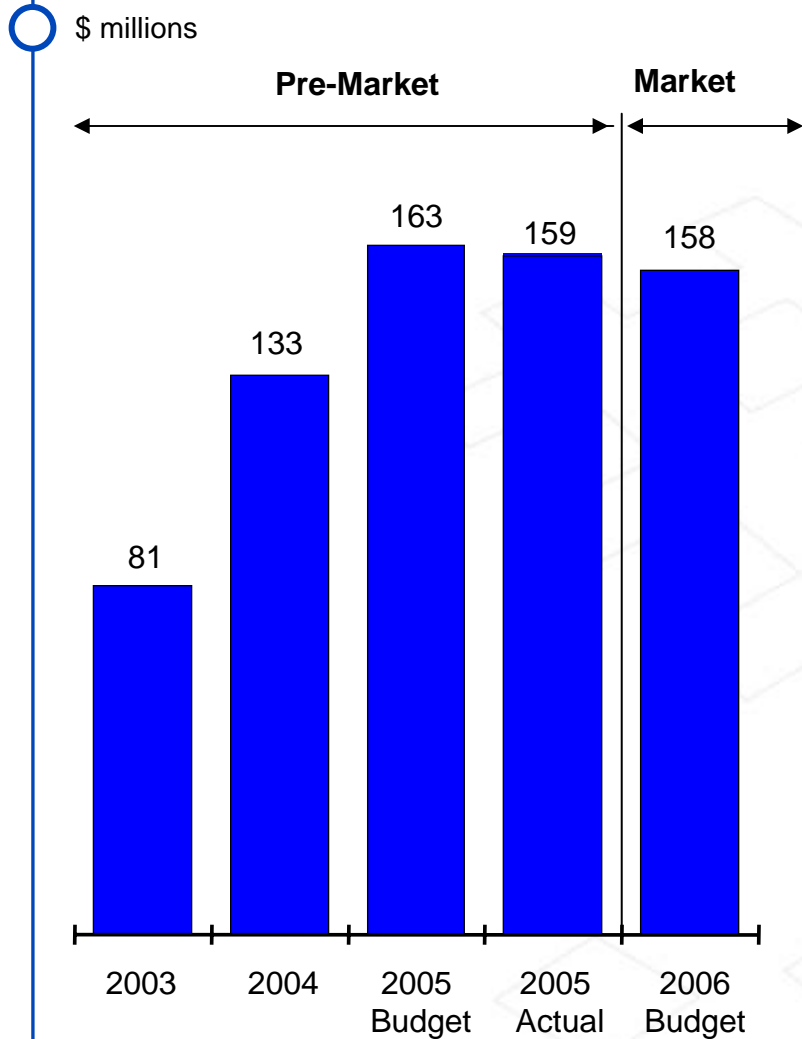
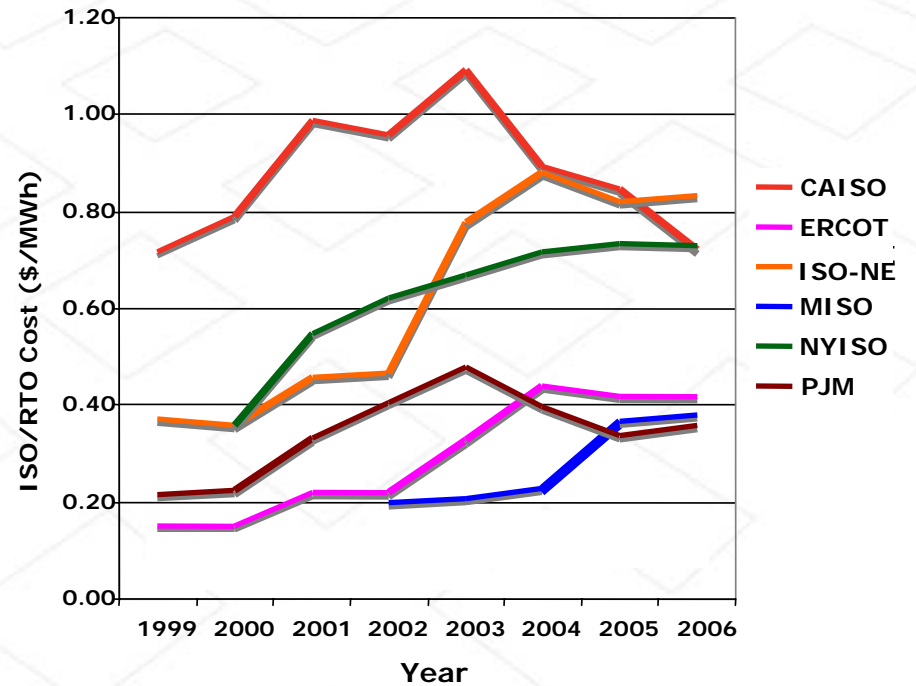


Administrative Operating Costs



Cost per megawatt-hour of Load Served (\$/MWh)



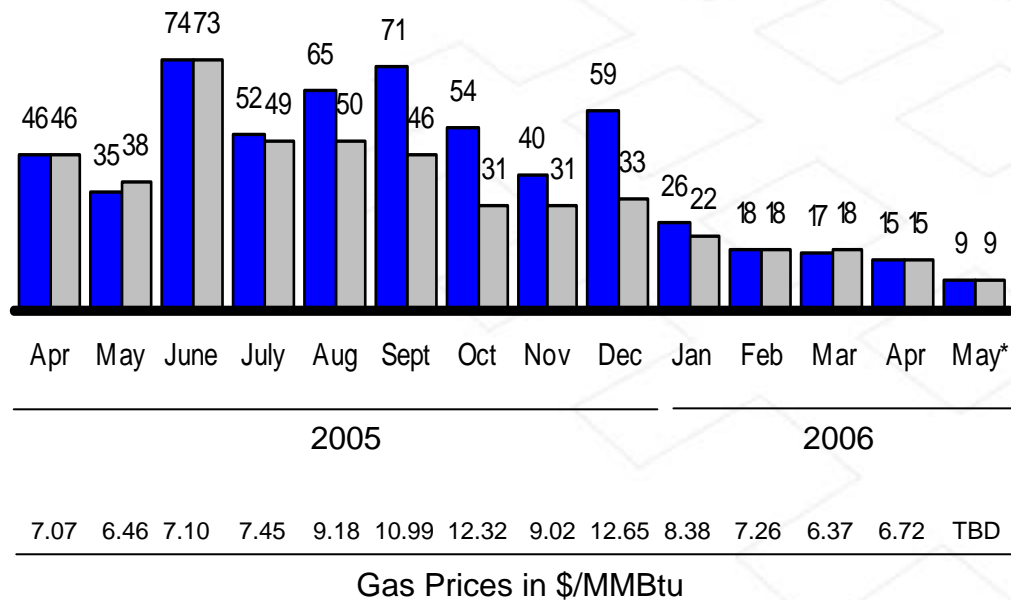
* Costs shown exclude depreciation, amortization, interest expense and FERC fees

Revenue Sufficiency Guarantee (RSG)



Day-Ahead and Real-Time RSG
\$ millions

■ RSG
■ RSG normalized for fuel price



Key Actions Taken

- Operations review completed
 - Development of reports and tools to monitor commitment
 - Implemented deferred unit commitment strategy
 - Refined systems
 - Improved Load Forecast
- Additional action will reduce but not eliminate Revenue Sufficiency Guarantee
- Consideration of market refinements to improve price signal and enhance unit flexibility

* RSG for May 2006 based on actual data through May 16th; May 17-31 data is prorated

Midwest ISO Strategy & Actions



Reliability is always the #1 Priority of the Midwest ISO

Strategic Intent

- **Operations Excellence**
 - Model core values
 - Discipline process and procedure
 - Cost optimization and accountability
- **Market Development**
 - Enhance existing energy market
 - Develop ancillary services
 - Create resource adequacy mechanism
- **Stakeholder Outreach**
 - Value demonstration
 - Cost recovery; regulatory alignment
 - Advisory Committee restructuring
- **Transmission Planning**
 - Incorporate market operations
 - Reliability versus economic
 - Cost allocation
 - Tracking and measurement

Near-Term Focus

- **Quantify Benefits and Reliability**
 - Moeller study
 - ICF study
 - KEMA study
- **Communicate Midwest ISO Benefits**
 - Federal & State – assist with recovery
 - Stakeholders
 - Communication and education
 - Filings and testimony
- **Improve Existing Energy Market**
 - Unit Flexibility enhancement
 - Revenue Sufficiency Guarantee charge
 - Settlement statement charge alignment
- **Revise Stakeholder Process**
 - Clear, focused advice from the Advisory Committee
 - Refine and consolidate committee structure