

**The Organization of MISO States
Staff Comments on
The Midwest ISO's Proposed 2010 Incentive Metrics
November 20, 2009**

The Organization of MISO States (OMS) Staff appreciates the opportunity to provide feedback on the Midwest ISO's Proposed 2010 Incentive Metrics, and offers the following comments for the Board's consideration.

OMS Staff has concerns about the overall structure and process for determining both base pay and incentives. Base pay and bonuses of the Midwest ISO employees, including officers, is debated every budget cycle, and with good reason; wages and benefits comprise a substantial portion of the operating budget (62% of the 2010 operating budget). Since 2006, total operating expenses have increased 11 %. Wages and benefits, however, have increased 32% over the same period. The method used in designing the pay structure appears to be somewhat ad hoc and piecemeal. OMS staff believes that compensation should be examined in its totality, and a systematic approach be adopted so the tweaking of bonuses and base pay does not have to happen every year. To accomplish this we would advocate an independent firm, hired and managed by the Advisory Committee, examine the methodology and pay structure, including benefits, of the Midwest ISO. OMS staff recognizes that similar studies have been conducted in the past, but question the independence of those studies due to the uncertainty in the way the consultants were selected and managed.