

ORGANIZATION OF MISO STATES, INC.
and
THE MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.
June 11, 2003

OMS FUNDING AGREEMENT

Statement of Purpose

This is to confirm the terms of the Agreement by which 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 OMS and the Midwest ISO in crafting this agreement look forward to establishment of 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.

Assurance of Independence

OMS independence is a fundamental principle of this Agreement. The OMS retains exclusive control over its operations.

Role of the OMS

The Organization of MISO States, Inc. is a non-profit, self-governing organization comprised of representatives of each State with regulatory jurisdiction over entities within the MISO footprint. The OMS is still in the formative stages, so the exact mechanisms for its interaction with the MISO are evolving. However, the OMS will, consistent with its scope of responsibility and the combined jurisdictional authorities of its members, make recommendations to the MISO, the MISO Board of Directors, the Federal Energy Regulatory Commission (FERC), other relevant government agencies, and State Commissions as appropriate.

Term of Agreement

This Agreement shall become effective on June 15, 2003 and continue unless terminated as provided herein.

Initial Payment Provisions

The initial period covered by the Agreement will be from June 15, 2003 through December 31, 2003. The initial OMS budget of \$500,000 (five hundred thousand dollars) approved by the OMS and the MISO Board of Directors will cover this initial period, and is incorporated by reference herein. An initial payment of \$200,000 will be made by the MISO to the OMS on June 15, 2003 and equal installments will be made on the 15th day of each month thereafter.

Termination Provisions

This Agreement may be terminated by mutual consent. Other than by mutual consent, termination of the Agreement must be accomplished as follows. If the OMS determines that it is no longer willing or able to operate, it will provide not less than 180 days notice before terminating this Agreement. Termination initiated by MISO must provide the OMS at least 180 days prior notice and the opportunity to appeal the MISO termination decision to the FERC. In the event that this Agreement is terminated, the OMS shall be reimbursed for any expenses properly incurred prior to such termination.

Budget Process

A biennial budget for the OMS will be prepared by the OMS and submitted to the Midwest ISO not less than 120 days prior to end of each calendar year (rolling two-year budget). This budget will be publicly available and approved by the Board of Directors through the Midwest ISO budget process.

Auditing Function

The OMS will conduct an independent audit of its operating expenses to ensure that all expenditures are properly accounted for.

Budget Tracking

The OMS is responsible for informing the Midwest ISO when total accrued amounts for services and expenditures reach 75% of the total agreed annual budget. Upon review of expenses, the OMS may notify MISO that additional funding is necessary or existing funding is more than sufficient. If additional funding is requested, the OMS will explain the rationale necessitating such increase in funding. In the event that revenues for a particular period may exceed expenses, the OMS may notify the MISO that the next installment payment may be postponed until further requested by the OMS. It is understood that determination of budget amounts and scheduled release of funds will be independent of the substantive content of OMS decisions or actions.

Funding Schedule

With the exception of initial start-up funding as set forth herein under Initial Payment Provisions, funds shall be forwarded to the OMS account in equal installments on a monthly basis.

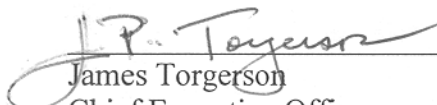
Dispute Resolution

Disputes between the MISO and the OMS regarding this Agreement or the OMS budget shall be submitted to the FERC for resolution.

Applicable State Law

The operations and expenditures of the OMS shall be administered by the OMS as a 501 (C)(4) not-for-profit organization. This Agreement, and the rights and obligations of the parties

thereunder, shall be governed by the laws of the State of Indiana.

 6/11/03
James Torgerson Date
Chief Executive Officer
Midwest Independent Transmission
System Operator, Inc.

 6/11/03
Date
President
Organization of MISO States, Inc.

cc: All OMS Members