

ORGANIZATION OF MISO STATES, INC.
BOARD MEETING MINUTES
May 12, 2005

Approved 6/9/05

Commissioner Kevin Wright, President of the Organization of MISO States, Inc. (OMS), called the May 12, 2005 Meeting of the OMS Board of Directors to order via conference call at approximately 2:00 p.m. (CDT) The following commissioners participated in the meeting:

Kevin Wright, Illinois
David Hadley, Indiana
Diane Munns, Iowa
A.W. Turner, proxy for Mark David Goss, Kentucky
Laura Chappelle, Michigan
Ken Nickolai, Minnesota
Steve Gaw, Missouri
Greg Jergeson, Montana
Tim Texel, proxy for Louis Lamberty, Nebraska
Kevin Cramer, proxy for Susan Wefald, North Dakota
Kevin Holtsberry, proxy for Judy Jones, Ohio
Shane Rooney, proxy for Kim Pizzingrilli, Pennsylvania
Greg Rislov, proxy for Gary Hanson, South Dakota
Bert Garvin, Wisconsin

Manitoba absent

Others present on conference call:

Bob Pauley, Indiana
Frank Bodine, Iowa
Jack Dwyer, Iowa OCA
Marla Larson, Candace Beery, Montana
Bill Smith, OMS
Andy Dotterweich, Consumers Energy
Dave Svanda

The directors and proxies listed above established the necessary quorum of eight board members present.

Treasurer's Report - Steve Gaw presented the Treasurer's report. OMS has received \$200,000 for the fiscal year. Total disbursements for April, 2005 were \$30,764.28. As of April 30, 2005, \$453,382.04 was the remaining balance in OMS Chase BankOne account. Bill Smith was asked to confirm with MISO that they have suspended OMS payments until further notice. With no corrections to the report requested, the Treasurer's report was accepted as reported.

Approval of the Minutes of the April 14, 2005 OMS Board Meeting - Ken Nickolai President Wright announced that the minutes of the April 14 OMS Board Meeting would be held in abeyance until the June 9 meeting.

Review of Actions of the Executive Committee on April 28

President Wright reviewed the major business items of the OMS Executive Committee at its April 28 meeting, and called on the executive director, Bill Smith, to supply further details.

1. Concerning OMS Financial items, the audit was completed and the OMS 990 tax return was filed May 6. The OMS received a letter from the IRS waiving penalties for the late filing of the 2003 990.
2. The format of the OMS Treasurer's report was discussed - no changes will be made from the current format.
3. The Executive Director is shopping banks for competitive interest rates for OMS surplus funds.
4. OMS office lease was extended for 18 months through the end of 2006 with no increase in rent.
5. OMS work group restructuring was discussed.
6. Details of the OMS Board meeting in Little Rock, AR at the Peabody Hotel. David Patton, the market monitor, will present after the MSATs who will speak after the business portion of the meeting at 12:45 pm. There will only be 45 minutes available for board business at the meeting.
7. The OMS Travel Policy and the changes proposed concerning advances.
8. The Executive Committee met in closed session to review the Personnel Committee's report concerning the contracts of Bill Smith and Julie Mitchell. The contracts will then be voted on at the upcoming June Board Meeting.

After questions and discussion about whether the OMS should post the audit report and a copy of the IRS 2004 Tax return to the OMS web site to make the information public, **Steve Gaw offered a motion to make OMS financial reports and income tax filings public. Ken Nickolai seconded the report. The motion carried unanimously by voice vote of directors present.**

Steve Gaw referred to the audit report to again bring up the need to place the OMS BankOne surplus funds in certificates of deposit in amounts that are federally insured. Bill Smith concurred. Diane Munns asked if a process were in place to respond to action item follow-up suggested by the auditor on the financial report. Bill Smith suggested that he would develop a list based on the recommendations from the audit report to be considered at a future meeting. President Wright responded that this should be our goal for the next board meeting.

Associate Membership Request of the Ohio Consumers' Counsel.

Steve Gaw moved and Ken Nickolai seconded the motion that the Office of the Ohio Consumers' Counsel be granted admission as an associate member of the OMS. The motion to approve the membership carried by unanimous voice vote of directors present.

Diane Munns asked that a letter go out welcoming them to the Organization of MISO States, and asking them which work groups they'd like to work on.

1. Report - MISO Advisory Committee Issues - Bert Garvin

V.P. Garvin's report highlighted several items from the MISO A/C agenda that might be voting items of OMS interest

- Item 3.D. the MTEP '05. V.P. Garvin recommended OMS abstain from voting on this issue.
- Item 3.I. Not substantive issue
- Item 3.J. Not Accounted for Energy - V.P. Garvin thinks OMS should abstain until we have better information about it. Ken Nickolai and Judy Jones concurred with V.P. Garvin.

President Wright asked the directors if anyone felt that the three OMS reps should vote in any way other than to abstain on these issues. There was a consensus of the board to abstain. President Wright indicated that if more information was presented to convince reps that another position should be taken, they are to notify the board.

**2. Revisions to OMS Travel Policy - Bill Smith
(This agenda item was deferred from the April OMS BOD Meeting.)**

President Wright asked Bill Smith to summarize the policy changes made after the document was sent from the board to the Executive Committee for more revisions.

- Changes were made to page 8 of the policy concerning advances.
- Cost estimates are required to be approved by the executive director if they exceed the target amounts.
- Clarified language
- Corrected the GSA web site address
- Modified the OMS Travel Expense Reimbursement Form

Diane Munns moved to accept the revised OMS travel expense reimbursement policy. Ken Nickolai seconded the motion. The motion carried by a unanimous voice vote of the directors.

3. Discussion of next steps for RECB - Randy Rismiller, Mike Proctor

Randy Rismiller gave a brief report on some of the activities of the OMS Pricing Work Group. The WG has recently compiled and administered a 29-question survey to cover in a fairly detailed way some of the issues where there was agreement on the RECB Issues with in the Pricing Issues WG, and where there was not agreement. Nine responses were returned from commissions - some from individuals, some from groups of staff people at a commission.

What the Pricing Work Group was able to glean from this survey:

- Unanimity that MISO's current policy on allocation of transmission upgrade costs, for so called reliability projects, needs to be changed.
- MISO's existing allocation policy on generator interconnection needs to be changed.
- Disagreement on what changes need to be made.
- Unanimity that generators should be required to fund interconnection costs via upfront money.
- Agreement on other issues - there should be a "dollar floor" set for baseline projects to qualify for the new cost allocation approach.
- Cost allocation process on sub-regional projects
- Dollar ceiling on cost of network upgrades associated with generator interconnection.
- Agreement that folks who ultimately bear the costs of network upgrades should receive something in return.

The next RECB meeting will be May 20th. At yesterday's meeting the Pricing WG discussed the next steps to be taken, including information sessions for OMS commissions.

After the report, President Wright opened the meeting up for discussion. Diane Munns asked about data to communicate to MISO. She was impressed by the Pricing Survey document, but wanted more state commissions to respond. President Wright thought OMS should wait to get additional responses before sharing redacted compilation. After a workshop was discussed for commissioners to see to what degree the commissions can come to consensus, President Wright indicated he would contact each commissioner to get their views.

Randy Rismiller was asked what sense of timing he had concerning the urgency of the project. MISO and PJM were given the deadline of May 17 by FERC to file policy that is not a cross border project. There are no concrete deadlines for the RECB. (The OMS wanted a new policy hammered out for generator upgrades in November, 2004.)

Dave Hadley's opinion is that we need to get allocation of costs done as soon as possible. Diane wants it to be inclusive and take a parallel path on what OMS is doing next. Bill Smith was asked to compile the file and spreadsheet summary. This is to be sent out to the commissions with an immediate response deadline indicating OMS has only received 9 responses, and the rest of the states need to reply.

**4. OMS Work Group Restructure - David Sapper/Bill Smith
(This agenda item was deferred from the April OMS BOD Meeting.)**

Bill Smith referred to the outline sent out May 12, prior to the meeting, concerning OMS work group reconfiguration.

Work Groups for possible retirement

Congestion Management and FTR
Seams

Work Group under redefinition

Market Rules and Implementation Timelines

Continuing Work Groups

Demand Response
Market Monitoring and Mitigation
Pricing
Resource Adequacy
Transmission Planning and Siting

New Work Group Suggestions

Long-Term Development and Governance Working Group

1. Reasonableness of MISO's new products and services
 - Comparison with SPP and PJM
 - Incremental costs of new projects
2. Review MISO Select Committee recommendations
3. MISO's short-term and long-term incentive plans
4. Future reviews of MISO budgets

Accounting and Financial Reporting Working Group

1. FERC revisions of the Uniform System of Accounts for RTO costs and revenues
 - WG chairs question whether this is a short-term project.

Rate Case Support - how MISO accounts play into retail rates.

1. Changes in O&M accounts
2. Changes in rate base accounts
3. Changes in fuel adjustment or purchase power accounts
4. Other transmission related cost issues

Bill Smith referred to the presentation that was made at the OMS meeting last June in Madison by Bob Burns. This presentation, for future reference, concerning these issues is on the OMS web site.

President Wright indicated that consideration of OMS work group restructuring will be a voting item on the June OMS board agenda.

Commentary followed. Dave Hadley referred to possible on-going issues reflective of seams; he asked what would happen to these potential seams issues if there were no Seams WG. Lisa Pappas responded by suggesting that any real seams issue is going to be addressed with the joint and common market with PJM. She also thought perhaps some of the seams issues could reside within the Market Rules and Implementation Timelines WG. While John Harvey thought seams issues could reside within the Transmission Planning and Siting Work Group.

Administrative Update – Executive Director, Bill Smith

Bill Smith highlighted information he had distributed to board members in his Executive Director's report.

OMS will make travel funds available for OMS board members and one staff member from commissions in PA, KY, Manitoba, MT and NE to attend the June 22 OMS BOD meeting in Little Rock.

FERC Activity

1. The FERC issued four rehearing orders involving the Midwest ISO on April 15.
 - Rehearing was generally denied on the procedural and substantive treatment of grandfathered agreements (GFAs) and carve-outs in 111 FERC ¶61,042. The order clarified several points and addressed related compliance filings. It directed the Midwest ISO to make future filings on schedule accuracy and market prices.
 - Rehearing requests on November 18, 2004 order on the Transmission and Energy Markets Tariff (TEMT) were dealt with in 111 FERC ¶61,043. The FERC upheld the major points of market structure: locational marginal pricing (LMP), market monitoring and mitigation, seams, and Module E's interim resource adequacy provisions. Some modification was made in FTR assignment.
 - The other TEMT-related order, 111 FERC ¶61,053 resolves rehearing requests on the November 18, 2004, order and acts on compliance filings made January 21, 2005, in response to the earlier TEMT orders. The substantive points of the order are fine-tuning of the TEMT.
 - The other order, 111FERC ¶61,052, largely accepts the Midwest ISO's filing with respect to large generator interconnection. It requires some additional clean-ups and information reporting.
2. State Commission Access to Confidential Data. All filings have been made. FERC staff advises that this item may be presented to the Commission before June 30.
3. Through and Out Rates – Dockets ER05-6, EL02-111-004, ER05-6
 - Testimony supporting lost revenues was filed April 29.
4. NESCOE filing, Docket No. EL04-112. Since being struck from the March 2 meeting agenda, there have been no developments.

DOE Activity

1. RTO 101 presentations by John Chandley of LECG Consulting are continuing. These presentations are available to each OMS state under funding from DOE and Lawrence Berkeley

National Laboratory. States should contact the OMS office with suggested dates to plan their presentation. Ten presentations have been given. Three more are expected.

Other OMS Activity:

1. RECB/Pricing WG. The Pricing WG circulated a questionnaire on April 29 to gain some sense of the priorities and concerns of OMS member agencies on issues being developed by the Midwest ISO's Regional Expansion Criteria and Benefits Task Force (RECB). Responses will be discussed on a call May 11.
2. The Northwest subgroup of the Transmission and Siting WG will also meet May 11.
3. The June OMS Board meeting will follow the MARC meeting in Little Rock, June 22 at 12:45 pm (cdt). Work Group Chairs will meet June 21 at 4:45 pm (cdt).

Public Relations

1. Pending speaking/meeting invitations:
 - American Transmission Company personnel will visit the OMS office May 13.
 - Chairman John Norris of the Iowa Utilities Board will visit the OMS office on May 16.
 - FERC Staff briefing, date not set.
 - NARUC Regulatory Exchange, May 25, to discuss regional activities with regulators from Macedonia.
 - National Conference of Regulatory Attorneys, June 15, to participate in a panel on MultiState Energy Agreements: Regionalism Wrapped in Federalism.

John Harvey mentioned that there would be a PJM-MISO Joint and Common Market Stakeholder Meeting in Wilmington, DE on June 2. He suggested that OMS have representation present. Bill Smith asked for volunteers.

Diane Munns asked Bill to notify Nora Mead Brownell of the remaining dates for the RTO 101 trainings so that FERC staff who would be interested could attend.

Diane Munns also indicated that Iowa's Governor Vilsack, and Ohio's Governor Taft have invited other governors to a meeting on transmission issues to be held during the National Governors' Association Meeting in Des Moines, July 18. The event they initially proposed has been somewhat scaled back, but it appears now to be a signing of transmission protocols with a press event. Letters will go out soon with the draft protocols to review to the Governors of the OMS states inviting their participation. President Wright asked Diane if a copy of the letter could be also be sent to the chairman of each commission.

Announcements

- **The next regular OMS Meeting will be held Thursday, June 9 at 2:00 pm CDT.**
- **A Special OMS Board Meeting will be held June 22 in Little Rock, AR.** OMS meeting events will follow the MARC Conference starting at 12:45 pm (CDT) on June 22, ending by 3:30 pm. OMS will try to arrange for conference call capability for the formal meeting so that anyone not able to attend can participate by phone.

Meeting adjourned at approximately 3:35 pm CDT



TREASURER's REPORT (rev. 4/14/05)
Organization of MISO States
March 31, 2005

3/31/2005
TOTALS

Commercial Checking with Interest

Beginning Balance as 3/1/05

\$ 411,072.72

3/7/05 Wire Transfer \$ 50,000.00

3/31/05 Interest on Checking 189.68

Total Deposits

\$ 50,189.68

Checks and Charges

Date	Check #	Descriptions	
3/8/05	1606	100 Court Investors, LLC - OMS Rent and Parking for April	\$ 874.21
3/8/05	1607	The Capitol Connection - 2005 FERC Programming Renewal	300.00
3/8/05	1608	Combined Systems Technology - 2005 McAfee Virus Protection 1-Year Renewal	147.56
3/8/05	1609	IA -Travel MISO Market Subcommittee Meeting 3/2-3/05	397.58 *
3/8/05	1610	OH-Travel MISO A/C & BOD Mtgs. 2/16-17/05	238.00
3/8/05	1611	Infomax Office Systems - April Rental for Copier/Printer/Fax	170.66
3/8/05	1612	Intuit, Inc. - 500 Computer Checks for OMS	73.64
3/8/05	1613	Iowa Industrial Energy Group - IIEG Spring Mtg. Reg. - ED	40.00 *
3/8/05	1614	MN - Travel MISO A/C Mtg. 2/15-16/05	110.98
3/8/05	1615	IL - Travel OMS Annual Mtg. 12/04	165.00
3/8/05	1616	Law Offices of Scott Hempling, P.C. - February Charges for Outside Counsel for Work with MMWG to Prepare OMS Comments on Data Confidentiality	5,125.00
3/8/05	1617	MN - Travel MISO A/C & BOD Mtgs. 2/15-16/05	140.75
3/10/05	W/D	Paychex February payroll processing fee	80.80
3/11/05	1618	IA - Travel MISO Reliability Comm & Marketing Subcommittee Mtgs. 3/1-3/05	289.31 *
3/11/05	1619	Qwest - Office Phone, Fax, DSL March 2005 Charges	193.92
3/11/05	1620	Chase Card Services - OMS Visa - 2/05 Charges	1,112.57 (1)

3/11/05	1621	Wall Street Journal - Annual Subscription Renewal till 4/06	149.00	
3/22/05	1622	MI - Travel MISO A/C & OMS Working Group Chairs Mtg. 3/16/05	11.50	
3/22/05	1623	OH - Travel OMS Commissioners Workshop - Capacity Markets at NARUC	254.30	
3/22/05	1624	The Company Corporation - 2005 Statutory Representation - Registered Agent Renewal	137.00	*
3/22/05	1625	DWX Internet - April OMS Web Site Hosting	35.00	
3/22/05	1626	Intercall - February Conference Calls for OMS BOD, Executive Committee and Working Group Calls	1,699.32	
3/22/05	1627	Travel EBA Conf., MISO Mtgs. & OMS Working Group Chairs Mtg. / ED	328.49	
3/30/05	1628	IA - Travel OMS Working Group Chairs Mtg. 3/15-17/05	411.86	*
3/30/05	1629	OH - Travel OMS Working Group Chairs Mtg. 3/16-17/05	83.38	*
3/30/05	1630	WI - MISO A/C & BOD Mtgs. 3/15-17/05	645.38	*
3/30/05	1631	WI - MISO A/C & BOD Mtgs. 3/15-17/05	552.59	*
3/30/05	1632	MO - OMS Working Group Chairs Mtg. 3/16-17/05	140.27	*
3/31/05	W/D	March Payroll (inc. Employer & Employee taxes)	<u>13,394.44</u>	
		Total Checks and Charges		<u>27,302.51</u>
		Net Activity		<u>22,887.17</u>
		CHECKING ACCOUNT BALANCE 3/31/05		<u>\$ 433,959.89</u>

Notes: * Indicates that check was still outstanding at the time the Bank Account was reconciled (month end).

(1) Credit card charges include Federal Express charges \$205.53; photocopies for RPM Workshop 2/23/05 \$78.73; travel to MISO A/C meeting 2/15-18/05 \$309.25; travel to OMS RPM Workshop & NARUC Winter Mtgs 2/12-15/05 \$443.13; Internet usage while traveling \$6.95; and office supplies \$68.98.

OMS

Organization of MISO States
Report of the Treasurer
Steve Gaw, Missouri PSC
to the
Board of Directors
April 14, 2005

Report for March 2005

Cash on Hand

This fiscal year OMS has received \$150,000.00 from MISO and is holding the remaining balance in the OMS account at Bank One. As of March 31, 2005, the balance in the Bank One account was \$433,959.89.

Expenditures to Date

Total disbursements for March 2005 were \$27,302.51.

ORGANIZATION OF MISO STATES, INC.
BOARD MEETING MINUTES
April 14, 2005

Approved 6/9/05

Commissioner Kevin Wright, President of the Organization of MISO States, Inc. (OMS), called the April 14, 2005 Meeting of the OMS Board of Directors to order via conference call at approximately 2:00 p.m. (CDT) The following commissioners participated in the meeting:

Kevin Wright, Illinois
David Hadley, Indiana
John Harvey proxy for Diane Munns, Iowa
Mark David Goss, Kentucky
Bob Nelson, proxy for Laura Chappelle, Michigan
Ken Nickolai, Minnesota
Steve Gaw, Missouri
Greg Jergeson, Montana
Susan Wefald, North Dakota
Kim Wissman, proxy for Judy Jones, Ohio
Kim Pizzingrilli, Pennsylvania
Greg Rislov, proxy for Gary Hanson, South Dakota
Bert Garvin, Wisconsin

Manitoba absent

Nebraska absent

Others present on conference call:

Amy Christensen, Iowa
Bill Vanderlaan, Bruce Miller, Charlie Iannello, Illinois
Bob Pauley, Brad Borum, Indiana
Rob Mork, Consumer Counselor's Office, Indiana
A.W. Turner, Jeff Johnson, Jorge Valladares - Kentucky
Lisa Pappas, Mick Hiser, Laura Chappelle, Michigan
Burl Haar, Nancy Campbell, Minnesota
Mike Proctor, Dave Woodsmall, Missouri
Marla Larson, Candace Beery, Montana
Kim Joyce, Pennsylvania
Jim Torgerson, John Bear, John Kozyrski, Sherman Elliott, Jeff Webb - MISO
Bill Malcolm - MISO
Bill Smith, OMS
Peggy Ladd - Ameren
Chris Miller, FERC

The directors and proxies listed above established the necessary quorum of eight board members present. President Wright welcomed the board member from Pennsylvania, Kim Pizzingrilli.

Routine business items were discussed out of order until all MISO Briefings were presented. President Wright began the business portion of the meeting by asking Bert Garvin to report on MISO Advisory Committee Issues.

1. Report - MISO Advisory Committee Issues - Bert Garvin, Vice President

Bert's report highlighted several items on the April 20, 2005 MISO Advisory Committee meeting agenda that may be of interest to OMS members. In particular, Bert referred to:

Agenda Item 3.C. Operations Report (John Bear.) Bert indicated the Public Service Commission of Wisconsin had been closely monitoring MISO's market and reliability operations and offered some initial observations he thought might be common to other states.

Bert felt OMS should be prepared to ask questions about Day 2 operations during Mr. Bear's operations report, if necessary, in order to get a clear understanding of what steps MISO and possibly other organizations (e.g., Independent Market Monitor) are taking to improve Day 2 operations.

Agenda Item 3.E. Transmission Pricing Policy (Tom Russell)

Tom Russell may ask for an Advisory Committee vote to affirm this motion. Tom Russell will report on the latest straw poll conducted by MISO regarding how MISO should proceed with developing a transmission pricing policy. It appears that the "Ameren Motion A" will prevail. This motion states:

"Since the RECB has now more adequately developed details about several approaches for regional pricing the next several meetings should be spent to considering compromises that would blend acceptable features into what might be a single consensus proposal. Recognizing the key role of the OMS and its members in obtaining stakeholder consensus for a filing, MISO staff should be instructed to discuss the materials with the OMS and individual States."

Agenda Item 3.F. MISO Transmission Expansion Plan '05 (Jeff Webb)

Jeff Webb will report on the status of MTEP05 and may seek the Advisory Committee's endorsement of the plan. The MISO Planning Subcommittee has already endorsed the plan.

Agenda Item 3.H. Legal Report (Steve Kozey)

At the March 16, 2005 MISO Advisory Committee meeting, Steve Kozey, MISO's General Counsel, reported that MISO would discontinue its 60-day informational filings in FERC Docket No. ER02-2595 once MISO begins Day 2 operations. Through these information filings, MISO reported to FERC its expenditures on the development of Day 2 energy markets. Such informational filings are likely to be useful given that MISO will continue to develop and refine Day 2 operations.

Agenda Item 3.J. Election of Finance Subcommittee Members (Advisory Committee)

The Advisory Committee will vote to elect the nominees to the Finance Subcommittee (FSC). At the March 16, 2005 Advisory Committee meeting, the Advisory Committee voted to grant the OMS a standing seat on the FSC. President Wright has nominated Joseph Buckley from the Ohio PUC.

Agenda Item 3.L. Unaccounted For Energy (Okho Bohm)

A motion regarding "unaccounted for energy" passed by 57% at the April 5, 2005 MISO Market Subcommittee meeting, which triggered the need for the Advisory Committee's review. The Advisory Committee may vote on the same motion, which can be found among the April 5, 2005 Market Subcommittee meeting materials.

Agenda Item 3.M. Deadline for Submission of Internal Bi-lateral Transactions (Jason Cox)

This motion would direct the Midwest ISO to move the deadline for submission of internal bi-lateral transactions to 5:00 PM EST the next business day when the Operating Day falls on a Friday, Saturday, Sunday, Holiday or the day before a Holiday.

Agenda Item 3.N. Consolidation of Business Practices Working Groups (Bill Jett)

This Advisory Committee will vote on a seemingly non-controversial motion to consolidate working groups.

Agenda Item 3.N. FTR Allocation Mechanism (Bill Jett)

At the April 5, 2005 MISO Market Subcommittee meeting, the Retail Market Working Group recommended the following motion, which was applicable to the first FTR allocation period, be restored to Section 43.2.4 of MISO's TEMT and made applicable to the second FTR allocation period as a policy matter:

“For Market Participants that do not have designated annual or longer term Network Resources to meet their forecast annual peak load to be served using Network Integration Transmission Service, the Transmission Provider shall define additional annual FTR entitlements based on the Generation Resources that the entity used to serve their Network Load during the previous twelve (12) month period. Such entitlements shall be defined based upon the difference between the Market Participant's forecast Peak Network Load for the next twelve (12) month period and the total Capacity provided by annual or longer designated Network Resources, also for the next twelve (12) month period.”

This motion failed at the Market Subcommittee. Bert thought Jan Karlak of the Ohio PUC asked for a minority report to be presented to the Advisory Committee. It is not clear whether a minority report will be available for the April 20, 2005 Advisory Committee meeting, however.

Agenda Item 3.P. Trading Hubs Task Force Retirement (Bill Jett)

This is a non-controversial motion to retire this task force. MISO will still be able to discuss and establish trading hubs in other stakeholder groups.

After presentation of the MISO agenda items, discussion among OMS directors centered on which possible voting items the OMS A/C reps would endorse. Bert thought OMS reps would abstain from voting on issues from 3K through 3N. Susan Wefald reiterated that OMS voted to NOT endorse MTEP in the past and should continue to abstain from voting on 3-F at this time. Ken Nickolai, Dave Hadley, and Kevin Wright all spoke in favor of abstaining on a vote of this item.

2. Briefing on Market Start-up - Jim Torgerson, MISO President & CEO

President Torgerson provided a brief update of the market start-up by reporting on these five areas:

- **Systems Performance** - There has been uninterrupted service since MISO started running the market. The portal has seen 250,000 queries, 97% of them have received a response in 3 seconds or less. There have been two minor systems issues, both at 10:45 am on two Sundays - the unit dispatch systems went down. They were different issues, and in each case it was less than an hour, and it was fixed. The back-up system was fully functional but was not needed either time.
- **Day Ahead Market** - MISO has been clearing about 90-95% of forecasted demand in the day ahead market from all the bids that are being made-- in the price sensitive and the fixed bids. There have been significant increases in virtual participation - virtual bids - they have been running 7-10% of the forecasted demand. In certain hours it's been as high as 15%. For example, yesterday the day ahead forecast for today was 69,000 megawatts on peak, yet there were 12,800 of virtual bids being made, yet only 7,800 cleared. MISO's seeing much more volume in the virtual market, which adds to the liquidity of the marketplace. He reminded us to keep in mind that during the first 60 days, MISO is using cost-based market pricing, based on the offers of the company that sends them in.

Mr. Torgerson gave recent price information. Yesterday's day ahead was \$44.51, \$3.00 less than the PJM average. Comparing with two PJM hubs, MISO was \$44.51 and Chicago was \$43.59 and AEP was \$43.21. MISO's tracking very well with PJM.

- **Real Time Market** -Yesterday, MISO's average price was \$45.51, PJM was \$45.76. MISO's tracking closely with PJM. Some of the issues we're facing concerns the use of peakers. Forced outages (4,000 megawatts) and scheduled maintenance (24,000 megawatts) seem high. MISO has no ability to approve or coordinate generation outages. Operating reserves also seem to be on high side. The net scheduled interchange has decreased considerably since the March timeframe. Entities who had been exporting into the MISO are now holding back. Whether they are due to forced outages, ramp rates, showing up late, fuel problems - MISO staff is contacting every single control area to investigate these issues with the operators.
- **Settlements** - Revenue sufficiency guarantees - the amount was inadequate. Data will be corrected (from using a 7 day settlement run to a more reliable 14 day run) and will provide MISO better numbers.
- **Impact On Reliability** - MISO control room staff has observed much improvement in reliability since having a centralized dispatch. Centralized dispatch allows a 10 minute reaction, where redispatch with the TLRs might take as long as 2 hours. TLRs are still having an impact in the MAPP region, but, with seams agreements we'll have to deal with the slow response.

After his presentation, Jim Torgerson answered questions about the market from OMS directors.

3. Midwest ISO Transmission Expansion Plan 2005 - Jeff Webb of MISO spoke to the OMS directors about MISO's Transmission Expansion Plan he plans to take to the MISO board for approval in May. His power point report (attached to the minutes) discussed the following points:

- What is MTEP 2005
- MTEP 05 Process
- Status of MTEP 03 Projects
- Projections for 2009
- Considerations for Future MTEP

At the conclusion of his presentation, Jeff Webb answered questions from the directors about the MTEP.

4. Report-Transmission Planning & Siting Work Group's Resolution - Amy Christensen, WG Chair presented the resolution unanimously approved at the March 24, 2005 work group meeting. The resolution directs how the work group will interact with MISO as concerns MTEP. Its text follows the minutes.

At this point in the meeting, President Wright asked if the directors would like to entertain a motion to direct the three OMS representatives to the MISO Advisory Committee to abstain from voting on Agenda Item 3.F. concerning MTEP at the April MISO Advisory Committee Meeting. Steve Gaw moved that the OMS adopt this motion. John Harvey, Iowa, offered a second. The majority of the directors approved the motion by voice vote, with Indiana voting no.

5. OMS Position on Pricing Issues - Randy Rismiller, Pricing WG Chair

Randy Rismiller reported on the activities of the Pricing Issues Work Group. On April 1, an informational session was held in Carmel that was well attended by commissioners. Jeff Webb gave a presentation on the current RECB proposal commonly known as attachment XX. Jeff's presentation was followed up by a discussion led by Mike Proctor. Chairman Pat Wood of the FERC was present and offered input to the discussion. On April 8, MISO's RECB held a meeting for RECB members to vote on several issues. Results of the ballot A and B were passed in favor of the RECB continuing its work in the next few weeks.

6. Discuss next steps in forming OMS position on RECB Pricing Recommendation

Dave Hadley suggested that Randy Rismiller, working with his work group and Bill Smith conduct a survey to provide a real picture of what the commission positions are. Susan Wefald suggested that it is important for all the states to know what the on-going positions of the RECB are in the upcoming weeks as OMS moves forward. David Hadley suggested OMS get allocation of costs done as soon as possible. President Wright asked Bill Smith to set up some vehicles for dialogue for the next several weeks

At this point in the meeting, President Wright asked that the following agenda items be held over to the next OMS Board Meeting:

7. Announce selection of Finance Committee's OMS Representative

This agenda item was deferred to the May OMS BOD Meeting.

8. Discuss Revision of OMS Work Groups - David Sapper

This agenda item was deferred to the May OMS BOD Meeting.

9. Action Item: Shall the OMS adopt a revised travel reimbursement policy - Bill Smith.

This agenda item was deferred to the May OMS BOD Meeting.

Approval of the minutes of the February 10 and March 10 OMS Board Meetings - Ken Nickolai. This agenda item was deferred to the May OMS BOD Meeting.

Review of Actions of the Executive Committee on March 24.

Executive Director Bill Smith briefly reviewed the actions of the OMS Executive Committee at its March 24 meeting.

Treasurer's Report - Steve Gaw presented the Treasurer's report. Total disbursements for March 2005 were \$27,302.51. As of March 31, 2005 \$433,959.89 was the remaining balance in OMS Chase BankOne account.

With no corrections to the report requested, the Treasurer's report was accepted as reported.

Susan Wefald moved and David Hadley seconded a motion to temporarily suspend monthly payments to OMS from MISO. By unanimous voice vote of the directors present, the motion carried.

Administrative Report – Executive Director, Bill Smith

Text of the Executive Director's Administrative Report, presented by Bill Smith, follows the minutes.

Meeting adjourned at approximately 4:10 pm CDT.

RESOLUTION of THE OMS TRANSMISSION PLANNING AND SITING WORK GROUP (TPSWG)

March 24, 2005

WHEREAS Article IV, Section 8 of the Organization of MISO States (OMS) Bylaws states: "POSITIONS ON POLICY ISSUES. The Board of Directors will give direction to formation of issue statements, which will then be referred to member state and provincial regulatory authorities. A position approved by a majority of the Board of Directors may be issued as the Organization's position with identification of the participating and non-participating Member authorities. Individual Member authorities retain all rights to object to, support, or otherwise comment on, issues statements of the Organization, including the attachment of a minority report or dissenting opinion, provided it is submitted in a timely manner. The Board of Directors may authorize intervention in proceedings before federal regulatory agencies and in related judicial proceedings to express the Organization's positions, and may authorize the Executive Committee to retain legal counsel to represent the Organization in such proceedings."

And

WHEREAS Article IX of the OMS Bylaws states: "STATES NOT BOUND. No vote of, or resolution passed by, the Board of Directors has any binding effect upon any state or provincial regulatory authority, or any individual member thereof, in the exercise of the authority's powers."

And

WHEREAS On May 13, 2004, the OMS Board of Directors approved a motion that OMS not approve or endorse the Midwest ISO Transmission Expansion Plan for 2003 (MTEP-03).

And

WHEREAS The briefing memo from OMS President Susan Wefald on this May 13, 2004, agenda item stated:

This topic came up for discussion at the Michigan State DOE Transmission Siting Workshop. MISO would like the OMS to endorse or approve expansion plans such as the MTEP-03. The MTEP-03 came out last summer, and OMS has taken no action on the plan. I recommend that the OMS not endorse or approve the MTEP-03 or subsequent editions of the plan, since individual state commissions may have siting cases before them that result from the plan. Staff from OMS member states could and should ask questions as the MTEP's are developed, and OMS should be briefed in important issues and new developments in the MTEP's on a regular basis.

And

WHEREAS Members of the TPSWG participate in TPSWG activities and interactions with MISO, in part, to assist their states in gathering needed information; and it is desirable for MISO to inform the TPSWG of its activities, and in particular, of the development of the MTEP.

And

WHEREAS state commissioners, siting authorities, and administrative law judges may hear or decide contested cases regarding approval or rejection of particular transmission line projects; parties in contested cases before state agencies have a constitutional right to due process; due process includes, among other things, the right to an impartial unbiased decisionmaker who has not prejudged any issues in the case; and OMS States generally have rules or guidance about state commissioners, siting authorities, and administrative law judges, and other advisory staff involvement in decision-making and they generally cannot be biased in favor of or against any party in these contested cases or have prejudged or had the appearance of prejudging issues that may arise in these contested cases.

And

THEREFORE the TPSWG adopts this resolution regarding our group's interaction with MISO:

- The TPSWG interprets the resolution passed by the OMS Board of Directors on May 13, 2004, to apply to the TPSWG. The TPSWG, as a group, will not approve or endorse the MTEP or specific projects contained within the MTEP. The TPSWG, as a group, will not recommend whether to include particular projects in the MTEP.
- The TPSWG may meet with MISO for any reason. If a TPSWG member has an ex parte concern with respect to information learned, the concern can be addressed by following that member's required state law procedures, such as making sure all relevant information is included in the record in the contested case in a timely manner or making required disclosures to parties.

- TPSWG members will ask questions of MISO. If the TPSWG thinks improvements may need to be made to the MISO planning process itself, so that the respective commissions have confidence in the process itself, the TPSWG will suggest the possible improvements to MISO or tell the OMS Board, depending on the significance of the needed improvements.
- Commissioners, siting authorities, and administrative law judges who serve as TPSWG members may have additional ethical and legal restrictions that require them to be even more circumspect in their interaction with MISO than other TPSWG members. TPSWG members who are commissioners, siting authorities, or administrative law judges will not give their opinion as to whether they think their commission or siting authority would or would not be likely to approve a project. TPSWG members who are commissioners, siting authorities, or administrative law judges will not prejudge specific projects in the MTEP that may become the subject of a contested case before a state commission or siting authority. When asking questions, TPSWG members who are commissioners, siting authorities, or administrative law judges will attempt to avoid conveying prejudgment of issues that may subsequently become part of a state contested case and will attempt to avoid conveying the message that MISO should or should not pursue some activity based on the question.

OMS Executive Director's Report

April 11, 2005

FERC Activity

1. The Midwest ISO energy market was successfully launched on April 1, 2005.
 - The FERC issued an order March 16, 2005, accepting the Midwest ISO's readiness certification.
 - OMS was represented at the market launch by President Kevin Wright, Vice-President Bert Garvin, and Commissioners Jones and Hadley.
 - Daily calls are being held to deal with implementation issues. Details on the calls can be found at the Midwest ISO calendar: www.midwestiso.org.
 - FERC has listed some rehearing issues on its April 13, 2005, agenda.
2. State Commission Access to Confidential Data. The OMS filed comments on the Offer of Proof on March 10 and replies on March 25. FERC action may take place within 60 to 90 days.
3. Through and Out Rates – Dockets ER05-6, EL02-111-004, ER05-6
 - The ALJ issued a procedural schedule on March 4, 2005.
 - The first procedural dates is April 29, 2005, filing of direct testimony on transmission owner lost revenues (Phase I issues).
 - Hearing on Phase I issues begins November 8, 2005.
 - Phase II, involving shift-to-shipper issues, is designated for settlement judge proceedings beginning July 8, 2005.
 - AEP filed a 15% increase in its transmission rates, claiming a decline in revenues under the FERC's solutions (Docket no ER05-751). A motion to extend the comment date to May 5.
4. NESCOE filing, Docket No. EL04-112. Since being struck from the March 2 meeting agenda, there have been no developments.
5. FERC Chairman Pat Wood has indicated that he will not request reappointment and will end his service on June 30, 2005.

DOE Activity

1. RTO 101 presentations by John Chandley of LECG Consulting are continuing. These presentations are available to each OMS state under funding from DOE and Lawrence Berkeley National Laboratory. States should contact the OMS office with suggested dates to plan their presentation.

Other OMS Activity:

1. RECB/Pricing WG. The Midwest ISO's Regional Expansion Criteria and Benefits Task Force (RECB), after its April 8 meeting, issued a ballot to allow its members to approve a final recommendation to the Advisory Committee's April meeting. The OMS Pricing Working Group has participated in the meetings and is meeting April 11 to discuss options.
2. We are reviewing and updating several OMS policies. In April, the Board will consider travel reimbursement policies.
3. OMS meeting to follow MARC meeting in Little Rock, June 22.

Public Relations

1. Pending speaking/meeting invitations:

- FERC Staff, date not set, probably April.
- NARUC Regulatory Exchange, May 25, to discuss regional activities with regulators from Macedonia
- National Conference of Regulatory Attorneys, June 15, to participate in a panel on MultiState Energy Agreements: Regionalism Wrapped in Federalism.

FINANCIAL STATEMENTS
OF
ORGANIZATION OF MISO STATES, INC.
AT
DECEMBER 31, 2004 AND 2003

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Organization of MISO States, Inc.

We have audited the accompanying statements of financial position of the Organization of MISO States, Inc. (a non-profit organization) as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the year ended December 31, 2004 and for the period from inception (June 11, 2003) to December 31, 2003. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Organization of MISO States, Inc. as of December 31, 2004, and the changes in its net assets and its cash flows the year ended December 31, 2004 and for the period from inception (June 11, 2003) to December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

RYUN, GIVENS, WENTHE & CO., P.L.C.


Certified Public Accountants

April 12, 2005

ORGANIZATION OF MISO STATES, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash	\$ 373,237	\$ 327,568
Prepaid Expenses	4,807	0
Property and Equipment	<u>16,280</u>	<u>0</u>
Total Assets	<u>\$ 394,324</u>	<u>\$ 327,568</u>
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts Payable	\$ 18,315	\$ 10,842
Accrued Expense	<u>9,080</u>	<u>0</u>
Total Current Liabilities	<u>\$ 27,395</u>	<u>\$ 10,842</u>
 Net Assets:		
Unrestricted Net Assets	<u>\$ 366,929</u>	<u>\$ 316,726</u>
Total Liabilities and Net Assets	<u>\$ 394,324</u>	<u>\$ 327,568</u>

ORGANIZATION OF MISO STATES, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004
AND THE PERIOD FROM INCEPTION (JUNE 11, 2003) TO DECEMBER 31, 2003**

	<u>Year Ended December 31, 2004</u>	<u>Period from Inception (June 11, 2003) to December 31, 2003</u>
Revenues, Gains, and Other Support:		
MISO Grant	\$ 350,000	\$ 350,000
Interest Income	<u>851</u>	<u>346</u>
Total Revenues, Gains, and Other Support	<u>\$ 350,851</u>	<u>\$ 350,346</u>
Expenses:		
Personnel Expenses	\$ 171,408	\$ 0
Office Expenses	46,186	1,594
Insurance	7,202	0
Professional Fees and Consultants	12,374	2,717
Meetings and Travel	<u>63,478</u>	<u>29,309</u>
Total Expenses	<u>\$ 300,648</u>	<u>\$ 33,620</u>
 Change in Net Assets	 50,203	 316,726
 Net Assets, Beginning of Year	 <u>316,726</u>	 <u>0</u>
Net Assets, End of Year	<u>\$ 366,929</u>	<u>\$ 316,726</u>

ORGANIZATION OF MISO STATES, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004
AND THE PERIOD FROM INCEPTION (JUNE 11, 2003) TO DECEMBER 31, 2003**

	<u>Year Ended December 31, 2004</u>	<u>Period from Inception (June 11, 2003) to December 31, 2003</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 50,203	\$ 316,726
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,636	0
(Increase) Decrease In:		
Prepaid Expenses	(4,807)	0
Increase (Decrease) In:		
Accounts Payable	7,473	10,842
Accrued Expense	<u>9,080</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>\$ 63,585</u>	<u>\$ 327,568</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(17,916)</u>	<u>0</u>
Net Cash Used by Investing Activities	<u>\$ (17,916)</u>	<u>\$ 0</u>
Net Increase in Cash	\$ 45,669	\$ 327,568
Cash, Beginning of Year	<u>327,568</u>	<u>0</u>
Cash, End of Year	<u><u>\$ 373,237</u></u>	<u><u>\$ 327,568</u></u>

ORGANIZATION OF MISO STATES, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004 AND 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Organization of MISO States, Inc. (OMS) is a non-profit, self-governing organization of representatives from each state with regulatory jurisdiction over entities participating in the Midwest Independent Transmission System Operator, Inc. (MISO), a regional transmission organization as defined by the Federal Energy Regulatory Commission (FERC). The purpose of the OMS is to coordinate regulatory oversight among the states, including recommendations to MISO, the MISO Board of Directors, the FERC, other relevant government entities, and state commissions as appropriate.

OMS member states and provinces are Illinois, Indiana, Iowa, Kentucky, Manitoba, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, Pennsylvania, South Dakota, and Wisconsin. The Company has an office located in Des Moines, Iowa.

OMS was incorporated in the State of Indiana on June 11, 2003. OMS is a not-for-profit organization and is exempt from federal income tax under Section 501(C)(4) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of membership equity: unrestricted, temporarily restricted and permanently restricted. OMS has no restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

OMS capitalizes all acquisitions of property and equipment in excess of \$500. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

ORGANIZATION OF MISO STATES, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004 AND 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funding Agreement

The Midwest Independent Transmission System Operator, Inc. ("Midwest ISO" or "MISO"), will provide administrative funding to the Organization of MISO States, Inc. ("OMS") in connection with implementing the OMS function as it relates to the Midwest ISO. The purpose of the funding agreement is to establish between the OMS and the Midwest ISO a long and productive relationship between the two organizations, working together with all industry participants to create and maintain efficient and reliable wholesale electric markets throughout the Midwest region.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Company has funds deposited in certain banks which at times exceed the \$100,000 FDIC insurance provided in these banks. At December 31, 2004 and 2003, the amounts in excess of FDIC insurance totaled \$280,413 and \$229,710, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, consists of the following:

	<u>2004</u>	<u>2003</u>
Furniture and Equipment	\$ 5,438	\$ 0
Computers	<u>12,478</u>	<u>0</u>
Total Property and Equipment	\$ 17,916	\$ 0
Less: Accumulated Depreciation	<u>1,636</u>	<u>0</u>
Net Property and Equipment	<u>\$ 16,280</u>	<u>\$ 0</u>

Depreciation expense was \$1,636 and none for the year ended December 31, 2004 and for the period from inception (June 11, 2003) to December 31, 2003, respectively.

NOTE 4 - RENTALS UNDER OPERATING LEASES

The Company leases office space under an eighteen month operating lease that expires on June 30, 2005. The annual base rent is \$9,470 and is payable in monthly installments. In addition, the lease requires payment for operating expenses, parking, and tenant improvements. Total rent expense during 2004 and 2003 was \$12,232 and none, respectively. Future minimum rental payment under the non-cancelable operating lease for 2005 is \$4,735.

NOTE 5 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended December 31, 2004 and for the period from inception (June 11, 2003) to December 31, 2003 are:

	<u>2004</u>	<u>2003</u>
Expenses		
Program Services	\$ 256,694	\$ 32,445
Management and General	<u>43,954</u>	<u>1,175</u>
Total Expenses	<u>\$ 300,648</u>	<u>\$ 33,620</u>

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

A For the 2004 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
 ORGANIZATION OF MISO STATES, INC.
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
 100 COURT AVENUE 218
 City or town, state or country, and ZIP + 4
 DES MOINES, IA 50309

D Employer identification number
 16-1671529

E Telephone number
 515-243-0742

F Accounting method: Cash Accrual
 Other (specify) ▶

§ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: WWW.MISOSTATES.ORG

J Organization type (check only one) 501(c) (4) (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 350,851.

H and **I** are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? N/A Yes No (If "No," attach a list.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number ▶
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a	350,000.		
b	Indirect public support	1b			
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ 350,000. noncash \$) ...	1d	350,000.		
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4	851.		
5	Dividends and interest from securities	5			
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	8a	
b	Less: cost or other basis and sales expenses	8b			
c	Gain or (loss) (attach schedule)	8c			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	350,851.		
13	Program services (from line 44, column (B))	13	255,551.		
14	Management and general (from line 44, column (C))	14	45,097.		
15	Fundraising (from line 44, column (D))	15			
16	Payments to affiliates (attach schedule)	16			
17	Total expenses (add lines 16 and 44, column (A))	17	300,648.		
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	50,203.		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	327,568.		
20	Other changes in net assets or fund balances (attach explanation) See Statement 1	20	<10,842. >		
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	366,929.		

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule)				
	(cash \$ _____ noncash \$ _____) 22				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	102,000.	86,700.	15,300.	0.
26	Other salaries and wages	47,556.	40,423.	7,133.	
27	Pension plan contributions				
28	Other employee benefits	6,620.	5,627.	993.	
29	Payroll taxes	13,873.	11,792.	2,081.	
30	Professional fundraising fees				
31	Accounting fees	707.	601.	106.	
32	Legal fees	11,613.	9,871.	1,742.	
33	Supplies	2,681.	2,279.	402.	
34	Telephone	13,574.	11,538.	2,036.	
35	Postage and shipping	444.	377.	67.	
36	Occupancy	12,232.	10,397.	1,835.	
37	Equipment rental and maintenance	2,193.	1,864.	329.	
38	Printing and publications	179.	152.	27.	
39	Travel	62,052.	52,745.	9,307.	
40	Conferences, conventions, and meetings	1,425.	1,211.	214.	
41	Interest				
42	Depreciation, depletion, etc. (attach schedule) ...	1,636.	1,391.	245.	
43	Other expenses not covered above (itemize):				
a	WEBSITE HOSTING AND				
b	COMPUTER MAINT.	10,392.	8,833.	1,559.	
c	INSURANCE, BOOKS,				
d	SUBSCRIPTIONS	11,471.	9,750.	1,721.	
e					
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15.	300,648.	255,551.	45,097.	0.

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? 9 Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;

(iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? 9 SEE ATTACHMENT A	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a See Statement 2	
(Grants and allocations \$)	255,551.
b	
(Grants and allocations \$)	
c	
(Grants and allocations \$)	
d	
(Grants and allocations \$)	
e Other program services (attach schedule)	
(Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) 9	255,551.

Part IV Balance Sheets

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing		45	
	46 Savings and temporary cash investments	327,568.	46	373,237.
	47 a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b	51c	
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments - securities	9 <input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments - land, buildings, and equipment: basis	55a 17,916.		
	b Less: accumulated depreciation	55b 1,636.	55c	16,280.
	56 Investments - other		56	
	57 a Land, buildings, and equipment: basis	57a		
	b Less: accumulated depreciation	57b	57c	
	58 Other assets (describe 9 PREPAID EXPENSES)		58	4,807.
59 Total assets (add lines 45 through 58) (must equal line 74)	327,568.	59	394,324.	
Liabilities	60 Accounts payable and accrued expenses		60	18,315.
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe 9 ACCRUED VACATION)		65	9,080.
66 Total liabilities (add lines 60 through 65)	0.	66	27,395.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here 9 <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	327,568.	67	366,929.
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here 9 <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	327,568.	73	366,929.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	327,568.	74	394,324.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization <u>9</u> _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81 a	Enter direct or indirect political expenditures. See line 81 instructions <u>81a</u> _____ O.		
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) <u>82b</u> _____ N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? N/A	83b	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	X
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	X
c	Dues, assessments, and similar amounts from members <u>85c</u> _____ N/A		
d	Section 162(e) lobbying and political expenditures <u>85d</u> _____ N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices <u>85e</u> _____ N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) <u>85f</u> _____ N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h	
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 <u>86a</u> _____ N/A		
b	Gross receipts, included on line 12, for public use of club facilities <u>86b</u> _____ N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders <u>87a</u> _____ N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) <u>87b</u> _____ N/A		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>N/A</u> ; section 4912 <u>N/A</u> ; section 4955 <u>N/A</u>		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>		
90 a	List the states with which a copy of this return is filed <u>9</u> NONE		
b	Number of employees employed in the pay period that includes March 12, 2004 <u>90b</u> _____ 2		
91	The books are in care of <u>9</u> ORGANIZATION OF MISSOURI STATES, INC. Telephone no. <u>9</u> 515-243-0742		
Located at <u>9</u> 100 COURT AVE, SUITE 218, DES MOINES, IA ZIP + 4 <u>9</u> 50309			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. Check here <u>9</u> <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <u>9</u> <u>92</u> _____ N/A		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments ...			04	851.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0.		851.	0.
105 Total (add line 104, columns (B), (D), and (E))					851.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
←	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here: _____ Date _____ Type or print name and title. _____

Paid Preparer's Use Only: Preparer's signature: _____ Date: _____ Check if self-employed: Preparer's SSN or PTIN: _____

Firm's name (or yours if self-employed), address, and ZIP + 4: RYUN, GIVENS, WENTHE & CO, PLC
1601 48th STREET, SUITE 150
WEST DES MOINES, IA 50266-6722

EIN: 9- Phone no.: 9515-225-3141

Schedule B
(Form 990, 990-EZ, or
990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2004

Name of organization

ORGANIZATION OF MISO STATES, INC.

Employer identification number

16-1671529

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(4) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ~~~~~ | \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2004)

Name of organization ORGANIZATION OF MISSOURI STATES, INC.	Employer identification number 16-1671529
---	--

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. 701 CITY CENTER DRIVE CARMEL, IN 46032	\$ 350,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Attachment A - Page 1

**2004 Tax Year
IRS Form 990 - Part III.**

**Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529**

PURPOSE OF THE ORGANIZATION OF MISO STATES, INC. (OMS)

The OMS was formed to advance the work of its member state and provincial agencies with respect to electricity transmission issues by providing a means of performing some functions on a collaborative basis. The work of the OMS relates to electricity transmission and wholesale energy markets. As described more completely below, state agencies are responsible for regulating electric service at the retail level. Nevertheless, they have found that in order to regulate retail markets effectively, they must be aware of trends and activities in the wholesale markets.

In the United States, wholesale electric activities are regulated by the Federal Energy Regulatory Commission (FERC) pursuant to the Federal Power Act and other statutes. Since 1992, the Congress and the FERC have promoted more competition in wholesale electric markets. In particular, the FERC has urged development of regional transmission organizations (RTO) and has required independent management of transmission systems and open access to their services. In the Midwest, utilities and other market participants formed the Midwest Independent Transmission System Operator, Inc. (MISO) in 1998. Its membership now includes electric transmission systems operating in 14 states and Manitoba. As a part of its emphasis on regional operations and planning of the transmission systems, the FERC has encouraged the formation of regional state committees to enhance the links between state retail regulatory agencies, the new regional institutions, and the federal regulatory agency. The OMS is the first such regional state committee to be created.

In furtherance of their governmental roles, state and provincial regulatory agencies in this region have participated in these developments. They have found that participation in regional and federal developments imposes increasing burdens in terms of cost and staff time as the issues become more complex. For several years, state agencies have cooperated in their regional activities and in 2002 began exploring ways to improve their cooperation through a more permanent organization. That planning resulted in the formation of the OMS in 2003. The activities of the OMS can be grouped into five areas, although there is significant overlap among them.

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2004 Tax Year
IRS Form 990 - Part III.

Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529

HOW OMS SERVES ITS MEMBERS

First, the OMS provides coordination of state participation in the MISO stakeholder advisory process by consultation on upcoming issues and by reimbursing travel costs for the state representatives to meetings of stakeholder groups. The MISO Advisory Committee is composed of sector representatives, with three representatives of state regulatory agencies. The Committee meets monthly at the MISO headquarters in Carmel, Indiana. Agendas typically include more than a dozen information and action items. The OMS, through conference calls just prior to Advisory Committee meetings, provides a way to provide information on agenda items for state agency personnel and for all member states to furnish their views on these issues to the state representatives to the Committee. Reimbursement of travel costs to attend meetings allows participation by states without regard to travel limitations imposed by state budget conditions or other constraints, thus ensuring more balanced participation from the entire region. While the AC is the most prominent of the MISO stakeholder meetings, there are numerous task forces and work groups that deal with specific issue areas. OMS provides coordination and financial support for participation in several of these efforts without increasing the cost burden on state agency budgets. These activities began in July 2003 and will continue indefinitely. The Advisory Committee representatives for 2004 are the Missouri Public Service Commission, the Iowa Utilities Board, and the Wisconsin Public Service Commission. Since January 2004, OMS staff has assisted these activities.

Second, the OMS facilitates the submission of joint comments to the MISO on proposed service offerings and regulatory filings. As a provider of electric transmission service, MISO develops modifications of its service offerings. MISO requests input from its stakeholder groups on concepts for service modifications. The OMS provides a way for its member states to analyze these concepts in a collaborative way, and provide consolidated views to the MISO. OMS brings a direct public policy perspective to MISO's deliberations. These activities have been performed since July 2003. They were initially performed by staff of the OMS member agencies. Since January 2004, OMS staff has assisted these activities, but there is still great reliance on the staff of member agencies.

Third, the OMS provides consolidated statements of position to the FERC on behalf of its member agencies, although they retain legal authority to submit separate comments. The FERC has promoted the regional cooperation of state regulatory agencies in order to encourage regional discussion of policy issues and to achieve regional consensus where possible. Providing viewpoints of

Attachment A - Page 3

2004 Tax Year
IRS Form 990 - Part III.

Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529

state regulatory agencies to the federal regulatory agency is seen as an important way to keep the wholesale and retail markets in alignment and to advance the goals of the Congress and the FERC. The OMS has submitted pleadings in five different FERC dockets since August 2003. Much of the analysis and draftsmanship is conducted by the staff of member agencies. It has been coordinated by the OMS staff since January 2004. These pleadings are listed and can be accessed at the OMS website:
<http://www.misostates.org/fercfilings.htm>.

Fourth, the OMS provides a way for its member state agencies to respond collectively to requests of the FERC for state agency positions or viewpoints on other issues. As with other program areas, states achieve cost savings by working together on these requests while bringing more coherent policy statements to the FERC. Several policies are under study now, including principles for allocating the cost of new transmission facilities, principles for assuring adequate generating resources, and coordination of siting proceedings for multi-state transmission lines. These activities have been formally underway since September 2003. They are conducted principally by the staff of member agencies, with support from the OMS staff since January 2004.

Fifth, the OMS assists the development and sharing among its member agencies of expertise on electric transmission and wholesale market issues. Each activity under the previous headings enhances the understanding of the assigned staff members of the policy issue studied, the dynamics of the wholesale markets, and the regional transmission institutions. This expertise is now available to agencies in other states to supplement their own resources. This activity enhances the analytic capabilities of state agencies without the need for additional budget appropriations. These activities are performed by state staff members, with support from the OMS staff since January 2004.

OMS MEMBERSHIP

Under the OMS bylaws, membership is open to all state and provincial regulatory authorities that:

- a) regulate the retail electricity or distribution rates of transmission-owning members or transmission-dependent utility members of the Midwest Independent System Operator (MISO), or
- b) are the primary regulatory authority responsible for siting electric transmission facilities in states or provinces where there are transmission-owning members of the MISO or independent

Attachment A - Page 4

2004 Tax Year
IRS Form 990 - Part III.

Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529

transmissions companies that own or operate transmission facilities associated with the MISO.

Associate membership is open to all state and provincial agencies that: are

- a) involved with energy planning, and or environmental issues that relate to electric transmission, or
- b) are involved with consumer advocacy issues that relate to electric transmission, or
- c) are approved by the Board of Directors for associate member status.

Under these provisions, the following state agencies are members:

Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Kentucky Public Service Commission
Manitoba Public Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
Montana Public Service Commission
Nebraska Power Review Board
North Dakota Public Service Commission
Ohio Public Utilities Commission
Pennsylvania Public Utility Commission
South Dakota Public Utilities Commission
Wisconsin Public Service Commission

Associate members currently are:

Iowa Office of Consumer Advocate
Minnesota Department of Commerce

At this time, the Manitoba Public Utilities Board is the only Canadian member. It is a provincial regulatory authority. There are no Mexican members.

It is not accurate to say that these OMS member agencies are "overseen by the Midwest Independent System Operator, Inc. (MISO)." MISO is a Regional Transmission organization (RTO) that manages transmission of electricity over facilities owned by electric utilities and serves the needs of various participants in wholesale electric markets such as generators, distributors, marketers. OMS

Attachment A - Page 5

2004 Tax Year
IRS Form 990 - Part III.

Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529

member agencies have authority under state or provincial law to regulate some of the operations of those utilities and market participants. These regulatory responsibilities include issues such as assuring adequate supply, cost control, open market operation, and consumer welfare.

The OMS is not a Regional Transmission organization (RTO). Neither the OMS nor its members have any operating control over electric transmission facilities. They are not participants in the electricity markets as buyers or sellers of energy or energy services. Their role is to regulate the activities of market participants according to their state and provincial laws and to advocate public policies that facilitate their governmental roles and their states.

HOW OMS PROMOTES THE PUBLIC INTEREST AND SOCIAL WELFARE OF THE COMMUNITIES IT SERVES.

Under the regulatory system of the United States, particularly the Federal Power Act, Part II, 16 U.S.C. 824a, et seq., states have primary authority for the regulation of retail electricity service while wholesale markets are regulated by the Federal Energy Regulatory Commission (FERC). In order to fulfill their responsibilities for retail regulation, state regulatory agencies have come to realize the need to understand the wholesale market, understand decisions utilities must make in the wholesale market, and participate in FERC matters to shape the wholesale market in ways beneficial to retail markets and customers. State agencies are also called on to decide matters such as the value of the reliability of electric service, the adequacy of electricity supply to meet future usage levels, and land use when needed for new electric transmission facilities.

State regulatory agencies in this region have formed the OMS to conduct some of these activities in a coordinated and collaborative manner. Working together allows them to accomplish their responsibilities more efficiently, providing better results at lower taxpayer cost. The OMS promotes the public interest of its member states by allowing them to perform more complete analysis of policy questions in regional electricity markets and to express those positions more effectively to the MISO and to the FERC. The OMS also helps its member agencies to develop more thorough expertise on electric transmission issues and provides better access within the region to that expertise.

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**2004 Tax Year
IRS Form 990 - Part III.**

**Organization of MISO States, Inc. (aka OMS)
EIN - 16-1671529**

As the description of individual activities suggests, the OMS promotes the public interest objectives of the FERC by providing it a point of contact with states in a particular region. It also provides its member state agencies with greater analytic capabilities, provides more cost-effective abilities to participate in regional and national policy issues, and promotes more consistent state response to those issues.

The inquiry asks what specific programs are directed at improving and maintaining the safety of the electric delivery system. The inquiry may be prompted by references to reliability and security in the articles of incorporation. These are among the policy objectives shared by federal and state regulators of the electric system. MISO and its members also seek to promote these goals. In the particular terminology of the electric industry, reliability includes both adequacy of supply resources and operational reliability. MISO's operational reliability is a subject that arises with regularity in its stakeholder process. Security issues have also come up in Advisory Committee agendas and OMS has addressed it through our participation. Adequacy of supply resources is addressed by one of OMS's working groups.

ATTACHMENT B - Page 1
IRS Form 990 - Tax Year 2004
Part V - List of Officers, Key Employees

Organization of MISO States, Inc
EIN - 16-1671529
Board of Directors 2004

A. Name and Address of Director	B. Title & average hours per week devoted to position	C. Compensation (If not paid enter- 0-)	D. Contributions to employee benefit plans and deferred compensation	E. Expense Account and other allowances
Susan E. Wefald, Commissioner North Dakota Public Service Commission 600 East Boulevard Ave, Dept. 408 Bismarck, North Dakota 58505-0480	President 15 hrs	0	0	0
Steve Gaw, Chairman Missouri Public Service Commission 200 Madison Street, Suite 900 Jefferson City, MO 65101	Vice President 10 hrs	0	0	0
Robert M. Garvin, Commissioner Wisconsin Public Service Commission PO Box 7854 Madison, Wisconsin 53707-7854	Secretary 10 hrs	0	0	0
Laura Chappelle, Chairman Michigan Public Service Commission 6545 Mercantile Way Lansing, MI 48911	Treasurer 10 hrs	0	0	0
Diane Munns, Chairman Iowa Utilities Board 350 Maple Street Des Moines, Iowa 50319	Executive Committee Member 10 hrs	0	0	0
Mark David Goss, Vice-Chairman Kentucky Public Service Commission 211 Sower Blvd., PO Box 615 Frankfort, KY 40602	Director 5 hrs	0	0	0

David W. Hadley, Commissioner Indiana Utility Regulatory Commission 302 West Washington Street, Suite E-306 Indianapolis, IN 46204	Director 5 hrs	0	0	0
LeRoy Koppendrayner, Chairman Minnesota Public Utilities Commission 121 7th Place East, #350 St. Paul, MN 55101-2147	Director 5 hrs	0	0	0
Greg Jergeson, Commissioner Montana Public Service Commission P.O. Box 202601 Helena, MT 59620-2601	Director 5 hrs	0	0	0
Louis E. Lamberty, Board Member Power Review Board 301 Centennial Mall South	Director 5 hrs	0	0	0

ATTACHMENT B - Page 2 IRS Form 990 - Tax Year 2004 Part V - List of Officers, Key Employees Organization of MISO States, Inc EIN - 16-1671529 Lincoln, NE 68509				
Gary Hanson, Commissioner South Dakota Public Utilities Commission 500 East Capitol Avenue Pierre, SD 57501	Director 5 hrs	0	0	0
Glen R. Thomas, Commissioner Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street Harrisburg, PA 17120	Director 5 hrs	0	0	0
Judy Jones, Commissioner Ohio Public Utilities Commission 180 East Broad Street Columbus, Ohio 43215-3793	Director 5 hrs	0	0	0
Graham Lane, Chairman Manitoba Public Utilities Board 400-330 Portage Avenue Winnipeg, Canada R3C 0C4	Director 5 hrs	0	0	0
Kevin Wright, Commissioner Illinois Commerce Commission 527 East Capitol Avenue Springfield, Illinois 62701	Director 5 hrs	0	0	0
William H. Smith, Jr Suite 218 100 Court Avenue Des Moines, IA 50309	Executive Director 40 hrs	102,000	0	0



Office of the Ohio Consumers' Counsel

Your Residential Utility Advocate

Janine L. Migden-Ostrander
Consumers' Counsel

April 11, 2005

Commissioner Ken Nickolai
Minnesota Public Utilities Commission
121 7th Place East #350
St. Paul, MN 55101-2147

Re: Organization of MISO States, Request for Associate Membership

Dear Secretary Nickolai:

This letter is to request that the Office of the Ohio Consumers' Counsel be granted admission as an Associate Member of the Organization of MISO States, Inc. as authorized by Article II, paragraph 2, subparagraph b of the Bylaws of the OMS.

The Office of the Ohio Consumers Counsel ("OCC") is the State of Ohio's residential utility consumer advocate. The OCC is empowered under Chapter 4911, Ohio Rev. Code Ann. (Anderson 2000), to represent the interests of Ohio's residential utility consumers in proceedings before the Public Utilities Commission of Ohio as well as state and federal administrative agencies and courts. The OCC has actively participated in numerous regulatory proceedings at the state and federal level, including proceedings before the Federal Energy Regulatory Commission. The OCC has followed and commented upon regional transmission organization ("RTO") development, and its representatives have attended a variety of RTO and FERC-sponsored events dealing with RTO issues. The OCC has hosted numerous meetings with representatives of the Midwest Independent System Operator ("MISO"), and looks forward to participating in MISO as an Associate Member.

If there are any additional requirements for membership or if I can provide any further information, please let me know.

Sincerely yours,

Janine Migden-Ostrander
Consumers' Counsel

/lck

Midwest ISO Advisory Committee Meeting
Lakeside Corporate Center - Carmel, IN
May 18, 2005
10:00 A.M. to 4:00 PM EST
DIAL IN NUMBER: (800) 440-6720
No need to register in advance.

Meeting Agenda

		<u>Starting</u>
1. Call to Order, Representative Roll Call (Patty Harrell)	5 min.	10:00
2. Review of Agenda (Patty Harrell)	5 min.	10:05
3. Outstanding Business/Pending Key Items for Debate and/or Discussion		
A. Approval of April 20, 2005 Minutes (Patty Harrell) [√]	5 min.	10:10
B. President's Report (Jim Torgerson)	15 min.	10:15
C. Operations Report (John Bear)	45 min.	10:30
▪ Market Issues Update		
▪ RSG Issues Update		
D. MISO Transmission Expansion Plan '05 (Jeff Webb) [√]	30 min.	11:15
Lunch Break	45 min.	11:45
E. Advisory Committee Voting (Doug Collins)	10 min.	12:30
F. Publication of Non-confidential Information (Barry Trayers)	10 min.	12:40
G. Legal Report (Steve Kozey)	10 min.	12:50
H. Finance Report (Mike Holstein)	10 min.	1:00
I. Distribution/Posting of Meeting Materials Recommendation (April Paronish) [√]	5 min.	1:10
J. Unaccounted For Energy (Okho Bohm) [√]	10 min.	1:15
K. Information Technology Subcommittee (Deepal Rodrigo/Rich Kalisch) [√]	10 min.	1:25
L. EQR Implementation Update (Jeff Fruit)	5 min.	1:35
M. Finance Subcommittee Update (Mike Holstein)	15 min.	1:40
N. Business Practices Subcommittee Update (Mike Robinson)	10 min.	1:55
O. Committee Review Process Update (Peggy Ladd)	10 min.	2:05
P. Transmission Owners' Report (Doug Collins/ Gregory Ioanidis)*	10 min.	2:15
Q. OMS Report (Bert Garvin)	10 min.	2:25
R. Select Committee to the BOD Update (Mike Stuart)	5 min.	2:35
S. Working Group and Task Force Reports	10 min.	2:40
4. New Business	10 min.	2:50
5. Recap		
A. Issues/Assignments & Pending Votes for June (Troutner/Paronish)	5 min.	3:00
(i) June Rotating Agenda Team:		
▪ Robert Garvin		
▪ Robert Mork		
▪ John Moore		

*Report will be oral due to unavailability of written report prior to Advisory Committee meeting

**Midwest ISO Advisory Committee Meeting
Lakeside Corporate Center - Carmel, IN
May 18, 2005
10:00 A.M. to 4:00 PM EST
DIAL IN NUMBER: (800) 440-6720
No need to register in advance.**

Meeting Agenda

- | | | |
|---------------------------------------|---------------|----------------|
| 6. Selected List of Upcoming Meetings | | |
| Advisory Committee | June 15, 2005 | 10:00 A.M. EST |
| Board of Directors | June 16, 2005 | 8:30 A.M. EST |

√ Denotes potential motion for voting

Planning Subcommittee Motion Regarding MTEP 05

Whereas, The Planning Subcommittee has reviewed the MTEP 05 report, as has the Expansion Planning Working Group, through several discussions with the Midwest ISO Planning Staff, and

Whereas, That based on the draft discussed on April 7, 2005 the Planning Subcommittee concurs with the results of the reliability analyses included in the report; therefore,

Resolved, That the Advisory Committee recommends that the Midwest ISO Board of Directors approve the MTEP '05 report as distributed to the Advisory Committee on April 15, 2005 and presented on May 18, 2005.

**Motion for
Distribution and Posting of Draft and Final Meeting Minutes**

The Committee Restructuring Working Group moves that the Advisory Committee approve the following clarifications to the Stakeholder Governance Guide:

Draft Meeting Minutes

Draft meeting minutes shall be distributed within seven days of meeting adjournment using the appropriate e-mail exploder(s). For example, if a group typically sends its meeting notice to the 123 Subcommittee and the XYZ Working Group exploder lists, the draft meeting minutes shall also be sent to the 123 Subcommittee and XYZ Working Group exploder lists.

Final (Approved) Meeting Minutes

Final, approved meeting minutes shall be posted to the committee's link on MISO's website within seven days of approval. The committee's MISO Liaison will make this request by e-mailing MISO's Webmaster (*webmaster). Once the minutes are posted, the MISO Liaison will send an e-mail with a link to the posting to the appropriate exploder list to inform subscribers that minutes have been posted.

Example:

The XYZ Working Group meets on March 3, 2005. Draft meeting minutes for the March 3 meeting are distributed via e-mail using the XYZ Working Group exploder list no later than March 10, 2005.

The XYZ Working Group meets again on April 5, 2005 and approves the March 3, 2005 draft meeting minutes. The MISO Liaison will send a request to the MISO Webmaster requesting the minutes be posted to the web by April 12. Once the minutes are posted, the MISO Liaison will send an e-mail with a link to the posting to the XYZ Working Group exploder informing subscribers that minutes have been posted.

Purpose

The purpose of distributing draft meeting minutes and approved meeting minutes in a timely fashion is to allow individuals who were unable to attend the meeting and other interested parties to learn what occurred in a timely manner. This will ensure that all meeting participants have the opportunity to find out what happened at previous meetings prior to attending the next meeting.

Information Technology Subcommittee Motion

The Advisory Committee moves to approve the proposal for an Information Technology Subcommittee as presented on May 18, 2005.

OMS TRAVEL EXPENSE REIMBURSEMENT POLICY

October 2003	April 2005
<p>A. OVERVIEW AND POLICY STATEMENT</p> <p>It is the intent of the Organization of MISO States (OMS) that travel should be judiciously used in order to carry out and promote the efficient work and duties of the OMS and otherwise protect and promote its interests. All travel at OMS expense must be for the purpose of conducting OMS business.</p> <p>OMS travel expenses will be confined to reimbursement of OMS staff, OMS directors, work group members and other state/provincial regulatory officers or staff who have been pre-approved for travel by the Executive Director of the OMS, as provided for in this policy and the annual budget.</p> <p>This Travel Expense Reimbursement Policy (Policy) is modeled after the Expense Reimbursement Policy adopted by the National Association of Regulatory Utility Commissioners. It is intended to represent a fair policy that complies with both applicable federal regulations and the Funding Agreement between the OMS and the Midwest Independent Transmission System Operator, Inc. (MISO). The OMS Policy is designed to meet the Internal Revenue Service definition of an accountable plan. As a result, expenses and reimbursements that conform to this policy are not reported as taxable income to the individual.</p> <p>OMS appreciates the efforts of those who travel on OMS business to keep costs within reasonable limits and to follow consistent policy and procedures</p>	<p>A. OVERVIEW AND POLICY STATEMENT</p> <p>It is the intent of the Organization of MISO States (OMS) that travel should be judiciously used in order to carry out and promote the efficient work and duties of the OMS and otherwise protect and promote its interests. All travel at OMS expense must be for the purpose of conducting OMS business.</p> <p>OMS travel expenses will be confined to reimbursement of OMS staff, OMS directors, work group members and other state/provincial regulatory officers or staff who have been pre-approved for travel by the Executive Director of the OMS, as provided for in this policy and the annual budget.</p> <p>This Travel Expense Reimbursement Policy (Policy) is modeled after the Expense Reimbursement Policy adopted by the National Association of Regulatory Utility Commissioners. It is intended to represent a fair policy that complies with both applicable federal regulations and the Funding Agreement between the OMS and the Midwest Independent Transmission System Operator, Inc. (MISO). The OMS Policy is designed to meet the Internal Revenue Service definition of an accountable plan. As a result, expenses and reimbursements that conform to this policy are not reported as taxable income to the individual.</p> <p>OMS appreciates the efforts of those who travel on OMS business to keep costs within reasonable limits and to follow consistent policy and procedures</p>

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<p>with respect to the reimbursement of these expenses. Directors, work group members and other state/provincial regulatory officers or staff must apply the provisions of this policy consistently to all travel expenses incurred. Additional restrictions may apply to travel expenses funded by federal agencies.</p> <p>This Policy is designed to:</p> <ul style="list-style-type: none"> • Provide a clear and consistent understanding of OMS’s travel expense reimbursement policy; • Explain requirements that promote the reasonableness of costs incurred for travel on OMS business. 	<p>with respect to the reimbursement of these expenses. Directors, work group members and other state/provincial regulatory officers or staff must apply the provisions of this policy consistently to all travel expenses incurred. Additional restrictions may apply to travel expenses funded by federal agencies.</p> <p>This Policy is designed to:</p> <ul style="list-style-type: none"> • Provide a clear and consistent understanding of OMS’s travel expense reimbursement policy; • Explain requirements that promote the reasonableness of costs incurred for travel on OMS business.
<p>Until the Executive Director is fully operational, the Treasurer will perform the functions designated in this policy to the Executive Director. Thereafter, the Treasurer will perform these functions only if the Executive Director requests assistance or is unavailable.</p>	<p>The Treasurer will perform the functions designated in this policy to the Executive Director, if the Executive Director requests assistance or is unavailable.</p>
<p>B. GENERAL REIMBURSEMENT GUIDELINES:</p> <p><u>Automatically Approved Travel</u></p> <p>1. The three state representatives to the MISO Advisory Committee are automatically approved for travel to attend the monthly MISO Advisory</p>	<p>B. GENERAL REIMBURSEMENT GUIDELINES:</p> <p><u>Automatically Approved Travel</u></p> <p><u>Although these requests are automatically approved, we ask you to send the request form to help with budget control and to speed reimbursement. Stated amounts are expense targets, but amounts exceeding the target require approval.</u></p> <p>1. The three state representatives to the MISO Advisory Committee are automatically approved for travel to attend the monthly MISO Advisory</p>

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<p>Committee meetings. Expenses for each trip should not exceed \$500 per monthly trip. Additional travel to MISO Advisory Committee meetings by Advisory Committee representative states or other OMS Board Members (or their designees) may be reimbursed subject to prior approval. (See Section C., Travel Approval Policy). Expenses for each trip should not exceed \$500 per person.</p> <p>2. Up to three individuals from each member state are automatically approved for reimbursement for attending the Annual OMS Meeting. Expenses for each trip should not exceed \$700 per person. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.</p> <p>3. Each OMS board member, plus one additional person per state, is automatically approved for reimbursement for to attending a duly designated board meeting of the OMS. Expenses for each trip should not exceed \$700 per person. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.</p> <p>4. Executive Committee members are automatically approved for reimbursement for attending a duly scheduled Executive</p>	<p>Committee meetings. Expenses for each trip should not exceed \$500 per monthly trip. Additional travel to MISO Advisory Committee meetings by Advisory Committee representative states or other OMS Board Members (or their designees) may be reimbursed subject to prior approval. (See Section C., Travel Approval Policy). Expenses for each trip should not exceed \$500 per person.</p> <p>2. Up to three individuals from each member state are automatically approved for reimbursement for attending the Annual OMS Meeting. Expenses for each trip should not exceed \$700 per person. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.</p> <p>3. Each OMS board member, plus one additional person per state, is automatically approved for reimbursement for to attending a duly designated board meeting of the OMS. Expenses for each trip should not exceed \$700 per person. The Board member from each state is responsible for notifying the Executive Director in advance of the meeting who the designated travelers are.</p> <p>4. Executive Committee members are automatically approved for reimbursement for attending a duly scheduled Executive</p>
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<p>Committee meeting. Expenses should not exceed \$500 per person.</p> <p>5. The Executive Director is automatically approved for travel to all meetings listed in paragraphs 1 through 4 above. Expenses approved for the Executive Director are the same as the amounts automatically approved for other meeting attendees.</p>	<p>Committee meeting. Expenses should not exceed \$500 per person.</p> <p>5. The Executive Director is automatically approved for travel to all meetings listed in paragraphs 1 through 4 above. Expenses approved for the Executive Director are the same as the amounts automatically approved for other meeting attendees.</p>
<p><u>Case-by-Case Travel Approval</u></p> <p>All other travel requires prior approval by the Executive Director, except that other travel for the Executive Director requires approval by the Treasurer.</p> <p>6. An OMS board member or work group member (or their designees) may be reimbursed to attend a MISO work group or task force meeting. A maximum of two individuals per work group meeting will be eligible for reimbursement. Expenses for each trip should not exceed \$500 per person.</p> <p>7. An OMS board member or work group member (or their designees) may be reimbursed for attendance in person at OMS work group or project group meetings. (See Section C., Travel Approval Policy). Expenses should not exceed \$500 per person.</p> <p>8. OMS Board members or work group members (or their designees) may be reimbursed</p>	<p><u>Case-by-Case Travel Approval</u></p> <p>All other travel requires prior approval by the Executive Director, except that other travel for the Executive Director requires approval by the Treasurer.</p> <p><u>Stated amounts are expense targets.</u></p> <p>6. An OMS board member or work group member (or their designees) may be reimbursed to attend a MISO work group or task force meeting. A maximum of two individuals per work group meeting will be eligible for reimbursement. Expenses for each trip should not exceed \$500 per person.</p> <p>7. An OMS board member or work group member (or their designees) may be reimbursed for attendance in person at OMS work group or project group meetings. (See Section C., Travel Approval Policy). Expenses should not exceed \$500 per person.</p> <p>8. OMS Board members or work group members (or their designees) may be reimbursed</p>

<p>for attending FERC Technical Conferences. (See Section C., Travel Approval Policy). Expenses should not exceed \$500 per person.</p> <p>9. Additional attendees at any of the meetings designated above as having automatic approval for a limited number of people may be approved. Expenses should not exceed the amount allocated for the other meeting attendees.</p> <p>10. Associate members generally are not eligible for travel reimbursement. However, they may be approved for travel reimbursement on a case- by- case basis as determined appropriate by the Executive Director in accordance with the Travel Approval Policy contained in Section C.</p> <p>The Executive Director is authorized to approve other travel expenses not covered under these general guidelines if necessary to carry out the official functions and duties of the OMS.</p>	<p>for attending FERC Technical Conferences. (See Section C., Travel Approval Policy). Expenses should not exceed \$500 per person.</p> <p>9. Additional attendees at any of the meetings designated above as having automatic approval for a limited number of people may be approved. Expenses should not exceed the amount allocated for the other meeting attendees.</p> <p>10. Associate members generally are not eligible for travel reimbursement. However, they may be approved for travel reimbursement on a case- by- case basis as determined appropriate by the Executive Director in accordance with the Travel Approval Policy contained in Section C.</p> <p>The Executive Director is authorized to approve other travel expenses not covered under these general guidelines if necessary to carry out the official functions and duties of the OMS.</p>
<p>C. TRAVEL APPROVAL POLICY</p> <p>1. All travel at OMS expense must be for the purpose of conducting OMS business. The intent of this policy is to ensure that all travel on behalf of OMS can be reimbursed by OMS. The Executive Director shall have the authority to limit the number of travelers to a specific event if necessary based on the needs of OMS. It is expected that the</p>	<p>C. TRAVEL APPROVAL POLICY</p> <p>1. All travel at OMS expense must be for the purpose of conducting OMS business. The intent of this policy is to ensure that all travel on behalf of OMS can be reimbursed by OMS. The Executive Director shall have the authority to limit the number of travelers to a specific event if necessary based on the needs of OMS. It is expected that the</p>

<p>Executive Director will confer with a Work Group chair before approving travel related to that Work Group's issues.</p> <p>2. For expenses to be reimbursable, travel must be approved in advance. Whenever possible, Requests for Approval should be sent to the Executive Director 10 days prior to travel. Travel approvals will be automatically transferable to substitutes for approved travelers.</p>	<p>Executive Director will confer with a Work Group chair before approving travel related to that Work Group's issues.</p> <p>2. For expenses to be reimbursable, travel must be approved in advance. Whenever possible, Requests for Approval should be sent to the Executive Director 10 days prior to travel. Travel approvals will be automatically transferable to substitutes for approved travelers.</p>
<p>D. NON-REIMBURSEABLE EXPENSES</p> <p>The following expenses are not reimbursable under this policy:</p> <ul style="list-style-type: none"> • Alcoholic beverages. • Car rental insurance purchased for domestic travel. • Childcare. • Corporate card delinquency fees or finance charges. • Dues in private clubs. • Personal grooming services, such as barbers, hairdressers and shoe shines. • Membership fees associated with frequent flier and other similar awards for hotel and car rentals. • Gym and recreational fees, including massages and saunas. • In-room movies. • Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance. • Laundry or valet service for travel of fewer than five days. 	<p>D. NON-REIMBURSEABLE EXPENSES</p> <p>The following expenses are not reimbursable under this policy:</p> <ul style="list-style-type: none"> • Alcoholic beverages. • Car rental insurance purchased for domestic travel. • Childcare. • Corporate card delinquency fees or finance charges. • Dues in private clubs. • Personal grooming services, such as barbers, hairdressers and shoe shines. • Membership fees associated with frequent flier and other similar awards for hotel and car rentals. • Gym and recreational fees, including massages and saunas. • In-room movies. • Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance. • Laundry or valet service for travel of fewer than five days.

<ul style="list-style-type: none"> • Lost baggage. • Loss or theft of cash advance money, airline tickets, personal funds or property. • “No-show” charges for hotel and car service. • Parking tickets or traffic violations. • Personal automobile repairs. • Personal credit card annual fees. • Personal telephone charges in excess of one telephone call home per day • Upgrades (air, hotel, car, etc.). <p><u>EXCEPTIONS</u></p> <p>The Executive Director and the Treasurer have the authority to approve exceptions to provisions of this policy. Approved exceptions must be explicitly justified as related to OMS business.</p>	<ul style="list-style-type: none"> • Lost baggage. • Loss or theft of cash advance money, airline tickets, personal funds or property. • “No-show” charges for hotel and car service. • Parking tickets or traffic violations. • Personal automobile repairs. • Personal credit card annual fees. • Personal telephone charges in excess of one telephone call home per day • Upgrades (air, hotel, car, etc.). <p><u>EXCEPTIONS</u></p> <p>The Executive Director and the Treasurer have the authority to approve exceptions to provisions of this policy. Approved exceptions must be explicitly justified as related to OMS business.</p>
<p>E. TRAVELER RESPONSIBILITIES</p> <p>Travelers should spend OMS funds prudently. Business travel expenses will be paid by OMS only if they are reasonable, necessary and in accordance with this Policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel.</p> <p>The traveler is responsible for submitting all forms related to his/her travel within 30 days of returning. The traveler is also responsible for ensuring compliance with OMS requirements.</p> <p>Whether using the Per Diem Reimbursement or Actual Cost</p>	<p>E. TRAVELER RESPONSIBILITIES</p> <p>Travelers should spend OMS funds prudently. Business travel expenses will be paid by OMS only if they are reasonable, necessary and in accordance with this Policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel.</p> <p>The traveler is responsible for submitting all forms related to his/her travel within 30 days of returning. The traveler is also responsible for ensuring compliance with OMS requirements.</p> <p>Whether using the Per Diem Reimbursement or Actual Cost</p>

<p>Reimbursement Method, all business travel expenses require dated, original receipts or invoices for expenses of \$25 or more.</p> <p><u>Authorization</u></p> <p>All forms related to travel must be approved by the Executive Director or the Treasurer IN ADVANCE OF TRAVEL. The following must be verified:</p> <ul style="list-style-type: none"> • Business purpose of the travel is valid and directly related to official OMS business. • Total cost of the trip is within the approved budget. • Expenses are charged to the proper accounts. 	<p>Reimbursement Method, all business travel expenses require dated, original receipts or invoices for expenses of \$25 or more.</p> <p><u>Authorization</u></p> <p>All forms related to travel must be approved by the Executive Director or the Treasurer IN ADVANCE OF TRAVEL. The following must be verified:</p> <ul style="list-style-type: none"> • Business purpose of the travel is valid and directly related to official OMS business. • Total cost of the trip is within the approved budget. • Expenses are charged to the proper accounts.
<p>F. REIMBURSEMENTS – GENERAL</p> <p><u>Expense Advances</u></p> <p>Expense advances may be approved for an individual traveling on business upon filling out a Request for Approval form. The amount of cash advance is calculated based on anticipated expenses of the trip including lodging, meals, tips and the cost of local transportation. The request for funds should be submitted to the Executive Director 10 days prior to travel for approval and processing. The cash advance must be cleared within 30 days upon return, by filling out an Expense Reimbursement Form. The original receipts must accompany the completed Expense Reimbursement Form.</p> <p>Travel advances will be authorized</p>	<p>F. REIMBURSEMENTS – GENERAL</p> <p><u>Expense Advances</u></p> <p>Expense advances may be approved for an individual traveling on business upon filling out a Request for Approval form. The amount of cash advance is calculated based on anticipated expenses of the trip including lodging, meals, tips and the cost of local transportation. The request for funds should be submitted to the Executive Director <u>for approval and processing at least 20, but not more than 90 days</u> prior to travel. The cash advance must be <u>netted against actual expenses</u> within 30 days <u>after</u> return, by filling out an Expense Reimbursement Form. The original receipts must accompany the completed Expense Reimbursement Form.</p> <p>Travel advances will be authorized</p>

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<p>based on conservative estimates of out-of-pocket expenses. Advance amounts are intended to defray a significant amount (but not all) of costs in advance of approved travel.</p> <p><u>Transportation Tickets</u></p> <p>Passenger copies of transportation tickets are required when each expense is \$25 or greater. For electronic tickets, obtain proof of payment from the travel agent or obtain a passenger coupon at the ticket counter.</p> <p>Transportation receipts should include dates, destinations and amounts.</p>	<p>based on conservative estimates of out-of-pocket expenses. Advance amounts are intended to defray a significant amount (but not all) of costs in advance of approved travel.</p> <p><u>Transportation Tickets</u></p> <p>Passenger copies of transportation tickets are required when each expense is \$25 or greater. For electronic tickets, obtain proof of payment from the travel agent or obtain a passenger coupon at the ticket counter.</p> <p>Transportation receipts should include dates, destinations and amounts.</p>
<p>G. AIR TRAVEL</p> <p>Travelers must purchase the lowest-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare.</p> <p>Travelers should make reservations as soon as travel plans are finalized to obtain advance purchase discounts. When convenient, travelers should consider staying over on a Saturday night, which could result in airfare savings of more than 40%. OMS will reimburse travelers for additional meals and lodging associated with a longer stay if such costs are less than the airfare savings resulting from an earlier arrival or later departure.</p> <p><u>Air Travel Funded by Grants from United States Government Agencies</u></p>	<p>G. AIR TRAVEL</p> <p>Travelers must purchase the lowest-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare.</p> <p>Travelers should make reservations as soon as travel plans are finalized to obtain advance purchase discounts. OMS will reimburse travelers for additional meals and lodging associated with a longer stay if such costs are less than the airfare savings resulting from an earlier arrival or later departure.</p> <p><u>Air Travel Funded by Grants from United States Government Agencies</u></p>

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<p>Federal requirements of the Fly America Act¹ state that domestic grantees must use U.S. flag carriers to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience or personal travel.</p> <p><u>Seating Upgrades</u></p> <p>Seating upgrades will not be reimbursed.</p> <p><u>Airport/Airline Club Memberships</u></p> <p>OMS will not pay dues for membership in airline clubs.</p> <p><u>Advance Purchase of Miles</u></p> <p>Advance purchase of travel miles (VIP Miles) is not permitted and will not be reimbursed.</p> <p><u>Reimbursement of Early Airfare Purchase</u></p> <p>If transportation tickets are purchased with personal funds far in advance of the trip, travelers may be reimbursed by submitting an Expense Reimbursement Form prior to the start of their trip.</p>	<p>Federal requirements of the Fly America Act¹ state that domestic grantees must use U.S. flag carriers to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience or personal travel.</p> <p><u>Seating Upgrades</u></p> <p>Seating upgrades will not be reimbursed.</p> <p><u>Airport/Airline Club Memberships</u></p> <p>OMS will not pay dues for membership in airline clubs.</p> <p><u>Advance Purchase of Miles</u></p> <p>Advance purchase of travel miles (VIP Miles) is not permitted and will not be reimbursed.</p> <p><u>Reimbursement of Early Airfare Purchase</u></p> <p>If transportation tickets are purchased with personal funds far in advance of the trip, travelers may be reimbursed by submitting an Expense Reimbursement Form prior to the start of their trip.</p>
<p>H. RENTAL CARS</p> <p>Long distance travel by rental car is discouraged, since it increases travel</p>	<p>H. RENTAL CARS</p> <p>Long distance travel by rental car is discouraged, since it increases travel</p>

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

<p>time and places the OMS at higher risk for business travel accident liabilities.</p> <p>OMS will reimburse the traveler for the cost of renting a compact or standard-size car and for the automobile-related expenses if use of the rental vehicle is the most economical mode of transportation. Upgrades to full-sized cars may be pre-approved if a detailed explanation (for example, number of persons, luggage accommodations, length of commute between airport and destination) accompanies the request. Before renting a car, the traveler should consider shuttle services and taxis, particularly for transportation between airport and lodging. Mileage is not reimbursable for rental cars. In these cases, the direct cost of gasoline may be reimbursed. Car rental agreements for both employees and non-employees renting cars for OMS business should, for insurance reasons, include "OMS" with the name of an individual.</p> <p><u>Accident Notification</u></p> <p>If a rented vehicle is involved in an accident, the Executive Director should be notified no later than the following business day.</p> <p><u>Insurance</u></p> <p>For the traveler to be covered by the rental agency's basic insurance, the rental vehicle may not be driven by persons other than the renter or leave the state in which it is rented without the agency's permission.</p>	<p>time and places the OMS at higher risk for business travel accident liabilities.</p> <p>OMS will reimburse the traveler for the cost of renting a compact or standard-size car and for the automobile-related expenses if use of the rental vehicle is the most economical mode of transportation. Upgrades to full-sized cars may be pre-approved if a detailed explanation (for example, number of persons, luggage accommodations, length of commute between airport and destination) accompanies the request. Before renting a car, the traveler should consider shuttle services and taxis, particularly for transportation between airport and lodging. Mileage is not reimbursable for rental cars. In these cases, the direct cost of gasoline may be reimbursed. Car rental agreements for both employees and non-employees renting cars for OMS business should, for insurance reasons, include "OMS" with the name of an individual.</p> <p><u>Accident Notification</u></p> <p>If a rented vehicle is involved in an accident, the Executive Director should be notified no later than the following business day.</p> <p><u>Insurance</u></p> <p>For the traveler to be covered by the rental agency's basic insurance, the rental vehicle may not be driven by persons other than the renter or leave the state in which it is rented without the agency's permission.</p>
<p>I. OTHER GROUND TRANSPORTATION</p>	<p>I. OTHER GROUND TRANSPORTATION</p>

<p>Travelers should select the most cost effective means of ground transportation, whether shuttle, taxi, limousine or local bus, as needed to travel between business locations.</p> <p><u>Private Automobiles</u></p> <p>OMS will pay a standard rate per mile for official OMS travel by private automobile based on the actual driving distance by the most direct route. The standard mileage allowance, defined by the IRS, is in lieu of all actual automobile expenses such as fuel and lubrication, towing charges, physical damage to the vehicle, repairs, replacements, tires, depreciation, insurance, etc.</p> <p>In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, ferries, parking, bridges, tunnels, and liability and physical damage insurance coverage for driving in foreign countries. Traffic ticket and parking ticket expenses will not be reimbursed.</p> <p><u>Other Forms of Travel</u></p> <p>For travelers using railroads, non-local buses or other commercial vessels OMS will pay the cost of the lowest first-class accommodations available for the trip. Reimbursement will not exceed the commercial airfare that would be reimbursable for the same trip.</p>	<p>Travelers should select the most cost effective means of ground transportation, whether shuttle, taxi, limousine or local bus, as needed to travel between business locations.</p> <p><u>Private Automobiles</u></p> <p>OMS will pay a standard rate per mile for official OMS travel by private automobile based on the actual driving distance by the most direct route. The standard mileage allowance, defined by the IRS, is in lieu of all actual automobile expenses such as fuel and lubrication, towing charges, physical damage to the vehicle, repairs, replacements, tires, depreciation, insurance, etc.</p> <p>In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, ferries, parking, bridges, tunnels, and liability and physical damage insurance coverage for driving in foreign countries. Traffic ticket and parking ticket expenses will not be reimbursed.</p> <p><u>Other Forms of Travel</u></p> <p>For travelers using railroads, non-local buses or other commercial vessels OMS will pay the cost of the lowest first-class accommodations available for the trip. Reimbursement will not exceed the commercial airfare that would be reimbursable for the same trip.</p>
<p>J. HOTEL AND LODGING CONSIDERATIONS</p> <p><u>Deposits and Cancellations</u></p>	<p>J. HOTEL AND LODGING CONSIDERATIONS</p> <p><u>Deposits and Cancellations</u></p>

<p>Hotels normally hold a room without prior financial commitment until approximately 6:00 p.m. on the check-in date (local destination time). In order to hold a confirmed reservation beyond that hour, the hotel will generally require an advance deposit (normally prepayment for one night) or a guarantee by the traveler's credit card. After a deposit is submitted or a guarantee is made, the traveler is responsible for notifying the hotel of cancellation. The traveler will not be reimbursed for the deposit or guarantee penalty if he/she fails to make a cancellation notification unless there is extreme extenuating circumstances beyond the control of the traveler (for example, a canceled flight). Such circumstances must be documented on the expense report. Some hotels hosting large conferences may require a prepayment irrespective of the guest's arrival time.</p> <p><u>Hotel Frequent Guest Programs</u></p> <p>Business travelers will not be reimbursed for free accommodations awarded in connection with hotel frequent guest programs.</p>	<p>Hotels normally hold a room without prior financial commitment until approximately 6:00 p.m. on the check-in date (local destination time). In order to hold a confirmed reservation beyond that hour, the hotel will generally require an advance deposit (normally prepayment for one night) or a guarantee by the traveler's credit card. After a deposit is submitted or a guarantee is made, the traveler is responsible for notifying the hotel of cancellation. The traveler will not be reimbursed for the deposit or guarantee penalty if he/she fails to make a cancellation notification unless there is extreme extenuating circumstances beyond the control of the traveler (for example, a canceled flight). Such circumstances must be documented on the expense report. Some hotels hosting large conferences may require a prepayment irrespective of the guest's arrival time.</p> <p><u>Hotel Frequent Guest Programs</u></p> <p>Business travelers will not be reimbursed for free accommodations awarded in connection with hotel frequent guest programs.</p>
<p>K. LAUNDRY</p> <p>Travelers will be reimbursed for reasonable and actual expenses for laundry services that are necessary due to an absence from home for five or more days or when unusual and documented circumstances mandate these services. These circumstances should be included on the expense report.</p>	<p>K. LAUNDRY</p> <p>Travelers will be reimbursed for reasonable and actual expenses for laundry services that are necessary due to an absence from home for five or more days or when unusual and documented circumstances mandate these services. These circumstances should be included on the expense report.</p>
<p>L. TELEPHONE</p>	<p>L. TELEPHONE</p>

<p>Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting OMS business. One personal phone call per day to allow travelers to stay in contact with their families will also be reimbursed.</p>	<p>Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting OMS business. One personal phone call per day to allow travelers to stay in contact with their families will also be reimbursed.</p>
<p>M. REIMBURSEMENT METHODS</p> <p>OMS will reimburse a traveler for allowable meal and incidental expenses incurred during OMS-related travel. The OMS provides two distinct methods for reimbursement:</p> <ul style="list-style-type: none"> • PER DIEM BASED; and • ACTUAL COST BASED <p>A traveler can use only one of these methods for the duration of a trip. When and if applicable, only the per-diem based method is used for domestic federally funded grant activities.</p> <p>Per-diem rates presented in this policy represent the maximum per diem reimbursable by the OMS. When the method of per diem for meals is chosen, there will be no reimbursement of meals charged to the lodging receipt.</p> <p>Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Incidental expenses do not include ground transportation, telephone calls or laundry.</p> <p>Meals and incidentals on lodging receipts must be itemized separately.</p>	<p>M. REIMBURSEMENT METHODS</p> <p>OMS will reimburse a traveler for allowable meal and incidental expenses incurred during OMS-related travel. The OMS provides two distinct methods for reimbursement:</p> <ul style="list-style-type: none"> • PER DIEM BASED; and • ACTUAL COST BASED <p>A traveler can use only one of these methods for the duration of a trip. When and if applicable, only the per-diem based method is used for domestic federally funded grant activities.</p> <p>Per-diem rates presented in this policy represent the maximum per diem reimbursable by the OMS. When the method of per diem for meals is chosen, there will be no reimbursement of meals charged to the lodging receipt.</p> <p>Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Incidental expenses do not include ground transportation, telephone calls or laundry.</p> <p>Meals and incidentals on lodging receipts must be itemized separately.</p>

<u>PER DIEM REIMBURSEMENT METHOD</u>	<u>PER DIEM REIMBURSEMENT METHOD</u>
<p data-bbox="203 262 527 294"><u>Domestic Per Diem Rates</u></p> <p data-bbox="203 325 673 735">The OMS will reimburse meal and incidental expenses based on the per-diem rate for the geographic region where the expenses are incurred. The OMS's reimbursement rate for domestic travel is based on the U.S. General Services Administration-maintained Web site of domestic per diems by geographic area, at: http://www.policyworks.gov/org/main/mt/homepage/mtt/perdiem/travel.shtml. Consult that site for the per-diem rate of the destination city or region.</p> <p data-bbox="203 1018 673 1207">Because rates for specific localities may change as often as every two months, the traveler must be careful to ensure that the applied rate is appropriate to the actual dates of travel.</p> <p data-bbox="203 1239 535 1270"><u>Per Diem Meal Reductions</u></p> <p data-bbox="203 1302 673 1491">On the days of travel to or from the destination, per diems should be adjusted for the individual's departure and return times, to exclude any meals not incurred during the time of travel using the reduction schedule below.</p> <p data-bbox="203 1522 673 1606">The OMS's meal and incidental per diem will be reduced to account for meals furnished at no cost or nominal</p>	<p data-bbox="714 262 1031 294"><u>Domestic Per Diem Rates</u></p> <p data-bbox="714 325 1185 829">The OMS will reimburse meal and incidental expenses based on the per-diem rate for the geographic region where the expenses are incurred. The OMS's reimbursement rate for domestic travel is based on the U.S. General Services Administration-maintained Web site of domestic per diems by geographic area, at: http://www.gsa.gov/Portal/gsa/ep/contentView.do?programId=9704&channelId=-15943&oid=16365&contentId=16177&pageTypeId=8203&contentType=GSA_BASIC&programPage=%2Fep%2Fprogram%2FgsaBasic.jsp&P=MTT.</p> <p data-bbox="714 829 1185 987">Consult that site for the per-diem rate of the destination city or region. <u>The 2005 rate for Carmel, Indiana is \$47 (breakfast 9, lunch 11, dinner 24, incidentals 3).</u></p> <p data-bbox="714 1018 1185 1207">Because rates for specific localities may change as often as every two months, the traveler must be careful to ensure that the applied rate is appropriate to the actual dates of travel.</p> <p data-bbox="714 1239 1039 1270"><u>Per Diem Meal Reductions</u></p> <p data-bbox="714 1302 1185 1470">On the days of travel to or from the destination, per diems should be adjusted for the individual's departure and return times, to exclude any meals not incurred during the time of travel.</p> <p data-bbox="714 1522 1185 1606"><u>Per diems should also be adjusted to exclude meals furnished at no cost or nominal cost to the traveler. If meal</u></p>

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<p>cost to the traveler. If meal costs are provided in the cost of a conference, those meals should be deducted from the per-diem rate following the federal rate reduction schedule.</p> <p><u>ACTUAL COST REIMBURSEMENT METHOD</u></p> <p>The OMS will generally reimburse travelers for three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel.</p> <p>The OMS guideline, the OMS suggests the following maximum meal reimbursement levels:</p> <ul style="list-style-type: none"> • \$10 for breakfast, \$15 for lunch, and \$25 for dinner. • Restaurant receipts are required when the total meal expenses for the day exceed the average per-diem rate of \$50. • Individual meals over \$40 should include justification. <p>The OMS will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)</p>	<p>costs are provided in the cost of a conference, those meals should be deducted from the per-diem rate following the federal rate reduction schedule.</p> <p><u>OMS travellers are requested to show the calculation of per diem amounts.</u></p> <p><u>ACTUAL COST REIMBURSEMENT METHOD</u></p> <p>The OMS will generally reimburse travelers for three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel.</p> <p><u>As a</u> guideline, the OMS suggests the following maximum meal reimbursement levels:</p> <ul style="list-style-type: none"> • \$10 for breakfast, \$15 for lunch, and \$25 for dinner. • Restaurant receipts are required when the total meal expenses for the day exceed the average per-diem rate of \$50. • Individual meals over \$40 should include justification. <p>The OMS will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)</p>
<p>N. DOCUMENTATION (PER DIEM AND ACTUAL COST METHODS)</p> <p><u>Meal Receipts</u></p>	<p>N. DOCUMENTATION (PER DIEM AND ACTUAL COST METHODS)</p> <p><u>Meal Receipts</u></p>

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<p>Original restaurant receipts, when required, must include all of the following information:</p> <ul style="list-style-type: none"> • The name and location of the restaurant. • The number of people served. • The date and amount of expense. <p>Gratuities should be shown on the credit card receipt or restaurant receipt. When using the per diem method of reimbursement, gratuities count toward the overall per diem allocation per attendee.</p> <p><u>Required Receipts</u></p> <p>Receipts for lodging are <i>always</i> required. All other expenses require dated, original receipts only when each expense is \$25 or greater. These receipts must be submitted with a completed Expense Reimbursement Form.</p> <p><u>Other Expenses</u></p> <p>Expenses under \$25 (such as taxi fares) do not require receipts. Receipts under \$25 should not be submitted with the report. However, the amounts claimed must be accurate.</p> <p><u>Lost Receipts</u></p> <p>If a lodging or other receipt equal to or greater than \$25 is not issued or is lost, a detailed log will serve as sufficient documentation of the actual cost. The OMS expects that a good faith effort will be made by travelers to collect and retain all required receipts. Receipts are always the preferred form of</p>	<p>Original restaurant receipts, when required, must include all of the following information:</p> <ul style="list-style-type: none"> • The name and location of the restaurant. • The number of people served. • The date and amount of expense. <p>Gratuities should be shown on the credit card receipt or restaurant receipt. When using the per diem method of reimbursement, gratuities count toward the overall per diem allocation per attendee.</p> <p><u>Required Receipts</u></p> <p>Receipts for lodging are <i>always</i> required. All other expenses require dated, original receipts only when each expense is \$25 or greater. These receipts must be submitted with a completed Expense Reimbursement Form.</p> <p><u>Other Expenses</u></p> <p>Expenses under \$25 (such as taxi fares) do not require receipts. Receipts under \$25 should not be submitted with the report. However, the amounts claimed must be accurate.</p> <p><u>Lost Receipts</u></p> <p>If a lodging or other receipt equal to or greater than \$25 is not issued or is lost, a detailed log will serve as sufficient documentation of the actual cost. The OMS expects that a good faith effort will be made by travelers to collect and retain all required receipts. Receipts are always the preferred form of</p>
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<p>documentation.</p> <p><u>Local Travel</u></p> <p>In general, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay.</p> <p><u>Non-Business Days</u></p> <p>Weekends, holidays and other necessary layover days may be counted as business days only if they fall between business travel days. If they are at the end of a traveler's business activity and the traveler remains at the business destination for non-business reasons, reimbursement is not allowed for the additional days. The only exception is when travel is at a lower total cost if the traveler stays over a weekend or holiday. This case must be explicitly justified on the travel expense report.</p> <p><u>Travel Expenses of Family and Friends</u></p> <p>In general, the expenses of a spouse, family or others accompanying the business traveler are not reimbursable.</p>	<p>documentation.</p> <p><u>Local Travel</u></p> <p>In general, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay.</p> <p><u>Non-Business Days</u></p> <p>Weekends, holidays and other necessary layover days may be counted as business days only if they fall between business travel days. If they are at the end of a traveler's business activity and the traveler remains at the business destination for non-business reasons, reimbursement is not allowed for the additional days. The only exception is when travel is at a lower total cost if the traveler stays over a weekend or holiday. This case must be explicitly justified on the travel expense report.</p> <p><u>Travel Expenses of Family and Friends</u></p> <p>In general, the expenses of a spouse, family or others accompanying the business traveler are not reimbursable.</p>
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Organization of MISO States

Travel Expense Reimbursement Form

Please return this form to OMS within thirty days of the meeting.

Date submitted: _____ Phone: _____
Participant (Traveler's) Name: _____ Commission: _____
Name/Organization that should appear on reimbursement check: _____

Mailing address for reimbursement check: _____

Type of Meeting: _____
Location of Meeting & Date(s): _____

	Charges Directly Billed to State	Out-of-Pocket Expenses to be Reimbursed	Direct Bill & Out-of-Pocket Totals	For Office Use Only (Account Numbers)
Airline Ticket				
Lodging (Room charges)				
Meals (Liquor cannot be reimbursed)				
Mileage, Parking and Other Transportation Miles: \$/mile:				
Miscellaneous				
Grand Totals				
Travel Advance if Applicable				
Total Amount to be Reimbursed:				

Meals detail:

	M	T	W	Th	F	Carmel rate
Bkfst						9
Lunch						11
Dinner						24
Day Total:						44

******PLEASE ATTACH ORIGINAL RECEIPTS FOR ALL EXPENSES******

If the total amount claimed for reimbursement differs from the total out-of-pocket expenses, please explain:

Depart home: _____ Arrive destination: _____
Depart destination: _____ Arrive home: _____

Please send this form and all **original** receipts (**including passenger receipt from airline ticket**) to:
Organization of MISO States, Attn: Julie Mitchell, 100 Court Ave. Suite 218, Des Moines, IA 50309

Summary of the OMS Pricing Working Group's Transmission Cost Allocation Policy Survey

On April 29, 2005, the OMS Pricing Work Group (PWG) Chairs sent a survey to the PWG members concerning the RECB issues of cost allocation for new transmission projects. Issues addressed in the survey could be categorized into five broad areas. Specifically, the categories are: 1) Baseline reliability projects; 2) Point-to-point transmission delivery service projects; 3) Generator interconnection projects; 4) Regionally beneficial projects; and 5) Jurisdictional issues. The intent of the survey was to help the PWG to focus future discussions on issues where there is not consensus.

The responses provided by the PWG members to the RECB survey provide significant insight into the respondent's views on the issue of cost allocation of transmission projects. Given the varied responses and the level of detail provided by the respondents to the survey questions, the PWG has attached a compilation of the PWG members' survey responses. The PWG has also attached the survey responses in a spreadsheet format that will allow a quick comparison of respondents' answers to specific survey questions as well as identify areas of agreement and disagreement among survey respondents.

The respondents had consensus, on the following issues:

- I(A) - The Midwest ISO's policy regarding the allocation of network upgrade costs for baseline reliability projects needs to be changed;
- III(A) – The Midwest ISO's existing allocation policy regarding generator interconnection needs to be changed; and
- III(C) – Generators should be required to fund interconnection costs via upfront money.

The respondents had near-consensus on the following issues:

- I(D) – Should there be a “dollar floor” set for baseline projects (100 kV or higher) to qualify for the new cost allocation approach?;
- I(E) – Do you support some form of allocating the costs of a baseline reliability upgrade to zones other than the zone in which the upgrades are built?;
- III(E) – Should a “dollar ceiling” be applied to generation interconnection projects?;
- III(G) – If the costs of generator interconnection are not eligible for cost allocation, should the interconnection customer be entitled to some form of transmission rights?;
- IV(B) – The provision in the Midwest ISO's Attachment XX that provides those who fund regionally beneficial projects with transmission rights such as FTRs or CFTRs;

It is important to note that even when the respondents generally agreed on an issue, they had different opinions on related sub-issues. For example, while there was unanimous agreement that generators should be required to fund interconnection projects through “up front” money, there were significant differences as to what the required amount should be.

As one would expect, there were questions regarding certain issues where the respondents’ answers were varied. There were also several responses calling for more information on the issue. Accordingly, the PWG intends to approach the Midwest ISO in an effort to obtain this information. Based on the information provided to the PWG by the Midwest ISO, the number of issues where the PWG has reached consensus may increase.



Organization of MISO States

100 Court Avenue, Suite 218
Des Moines, Iowa 50309

Phone: 515-243-0742
Fax: 515-243-0746
www.misostates.org

To: Board of Directors
From: Bill Smith
Date: May 12, 2005
Re: Discussion Outline on Work Group Reconfiguration

Work Groups for possible retirement

Congestion Management and FTR
Seams

Work Group under redefinition

Market Rules and Implementation Timelines

Continuing Work Groups

Demand Response
Market Monitoring and Mitigation
Pricing
Resource Adequacy
Transmission Planning and Siting

New Work Group Suggestions

Long-Term Development and Governance Working Group

1. Reasonableness of MISO's new products and services
 - Comparison with SPP and PJM
 - Incremental costs of new projects
2. Review MISO Select Committee recommendations
3. MISO's short-term and long-term incentive plans
4. Future reviews of MISO budgets

Accounting and Financial Reporting Working Group

1. FERC revisions of the Uniform System of Accounts for RTO costs and revenues
 - WG chairs question whether this is a short-term project.

Rate Case Support

1. Changes in O&M accounts
2. Changes in rate base accounts
3. Changes in fuel adjustment or purchase power accounts
4. Other transmission related cost issues

DRAFT 1

Proposal for Creation of OMS Accounting and Financial Reporting Working Group

In comments filed on November 15, 2004 in response to FERC's *Notice of Inquiry into Financial Reporting and Cost Accounting, Oversight and Recovery Practices for Regional Transmission Organizations and Independent System Operators*, Docket No. RM04-12 ("FERC RTO Cost NOI"), the OMS stated the following:

The design and structure of any cost accounting process or procedure depends, at least in part, on how the information is to be used. How the cost accounting information is to be used is both a public policy and a business decision. As a result, we as regulators must make some decisions about how we wish to use this cost accounting information, which, in turn, will influence how the cost accounting process and procedures are implemented. For these reasons, the OMS generally supports the establishment of accounting reporting requirements that are more relevant to the functions performed by RTOs and their cost profiles. With respect to the questions in Parts B and C of the NOI regarding accounting and financial reporting issues, the OMS is interested in the comments of the National Association of Regulatory Utility Commissioners (NARUC).¹

Meanwhile, in comments filed on November 9, 2004 in response to the FERC RTO Cost NOI, NARUC stated the following:

NARUC agrees with the statement in the NOI that because RTOs use the FERC's existing USOA to capture and classify costs, and due to the above-stated differences between RTOs/ISOs and vertically integrated public utilities, the financial statements and other reports prepared from RTO accounting records may not provide sufficient information about their costs and the relationship to services provided or other business activities. Thus, individual account descriptions and instructions under the existing USOA are inadequate for the functions typically performed by RTOs/ISOs.²

NARUC also pointed out the need for cooperation among FERC and state regulators in improving RTO-related accounting and financial reporting. NARUC stated:

In this proceeding, the FERC should work with the RTOs/ISOs to determine what additional accounting and financial reporting guidance is needed for market operation and market monitoring functions of RTOs/ISOs. This would include determining what transactions and events

¹ OMS comments filed November 15, 2004, in FERC Docket No. RM04-12, page 3.

² NARUC comments filed November 9, 2004, in FERC Docket No. RM04-12, page 3.

require additional accounting and financial reporting guidance. In addition, the FERC should work with the public utility members and other users, including State regulatory commissions, to determine what additional information the public utility members and other users would find helpful and why. In doing this, the FERC should keep in mind that this may be a good opportunity to streamline its financial reporting for the RTOs/ISOs. Only the information that is needed to operate in the new energy markets should be reported.³

NARUC also stated:

As a result, a more detailed FERC USOA, with greater clarity and relevance for current day business models (including updated nomenclature) is needed. This could be done by adding new primary accounts that address expenses paid by the distribution utility to the RTO or by adding subaccounts to the existing primary accounts. It may also be necessary to separately identify (in its own account) any revenue that comes back to the IOU from the RTO/ISO from third-party sales, etc. or to add subaccounts to the existing revenue accounts.

Further, if regulators are interested in side-by-side comparisons of utilities, it will be important for the FERC to provide instructions to utilities (leaving less to interpretation) on their use of the USOA. In addition, these revenues and costs may be recovered in base rates or through fuel adjustment clauses or under fuel rules. With the many new costs that will be billed to the public utilities with the new Day-2 or Day-Ahead markets being implemented by RTOs, this seems to be an area that it will be helpful to get some direction from FERC as to where it believes each new cost should be classified.⁴

In addition, NARUC pointed out various USOA accounts that require FERC guidance for proper use in RTO contexts. In particular, NARUC commented on accounts related to transmission, generation and purchased power expenses, as well as sales for resale.⁵ With respect to RTO-related accounting and financial reporting, NARUC also stated:

First, for the individual utilities to collect and disclose more information regarding transactions with RTOs, changes to the USOA for RTOs and utilities, and the financial reporting by RTOs, need to be made. Once the public utilities have the proper information from the RTOs and know what accounts they should be maintaining this information in, it will make it much easier for them to collect and report this information to provide greater transparency of RTO transactions and events, and to describe the

³ Ibid., page 4.

⁴ Ibid., page 5.

⁵ Ibid., pages 6-7.

economic effects resulting from the respondent transmitting public utility participating in an RTO.⁶

Based on these considerations, the OMS should create an Accounting and Financial Reporting Working Group to work with MISO, MISO stakeholders, and FERC to make appropriate changes in accounting and financial reporting. **In fact, such a new working group could begin its activity by reviewing the USOA changes proposed by the ISO/RTO Council (“IRC”), which includes MISO, in its supplemental comments in response to the FERC RTO Cost NOI, which the IRC filed on March 17, 2005.**

Such a working group also could provide state regulators with a useful forum for sharing and discussing different accounting and financial reporting methods used in various states. As discussed in the NRRI’s “State Regulatory Tune-up” presentation to the OMS Board on June 16, 2004, state commissions may need to revise many of their rules and regulatory approaches to accommodate the RTO environment.

⁶ Ibid., page 7.

DRAFT 1

Proposal for Creation of OMS Long-Term Development and Governance Working Group

MISO and FERC are likely to address various issues regarding the long-term development and governance of MISO in the near future and over a longer term. The OMS should create a Long-Term Development and Governance Working Group (“LDG WG”) to advise the OMS Board on such issues that MISO and FERC may consider. MISO and FERC are likely to seek the advice of the OMS on such issues.

1. Reasonableness of MISO’s new products and services

The OMS should take a leadership role in focusing examination of MISO’s and other parties’ MISO-related investments in terms of quantifiable incremental costs and benefits. Such analysis will be important to judge the reasonableness of new products and services that MISO or its stakeholders propose for MISO to provide over time.

SPP is developing more incrementally than MISO has developed. PJM is a more mature organization than MISO; however, PJM recently added new transmission-owning members and may change its service offerings. For example, PJM is currently considering changes in its provisions for installed capacity. SPP and PJM, as well as other RTOs may provide good benchmarks for OMS to consider when evaluating new products and services that MISO or its stakeholders propose for MISO to provide. The OMS should take advantage of having members that are familiar with other RTOs and apply this knowledge toward providing MISO guidance on future developments.

As the OMS stated in its comments filed on November 15, 2004, in response to FERC’s *Notice of Inquiry into Financial Reporting and Cost Accounting, Oversight and Recovery Practices for Regional Transmission Organizations and Independent System Operators*, Docket No. RM04-12 (“FERC RTO Cost NOI”),

A “best practices” or “benchmark” approach could be a good starting point for any prudence reviews of RTOs’ costs. In its Notice, the Commission observes that there are similarities among RTOs to the extent that each administers a regional transmission tariff and performs system monitoring and transmission scheduling, for example. With input from stakeholders who participate in more than one RTO, for example, the Commission could be better equipped for comparing certain costs across RTOs in order to judge the reasonableness of proposed expenditures in certain cost categories. For some cost categories, however, the Commission may need to rely more heavily on RTO-specific information.

The OMS recognizes the inherent difficulties in constructing objective and quantifiable criteria for “incentives” and “cost control.” To develop some form of “yardstick” regulation to the extent it is possible to compare

various operational costs among RTOs will, necessarily require development of common accounting protocols. If it proves practical, such cost comparisons might encourage efficiency, cost containment, and thereby inspire greater confidence in the markets operated by the RTOs. Certainly, each State Commission (along with stakeholders and the management of RTOs) will want to be able to compare the short and longer term costs to consumers and market participants.

While the OMS recognizes that cost comparisons among RTOs will be difficult as a result of such things as differing geographical scopes, configuration issues, differing allocations of functions (e.g., the role of control areas) and differing historical costs, the OMS believes that the institution of largely equivalent operational practices for each RTO to foster common markets, may enable some reasonable cost comparisons of various categories of RTO operations. Again, the key to any effort will be establishing similar “sunshine” accounting protocols and methods for comparing differing practices currently in-place (this latter effort is likely to prove to be extraordinarily difficult). In addition, the OMS recognizes that, to avoid perverse and unintended consequences, great care will have to be exercised to not unduly emphasize short term costs and benefits without due consideration of longer-term costs and benefits.¹

2. MISO Select Committee recommendations

The LDG WG could review at least some of the MISO Select Committee’s recommendations on governance (including MISO Board-MISO stakeholder communications and procedures), organizational incentives, and cost control. Commissioner Garvin will be updating the OMS Board on the Select Committee’s activity and opportunities for the OMS to contribute to such efforts.

3. MISO’s short-term and long-term incentive plans

MISO’s short-term and long-term incentive plans benefit from stakeholder input and oversight, to which an OMS working group should contribute. The incentive plans approved by the MISO Board on March 17, 2005 are not yet available, but the drafts of those plans are available. MISO will update its short-term and long-term incentive plans annually.

4. Future reviews of MISO budgets

As the OMS noted on pages 6 and 7 of its comments in response to the FERC RTO Cost NOI, in the FERC’s April 11, 2003 Order on Rehearing and Clarification in Docket No. ER02-2595, the FERC stated,

We clarify that Midwest ISO’s informational filings will be used to indicate the expected expenditures and monitor the progress made by

¹ OMS comments filed November 15, 2004, in FERC Docket No. RM04-12, pages 8-9.

Midwest ISO. However, we note that the informational filings are not intended to form the basis of an automatic prudence review of reported costs. Rather, these filings are intended to give the parties advance notice of potential cost issues, which they can then raise via an appropriate filing with the Commission.²

The OMS also noted that in footnote 12 of its April 11, 2003 Order, “the Commission recognized that, in general, several commenters requested “more detailed information so that they can better evaluate the costs Midwest ISO expects to incur.”³ The OMS also noted that FERC further stated in footnote 12 of its April 11, 2003 Order, “We agree that more detailed information is required and we order Midwest ISO to address the concerns expressed by the commenters in future informational filings.”⁴

Significantly, MISO’s General Counsel reported at the March 16, 2005 MISO Advisory Committee meeting that MISO would discontinue its 90-day informational filings in FERC Docket No. ER02-2595 once MISO begins Day 2 operations. The OMS should organize a working group to consider the cost-control implications of a cessation in MISO’s informational filings regarding the costs of the development of Day 2 operations. Such informational filings are likely to be useful given that MISO will continue to develop and refine Day 2 operations after it implements its day-ahead and real-time energy markets.

The OMS also should organize the LDG WG to assist FERC in other RTO cost-control efforts. In its comments in response to the FERC RTO Cost NOI, the OMS stated:

The OMS recommends that the Commission consider revisiting the means by which it reviews RTOs’ proposed expenditures. The OMS recognizes, however, that reviewing the prudence of RTOs’ costs is a complicated matter for a number of reasons. For example, even with properly structured incentive plans, as the Commission has noted, “Midwest ISO’s nonprofit status complicates a prudence review after the costs are incurred.” In addition, RTO development is new terrain for the Commission and many States, which further complicates judging the reasonableness of RTOs’ costs. Despite such complications, since RTOs are under the jurisdiction of the Commission, the Commission must conduct any regulatory prudence reviews.⁵

For example, a new OMS working group could facilitate the OMS’s participation in some kind of FERC-conducted prudence review of MISO’s proposed expenditures. The OMS has suggested that FERC could conduct paper hearings like those used to examine cost allocation issues in Docket No. ER02-2595.⁶

² April 11, 2003, Order on Rehearing and Clarification in Docket No. ER02-2595, ¶ 13.

³ OMS comments filed November 15, 2004, in FERC Docket No. RM04-12, page 7.

⁴ Id.

⁵ Id.

⁶ Ibid., page 8.

Based on these considerations, the OMS should create a Long-Term Development and Governance Working Group.



Organization of MISO States

100 Court Avenue, Suite 218
Des Moines, Iowa 50309

Phone: 515-243-0742
Fax: 515-243-0746
www.misostates.org

OMS Executive Director Report May 5, 2005

FERC Activity

1. The FERC issued four rehearing orders involving the Midwest ISO on April 15.
 - Rehearing was generally denied on the procedural and substantive treatment of grandfathered agreements (GFAs) and carve-outs in 111 FERC ¶61,042. The order clarified several points and addressed related compliance filings. It directed the Midwest ISO to make future filings on schedule accuracy and market prices.
 - Rehearing requests on November 18, 2004 order on the Transmission and Energy Markets Tariff (TEMT) were dealt with in 111 FERC ¶61,043. The FERC upheld the major points of market structure: locational marginal pricing (LMP), market monitoring and mitigation, seams, and Module E's interim resource adequacy provisions. Some modification was made in FTR assignment.
 - The other TEMT-related order, 111 FERC ¶61,053 resolves rehearing requests on the November 18, 2004, order and acts on compliance filings made January 21, 2005, in response to the earlier TEMT orders. The substantive points of the order are fine-tuning of the TEMT.
 - The other order, 111FERC ¶61,052, largely accepts the Midwest ISO's filing with respect to large generator interconnection. It requires some additional clean-ups and information reporting.

2. State Commission Access to Confidential Data. All filings have been made. FERC staff advises that this item may be presented to the Commission before June 30.

3. Through and Out Rates – Dockets ER05-6, EL02-111-004, ER05-6
 - Testimony supporting lost revenues was filed April 29.

4. NESCOE filing, Docket No. EL04-112. Since being struck from the March 2 meeting agenda, there have been no developments.

DOE Activity

1. RTO 101 presentations by John Chandley of LECG Consulting are continuing. These presentations are available to each OMS state under funding from DOE and Lawrence Berkeley National Laboratory. States should contact the OMS office with suggested dates to plan their presentation. Ten presentations have been given. Three more are expected.

Other OMS Activity:

1. RECB/Pricing WG. The Pricing WG circulated a questionnaire on April 29 to gain some sense of the priorities and concerns of OMS member agencies on issues being developed by the Midwest ISO's Regional Expansion Criteria and Benefits Task Force (RECB). Responses will be discussed on a call May 11.
2. The Northwest subgroup of the Transmission and Siting WG will also meet May 11.
3. The June OMS Board meeting will follow the MARC meeting in Little Rock, June 22. Work Group Chairs will meet June 21.

Public Relations

1. Pending speaking/meeting invitations:
 - American Transmission Company personnel will visit the OMS office May 13.
 - Chairman John Norris of the Iowa Utilities Board will visit the OMS office on May 16.
 - FERC Staff briefing, date not set.
 - NARUC Regulatory Exchange, May 25, to discuss regional activities with regulators from Macedonia
 - National Conference of Regulatory Attorneys, June 15, to participate in a panel on MultiState Energy Agreements: Regionalism Wrapped in Federalism.