

The Midwest Independent Transmission System Operator, Inc.

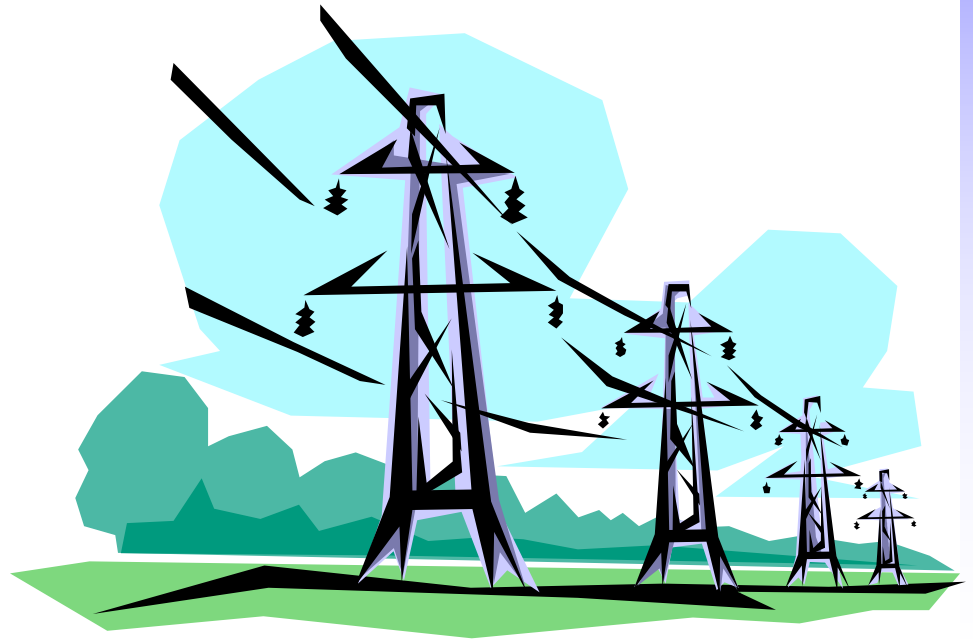
An update

By Jim Torgerson

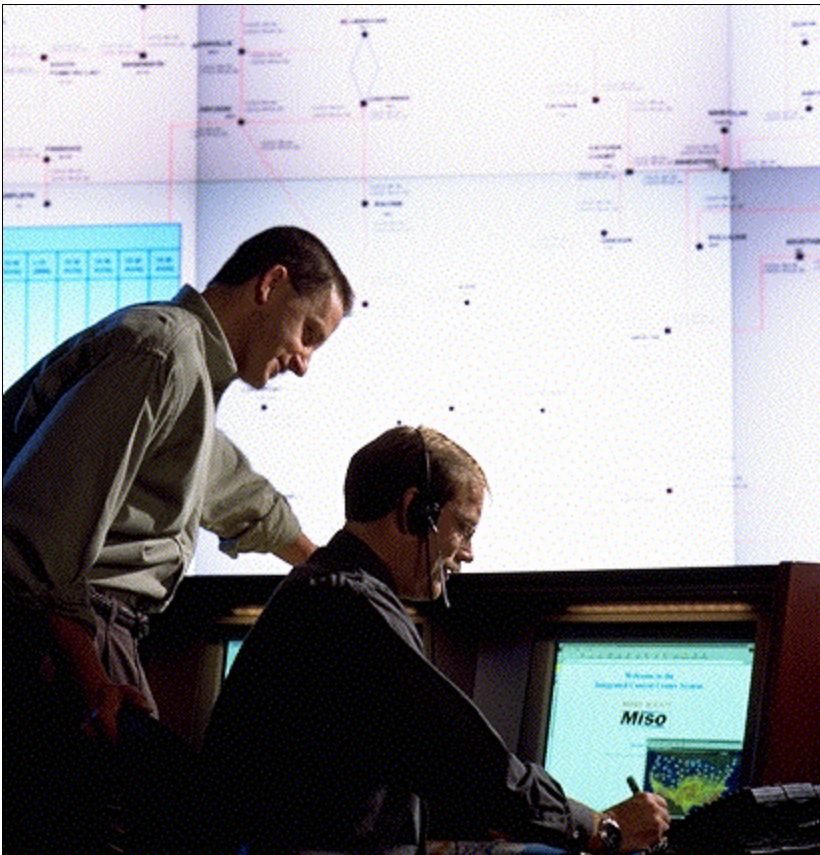
President and CEO

Midwest Independent Transmission System Operator, Inc.

*Illinois Energy Policy, 21st Century
May 23, 2002
Springfield, Illinois*



Overview



- Who We Are
- What We're Accomplishing
- Where We're Headed

Who We Are

- Independent, non-profit grid operator for the transmission of high voltage electricity across much of the Midwest
- Member based
 - Utilities
 - End Users
 - Consumer groups
 - Marketers
- Nation's first FERC approved Regional Transmission Organization (RTO)

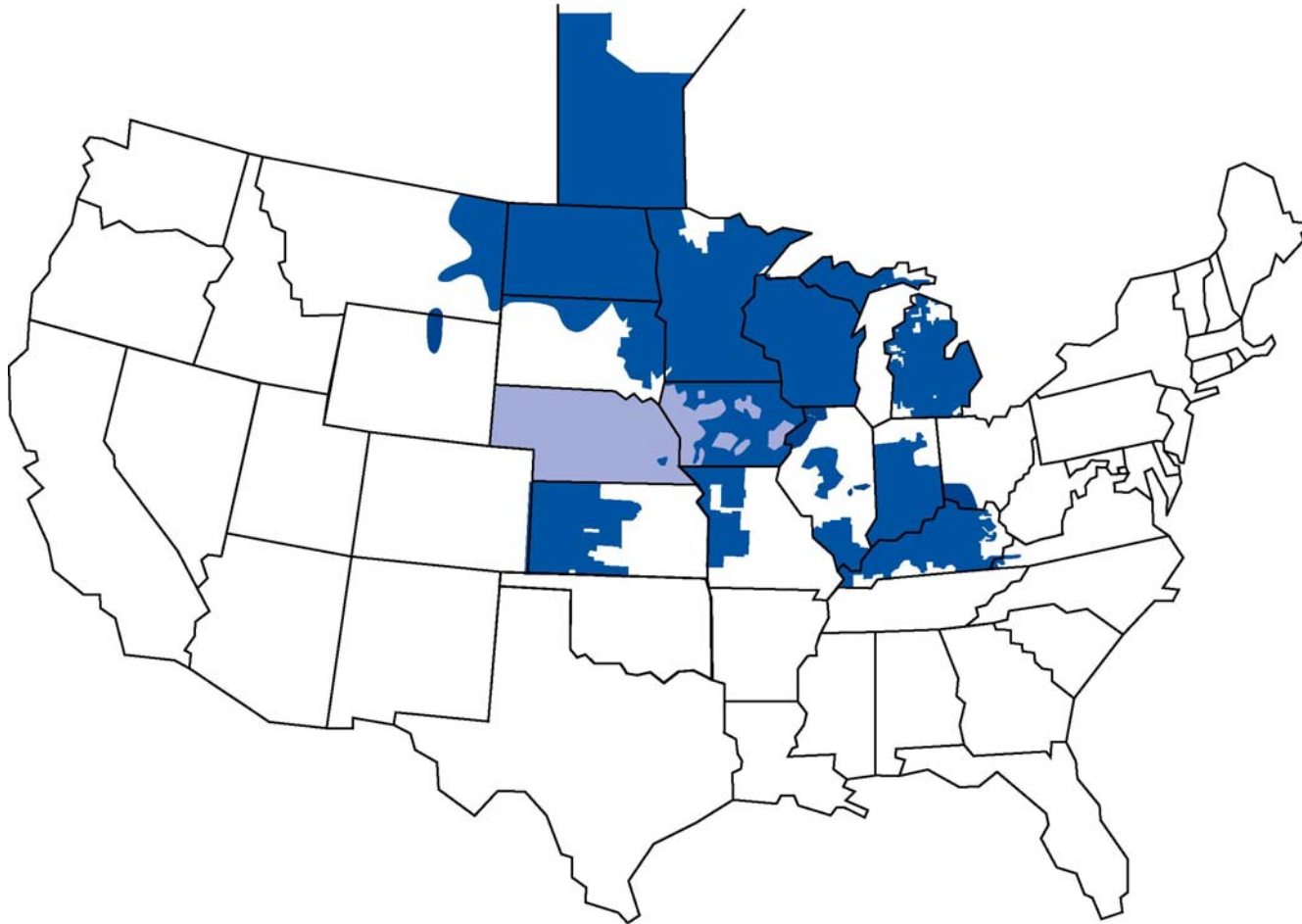
What We Do as an RTO

- Provide regionwide transmission service under one tariff – from reservations to billing and settlements
- Provide non-discriminatory open access to the grid
- Enhance reliability

MISO Scope

- 189+ employees in Carmel, St. Paul
- 27 members who own transmission facilities
- 41 non-transmission owning members
- Scope:
 - 83,305 MW peak load
 - 90,639 transmission line miles
 - More than 14.7 million customers
 - More than \$9.7 billion transmission assets

Midwest ISO Service Territory



MISO

Transmission Owning Members

- Alliant Energy (part of TRANSLink)
- Aquila, Inc. (formerly UtiliCorp)
- American Transmission Company (ATC) (includes Alliant-WP&L, MG&E, WPS, UPPCO and WE transmission facilities)
- CILCO
- Cinergy Services
- Hoosier Energy
- IMPA
- IP&L
- LG&E
- Lincoln Electric System
- Michigan Electric Transmission Company
- Minnesota Power
- Montana-Dakota Utilities
- Northwestern Wisconsin Electric Company
- Otter Tail Power Company
- Southern Illinois Power Coop.
- City of Springfield, Illinois
- Vectren (formerly SIGECO)
- Wabash Valley Power
- NSP/Xcel Energy (part of TRANSLink)

Non-Transmission Owning Members

Marketers

- Allegheny Energy Supply
- American Electric Power Co.
- Automated Power Exchange, Inc.
- Cargill-Alliant, LLC
- Connectiv Energy Supply Inc.
- Constellation Power Source, Inc.
- Consumers Energy
- Coral Power
- Detroit Edison
- Dominion Energy Marketing, Inc.
- El Paso Merchant Energy Co.
- Exelon Generation Co. LLC
(Commonwealth Edison)
- Mirant Americas Energy Marketing, L.P.
- NRG Power Marketing
- PPL Energy Plus, LLC
- PSEG Energy Resources
- Quest Energy LLC
- Reliant Energy Inc.
- Sempra Energy Trading Co.
- Tenaska Power Services Co.
- UBS AG
- Williams Energy Marketing

Non-Transmission Owning Members

Industrial Customers

- Granite City Steel (IL)
- Air Products and Chemicals (OH)

IPPs

- Calpine Power Services Co.
- Duke Energy North America, LLC
- Dynegy, Inc. (Illinois Power)
- Edison Mission Marketing & Trading, Inc.
- Indeck-Rockford, LLC
- PG&E Generating Co.

Munis/Coops/TDUs/Other

- Ameren Energy Marketing
- American Municipal Power, Ohio
- Cleveland Public Power
- FirstEnergy Corp.
- Illinois Municipal Electric
- Madison Gas & Electric
- Missouri River Energy Services
- Wisconsin Public Power Inc.
- WPS Resources Corp.
- Wisconsin Electric Power Co.

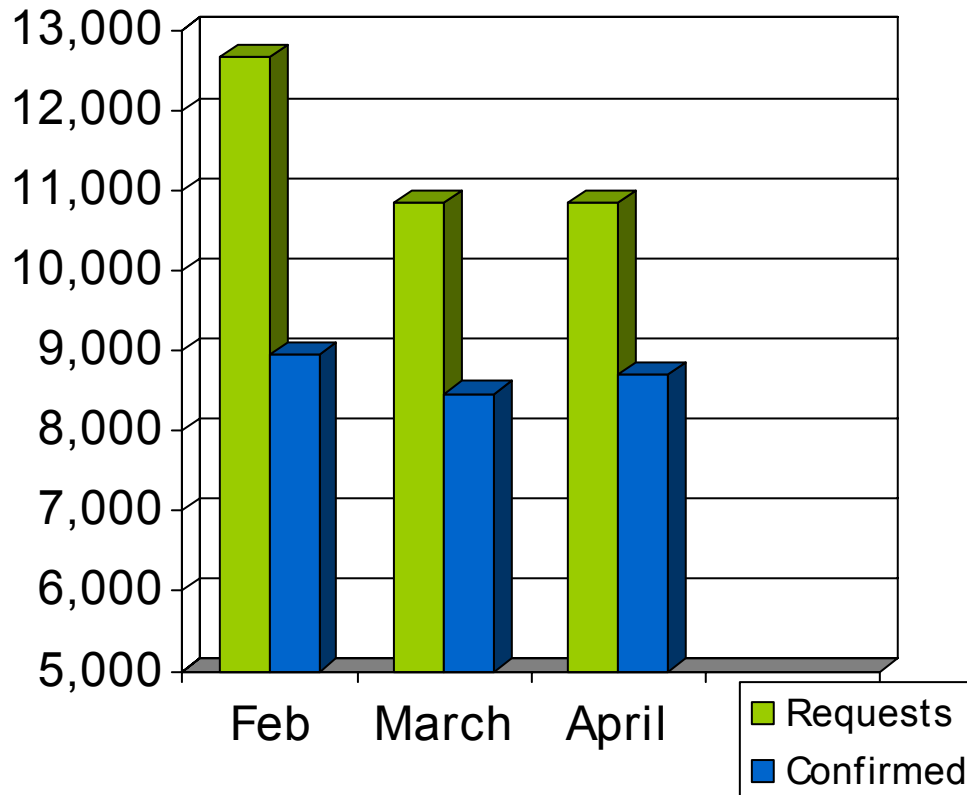
MISO Operations

- Commercial operations began February 1
 - Transmission customers can request service from MISO OASIS under MISO tariff
 - Focus is on delivering value to customers

Benefits to Customers

- Coordinated scheduling
- Lower transmission costs
- Increased wholesale supply options
- Standardized market rules
- Enhanced reliability
- One-stop shopping
- Creation of market-based incentives

Reservations



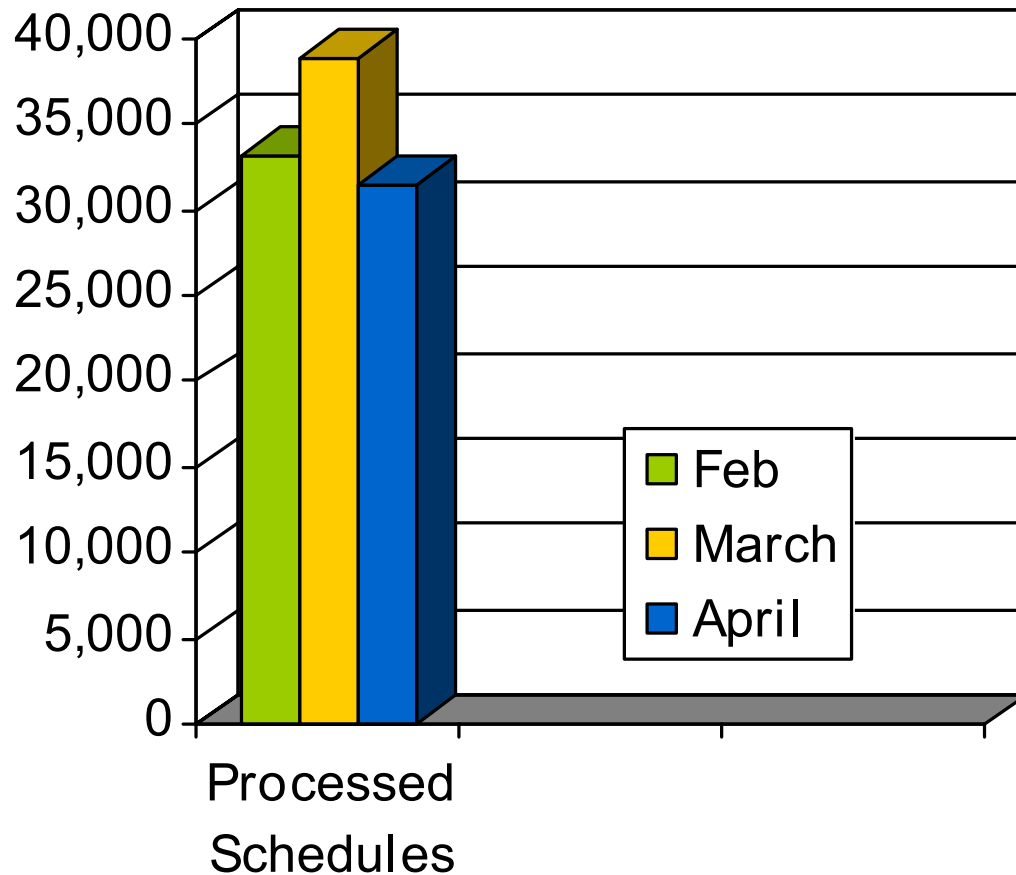
Queued Reservations

Feb: 12,666

March: 10,843

April: 10,844

Scheduled Interchange



Scheduled Interchange

Feb	33,185
March	38,944
April	31,420

Planning Responsibilities

- Sole authority for providing long-term transmission service
 - Evaluate delivery service requests
 - Evaluate interconnection service requests
- Develop coordinated expansion plans

MISO Planning Studies

- Transmission Delivery Service
- Generation Interconnection
- Expansion Plan Development

MISO Planning Studies

Upgrades

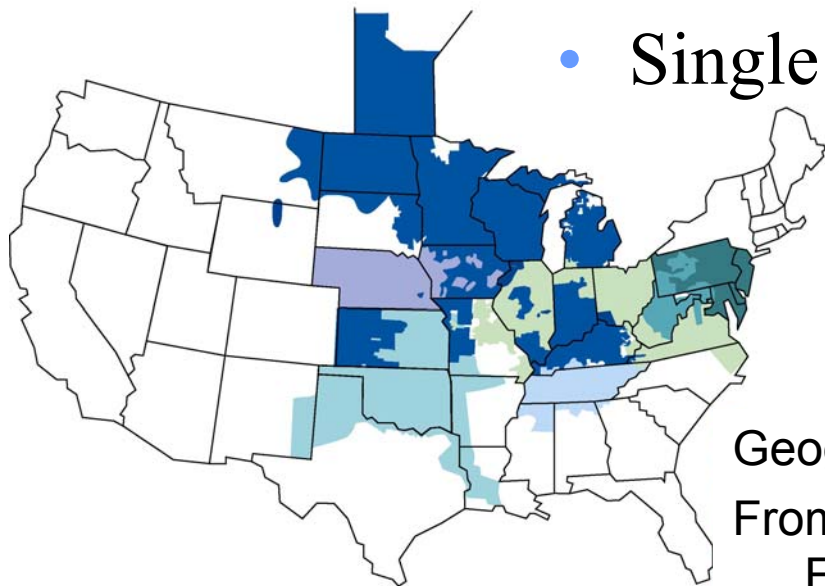
- Under OATT, TOs must build upgrades required to accommodate long-term firm service request
- Tariff provides for full recovery of costs by those investing in upgrades
 - Roll-in to base rates, or
 - Direct assignment to transmission customer



Miso

Where We're Headed

- Merging with Southwest Power Pool
 - MOU with Tennessee Valley Authority



- Single Market Design with PJM

- Alliance Companies to participate

Geographic Scope:

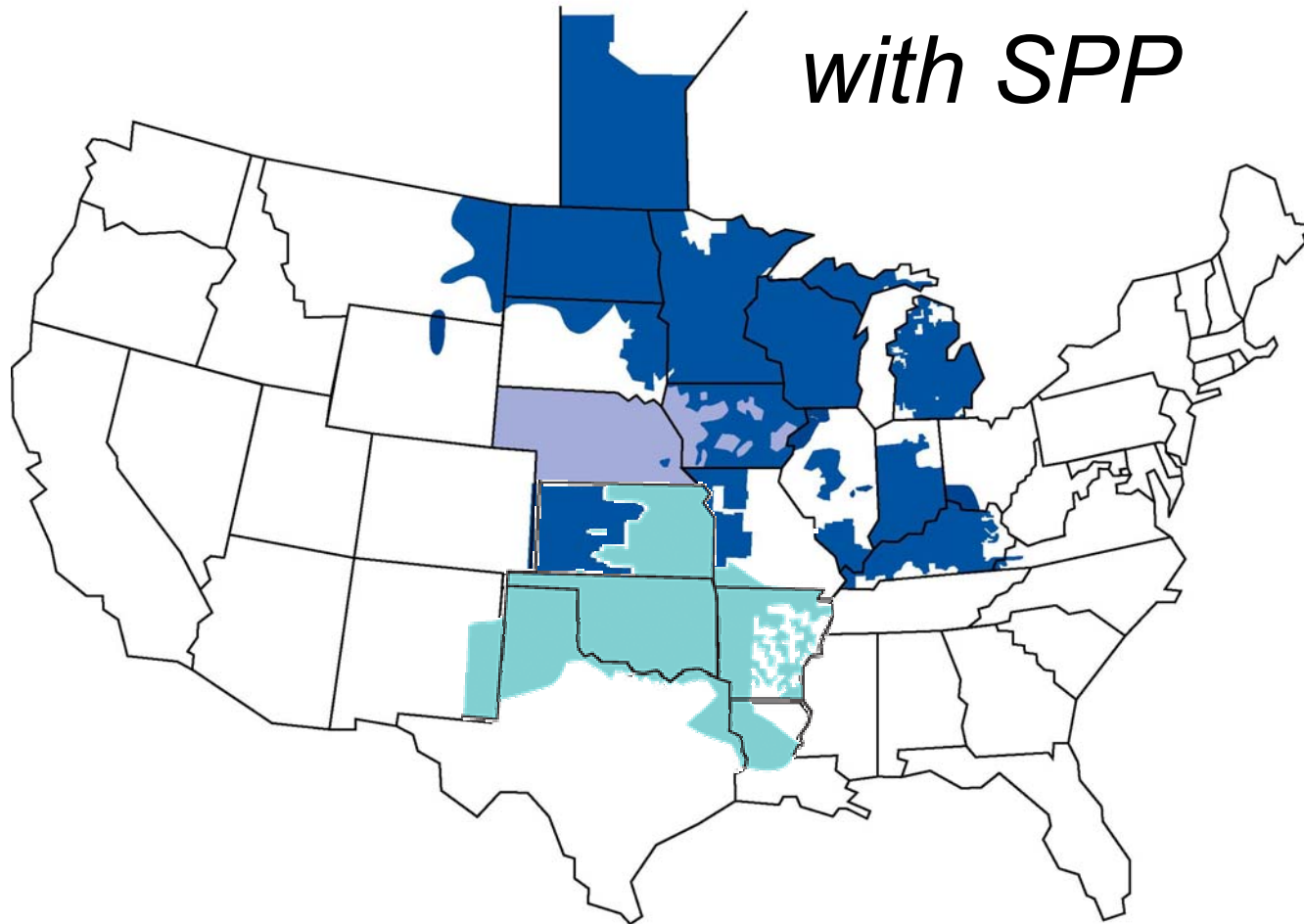
From Canada to Texas; From Wyoming to the East Coast

26 states, the District of Columbia
and province of Manitoba

Merger with SPP

- Will extend MISO footprint into Arkansas, Louisiana, Texas, Oklahoma and New Mexico and expand footprint in Missouri and Kansas
- Additional scope and configuration is a key FERC requirement for RTOs
- Spreads our costs among greater number of members
- Ultimately consumers benefit with lower costs

Midwest ISO Service Territory



Joint and Common Market

- Single energy and transmission market for combined footprint (26 states +)
- Single set of market rules
- One-stop shopping for all customers
- Single approach to managing congestion
- Market designed by customers

The Reason

- Create largest robust market for buying /selling of electricity
- More competitive to more retail distributors
- Increase supply options
- Advance restructuring of wholesale electric market in U.S.
- Create price transparency

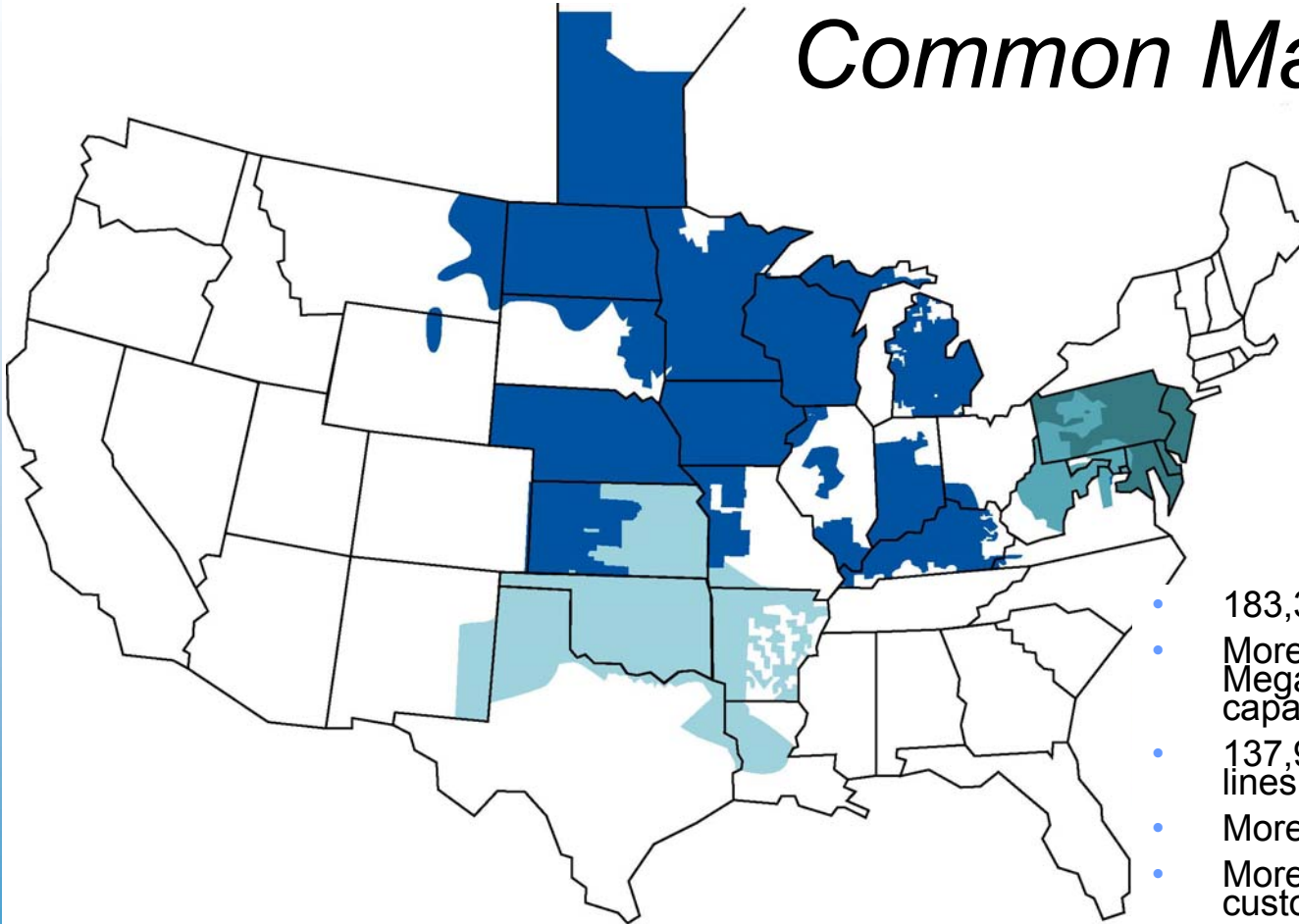
Overall Benefits

- A market creates price transparency.
- A larger, robust market will mitigate market power.
- Integration will create more wholesale supply options.

Overall Benefits (continued)

- Access to more power supplies should allow for more efficient use of the diverse generation.
- Differing weather patterns allow for optimization of resources.
- Market-based solutions will assist in meeting future reliability needs.

The Joint and Common Market



- 183,351 Megawatts peak load
- More than 197,000 Megawatts generating capacity
- 137,900 miles of transmission lines
- More than 300 members
- More than 30 million customers
- More than 1 million square miles

MISO

Questions?

For more information

www.midwestiso.org

www.miso-pjm-spp.com

MISO