Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
May 16, 2013

Approved June 12, 2013

Kari Bennett, President of the Organization of MISO States, Inc. (OMS), called the May 16, 2013 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:

Colette Honorable, Arkansas
John Colgan, Illinois
Kari Bennett, Indiana
Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Eric Skrmetta, Louisiana
Orjiakor Isiogu, Michigan
David Boyd, Minnesota
Chad Allen, proxy for Brandon Presley, Mississippi
Robert Kenney, Missouri
Phil Movish, proxy for Cynthia Hedge-Morrell, City of New Orleans
Richard Greffe, proxy for Ken Anderson, Texas
Eric Callisto, Wisconsin

Absent
Manitoba
Montana
North Dakota
South Dakota

Agency members participating
Randy Rismiller, Linda Wagner – Illinois
Beth Roads – Indiana
Chancy Bittner, Jennifer Johnson, Janet McGurk, Brandon Mauch – Iowa
Melissa Watson, Paul Zimmering – Louisiana
Bill Bokram, Angie Butcher, Jessica Govindan, Greg White – Michigan
Adam McKinnie – Missouri
Phil Montgomery, Don Neumeyer, Randel Pilo, Julie Urban – Wisconsin

Others on the call
Julie Mitchell, Bill Smith – OMS Staff
Valerie Lemmie – EISPC
Marya White – MISO

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

Approval of Minutes from the April 18 Board Meeting

Commissioner Bennett requested an edit to language of the motion in business item number four. The minutes were accepted as corrected.

Treasurer's Report of April 2013

There were no questions regarding the April 2013 Treasurer's report. It was accepted as distributed.

Review of the May 2, 2013 Executive Committee Meeting

Bill Smith reported on the following from the May 2nd Executive Committee meeting:

- Discussion regarding the on-going OMS-lead resource assessment project;
- Report from the Personnel Committee regarding their meeting with Avancos;

Administrative Report

The Executive Director's written report was distributed prior to the meeting. Beth Roads briefed everyone on FERC's finding in EL12-35 that MISO's formula rate protocols were unjust and unreasonable and needed to be changed.

BUSINESS

1. MISO Advisory Committee

- The May MISO AC meeting has been cancelled. The next AC meeting is July 24.
- Eric Callisto presented the Hot Topic suggestion for the August Meeting. The Transmission Owners want to present their business model for the August Hot Topic. Votes are still being tallied to determine if that will be the Hot Topic.

2. Planning Advisory Committee

- Orjiakor Isiogu highlighted the following from the April PAC meeting: MTEP 13 future weightings, voting on a motion on out-of-cycle process BPM language, and voting on a motion system support results cost allocation BPM language. Both motions passed.
- Jessica Govindan and Julie Urban discussed the upcoming motions for the May PAC meeting. Those were: project status update BPM language, Order 1000 action item, and top- down regional planning issues.
- A request was made for a Board approved set of comments on the Order 1000. It was agreed that the work group would have a draft for the May 30th Executive Committee meeting.
- It was also agreed to try to work out the top-down regional planning issues through email; failing that it would be handled at the May 30th Executive Committee as well.

3. Associate Membership – Texas Office of Public Utility Counsel

- The Texas Office of Public Utility Counsel requested associate membership in OMS.

Kari Bennett moved approval of the request. Orjiakor Isiogu seconded. The motion was passed by unanimous voice vote.

4. Discussion: OMS Resource Assessment Survey

- A memo outlining the status and next steps in the process was distributed prior to the meeting. Kari Bennett provided background and history on this issue.
- She requested that the states begin discussing and exploring this project internally as a next step so that by June, everyone would have a sense of their commission's comfort level working on this project.

5. Action Item: OMS Resource Adequacy letter to John Bear, MISO

- Kari Bennett introduced the issues behind a draft of a letter to John Bear from OMS on the resource adequacy issue. Eric Callisto presented the letter.

Orjiakor Isiogu moved the letter be sent to MISO. Libby Jacobs seconded. The motion passed by unanimous voice vote.

6. Action Item: Approval of IRS Form 990 and audited financial statement

- Bill Smith explained the Form 990 requirements and the financial statements.

Kari Bennett moved approval of the submission of the IRS Form 990. David Boyd seconded. The motion was passed by unanimous voice vote.

7. Update: FERC Meeting on MISO-PJM Deliverability

- Chairman Phil Montgomery provided an update on the States' Seams Work Group activities with OPSI.

8. Info: MISO proposal for staff training – "MISO Bootcamp" and Annual Issues Summit

- Marya White presented proposed MISO training for new state staff members or those who usually don't work on OMS issues and the annual issues summit, which would be strategic issues and topic development for senior staff members.
- Bill Bokram asked if these training opportunities would include OMS associate members as well. Bill Smith and Marya White both indicated that, yes, it would be inclusive of all OMS members and associate members.

9. Update: ERSC meeting, May 29 – Entergy Integration

- Bill Smith and Richard Greffe provided a brief update on this upcoming meeting.

10. Update: Eastern Interconnection Planning Process

- Valerie Lemmie provided an update on EISPC, along with a series of dates on upcoming meetings and discussions.

Updates and Work Group Status Reports

Demand Response WG

- No report;

Transmission Cost Allocation WG

- Written report;

Markets and Tariffs WG

- Written report;

Resources WG

- Written report;

Regional Planning WG

- Written report;

Governance and Budget

- No report;

Modeling WG

- No report;

Seams WG

- Written report;

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 2:35 pm CDT.

OMS

Organization of MISO States
Report of the Treasurer
Dr. David C. Boyd, Minnesota Public Utilities Commission
to the
Board of Directors
Report for April 2013

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account on April 1 was $25,170.96. Interest earned for this month totaled $1.03 and there was no other account activity. The April 30, 2013 ending balance was $25,171.99.

The beginning book balance for the Chase Bank One Checking account on April 1 was $42,127.48. The total disbursements from the checking account for April 2013 amounted to $54,064.31. Deposits, interest and adjustments were $60,000.69. As of April 30, 2013, the checking account bank balance was $65,563.32 (with 3 check payments outstanding) and the book balance was $48,063.86.

The total savings and checking account (book) balances as of April 30, 2013 is $73,235.85.

OMS Treasurer Report for Month of April 2013

Wells Fargo Business Performance Savings Account

Beginning Balance	25,170.96	
Interest Earned this Month	1.03	
Ending Balance		25,171.99

Chase Bank One Checking Account

Beginning Balance	42,127.48	
Total Disbursements	(54,064.31)	
Deposits/Interest/Adjustments	60,000.69	
Ending Book Balance		48,063.86
Bank Balance	65,563.32	
Outstanding Deposits	0.00	
Outstanding Checks	(17,499.46)	
Book Balance	48,063.86	

Total Savings & Checking Balances as of April 30, 2013 **73,235.85**

3 checks outstanding at 4/30/13

OMS

TREASURER'S REPORT
Organization of MISO States
April 30, 2013

Wells Fargo Business Performance Savings Account

Book Balance as of 3/31/13				**$**	**25,170.96**
4/30/2013	**DEP**	**Interest on Savings**		**$**	**1.03**
Business Performance Savings Account Balance at 4/30/2013					**$ 25,171.99**

Chase Bank One Commercial Checking with Interest

Book Balance as of 3/31/13					**$ 42,127.48**
4/8/13	**ACH**	**Midwest ISO**	**$**	**60,000.00**	
4/30/13	**DEP**	**Interest on checking**	**$**	**0.69**	
		Total Deposits			**$ 60,000.69**

Checks and Charges

Date	Check #	Descriptions		
4/16/13	E-Pay	Chase Bank Card	$	1,459.81
4/10/13	EFT	Paychex Invoice (Mar. P/R)	$	103.12
4/3/13	4328	A. McKinnie - Travel Exp. - 3/19-3/21	$	505.54
4/3/13	4329	Indiana UCC (P. Sircar - Travel Exp. 2/19-2/21)	$	1,102.57
4/3/13	4330	IN Office of Utility Consumer Counselor (R. Mork Travel Exp. - 2/19-	$	842.58
4/3/13	4331	N. Simpson - Travel Exp. - 3/20-3/21	$	426.18
4/3/13	4332	W. Bokram - Travel Exp. 3/21-3/25	$	882.68
4/3/13	4333	WI PSC (B Rybarik - Travel Exp. 3/20-3/21)	$	153.28
4/3/13	4334	WI PSC (E. Callisto - Travel Exp. 2/19-2/22)	$	1,018.20
4/3/13	4335	WI PSC (L. Sakk - Travel Exp. - 3/20-3/21)	$	157.28
4/3/13	4336	WI PSC (P. Montgomery - Travel Exp. - 3/3-3/7; 3/20-3/21)	$	1,129.93
4/16/13	4337	100 Court Investors - Office Rent & Pkg, Op. exp chrg (May)	$	1,724.03
4/16/13	4338	Conference Suite - conf. calls - Board, Exec. Comm.	$	1,549.58
4/16/13	4339	Customized Energy Solutions - Mar. subscription	$	3,500.00
4/16/13	4340	Diversified Management Systems (web updates)	$	32.50
4/16/13	4341	King Delivery Service	$	8.88
4/16/13	4342	MN Department of Commerce (C. Davis - Travel Exp. 3/1-3/7)	$	674.60
4/16/13	4343	PLATTS (1 year subscription)	$	2,100.00
4/16/13	4344	CenturyLink - office phone, fax, DSL, LD calls	$	258.99
4/29/13	4345	B. Smith - WiFi Reimbursement	$	67.99
4/29/13	4346	C. Devon - Travel Exp. 4/16-4/18	$	431.47
4/29/13	4347	D. Cruthirds - 1 year subscription to Cruthrids Report	$	17,000.00
4/29/13	EFT	Paychex Payroll net pay (ck.nos. 516-518)	$	10,179.34
4/30/13	EFT	Paychex Payroll Taxes	$	5,303.96
4/29/13	519	MG Trust (401(k))	$	1,022.64
4/29/13	520	MG Trust (401(k))	$	2,339.83
4/29/13	521	MG Trust (401(k))	$	89.33

Total Disbursements - Checks and Charges	**$ 54,064.31**	
CHECKING ACCOUNT BALANCE at 4/30/13		**$ 48,063.86**
TOTAL Certificates of Deposit, Savings and Checking Account Balances as of: 4/30/13		**$ 73,235.85**

CHASE CHECKING ACCOUNT RECONCILIATION

Bank Balance 4/30/13			**$**	**65,563.32**
Less Checks Outstanding				
	Check #			
4/29/13	**4345**	**B. Smith - WiFi**	**$**	**67.99**
4/29/13	**4346**	**C. Devon - Travel Exp.**	**$**	**431.47**
4/29/13	**4347**	**D. Cruthirds - 1 year**	**$**	**17,000.00**
Total Outstanding Checks			**$**	**17,499.46**
Book Balance 4/30/13			**$**	**48,063.86**

OMS
Organization of MISO States

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OMS Executive Director Report
May 7, 2012

MISO Filings

1. On April 8, the ISO/RTO Council filed comments to the U.S. Dept. of Commerce, National Institute of Standards and Technology regarding the development of a framework to improve critical infrastructure cyber security. NIST file 130208119-3119-01
2. On May 3, Initial briefs were filed to FERC ALJ Peter Young relating to the level of exit charges for Duke and FirstEnergy's departure from MISO. Docket ER12-715.

OMS / MISO Activity

1. The Arkansas Public Service Commission has become an OMS member.

Public Relations

1. Presentations:
   - N/A
2. Pending speaking/meeting invitations:
   - Bill Smith is scheduled to speak to a US Energy Association conference on May 15 and 16.
   - A Black Sea Regulatory Initiative workshop will be held June 3-5 in Istanbul.
   - Commissioner Boyd and Bill Smith have been asked to meet with a study tour of the Southeast Europe Cooperation Initiative Transmission System Planning Project Working Group on June 25 in Carmel.

Upcoming MISO Filings

05/03/2013	ER12-1020-000 AC12-27-000	MISO to submit a cost deferral filing to defer for future recovery certain costs associated with the integration of all entities integrating into MISO that are interconnected to the Entergy Operating Companies transmission system.	N/A	N/A
05/15/2013	ER10-1791-000	MVP Annual Informational Report to FERC reporting on the MVP selection process after each MTEP cycle.	N/A	N/A
06/03/2013	N/A	MISO to submit Transmission Constraint Demand Curve – establishes a multi-step demand curve to price transmission constraints for non-market-to-market interfaces, to be implemented in a new Schedule 28 (Demand Curves for Operating Reserve, Regulating and Spinning Reserve, and Regulating Reserve).	N/A	Markets Subcommittee; Reliability Subcommittee

Upcoming dates:

- Next OMS Board of Directors meeting: May 16, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: May 30, 2013, at 1:00 pm CT
- Future OMS Board meetings: June 12 (in person), June 13 (if necessary), July 18
- OMS Executive Committee meetings: July 2, August 1
- Next OMS meetings with IMM: May 30, 2:30 CT

4/17/13 PAC Summary *(Verbal Update of 5/15 meeting)*

- **What to expect at upcoming Planning meetings:**
  - May 15th PAC:
    - Motion on Project Status Update BPM Language
    - Order 1000 compliance discussion
    - MTEP 13 progress update
    - Continued work on Top Down Regional BPM language.

For meeting materials, click here. **Next PAC meeting 5/15**

- **Motions:**
  - Out of Cycle Process BPM Language – Updates to the OOC process and associated BPM language passed at the PAC. The motion was moved (by the TOs), seconded (IPP), and passed with 6.5 (yes), 1.25 (no), and 0 (abstain). OMS voted in support of the language.
  - System Support Resource Cost Allocation BPM Language – MISO's proposed SSR cost allocation method and associated BPM language passed at the PAC. The motion was moved (by the TOs), seconded (IPP), and passed with 4 (yes), 2 (no), and 1 (abstain). OMS voted in support of the language.

- **MTEP 13 Update:**
  - Recap: MTEP 13 future weights are as follows → BAU (42%), Limited Growth (18%), Environmental (17%), Generation Shift (14%), and Robust Economy (10%). Presented the nameplate capacity additions, demand growth rates, and energy growth rates for each future. MISO will hold a Futures Workshop in the fall of 2013 to provide an overview of the method used for establishing MISO's futures (i.e., inflation rates, costs, etc.). Also, the second BAU run OMS asked for was run, using a lower inflation rate. MISO found no material difference in the results.
  - For May PAC, MISO will have the resource siting phase of the MTEP completed and available for stakeholder input. *Note* – in the future this is a potential point in the planning process for OMS to provide input, per the enhanced authority.
  - MISO was asked to revisit the five year old RGOS wind zones that are still used as assumption for meeting state RPS in MTEP planning.

- **Top Down Regional Planning:**
  - MISO discussed stakeholder feedback on their Top Down Regional Planning process. This top down process would apply to economic and multi-value projects, while the ongoing bottom-up process will continue for reliability projects. For economic projects this would be an annual cycle, corresponding with the annual cycle for reliability projects. The multi-value projects would remain on the 3-year cycle. There is some concern around the approach MISO proposes; a "portfolio" approach. Some question if the Tariff allows economic projects to be planned in a portfolio; MISO claims it does indirectly, but stakeholders shouldn't call it a portfolio. Others worry that under this approach MISO will combine projects that would not by themselves pass the B/C criterion for economic projects (MEP). MISO claims there may be several projects needed to meet single issue that alone would not qualify as MEP, but combined they do. Another concern has been the coordination with interregional planning efforts and project approval. The RPWG has submitted comments, supporting many of the concerns addressed above. Next steps include discussing the necessary change to the MTEP appendices and the process for submitting projects. Note that development for the next MVP portfolio starts in MTEP 14.
    - Feedback Due: 4/24 (OMS RPWG submitted comments)

Prepared by J Govindan

- **Project Status Update BPM language:**
  - MISO discussed the updated project status proposal, which would incorporate a milestone approach to requiring certain eligible transmission projects to provide more detailed information at certain times of a project's pre-in-service life cycle. Note that this milestone approach would establish a mandatory requirement for certain projects to provide detailed information, but does not require updated information at each normal quarterly update. MISO is asking for a short turnaround for completion of this BPM language and hopes to have final BPM language available for a vote at the May PAC meeting. At the 5/6 Planning SubCommittee Meeting stakeholders had a final discussion and voted on the BPM language. The PSC vote was 3 (yes – all TO's), 1 (no - Entergy), and 5 (abstain). OMS staff all abstained from this vote at the time, because there were still remaining concerns. OMS Staff have been working with MISO to address those concerns, which will be discussed at the May PAC.

- **Order 1000 Regional Planning Update:**
  - MISO's amended compliance filing due: **July 22, 2013.** MISO provided a summary of FERC's Order on regional compliance filing and where MISO has to make corrections (24[1] actions in total). The PAC will be the primary forum for these discussions, with any cost principle related action items designated for the RECB Task Force. MISO will come to the May PAC meeting with proposed responses to the action items likely needing stakeholder input. Comments will be requested following that meeting, which will then be discussed at the June PAC meeting.
  - **Note – OMS may want to consider providing comments (either staff or BOD level), following this meeting. More discussion at the May 16th OMS BOD meeting.**

- **Order 1000 Interregional Planning Update:**
  - *MISO – MAPP* → Tariff language reviewed and interregional procedures with MAPP codified in new section in Attachment FF. No additional meetings scheduled.
  - *MISO – SPP* → Continue to finalize the draft redlines to MISO-SPP JOA for compliance requirements. There is agreement on overall interregional planning processes and cost sharing for MEPs.
  - *MISO – PJM* → Continue to finalize the draft redlines to MISO-PJM TOA for compliance requirements.
  - *MISO – SERTP* → MISO and SERTP have created a proposal and presented to stakeholders on 4/18. This proposal may be similar to the MISO-MAPP agreement. These procedures will be codified in new section in Attachment FF.

- **Additional Topics –** please refer to the PAC meeting materials for more information on the following:
  - Low Voltage Study Update: In response to a NERC requirement; MISO must identify lower voltage facilities (MISO monitoring > 40 kV) carrying Bulk Electric (BES) flows, which could result in cascading impacts to the BES. MISO therefore established a study (for which results are already known, to Transmission Owners surprise) which would id these facilities and bring them under MISO functional control. MISO has gone a step further and developed criterion that would provide an option to allow TOs to request transfer of facilities under MISO's functional control where market mechanisms are effective in relieving constraints. This study was the result of the Common Issues meeting and caused some TO's to question the speediness of MISO's analysis, since this is the first time presented at PAC.
  - Merchant HVDC Process Update: MISO provided an overview of stakeholder comments and MISO's responses.

[1] In comparison, PJM had 37 action items for their compliance filing.

Ballot for Email Voting

Entity: Planning Advisory Committee (PAC)

DIRECTIONS: Please complete all fields below. If your computer does not support the use of drop-down fields below, please enter your answer in the Vote field as "Yes", "No", or "Abstain" and fill in your sector affiliation along with the rest of the fields. **Completed ballots must be received via email by Amanda Brower (abrower@misoenergy.org) by 4:00 pm ET on Wednesday, May 22, 2013 to be counted.**

MOTION: (see page 2)

Vote:

Respondent: 2T
On behalf of: 2T
Sector:
Date Submitted: 2T

Comments: **2T**

OMS Motion:

The Planning Advisory Committee (PAC) recommends that MISO adopt within the editorial version of the Transmission Planning Business Practices Manual (BPM) language for Project Status Updates the additional language to create an annual update requirement if no milestone has been reached in a given year; added to page 1, the additional language to the last footnote on page 4, and the elimination of the asterisks on page 4 in the section on aggregate project status reports, provided by OMS as discussed in the May 15, 2013 PAC meeting.

The language would be as follows:

"~~While~~ Transmission Owners and/or Selected Transmission Developers are encouraged to provide updates as frequently as possible, especially after a project's schedule or estimated costs shift by a significant amount.~~, project status updates are only required for any projects which have reached and/or passed one of the milestones listed below or at the end of the year if no milestone is reached during the calendar year.~~ Projects which have not reached or passed a milestone in the last quarter are not required to submit project status updates, although the Transmission Owners and/or Selected Transmission Developers must confirm that they have received the request and have no projects which have reached or passed a milestone. Project status updates are ~~only~~ required for any projects which have reached and/or passed one of the milestones. If no milestone is reached during the calendar year, then a project status update is required at the end of the year. Transmission Owners and/or Selected Transmission Developer must make good faith efforts to provide the best information available concurrent with Milestone 1, 2, 3, and 4 and for the quarter immediately following the achievement Milestone 5."

The additional language (in red) would be as follows:

"** Detailed cost information will not be made public, but will be used only to provide information to internal MISO staff. State regulators shall receive information as provided for under the Tariff, pursuant to the appropriate nondisclosure and confidentiality agreements.

All asterisks under the aggregate project status report will be removed.

New BPM Subsection on Project Status Updates

Section 4.2.3.1

In accordance with Attachment FF, project status updates are required to track the progress of a planned transmission project (i.e. one that is either listed in MTEP Appendix A or is proposed by MISO staff to move to Appendix A in the current planning cycle) until the facilities which comprise the project are placed in service. The following language describes the project status update requests, information requested, and public reports following from the project status updates. This language is not intended to apply to the Order 1000 reevaluation process.

The Transmission Provider will request project status updates on a quarterly basis via an e-mail to the Planning Subcommittee e-mail list. Project status updates will be requested no later than 15 days prior to the end of a given quarter, and they will be due at the end of the quarter, based on the best information available at the time. Project status report summaries will then be available for stakeholders no later than 15 days after the end of a given quarter. A presentation will also be given to stakeholders on a bi-annual basis to capture changes to project status and cost. This presentation will be given to the MISO Board of Director System Planning Committee and to the Planning Advisory Committee.

While Transmission Owners and/or Selected Transmission Developers are encouraged to provide updates as frequently as possible, especially after a project's schedule or estimated costs shift by a significant amount, project status updates are only required for any projects which have reached and/or passed one of the milestones listed below. Projects which have not reached or passed a milestone in the last quarter are not required to submit project status updates, although the Transmission Owners and/or Selected Transmission Developers must confirm that they have received the request and have no projects which have reached or passed a milestone. Transmission Owners and/or Selected Transmission Developer must make good faith efforts to provide the best information available concurrent with Milestone 1, 2, 3, and 4 and for the quarter immediately following the achievement Milestone 5.

- Milestone 1: Final Subregional Planning Meeting / Out of Cycle Request Submittal
- Milestone 2 a: Pre-project approval
- Milestone 2b: Developer selection
    - Only applicable for projects which will proceed through the MISO inclusive evaluation process to select the transmission developer
- Milestone 3: Long lead materials
- Milestone 4: Pre-construction
- Milestone 5: Facility completion

For typical (i.e. not Out of Cycle) projects, Milestone 1 corresponds to the final Subregional Planning Meeting in which a particular project is discussed prior to it being submitted to the MISO Board of Directors for their consideration (typically in June prior to a December approval). For out of cycle projects, this milestone will occur at the submission of the Out of Cycle request form. For transmission projects which will proceed through the MISO inclusive evaluation process to select the transmission developer, the Transmission Provider will provide the project status update. For all other transmission projects, the responsible Transmission Owner(s) and/or Selected Transmission Developer(s) will provide the project status updates.

Milestone 2 depends on whether or not a transmission project will proceed through the MISO inclusive evaluation process to select the transmission developer. For all typical (i.e. not Out of Cycle) projects, Milestone 2a corresponds to the last quarterly status update prior to the time the Transmission Provider Board is scheduled to meet to consider approval of the project (typically September for a December approval). For all out of cycle projects, this milestone will occur at the final Planning Advisory Committee meeting where an out of cycle project is discussed. For transmission projects which will proceed through the MISO inclusive evaluation process to select the transmission developer, the Transmission Provider will provide the project status update for Milestone 2a. For all other transmission projects, the assigned Transmission Owner(s) will provide the project status update for Milestone 2a.

If a project will proceed through the MISO inclusive evaluation process to select the transmission developer, milestone 2 contains a second part. The second part of this milestone (Milestone 2b) corresponds to 30 days after the Selected Transmission Developer is determined and notice of this selection is publically posted. The Selected Transmission Developer(s) will provide the project status update for Milestone 2b.

For all projects, Milestone 3 corresponds to the quarter prior to when the Transmission Owner or Selected Transmission Developer will place their first order for materials and equipment requiring a long lead time (i.e. materials which require at least 6 months between their order and receipt).

For all projects, Milestone 4 corresponds to the quarter prior to commencement of physical construction on the facilities associated with the transmission project.

It is recognized that the timing of reporting updates for Milestones 3 and 4 may be significantly in advance of the availability of the most accurate information. For example, ordering of equipment or construction commencement may be scheduled for the end of the next quarter which would necessitate providing an update as much as 6 months in advance of that activity. As such Transmission Owners and Selected Transmission Developers are expected to make good faith efforts to ~~meet these Milestones and to~~ provide updated information prior to reaching the Milestones. The Transmission and Selected Transmission Developer may provide updated information at the next quarterly request if more accurate information is available. If the Transmission Owners and Selected Transmission Developers are unable, due to changes in the expected project schedule, to make this update prior to the Milestones they must provide the information at the next quarterly request.

~~provide updated information at the next quarterly request if they are not able to submit an update in quarter prior due to changes in the expected project schedule or if more accurate cost information becomes available.~~

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For all projects, Milestone 5 corresponds to the point when a project is complete, and all capital expenditures for its design, engineering, and construction have occurred.

PROJECT STATUS UPDATE REQUIREMENTS

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Transmission Owners and/or Selected Transmission Developers must provide project status updates for all transmission facilities they are responsible for. These reports must contain, at a minimum, the following data:

- Most Recent Milestone Achieved
- In-service Date
- Planning Status (Proposed, Planned, Under Construction, In-Service)
- Total Project Cost Estimate

Additional information is required in the project status updates for all transmission facilities that meet one or more of the following three criteria:

- Estimated facility cost is $50 million or greater
- Transmission facility is regionally cost shared (i.e. has any costs allocated outside of the local pricing zone where the facility is geographically located) within the MISO footprint
- Transmission facility is cost shared with entities beyond the MISO footprint

For transmission projects that meet one or more of the criteria listed above, the following additional information or detail will be required in the project status updates:

- Detailed cost estimates** for each line, broken down as follows:
  - Engineering labor per facility*
  - Construction labor per facility
  - Right-of-way per facility
  - Material per facility
- Detailed cost estimates** for each substation, broken down as follows:
  - Engineering labor per facility
  - Construction labor per facility
  - Site property rights per facility
  - Material per facility
- Any regulatory or miscellaneous costs**
- Project expenditures to date**
- Comments describing current variances

The Transmission Provider will use the data provided in the project status updates to create an aggregate project status report on a quarterly basis. Quarterly aggregate project status reports posted by the Transmission Provider will include the following information for all projects:

- Original project information

- Updated project status
- Updated in-service date
- Updated total cost**
- Expenditures to dates (in dollars and percent of total estimated project cost)**
- Change in project cost estimates since last project status update (in percent)**
- Change in project cost estimates since milestone 2b, for projects which proceeded through the MISO inclusive evaluation process to select the transmission develop, or milestone 2, for all other projects(in percent)**
- Change in in-service date since last project status update (in months)
- Change in in-service date since milestone 2b, for projects which proceeded through the MISO inclusive evaluation process to select the transmission develop, or milestone 2, for all other projects (in months)
- Comments summary

* In this context, a project is a transmission upgrade identified in the MISO planning process and included in the MISO Transmission Expansion Plan (MTEP). Facilities are subset of projects associated with a given project

** Detailed cost information will not be made public, but will be used only to provide information to internal MISO staff.

FERC Order 1000 Further Compliance Proposals

Planning Advisory Committee

May 15, 2013

Order 1000, Regional Compliance Summary

- **MISOs approach to the compliance items, in general, is to provide further justification and clarification in support of the original proposal**
  - For items where there is a clear directive to make changes, MISO will do so
- **Where compliance items impact a specific stakeholder, MISO will work with them directly**
  - ¶ 474 and 529

Effective Date of Baseline Reliability Project Cost Allocation Changes

- **In October 2012 MISO filed to modify the cost allocation methodology for Baseline Reliability Projects**
  - The modifications removed regional cost allocation and assigned all costs to the local pricing zone
- **Per the Commission Order (Docket No. ER13-186) the effective date of the Baseline Reliability Project Cost Allocation changes is June 1, 2013.**
- **Because the effective tariff sheets at the time of MTEP 13 Board approval will reflect the FERC approved changes, the costs of all Baseline Reliability Projects will be allocated to the local pricing zone.**

Summary of Requirement - Paragraph 67
Clarify OMS Committee funding

- However, the OMS Committee is a new committee and the Tariff does not specify how the OMS Committee will be funded. Therefore, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to revise the Tariff to clarify how the OMS Committee will be funded.

MISO Proposal - Paragraph 67
Continue Funding under Schedule 10

- **Continue funding OMS, including the OMS Committee, through Schedule 10**
- **MISO and the OMS are evaluating the financial requirements to support the OMS Committee**

Summary of Requirement - Paragraph 96
Local Public Policy Requirements

- We find that MISO's definition of "Transmission Issues" includes "the need to comply with all requirements imposed on the Transmission System performance," including Public Policy Requirements as defined by the Commission in Order No. 1000 as state or federal laws or regulations, specifically, enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level. However, we find that the definition of "Transmission Issues" does not allow for the consideration of duly enacted laws or regulations passed by a local governmental entity. Therefore, we require that MISO submit a further compliance filing to clarify in its Tariff that it will also consider duly enacted laws or regulations passed by a local governmental entity.

MISO Proposal- Paragraph 96
Local Public Policy Requirements

- MISO will modify the definition of Transmission Issue to consider duly enacted laws or regulations passed by a local governmental entity.

Summary of Requirement - Paragraph 205
Delete Proposed Section VIII.A of Attachment FF of the Tariff

- We find that, as discussed further below, MISO's proposed new provision at section VIII.A of Attachment FF—State or Local Rights of First Refusal must be removed from its Tariff. MISO is correct that Order No. 1000 does not require removal from Commission-jurisdictional tariffs or agreements references to state or local laws or regulations with respect to construction of transmission facilities, including but not limited to authority over siting or permitting of transmission facilities. However, MISO's proposal goes beyond mere reference to state or local laws or regulations; it references state and local laws and then uses that reference to create a federal right of first refusal. Order No. 1000 does not permit a public utility transmission provider to add a federal right of first refusal for a new facility based on state law. Therefore, we reject MISO's proposal and direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing deleting proposed section VIII.A of Attachment FF to the Tariff.

MISO Proposal - Paragraph 205
Delete Proposed Section VIII.A of Attachment FF of the Tariff

- In accordance with the requirements of the Commission's order, MISO will delete proposed section VIII.A of Attachment FF of the Tariff.

Summary of Requirement - Paragraph 215
Further Justify or Eliminate 20 Contiguous Mile Threshold

- We find MISO's proposed 20 contiguous mile threshold does not comply with the requirements of Order No. 1000 because MISO did not provide sufficient support to justify maintaining a federal right of first refusal for any transmission project that includes less than 20 contiguous miles of new transmission facilities. Accordingly, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to justify its proposal or to instead revise its Tariff to delete the 20 contiguous mile threshold for identifying when a project that contains both upgrades to existing transmission facilities and new transmission facilities would qualify as a new transmission project.

MISO Proposal - Paragraph 215
Further Justify or Eliminate 20 Contiguous Mile Threshold

- Further justification and/or explanation will be made for the 20 contiguous mile threshold in the 120 day compliance filing.

Summary of Requirement - Paragraph 227
Specify Criteria for Facility Relocations being designated an Upgrade

- MISO's proposed upgrades definition includes as examples any project that relocates any portion of an existing transmission line facility, and any project that replaces single circuit towers with multi circuit towers. MISO would always assign these projects to the incumbent Transmission Owner. With regard to relocation, MISO's answer explains that most relocation requests are for limited sections of transmission lines and are typically for highway, airport or other infrastructure expansions, and as such, these projects are not for reliability or economic issues or improving the transmission facility. We appreciate the need, as described by MISO, for allowing relocation of existing transmission facilities to qualify as an upgrade. However, we find that these specific examples may not be inclusive of all relocation scenarios and could potentially limit relocations to the specific examples provided by MISO. Therefore, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to add language to the Tariff to instead include the specific criteria and/or principles MISO will use to evaluate whether a project that relocates any portion of an existing transmission line facility qualifies as an upgrade, rather than leaving open-ended any reason for relocating a transmission line or limiting relocation to the examples provided by MISO.

MISO Proposal - Paragraph 227
Specify Criteria for Facility Relocations being an Upgrade

- MISO will include the following criteria in the tariff for characterizing transmission line relocations as upgrades.
  - Any requirement or request to relocate transmission line facilities owned by an incumbent Transmission Owner where the purpose of the relocation is not related to a Multi Value Project or Market Efficiency Project will be considered an upgrade.
    - Examples include, but are not limited to, relocations driven by aesthetics, highway expansion projects, other infrastructure expansion projects, projects to improve the reliability or performance of the transmission system, projects to reduce the cost to operate and maintain the transmission system, projects to interconnect new generation and load, and projects to accommodate the relocation of an existing substation.
  - Any requirement or request to relocate existing transmission line facilities owned by an incumbent Transmission Owner to accommodate new transmission line facilities associated with a Multi Value Project or Market Efficiency Project that require use of the incumbent right-of-way will be considered an upgrade.
    - Note: Construction of the new transmission facilities that displace the existing transmission facilities may or may not be considered an upgrade based on other criteria within the tariff (i.e., mileage threshold, etc.).

Summary of Requirement - Paragraph 228
Provide Specific Criteria for Single-Circuit to Multi-Circuit Structure Upgrades

- With regard to the proposal to allow replacing single circuit structures with multi circuit structures, we agree with LS Power that circumstances may exist where replacing single circuit structures with multi circuit structures on an existing transmission line may inappropriately qualify this new transmission facility as an upgrade. In particular, the Commission is concerned that replacement of a few single circuit structures with multi- circuit structures in order to allow for routing of a new, larger transmission line may inappropriately qualify the entire new transmission facility as an upgrade. As such, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to modify the Tariff language to provide more specific criteria for determining when replacing single circuit structures with multi-circuit structures is defined as an upgrade.

MISO Proposal - Paragraph 228
Provide Specific Criteria for Single-Circuit to Multi-Circuit Structure Upgrades

- Under the MISO compliance proposal, for situations where a new transmission circuit requires replacement of single-circuit structures with multi-circuit structures (or double-circuit structures with triple-circuit structures, etc.) the incumbent transmission owner will maintain the right to own the new structures, the conductors and devices associated with the existing circuit(s), and any additional right-of-way required, as these aspects of the transmission project represent upgrades to existing facilities.
- The Selected Transmission Developer will have the right to own the conductors and devices associated with the new transmission circuit(s), as this represents new transmission infrastructure.
- The incumbent Transmission Owner and Selected Transmission Developer, if different, will negotiate in good faith a joint-use agreement to outline project implementation responsibilities, operations and maintenance responsibilities, access to facilities by each party, and similar terms and conditions.
- Because all costs are being recovered by both parties via cost sharing, it is not anticipated that significant joint-use revenue or payment provisions should be needed within the joint-use agreement.

MISO Proposal - Paragraph 228
Provide Specific Criteria for Single-Circuit to Multi-Circuit Structure Upgrades

- It is important to note that the MISO proposal for addressing upgrades where structures must be replaced to accommodate additional transmission circuits does not apply to the following:
  - Installing new circuits on spare positions of existing structures
  - Replacing structures to accommodate reconductoring, resagging, or equipment replacement (e.g., installation or replacement of line switch, etc.)
  - Replacing structures to reconfigure existing circuits including terminal location changes, changes to the number of terminals, and/or splitting an existing circuit into multiple circuits.
  - Replacing structures to accommodate relocation of an existing transmission circuit in response to an external request or requirement.
  - Replacing structures to accommodate converting the voltage of one or more existing circuits to a higher voltage level.
  - Replacing existing structures due to aging or damage.
  - Replacing existing structures to comply with codes, standards, and/or regulations or to improve reliability or performance of the existing facility (e.g., installation of storm structures, etc.).
- For the situations above, which are clearly upgrades to existing facilities, the incumbent Transmission Owner will retain a Federal right-of-first-refusal.

Summary of Requirement - Paragraph 234
Substation Upgrades - Clarify Land Near an Existing Substation

- We agree with MISO that allowing a substation expansion to qualify as an upgrade, under certain conditions, would allow for situations where there is a need to expand, but no available land immediately adjacent to the existing substation's footprint. However, we find that MISO's proposed language does not include clear limitations on or a definition of what land "near" an existing substation would qualify an expansion as an upgrade. Therefore, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to provide examples in the Tariff to illustrate what constitutes land near an existing substation for purposes of qualifying as an upgrade and maintaining a federal right of first refusal, consistent with the examples MISO provided in its transmittal letter**.**

MISO Proposal - Paragraph 234
Substation Upgrades - Clarify Land Near an Existing Substation

- MISO will incorporate transmittal letter examples into tariff language as directed by the Commission:
  - **Second Substation Footprint.** No land is available adjacent to the existing substation for expansion and a second substation footprint is required near the existing substation where the two substations footprints are interconnected with very short lines essentially operating as substation buses and thus the two substation footprints operate essentially as a single substation.
  - **Substation Relocation.** The substation is relocated and existing circuits are rerouted to enable expansion of a substation that does not have adequate land within the existing site or immediately adjacent to the existing site to facilitate expansion.

Summary of Requirement - Paragraph 235
Further Justify or Remove Language that Designates New Substations interconnecting Existing Transmission Lines as Upgrades rather than New Facilities

- However, we disagree with MISO's proposal that the construction of a new substation that interconnects multiple existing transmission line facilities all owned by a single Transmission Owner or group of Transmission Owners should be considered an upgrade does not comply with Order No. 1000. MISO has not provided sufficient support to demonstrate why a new substation that interconnects multiple lines should be considered an upgrade instead of a new transmission project. Accordingly, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing that removes the proposed language in the Tariff to treat as an upgrade the construction of a new substation that interconnects multiple existing transmission line facilities all owned by a single Transmission Owner or group of Transmission Owners or, in the alternative, provide further justification.

MISO Proposal - Paragraph 235
Further Justify or Remove Language that Designates New Substation interconnecting Existing Transmission Lines as Upgrades rather than New Facilities

- Further justification will be made for designating a new substation that interconnects existing transmission lines owned by a common Transmission Owner or common group of Transmission Owners as an upgrade to existing facilities.

Summary of Requirement - Paragraph 244
Remove Language that Designates Improvements to Unimproved Right-of-Way held by Incumbent Transmission Owners as Upgrades

- We find that MISO's proposal to allow a Transmission Owner to maintain a federal right of first refusal for any new transmission facility built on that Transmission Owner's right-of-way if such right-of-way contains improvements owned by the Transmission Owner and is classified as transmission plant is not permitted by Order No. 1000, and, as such, we direct MISO to remove the proposed language in the compliance filing we direct here……Accordingly, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing revising the proposed Tariff language to remove the proposed language related to rights-of-way in section VIII.C.1.1(e) of the Tariff.

MISO Proposal - Paragraph 244
Remove Language that Designates Improvements to Unimproved Right-of-Way held by Incumbent Transmission Owners as Upgrades

- In accordance with the requirements of the Commission's Order, MISO will remove Section VIII.C.1.1(e) of the proposed tariff language that considers as an upgrade improvement s made to unimproved right-of-way held by incumbent Transmission Owners.

Summary of Requirement - Paragraph 271
Specifically State Qualified Transmission Developer Requirements

- MISO will evaluate the qualifications of a transmission developer after the developer submits a bid to construct and own a project that has been selected for inclusion in the MTEP. However, except for the requirement to be a Transmission Owner or Non-owner Member, MISO does not explain, and the Tariff does not provide, what qualification criteria a transmission developer must meet to submit a bid in response to a Transmission Proposal Request. Instead, the Tariff combines qualification criteria and the information MISO will use to evaluate bids without distinguishing between the two. ……. Thus, a potential transmission developer does not know what criteria it must meet to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate and maintain transmission facilities and will only know whether it qualifies to submit a bid after it has gone through the process to actually submit a bid. And, without knowing what the qualification criteria are, we cannot determine whether the criteria are unduly discriminatory or preferential. Therefore, we require MISO, within 120 days of the date of issuance of this order, to submit a compliance filing revising its Tariff to explicitly state what qualification requirements must be satisfied for a transmission developer to make a transmission project proposal in MISO's MTEP.

MISO Proposal - Paragraph 271
Specifically State Qualified Transmission Developer Requirements

- MISO will add the following specific requirements that must be met by an entity in order to be considered a Qualified Transmission Developer :
  - Must be a Transmission Owner or Non-owner Member.
  - Must have on file an approved and up-to-date financial capabilities plan.
  - Must execute an agreement to comply with General Requirements for a Qualified Transmission Developer as outlined in the Order 1000 compliance tariff sheets filed in October 2012:
    - Execute ISO Agreement;
    - Comply with applicable laws, regulations, codes, and standards;
    - Register with NERC as TP, TOP and, if applicable, BA;
    - Become LBA or make arrangements to contract with existing LBA;
    - Comply with NERC Form 715 Part 4 TRPC of interconnecting Owners;
    - Comply with all interconnection standards and requirements,

- MISO will also add a provision that a developer must be a Qualified Transmission Developer in order to submit a New Transmission Proposal,

MISO Proposal - Paragraph 340
Distinguish Qualification Requirements vs. Evaluation Metrics
Reflect Greater Weight of Costs in Evaluation or Justify Proposed Weighting

- Accordingly, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing that revises its Tariff to: (1) specify and distinguish between the qualification requirements a transmission developer must meet to submit a bid in response to a Transmission Proposal Request and the evaluation requirements regarding the bids submitted by qualified transmission developers; and (2) revise its evaluation process to reflect greater weighting of costs in evaluating transmission developer bids in order to better reflect the relative efficiency and cost-effectiveness of any proposed transmission solution, or explain and justify why its proposed weighting of costs in the evaluation process complies with the requirements of Order No. 1000.

MISO Proposal - Paragraph 340
Distinguish Qualification Requirements vs. Evaluation Metrics
Reflect Greater Weight of Costs in Evaluation or Justify Proposed Weighting

- MISO will add a developer qualification process to be administered each spring to establish Qualified Transmission Developers for the next solicitation of Transmission Proposal Requests.
- This process will include:
  - Reviewing updated information from existing Qualified Transmission Developers to ensure requirements continue to be met
  - Removing Qualified Transmission Developer status from entities no longer desiring to be Qualified Transmission Developers or entities no longer meeting requirements of Qualified Transmission Developers
  - Reviewing applications of entities who desire to become Qualified Transmission Developers and approval of those entities who meet all of the requirements of a Qualified Transmission Developer
- A cure period will apply for:
  - Entities no longer meeting requirements who desire to maintain Qualified Transmission Developer status
  - Entities who desire to become Qualified Transmission Developers who have not submitted sufficient documentation to meet the requirements for a Qualified Transmission Developer

MISO Proposal - Paragraph 340
Distinguish Qualification Requirements vs. Evaluation Metrics
Reflect Greater Weight of Costs in Evaluation or Justify Proposed Weighting

- MISO will further justify the current weightings for cost and other attributes of the proposal.

Summary of Requirement - Paragraph 351
Remove Tariff Language that provides an Option for States to determine Selected Transmission Developers

- We find that MISO's proposal does not comply with Order No. 1000. Accordingly, we direct MISO to file, within 120 days of the date of issuance of this order, a further compliance filing to eliminate provisions in its Tariff that allows a state to select the transmission developer of a transmission facility selected in the regional transmission plan for purposes of cost allocation.

MISO Proposal - Paragraph 351
Remove Tariff Language that provides an Option for States to determine Selected Transmission Developers

- In accordance with the requirements of the Commission's Order, MISO will remove the proposed tariff language that provides the states with an option to determine Selected Transmission Developers for transmission projects where a federal right of first refusal has been removed.

Office of Public Utility Counsel

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Austin, Texas 78711-2397
Tel: (512) 936-7500 Fax (512) 936-7525
Toll Free: (877) 839-0363

Sheri Givens
Public Counsel

April 30, 2013

VIA EMAIL

Commissioner Kari Bennett, President
Organization of MISO States
100 Court Avenue
Des Moines, IA 50309

Dear Commissioner Bennett:

Please accept this letter as an official request by the Texas Office of Public Utility Counsel (OPUC) to become an Associate Member of the Organization of MISO States (OMS).

OPUC is an independent state agency that was created in 1983 by the Texas Legislature to represent residential and small business ratepayers in utility proceedings. Residential and small business ratepayers generally do not have the expertise or the resources to represent their interests before the Public Utility Commission of Texas (PUC), the Electric Reliability Council of Texas (ERCOT), or State or Federal Courts. OPUC provides balance in the regulatory and market decision-making processes for consumers which is not addressed or replicated specifically by any other agency or commission.

OPUC, pursuant to its statutory authority found in Texas Utilities Code Chapter 13, does the following:

- Represents residential and small commercial electric and telecommunications consumers;
- Assesses utility rates changes;
- Advocates positions most advantageous to a substantial number of residential customers;
- Intervenes in matters before the PUC, judicial proceedings when based on PUC action, and other electric and telecommunications matters;
- Represents consumers with respect to their unresolved disputed complaints before the PUC;
- Recommends legislation to the Texas Legislature that will positively affect the interests of residential and small commercial customers; and
- Prepares information of public interest to electric and telecommunications ratepayers.

In December 2013, Entergy Texas, Inc. (ETI) is expected to be integrated into MISO. OPUC advocates on behalf of ratepayers in the ETI service territory. Therefore, OPUC hereby requests that the OMS Board of Directors approve the Texas Office of Public Utility Counsel as an Associate Member in OMS.

Respectfully submitted,

Sheri Givens
Public Counsel

cc: Bill Smith, Executive Director

OMS
Organization of MISO States

To: OMS Members

From: President Kari Bennett and Vice President Eric Callisto

Subject: OMS Resource Assessment Evaluation

Date: May 13, 2013

During our May 16 OMS Board meeting, we will discuss the status and next steps of the forward looking resource assessment evaluation we began talking about during the last quarter of 2012. The purpose of this memo is to provide background information for your consideration to help inform your participation during our board meeting discussion. Our intention is to have a discussion during the May board meeting, but we do not anticipate presenting any action items for decision making until our June board meetings. During this period, we encourage all board members to discuss this important issue within your organizations and with your interested stakeholders.

As individual jurisdictions, we have allowed our utilities to join RTOs, including MISO. It is in our mutual interest – both within OMS and in cooperation with MISO – to know whether our localities and the region as a whole will have adequate capacity in future years, when reserve margins are expected to constrict due to unit retirements. There may be additional benefits to obtaining better forward looking information, including guidance to better inform local decisions to achieve appropriately sized new generation, and to enhance regional transmission planning.

Right now, we as individual jurisdictions have authorities and responsibilities concerning resource planning. In February, the OMS Resources Work Group compiled information collected from most OMS members regarding our resource planning efforts. It shows that our processes are different in several respects – entities covered, frequency, duration, etc. Furthermore, while MISO requires resource adequacy commitments from load serving entities, the information only covers one year forward. Therefore, we do not have a regional view looking several years into the future.

Though a coordinated OMS-led effort, we have an opportunity to gain a better understanding of our region's future resource plans and needs. A four- or five-year look into the future, by OMS, would allow us to understand whether our cumulative planning efforts are meeting our regional needs, and provide us with time to make decisions in advance if we identify potential future shortfalls. We anticipate this effort will involve each OMS member undertaking a process to collect consistent information from our jurisdictional utilities (and other entities willing to cooperate, i.e., municipalities and cooperatives). While we would take primary responsibility, we recognize that MISO may be able to assist us in developing the survey and compiling the individual jurisdiction information into a footprint wide view.

Despite ongoing discussions within the MISO community about Resource Adequacy Constructs and other markets issues, we do not intend this OMS effort to rely on market-based tools or result in revisions to MISO's forward capacity market. State regulators have primary authority and responsibility for resource planning. Also, MISO has acknowledged that while capacity markets may provide some price signals, they do not serve to incent new generation. Therefore, our focus will be on a regional information collection process that can serve as the basis for better planning within our individual jurisdictions and for the benefit of the region as a whole.

In the coming weeks, we will be working with MISO to determine our information needs. As part of this process, we will consider how to define and account for uncertainty, address load forecasting issues, and determine what counts as a resource and how. During our June board meetings, we hope to be in a position to present and discuss a draft survey that each OMS member could use to collect information from jurisdictional utilities. We will also discuss potential mechanisms to collect and guard the confidentiality of the information and data.

During the May 16 board meeting, we also would like to discuss a process for each OMS member to begin reaching out to our jurisdictional utilities and other stakeholders. This initial outreach would involve a high level discussion to explain the purposes and goals of the project, and solicit input and reactions.

OMS
Organization of MISO States

100 Court Avenue, Suite 315
Des Moines, Iowa 50309

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

May 20, 2013

John Bear
President and Chief Executive Officer
MISO
Carmel, Indiana

Dear Mr. Bear:

On April 24, 2013, Midcontinent Independent System Operator (MISO) management made a resource adequacy presentation to the MISO Board's Markets Committee. Titled "The Next Generation of MISO Resource Adequacy Enhancements, Increasing Forward Transparency for Better Assuring Regional Adequacy and Enable Efficient Planning," the presentation contemplated MISO's imminent reexamination of the nascent MISO capacity construct. The Organization of MISO States (OMS) has concerns about this effort, which appears to be without justification so soon after the capacity construct was recently amended.

As MISO knows, the 17 OMS members have a keen interest in resource adequacy. Each member of OMS takes the subject of resource adequacy seriously, as under both federal and respective state laws, the state Commissions have jurisdiction over resource adequacy, specifically the regulatory authority associated with generation planning, permitting and construction. When MISO first established its resource adequacy construct, OMS did not support a mandatory forward capacity market. Both MISO and the Federal Energy Regulatory Commission recognized the structural difference between the MISO market, comprised primarily of integrated regulated utilities, and other RTOs' markets, and were supportive of the OMS position. OMS continues to support this position.

OMS understands MISO's interest in resource adequacy issues for reliability reasons and looks forward to providing key strategic input into the ongoing assessment of resource adequacy. The states are eager to provide MISO with information pertinent to the requirements each state imposes on its utilities to maintain resource adequacy. MISO appears eager to receive this information. Beyond that mutually beneficial process, any additional need for reevaluation seems premature and unnecessary.

The current resource adequacy processes in MISO are not broken. In fact, MISO's assessments point out that the region is on target for future planning periods. In the MISO region there has not been failure on the part of states or the regulated utilities to ensure resource adequacy. The MISO region currently operates with a healthy surplus of generation capacity. Even if some of the worst case situations presented by MISO on April 24, 2013 were true, no load is shed, and

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the states remain in a commanding position with respect to managing resource adequacy. To put in place a mandatory forward capacity market is to presume state regulatory failure, which has not occurred.

Furthermore, the current resource adequacy construct is barely tried, having just completed its first auction. We don't hear a widespread clamor for change, nor should there be change until the existing model has an opportunity to work. If resources are adequate and there is no broad based push for change, then the only legitimate driver must be the existence of a better model for the provision of resource adequacy. We find that proposition unlikely, based on our observations of models in other RTOs. Transparency exists in the MISO construct, with regulated utilities seeking such pricing information through bilateral negotiations or competitive RFPs. To the extent the current resource adequacy construct needs some fine tuning, OMS looks forward to helping. To the extent MISO is contemplating a major rework of the construct, we ask what problem is MISO trying to solve, how is it not solved (or solvable) by existing MISO and state structures, and how will MISO's proposed solution be more affordable for ratepayers than what is currently in place?

The MISO Board of Directors had a lengthy discussion about resource adequacy at its April 25 meeting. During that discussion, several Board members acknowledged that state Commissions have primary authority and responsibility regarding resource adequacy and planning. Some Board members also advocated that MISO should engage in a transparent, well defined and deliberate process concerning further efforts on resource adequacy, whether focused on markets or regional assessments. OMS appreciates the MISO Board's thoughtful consideration, and agrees that MISO should proceed cautiously to avoid overstepping its role.

We remain committed to working with MISO and all its stakeholders in order to make all its markets efficient and affordable.

Sincerely,

Kari Bennett, President

cc: Richard Doying, Executive Vice President of Operations and Corporate Services
Clair Moeller, Executive Vice President of Transmission and Technology

This letter was adopted by the OMS Board of Directors at its May 16, 2013 meeting.

EXTENDED TO AUGUST 15, 2013

Form **990**

Department of the Treasury
Internal Revenue Service

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)

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

OMB No. 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning **and ending**

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Termin-ated
- ☐ Amended return
- ☐ Applica-tion pending

C Name of organization
ORGANIZATION OF MISO STATES, INC.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
100 COURT AVENUE 315

City, town, or post office, state, and ZIP code
DES MOINES, IA 50309

F Name and address of principal officer: WILLIAM SMITH, JR
same as C above

D Employer identification number
16-1671529

E Telephone number
515-243-0742

G Gross receipts $ 430,022.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☐ 501(c)(3) ☒ 501(c) (4) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.MISOSTATES.ORG

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 2003 **M** State of legal domicile: IA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: THE ORGANIZATION OF MISO STATES, INC. IS TO COORDINATE REGULATORY OVERSIGHT AMONG THE STATES; MAKING

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	16
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	3
6	Total number of volunteers (estimate if necessary)	6	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	375,000.	430,000.
9	Program service revenue (Part VIII, line 2g)	0.	0.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	32.	22.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0.	0.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	375,032.	430,022.

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	199,145.	229,173.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	202,566.	298,718.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	401,711.	527,891.
19	Revenue less expenses. Subtract line 18 from line 12	-26,679.	-97,869.

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	146,708.	61,472.
21	Total liabilities (Part X, line 26)	34,275.	46,908.
22	Net assets or fund balances. Subtract line 21 from line 20	112,433.	14,564.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer Date

▶ WILLIAM SMITH, JR, EXECUTIVE DIRECTOR
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
TIM K. DEVRIES, CPA			☐	P00299231

Firm's name ▶ RYUN, GIVENS & COMPANY, PLC — Firm's EIN ▶ 42-0732909

Firm's address ▶ 2900 100TH STREET, SUITE 301
URBANDALE, IA 50322 — Phone no. 515-225-3141

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

See Schedule O for Organization Mission Statement Continuation

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III X

1 Briefly describe the organization's mission:
THE ORGANIZATION OF MISO STATES, INC. IS TO COORDINATE REGULATORY OVERSIGHT AMONG THE STATES; MAKING RECOMMENDATIONS TO THE MIDWEST INDEPENDENT SYSTEM OPERATOR (MISO), THE MISO BOARD OF DIRECTORS, THE FERC, AND RELEVANT GOVERNMENT ENTITIES, AND STATE COMMISSIONS AS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ..... Yes X No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ..... Yes X No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 418,219. including grants of $) (Revenue $)
ORGANIZATION ASSISTS MEMBER STATES TO PARTICIPATE IN MISO STAKEHOLDER PROCESS. THIS ASSISTANCE ASSURES BETTER COORDINATION OF ELECTRICITY DELIVERY WITH STATE POLICIES; REIMBURSED TRAVEL EXPENSES FOR PARTICIPANTS IN 12 MEETINGS.

4b (Code:) (Expenses $ including grants of $) (Revenue $)

4c (Code:) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 418,219.

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Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1		X
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

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Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

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Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI X

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6			X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a		X
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c		
13	Did the organization have a written whistleblower policy?	13		X
14	Did the organization have a written document retention and destruction policy?	14		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ IN

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

X Own website ☐ Another's website X Upon request ☐ Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶

ORGANIZATION OF MISO STATES, INC. - 515-243-0742
100 COURT AVE, SUITE 315, DES MOINES, IA 50309

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Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KARI BENNETT PRESIDENT	15.00	X		X				0.	0.	0.
(2) ERIC CALLISTO VICE PRESIDENT	10.00	X		X				0.	0.	0.
(3) DAVID BOYD TREASURER	10.00	X		X				0.	0.	0.
(4) ELIZABETH JACOBS SECRETARY	10.00	X		X				0.	0.	0.
(5) ROBERT KENNEY DIRECTOR	5.00	X						0.	0.	0.
(6) JOHN COLGAN DIRECTOR	5.00	X						0.	0.	0.
(7) KIRK BUSHMAN DIRECTOR	5.00	X						0.	0.	0.
(8) LINDA BREATHITT DIRECTOR	5.00	X						0.	0.	0.
(9) CYNTHIA HEDGE-MORRELL DIRECTOR	5.00	X						0.	0.	0.
(10) ORJIAKOR ISIOGU DIRECTOR	5.00	X						0.	0.	0.
(11) ERIC SKMETTA DIRECTOR	5.00	X						0.	0.	0.
(12) BRIAN KALK DIRECTOR	5.00	X						0.	0.	0.
(13) GARY HANSON DIRECTOR	5.00	X						0.	0.	0.
(14) REGIS GOSSELIN DIRECTOR	5.00	X						0.	0.	0.
(15) BRANDON PRESLEY DIRECTOR	5.00	X						0.	0.	0.
(16) KENNETH ANDERSON JR DIRECTOR	5.00	X						0.	0.	0.
(17) WILLIAM SMITH, JR EXECUTIVE DIRECTOR	40.00			X				127,950.	0.	5,118.

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Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-total ▶								127,950.	0.	5,118.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								127,950.	0.	5,118.

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2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	430,000.			
	g Noncash contributions included in lines 1a-1f: $					
	h **Total.** Add lines 1a-1f		430,000.			
Program Service Revenue		Business Code				
	2a					
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a-2f					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		22.			22.
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents					
	b Less: rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	a				
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d					
	12 **Total revenue.** See instructions.		430,022.	0.	0.	22.

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	133,068.	133,068.		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	76,027.	76,027.		
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,983.	2,983.		
9 Other employee benefits	2,551.	2,021.	530.	
10 Payroll taxes	14,544.	14,544.		
11 Fees for services (non-employees):				
a Management	725.		725.	
b Legal				
c Accounting	6,465.		6,465.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion				
13 Office expenses	2,658.	100.	2,558.	
14 Information technology				
15 Royalties				
16 Occupancy	20,735.		20,735.	
17 Travel	190,925.	160,681.	30,244.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	11,374.	4,467.	6,907.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,181.		4,181.	
23 Insurance	5,810.	2,486.	3,324.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a SUBSCRIPTIONS	33,815.		33,815.	
b CONFERENCE CALLS	11,489.	11,489.		
c TELEPHONE	5,064.	5,064.		
d WEBSITE HOSTING AND WEB	4,239.	4,239.		
e All other expenses	1,238.	1,050.	188.	
25 **Total functional expenses.** Add lines 1 through 24e	527,891.	418,219.	109,672.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

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Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		129,461.	1	17,772.
	2	Savings and temporary cash investments			2	25,169.
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net			4	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		8,308.	9	10,299.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 46,019.			
	b	Less: accumulated depreciation	10b 37,787.	8,939.	10c	8,232.
	11	Investments - publicly traded securities			11	
	12	Investments - other securities. See Part IV, line 11			12	
	13	Investments - program-related. See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11			15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		146,708.	16	61,472.
Liabilities	17	Accounts payable and accrued expenses		34,275.	17	46,908.
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		34,275.	26	46,908.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☒ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		112,433.	27	14,564.
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		112,433.	33	14,564.
	34	Total liabilities and net assets/fund balances		146,708.	34	61,472.

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	430,022.
2	Total expenses (must equal Part IX, column (A), line 25)	2	527,891.
3	Revenue less expenses. Subtract line 2 from line 1	3	-97,869.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	112,433.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	14,564.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☒

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**

OMB No. 1545-0047

2012

Name of the organization	**Employer identification number**
ORGANIZATION OF MISO STATES, INC.	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 an organization 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 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions 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 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total 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. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

DRAFT

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

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. 701 CITY CENTER DRIVE CARMEL, IN 46032	$ 430,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

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

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

DRAFT

Name of organization

ORGANIZATION OF MISO STATES, INC.

Employer identification number

16-1671529

Part III *Exclusively* religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year. Complete columns **(a)** through **(e) and** the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once.) ▶ $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization
ORGANIZATION OF MISO STATES, INC.

Employer identification number
16-1671529

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Preservation of an historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

		Held at the End of the Tax Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ _____ %
c Temporarily restricted endowment ▶ _____ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		12,692.	9,605.	3,087.
e Other		33,327.	28,182.	5,145.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				8,232.

Schedule D (Form 990) 2012

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Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII X

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Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	430,022.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	0.
3	Subtract line **2e** from line **1**			3	430,022.
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	0.
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	430,022.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	527,891.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	0.
3	Subtract line **2e** from line **1**			3	527,891.
4	Amounts included on Form 990, Part IX, line 25, but not on line **1**:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	0.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	527,891.

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Part X, Line 2: The Organization has adopted the accounting standard regarding Accounting for Uncertain Tax Positions. This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entity's financial statements. It requires an entity to recognize the financial statement benefit of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Organizations financial position,

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Part XIII Supplemental Information *(continued)*

results of operations, or cash flow.

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047
2012
Open to Public Inspection

Name of the organization
ORGANIZATION OF MISO STATES, INC.

Employer identification number
16-1671529

Form 990, Part I, Line 1, Description of Organization Mission:

RECOMMENDATIONS TO THE MIDWEST INDEPENDENT SYSTEM OPERATOR (MISO), THE MISO BOARD OF DIRECTORS, THE FERC, AND RELEVANT GOVERNMENT ENTITIES, AND STATE COMMISSIONS AS APPROPRIATE; AND INTERVENING IN PROCEEDINGS BEFORE THE FERC AND IN RELATED JUDICIAL PROCEEDINGS TO EXPRESS THE POSITIONS OF THE ORGANIZATION OF MISO STATES.

Form 990, Part III, Line 1, Description of Organization Mission:

APPROPRIATE; AND INTERVENING IN PROCEEDINGS BEFORE THE FERC AND IN RELATED JUDICIAL PROCEEDINGS TO EXPRESS THE POSITIONS OF THE ORGANIZATION OF MISO STATES.

Form 990, Part VI, Section B, line 11: THE BOARD OF DIRECTORS WILL REVIEW A COPY OF THE FORM 990 AT A BOARD MEETING PRIOR TO THE FORM 990 BEING FILED.

Form 990, Part VI, Section B, Line 15: THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS REVIEW AND APPROVE THE SALARIES FOR THE EXECUTIVE DIRECTOR. THE SALARY RECOMMENDATION IS THEN APPROVED BY THE ENTIRE BOARD OF DIRECTORS.

Form 990, Part VI, Section C, Line 18: FORM 990 AND FORM 1023 ARE AVAILABLE TO THE PUBLIC ON THE ORGANIZATION FOR MISO STATES' WEBSITE.

Form 990, Part VI, Section C, Line 19: ALL GOVERNING DOCUMENTS AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC ON THE ORGANIZATION FOR

DRAFT

Name of the organization: ORGANIZATION OF MISO STATES, INC.

Employer identification number: 16-1671529

MISO STATES' WEBSITE.

FORM 990. PART XI, LINE 2C

RESPONSIBILITY FOR OVERSIGHT OF AUDIT AND SELECTION OF INDEPENDANT AUDITOR

THE BOARD OF DIRECTORS FOR THE ORGANIZAITON ARE RESPONSIBLE FOR THE OVERSIGHT OF THE AUDIT AND ARE RESPONSIBLE FOR THE SELECTION OF THE INDEPENDANT AUDITORS. THIS PROCESS HAS REMAINED UNCHANGED FROM THE PRIOR YEARS.

DRAFT

Form **8868**
(Rev. January 2013)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ X
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	ORGANIZATION OF MISO STATES, INC.	16-1671529
	Number, street, and room or suite no. If a P.O. box, see instructions. 100 COURT AVENUE, No. 315	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. DES MOINES, IA 50309	

Enter the Return code for the return that this application is for (file a separate application for each return) ▶ 01

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

DRAFT

- The books are in the care of ▶ ORGANIZATION OF MISO STATES, INC. 100 COURT AVE, SUITE 315 - DES MOINES, IA 50309
  Telephone No. ▶ 515-243-0742 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ ☐. If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until August 15, 2013, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ X calendar year 2012 or
▶ ☐ tax year beginning _____, and ending _____.

2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	**3a**	$	0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	**3b**	$	0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	**3c**	$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.** Form **8868** (Rev. 1-2013)

223841
01-21-13

***** THIS IS NOT A FILEABLE COPY *****

Form **8879-EO**

Department of the Treasury
Internal Revenue Service

IRS *e-file* Signature Authorization for an Exempt Organization

For calendar year 2012, or fiscal year beginning _____ , 2012, and ending _____ ,20 ___

▶ **Do not send to the IRS. Keep for your records.**

OMB No. 1545-1878

2012

Name of exempt organization

ORGANIZATION OF MISO STATES, INC.

Employer identification number

16-1671529

Name and title of officer

WILLIAM SMITH, JR
EXECUTIVE DIRECTOR

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a,** or **5a,** below, and the amount on that line for the return being filed with this form was blank, then leave line **1b, 2b, 3b, 4b,** or **5b,** whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than 1 line in Part I.

1a Form 990 check here ▶ [X]	**b Total revenue,** if any (Form 990, Part VIII, column (A), line 12)	**1b**	430022
2a Form 990-EZ check here ▶ [ ]	**b Total revenue,** if any (Form 990-EZ, line 9)	**2b**	
3a Form 1120-POL check here ▶ [ ]	**b Total tax** (Form 1120-POL, line 22)	**3b**	
4a Form 990-PF check here ▶ [ ]	**b Tax based on investment income** (Form 990-PF, Part VI, line 5)	**4b**	
5a Form 8868 check here ▶ [ ]	**b Balance Due** (Form 8868, Part I, line 3c or Part II, line 8c)	**5b**	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2012 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

[X] I authorize RYUN, GIVENS & COMPANY, PLC to enter my PIN 54321
ERO firm name
Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2012 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

[ ] As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2012 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ ***** THIS IS NOT A FILEABLE COPY *** Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN. 42305712345
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2012 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163,** Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature ▶ _____ Date ▶ _____

ERO Must Retain This Form - See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So

DRAFT

NP-20

State Form 51062
(R6 / 8-12)

Indiana Department of Revenue

Indiana Nonprofit Organization's Annual Report

Check if: ☐ Change of Address ☐ Amended Report ☐ Final Report: Indicate Date Closed _____

For the Calendar Year or Fiscal Year
Beginning 01 01 2012 (MM/ DD/ YYYY) **and Ending** 12 31 2012 (MM/ DD/ YYYY)

Due on the 15th day of the 5th month following the end of the tax year.
NO FEE REQUIRED.

Name of Organization			Telephone Number
ORGANIZATION OF MISO STATES INC			515 243 0742
Address	County		Indiana Taxpayer Identification Number
100 COURT AVENUE No 315			
City	State	ZIP Code	Federal Identification Number
DES MOINES	IA	50309	16 1671529
Printed Name of Person to Contact			Contact's Telephone Number
WILLIAM SMITH, JR			515 243 0742

If you are filing a federal return, attach a completed copy of Form 990, 990EZ, or 990PF.

Note: If your organization has unrelated business income of more than $1,000 as defined under **Section 513** of the Internal Revenue Code, **you must also file Form IT-20NP.**

Current Information

1. Have any changes not previously reported to the Department been made in your governing instruments, (e.g.) articles of incorporation, bylaws, or other instruments of similar importance? If yes, attach a detailed description of changes.
2. Indicate number of years your organization has been in continuous existence. 10 .
3. Attach a schedule, listing the names, titles and addresses of your current officers. See Statement 2
4. Briefly describe the purpose or mission of your organization below.

See Statement 1

DRAFT

Email Address: _____

I declare under the penalties of perjury that I have examined this return, including all attachments, and to the best of my knowledge and belief, it is true, complete, and correct.

Signature of Officer or Trustee	Title	Date
	EXECUTIVE DIRECTOR	
Name of Person(s) to Contact	Daytime Telephone Number	

Important: Please submit this completed form and/or extension to:
Indiana Department of Revenue, Tax Administration
P.O. Box 7147
Indianapolis, IN 46207-7147
Telephone: (317) 232-0129

Extensions of Time to File

The Department recognizes the Internal Revenue Service application for automatic extension of time to file, Form 8868. **Please forward a copy of your federal extension, identified with your Nonprofit Taxpayer Identification Number (TID), to the Indiana Department of Revenue, Tax Administration by the original due date to prevent cancellation of your sales tax exemption.** Always indicate your Indiana Taxpayer Identification number on your request for an extension of time to file.

Reports post marked within thirty (30) days after the federal extension due date, as requested on Federal Form 8868, will be considered as timely filed. A copy of the federal extension must also be attached to the Indiana report. In the event that a federal extension is not needed, a taxpayer may request in writing an Indiana extension of time to file from the: Indiana Department of Revenue, Tax Administration, P.O. Box 7147, Indianapolis, IN 46207-7147, (317) 232-0129.

If Form NP-20 or extension is not timely filed, the taxpayer will be notified by the Department pursuant to I.C. 6-2.5-5-21(d), to file Form NP-20. If within sixty (60) days after receiving such notice the taxpayer does not file Form NP-20, the taxpayer's exemption from sales tax will be canceled.

25412111019

NP-20 Statement 1

THE ORGANIZATION OF MISO STATES IS TO COORDINATE REGULATORY OVERSIGHT AMONG THE STATES; MAKING RECOMMENDATIONS TO THE MIDWEST INDEPENDENT SYSTEM OPERATOR (MISO), THE MISO BOARD OF DIRECTORS, THE FERC, OTHER RELEVANT GOVERNMENT ENTITIES, AND STATE COMMISSIONS AS APPROPRIATE; AND INTERVENING IN PROCEEDINGS BEFORE THE FERC AND IN RELATED JUDICIAL PROCEEDINGS TO EXPRESS THE POSITIONS OF THE ORGANIZATION OF MISO STATES.

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Form NP-20 List of Officers, Directors and Trustees Statement 2

Name and Address	Title
KARI BENNETT 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	PRESIDENT
ERIC CALLISTO 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	VICE PRESIDENT
DAVID BOYD 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	TREASURER
ELIZABETH JACOBS 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	SECRETARY
ROBERT KENNEY 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
JOHN COLGAN 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
KIRK BUSHMAN 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
LINDA BREATHITT 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
CYNTHIA HEDGE-MORRELL 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
ORJIAKOR ISIOGU 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
ERIC SKMETTA 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR
BRIAN KALK 100 COURT AVENUE, No. 315 DES MOINES, IA 50309	DIRECTOR

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GARY HANSON — DIRECTOR
100 COURT AVENUE, No. 315
DES MOINES, IA 50309

REGIS GOSSELIN — DIRECTOR
100 COURT AVENUE, No. 315
DES MOINES, IA 50309

BRANDON PRESLEY — DIRECTOR
100 COURT AVENUE, No. 315
DES MOINES, IA 50309

KENNETH ANDERSON JR — DIRECTOR
100 COURT AVENUE, No. 315
DES MOINES, IA 50309

WILLIAM SMITH, JR — EXECUTIVE DIRECTOR
100 COURT AVENUE, No. 315
DES MOINES, IA 50309

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FINANCIAL STATEMENTS
OF
ORGANIZATION OF MISO STATES, INC.
AT
DECEMBER 31, 2012 AND 2011

DRAFT - Subject to Discussion

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DRAFT - Subject to Discussion

INDEPENDENT AUDITORS' REPORT

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

DRAFT - Subject to Discussion

We have audited the accompanying financial statements of the Organization of MISO States, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization of MISO States, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RYUN, GIVENS & COMPANY, P.L.C.

_____

Certified Public Accountants

DATE

DRAFT - Subject to Discussion

ORGANIZATION OF MISO STATES, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS:		
Cash	$ 42,941	$ 129,461
Prepaid Expenses	10,299	8,308
Property and Equipment	8,232	8,939
Total Assets	$ 61,472	$ 146,708
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts Payable	$ 13,998	$ 4,434
Accrued Expense	32,910	29,841
Total Liabilities	46,908	34,275
Net Assets:		
Unrestricted Net Assets	14,564	112,433
Total Liabilities and Net Assets	$ 61,472	$ 146,708

DRAFT - Subject to Discussion

ORGANIZATION OF MISO STATES, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Revenues, Gains, and Other Support:		
MISO Grant	$ 430,000	$ 375,000
Interest Income	22	32
Total Revenues, Gains, and Other Support	430,022	375,032
Expenses:		
Personnel Expenses	230,958	200,656
Office Expenses	84,015	53,351
Insurance	5,791	5,696
Professional Fees and Consultants	5,647	9,778
Meetings and Travel	201,480	132,230
Total Expenses	527,891	401,711
Change in Net Assets	(97,869)	(26,679)
Net Assets, Beginning of Year	112,433	139,112
Net Assets, End of Year	$ 14,564	$ 112,433

DRAFT - Subject to Discussion

ORGANIZATION OF MISO STATES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities:		
Changes in Net Assets	$ (97,869)	$ (26,679)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,181	4,410
(Increase) Decrease In:		
Prepaid Expenses	(1,991)	(3,243)
Increase (Decrease) In:		
Accounts Payable	9,564	(2,322)
Accrued Expense	3,069	(14,017)
Net Cash Provided (Used) by Operating Activities	(83,046)	(41,851)
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(3,474)	0
Net Cash Provided (Used) by Investing Activities	(3,474)	0
Net Increase (Decrease) in Cash	(86,520)	(41,851)
Cash, Beginning of Year	129,461	171,312
Cash, End of Year	$ 42,941	$ 129,461

DRAFT - Subject to Discussion

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Organization of MISO States, Inc. (OMS) is a nonprofit, 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, North Dakota, Ohio, Pennsylvania, South Dakota, and Wisconsin. The Organization has an office located in Des Moines, Iowa.

OMS was incorporated in the State of Indiana on June 11, 2003. OMS is a nonprofit 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 ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, OMS 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, OMS 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.

DRAFT - Subject to Discussion

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.

Accounting for Uncertain Tax Positions

The Organization has adopted the accounting standard regarding "Accounting for Uncertain Tax Positions." This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the entity's financial statements. It requires an entity to recognize the financial statement benefit of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Organization's financial position, results of operations, or cash flow. The Organizations' Forms 990 for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

OMS receives all of its revenue through a funding agreement with Midwest Independent Transmission System Operation, Inc. Any changes to the funding agreement will have a significant impact on OMS operating revenues.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2012	2011
Furniture and Equipment	$ 12,692	$ 12,692
Computers	33,327	29,853
Total Property and Equipment	46,019	42,545
Less: Accumulated Depreciation	37,787	33,606
Net Property and Equipment	$ 8,232	$ 8,939

Depreciation expense was $4,181 and $4,410 for the years ended December 31, 2012 and 2011, respectively.

NOTE 4 - RENTALS UNDER OPERATING LEASES

OMS leases office space under an operating lease that expires December 31, 2013. The annual base rent is $18,197 and is payable in monthly installments. In addition, the lease required payment for operating expenses, parking, and tenant improvements. Total rent expense during 2012 and 2011 was $20,735 and $20,477, respectively. Future minimum lease payments are $18,197 for 2013.

DRAFT - Subject to Discussion

NOTE 5 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the years ended December 31, 2012 and 2011 are:

	2012	2011
Expenses:		
Program Services	$ 418,219	$ 334,038
Management and General	109,672	67,673
Total Expenses	$ 527,891	$ 401,711

NOTE 6 - RETIREMENT PLAN

OMS has a 401(k) plan covering its employees. Employer matching contributions to the plan were $8,101 and $7,656 for the years ended December 31, 2012 and 2011, respectively. The plan expenses were $725 for each year ended December 31, 2012 and 2011.

NOTE 7 - SUBSEQUENT EVENT

The date to which events occurring after December 31, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is DATE, which is the date the financial statements were available to be issued.

DRAFT - Subject to Discussion

To the Board of Directors
William H. Smith, Jr., Executive Director
Organization of MISO States, Inc.
100 Court Avenue, Suite 315
Des Moines, IA 50309

[AUDIT REPORT DATE]

DRAFT - Subject to Discussion

We have audited the financial statements of the Organization of MISO States, Inc. for the year ended December 31, 2012, and have issued our report thereon dated [Audit Report Date]. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 17, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization of MISO States, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures that were corrected by management are included in the attached *Summary of Adjustments*.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [Date of Management Representation Letter].

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors and management of the Organization of MISO States, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

RYUN, GIVENS & COMPANY, P.L.C.

Certified Public Accountants

DRAFT - Subject to Discussion

Organization of MISO States, Inc.
Summary of Adjustments
December 31, 2012

Adjustments		
To reconcile cash	$	(55)
To record prepaid expense		2,907
To capitalize computers		3,474
To record depreciation		(4,181)
To record accounts payable		(9,565)
To record accrued expenses		(3,069)
To reconcile accounts payable		(1,195)
Total Increase (Decrease) in Net Assets	$	(11,684)

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To the Board of Directors
William H. Smith, Jr., Executive Director
Organization of MISO States, Inc.
100 Court Avenue, Suite 315
Des Moines, IA 50309

[AUDIT REPORT DATE]

DRAFT - Subject to Discussion

In planning and performing our audit of the financial statements of the Organization of MISO States, Inc. as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization of MISO States, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Organization of MISO States, Inc.'s internal control to be significant deficiencies. These deficiencies were previously reported in the prior year audit in the letter communicating internal control related matters identified in an audit dated May 11, 2012:

Conversion to Accrual Basis of Accounting

The Organization does not make the necessary journal entries to the accounting records in order to report the financial statements in accordance with generally accepted accounting principles (GAAP). The necessary journal entries pertain to adjusting the accounting records from the cash to accrual basis of accounting.

Management is responsible for the documentation and implementation of internal controls. The Board of Directors is responsible for overseeing and monitoring internal controls.

The Organization has a Treasurer's Desk Manual that provides written documentation for end of month closing and report preparation. However, the procedures in the Treasurer's Desk Manual do not include the process for making adjustments necessary to report the financial results in accordance with GAAP. Those adjustments are primarily related to recording accounts payable, accrued and prepaid expenses, and the capitalization of property and equipment.

Currently, the independent auditor prepares the adjusting journal entries necessary to convert the accounting records from cash to a GAAP basis of accounting. However, the independent auditor cannot be considered a part of the Organization's internal controls.

Recommendation:

We recommend that the Organization adopt procedures on at least an annual basis to prepare the necessary journal entries to adjust the accounting records to the accrual basis of accounting in accordance with generally accepted accounting principles.

Management Response:

Management notes the audit recommendation with respect to the preparation of journal entries to convert our accounting records to generally accepted accounting principles. We would confront two problems in adopting this recommendation. First, our directors find cash reports more understandable and meaningful on a monthly basis. Second, our small office staff and our volunteer treasurer staff may not have sufficient expertise to generate journal entries without professional advice. We do examine the proposed journal entries and understand that their accuracy is a management responsibility and believe that provides an acceptable level of internal control.

Internal Control over Financial Reporting

The Board is responsible for the oversight of the preparation of financial statements. Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles (GAAP).

DRAFT - Subject to Discussion

Internal Control over Financial Reporting (Continued)

The Organization does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnotes. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

Management's Response:

We agree. The Organization has determined it is not cost beneficial to employ a person with the resources necessary to stay up to date with the accounting and financial reporting resources necessary to prepare GAAP based financial statements. Rather the Organization commits its resources predominantly to the accomplishment of its mission. Further, the Organization has determined that it is sufficient to issue GAAP based financial statements annually in conjunction with the audit conducted by its independent certified public accounting firm.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

The Organization of MISO States, Inc.'s written responses to the significant deficiencies identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

RYUN, GIVENS & COMPANY, P.L.C.

_____
Certified Public Accountants

DRAFT - Subject to Discussion

Ryun, Givens & Company, P.L.C.
2900 100th Street, Suite 301
Urbandale, IA 50322

May 16, 2013

This representation letter is provided in connection with your audits of the financial statements of the Organization of MISO States, Inc., which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of May 16, 2013, the following representations made to you during your audits.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 17, 2012.
- The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

Financial Statements (Continued)

- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
    - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    - Additional information that you have requested from us for the purpose of the audit.
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

Information Provided (Continued)

- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- Iowa Association of Community Providers is an exempt organization under Section 501 (c)(6) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: _____

Title: _____

Signature: _____

Title: _____

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

May 13, 2013

Mr. William H. Smith, Jr.
Executive Director
Organization of MISO States
100 Court Street, Suite 315
Des Moines, Iowa 50309

Dear Mr. Smith:

On April 2, 2013, the Commission issued an order directing the Midcontinent Independent System Operator, Inc.[1] (MISO) and PJM Interconnection, L.L.C. (PJM) to make presentations to the Commission during an upcoming Commission meeting. Items for discussion include progress regarding existing market rules and operating protocols for transfer of capacity between MISO and PJM and proposed Commission actions, if any, regarding these issues. The Commission also invited the Organization of MISO States, the Organization of PJM States, Inc., and the market monitors for MISO and PJM to make presentations at the same time.[2] I am pleased to confirm that the presentations are scheduled for the June Commission meeting on June 20, 2013.

Thank you for your willingness to travel to Washington, D.C. and present this information to the Commission. I look forward to your presentations and learning about the status of these important issues. Commission staff will be contacting you regarding presentation requirements and scheduling details. If I can be of further assistance in this or any other Commission matter, please do not hesitate to contact me.

Sincerely,

Jon Wellinghoff
Chairman

[1] Formerly known as the Midwest Independent Transmission System Operator, Inc.

[2] *Capacity Deliverability Across the Midwest Indep. Transmission Sys. Operator, Inc./PJM Interconnection L.L.C Seam*, 143 FERC ¶ 61,008 (2013).

cc: Commissioner Tony Clark
Commissioner Cheryl A. LaFleur
Commissioner Phillip D. Moeller
Commissioner John R. Norris
Mr. Richard Doying
Mr. Clair J. Moeller
Mr. Stephen G. Kozey
Mr. Andrew L. Ott
Mr. Craig Glazer
Mr. Steven R. Pincus
Dr. David Patton
Dr. Joseph Bowring
Chairperson Phil Montgomery
Commissioner Greg R. White
Mr. Gregory V. Carmean, Esq.

From: Jeffrey Hitchings [mailto:jeffrey.hitchings@ferc.gov]
Sent: Tuesday, May 14, 2013 11:16
To: Bill Smith
Subject: Presentations: Capacity Deliverability Across the MISO/PJM Seam

Bill:

Attached is a letter to you from the Chairman confirming that presentations regarding Capacity Deliverability Across the Midcontinent Independent System Operator, Inc./PJM Interconnection, L.L.C. Seam are scheduled for the June Commission Meeting on June 20, 2013. We are now in the process of organizing the presentations. We request that each of the presenting parties (MISO, PJM, the Market Monitors for MISO and PJM, OMS and OPSI) have one presenter each. To assist us in this process, we request that presenters respond by identifying who will be the presenter for their organization and a confirmation of their availability no later than May 31, 2013.

Information on presentation requirements can be found at the following link: http://www.ferc.gov/help/how-to/presentation.asp. Please forward presentations to Diane Bernier at diane.bernier2@ferc.gov. We request that the presentations be submitted no later than June 14, 2013. MISO and PJM will be making presentations lasting 15 minutes each, followed by presentations by the MISO and PJM Market Monitors and representatives for OMS and OPSI lasting 7 minutes each. Our plan is that the presentations will be made at the beginning of the Commission meeting. We will be in contact with you regarding additional details. Feel free to call us if you have any questions.

Jeffrey Hitchings

OEMR

Federal Energy Regulatory Commission

202-502-6042

Conor Ward

Office of the General Counsel

Federal Energy Regulatory Commission

202-502-6717

5/13/13 Draft OPSI presentation to FERC on capacity deliverability: Docket AD12-16-000

The Organization of PJM States Inc. (OPSI) welcomes the invitation to address the issue of capacity deliverability between MISO and PJM for the Commission today. OPSI greatly appreciates this opportunity and will provide our perspective on what we see as the most important aspects of the capacity deliverability issue.

Order 888 heralded a new era of the United States' electricity policy. The Federal Energy Regulatory Commission (Commission) uprooted old paradigms and laid the groundwork for a new era of independent system operators and regional transmission organizations (RTOs). As a result, regulators now face the nexus of manifold policy challenges and opportunities including complicated economic, engineering, legal, social and political issues.

Two of the nation's leading regional transmission organizations are the PJM Interconnection (PJM) and the Midcontinent Independent System Operator (MISO). Not coincidentally, the western PJM border is contiguous to MISO's east border, or *vice versa*, depending on the location in MISO. Defining processes to effectively manage the resulting seam, and those with other regions, has been an issue since they were created by voluntary RTO membership. For over a decade, seams issues have been managed on a case-by-case basis by the RTOs and other participants in a somewhat limited process, often resulting in inefficient markets and disappointing policy outcomes.

Within the last eighteen months, and with much stakeholder urging, PJM and MISO have renewed their combined efforts to confront the many challenges along their shared seam by renewing the Joint and Common Market (JCM) initiative. All PJM and MISO stakeholders and state regulators have an opportunity to participate in the collaborative JCM initiative. OPSI and the Organization of MISO States (OMS) have been active and vocal participants in this much-welcomed process.

A flashpoint JCM issue is capacity deliverability on which MISO and PJM have differing views. MISO proffered capacity deliverability as its preferred solution to resolve some JCM

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issues on an accelerated timeline. Many JCM participants from both RTO's stakeholder groups and PJM did not share MISO's enthusiasm for the concept. This disagreement evolved over time and eventually became FERC Docket No. AD12-16-000, which was opened prior to the reinstatement of the JCM.

The issues to be addressed in this proceeding are;: (1) identifying the progress of efforts to address whether existing market rules and operating protocols concerning the transfer of capacity between MISO and PJM act as barriers to the delivery of generation capacity between those markets; (2) identifying the status of any unaddressed barriers to the transfer of capacity between those markets; and (3) identifying the measures that the Commission should take to address any such barriers that may exist.

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OPSI agrees that potential barriers to entry into the MISO and PJM capacity markets may exist, but the appropriateness of those potential barriers, not simply their existence, is the question which is paramount in this proceeding. The framework of both RTOs' capacity market entrance requirements were developed through their respective stakeholder processes. Those requirements, and the barriers that they impose, are based upon the two RTOs' economic market design and electrical engineering considerations for reliability purposes. With that in mind, OPSI would like to present specific questions that the Commission should consider in this proceeding:

- Are any of the asserted barriers to entry to the capacity markets unjust or unreasonable? May some of these barriers be necessary characteristics of each RTO's capacity market needed to maintain the reliability and economics of both capacity markets?
- Would the use of any remaining transmission capability between MISO and PJM for long term capacity transfers be discriminatory to other parties' ability to otherwise utilize the transmission capability that currently remains?
- If the MISO proposal were implemented, would it effectively discriminate against either PJM generation or other generators external to PJM that would also desire a

similar ability to participate in the PJM capacity market in the same manner as MISO generation?

With respect to the issue of capacity deliverability, MISO and PJM have shown that they can prioritize JCM issues within the JCM initiative with consideration of input from stakeholders, including state regulators. Capacity deliverability has not been determined to be a priority JCM issue at this time. The vast majority of stakeholders have deemed it a low priority. That prioritization should be respected as continued JCM work on capacity deliverability is conducted.

Sufficient analysis has yet to be conducted to allow stakeholders to determine if alternative solutions for capacity transfers between the RTOs are necessary. There are many facets of this issue that must be properly studied to provide stakeholders and the RTOs with the information necessary to make policy determinations and to implement those policies. MISO and PJM must work together more cooperatively than previously to actually address issues and concerns based on factual data rather than endlessly repeating rhetoric to create obfuscation and delay. A collaborative study done cooperatively and utilizing data and input from both RTOs would help parties avoid a rush to judgment and hasty action without the necessary foundation to understand both the impacts and the feasibility of implementing proposed actions. If the RTOs cannot work together to complete a study, an outside party should be brought into the JCM process to facilitate the completion of the necessary analyses. Should either RTO disagree on the type and scope of studies that are necessary, or if either RTO disagrees on what data and inputs they must mutually provide and verify to produce a fair and balanced analysis; then an independent consultant should be involved to collect the required inputs and direct the study process.

Meshing different RTO structures and practices efficiently and economically, while maintaining reliability and integrity of the capital, capacity, and energy markets is likely to be a significant and time consuming effort. However, state regulators have observed that any process that involves regulators and other stakeholders early in the educational and study phases of an issue is likely to have much broader support at the time of implementation. A process that

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provides RTOs and all stakeholders with the requisite information and analyses to take well informed positions is necessary to advance vital coordination on all seams issues, while still allowing RTOs to maintain their unique characteristics. RTOs and stakeholders need to fully understand the outcomes of these studies and analyses to identify the impacts of any proposals on RTO's energy and capacity markets, generator owners, transmission owners, state regulation, other stakeholders, and energy consumers. It is not enough for either RTO to suggest an end-result or outcome of the proposed actions without having supportive documentation and analysis that has been developed through a joint effort. Without collaborative involvement from both RTOs the output of any study would be skewed and unreliable.

Additional critical information is necessary to consider the merits and impacts of capacity deliverability. If developed properly, the analyses should help identify what solutions or alternatives, if any, would correctly address barriers that could otherwise improperly prevent capacity transfers between PJM and MISO.

The only way to become fully educated on these issues and the need, or lack thereof, for potential solutions is to perform a more in-depth analysis that utilizes sequential steps to develop the proper data needed to move forward with an informative and comprehensive analysis. Such a comprehensive analysis should provide the ability to conclude the appropriateness of proposed solutions and ultimately a path towards resolution of this divisive issue.

The study process should be developed and executed fully within the context of the JCM initiative where all stakeholders have an equal voice and standing to prioritize and effectuate the development of solutions to all seams issues addressed within the JCM. Stakeholders need to fully understand how the necessary study and analyses will be performed. Since stakeholder involvement in this process is critical, it is clear to state regulators that the JCM initiative is the most appropriate venue for any continued effort on this issue. The JCM is still unfolding and process enhancements have only recently been identified and implemented. The JCM process should be given deference to continue its work on the capacity deliverability issue and the study and analyses described here should be the next steps taken on the issue within the JCM.

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State regulators do not want to actively direct or moderate these particular technical RTO study and analyses efforts. Instead we will be active JCM participants and provide feedback, suggestions, and information on the most effective implementation of any necessary solutions on equal footing, with the same authority and standing as other JCM stakeholders.

All JCM participants should be confident that a proper study will finally allow the JCM to determine the need, appropriateness, and timing of the implementation of any proposed capacity deliverability solutions that might be developed.

OPSI appreciates this opportunity to discuss these issues with FERC and we look forward to a cooperative examination of capacity deliverability and its related concepts.

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Dear OMS Members, OMS Associate Members, States and OMS Staffs and All,

Introduction:

Today we bring before the OMS a proposal to formulate training on the electric industry and MISO initiatives that is specifically targeted to your Staffs' needs and developed by your Staffs and OMS Staff, in conjunction with MISO.

Request:

We ask that OMS review this proposal and determine whether it is worthy of OMS support and MISO development.

Justification:

As MISO has indicated many times before, your and your Staffs' participation in the MISO process is very important. In order for your Members to review actions and form positions, your Staffs must spend many hours delving into the details behind the myriad of complex projects/tasks/initiatives that continue to be addressed in MISO's stakeholder process.

We recognize and appreciate that your Staff resources are finite. As such we have collaborated with your Staffs to formulate a proposal for training to assist your Staffs in more easily gaining the information they need to conduct their work. Attached you will find a document that explains the proposed training. Your Staffs have been "in the driver's seat" on these agenda topics and meeting logistics. MISO thanks the Staffs for their attention and enthusiasm in shaping this proposal to bring it to the point of OMS' review.

As you will note, the attached proposal includes the logic behind and justification for:

- Introductory training (similar to NARUC's "Bootcamp") for Staffs (and Commissioners, of course) who are either new to their Commissions or new to electric transmission and MISO.
- An "Annual Issues Summit" (so named by Staff) for more-experienced Staff to use as an opportunity to focus on topics or tasks to better inform Staff on current and emerging issues.

Both of the proposed training opportunities would also afford Staffs with important networking opportunities among themselves and with trainers, etc.

MISO and OMS currently have many training presentations and tools available. These training resources would be used as the starting points and then tailored to topics and information of most interest to the Staffs and their work. Staffs and MISO also envision that these training opportunities would be dynamic and refreshed to respond to changes in information requirements, issues and tasks and Staffs' needs.

Conclusion:

If OMS determines that this proposal is worthy of continued development, it will be presented to MISO management for approval (in order to schedule MISO staff and resources to planning the meeting logistics and funding.) MISO's desire is to hold the first training session during the fall of 2013.

Sincerely,

Rob Berntsen
Vice President, Government & REgualtory Affairs

Midcontinent Independent System Operator, Inc.
P. O. Box 4202
Carmel, Indiana 46082-4202
1125 Energy Park Drive
St. Paul, Minnesota 55108
317-249-5400
www.misoenergy.org

TRAINING OPPORTUNITIES Proposed Specifically For

STATE REGULATORY STAFF

Introductory "Bootcamp" and Annual Issues Summit

What: The "Bootcamp" training would be an introduction to the evolution of electric transmission and wholesale markets, their regulation, the formation of ISOs and MISO, MISO's history, current structure, tariff, Stakeholder process and major initiatives. All of these topics would be addressed within the specific context relevant to OMS and State focuses and interests. This introduction will be similar to existing MISO introductory information with the difference being that it will be formulated by MISO in partnership with OMS and the States and will focus on introductory information targeted to and of particular interest to the target audience.

Target Audiences: The target audiences are the Commissioners and Staffs of the OMS Members and Associate Members. The "Bootcamp" is targeted to relatively new Commissioners and Staff or those who are not heavily involved with electric transmission or MISO but are interested in learning more and whose work touches, or is touched by, the responsibilities of MISO and OMS.

Why: MISO has a myriad of training videos, documents, demonstrations currently available to Stakeholders. However, these materials were written for all types of stakeholders; as such, some training materials may not be pertinent to the particular needs of States and other materials may not go far enough to satisfy States' informational needs. Also, today's State Regulators and their Staffs are severely stretched in their responsibilities and tasks and do not have the time to spend on training that is not targeted specifically to their needs in order to make the best use of their limited time. This proposal would seek to fill that perceived need by starting with existing materials and revamping them to focus on topics and aspects of particular interest to the States. Existing MISO and OMS training materials would be used as a basis and then tailored (using guidance by Staff) to the particular needs and interests of Staff.

Who: MISO's Order 890 obligations mandate that these training sessions must be open to all Stakeholders to attend and MISO will certainly comply. However, since these sessions are targeted to State Regulators, Staff of the OMS Members and Associate Members will be invited to participate whereas, other Stakeholders will be invited to observe (similar to the OMS CARP process in previous years.) Other State Agencies are also invited to attend as observers and may request to participate if they wish.

When: Preliminary discussions with different States' Staffs have yielded differing preferences for times of the year to hold the "Bootcamp" training. The Annual Issues Summit, on the other hand, has garnered a strong preference for scheduling it for one day on either side of the OMS Annual Meeting.

How Often: Preliminary discussions have again yielded different suggestions. Preferences have been expressed for a "Traveling" Bootcamp Training that would be offered a number of times throughout the

year with scheduling close to each State at least once per year. Such training would be refreshed as major work is accomplished.

How (presentation media): With today's technology, preferences were expressed to offer the training in person and as webcast and, in addition, to video the sessions and post them to the website for viewing whenever there is time or a desire. (It is assumed as sessions are refreshed and updated for major initiatives, that the sessions would be "re-videoed" and new updated videos would replace the prior videos.)

Where: Depending on the States' preferences on when and how often training sessions are held, OMS and MISO together can discussion and choose locations convenient to the Participants. Holding "Bootcamp" sessions at one or more MISO offices would allow MISO to provide Control Center tours, which are beneficial for seeing how the grid works. If training sessions are held elsewhere than at MISO, it would be good to hold them at airport hubs to enable direct-flight travel from each State. Another suggested option would be to hold training sessions at Commissions' offices.

Length of training sessions: Preliminary suggestions include holding the Annual Issues Summit for one full day with the addition of a four-hour primer (a shortened version of the "Bootcamp") for the day before the Summit begins (or before the OMS Annual Meeting begins if the States prefer having the Summit the day after the Annual Meeting.) Suggestions for the "Bootcamp" have centered around holding this training over two full days. Others have suggested that the Bootcamp be broken up into 2-3 shorter sessions over some period of time.

Training structure: Preliminary suggestions are to separate some sessions into concurrent sessions with differing focuses. Specifically, it was suggested that there could be concurrent training on topics specifically geared toward engineering, economic/finance/accounting and legal.

Potential Training Topics (Bootcamp/Primer would include Sections 1-3; Annual Issues Summit would assume knowledge of sections 1-3 and would concentrate on the other Sections):

1. Introduction, history and evolution of electricity and the transmission grid in the US
    - Brief history of the scientific and commercial development of electricity as used for lighting, motors, etc.
    - Electricity in cities
        i. First central plants 1878
        ii. Lights, power, rail
        iii. AC vs., DC
        iv. Franchises
        v. IBEW 1891
    - 1880-1910: State Railroad Commissions were created as well as State Utility Commissions
    - 1907 state utility regulation in Wisconsin, Massachusetts, New York, 1914 Illinois

- 1923 Bluefield decision – reproduction cost rate base – for regulators
- Sam Insull holding company
- 1927 180 holding companies – 1928 Federal investigation begins
- 1932 8 largest Hoco's controlled 73% of investor owned electric business
- PUCHA 1935
- 1936 Rural Electrification Act REA—extend transmission and electricity to rural America
- "New Deal" created Public Power Authorities (creating jobs after the World Wars that built the major dams for flood control and generate electricity for the benefit of public facilities and displaced Indian Tribes. The Public Power Authorities were created to manage the generation and appurtenant transmission)
- Individual utilities interconnect their transmission systems with each other as they saw benefits for being able to buy-sell power when their own generation goes down. However, the grid remained "closed" to all but individual buy-sell contracts
- Federal and State actions mold how the grid is formed and used

2. Introduction, history and evolution of energy regulation in the US
    - States' jurisdictions
    - States' vs. federal jurisdictions and how they interact and intersect
    - Congressional actions (PURPA, EPACT 1992 and 2005, etc.)
    - FERC jurisdiction (Federal Power Act (filing rights established), Interstate Commerce Act, etc.) and Major Orders (among them: 436, 636, 888, 890, 2000 and 1000)
        - FERC filing procedures and governance (i.e., filing types and rights.)
3. The US wholesale electricity grid operating structure (many differences but operating together)
    - The Three Interconnections—differences and similarities
    - Each US RTO/ISO—Genesis, Mission, functions, operations, planning:
        - ISO-NE
        - NYISO
        - PJM
        - MISO
        - SPP
        - CA-ISO

    Non-RTO/ISO—Genesis, Mission, functions, operations, planning:

    - Public Power Authorities—TVA, WAPA, Bonneville
    - Cooperative Generation and Transmission (G&T) entities
    - South East Utilities—Southern Cos, VACAR, Florida Power and Light, etc.

    NERC and Reliability Organizations (MRO, ReliabilityFirst, SERC): Missions, functions, operations

4. MISO
    - Introduction: Why should State Commissions care about this (costs get ultimately charged to customers)

- What is it
- Mission
- Structure of organization and four major functions (listed below)
- Tariff/BPM/TOA/JOA overview
    i. Most pertinent sections of governing documents for States
    ii. Acronyms: most pertinent for States (definitions, discussion)
- Overview of website content and how/where to find information
- Video (updated if available) "A Day in the Life of MISO"

5. Structure/Role of OMS and Structure of Stakeholder Process
6. Overview of each of the four major MISO functions
    - Open Access Operations
    - Reliability
    - Market Services (LMPs, FTRs, ARRs, etc.)
    - Transmission Planning
    -
7. MISO Initiatives (as listed on the MISO website; each may be more or less pertinent to OMS States' training needs):
    - Demand Response
    - EPA Compliance Solutions (including MISO's quarterly planning surveys, the Electric&Natural Gas Coordination Taskforce)
    - Extended Locational Marginal Pricing
    - FERC Order 1000 Compliance (regional and inter-regional)
    - Look-Ahead Tool
    - Ramp Management
    - Renewable Energy
    - Resource Adequacy
    - Seams
    - Smart Grid
    - Southern Region Integration
8. PowerWorld – simulations of power flows under different circumstances: demonstrates how the potential impacts to transmission in one location may well impact areas far away
9. Control Center tour
10. Other Potential Informational or Training Tools (if interest is shown):
    - Monthly State-Staff/MISO "check-in calls"
    - DOE National Labs – resource to States on a number of energy Topics, Studies (have someone from the Labs provide an overview of projects that each Lab is involved with)
    - NARUC's "Let's Make a Deal" type game show—audience is divided into teams and presented with situations in each they would have to choose an energy resource portfolio under differing circumstances/regulations. The goal is to beat the other teams in fulfilling the requirements of the situation reliability at the lowest cost

1. MISO Ramp Enhancement Workshop

Status: MISO workshop June 10th. The OMS M&TWG is monitoring.

MISO has scheduled a Ramp Enhancement Technical Workshop June 10 to present the conceptual design of the ramp capability products, as well as the results of the comprehensive cost / benefit analysis of these products and their economic impacts in the Real Time market. A note was sent to WG on April 25.

2. FERC Electric and Natural Gas Scheduling Coordination AD12-12-000

Status: FERC meeting with RTOs May 16th. The OMS M&TWG is monitoring.

The FERC held a technical conference on 4/25/13 that focused on coordination of scheduling and the gas/electric day. Participants spoke on various concerns that affect wholesale natural gas and electric markets: Natural gas and electric day differences, scheduling timelines, intraday scheduling changes (nomination cycles and the "no bump" rule), and weekend scheduling. FERC invited RTOs to appear on May 16 to share information related to natural gas and electric coordination. The various coordination issues involve markets and resource adequacy, and have been before the M&TWG, the RWG (April 2013 survey) and an ad hoc work group (August 2012 comments).

3. OMS Bi-monthly call with IMM

Status: Next meeting on May 30th. The OMS M&TWG is gathering questions.

M&TWG members provide questions for the IMM, participate on the bi-monthly calls (that are for all in OMS) and provide a meeting summary after via e-mail. We request volunteers to gather questions and run a meeting, with the result that others get the opportunity to gain experience and get better acquainted with the IMM.

4. MISO Market Enhancement Development Project

Status: MISO workshop on June 5th. The OMS M&TWG is monitoring.

MISO has scheduled its first Market Vision Workshop for June 5th. The purpose of the workshop is to gain stakeholder input on a long term market vision that will identify and prioritize market enhancement projects. MISO said that it will schedule future workshops during Markets Week (the first week of the month) whenever possible. E-mails sent February 28 and May 6 summarized this project. The April Hot Topic, Market Enhancement Priorities, was the first step. The WG will likely meet to discuss MISO's planed market design principles, long term vision, and work plan. MISO hired a consultant to prepare a whitepaper by mid-year on market attributes and guiding principles.

5. MISO April 30 MSC Meeting

Status: The OMS M&TWG is monitoring.

Items covered include the Summer Assessment, Preliminary Low Voltage Study Results, RSG proposed changes, draft paper on Compensation for Restoration Energy, Maintenance Margin, EPNode price posting update, and April 1 scarcity pricing analysis.

Regarding the low voltage study, MISO said (as it did at the 4/16-17 RSC meeting) that it intends to identify lower voltage facilities carrying bulk electric flows to determine those facilities where thermal overloads and subsequent outages may result in cascading impacts on the BES, and then seek to bring these facilities under MISO Functional Control and monitor in real time. MISO expects to establish plans in June for monitoring and a plan for transfer of Functional Control. MISO's preliminary study found 299 such facilities. Stakeholders questioned what functional control means and if that means that such facilities become Bulk Electric System facilities. MISO later clarified (at the 5/15 RSC meeting) that they do not, and that including such facilities in MISO's models does not determine BES status.

Regarding the April 1 scarcity prices, higher than expected load and less than expected wind generation output contributed. In hindsight, MISO should have committed the additional generation sooner.

For items that MISO expects to work on and seek input on during 2013, please see February status report.

6. MISO May 1 FTRWG Meeting

Status: The OMS M&TWG is monitoring.
Items covered include Reserve Source Points (RSP) process improvements, partial year allocation schedule and the FTR Auction for the new Southern Region.

7. MISO May 15 Board of Directors Markets Committee meeting

Status: The OMS M&TWG is monitoring.
Items covered include the IMM market metrics report, monthly operations report, summer readiness, 2014-2016 summer supply, and JCM Survey results.
The IMM David Patton shared some concerns regarding the scarcity pricing event on April 1, saying that energy transactions from PJM respond too late to be effective, the additional generation lagged, and that this event clarified situations where units change from providing off-line reserves to on-line reserves, and then disappear for about 10 minutes giving the appearance that the problem is getting worse when it is not. Generally the reserves that tend to be short are the spinning reserves.

8. M&T WG leadership

Status: Looking for volunteers.
We are looking for a volunteer to co-chair the M&TWG. We are also looking for volunteers to gather questions and help run one of the future quarterly OMS calls with the IMM.

For those interested, please note the following MISO meetings:
MISO Board of Dirs Markets Committee – bi-monthly meetings (6/19 next mtg)
MISO Market Subcommittee - monthly meetings (6/4 next mtg)
MISO FTR Working Group – monthly meetings (6/5 next mtg)

The **OMS Markets and Tariffs Work Group** covers: Energy and Operating Reserve markets, Market Monitoring and Mitigation. See
http://www.misostates.org/index.php/work-groups-2/workscopereference/63-markets-a-tariffs-workscopereference
http://www.misostates.org//images/stories/work_groups/2013OMSworkgroupOvervie_28_February2013.pdf
Bill Bokram, Markets and Tariffs Work Group chair

OMS Regional Planning Work Group
Report to OMS Board of Directors – May 16, 2013
(Co-Chairs Jessica Govindan and Julie Urban)

PAC Update

At the April 17th PAC meeting MISO presented the final MTEP 13 future weightings and voted on two motions; Out of Cycle Process BPM language and System Support Resource Cost Allocation BPM language. Both motions were passed. OMS voted in support of both. The next PAC meeting is scheduled for May 15th. Note: MISO has one motion on the agenda for BPM language on project status updates. A verbal update will be provided during the OMS BOD call.

MISO requested feedback from stakeholders on some PAC issues, including Project Status Update Proposal and Top Down Regional Planning. The WG provided additional comments on these issues:

- Project Status Update Proposal –RPWG again reiterated concerns over the process lacking the inclusion of a "backstop" milestone, which would ensure that there is at least one status update provided to MISO per calendar year. Under the current BPM language it is possible for years to go by between milestones with no required update. The WG also stressed some concern with language for specific milestones being too flexible and not establishing a firm requirement to provide an update. Entergy has also introduced a motion making detailed cost updates confidential and accessible only to MISO staff. MISO expects to vote on this overall process and associated BPM language at the May PAC meeting.
- Top Down Regional Planning Process – RPWG has submitted comments for a second time, reiterating concerns that under MISO's Top Down Planning process, as described by MISO, there is a chance that Market Efficiency projects could be approved via a portfolio approach (similar to MVPs), which has raised several red flags for staff as well as other stakeholders. MISO continues to discuss this process and is working on draft BPM language.

FERC Order 1000 Compliance – Regional Planning and Cost Allocation

MISO will present proposed actions to be taken for some of the 24 action items FERC required MISO to correct from the Order 1000 Regional Compliance filing. MISO will likely be asking for stakeholder feedback. Staff will be providing a verbal update.

FERC Order 1000 Compliance – Interregional Planning and Cost Allocation

Reminder: Order 1000 Interregional Compliance filings due July 10, 2013.

MISO is beginning to wrap up work with most of its neighbors on establishing or improving interregional planning and cost allocation methodologies. Compliance filings may be filed early with SPP, PJM, and MAPP, however SERTP process as just begun. Please see the separate PAC summary for more details.

OMS Resources WG Report to OMS Board – May 16, 2013

State Survey on Fuel Clause and Gas Capacity

The Resource WG assisted the OMS representative on the MISO Electric Gas Coordination TF on a survey concerning the requirements of firm gas contracts, gas generation firm capacity accreditation, and coverage or requirements through a state fuel clause as it relates to the regulated utilities. The survey was intended to be used for informational purposes. Twelve states responded. Below is a summary:

- No responding member requires regulated electric utilities to have firm pipeline capacity.
- No responding member requires regulated electric utilities to receive Commission pre-approval before procuring firm pipeline capacity.
- Most members have a fuel adjustment clause. It does not appear that the cost for any firm pipeline capacity has been denied in recent years, but costs are subject to review and recovery could potentially be denied. Recovery of natural gas cost is treated the same as recovery of cost for other fuels.
- No responding member has additional (non-FERC, non-MISO) requirements for resources to receive full capacity credit.
- Responses regarding failure to meet contractual obligations to deliver electricity were inconclusive.
- Additional comments: Some responders believe the reliability issues springing from the increased use of natural gas for generation may be overstated.

MISO SAWG

Local Clearing Requirements -The May 2 meeting had some strong opinions discussed on several items. There was extensive discussion on how the Local Reliability Requirement is being set as it concern the Load Serving Entities coincident peak for the purpose of the Planning Resource Auction. The issue concerns how and when the auction runs on the LSE zonal loads coincident with the MISO peak. Then was a correction by the zonal non-coincident factor. The LSE coalition asked for a clarification before the Transitional PRA for the Southern Region.

2013 Summer Assessment –The classic MISO region expects 28.1% installed Capacity reserve margin this summer which exceeds the "1-in-10" requirement of 14.2%. AEP and Exelon do not agree with how and the use of different resources during emergency steps. Exelon on the use of non-planning resources during emergencies and they don't get capacity payments. AEP does not agree to cut non-firm before using Load Modifying Resources. And those should be used before in non-emergency steps. MISO indicated they are following NERC Standards EOP-002.

Maintenance Margin – MISO is concerned with the upcoming larger maintenance outages for significant amount of generation that will have EPA compliance emission control technology installations. These construction outages are in excess of the normal maintenance schedules. MISO proposed a Generator

Maintenance Limit so as to protect the planning reserve margin. The goal is to preserve reliability by ensuring each day off-peak not to incur any additional risk of Loss of Load Expectation. The suggestion was to an LOLE of 0.001 days/year off-peak. They also were proposed to check the Capacity Import Limits for each zone. There was not agreement on the methodology of the calculation. MISO was looking to have the first-come, first-serve request status. Then ask other to reschedule if in some kind of capacity shortage situation. They suggest two months of review before a tariff filing in July. This move has created an Ad Hoc Work Group. See the topic line.

LMR Pricing and Performance – The IMM made some recommendations in the 2011 State of the Market Report (July 2012) concerning Demand Response (and Load Modifying Resources) pricing and performance. They can cross register as emergency response and set price offers. One proposal is to require LMRs to provide a price to provide service (say zero to $100) and other considerations such as notification and other operating parameters. There is concern with the performance of DRs. Currently the penalties are relatively weak allowing a buy-through. Alternative methods include testing, but these are not the same as generation and come in a variety of tariffs which do not provide for testing. Suggestions are welcome.

Meeting materials May 2: https://www.midwestiso.org/Events/Pages/SAWG20130502.aspx

Ad Hoc Committee Outage Limit Discussion Lin Franks of IPL initiated a quick discussion call for asset owner and invited Don Neumeyer of Resources WG and MISO to listen in to a proposal of comments to basically provide information on a collaborative manner to recognize all the issues with setting contractor work on generators a year-plus schedule (2013-2017). The control of those schedules is dispersed and MISO needs to recognize this situation. Strict tariff language will be costly to customers. The asset owners would like to see a more collaborative process of giving MISO information for assessment and then feedback on potential changes to preserve reliability and DA/RT energy availability. The AHCOLD compiled some comments for MISO. IPL sent them to MISO. More consideration is underway. The methodology for risk needs to be very clear.

Loss of Load Expectation Working Group

MISO is working on a proof of concept on whether there are 2 or 3 Local Resource Zones in MISO South. There pros and cons to 3. More will be presented at the June 6th SAWG and the June 12th LOLE meetings for a final definition in July for a tariff filing.

Meeting materials from May 8: https://www.midwestiso.org/Events/Pages/LOLEWG20130508.aspx

By: Don Neumeyer Co-Chair Resources Work Group.

TO: OMS Board

FROM: Chairman Phil Montgomery, Public Service Commission of Wisconsin
Tia Elliott (IN) and Chris Devon (MI)

RE: States' Seams Work Group (SSWG) Update – May 16, 2013

The following update from the SSWG provides information on the most recent meetings of the Joint and Common Market (JCM) and the OMS State Seams Work Group (SSWG); as well as an update on FERC Docket No. AD12-16 and the efforts being made to develop a joint OMS/OPSI presentation on capacity deliverability.

MISO-PJM Joint and Common Market (JCM):

The most recent JCM meeting was held on Friday, May 10, 2013 in Philadelphia, PA. MISO and PJM gave high-level presentation on Market to Market (M2M) Resettlement Process. This was a request made by stakeholders after recent Market to Market Resettlements between MISO and PJM, including Beaver Channel, which lacked a clear defined process for communicating and processing M2M Resettlements; as well as, lacked transparency between MISO and stakeholders. Following the presentation, a request was made for this to evolve into a more detailed process that could be considered for use under the Joint Operating Agreement (JOA), which would require a tariff change.

Discussions also continued on Financial Transmission Rights (FTR) and while FTRs are not a cross boarder product, they are relevant to seams issues. FTRs in PJM remain significantly underfunded and this is being addressed through the PJM Stakeholder Process. While FTRs are not always fully funded in MISO, there isn't the same issue. For example: FTRs in PJM can regularly be underfunded by 30%, whereas in MISO this may be 3 – 5%. There is a big difference between the MISO and PJM processes and this is being explored through the JCM.

MISO and PJM also made separate presentations on how their respective stakeholder process works and their governance structure. This is important, especially for those entities who solely participate in one RTO or the other. It will help with communication, breaking down barriers, when there is a better understanding of what it takes to make changes and how changes are made, if they can be made. MISO and PJM will come back at a later date to do a side-by-side

comparison of the process for making tariff changes through a 205 Filing at FERC and also identify who can make such a filing. There is a difference between the two RTOs. As a note, for OMS Members who may not be aware, while State Regulatory Authorities have a Sector in MISO and states are Members of MISO; this is not the case in PJM. OPSI is not a Sector in PJM. There is no Regulatory Sector. While individual states have the option of joining PJM Membership, no State Regulatory Authority has made that choice to date.

Lastly, MISO and PJM went through the most recent Joint Survey of JCM Issue Prioritization. *(In the past, MISO and PJM performed separate surveys on JCM Issue Prioritization, within their respective stakeholder process. JCM Participants made the request for a Joint Survey and this was the first of its kind.)* The survey had 15 issues for prioritization. Please see the survey results in the attached table, from the JCM Meeting Materials:

Points Based Urgency	Total Points	Overall Urgency based on Points
RTO-to-RTO Data Exchange and Transparency	561	1
Transmission and Generation Outage Coordination	531	2
Day-Ahead Market Coordination	519	3
Interchange Scheduling Business Rule Alignment	505	4
Freeze Date for Firm Flow Entitlement calculations	488	5
Regional Planning Coordination (MTEP/RTEP)	484	6
Interchange Pricing	469	7
Generation Interconnection and TSR Queue Coordination	456	8
Treatment of ONT-ITC PARs in M2M Process	404	9
Constraint Relaxation	388	10
Interchange Optimization	349	11
Coordination of capacity deliverability modeling and assumptions	339	12
Market Participant Funded Upgrades/IARR requests	300	13
Coordination of capacity product definition	284	14
Ensure that RA processes efficiently allocate the existing transmission system for the purposes of cross border capacity transactions	238	15

The State Seams Working Group (SSWG) would like to thank all of the OMS Members who took time to participate and review the JCM Survey.

SSWG and AD12-16 (capacity deliverability):

OMS and OPSI have been invited to make presentations on capacity deliverability at the June 20, 2013 to FERC Conference. OPSI and OMS have discussed making a joint presentation

to FERC, as we previously filed a (unprecedented) set of joint comments in AD12-16 on February 5, 2013. The OMS SSWG had an initial call to discuss a presentation and OPSI staff participated. On May 2nd, the OPSI Board approved making a presentation at FERC and working towards the possibility of a joint OPSI and OMS presentation. OPSI Staff have been working on a set of draft comments in an effort to coordinate a joint presentation between OPSI and OMS. At this time, it is still to be determined if a joint presentation will be possible. However, a final set of OPSI draft comments for the presentation have been sent to OMS and are part of the meeting materials for the May 16th OMS Board Meeting. The next steps include the SSWG reviewing the OPSI Staff comments in detail. On May 20th, OPSI Staff will have a meeting where OMS SSWG Staff have been invited to participate in the discussion on comments for the FERC Presentation. A tentative timeline is reflected below:

Proposed timeline for filing joint OMS/OPSI comments in AD12-16:

- **May 13th** - OPSI staff call to discuss OPSI's draft comments. OPSI forwarded revised draft comments to OMS on 5/14.
- **May 16th** - OMS Board meeting - Review OPSI draft comments
- **May 20th** - OPSI Staff and OMS Staff meeting to discuss draft comments
- **May 30th** - Agenda packet sent for OPSI Board meeting (i.e. due date for including proposed comments) & OMS Executive Committee meeting with a update and any necessary discussion on comments
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TO: OMS Board

FROM: Chairman Phil Montgomery, Public Service Commission of Wisconsin
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