount of firm and non-firm transmission capacity that is available under the Tariff, and for resolving requests for transmission service in accordance with the terms of the Tariff.

3. When there is not adequate transmission capability to satisfy a transmission request, MISO shall relieve or facilitate the relief of the transmission constraint consistent with the terms of the Tariff.

4. MISO shall be responsible for documenting all transmission service requests under the Tariff, the disposition of such requests, and any supporting data required to support the decision with respect to such requests.

C. Scheduling Transmission Service Transactions. MISO shall schedule all transmission service transactions involving the Tariff, including transactions under Existing Contracts, as follows:

1. MISO shall schedule and curtail transmission service and schedule the allocation of losses and ancillary services in accordance with the Tariff.

2. MISO shall, in consultation with the affected Owners, other affected Members, and the Advisory Committee, develop and from time-to-time, amend when necessary, detailed scheduling protocols (hereinafter "Scheduling Protocols"), which shall be provided to all Members and made publicly available. For Members and Users who are operators of nuclear generating facilities, MISO shall enter into written agreements, which define scheduling protocols, limitations, and restrictions necessary to ensure the safety and reliability of such facilities. The Scheduling Protocols shall not conflict with the provisions of the Tariff. All scheduling shall be performed in accordance with the Scheduling Protocols. To the extent

required, such Scheduling Protocols shall be filed with the appropriate regulatory agency or agencies.

3. In performing its scheduling functions, MISO shall ensure that the Transmission System is operated in compliance with applicable NERC, applicable Regional Entity or successor organizations, and all other applicable operating reliability requirements.

D. Owners' and Users' Responsibilities. The Owners and Users shall comply with the scheduling instructions of MISO issued pursuant to the Scheduling Protocols. Nothing in this provision shall preclude MISO from assuming any Balancing Authority duties or responsibilities as may be set forth in the Amended BA Agreement.

IV. Administration Of Tariff.

A. MISO Responsibilities.

1. MISO shall be solely responsible for administering the Tariff.
2. MISO shall negotiate as appropriate to develop reciprocal service, equitable tariff application, compensation principles, and any related arrangements.
3. MISO, in conjunction with the Independent Market Monitor, shall monitor the service provided under the Tariff to determine if any hoarding of transmission capacity is occurring. MISO shall attempt to eliminate the hoarding initially through direct contacts with the customer. If hoarding continues, then MISO or the Independent Market Monitor may file a complaint with FERC or develop and file with FERC other procedures or mechanisms to address hoarding.

B. Owner Responsibilities. The Owners shall provide transmission, energy market and ancillary services through their transmission facilities that are subject to the Tariff as directed by MISO pursuant to the Tariff.

V. Reliability Of The Transmission System.

A. General.

1. As Reliability Coordinator, the security and reliability of the Transmission System shall be the responsibility of MISO. The Owners and Users shall be responsible for adhering to the standards applicable to the NERC functions for which they are registered.

2. Local Balancing Authorities shall continue to be responsible for such Balancing Authority functions as may be assigned to a Local Balancing Authority Area, as prescribed in the Amended BA Agreement, subject to the requirements of this Appendix E.

3. MISO is hereby designated and shall be the Reliability Coordinator of the Transmission System for the Owners. In this role, MISO shall, in addition to the matters described in more detail in Section V, Paragraphs B and C of this Appendix E, comply with all of the mandatory requirements of the NERC and applicable Regional Entities.

4. MISO shall be the Balancing Authority for the Transmission System, as defined under the Tariff, and shall be responsible for those functions prescribed in the Amended BA Agreement.

B. Security Monitoring.

1. MISO shall periodically perform load-flow and stability studies of the Transmission System to identify and address reliability problems.

2. The Owners and Users shall comply with the mandatory reliability requirements and shall be responsible for identifying and addressing local reliability problems, consistent with the requirements of this Appendix E.

3. The Owners shall continuously provide MISO with all data required to assess the reliability of the Transmission System consistent with NERC (or successor

organizations) requirements, and consistent with the requirements of any Regional Entity and the Standards of Conduct.

4. MISO shall exchange necessary reliability information with other non-Member Balancing Authorities, independent transmission system operators and Regional Entities consistent with NERC (or successor organizations) requirements, and the Standards of Conduct.

5. MISO shall monitor real-time data to determine whether any Local Balancing Authorities are experiencing operating conditions that threaten the reliability of the Transmission System. If an event threatens the reliability of the Transmission System, MISO shall take appropriate action, including if necessary ordering the shedding of firm load.

C. Emergency Response.

1. MISO shall work with the Local Balancing Authorities, appropriate state agencies, Regional Entities, and other reliability coordinators to develop regional reliability plans and emergency operating procedures.

2. MISO shall, in coordination with the Members and the Advisory Committee and in compliance with applicable state and federal laws and standards, develop, and from time-to-time update, procedures for responding to emergencies (hereinafter the "Emergency Procedures"). The Emergency Procedures shall be provided to all Members and shall be made available to the public to the extent allowed by applicable regulations and NERC standards.

a. The Emergency Procedures shall include procedures for responding to specified critical contingencies.

b. MISO shall continuously analyze issues that may require the initiation of emergency response actions. Such analysis shall be made at MISO's initiative or at the request of Members, Regional Entities, or other independent system operators or Local

Balancing Authority Areas. The Emergency Procedures shall be amended to include any changes or additions resulting from such analysis.

c. The Emergency Procedures shall make provision for system restoration including priority restoration of off-site power to nuclear generating facilities. However, Emergency Procedures containing system restoration information will not be made available to the public pursuant to NERC standards.

3. MISO shall direct the response to any emergency in the Transmission System pursuant to the Emergency Procedures. Individual Owners, Users, and Local Balancing Authorities shall carry out the required emergency actions as directed by MISO, including the shedding of firm load if required for regional reliability.

4. After the conclusion of an emergency condition, any affected entity that disagrees with MISO's handling of the emergency may resolve that disagreement pursuant to the dispute resolution procedures of Attachment HH of the Tariff, as appropriate.

VI. Ancillary Services.

A. MISO shall offer to provide all Ancillary Services as defined and required under the Tariff.

B. As part of its scheduling function, MISO shall ensure that every scheduled transaction is supported by the required ancillary services and shall deny any scheduling request where the required ancillary services have not been arranged.

C. Owners' and Other Generators' Responsibilities.

All Owners and Users that own generation within MISO shall be required to offer to provide generation-related services to the extent required under the Tariff. For FERC

regulated public utilities, the charges by the generation owners for such ancillary services shall be in accordance with FERC accepted or approved rate schedules or the Tariff, as appropriate.

VII. Transmission And Generation Maintenance.

A. Planned Transmission Maintenance. MISO's approval is required for all planned maintenance of transmission facilities in the Transmission System. The approval process shall be as follows:

1. All Owners shall submit their planned transmission maintenance schedules to MISO for a minimum of a rolling one-year (1-year) period. The planned maintenance schedules shall be updated daily.

2. Planned transmission maintenance requests shall be submitted to MISO for its approval at least two (2) weeks in advance of an outage.

3. MISO shall determine if, and the extent to which, such planned transmission maintenance requests affect ATC, Ancillary Services, the security of the Transmission System, and any other relevant effects. This determination shall include appropriate analytical detail. Within two (2) business days of receiving a planned maintenance request, MISO shall either approve the request or deny the request and provide an acceptable time frame in which the maintenance can be performed. Failure by MISO to act within the two (2) day period shall be deemed as approval of the request.

4. MISO shall have the authority to revoke any previously-approved planned transmission maintenance outages if forced transmission outages or other circumstances compromise the integrity or reliability of the Transmission System. MISO shall notify the Owner of the decision to revoke approval of the maintenance as soon as possible after the circumstances arise that create the need for the revocation. If an Owner incurs any additional

costs associated with the deferred transmission maintenance, the Owner shall be compensated for those costs pursuant to procedures adopted by MISO, applied on a non-discriminatory basis to all Owners, and filed with FERC.

5. As part of its review process, MISO shall identify planned transmission maintenance schedules that limit ATC and, if requested by a User, shall identify opportunities and associated costs for rescheduling planned maintenance to enhance ATC.

6. MISO shall be responsible for documenting all planned transmission maintenance requests, the disposition of those requests, and all data supporting the disposition of each request.

B. Unplanned or Emergency Transmission Maintenance. MISO shall coordinate with the Owners to implement schedules for unplanned transmission maintenance. For emergency transmission maintenance, when conditions endanger the safety of employees, the public, the environment or may result in damage to facilities, the Owners shall notify MISO of such emergency maintenance. Approval by MISO for such emergency transmission maintenance is not required.

C. Generation Maintenance. MISO shall coordinate the maintenance of generating units of the Owners and other generating units as appropriate to the extent such generation maintenance affects the transmission capability or transmission reliability of MISO as follows:

1. All Owners and Users owning or controlling generation affecting MISO transmission capability or reliability shall submit their planned generating unit maintenance schedules to MISO for a minimum of a rolling two-year (2-year) period for non-nuclear generation resources and a rolling three-year (3-year) period for nuclear generation resources, in

accordance with Section 38.2.5.g of the Tariff. The planned maintenance schedules shall be updated daily.

2. MISO shall analyze a planned generating unit maintenance schedule to determine its effect on ATC, ancillary services, the reliability of the Transmission System, and any other relevant effects. MISO shall inform a Member or User if its maintenance schedule is expected to have an impact on the reliability of the Transmission System.

3. As part of its review process, MISO shall identify generating unit maintenance schedules that limit ATC and shall identify opportunities and associated costs for rescheduling planned maintenance to enhance ATC. Owners or Users shall be compensated for additional costs associated with rescheduling such planned generating unit maintenance pursuant to procedures adopted by MISO, applied on a non-discriminatory basis to all Owners and Users, and filed with FERC.

4. MISO shall be responsible for documenting all planned generating unit maintenance schedules, all schedule changes, and all studies and services performed with respect to planned generation maintenance.

5. For Members and Users who are operators of nuclear generating facilities, MISO shall enter into written agreements which define planned transmission and generating unit maintenance scheduling criteria, limitations and restrictions necessary to ensure the safety and reliability of such facilities.

6. In accordance with Section 38.2.5.g of the Tariff, MISO will reschedule generation unit outages consistent with Good Utility Practice when faced with, in real time or in any time horizon for which NERC standards require planning, a documented reasonable expectation of an emergency, or a documented reasonable expectation of any of the following

circumstances that compromise the reliability of the Transmission System, as determined by MISO: (a) the inability to maintain voltage required by nuclear generation resources, or to meet any other Nuclear Plant Interface Requirement, as that term is defined by NERC, including the provision of off-site power supply; (b) the inability to maintain the Transmission System within System Operating Limits using normal (non-emergency) operating procedures or restore the Transmission System to normal operating conditions following a single contingency with the use of normal (non-emergency) operating procedures; or (c) the potential for contingencies to significantly affect Transmission System reliability of metropolitan areas.

BYLAWS
of the
MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.

A Delaware Non-Stock Corporation

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Unless the context otherwise specifies or requires, certain capitalized terms are used in these Bylaws and the attached appendices with the meanings set forth below or in other provisions of these Bylaws. Any capitalized terms not defined in these Bylaws shall have the meaning as defined in the MISO Agreement and, if not defined there, in the Tariff.

Agency Agreement - The agreement allowing Non-transferred Transmission Facilities to be offered by the Midcontinent Independent System Operator, Inc. ("MISO") for transmission service under the Tariff. The Agency Agreement is Appendix G to the MISO Agreement.

Effective Date - The effective date of the MISO Agreement.

FERC - The Federal Energy Regulatory Commission, or any successor agency.

Good Utility Practice- Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice,

method, or act, to the exclusion of all others, but rather to be a range of acceptable practices, methods, or acts generally accepted in the region.

He, Him, or His - Includes "she," "her," or "hers."

Member - A person or business entity which is (i) an Eligible Customer, as defined in the Tariff, or (ii) an Owner, as defined herein, and which pays to MISO, the non-refundable membership fees as required herein. Such person or entity shall be a Member during the period covered by the applicable membership fees unless earlier terminated pursuant to the Bylaws.

MISO Agreement - The Agreement Of Transmission Facilities Owners To Organize The Midcontinent Independent System Operator, Inc., A Delaware Non-Stock Corporation, and any amendments thereto, and as accepted by the FERC.

Non-owner Member - - A Member which is not an Owner.

Non-Transferred Transmission Facilities - The booked transmission facilities not identified in Appendix H to the MISO Agreement which are the subject of the Agency Agreement.

Owner - A utility or other entity which owns, operates, or controls facilities for the transmission of electricity in interstate commerce (as determined by the MISO by applying the seven-factor (7 – factor) test of the FERC set forth in FERC Order No. 888, 61 Fed. Reg. 21,540, 21,620 (1996), or any successor test adopted by the FERC) and which is a signatory to the MISO Agreement. A public utility holding company system shall be treated as a single owner for purposes of the MISO Agreement. Each Owner shall pay the applicable membership fees and become a Member. Any termination of a utility's or entity's status as an Owner shall be determined pursuant to the MISO Agreement and these Bylaws.

Person - Any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, governmental agency, cooperative, association, other entity, or individual, and the heirs, executors, administrators, legal representatives, successors, and assigns of such person, as the context may require.

Regional Entity. An entity having enforcement authority pursuant to Section 215(e)(4) of the Federal Power Act, 16 U.S.C. § 824o(e)(4), as specifically identified in the Tariff or its successor as may be in effect from time to time.

Tariff - The tariff on file with the FERC under which MISO will offer transmission service, energy and ancillary market services, or any successor tariff.

Transmission System - The transmission facilities of the Owners which are committed to the operation of MISO by the MISO Agreement. The facilities comprising the Transmission System are identified in Appendix H to the MISO Agreement.

User - A Transmission Customer under the Tariff or an entity that is a party to a transaction under the Tariff.

Section 1.2. Interpretation. In the event of any conflict between these Bylaws and the MISO Agreement, the MISO Agreement shall control. The descriptive headings of Articles and Sections of these Bylaws have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect their construction or interpretation.

ARTICLE II

GENERAL PROVISIONS

Section 2.1. Organization. MISO is a non-stock, not-for-profit corporation, pursuant to Title 8, Chapter 1 of the laws of the State of Delaware. MISO is operated exclusively for the promotion of social welfare, in furtherance of the public policy reflected in the order of the

FERC approving the MISO Agreement and FERC Order No. 888. No part of the net earnings, if any, of MISO shall inure to the benefit of any MISO Member, Director, Officer, employee, or any other interested private person. MISO is authorized and empowered to pay reasonable compensation for services actually rendered and to make payments or distributions in furtherance of the purposes and objectives set forth in the MISO Agreement and the Tariff. No substantial part of the activities of MISO shall be carrying on propaganda or otherwise attempting to influence legislation. MISO shall not participate in or intervene in any political campaign on behalf of any candidate for public office. MISO shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation under the Internal Revenue Code, or successor provisions in any subsequent federal tax laws, or such other provision or successor provisions under which the Internal Revenue Service may recognize that MISO is exempt from taxation.

Section 2.2. *Offices.* The principal office of MISO shall be located as determined by the Board of Directors. The Board may establish such branch offices or places of business as it shall determine to be in the best interests of MISO.

ARTICLE III

MEMBERS

Section 3.1. *Qualifications; Membership Fees; Term*

- a. Qualifications. Any Person which (i) is an Eligible Customer (as defined in the Tariff) or an Owner and (ii) pays to MISO the non-refundable membership fees set forth in Section 3.1(b) shall be eligible to become a Member. A person may apply to become a Member of MISO by submitting an application in the form then approved by the Chief Executive Officer (or if the Board chooses not to

elect the Chief Executive Officer, the President) and making payment of the membership fees set forth in Section 3.1(b) of these Bylaws. Action upon any application for membership shall be taken at the first meeting of the Board following submission of the membership application.

b. Membership Fees. All entities eligible for membership in MISO shall pay an initial membership fee of \$15,000 in order to become Members. Each year thereafter, each Member shall pay an additional fee of \$1,000 to MISO to retain its membership. All such fees are nonrefundable and may be adjusted from time to time, as may be appropriate, by the Board.

c. Term. A Person shall be a Member during the period covered by the applicable membership fees unless earlier terminated as provided in these Bylaws.

d. Withdrawal of Members. A Member who is not an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), withdraw from membership in MISO at any time, which withdrawal shall be effective thirty (30) days after the receipt of such notice by the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President). A Member who is also an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), commence a process of withdrawal of its facilities from the Transmission System. The terms and conditions of such withdrawal are specified in the MISO Agreement.

Section 3.2. *Owner Status.* Members admitted to Membership after the start-up of MISO who wish also to have the status as Owners, must (i) own, operate, or control facilities used for the transmission of electricity in interstate commerce (as determined by MISO by applying the seven factor (7-factor) test set forth in FERC Order No. 888, 61 Fed. Reg. 21,540, 21,620 (1996), or any successor test adopted by the FERC) that are physically interconnected with the facilities of an existing Owner; and (ii) express its agreement to become a signatory to the MISO Agreement, to be bound by all of its terms, and to make any and all payments or contributions required by the MISO Agreement. Upon fulfillment of these conditions, and upon completion of any physical integration of the new Owner's facilities with the Transmission System in a fashion consistent with the Chief Executive Officer's (or if the Board chooses not to elect the Chief Executive Officer, the President's) direction, the Board shall allow the new Member to become a signatory to the MISO Agreement. In general, an Owner must own, operate, or control interstate transmission facilities as detailed above; however, on a case-by-case basis, the Board may waive the requirement that such facilities be physically interconnected if allowing the Member also to become an Owner will result in significant net benefits to MISO and its Members.

Section 3.3. *No Rights of Members to Manage or Control.* No Member shall have any rights to manage or control the property, affairs, or business of MISO, or any power to control the Board in these respects.

Section 3.4. *Regular Meetings.* The Members shall hold their meetings at the principal office of MISO, or other location designated by the Board, on the dates designated by the Board. The Members shall also hold their annual meetings at such location on the day designated by the

Board, for the purpose of exercising and discharging any other powers or duties vested in them by the MISO Agreement and the Bylaws.

Section 3.5. *Special Meetings.* The Board or any twenty-five percent (25%) of the Members may call special meetings of the Members at any time.

Section 3.6. *Notification.*

- a. The Secretary shall provide notice to appropriate state regulatory authorities, FERC, the members of the Advisory Committee (established pursuant to the MISO Agreement), and the public by posting on MISO's Internet World-Wide Web Site or equivalent form of electronic posting at least seven (7) days prior to the meeting, of the time and place of all meetings of Members, whether regular or special.
- b. Notice mailed to a Member, sent by telefacsimile, or other electronic means no later than seven (7) days prior to the date of the meeting, directed to the Member at the address as shown on the books of MISO, shall be deemed sufficient for the provisions of this provision and for all other purposes, unless written notice of change of such address has been previously given to MISO. In the case of special meetings, the Secretary shall also give notice to all Members of the general purpose of the meeting and the nature of the business to be considered at such meeting. Such a special meeting shall be limited to the business thus specified in the notice, unless at least twenty-five percent (25%) of the Members consent in writing to the consideration of other matters. The Members of record eligible to participate in any meeting shall be determined as of the date notice of the meeting is provided to the Members.

Section 3.7. *Conduct of Meetings; Quorum; Voting.* At all meetings of Members, the Chair of the Board, or such other person as may be designated by the Board, shall preside. Each Member shall be entitled to one vote, and Members may vote by proxy. Twenty-five percent (25%) of the Members, or their proxies, shall constitute a quorum for the purpose of any such meeting and in the determination of a vote of the Members for any purpose. Except where it is otherwise provided in these Bylaws, a vote of a majority of the Members represented and voting shall control.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1. *General Powers.* There shall be a Board of Directors of MISO which shall consist of nine (9) persons plus the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President). The Board may exercise all of the powers of the non-stock corporation and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers, and the management of MISO) as it may deem proper and consistent with applicable law, the MISO Agreement, the Tariff, the articles of incorporation, and these Bylaws, provided that authority for such actions is not reserved to the Members or Owners.

Section 4.2. *Qualifications.* Notwithstanding the post-employment restrictions described in Article III, Section IV.F of the MISO Agreement, a Director shall not be, and shall not have been at any time within one (1) year prior to election to the Board, a Director, Officer, or employee of a Member, User, or an affiliate of a Member or User engaged in the electric utility industry or participating in wholesale electricity markets. At all times while serving on the Board, a Director shall have no material business relationship or other affiliation with any

Member or User or an affiliate of a Member or User engaged in the electric utility industry or participating in wholesale electricity markets. A Director's participation in a pension plan of a Member or User or an affiliate thereof shall not be deemed to be a material business relationship as long as such pension plan is a defined benefit pension plan that does not involve ownership of Prohibited Securities. Similarly, a Director's ownership of Prohibited Securities in a Member or User or affiliate thereof shall not be deemed to be a material business relationship if such Prohibited Securities are held through a mutual fund, retirement fund, blind trust (as defined in Appendix A, Section II.E.6) or similar arrangement where the Director has no discretion to manage the assets in such an account. Of the nine (9) Directors, six (6) shall have expertise and experience in corporate leadership at the senior management or board of directors level, or in the professional disciplines of finance, accounting, engineering, or utility laws and regulation. Of the other three (3) Directors, one (1) shall have expertise and experience in the operation of electric transmission systems, one (1) shall have expertise and experience in the planning of electric transmission systems, and one (1) shall have expertise and experience in commercial markets and trading and associated risk management.

Section 4.3. *Number; Election.* The Board shall be elected by the Members from a slate of candidates presented to them by the Nominating Committee. The results of the election shall be announced at a time designated by the Board. Directors shall be elected to terms of three (3) years, except for any Director elected to fill a vacancy in the remainder of the term of a previously elected Director that has been removed or resigns. Before the term of a Director expires, a nominating committee consisting of three Board Members whose terms are not expiring appointed by the Board and two members of the Advisory Committee selected by the Advisory Committee shall select an executive search firm to provide at least two (2) candidates,

with the qualifications specified below, to the nominating committee for each open Director position. Members may submit the names of candidates directly to the nominating committee. The nominating committee shall then provide at least two (2) candidates to the Board for each open position. The candidates for a specific Director position shall have the same type of qualifications as the Director being replaced, as set forth in Section 4.2 above. The Board shall distribute to the Members a slate of candidates consisting of at least one (1) candidate for each Director position to be filled. The Members shall elect Directors by ballots cast by electronic transmission (or other means as designated by the Board) pursuant to an election administered by an independent third party. The deadline for Members to cast votes for the candidate(s) for each Director position shall be: (a) announced to the Members when the Board distributes to the Members the slate of candidates; and (b) at least thirty (30) days after the Board distributes the slate of candidates to the Members. The Board shall also provide the Members with information on the qualifications and experience of the candidate to fill the Director seat for which each candidate is proposed. A candidate receiving a majority of the votes cast by the Members shall be elected. Should the Members fail to elect a candidate from the slate proposed by the Board, the Board shall select an alternate candidate using the procedures set forth above for consideration by the Members no later than seventy-five (75) days after such election. Each Director shall serve until the Director's successor shall have been duly elected and qualified, or until the Director's earlier resignation or removal. Vacancies on the Board caused by a Director leaving office before the expiration of the Director's term shall be filled by vote of the Board, which shall choose a candidate having the same type of qualifications as the Director's predecessor from a list prepared by the nominating committee in consultation with an executive

search firm chosen by the nominating committee. A Director selected to fill such a vacancy shall serve out the term of his predecessor.

Section 4.4. *Chair of the Board.* The Board shall select from among its members a Chair of the Board. The Chair shall serve in such capacity at the pleasure of the Board until his successor shall have been elected and have qualified. The Chair of the Board shall, unless otherwise determined by the Board, preside over all meetings of the Board and Members. The Chair shall perform all duties incident to the office of Chair of the Board and such other duties as from time to time may be assigned to him by the Board.

Section 4.5. *Vice Chair.* The Board shall select from among its members a Vice Chair of the Board. The Vice Chair shall serve in such capacity at the pleasure of the Board until his successor shall have been elected and have qualified. In the absence of the Chair of the Board, or in the event of his inability or refusal to act, the Vice Chair shall perform the duties of the Chair of the Board, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chair of the Board. The Vice Chair shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 4.6. *Resignation of Directors.* Any Director may resign his office by submitting a signed notice of resignation, delivered or mailed to the principal office of MISO. Such notice of resignation shall state the effective date of resignation. If the notice does not indicate an effective date, the resignation shall take effect upon receipt of the notice at the principal office of MISO.

Section 4.7. *Removal of Directors.*

- a. Removal by Members. The Members may remove a Director by a vote of a majority of the Members. Removal proceedings may only be initiated by a

petition signed by not less than twenty percent (20%) of all Members. The petition shall state the specific grounds for removal. A copy of the petition shall be provided to the FERC and to each appropriate state regulatory authority. A Director sought to be removed shall be given fifteen (15) days to respond in writing to any charges set forth in the petition. The petition shall specify when the removal vote shall take place.

b. Removal by Owners for Unauthorized Acts. If the Board of MISO changes, or attempts to change, any of the provisions of the MISO Agreement identified in Article Two, Section IX, Paragraph C of the MISO Agreement without obtaining the requisite approval of the Owners as specified therein, or if the Board fails to enact these Bylaws or enacts any Bylaws contrary to the MISO Agreement, or if the Board fails or refuses to fulfill the duties owed to the Owners set forth in Article Three, Section III, Paragraphs B and C of the MISO Agreement, then the Board shall be deemed to have acted without authorization, and may be removed in its entirety by unanimous vote of the Owners' Committee (established by Article Two, Section VI, Paragraph B of the MISO Agreement), provided that such removal shall be subject to approval by the FERC. Removal proceedings hereunder shall be initiated only by the delivery by the Owners' Committee to the Chair of the Board of a statement specifying in detail the manner in which the Board has acted without authorization. The Board shall have sixty (60) days to respond to such a statement, after which the Owners may, by unanimous vote of the Owners' Committee, reaffirm their proposal to remove the Board if they are not satisfied with the Board's response. If the Owners vote

unanimously to reaffirm their proposal, they shall file such proposal with the FERC and provide notice to the appropriate state regulatory authorities. Upon the FERC's approval of such proposal, the Board shall be removed in its entirety and a new Board shall be selected in accordance with the provisions for the selection of an initial Board specified in these Bylaws. The new Board so selected shall have all of the powers specified herein as belonging to the Board, including the power to replace the Chief Executive Officer, the President and other Officers, employees, or agents of MISO chosen by the removed Board or its predecessors. Nothing herein shall be deemed to prejudice any right any Owner may otherwise have under the FPA or other provisions of law.

Section 4.8. *Meetings; Notification.* Regular meetings of the Board shall be held at least quarterly, and other meetings shall be held from time to time on the call of the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), Chair, or a majority of the Board. A Director may participate in a meeting personally or by electronic means. Written notice of the date, location, and time of each meeting of the Board must be provided by first-class mail, telefacsimile, or other reliable electronic means to each Director no later than seven (7) calendar days prior to the date of the meeting. Participation in a meeting by a Director is a waiver of any objection that the Director may make to any failure to give adequate notice under this provision. Any action required or permitted to be taken at any meeting of the Board, or of any Board Committee, may be taken without a meeting if all Directors or Board Committee members, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or Board Committee. Consistent with the MISO Agreement, the Board shall have all procedural authority provided and

options available under Title 8 of the Delaware Corporation Law, section 141, as such law may be amended or, any successor provision thereto.

Section 4.9. *Quorum; Voting.* A majority of Directors serving on the Board shall constitute a quorum of the Board for any meeting of the Board and in the determination of a majority vote of the Board for any purpose. Except as provided in Section 8.3 of these Bylaws, the affirmative vote of a majority of the Directors represented and voting is required to constitute any act or decision rendered by the Board.

Section 4.10. *Accounting.* At each quarterly meeting of the Board, or such other time as the Board directs, the Board shall require the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) to submit for Board approval a full statement of the conditions of MISO, and all business transacted by it, and, when the statement is approved, shall cause a copy of it to be sent to each Member.

Section 4.11. *Minutes and Reports.* The Board shall cause to be kept by the Secretary, elected by it, accurate minutes of all meetings of the Board, Members, and Board Committees. Insofar as non-Members of MISO are concerned, these records shall be conclusive for the Board of the facts and activities stated and recorded therein.

Section 4.12. *Director Compensation and Expenses.* Directors shall receive from MISO such compensation, regular or special, subject to the terms and conditions stated in the MISO Agreement, Article Two, Section Three, Paragraph D, Subparagraph 1. An independent compensation consulting firm shall set Director compensation, subject to approval of the Members. If two-thirds (2/3) or more of the Members vote to reject the compensation consulting firm's recommended compensation, then the recommended compensation shall be rejected. If the recommended compensation is rejected, then the compensation consulting firm shall be

requested to submit another recommendation or another compensation consulting firm may be hired for such purpose. Directors, and their successors and assigns, shall have the right to reimbursement by MISO for all of their actual expenses reasonably incurred or accrued in the performance of their duties as Directors of MISO.

Section 4.13. *Annual Report.* The Board shall annually make a written report showing the financial results of MISO's operations during the preceding fiscal year. A copy of such report shall be furnished to each Member.

Section 4.14. *Board Oversight.* The Board of Directors shall oversee the Chief Executive Officer's and/or the President's performance of the obligations of MISO specified in the MISO Agreement and these Bylaws. The performance of such obligations shall be carried out and executed by the Chief Executive Officer and/or the President with oversight as appropriate by the Board. The Board shall establish general policies to be followed by the Chief Executive Officer and/or the President and employees of MISO in the conduct of their duties. The Board shall have the obligation to assure that the Chief Executive Officer and/or the President accounts for all transactions on the Transmission System and other activities of MISO; submits bills for such transactions; pays the expenses of operation of MISO; collects monies for transmission service from customers solely as agent for Owners or their designee(s) in accordance with the Tariff; and distributes monies to the Owners or their designee(s) in accordance with the MISO Agreement, any associated agreements referred to in the MISO Agreement and the Tariff.

Section 4.15. *Standards of Conduct.* The Directors shall comply with the Standards of Conduct set forth in Appendix A to the MISO Agreement, and, by direction or oversight, shall require that the Officers and employees of MISO also comply with such standards.

Section 4.16. *Employ Staff.* The Board shall have the power to employ staff, auditors, counsel, and other personnel as necessary to carry out the business of MISO, and may delegate to the Chief Executive Officer and/or the President all or part of such authority to employ such staff, auditors, counsel, and other personnel.

Section 4.17. *Board Committees.* The Board may appoint such committees of the Board of Directors as are necessary and appropriate for the conduct of MISO's business, provided that final responsibility for any action recommended by any such committee remains with the Board.

ARTICLE V

OFFICERS

Section 5.1. *Titles.* The Officers of MISO shall be the Chief Executive Officer, the President, one or more Vice Presidents (at the discretion of the Board), and a Secretary.

Section 5.2. *Election and Term of Office.* The Officers of MISO shall be elected from time to time by the Board. Each Officer shall hold office at the pleasure of the Board.

Section 5.3. *Removal of Officers by Directors.* Any Officer may be removed by the Board whenever, in the Board's judgment, the best interests of MISO will be served thereby.

Section 5.4. *Chief Executive Officer.* At its discretion, the Board shall have the power not to establish the office of the Chief Executive Officer, or if established, to combine the offices of the Chief Executive Officer and the President. The President shall exercise the powers and perform the duties of the Chief Executive Officer as set forth in Article V, Section 5.5 of these Bylaws. The Chief Executive Officer shall serve on the Board of MISO. The Chief Executive Officer may vote on any matter presented at a Board meeting except when the Chief Executive Officer's vote would create a tied Board vote. In that circumstance, the Chief Executive Officer shall be barred from voting. The Chief Executive Officer also may not vote on the selection of,

or continued employment of the Chief Executive Officer or on the Chief Executive Officer's compensation. The Chief Executive Officer shall be included in the determination of a quorum of the Board for any meeting of the Board and in the determination of a majority vote of the Board for any purpose. The duties of the Chief Executive Officer are as follows:

- a. Right of Chief Executive Officer to Manage. The right of the Chief Executive Officer to exercise functional control over the operation of the Transmission System, insofar as is necessary to carry out the rights, duties, and obligations of MISO as set forth in the MISO Agreement, shall be absolute, unconditional, and free from the control and management of the Owners, who shall have only the rights specifically set forth in the MISO Agreement. The Chief Executive Officer shall have the authority to act for MISO before any and all applicable federal or state regulatory authorities to carry out the business of MISO.
- b. General Powers. The Chief Executive Officer shall possess and exercise any and all such additional powers as are reasonably implied from the powers contained in the MISO Agreement such as may be necessary or convenient in the conduct of any business or enterprise of MISO. The Chief Executive Officer may (i) do and perform everything that (a) he deems necessary, suitable, or proper for the accomplishment of any of the purposes, or the attainment of any one or more of the objectives, enumerated in the MISO Agreement, or (b) that shall at any time appear conducive to, or expedient for, the protection or benefit of MISO, and (ii) do and perform all other acts or things that are deemed necessary or incidental to the purposes set forth in the MISO Agreement.

- c. Acquire Property. The Chief Executive Officer shall have power to purchase, or otherwise acquire through leases, such property, except for transmission facilities which shall be governed by Appendix B to the MISO Agreement, as necessary to carry out the obligations of MISO as specified in Article Three of the MISO Agreement.
- d. Prosecute Claims. The Chief Executive Officer shall have full and exclusive power and authority to demand, sue for, claim, and receive any and all revenues and monies due MISO.
- e. Borrow. The Chief Executive Officer shall have the power to borrow money up to the level authorized by the Board for the purposes of MISO and to give the obligations of MISO to secure such indebtedness.
- f. Contracts. The Chief Executive Officer shall have the authority and power to make all such contracts as he may deem expedient and proper in conducting the business of MISO, except as may be limited by the Board.
- g. Taxes and Assessments. The Chief Executive Officer shall have the power (i) to pay all taxes or assessments of whatever kind or nature imposed upon or against MISO in connection with MISO property, or upon or against MISO property, or any part of such property; (ii) to do all acts and things as may be required or permitted by any present or future law for the purpose of making the activities of MISO exempt from taxation; and (iii) for any of the above-stated purposes, to do all such other acts and things as may be deemed by him necessary or desirable.

h. Depository. In accordance with policies set by the Board, and subject to any limitations set forth in the MISO Agreement, the Chief Executive Officer shall have the power to select a depository, and to deposit any monies or securities held by MISO in connection with the performance of its obligations under the MISO Agreement, with any one or more banks, trust companies, or other banking institutions, that are federally insured and deemed by the Chief Executive Officer to be responsible, such monies or securities to be subject to withdrawal on notice upon demand or in such manner as the Chief Executive Officer may determine, with no responsibility upon the Chief Executive Officer for any loss that may occur by reason of the failure of the person with whom the monies or securities had been deposited properly to account for the monies or securities so deposited.

Section 5.5. *President*. If the Board has established the office of the Chief Executive Officer, the President shall, in the absence or disability of the Chief Executive Officer, exercise the powers and perform the duties of the Chief Executive Officer. The President shall exercise such other powers and perform such other duties as shall be prescribed by the Chief Executive Officer and/or the Board consistent with this Agreement. The President shall not be eligible to serve on the Board of MISO except when performing the duties of the Chief Executive Officer, as above provided, or except when the Board chooses not to establish the office of the Chief Executive Officer. If the Board chooses not to establish the office of the Chief Executive Officer, the President shall exercise the powers and perform the duties of the Chief Executive Officer.

Section 5.6. *Vice President.* If the Board chooses not to establish the office of the Chief Executive Officer, the Vice President or, if there be more than one, the Vice President designated by the Board, shall in the absence or disability of the President, exercise the powers and perform the duties of the President. Each Vice President shall exercise such other powers and perform such other duties as shall be prescribed by Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) and the Board consistent with the MISO Agreement and these Bylaws. No Vice President shall be eligible to serve on the Board of MISO except when performing the duties of the President as provided in the MISO Agreement.

Section 5.7. *Secretary.* The Secretary shall be responsible for the following duties:

- a. Keeping the minutes of the applicable meetings in one or more books provided for that purpose;
- b. Seeing that all notices are duly provided in accordance with these Bylaws, policies of MISO, and any and all other documents which provide for the governance of MISO;
- c. Maintaining custody of the records of the business of MISO and the seal of MISO, and affixing such seal to all appropriate documents, the execution of which, on behalf of MISO, under its seal, is duly authorized in accordance with the provisions of these Bylaws;
- d. Keeping a register of the names and post office addresses of all Members and Directors;
- e. Signing letters of membership, the issuance of which shall have been authorized by the Board or Members;
- f. Keeping on file at all times at the principal office of MISO a complete

copy of the MISO Agreement, and all amendments thereto, together with these Bylaws and any policies concerning the governance of MISO, and, at the expense of MISO, forwarding or otherwise making available copies of such information to each of the Members and to the public to the extent required by law; and generally performing all duties instant to the office of Secretary and such other duties that, from time to time, may be assigned to the Secretary by the Board.

Section 5.8. *Standards of Conduct.* The Officers, agents, and employees of MISO shall comply with the Standards of Conduct set forth in Appendix A to the MISO Agreement.

Section 5.9. *Bonds of Officers.* Any Officer, employee, or agent of MISO charged with the responsibility for the custody of any of its funds or property shall give bond in such sums, and with such sureties, as the Board shall determine. The Board, in its discretion, may also require any other Officer, agent, or employee of MISO to give bond in such amount, with such surety, as it shall determine. All premiums of the aforesaid bonds shall be paid by MISO.

Section 5.10. *Compensation.* Compensation of the Officers, agents, and employees of MISO shall be established by the Board or pursuant to the policies approved by the Board.

ARTICLE VI

EXTERNAL COMMITTEES

Section 6.1. *Advisory Committee.*

- a. At all times there shall exist an Advisory Committee to the Board consisting of a total of twenty-six (26) representatives from the following stakeholder groups chosen as follows: (i) three (3) representatives of Owners, with one (1) seat assigned to an Owner who was a member of the Mid-Continent Area Power Pool (“MAPP”) as of March 1, 2000; (ii) three (3) representatives of

municipal and cooperative electric utilities and transmission-dependent utilities, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000; (iii) three (3) representatives of independent power producers (“IPPs”) and exempt wholesale generators (“EWGs”), with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (iv) three (3) representatives of power marketers and brokers, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (v) three (3) representatives of eligible end-use customers, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (vi) four (4) representatives of state regulatory authorities, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000), and one (1) seat assigned to a Member of this group who is a representative of either the Arkansas Public Service Commission, City of New Orleans, Louisiana Public Service Commission, Mississippi Public Service Commission or the Public Utility Commission of Texas; (vii) two (2) representatives of public consumer groups, with one (1) seat assigned to a Member of this group who was a member of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (viii) two (2) representatives of environmental stakeholder groups, with one (1) seat assigned to a Member of this group who was a member

of MAPP as of March 1, 2000, or who is actively involved in the MAPP region (as it existed on March 1, 2000); (ix) one (1) representative of Members who, being legally unable to transfer operational control to MISO have, entered into coordination or agency agreements with MISO (“Coordination Members”); and (x) one (1) representative of competitive transmission developers; and (xi) one (1) representative of an affiliate stakeholder group, which group shall be comprised of corporate or other entities or groups not otherwise a participant in any other sector or stakeholder group. The Board may revise or expand the stakeholder groups as circumstances and industry structures change. The Board shall be responsible for facilitating meetings of the Advisory Committee, which shall be held at least quarterly. At such quarterly meetings, the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) and at least two (2) other members of the Board shall meet with the Advisory Committee. Upon request of the Advisory Committee, Board members and the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) shall use their best efforts to attend other Advisory Committee meetings. The Advisory Committee shall be a forum for its members to be apprised of MISO’s activities and to provide information and advice to the Board on policy matters of concern to the Advisory Committee, or its constituent stakeholder groups, but neither the Advisory Committee nor any of its constituent groups shall exercise control over the Board or MISO. Nothing in the MISO Agreement shall prohibit a corporate or other entity from participating in more than one stakeholder group provided it meets the approved eligibility criteria. The reports of the

Advisory Committee and any minority reports shall be presented by the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) to the Board. The Board shall determine how and when it shall consider and respond to such reports. The Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President) shall inform the Advisory Committee of any Board determination(s) with respect to such report.

b. Members of the Advisory Committee shall be selected in the following manner:

i. The Owners' representatives on the Advisory Committee shall be selected in accordance with Section 6.2 of these Bylaws.

ii. The representatives of municipal and cooperative electric utilities and transmission-dependent utilities, IPPs and EWGs, power marketers and brokers, eligible end-use customers, Coordination Members, and competitive transmission developers on the Advisory Committee shall be chosen by the Members belonging to such groups. Such Member groups shall propose to the Board their own methods of eligibility and voting. Approval by the Board of such procedures shall not be unreasonably withheld.

iii. The representatives of state regulatory authorities on the Advisory Committee shall be chosen by the entities that regulate the retail electric or distribution rates of the Owners who are signatories to the MISO Agreement.

iv. The representatives of public consumer groups and environmental

stakeholder groups on the Advisory Committee shall be chosen by recognized consumer and environmental stakeholder organizations having an interest in the activities of MISO. The Board shall certify the organizations eligible to participate in the selection of such representatives to the Advisory Committee. Such certification shall not unreasonably be withheld. The groups so certified shall propose to the Board their own methods of eligibility and voting. Approval of such procedures shall not unreasonably be withheld.

v. The representative of the affiliate group of the Advisory Committee shall be chosen by the members comprising the affiliate group. Such members shall propose to the Board their own methods of eligibility and voting. Approval by the Board of such procedures shall not be unreasonably withheld.

vi. Meetings of the constituent stakeholder groups represented on the Advisory Committee need not be open to the public.

c. In order to ensure appropriate representation on the Advisory Committee, the Board may change the size and composition of the Advisory Committee at three-year (3-year) intervals.

Section 6.2. *Owners' Committee.* An Owners' Committee shall exist throughout the period of the MISO Agreement. The Owners' Committee shall consist of one (1) person representing each of the Owners who are signatories to the MISO Agreement. The Owners' Committee shall meet at its discretion to exercise the authority granted to the Owners as a group under these Bylaws, including voting upon the matters set forth in Sections 4.7(b) and 6.1(b)(i)

of these Bylaws, and under the MISO Agreement. The Owners' Committee shall select three (3) representatives to serve on the Advisory Committee established pursuant to Section 6.1 of these Bylaws.

Section 6.3. OMS Committee. OMS Committee shall be the committee that is composed of members of the Organization of MISO States, established as an autonomous and self-governing body pursuant to the bylaws of the Organization of MISO States, having the responsibilities and rights defined in section I.B of Attachment FF of the Tariff and associated Business Practices Manual. The OMS Committee has the opportunity to provide input into the transmission planning, resource adequacy, and transmission cost allocation approach and processes, and may report periodically to MISO's Board. To enable it to exercise the authority described herein, the OMS Committee will be adequately supported by MISO through reasonable in-kind services or through the provision of reasonable funding, with the costs recovered from Transmission Customers under Schedule 10 of the Tariff.

ARTICLE VII

OPEN MEETINGS

Section 7.1. Open Meetings. Except as provided herein, all meetings of the Board, all meetings of Board Committees and working groups, all meetings of the Advisory Committee and all Members' meetings shall be open to the public. Timely notice of such meetings and copies of all materials to be addressed at such meetings shall be provided to the members of the Advisory Committee, appropriate state regulatory authorities, and the FERC and posted on MISO's Internet World-Wide Web Site or equivalent form of electronic posting. The procedures adopted by the Board for the conduct of such meetings shall allow interested members of the public, including those stakeholders represented on the Advisory Committee, to provide oral and written

comments at such meetings concerning any matter that may come before the Board, Board Committees and working groups, Advisory Committee, or Members, whichever is applicable, during the open portion of such meetings.

Section 7.2. *Minutes.* The meeting minutes of all meetings of the Board, Board Committees and working groups, Advisory Committee, and Members shall be made available to the public and furnished to appropriate state regulatory authorities and the FERC, upon request; provided, however, that materials or information which is privileged or confidential pursuant to Section 7.3 of these Bylaws may be redacted from such minutes. Copies of executed or final documents, such as contracts, leases, and agreements, not otherwise required to be treated as confidential shall be made available for review. In the event the basis for information being treated as confidential ceases to exist, said information shall thereafter be available for review.

Section 7.3. *Executive Sessions to Preserve Confidentiality.* Executive sessions (closed to the public) shall be held as necessary to safeguard the confidentiality of (a) personnel-related information; (b) information subject to the attorney-client privilege or to confidential treatment under the attorney-work product doctrine or concerning pending or threatened litigation; (c) information that is confidential under Appendix A to the MISO Agreement; (d) consideration of assumption of liabilities, business combinations, or the purchase or lease of real property or assets; (e) except as may be required by law, consideration of the sale or purchase of securities, investments, or investment contracts; (f) strategy and negotiation sessions in connection with a collective bargaining agreement; (g) discussion of emergency and security procedures; (h) consideration of matters classified as confidential by federal or state law; (i) matters to protect trade secrets, proprietary information, specifications for competitive bidding, or to discuss a specific proposal if open discussion would jeopardize the cost or siting or give an unfair

competitive or bargaining advantage to any person or entity; and (j) discussion of proceedings by the Alternate Dispute Resolution Committee established under Attachment HH of the Tariff.

ARTICLE VIII

DUE DILIGENCE, LIABILITY, AND INDEMNIFICATION

Section 8.1. *Due Diligence Duties.* It shall be the duty of Directors, Officers, employees, agents, and other representatives of MISO (a) to faithfully and diligently administer MISO as would reasonable and prudent persons acting in their own behalf; (b) to keep correct and accurate records of all business transacted; (c) to exercise prudence and economy in the business of MISO, including the minimization of tax liability, if any; (d) to act in good faith, and only for the best interests of MISO; (e) to annually render a full and correct account of MISO business; and (f) at the termination of MISO, to render and to deliver all the properties and funds of MISO in accordance with the MISO Agreement and applicable law.

Section 8.2. *Limitations on Liability.* No Director, Officer, agent, employee, or other representative of MISO, and no corporation or other business organization that employs a Director of MISO, or any Director, Officer, agent, or employee of such corporation or other business organization, shall be personally liable to MISO, any Member, or any User for any act or omission on the part of any such Director, Officer, agent, employee, or other representative of MISO, which was performed or omitted in good faith in his official capacity as a Director, Officer, agent, employee, or other representative of MISO pursuant to the operation of the MISO Agreement, or in any other capacity he may hold, at the request of MISO, as its representative in any other organization. However, this release of liability shall not operate to release such a Director, Officer, agent, employee, or other representative of MISO from any personal liability resulting from willful acts or omissions knowingly or intentionally committed or omitted by him

in breach of the MISO Agreement, for improper personal benefit, or in bad faith. Directors, Officers, agents, employees, or other representatives of MISO also shall not be personally liable for any actions or omissions of others, including Owners, whose actions or omissions may relate to MISO, or any property or property rights forming, or intended or believed to form, part of MISO's property, or for any defect in the title to, or liens or encumbrances on, any such property or property rights.

Section 8.3. *Indemnification.* MISO shall indemnify each Director, Officer, agent, employee, or other representative strictly in accordance with the terms and conditions of the Indemnification provisions of the MISO Agreement, Article II, Section VIII.

ARTICLE IX

AMENDMENTS

Section 9.1. *Amendment.* These Bylaws may be amended by the Board from time to time, subject to the receipt of all necessary federal and state regulatory approvals, and provided that no amendment is contrary to the MISO Agreement.

ARTICLE X

MISCELLANEOUS MATTERS

Section 10.1. *Dispute Resolution.* MISO shall resolve disputes between and among MISO and the Owners, individually or collectively, and Users other than the Owners, in accordance with the procedures set forth in Attachment HH of the Tariff.

Section 10.2. *Inspection and Auditing Procedures.* MISO shall grant each Member, its employees or agents, external auditors, and federal and state regulatory authorities having jurisdiction over MISO or an Owner, such access to MISO's books and records as is necessary to verify compliance by MISO with the MISO Agreement and to audit and verify transactions

under the MISO Agreement. Such access shall be at reasonable times and under reasonable conditions. MISO shall also comply with the reporting requirements of federal and state regulatory authorities having jurisdiction over MISO with respect to the business aspects of its business operations, including, but not limited to, the State of Delaware. Contacts between Officers, employees, and agents of any Owner and those of MISO pursuant to this Section 10.2 shall be strictly limited to the purposes of this Section 10.2 and shall comply with the Standards of Conduct set forth in Appendix A to the MISO Agreement.

ARTICLE XI

WITHDRAWAL OR TERMINATION OF MEMBERS

Section 11.1. *Withdrawal Notice.* A Member who is not an Owner may, upon submission of a written notice of withdrawal to the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President), withdraw from membership in MISO at any time, which withdrawal shall be effective thirty (30) days after the receipt of such notice by the Chief Executive Officer (or if the Board chooses not to elect the Chief Executive Officer, the President).

A Member who is also an Owner may withdraw under the procedures and rights specified in the MISO Agreement and shall be subject to the regulatory approvals referred to in that Agreement or as provided by applicable law. The effect of such withdrawal shall be as stated in that Agreement.

AGENCY AGREEMENT FOR OPEN ACCESS
TRANSMISSION SERVICE
OFFERED BY MISO FOR
NON-TRANSFERRED TRANSMISSION FACILITIES

Through this Agreement (“Agency Agreement”), the entity executing this Agency Agreement (“Owner”), allows the Midcontinent Independent System Operator, Inc. ("MISO") to offer and provide transmission service over certain facilities as detailed below.

RECITALS

A. Pursuant to the Agreement of Transmission Facilities Owners to Organize the Midcontinent Independent System Operator, Inc., a Delaware Non-Stock Corporation ("Agreement"), MISO controls certain transmission facilities. MISO will offer to provide open access transmission service across those facilities. Through the Tariff, it is intended that MISO also will offer to provide transmission service over other booked transmission facilities, control of which will not be transferred to MISO. These other booked transmission facilities are the “Non-transferred Transmission Facilities.”

B. The Owners are or will be members of MISO. The Owners will or may maintain control of Non-transferred Transmission Facilities that are offered for service under the MISO Tariff.

C. In order for MISO to offer service over Non-transferred Transmission Facilities, it is necessary that Owners provide the authority to MISO to provide the transmission and other services necessary to effectuate the Tariff.

D. The Owners also will be entering into or will have entered into the Agreement which will detail the rights and responsibilities of the Owners, Members, and Users of MISO.

E. Each Owner will enter into an Agency Agreement to authorize MISO to act as its agent in the performance of its tariff administration duties with regard to Non-transferred Transmission Facilities; to commit Non-transferred Transmission Facilities and services as required for the performance of service agreements and of the Tariff; to arrange for dispute resolution; and for other purposes as specified herein and in the Agreement. This Agency Agreement pertains only to the Non-transferred Transmission Facilities and has no affect or bearing on service over any other transmission or other facilities.

TERMS OF AGREEMENT

1. Incorporation Of Tariff.

1.1 Incorporation Of Tariff Into Agreement.

The Tariff, including each and every constituent part, is incorporated into this Agency Agreement as though set forth herein in its entirety. In the event of any conflict between any provision of this Agency Agreement and the Tariff, the Tariff shall control.

2. Appointment Of MISO As Agent.

The Owner appoints MISO as its agent to enter into service agreements in conformity with the Tariff on its behalf with regard to service involving Non-transferred Transmission Facilities. It is agreed that all such service agreements will bind the Owner to perform to the requirements and specifications of the Tariff and service agreements where appropriate.

3. Performance By Owner.

The Owner agrees to provide all services necessary or appropriate for performance under the Tariff and service agreements thereunder with regard to service involving Non-transferred

Transmission Facilities. Upon MISO's request, the Owner further agrees to provide MISO with all information necessary or appropriate relating to the Non-transferred Transmission Facilities to permit or facilitate MISO to perform its tariff administration functions under the Tariff and service agreements relating to such facilities.

4. Payment Of Owners.

MISO shall distribute revenues associated with service under the Tariff among transmission providers in accordance with Appendix C to the Agreement.

5. Effectiveness, Duration Of Agency Agreement, and Withdrawal Rights.

The Agency Agreement is effective on the Effective Date as defined in the Agreement. The term of this Agency Agreement shall thereafter be coextensive with the duration of the Owner's participation as an Owner under the Agreement. The Owner's withdrawal rights and obligations associated with such withdrawal under this Agency Agreement shall be as set forth in the Agreement.

6. Liability And Indemnification.

The liability and indemnification provisions governing MISO's liability to the Owner and any indemnification shall be the same as set forth in either the Tariff or the Agreement, whichever provision is applicable.

7. Dispute Resolution Procedures.

Any dispute between or among MISO and the Owner shall be resolved in accordance with the Dispute Resolution Procedures of the Tariff.

8. Integration And Amendment.

This is an integrated agreement which contains all terms and conditions of agreement between the parties concerning the subject matter. Any prior or oral agreements concerning the

subject matter not stated herein are superseded by this Agency Agreement. This Agency Agreement may be amended only by an executed writing.

9. Authority.

The Owner hereto represents that the person executing this agreement on its behalf is authorized to execute this agreement and bind such Owner to its terms, and that such authorization has been made in compliance with all applicable laws, articles of incorporation, bylaws, and resolutions and in a manner that the authorization is binding upon the Owner.

OWNER

Company: _____

Signature: _____

Title: _____

Date: _____

This Appendix provides the description and supporting documents for the Transmission System transferred to MISO for the purposes of planning and operation. In general, the criteria defining the Transmission System include:

1. All networked facilities above 100 kV.
2. All transformers whose two highest voltages qualify under the above voltage criteria.
3. All substation equipment that form the endpoints of the transmission lines in item 1, terminate the transformers in item 2, or provide voltage/stability control.

Each Owner shall provide, as a minimum, the following information on their facilities:

The descriptions of the transmission lines, including:

1. The names of the substations associated with a transmission line (the two endpoints for a two terminal line or the two endpoints and intermediate taps for multi-tapped lines).
2. The voltage level of each line.
3. Circuit maps containing each line or documents describing each line.
4. The mileage associated with each transmission line or tap section was optional and was provided by some Owners.
5. Ratings of each line were optional and were provided by some Owners.

Descriptions of the transformers meeting criteria 2 above, including:

1. Name of substation where transformer is located.
2. Voltage levels.
3. Number of windings (Optional).
4. Tap changing capabilities -- load and no load taps (Optional).

5. Ratings of each transformer were optional and were provided by some Owners.

If the map or circuit diagram provided by an Owner contained Non-transferred Transmission Facilities, these Non-transferred Transmission Facilities were marked out indicating that they were not included in the facilities to be controlled and planned by MISO.

In cases of jointly owned facilities, there was an indication of the jointly owned facilities through symbols or specific notations.

Interconnections between transmission systems (MISO Owners and non-MISO Owners) are clearly marked on the system one-line drawings.

This Appendix sets forth a general framework for the development and operation of Independent Transmission Companies (“ITCs”) within MISO. Any conflict between Appendix I and other provisions of this Agreement or the Tariff shall be governed by the provisions of this Appendix. Under Appendix I, certain responsibilities which currently reside with MISO may be assigned to an ITC, if it chooses to accept those responsibilities and if the Federal Energy Regulatory Commission (“FERC”) acceptance or approval of the assignment is obtained as provided herein.

This Appendix I is intended to describe broad areas regarding the assignment of certain rights, responsibilities, and functions to an ITC. Any entity or entities submitting a proposal to become an ITC (“Filing Entity”) shall submit a filing with FERC detailing each of the rights, responsibilities, and functions the ITC proposes to assume from MISO together with specifics on implementing any of these assigned rights, responsibilities, and functions. The Filing Entity may do this through multiple filings as the ITC develops or through a single filing. Before submitting any filing to FERC, however, the Filing Entity shall provide details of the filing to MISO at least thirty days before the filing date. In the filing to FERC, the Filing Entity shall demonstrate to FERC that the rights, responsibilities and functions proposed to be assigned to the ITC are appropriate by showing, among other things, that the proposed ITC’s governance and structure assures independence of the ITC from any market participant and that the proposed ITC is of sufficient size and configuration to assume such rights, responsibilities, and functions appropriately. MISO, its Members, and others shall have the right to intervene, comment, or protest any such ITC filing or to file a complaint under Section 206 of the Federal Power Act with regard to any such ITC filing or document.

1. FERC APPROVAL

1.1 FERC Acceptance As A Prerequisite. Before receiving the rights and responsibilities provided for under this Appendix I, the Filing Entity shall apply for and receive a FERC order accepting the ITC proposal to be implemented and finding that the proposed ITC satisfies FERC's independence criteria and any other applicable criteria such that the entity may be treated as an ITC under this Appendix I.

1.2 Effect of FERC Acceptance. Once FERC issues an order accepting the filing and providing the finding required under Section 1.1, then the ITC may operate within MISO consistent with the rights, responsibilities, and functions that have been accepted or approved by FERC.

1.3 Effect of FERC Denial. A Filing Entity which does not receive a FERC order finding satisfaction of FERC's independence and other applicable criteria shall be treated as an Owner under this Agreement once it executes the Agreement and Agency Agreement (if applicable). It shall not be considered an ITC eligible to assign the responsibilities detailed in this Appendix I until such time as it receives the necessary FERC order.

2. RELIABILITY COORDINATION

2.1 Regional Reliability Coordinator. MISO shall be the regional Reliability Coordinator and shall perform the functions specified in Appendix E, Section V of this Agreement for all MISO Transmission Systems, including any ITC transmission systems.

2.2 ITC Actions. An ITC may take actions to preserve the reliability of the ITC system before requesting assistance from MISO. The ITC shall inform MISO of any such actions and coordinate such actions with MISO.

2.3 Ultimate Authority. Notwithstanding any other provision in this Appendix I, MISO may intercede and direct appropriate actions in its role as the regional Reliability Coordinator. If such MISO action is disputed, MISO's position shall control pending resolution of the dispute.

3. BASE TRANSMISSION RATES

3.1 Right to File Rate Changes. The ITC shall possess the unilateral right, without receiving any MISO approval, to make filings at FERC proposing rate or rate structure changes (including incentive rate structures) involving base transmission charges for service to load within the ITC. Base transmission charges as used herein refer to the charges in Schedules 7, 8, and 9 of the Tariff or such other similar schedules used by the ITC. All other service to load outside the ITC is subject to the MISO base transmission charges. However, in the development of the "Drive-through" and "Drive-out" MISO rates, the ITC may submit inputs to the rate calculation for the ITC's facilities and costs which differ from the MISO rate formula that is part of the Tariff so long as the ITC has sought and received FERC authorization for the inclusion of such inputs in the MISO "Drive-through" and "Drive-out" transmission rates.

3.2 Limitations. The ITC may not unilaterally propose transmission rates to FERC that do not preserve revenues or payments due MISO Owners that are outside the ITC.

3.3 No Rate Pancaking. Notwithstanding its rights under Section 3.1, the ITC shall not implement rates or a rate structure which results in a transmission customer paying the ITC and MISO more than one base transmission charge for any one transaction.

4. REVENUE DISTRIBUTION

4.1 ITC Receipt of Transmission Revenues. The ITC shall receive and/or retain revenues resulting from the provision of transmission service under the Tariff in

accordance with Appendix C of this Agreement and the Tariff. The ITC may take no unilateral action which interferes with or affects the revenue distribution provided for in Appendix C of this Agreement or which interferes with the collection by MISO of the revenues due it for services it provides or arranges. If the ITC receives revenues which other Owners or MISO are entitled to receive, the ITC shall forward such revenues to the Owners or MISO as soon as possible.

4.2 Redistribution of Revenues. The ITC may distribute the revenues due it in accordance with Appendix C of this Agreement and the Tariff in any manner it wishes subject to receiving any necessary regulatory approvals, without involvement of MISO.

5. CONGESTION MANAGEMENT

5.1 ITC Congestion Management. Before filing any congestion management mechanism for constraints within the ITC, the ITC shall advise MISO of its proposed filing, and both the ITC and MISO shall use reasonable efforts to reach agreement on the filing. After a reasonable consultation process and even without agreement being reached, the ITC shall possess the right to file at FERC, without MISO approval, a mechanism for congestion management for constraints within the ITC.

5.2 Limitations. Any such ITC congestion management mechanism shall not operate in instances where its operation would cause a material adverse effect upon the MISO transmission system outside of the ITC or upon the users of that system. In addition, before the ITC congestion management mechanism becomes effective, the ITC and MISO shall develop protocols detailing when MISO and ITC congestion management mechanisms would operate. The ITC shall file such protocols with FERC and the protocols must be accepted or approved by FERC before the ITC congestion management mechanism becomes effective.

6. LOSSES

6.1 Right to File. The ITC shall possess the unilateral right to file at FERC, without any MISO approval, a mechanism for determining loss responsibility within the ITC, provided that this method does not affect the losses received by Owners and generators in areas outside of the ITC.

7. TARIFF ADMINISTRATION

7.1 Service under the Tariff. Customers will receive transmission service under a single Tariff which will apply to transmission service over the entire MISO Region (including the ITC), subject to changes to the Tariff accepted by FERC that the ITC may propose pursuant to this Appendix I. Customers will apply for service on the MISO OASIS. MISO will execute the agreements with the customers for service and studies. The ITC shall make all decisions on rate discounts for ITC-only transactions.

7.2 Studies. If a system impact or other study is required to evaluate the ability of the ITC to provide the transmission service and the transaction is within the ITC, then the ITC shall possess the right to assume responsibility for the study, subject to coordination with MISO. If a facilities study is required to study a constraint within the ITC, then the ITC shall possess the right to assume responsibility for the study in coordination with MISO. With regard to such studies, MISO shall administer the contracts with the customers and shall provide the notices and make the filings under the Tariff.

7.3 ATC. MISO shall administer the ATC calculation in accordance with this Agreement and shall calculate capacity benefit margin (“CBM”) and transmission reliability margin (“TRM”), provided that the ITC shall possess the unilateral right to provide the ratings, operating guides, and assumptions to be used in calculating ATC over the ITC facilities. If

MISO disagrees with these ratings, operating guides, or assumptions, the ITC's position shall prevail pending dispute resolution.

7.4 Scheduling. Customers will schedule through the processes established by MISO. Scheduling protocols will be between MISO and the Local Balancing Authority Areas and/or the ITC.

8. CURTAILMENTS

8.1 ITC Responsibilities. For curtailments of transmission pursuant to the Tariff, if the curtailment involves a transaction within the ITC or is the result of a system problem or constraint within the ITC, then the ITC will have the first opportunity to address the need for or to carry out the curtailment of transactions within the ITC, subject to MISO's authority to act as regional Reliability Coordinator. The ITC and MISO shall develop protocols for the coordination of curtailments.

8.2 MISO Responsibilities. If the ITC is unsuccessful in addressing the curtailment as provided in Section 8.1, then MISO shall assume responsibility for carrying out the curtailment provisions of the Tariff. In all circumstances other than those provided in Section 8.1, MISO shall possess full responsibility for addressing the curtailment consistent with the Tariff and this Agreement.

9. OPERATIONS

9.1 Ratings and Operating Procedures. The ITC may establish ratings and operating procedures for its facilities subject to dispute resolution if MISO disagrees. The ITC's position shall prevail pending dispute resolution.

9.2 Transmission Maintenance. The ITC may set its own transmission maintenance and outage schedules consistent with the Tariff and MISO business practices

manuals. The ITC shall coordinate such transmission maintenance and outage schedules with MISO. With regard to such schedules, the ITC's position shall prevail during the dispute resolution process unless MISO determines that system reliability is involved, in which case MISO's determination shall prevail pending dispute resolution.

9.3 Generation Maintenance. The ITC may assume from MISO the coordination of generator maintenance for generators within the ITC with regard to those generators which are required to coordinate maintenance pursuant to Appendix E, Section VII of this Agreement. The ITC shall inform MISO of those maintenance activities in accordance with the Tariff and MISO's business practices manuals.

9.4 Congestion Management and Must Run Units. The ITC may control congestion management consistent with Section V of this Appendix I and must run units to the extent permitted by the Tariff and FERC.

9.5 Temporary Operational Control. MISO may assume temporary operational control over the ITC's facilities when required to return the MISO system to a secured state as required by its role as a regional Reliability Coordinator.

10. PLANNING

10.1 ITC Plan. The ITC may develop its plan for the construction of transmission facilities within the ITC. The ITC shall inform and provide a copy of its plan to MISO as soon as it is available and shall coordinate with MISO to the maximum extent practicable. MISO approval is not required for the ITC plan, subject to any dispute resolution as provided in Section 10.2 of this Appendix. Such ITC plan shall become part of the MISO regional plan, subject to Section 10.2. If MISO believes that an ITC planned facility will have a material impact on facilities outside of the ITC which are located within MISO, the ITC planned

facility shall not be placed into operation until such time as MISO has a reasonable time to review the ITC plan and any disputes are resolved.

10.2 MISO Disagreement. If MISO disagrees with the ITC's plan, MISO's disagreement with the plan will be resolved through dispute resolution.

10.3 Regional Planning. Nothing in this Section 10 is intended to change the responsibility of MISO to develop a regional plan, including the ITC facilities, as provided in this Agreement.

11. BILLING AND REMITTANCE

11.1 ITC Responsibilities. For transactions occurring solely within the ITC or where the load is located within the ITC, the ITC possesses the right to perform MISO billing, credit, and accounting responsibilities for those transactions.

11.2 Return of Revenues. If the ITC receives revenues which it is not entitled to receive pursuant to Appendix C of this Agreement and the Tariff, it shall as soon as possible remit those revenues to MISO.

12. MONITORING AND PENALTIES

12.1 MISO Responsibilities. MISO will continue to impose and collect penalties as currently provided in the Agreement and Tariff, and to perform the monitoring functions pursuant to this Agreement for transactions involving the ITC.

12.2 Exception. The ITC will be allowed to impose and collect penalties approved by FERC associated with its congestion management program so long as any such penalty does not cause an entity to be subjected to a penalty by both MISO and the ITC for the same violation.

12.3 Monitoring and Assessment of ITC-MISO Relationship. MISO shall monitor the ITC-MISO relationship to determine if the division of functions creates a competitive or reliability problem that affects MISO's ability to provide reliable, non-discriminatory transmission service.

12.4 MISO will monitor markets operating by an ITC.

13. LIABILITY

13.1 Assumption of Liability. The ITC shall assume all liabilities associated with its acts or omissions regarding those functions for which it has assume responsibility. The ITC shall indemnify and hold harmless MISO for any and all liabilities associated with the ITC's actions.

14. DISPUTE RESOLUTION

14.1 Dispute resolution as used in this Appendix I refers to the dispute resolution procedures included as Attachment HH of the Tariff, as it may be amended. MISO shall consider whether any changes to its dispute resolution procedures need to be made to implement this Appendix I.

15. NOTIFICATION OF ASSUMPTION OF RESPONSIBILITIES

15.1 The ITC shall provide notice to MISO of its election to assume the responsibilities described in Sections 7.2-7.4, 8.1, 9.1-9.4, 10.1, and 11.1 of this Appendix I. The ITC must provide notice to allow MISO sufficient time to implement procedures to allow coordinated operation of the ITC together with MISO.

16. OPERATING PROCEDURES AND PROTOCOLS

16.1 The ITC and MISO shall cooperate and use their best efforts to develop the necessary operating procedures and protocols to allow timely start-up of the ITC pursuant to

this Appendix I. Any disagreements shall be resolved pursuant to dispute resolution. Once such procedures and protocols have been developed, either through agreement or after dispute resolution, MISO shall post such procedures and protocols on its website.

17. OTHER FILING RIGHTS

17.1 Notwithstanding anything to the contrary in this Appendix I, the ITC shall retain filing rights specified in Appendix K to the Agreement.

The following represents the agreement of the Owners and MISO on filing rights pursuant to section 205 of the Federal Power Act.

I. ADDITIONAL DEFINITIONS.

Unless the context otherwise specifies or requires, the following additional definitions apply to this Appendix K, and when used in this Appendix K, the following terms shall have the respective meanings set forth below.

A. Appendix I Agreement. One of the following agreements: (a) "Appendix I Agreement by and Between International Transmission Company and the Midwest Independent Transmission System Operator, Inc." dated August 31, 2001, as amended by the "Supplemental Agreement" by and among the Midwest Independent Transmission System Operator, Inc., International Transmission Company, and undersigned Owners dated November 15, 2001, as such agreement may be amended from time to time; (b) "Second Amended and Restated Appendix I ITC Agreement" by and between MISO and GridAmerica LLC, dated as of May 30, 2003, as such agreement may be amended from time to time, and (c) any additional agreement that may be entered into by and between MISO and a third party pursuant to Appendix I of the Agreement.

B. Attachment O. The rate formula set out in the Tariff, from Sheet No. 364 through 393, as may be amended from time to time.

C. Baseline Reliability Projects. Network Upgrades identified in the MTEP as required to ensure the Transmission System is in compliance with applicable national Electric Reliability Organization reliability standards and reliability standards adopted by Regional Entities and applicable to the Transmission Provider's Transmission Owners' planning criteria filed with federal, state, or local regulatory authorities, and applicable federal, state and local

system planning and operating reliability criteria. Baseline Reliability Projects include projects of 100kV voltage class or above needed to maintain reliability while accommodating the ongoing needs of existing Transmission Customers.

D. FPA. The Federal Power Act, 16 U.S.C. § 824 et al.

E. Grandfathered Agreements. The agreements listed on Attachment P of the Tariff as that attachment may be changed from time to time.

F. Non-Jurisdictional Owners. Owners of transmission facilities that are not FERC public utilities, but over which service is provided by MISO under the Tariff and who have transferred functional control of those facilities to MISO.

G. Parties. The Owners and MISO.

H. OMS Committee. OMS Committee shall be the committee that is composed of members of the Organization of MISO States, established as an autonomous and self-governing body pursuant to the bylaws of the Organization of MISO States, having the responsibilities and rights defined in Section I.B of Attachment FF of the Tariff and associated Business Practices Manual. The OMS Committee has the opportunity to provide input into the transmission planning, resource adequacy, and transmission cost allocation approach and processes, and may report periodically to the MISO Board. To enable it to exercise the authority described herein, the OMS Committee will be adequately supported by MISO through reasonable in-kind services and through the provision of reasonable funding, with the costs recovered from Transmission Customers under Schedule 10 of the Tariff.

I. Owner. The owner of, and/or holder of FPA section 205 filing rights with respect to, transmission facilities, service over which is provided by MISO under the Tariff and functional control over which has been transferred to MISO, and who is a signatory to the

Settlement Agreement Between Owners and Midwest ISO on Filing Rights, filed with FERC on November 30, 2004 in Docket Nos. RT01-87, ER02-106, and ER02-108. Only Owners that are public utilities under the FPA are included within this definition of Owner when the term is used to specify filing rights under FPA section 205.

II. DIVISION OF FILING RIGHTS

A. Transmission Revenue Requirements. Each Owner shall possess the full and exclusive right to submit filings under FPA section 205 with regard to its transmission revenue requirements. This full and exclusive right shall include the right to propose a new rate formula or any change to any component of any rate formula used to calculate its revenue requirements, if applicable, provided that such a change is related to that Owner's revenue requirements. An Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section A.

B. Attachment O. In order to change the Attachment O rate formula, the governance and coordination provisions of Articles III and IV of this Appendix K shall apply, provided that those Owners that do not have their revenue requirements calculated through such formula shall not have voting rights pursuant to Articles III and IV of this Appendix K with respect to such a change.

C. Zonal Rates.

1. Generally. The Owner(s) whose transmission facilities comprise the facilities within a zone shall possess the full and exclusive right to submit filings under FPA section 205 with regard to the transmission rate design for that zone for network load and transactions sinking within that zone; provided, however, that any filing made pursuant to this Article II, Section C, Paragraph 1 shall not in any way affect the rates charged or revenues

collected in any other zone. Filings that may be made under this Article II, Section C, Paragraph 1 include, but are not limited to the following types of rate design changes:

(1) changing from a formula rate to stated rates or vice-versa; (2) changing the form or type of formula rate; (3) proposing incentive rates; and (4) proposing performance-based rates. An

Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section C, Paragraph 1.

2. Multiple Owners Within a Zone. If there are multiple Owners within a zone, those Owners should seek to reach agreement on a rate design. If no agreement is reached, then each Owner within the zone shall have the right to submit a FPA section 205 filing proposing an initial rate design or rate design change for the zone. An Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section C, Paragraph 2.

3. Zone Boundaries. For filings that propose to realign, eliminate, or otherwise reconfigure rate zones, only those Owners whose zones would be realigned, eliminated, or otherwise reconfigured by a filing shall possess the corresponding FPA section 205 rights. If there are multiple Owners whose rate zones would be realigned, eliminated, or otherwise reconfigured pursuant to a filing, then all such Owners shall reach agreement before making a filing under this article. Owners shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section C, Paragraph 3. Nothing in this Article II, Section C, Paragraph 3 is intended to modify, in any way, existing provisions and limitations applicable to zone boundary changes, including those included in Appendix C of the Agreement.

D. Rates Affecting More Than One Zone and Through and Out Rates. Except as may be provided in Article II, Section E, Paragraph 2 of this Appendix K, the Owners shall possess the full and exclusive right to submit filings under FPA section 205 with regard to transmission rate design associated with rates affecting more than one zone as well as for transactions going through or out of MISO. The filing right specified in this Article II, Section D shall be subject to the governance and coordination provisions of Articles III and IV of this Appendix K. Limitations: Notwithstanding the foregoing, each Owner shall fully control its revenue requirement component used in calculating the total through and out rates set forth in Schedules 7 and 8 of the Tariff and in any other Tariff Schedule setting forth rates affecting more than one zone in which individual Owner revenue requirements are used to derive the rate.

E. Transmission Upgrades and New Transmission Facilities.

1. Each Owner shall possess the full and exclusive right under FPA section 205 to submit filings with regard to transmission upgrades and new transmission facilities that affect only the rates within the applicable Owner's Tariff zone(s). This provision applies to (a) an Owner constructing transmission upgrades or new transmission facilities in its own zone and seeking recovery of costs through rates that apply only to its zone; (b) an Owner constructing, or otherwise assuming financial responsibility for, transmission upgrades or new transmission facilities in a zone other than that Owner's zone and seeking recovery of costs through rates that apply only to its own zone; and (c) an Owner's assigned costs associated with transmission upgrades or new transmission facilities and seeking recovery of costs through rates that apply only to its zone.

2. Both the Owners and MISO shall possess the right to submit filings under FPA section 205 with regard to the allocation of costs associated with transmission upgrades and

new transmission facilities affecting multiple Tariff zones; provided, however, that this filing right shall be subject to the governance provisions of Article III of this Appendix K with regard to filings made by Owners, Article IV of this Appendix K with regard to filings made by either the Owners or MISO, and Article II, Section E.3 of this Appendix K with regard to filings made by MISO.

3. The OMS Committee shall have the right to request and MISO shall file for a new or an amendment of any regional cost allocation methodology provided for under the Tariff that would be identified as an OMS Committee proposed filing subject to the provisions set forth below.

a. The OMS Committee's authority to request MISO to file a separate filing to amend or establish a regional cost allocation methodology may be exercised in any of the following circumstances but only after a vote of the OMS Committee as described in Article II, Section E.3.e below:

i. Upon MISO undertaking a section 205 filing consistent with its rights under Article II, Section E.2 of this Appendix K to amend an existing cost allocation methodology.

ii. Upon the OMS Committee request that MISO (1) examine a change or changes in methodology, or (2) make minor technical and clarification Tariff changes, which MISO shall not unreasonably deny, and subject to the commencement of a stakeholder process as provided and modified in Article II, Section 3.E.d below, in which MISO concludes to make a change or changes in methodology. Once an examination is requested under (1) or (2), MISO shall begin the requested stakeholder process not more than 60 days after the date of the OMS Committee's request.

For purposes of this Article II, Section 3.E.a.ii, “examine a change or changes in methodology” shall not include the methodologies and definitions employed for Baseline Reliability Projects, but shall mean changing any other MISO regional cost allocation methodology, changing the definition of the classes or types of transmission projects subject to any MISO regional cost allocation methodology, or any combination of the foregoing.

b. The OMS Committee’s right described in Article II, Section E.3.a of this Appendix K applies to the regional cost allocation methodology being applied to new regional projects, other than Baseline Reliability Projects.

c. The provisions in Article II, Section E. 3 of this Appendix K are contingent upon successful integration of Entergy Arkansas transmission, generation, and load into MISO’s markets, including receipt of any final authorization of FERC necessary to accomplish such integration. Upon satisfaction of this condition, the OMS Committee’s rights under this Article II, Section E.3 shall become effective and shall not be deferred to the expiration of the five-year transition period accepted by FERC in its Order in Docket No. ER12-480-000, dated April 19, 2012 (139 FERC ¶ 61,056). Nothing in this Article II, Section E.3 is intended to permit the establishment of a regional cost allocation methodology under this provision that would allocate regional costs between First Planning Area and the Second Planning Area during the five-year transition period.

d. Barring extraordinary circumstances, MISO shall support requests by the OMS Committee that one or more state commissioners be selected as stakeholder process co-chairs, pursuant to Article II, Section E.3.a. of this Appendix K, provided the OMS Committee provides assurances of the availability of said commissioner(s) to help direct the stakeholder process in a timely manner, and provided further that MISO stakeholder community ratifies such

selection. Should the stakeholders fail to support an OMS commissioner as co-chair, MISO will support a separate OMS Committee process to ensure the OMS Committee's position is appropriately developed and presented in the stakeholder process. At the beginning of the MISO stakeholder process developing a proposal seeking to amend an existing regional cost allocation methodology or develop a new regional cost allocation methodology pursuant to Article II, Section E.3.b of this Appendix K, MISO and the OMS Committee will work cooperatively to develop appropriate guidelines and time frames by which any alternative proposal and supporting materials would be completed for and on behalf of the OMS Committee.

e. At any point during the stakeholder process developing a proposal seeking to amend an existing regional cost allocation methodology or develop a new cost allocation methodology as per Article II, Section II.E.3.b of this Appendix K, the OMS Committee may undertake to develop and request MISO file an OMS Committee alternative cost-allocation methodology, so long as 66% of all of the OMS Committee voting members agree to this undertaking and pursuant to Section II.E.3.a of this Appendix K. At the end of the stakeholder process MISO will either file with FERC a new transmission cost allocation methodology, a change to an existing transmission cost allocation methodology or will provide the OMS Committee with a written explanation of its decision not to file changes to the Tariff. If MISO does not file changes to the Tariff, no OMS alternative cost-allocation methodology will be filed with FERC by MISO.

f. If the criteria in Article II, Section E.3.a of this Appendix K are met, the OMS Committee and MISO will work cooperatively to ensure that the OMS Committee's alternative Tariff language, as well as any material supporting the justness and reasonableness of such alternative, is filed with FERC in an agreed upon time frame.

g. Nothing in this Appendix K, Article II, Section E.3 is intended to supersede or abrogate MISO's or any Owner's existing FPA section 205 rights, set forth in this Appendix K.

h. Nothing in this Appendix K, Article II, Section E.3 is intended to affect any existing or currently planned transmission project in MISO's MTEP, Appendix A. Nothing in this Article II, Section E.3 is intended to operate retroactively to affect the regional cost allocation of any MISO MTEP, Appendix A project.

i. MISO shall provide the technical and financial support to fulfill its obligations under Article II, Section E.3 of this Appendix K in order for the OMS Committee to make an appropriate showing in support of the justness and reasonableness of any proposal provided by the OMS Committee pursuant to Article II, Section E.3 of this Appendix K. MISO staff shall be subject to reasonable direction by authorized OMS Committee representatives for purposes of developing an OMS Committee regional cost allocation methodology proposal whether or not the OMS Committee ultimately requests that MISO file a Tariff revision as provided herein.

F. Retail Transmission. Both the Owners and MISO shall possess the right to submit filings under FPA section 205 with regard to revising the Tariff to include or change the terms or conditions applicable to transmission services for unbundled retail transmission customers. An Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section F; provided, however, that any such filing shall not materially affect any other Owner.

G. Schedule 1 Costs. Each Owner shall possess the full and exclusive right under FPA section 205 to submit its revenue requirements to be recovered under Schedule 1 of the Tariff. The Owners shall possess the full and exclusive right under FPA section 205 to submit changes in rates and rate design under Schedule 1 of the Tariff subject to the governance and coordination provisions of Articles III and IV of this Appendix K; provided, however, if a rate or rate design proposal affects only one zone, the Owner(s) in that zone may file under FPA section 205 without following the governance and coordination provisions of Articles III and IV of this Appendix K.

H. Other Costs. Each Owner shall possess the full and exclusive right under FPA section 205 to file a proposal or rate to recover other costs imposed on it and nothing in this Appendix K shall be interpreted as precluding any Owner from making a FPA section 205 filing to propose a method or rate for recovering any other cost the Owner may incur as a result of MISO actions (unless expressly dealt with herein in which case the specific provision would apply), provided that such costs are not otherwise recovered in rates. These other costs may include non-transmission costs such as the costs associated with implementing MISO's directives with regard to preserving reliability or energy markets, including (but not limited to) directives pursuant to the Tariff (or successor document). An Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section H and shall, instead, have a full, exclusive, and unilateral right to submit any filing that only affects the rates within its zone(s); provided, however, that any proposal that requires loads in other zones to bear some or all of the costs shall be subject to Articles III and IV of this Appendix K.

I. Ancillary Services Other Than Schedule 1. Both Owners that own or control generation or other resources capable of providing ancillary services (offered to customers pursuant to the Tariff) and MISO shall have the right to submit filings under FPA section 205 to govern the rates, terms, and conditions applicable to the provision of ancillary services. An Owner shall not be required to follow the governance and coordination provisions of Articles III and IV of this Appendix K to exercise the filing right provided for in this Article II, Section I; provided, however, that any ancillary service proposal with regional impacts shall be subject to the governance and coordination provisions of Articles III and IV of this Appendix K.

J. Seams Agreements. MISO shall invite the participation of the Owners in any discussions with adjoining transmission providers or transmission owners, having as their purpose the consummation of a seams agreement containing provisions that could affect transmission revenues or impose costs or responsibilities on any or all of the Owners. The execution of agreements with adjoining transmission providers or owners shall be subject to the stakeholder review process provided for in the Agreement. MISO shall take appropriate measures, consistent with its responsibilities under Article Three, Section D of the Agreement, to minimize the risk that any seams agreement will result in a net reduction in revenues recoverable by an Owner.

K. Other Provisions Affecting Transmission Revenues. With regard to any other tariff provision affecting transmission revenues, MISO and the Owners shall each have filing rights under FPA section 205. The filing right specified in this Article II, Section K shall be subject to the limitations set forth in Article II, Section D above, and the governance and coordination provisions of Articles III and IV of this Appendix K.

L. Provisions Not Addressed in Article II, Sections A-K of this Appendix K.

Except as provided herein, MISO shall have the full and exclusive right to submit filings under FPA section 205 with regard to its Tariff and related documents; provided, however, that nothing herein shall prevent MISO from inviting the participation of one or more Owners in any such submission; and provided further that nothing in this provision or Appendix K provides MISO with any authority (other than that which it already may possess) to submit revisions to the Agreement or to any documents to which it is not a party.

III. OWNER GOVERNANCE ISSUES

A. FPA section 205 filings subject to this Article III, as provided for in Article II of this Appendix K, shall not be made by individual Owners. Instead, it is the intention of all Parties that Owners will coordinate the filing rights subject to this Article III through the development of joint filings of the type set forth herein. Decisions on whether or not to make a joint section 205 filing shall be made by majority vote, on a “one Owner – one vote” basis; provided that any entity that has one or more written delegations of authority to exercise section 205 rights on the matter that is the subject of a vote shall be authorized to cast a vote under each such delegation of authority. A minority of Owners may submit a filing under FPA section 205, provided the minority consists of at least three (3) Owners that either own or have been delegated authority to exercise section 205 rights concerning combined gross transmission plant of at least \$2,500,000,000 as calculated based on the gross transmission plant reported by each Owner in its most recent FERC Form No. 1 filing (or equivalent data for Owners that do not file FERC Form No. 1 reports).

IV. COORDINATION

A. Owners Coordination. Owner(s), whether acting individually or jointly pursuant to Article III of this Appendix K, shall provide MISO and all other Owners with at least thirty (30) days' notice before submitting any FPA section 205 filing that is subject to this Article IV as provided for in Article II of this Appendix K, unless circumstances require a shorter notice, in which case the Owner(s) shall use reasonable efforts to provide as much notice before the filing as possible. In the notice, the Owner(s) will use best efforts to provide as detailed a description of the filing and its rate impacts as possible. MISO will circulate this information to its Members, Advisory Committee, and state commission representatives. If MISO believes it necessary, the Owner(s) will participate in a pre-filing meeting to discuss the filing and issues unless precluded by time exigencies.

B. Owners and MISO Coordination for MISO Filings. On any filing in which both MISO and the Owners possess filing rights under FPA section 205 and which MISO proposes to file, MISO will provide advance notice to the Owners of at least thirty (30) days before making a filing under FPA section 205, unless circumstances require a shorter notice, in which case MISO shall use reasonable efforts to provide as much notice before the filing as possible. In the notice, MISO will use best efforts to provide as detailed a description of the filing and its rate impacts as possible. MISO will circulate this information to its Members, Advisory Committee, and state commission representatives. If the Owners believe it necessary, MISO will participate in a pre-filing meeting to discuss the filing and issues unless precluded by time exigencies.

C. Owners and MISO Coordination. In instances in which both MISO and the Owners in whole or in part intend to submit FPA section 205 filings on the same or similar subjects or tariff provisions, MISO and the Owners shall meet to determine if a joint filing could

be submitted. If MISO and the Owners cannot agree to a joint filing, then separate filings may be submitted.

V. MISCELLANEOUS

A. Jurisdiction. Nothing in this Appendix K is intended to provide FERC with jurisdiction over Non-Jurisdictional Owners who may rely on MISO to submit filings for them with regard to their individual revenue requirements or rate designs.

B. FPA Section 206 Rights. Nothing in this Appendix K is intended to limit or in any way abridge the rights of any Owner or MISO to seek revisions to any document pursuant to FPA section 206. Moreover, nothing in this Appendix K is intended to limit or in any way abridge the rights of any Owner or MISO to intervene in any proceeding before FERC or to protest or comment upon any filing made with FERC.

C. Appendix I of the Agreement. Nothing in this Appendix K is intended to affect or in any way abridge the rights of Independent Transmission Companies under their respective Appendix I Agreement(s) and related agreements, as may be supplemented from time to time.

D. Agreement and Transmission Revenue Distribution. Nothing in this Appendix K is intended to modify or affect the filing rights of Owners and restrictions on such filing rights relating to the Agreement set forth in the Agreement or to provide MISO with any filing rights with regard to transmission revenue distribution.

E. Others' Filing Rights. Nothing in this Appendix K is intended to affect the FPA section 205 filing rights of any entity which is not a Party. Nor is anything in this Appendix K intended to affect the procedural rights of any other interested party, including state regulatory commissions, regarding a filing submitted by MISO or an Owner (or both) pursuant to Article II of this Appendix K.

F. MISO Administration of Tariff. Nothing in this Appendix K is intended to eliminate MISO's responsibility for administering the Tariff in a prudent manner, consistent with the Agreement and FERC requirements. To that end, MISO shall continue its administrative functions with regard to the Tariff in which, for example, it is responsible for ensuring that the formatting of the Tariff pages (including those pages submitted by Owners for advance MISO review pursuant to Article IV, Section A of this Appendix K) is in compliance with FERC requirements, and in which it remains the administrator of the Tariff even for Tariff provisions over which the Owners possess FPA section 205 filing rights under this Appendix K. In addition, nothing in this Appendix K is intended to affect the rights MISO possesses to discount transmission service under the Tariff consistent with the provisions of this Appendix K. Additionally, nothing in this Appendix K forbids MISO, if specifically authorized by an Owner or by multiple Owners, as appropriate, from making a filing on behalf of the Owner(s).

G. Grandfathered Agreements. Nothing in the Appendix K is intended to affect or modify whatever rights any entity may possess to seek modification of any Grandfathered Agreements.

H. Appendix K Modifications. It is the intent of the Parties that the provisions of this Appendix K, and the conforming changes to the Tariff and the Agreement required by this Appendix K, shall be subject to change solely by written amendment executed by MISO and the Owners, with execution by the Owners requiring approval by a majority of the Owners provided, however, that any such amendment is not affirmatively opposed by three (3) or more Owners collectively owning gross transmission plant of at least \$2,500,000,000 as calculated based on the gross transmission plant reported by each Owner in its most recent FERC Form No. 1 filing (or equivalent data for Owners that do not file FERC Form No. 1 reports). Otherwise, no Party

may make a FPA section 205 filing that, if accepted or approved by FERC, would in any way have the effect of (1) canceling, modifying or limiting the FPA section 205 filing rights of any other Party provided for in this Appendix K, or (2) converting exclusive FPA section 205 filing rights of a Party provided for in this Appendix K into non-exclusive rights.

I. Mobile-Sierra Standard. It is the intent of the Parties that any change to any provision of this Appendix K, or to any conforming change to the Tariff or the Agreement, that is not proposed pursuant to Article V, Section H of this Appendix K whether proposed by a Party, non-Party, or the FERC shall be limited to the maximum extent permissible by law and shall be subject to the Mobile-Sierra public interest standard of review applicable to fixed rate agreements; provided, however, that beginning five years from the date of execution of the “Settlement Agreement Between Transmission Owners and Midwest ISO on Filing Rights” (filed at FERC on November 30, 2004 in Docket Nos. RT01-87, ER02-106, and ER02-108), actions initiated by the FERC, acting *sua sponte* pursuant to FPA section 206, shall be governed by the just and reasonable standard.

VI. TERM

This Appendix K shall remain in effect for 5 years from the date it becomes effective and shall remain in effect from year to year thereafter unless (a) it is deemed withdrawn pursuant Section 6.12 of the “Settlement Agreement Between Transmission Owners and Midwest ISO on Filing Rights” (filed at FERC on November 30, 2004 in Docket Nos. RT01-87, ER02-106, and ER02-108) (referred to as "Filing Rights Settlement" for purposes of this Article VI, Section A), (b) it is withdrawn pursuant to a modification or amendment executed pursuant to Sections 6.8 and/or 6.9 of the Filing Rights Settlement, or (c) three-fourths of the Owners then subject to this Appendix K give one year advance notice in writing that they wish to terminate this Appendix K;

provided, however, that unless expressly stated otherwise, this Appendix K shall not be deemed withdrawn if modified or amended under Sections 6.8 and/or 6.9 of the Filing Rights Settlement; and provided further that an Owner shall not be subject to, or otherwise bound by, this Appendix K at any time following its effective withdrawal from either the Agreement or an Appendix I Agreement.