



**ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
June 11, 2009**

Approved July 9, 2009

Valerie Lemmie, Vice-President of the Organization of MISO States, Inc. (OMS), called the June 11, 2009 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CDT). The following board members or their proxies participated in the meeting:

Randy Rismiller, proxy for Charles Box, Illinois
Dave Johnston, proxy for Dave Hardy, Indiana
Rob Berntsen, Iowa
Bill Bowker, proxy for David Armstrong, Kentucky
Angie Butcher, proxy for Monica Martinez, Michigan
Burl Haar, proxy for Tom Pugh, Minnesota
Jeff Davis, Missouri
Brian Dekiep, proxy for Greg Jergeson, Montana
Valerie Lemmie, Ohio
Tyrone Christy, Pennsylvania
Greg Rislov, proxy for Gary Hanson, South Dakota
Randel Pilo, proxy for Lauren Azar, Wisconsin

Absent

Manitoba
North Dakota

Agency members participating

Nick Bowden, Chris Ericson – Illinois
Andy Satchwell, Robb Mork – Indiana OUC
Frank Bodine, Jeff Kaman – Iowa
Bill Bokram, Al Freeman – Michigan
Mike Proctor - Missouri
Steve Cameron – Montana
Joe Buckley, Paul Centolella, Dan Johnson – Ohio
John Feit, Don Neumeyer – Wisconsin

Others on the call

Rich Sedano
Bill Smith, Julie Mitchell – OMS Staff

The directors and proxies listed above established the necessary quorum for the meeting of at least eight directors being present.

Approval of Minutes from May 14, 2009 Board of Directors meeting

A revision was requested to the minutes: Chris Ericson presented the Market and Tariff Work Group report, not Bill Bokram, also need to list Chris Ericson as an agency member participating.

Brian Dekiep moved to accept the minutes as amended. Angie Butcher seconded. The motion was approved by unanimous voice vote.

Treasurer's Report – Burl Haar presented on behalf of Commissioner Tom Pugh

The beginning balance as of May 1 for the Wells Fargo Business Performance Savings Account was \$59,593.57. Interest earned for this month was \$15.19. The May 31, 2009 balance was \$59,608.76.

The beginning balance as of May 1 for the Chase Bank One Checking account was \$41,676.28. The total disbursements from the checking account for May 2009 were \$34,342.23. Deposits, interest and adjustments were \$40,914.22. As of May 31, 2009, the checking account bank balance was \$52,100.41 and the book balance was \$48,248.27 (with 12 checks outstanding).

The total savings and checking account balances as of May 31, 2009 is **\$107,857.03**.

Brian Dekiep moved to accept the treasurer's report. Angie Butcher seconded. The motion carried by unanimous voice vote.

Review of the Executive Committee Meeting – Bill Smith

The May 28th Executive Committee Meeting was cancelled.

Administrative Report from Executive Director – Bill Smith

The written report was distributed to the Board. Bill Smith highlighted the following items in depth:

- June 11 is the 6th anniversary of the first OMS Board meeting.
- President Obama nominated OMS past-president John Norris to be a FERC commissioner. The announcement was on June 10th.
- The next board meeting is July 9th. There will be a briefing by Todd Hillman from MISO on Module E and the demand forecast process.
- Joyce Davidson of MISO solicited comments for agenda. Please submit those comments to MISO.

Work Group Status Reports

Transmission Cost Allocation WG – Randy Rismiller

- There was limited activity, except for RECB which will have a fuller update later in the meeting.

MWDRI

- No report, but there is an agenda item regarding MWDRI later in the meeting

Markets and Tariffs WG – Bill Bokram highlighted the market monitoring item from the written report

- Written report follows minutes

Resources WG – Don Neumeyer

- Written report follows minutes
- There is a conference call related to MWDRI later in the week.
- Andy Satchwell is leaving the Indiana OUCC for Lawrence Berkley Labs.

Regional Planning WG – Bill Smith

- Written report follows minutes

Governance and Budget WG – Burl Haar

- Written report follows minutes
- Joe Buckley's finance committee reports were also submitted and follow the minutes as well.

Modeling WG – Nick Bowden

- The modeling work group continues to provide support for CARP and has started work on the ARGOS II project.

Strategic Goal Update

Valerie Lemmie gave a brief update on the work being done on CARP and market issues.

BUSINESS

1. MISO Advisory Committee Issues – Valerie Lemmie

- There was no May meeting; June's hot topic is SmartGrid; the August hot topic is wind integration.
- Dan Johnson presented the June hot topic document on SmartGrid. The Board went through the document and made the following edits:
 - Page 1 – Michigan offered an edit to the third sentence of the second paragraph stating "MISO should evaluate customer costs and benefits when resolving issues."
 - Page 3 – Ohio offered an edit to point two to state: "As discussed in more detail in the "MISO Questions" section of this paper, MISO should make the appropriate wholesale tariff and RTO system modifications to fully reflect the impacts of state jurisdictional prices transmitted to distributed generation, storage, and end use devices and intrastate implementation of dynamic retail pricing."
 - Page 5 – Changed "MISO should have a Primary Role in" to "MISO should have a Primary Role in these characteristics:"
 - Page 6 – Michigan offered the following edit under Customer Participation: change the first bullet point to read, "Enable retail DR products subject to state approval."
 - Page 7 – Michigan offered the following edit under Hot Topic Question #2: change the first bullet point to read, "MISO should enable retail DR products subject to state regulatory approval to ensure consistency with state regulatory policies and avoid double counting of DR."
 - Page 7 – There was discussion about OMS's demand response position regarding bullets two & three.
 - Bullet two was rewritten to state, "MISO should continue to work with the OMS states to review in the context of its Module E tariff..."
 - Bullet three was rewritten to state, "MISO should review the yet to be released final version of "Forecasting Price Responsive Demand in the Midwest ISO" prepared for the Ohio and Illinois Commissions..."
 - There was then discussion about references to targeted load shedding in bullet four. It was requested the Bill Smith work with Dan Johnson to create language to revise and clarify the targeted load shedding issues.
 - A footnote was requested to clarify capacity emergencies under RTO EOP-002 in bullet four.

Randy Pilo moved to accept the SmartGrid responses as amended. Angie Butcher seconded. The motion was approved by a roll call vote.

Illinois – abstain
Indiana – yes
Iowa –
Kentucky – abstain
Manitoba - absent
Michigan - yes
Minnesota – yes
Missouri – yes
Montana – yes
North Dakota – absent
Ohio – yes
Pennsylvania – abstain
South Dakota – yes
Wisconsin – yes

Yes – 8; Abstain – 3; No – 0; Absent – 2

- Randy Pilo presented “The Otter Tail Fix” RECB task force solutions. It was recommended that OMS support RECB motion 2.

Randy Pilo moved to support RECB motion 2. Dave Johnston seconded.

Illinois – abstain
Indiana – yes
Iowa – abstain
Kentucky – abstain
Manitoba – absent
Michigan - no
Minnesota – abstain
Missouri – yes
Montana – yes
North Dakota – absent
Ohio – yes
Pennsylvania – abstain
South Dakota – yes
Wisconsin – yes

Yes – 6; Abstain – 5; No – 0; Absent – 2

Any vote revisions came come in up until the advisory committee meeting. It was agreed the AC rep support the motion proportionally based on the final vote which Bill Smith will report to the Board.

- Mike Proctor asked about voting regarding the wind recommendation. A roll call vote was taken on the alternative from the wind generating sector.

Illinois – no
Indiana – no
Iowa – abstain
Kentucky – abstain
Manitoba – absent
Michigan - yes
Minnesota – abstain
Missouri – no
Montana – no
North Dakota – absent
Ohio – no
Pennsylvania – no
South Dakota – abstain
Wisconsin – no

Yes –1; Abstain –4; No –7; Absent – 2

Any vote revisions came come in up until the advisory committee meeting. It was agreed the AC rep support the motion proportionally based on the final vote which Bill Smith will report to the Board.

- 2. MISO Planning Advisory Committee – Valerie Lemmie**
 - There was not much PAC activity. Valerie Lemmie advised the Board on key dates related to MTEP '09.
- 3. Price Responsive Demand Proposal – Don Neumeyer/Randy Rismiller**
 - Don Neumeyer and Randy Rismiller gave an update on the progress being made on the proposal.
 - Don's recommendation was to continue working on the project and report again in July with Board action in August.
 - Michigan asked about tariff language and it was agreed that if tariff language was to be included the Board would need to take action in August.
- 4. Update on Cost Allocation/Regional Planning – Randel Pilo**
 - Next week is the last week for Commissioners to weigh in to the input parameters MISO use. The CARP process will then start moving in the cost allocation direction.
- 5. Update on the RECB Task Force – Phase I & II – Randel Pilo**
 - Commissioner Azar would like to encourage additional state participation during Phase II.
- 6. Eastern Interconnection-wide Planning – Bill Smith**
 - Bill Smith reported on the May 15th meeting.
 - There will be a follow up meeting on June 29th & 30th.
- 7. State Representation on NERC Operating Committee – Bill Smith**
 - Bill Smith covered the briefing memo he sent out requesting volunteers.
 - Iowa suggested they might find someone to volunteer. Others said they might consider it.
 - The potential meeting schedule was discussed.
- 8. Future of MWDRI**
 - Bill Smith briefed the Board on the current status of MWDRI.
 - Rich Sedano spoke on some potential future opportunities for MWDRI.
 - Randy Pilo & Angie Butcher both suggested that if MWDRI continues going forward that it be as a separate work group.
- 9. OMS Comments to MISO on RA Compliance Filing – Bill Bokram**
 - Bill Bokram updated the Board on the work group's progress.
 - There are no comments to present at this time.
 - Bill Bokram pointed out that MISO's filing is basically what OMS asked for.
- 10. IMM's development of a Lerner Index Competition Metric – Randel Pilo**
 - Randel Pilo reported that David Patton had indicated there might be an early draft of the state of the market report, however that will not be available.
 - When that report is available there is supposed to be a new metric in it for calculating the competitiveness of markets.

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 3:00 pm CDT.

OMS

Organization of MISO States
Report of the Treasurer
Tom Pugh, Minnesota Public Utilities Commission
to the
Board of Directors
June 11, 2009
Report for May 2009

CASH ON HAND

The beginning balance as of May 1 for the Wells Fargo Business Performance Savings Account was \$59,593.57. Interest earned for this month was \$15.19. The May 31, 2009 balance was \$59,608.76.

The beginning balance as of May 1 for the Chase Bank One Checking account was \$41,676.28. The total disbursements from the checking account for May 2009 were \$34,342.23. Deposits, interest and adjustments were \$40,914.22. As of May 31, 2009, the checking account bank balance was \$52,100.41 and the book balance was \$48,248.27 (with 12 checks outstanding).

The total savings and checking account balances as of May 31, 2009 is \$107,857.03.



TREASURER'S REPORT
Organization of MISO States
May 31, 2009

Wells Fargo Business Performance Savings Account

Balance as of 05/01/09			\$	59,593.57
5/29/09	DEP	Interest on Savings	\$	15.19
				<hr/>
Business Performance Savings Account Balance at 05/31/09				<u>\$ 59,608.76</u>

Chase Bank One Commercial Checking with Interest

Balance as of 05/01/09			\$	41,676.28
5/11/09	DEP	MISO Remittance	\$	40,000.00
5/22/09	DEP	ED Expense Reimbursement	\$	913.72
5/29/09	DEP	Interest on checking	\$	0.50
				<hr/>
Total Deposits			\$	40,914.22

Checks and Charges

Date	Check #	Descriptions		
5/7/09	3001	IN Travel Reimbursement	\$	634.58
5/7/09	3002	IN Travel Reimbursement	\$	102.00
5/7/09	3003	IA Travel Reimbursement	\$	461.32
5/7/09	3004	IA Travel Reimbursement	\$	920.41
5/7/09	3005	MN Travel Reimbursement	\$	608.29
5/7/09	3006	ND Travel Reimbursement	\$	305.00
5/7/09	3007	PA Travel Reimbursement	\$	413.20
5/7/09	3008	ED Travel Reimbursement	\$	14.53
5/7/09	3009	ED Travel Reimbursement	\$	47.21
5/15/09	3010	MI Travel Reimbursement	\$	253.19
5/15/09	3011	WI Travel Reimbursement	\$	143.98
5/15/09	3012	IL Travel Reimbursement	\$	35.00
5/15/09	3013	IL Travel Reimbursement	\$	489.83
5/15/09	3014	IL Travel Reimbursement	\$	143.20
5/15/09	3015	IA Travel Reimbursement	\$	545.24
5/15/09	3016	MN Travel Reimbursement	\$	119.20
5/15/09	3017	WI Travel Reimbursement	\$	288.52
5/15/09	3018	WI Travel Reimbursement	\$	580.40
5/15/09	3019	100 Court Investors	\$	1,686.42
5/15/09	3020	Chase Card Services	\$	4,552.35
5/15/09	3021	Qwest	\$	263.44

5/15/09	3022	Des Moines Stamp Mfg. Co.	\$	30.30
5/15/09	3023	Double Tree Quest Suites	\$	1,684.48
5/28/09	3024	IA Travel Reimbursement	\$	404.40
5/28/09	3025	MI Travel Reimbursement	\$	162.58
5/28/09	3026	MI Travel Reimbursement	\$	142.50
5/28/09	3027	MI Travel Reimbursement	\$	195.86
5/28/09	3028	MN Travel Reimbursement	\$	571.46
5/28/09	3029	MT Travel Reimbursement	\$	1,058.65
5/28/09	3030	ED Travel Reimbursement	\$	138.62
5/29/09	3031	IA Travel Advance	\$	320.00
5/29/09	229	401(k) Contribution - May	\$	636.62
5/29/09	230	401(k) Contribution - May	\$	63.79
5/29/09	231	401(k) Contribution - May	\$	2,224.30
5/11/09	W/D	Paychex Invoice	\$	230.51
5/28/09	W/D	Paychex Payroll	\$	9,064.36
5/29/09	W/D	Paychex Payroll Taxes	\$	4,806.49

Total Checks and Charges \$ 34,342.23

CHECKING ACCOUNT BALANCE 05/31/09 \$ 48,248.27

CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 05/31/09 \$ 107,857.03

CHASE CHECKING ACCOUNT RECONCILIATION

	<u>Check #</u>	<u>Amount</u>
Bank Balance 05/31/09		\$ 52,100.41
Less Checks OS	2468	\$ 74.00
	2885	\$ 76.00
	3006	\$ 305.00
	3010	\$ 253.19
	3011	\$ 143.98
	3017	\$ 288.52
	3018	\$ 580.40
	3025	\$ 162.58
	3026	\$ 142.50
	3027	\$ 195.86
	3028	\$ 571.46
	3029	\$ 1,058.65
Book Balance 05/31/09		<u>\$ 48,248.27</u>

OMS Treasurer Report for Month of May 2009

Wells Fargo Business Performance Savings Account

Beginning Balance	59,593.57	
Interest Earned this Month	<u>15.19</u>	
Ending Balance		59,608.76

Chase Bank One Checking Account

Beginning Balance	41,676.28	
Total Disbursements	(34,342.23)	
Deposits/Interest/Adjustments	<u>40,914.22</u>	
Ending Balance		<u>48,248.27</u>

Total Savings & Checking Balances as of May 31, 2009

107,857.03

12 checks outstanding at 05/31/09

MISO Capital Budget Summary

	MAR-09 Actual	MAR-09 Budget	Variance	Variance%	YTD Actual	YTD Budget	Variance	Variance%
Program Categories								
Business Support	14,723	48,100	(33,377)	(69)	15,232	48,100	(32,868)	(68)
Compliance	2,679	61,450	(58,771)	(96)	22,279	591,026	(568,747)	(96)
Facilities & Data Center	10,157	0	10,157	n/m	10,157	0	10,157	n/m
FTR/ARR	178,618	20,000	158,618	793	317,258	214,555	102,703	(48)
Market / Reliability Enhancements	65,826	355,833	(290,007)	(82)	533,915	1,122,147	(588,232)	(52)
Process Improvement	22,407	86,167	(63,760)	(74)	52,421	86,167	(33,746)	(39)
Technology Refresh	0	100,000	(100,000)	(100)	255,416	100,000	155,416	155
Subtotal New 2009 Capital Projects	<u>294,411</u>	<u>671,550</u>	<u>(377,139)</u>	<u>(56)</u>	<u>1,206,679</u>	<u>2,161,995</u>	<u>(955,316)</u>	<u>(44)</u>
Carry Forward Project Categories								
ASM-Related	0	0	0	n/m	(4,527)	0	(4,527)	n/m
Building & Facilities	7,949	0	7,949	n/m	7,949	0	7,949	n/m
Data Storage	0	0	0	n/m	22,683	0	22,683	n/m
IT Infrastructure Improvements	9,965	0	9,965	n/m	9,965	0	9,965	n/m
Market & Reliability Enhancements	662	0	662	n/m	22,770	0	22,770	n/m
Subtotal Carry Forward Projects	<u>18,576</u>	<u>0</u>	<u>18,576</u>	<u>n/m</u>	<u>58,840</u>	<u>0</u>	<u>58,840</u>	<u>n/m</u>
Total Base Capital Expenditures	<u>312,987</u>	<u>671,550</u>	<u>(358,563)</u>	<u>(53)</u>	<u>1,265,520</u>	<u>2,161,995</u>	<u>(896,475)</u>	<u>(41)</u>
Capitalized Labor	86,427	193,337	(106,910)	(55)	290,928	516,633	(225,705)	(44)
Capitalized Interest	9,618	23,075	(13,457)	(58)	31,274	157,000	(125,726)	(80)
Grand Total	<u>409,031</u>	<u>887,962</u>	<u>(478,930)</u>	<u>(54)</u>	<u>1,587,722</u>	<u>2,835,628</u>	<u>(1,247,906)</u>	<u>(44)</u>

Comparative Balance Sheet - Current Period vs. Prior Period

	<i>Current Period</i> March, 2009	<i>Prior Period</i> February, 2009	<i>Change From Last Period</i>	<i>Change %</i>
Assets				
Current Assets				
Cash and Cash Equivalents	29,273,232	20,552,169	8,721,063	42.43%
Restricted Cash	271,902,435	222,361,399	49,541,036	22.28%
Cash - Deposits	41,793,917	43,483,006	(1,689,089)	-3.88%
Accounts Receivable	19,114,729	22,849,332	(3,734,603)	-16.34%
FERC Assessment Receivable	2,226,217	2,135,207	91,010	n/m
Deferred Regulatory Asset	26,780,219	24,906,145	1,874,074	7.52%
Prepayments	9,446,760	10,093,243	(646,483)	-6.41%
Total Current Assets	400,537,509	346,380,501	54,157,008	15.64%
Fixed Assets				
Land	2,157,662	2,157,662	0	0.00%
Buildings and Improvements	39,843,768	39,835,819	7,949	0.02%
Furniture and Fixtures	5,495,157	5,483,642	11,515	0.21%
Computer Hardware	64,095,564	64,095,564	0	0.00%
Computer Software	298,879,483	298,342,029	537,454	0.18%
Network Equipment	3,704,613	3,704,613	0	0.00%
Telecommunications Equipment	30,509,509	30,507,100	2,409	0.01%
Accumulated Depreciation and Amortization	(253,892,543)	(249,563,445)	(4,329,098)	1.73%
Projects in Development	190,793,213	194,562,984	(3,769,771)	-1.94%
Net Fixed Assets	193,327,059	197,247,126	(3,920,067)	-1.99%
Other Assets				
Deferred Note Offering Fee	1,645,844	1,683,838	(37,994)	-2.26%
Deferred Regulatory Asset	56,053,983	57,884,108	(1,830,125)	-3.16%
Total Other Assets	57,699,827	59,567,946	(1,868,119)	-3.14%
Total Assets	651,564,395	603,195,573	48,368,822	8.02%

Comparative Balance Sheet - Current Period vs. Prior Period

	<i>Current Period</i> March, 2009	<i>Prior Period</i> February, 2009	<i>Change From Last Period</i>	<i>Change %</i>
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts Payable	4,046,320	5,079,209	(1,032,889)	-20.34%
Accrued Liabilities	56,621,564	57,536,926	(915,362)	-1.59%
Restricted Deposits	192,596,121	194,900,002	(2,303,881)	-1.18%
Market Participant Liability	61,973,905	12,391,926	49,581,979	400.12%
FERC Assessment Liability	18,946,285	16,720,069	2,226,216	13.31%
Accrued Interest	4,662,740	3,189,163	1,473,577	46.21%
Current Portion of Capitalized Leases	807,185	873,641	(66,456)	-7.61%
Notes Payable	66,452,656	34,397,061	32,055,595	93.19%
Deferred Revenue	9,484,889	9,417,671	67,218	0.71%
Total Current Liabilities	415,591,665	334,505,668	81,085,997	24.24%
Long-Term Liabilities				
Accrued Liabilities	4,422,356	4,174,934	247,422	5.93%
Capitalized Leases, Net of Current Portion	11,791,107	11,845,336	(54,229)	-0.46%
Deferred Revenue	37,552,439	38,323,248	(770,809)	-2.01%
Notes Payable	1,306,449	1,306,449	0	0.00%
Notes Payable, Net of Unamortized Discount	180,900,379	213,039,938	(32,139,559)	-15.09%
Total Long-Term Liabilities	235,972,730	268,689,905	(32,717,175)	-12.18%
Total Liabilities	651,564,395	603,195,573	48,368,822	8.02%
Net Assets	0	0	0	0.00%
Total Liabilities and Net Assets	651,564,395	603,195,573	48,368,822	8.02%
FOR MANAGEMENT USE ONLY				

Statement of Cash Flows - Current Activity

	March, 2008 Activity
<u>Cash Flows from Operating Activities:</u>	
Change in Net Assets	\$0
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Used in Operating Activities:	
Depreciation	4,329,098
Amortization	41,294
Deferred Regulatory Asset	(43,949)
Deferred Revenue	(703,591)
(Increase) Decrease in Operating Assets -	
Deposits	1,689,089
Accounts Receivable	3,734,603
Prepayments	646,483
Increase (Decrease) in Operating Liabilities -	
Accounts Payable	(1,032,889)
Accrued Liabilities	(667,940)
Accrued Interest	1,473,577
FERC Assessment Fee Accrual	2,226,216
FERC Assessment Fee Receivable	(91,010)
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	11,600,981
<u>Cash Flows from Investing Activities:</u>	
Capital Expenditures	(409,031)
Net Cash and Cash Equivalents Used in Investing Activities	(409,031)
<u>Cash Flows from Financing Activities:</u>	
Change in Restricted Cash	(49,541,036)
Change in Restricted Deposits	(2,303,881)
Change in Market Participant Liability	49,581,979
Payments on Notes and Capital Leases	(207,949)
Net Cash and Cash Equivalents Provided by (Used in) Financing Activities	(2,470,887)
Net Increase (Decrease) in Cash and Cash Equivalents	8,721,063
Cash and Cash Equivalents, Beginning of Period	20,552,169
Cash and Cash Equivalents, End of Period	\$ 29,273,232
<u>Supplemental Cash Flow Information:</u>	
Cash Paid During the Period for Interest	\$ 217,143
FOR MANAGEMENT USE ONLY	

FINANCE REPORT
TO
BOARD OF DIRECTORS
FOR
FINANCIAL DATA AS OF MARCH 31, 2009

HIGHLIGHTS:

1) Revenue

Tariff revenue - YTD we have under collected tariff revenue of \$2.3 million (the value of the Deferred Regulatory Asset) due to energy usage and market transactions being less than budgeted. The under collected amount will be included in developing next month's rates by schedule.

2) Base Operating Expenses (excluding capitalized labor and outside services for engineering studies)

YTD Financial Results:

Overall we are \$0.7 million under budget YTD, a positive variance of 1.7 percent. Exhibit I summarizes the primary variances between the actual and budgeted operating expenditures YTD.

Page 1 of Exhibit II provides cumulative Budget and Actual/Forecast data by quarter for the year ended 2009. Management's current projection of total operating expenses for 2009 is to be on budget by December 31st.

Page 2 of Exhibit II provides a rolling six quarter forecast of Base Operating Expenses. There is no change to the 2009 year-end forecast relative to last month's board package.

3) Capital Expenditures

YTD Financial Results:

YTD the Base Capital Expenditures are under budget by \$0.9 million (44 percent). Exhibit III summarizes the primary variances between the actual and budgeted capital expenditures YTD.

Page 1 of Exhibit IV provides cumulative Budget and Actual/Forecast data by quarter for the 2009 for Base Capital Expenditures¹. Management's current projection of total capital expenditures for 2009 is to be on budget by December 31st.

Page 2 of Exhibit IV provides a rolling six quarter forecast of Base Capital Expenditures. There is not change to the 2009 year-end forecast relative to last month's board package.

4) Deferred Regulatory Asset Balance

As expected. The planned recovery of prior period costs recorded as regulatory assets is on schedule, as shown in Exhibit V.

¹ Base Capital Expenditures are defined as Total Capital Expenditures per GAAP less capitalized labor less capitalized interest.

5) Cash Flow Forecast

This forecast has been updated to reflect the early redemption of \$19 million in 8.75% senior notes due May 2012. Currently management is projecting the need for new external sources of funds in late 2011 or early 2012.

6) Other Matters

Facility Master Plan Update – Data Center Needs

Management has received the final report from Syska Hennessy on preliminary construction and operating cost estimates for the various options to address the space, power and cooling capacity constraints at both the primary data center in Carmel and the backup data center in Indianapolis. Management is reviewing the information with the goal of presenting a recommendation to the board of directors at the June 2009 board meeting.

New Economic Development Incentives

Management has secured a new round of economic development incentives from the State of Indiana and the City of Carmel. The incentives from Indiana are valued at up to \$1.1 million over ten years for job creation plus \$219,500 for employee Skills Training for a total value of \$1.3 million over ten years. The City of Carmel has agreed to provide a real property tax abatement on any additions to either the 701 Building or the 720 Building associated with data center expansion. The value of the property tax abatement will depend on the cost of construction.

FINANCIAL STATEMENTS AS OF MARCH 31, 2009:

- INCOME STATEMENT
- CAPITAL REPORT
- BALANCE SHEET
- CASH FLOW STATEMENT

1. Resource Adequacy Market Monitoring Issues ER08-394-007, ER08-394-009

The FERC, in its 4/16/09 resource adequacy order, required MISO (in response to OMS and state concerns) to work with the Market Monitor and stakeholders to file Module D tariff provisions addressing the monitoring and mitigation of the Voluntary Capacity Auction (VCA). MISO presented its proposal and draft Module D tariff changes at its 6/4 SAWG meeting. We met on 6/5 and discussed, but found no issues of sufficient significance to recommend OMS comments to MISO before the 6/17 filing at FERC. OMS will have a chance to comment to FERC after MISO files. Note that other issues in this RA docket belong to the Resources WG.

Status: Evaluate MISO's 6/17 filing at FERC for potential OMS comments.

2. Revenue Sufficiency Guarantee (RSG)

The MISO RSG WG meets each month and reports to the MSC. Issues are on two fronts: The RSG Redesign going forward, and RSG resettlement. Regarding the RSG Redesign, A current issue is whether and to what extent intermittent resources should be subject to real time RSG. The RSG WG passed a motion that would subject intermittent resources to RSG, but a similar motion was tabled for one month at the MSC 6/2. We discussed this issue on our 5/20 WG call but did not reach any consensus or conclusion. MISO stated at the 6/3 RSGWG meeting its interpretation that an intermittent resource should be subject to RSG to the extent that they are not meeting a cleared day-ahead schedule in real time. However, if the intermittent resources are not in the day-ahead, then they aren't subject to RSG. There was discussion about intermittent resources, particularly wind resources, and RSG exemptions. MISO reported that the Wind Integration Workshop and internal teams are looking at wind resources and market impacts. There was also some debate about changing the RSG Redesign or possibly starting over with something new and simpler. MISO indicated FERC ordered it filed and it is MISO's intention to implement the RSG Redesign Proposal. However, MISO would be amenable to filing post approval enhancements to the current redesign proposal which is under consideration at FERC.

Regarding RSG resettlement, FERC issued an Order 5/6 that revised the effective refund date from 8/10/07 to 11/10/08 for the Section 206 complaint docket EL0-86 et al. MISO indicated that on 6/12/2009 it would begin resettlements to undo refunds made prior to the order, while remedying the Rate Mismatch, for this period. Emergency Motions to Stay the new resettlements scheduled to begin on 6/12 have been filed, as have Requests for Clarification and/or Rehearing of the 5/6 Order. MISO filed notice on 6/5 to withdraw notifications of suspension of services, defaults, and termination for 13 market participants. Jim Wottreng follows RSG issues for the work group.

Status: Continuing monitoring resettlement issues before MISO (in RSG WG and Wind Integration Workshop on 6/10) and FERC. Update OMS Board.

3. Financial Transmission Rights (FTRs)

The MISO FTR Working Group meets each month (7/8 next mtg) with the objective of finding ways to improve funding available to pay FTR revenues. It reports to the MSC. During the most recent FTR WG meeting on 6/3, stakeholders discussed various motions on guiding principles, use of constraints in FTR models, change study of resource source points before they become candidate ARR, RSP additions, and posting ARR clearing prices.

OMS Markets and Tariffs Work Group Status Report For 6/11/09 OMS Board Meeting

Jim Wottreng and Mike Proctor track issues here for our group.

Status: Continuing to monitor the FTR Work Group and watch for future opportunities for OMS to comment to MISO on FTRs.

4. Market Monitoring, Market Power Mitigation, and OMS calls with MISO IMM

We held a conference call with MISO IMM David Patton on 5/13. David answered questions on MISO's Resource Adequacy VCA, Order 719, Demand Response and Shortage Pricing compliance filings. We circulated Nick Bowden's summary to the WG on 5/21. Bob Pauley and Nick Bowden track these issues for the M&TWG.

Status: Setting up next call for June or July. Seeking topics and questions.

5. MISO/PJM Portable Capacity Agreement ER09-1074-000

MISO filed, on 4/30/09, a capacity portability agreement between itself and PJM for Buckeye Power, proposed effective 5/1/09. The agreement allows Buckeye to use capacity acquired on Buckeye's behalf in PJM's RPM to satisfy MISO Module E obligations, including the requirement that Buckeye must offer into MISO's Day-Ahead Energy Market the PJM daily UCAP obligation. OMS Intervened on 5/19 without comment. The M&TWG discussed this docket during our 5/20 WG call. When asked, the work group did not recommend OMS comments on any particular concerns, but did prepare a list of questions that we submitted to Buckeye and MISO. We shared with the group written answers from Buckeye on 5/28 and from MISO on 6/4. The answers were sufficient and do not require further clarification from MISO at this time.

Status: No further action needed.

Other items that we monitor or provide notice of:

6. **ASM Issues ER07-1372** - MISO and IMM Compliance filings due 7/6/09.

7. **MISO Market Subcommittee** - monthly, meetings 6/2, 7/7

Update re: Market Subcommittee meeting 6/2

MISO presented two motions to change its dispatch band modeling to address a problem of frequent disabling of dispatch bands. Dispatch bands have been disabled about 60% of the time. Voting results were in favor of Motion 1 to eliminate dispatch bands (19 yes, 12 no, 1 abstain), against Motion 2 to eliminate dispatch bands, but use them in after-the-fact settlements (12 yes, 20 no, 1 abstain - Agenda Item 11).

Stakeholders presented 3 motions regarding if RSG should be assessed to intermittent resources. Vigorous discussion led to tabling the motions until next month (Agenda Item 16). The subject is also on the agenda for the 6/10 Wind Integration Workshop.

8. **FERC Market Oversight Calls** - monthly, 6/12 3:00 EDT

9. **MISO Market Pricing Project** – later this year. MISO provided status at 6/2 MSC meeting (Agenda Item 12). MISO is still testing.

The **OMS Markets and Tariffs Work Group** covers: ASM, Day2, FTR, ARR, RSG, LTR, Market Monitoring and Mitigation, Module F. See

<http://www.misostates.org/2008Oct14OMSWGstructureapprovedbyOMSBOD.pdf>

Christine Ericson and Bill Bokram, Markets and Tariffs Work Group co-chairs

OMS Regional Planning Work Group Report to OMS Board of Directors – June 2009

MTEP- 09

Sub-regional Planning Meetings:

Second round of Sub-regional Planning Meetings (SPM) for preliminary project review were held on May 5th, 7th, and 14th. for the Central sub-region. Third round is expected in July. MISO is reviewing alternatives and final project justifications are expected to be presented during 3rd round of SPM in July.

There are 284 projects being reviewed for moving to Appendix A in this cycle.

Revised Stakeholder Review Schedule (Multiple Phases):

MTEP 09 Background Information: Review 1 content includes review of reliability and value-based planning methodologies, MISO planning approach evolution, MISO system information, historical congestion information, MTEP 09 long range projects and JCSP report summary. Material to be distributed on July 1 (revised date from June 24) for discussion at July 8 PAC meeting. Stakeholder feedback is due July 24th and will be discussed at the August 5th PAC meeting.

MTEP 09 Overview & Plan Status: Review 2 content includes an overview of project economic assessment and cost sharing along with a status report of MTEP 08 planned facilities, results of reliability and market efficiency analysis and regional energy policy studies. Material to be distributed on September 1 (revised from July 17th) for discussion at September 2nd PAC meeting. All stakeholder meeting is scheduled for September 8th. PAC final feedback is due on September 29th.

A final draft MTEP 09 report and stakeholder feedback is expected to be distributed to the Midwest ISO Board on October 8th.

Interconnection Process Task Force:

The Midwest ISO Interconnection Process Task Force (IPTF) met on April 29 to review draft Multi-Party Facilities Construction Agreement intended to simplify funding procedures for network upgrades involving multiple parties. The goal is to file the agreement in July 2009 as a new Appendix 8 to Attachment X. A second filing effort (Phase II) is intended to develop procedures for incorporating Forward Looking Interconnection Projects (FLIPs) in the queue. Work efforts will be iterative with RECB Task Force which is scheduled to address FLIP cost allocation issues beginning in June. The filing goal is now 1st quarter 2010.

MISO conducted a queue process education workshop on May 21. A second workshop is scheduled for June 26.

RGOS I

Purpose – To provide indicative transmission and generation to the regulatory community for input concerning the renewable zone strategy.

Status -- Next conference call will be in mid-June. Study completion target date is August 31

RGOS II

RGOS II is designed to develop transmission alternatives needed to implement Renewable Portfolio Standards or goals at the least cost for consumers while continuing to reliably serve load.

In addition to the five RGOS I states, RGOS II covers Missouri, Illinois, Indiana, Michigan, Ohio and Pennsylvania. Any increases for RGOS I states will also be included.

Analysis will be performed in an open and transparent fashion involving stakeholders throughout, coordinate with neighboring systems.

The study is a Mid-term (5-15yr) bridge between the Generator Interconnection queue and longer term planning efforts.

RGOS II is a targeted study that is a coordinated effort within the Midwest ISO Transmission Expansion Plan (MTEP) “umbrella” that is intended to develop real projects.

June 5th: Survey responses are expected back to MISO.

June 11th: First technical group review meeting

End of July: Workshop to develop indicative transmission plans.

OMS Resources Work Group Status Report for OMS Board Meeting June 11, 2009

MISO Hot Topic – Questions on Smart Grid

Dan Johnson of Ohio produced the first draft copy for the OMS staff to review. Six states were able to conference call this week and provide edits resulting in the 6-9-09 version attached to today's agenda. Some of the key issues focus on what are MISO's roles and what areas to focus on. The responses include the concept of State's have unique design over retail tariffs and yet coordinate for planning purposes for resource adequacy and emergency operations that meet the individual State's respective strategies.

Price Response Demand – Memo and BPM

Randy Rismiller and Nick Bowden developed a new draft report for the PRD Task Team. They worked with Paul Centolella. This item is attached as #4.

The new draft has some has several points summarized. The ones I noticed included; our past draft BPM to handle PRD, the maximum price \$1,100/MWh(the energy price offer cap and contingency reserve offer cap), the under load forecasting safeguards, and the potential for a different targeted load shedding concept for emergencies based on month-ahead capacity. The targeted load shedding is different that the proposal a couple of years ago. The memo has 3 bullet recommendations at the end.

The Business Process Manual is of the March vintage. Work had continued with the Illinois LSEs and Dr. Faruqi. However, the suggested edits supplied have not made it back to the OMS Task Team.

The work load of the OMS staffers has prevented a discussion of the memo and we are without an updated BPM. This item is for discussion at the Board June 11th meeting.

MWDRI and Demand Response

The OMS Chairs and key staff will hold a brief discussion with Mike Robinson, April Paronish and Marlene Parsley on Monday June 15 from 3:00-4:00pm EDT to discuss the future of MWDRI and demand response issues in the Midwest ISO.

Module E Compliance Template

Todd Hillman had sent out an indicative style template for OMS to review as possible set of data to report back to States on their respective LSE's compliance with the resource adequacy requirements. The actual portal work by LSE has had some delays but was ready for the first month of June. A modification of that template was suggested by Wisconsin (who has its own reporting requirement) and shared with the Resources WG and back to Todd to continue the discussion. This was reported at the SAWG meeting June 4. The team has not formed an exact set of conditions for reporting. The Module E Capacity Tracking tool was modified recently to include transmission losses. It was suggested that the "OMS report" might be a good summary report in the MISO portal for the LSE to see. Work continues.

LMR Deliverability

The deliverability of LMRs was discussed at the past SAWG meetings. Clearly MISO has to have a filing next for compliance and have an interim proposal. Some LSEs are worried about the details and that they are being held to a different standard than past practices.

MISO Operations

- The July results for the VCA: 1,217 MW bids (vs. 864 MW in June) and cleared at \$10,015 (vs. \$50 in June)
- Over the holiday weekend some wind farms had to "spill" wind because of the minimum generation events.

DGN June 9, 2009



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OMS Executive Director Report June 1, 2009

FERC and DOE Activity

1. Rehearing petitions have been filed with respect to the FERC's decisions on financial incentive in both Pioneer and Green Power Express. Settlement discussions have been held on formula rate issues. In both dockets, protocols are being developed that establish the framework for formula rates to be updated annually. Further settlement conferences are scheduled for June 25 in the GPE docket) and will soon be scheduled in the Pioneer docket.
2. The OMS filed comments on the Midwest ISO's Order 719 compliance filing on May 26, 2009.
3. On May 15, OMS and OPSI arranged a meeting at the NARUC offices of representatives of states in the Eastern Interconnection to discuss interconnection-wide planning opportunities.

OMS-MISO Activity:

1. The OMS held a cost allocation / regional planning (CARP) workshop May 28 in Carmel. Future meetings are scheduled in Traverse City June 17-18, in Carmel July 8, St. Paul August 17-18, and in Carmel September 24.

Public Relations

1. Presentations:
 - None.
2. Pending speaking/meeting invitations:
 - None.

Upcoming MISO Filings of Regional Interest

Filing Date	Docket No.	Description	Pursuant to Commission Order	Working Group/Committee where issue/change will be reviewed
June 2009	ER07-1372-00_	The Midwest ISO to submit a 180-day Report to the Commission on the merits of instituting a minimum reserve zone size.	122 FERC ¶ 61, 172 at P 240 (2008)	N/A
07/06/2009	ER07-1372-002 ER08-1254-000 ER08-1257-000 ER07-1372-005 ER09-24-000	The Midwest ISO to submit an informational report pursuant to the Commission's December 18, 2008 Order Authorizing the Midwest ISO ASM Start-Up.	125 FERC ¶ 61, 318 (2008)	N/A
08/03/2009	ER09-___-000	The Midwest ISO to submit a report to analyze the effectiveness of the transmission expansion cost allocation methodologies.	118 FERC ¶ 61, 209 at P 203 (2007)	N/A
08/18/2009	ER08-394-006 ER08-394-008	The Midwest ISO to submit a compliance filing informing the Commission what steps are being taken to develop a more permanent approach to addressing congestion that limits aggregate deliverability.	126 FERC ¶ 61,144	MSC SAWG
08/25/2009	ER08-1169-000	The Midwest ISO to submit an Informational Report regarding Queue Reform and its developments.	124 FERC ¶ 61,183	(2008)
10/14/2009	OA10-___-000	The Midwest ISO to submit its Informational Report regarding operational penalty assessments and revenue distributions in compliance with Order No. 890.	Order No. 890	N/A
10/28/2009	RM07-19-000 AD07-7-000	The Midwest ISO to submit its assessment regarding pilot projects or other mechanisms of the technical feasibility and value to the market of smaller demand response resources providing ancillary services including how smaller demand response resources can reliably and economically provide operating reserves.	Order No. 719	N/A
11/30/2009	ER07-1372-0__	The Midwest ISO to submit its Informational Filing regarding reliability issues that arise from the use of Stored Energy Resources ("SER") for contingency reserves as well as regulating reserves.	125 FERC ¶ 61,319	(2008)
12/01/2009	ER08-394-004 ER08-394-005	The Midwest ISO to submit a report detailing how the overall generation mix affects the planning reserve margin calculated for planning zones.	126 FERC ¶ 61,143	N/A

Other upcoming dates:

- Next OMS regular Board of Directors meeting: **June 11** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, **June 17-18**, Traverse City
- Next OMS Executive Committee meeting: **June 25** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **July 8**
- OMS regular Board of Directors meeting: **July 9** at 1:00 pm CDT
- Executive Committee meeting: **July 23** at 1:00 pm CDT
- OMS Cost Allocation and Regional Planning Meeting, St. Paul, **August 17-18**
- OMS Sector Meeting with MISO officers and dinner with MISO Directors, St. Paul, **August 18**
- OMS Cost Allocation and Regional Planning Meeting, Carmel, **September 24**