

Article Three

D. Dispute Resolution. All enforcement actions of the Midwest ISO, except for actions under Subparagraph 3 of Paragraph B of this Section V shall be subject to the Dispute Resolution provisions of Appendix D to this Agreement. The Midwest ISO shall be required to refund any forfeitures, including interest, which it is determined that the Midwest ISO was not justified in imposing. In such event, the Midwest ISO shall not be subject to any additional liability.

Article Four

ARTICLE FOUR

RIGHTS, POWERS, AND OBLIGATIONS OF THE OWNERS AND USERS

I. Operation And Planning.

A. Redispatch and Curtailment. Each Owner shall follow the directions of the Midwest ISO, its Officers, employees, or agents, in operating the Transmission System, redispatching generation, providing reactive supply and voltage control from generation sources or other ancillary services, and curtailing load, if so directed, in accordance with the Transmission Tariff. No Owner shall take any action which unduly interferes with the provision of transmission service by the Midwest ISO. Users that own or control generation that could affect the reliability or capability of the Transmission System and that are not Owners similarly shall follow the directions of the Midwest ISO in redispatching generation, providing reactive supply and voltage control from generation sources, and in providing other ancillary services consistent with the Transmission Tariff. Similarly, Users shall follow directives of the Midwest ISO to curtail load in accordance with the Transmission Tariff.

B. Maintenance Practices. Each Owner shall maintain its transmission facilities in accordance with Good Utility Practice. Each Owner shall follow the maintenance requirements set forth in more detail in Appendix E to this Agreement for both generation and transmission facilities. Users that own or control generation facilities

Article Four

that could affect the reliability or capability of the Transmission System similarly shall follow the requirements in Appendix E to this Agreement.

C. **Construction.** Each Owner shall use due diligence to construct transmission facilities as directed by the Midwest ISO in accordance with Article Three, Section I, Paragraph C of this Agreement and Appendix B to this Agreement, subject to such siting, permitting, and environmental constraints as may be imposed by state, local, and federal laws and regulations, and subject to the receipt of any necessary federal or state regulatory approvals. Such construction shall be performed in accordance with Good Utility Practice, industry standards, and, any applicable requirements of federal or state laws or regulatory authorities. Each Owner shall be fully compensated for the costs of construction undertaken by such Owner in accordance with this Agreement, which compensation shall be in accordance with the Transmission Tariff and Appendix C to this Agreement.

D. **Acquisition.** In the event an Owner acquires transmission facilities not identified in Appendix H to this Agreement, such facilities shall not become part of the Transmission System unless the Midwest ISO, on its own initiative or in response to the request of any person, directs the Owner to assign such facilities to its control in accordance with Appendix E to this Agreement. In no event, however, shall any such facilities become part of the Transmission System or otherwise become subject to the

Article Four

Midwest ISO's control unless they are electrically connected to the Transmission System or, if not so connected, unless the Owner consents.

E. Use of Distribution. Each Owner shall provide such service over its distribution facilities as is necessary to effectuate transmission transactions administered to eligible customers under the Transmission Tariff by the Midwest ISO, at approved rates.

F. Other Obligations. Both Owners and Users, where applicable, shall comply with the requirements of Appendices B and E to this Agreement.

Article Four

II. Additional Obligations.

A. Providing Information. Each Owner and User shall provide such information to the Midwest ISO as is necessary for the Midwest ISO to perform its obligations under this Agreement and the Transmission Tariff. Information may be treated as confidential as more fully described in Appendix A to this Agreement.

B. Facilities Access. Each Owner shall allow the Midwest ISO, its Officers, employees, or agents, such access to Transmission System facilities as is necessary for the Midwest ISO to perform its obligations under this Agreement. Such access shall be at reasonable times and under reasonable conditions.

C. Inspection and Auditing Procedures. Each Owner shall grant the FERC, the Midwest ISO, its Officers, employees, and agents, and each state regulatory authority having jurisdiction over that Owner, such access to the Owner's books and records as is necessary for the Midwest ISO to perform its obligations under this Agreement and to audit and verify transactions under this Agreement. Such access shall be at reasonable times and under reasonable conditions. Each Owner shall comply with the reporting requirements of any federal or state regulatory authorities having jurisdiction over the Owner with respect to the business aspects of the Midwest ISO's business operations, including, but not limited to, the State of Delaware. Pursuant to this Paragraph C, contacts between Officers, employees, and agents of the Midwest ISO and those of any Owner

Article Four

shall be strictly limited to the purpose of this Paragraph C and shall conform to the Standards of Conduct set forth in Appendix A to this Agreement.

D. **Assume Liability.** With respect to the parties to this Agreement, each Owner (hereinafter "Indemnifying Owner") shall assume liability for any injury or damage to persons or property arising from its own acts or neglect, including the acts or neglect of its officers, employees, agents, or contractors, and shall indemnify and hold harmless the Midwest ISO and each other Owner (hereinafter "Indemnified Owners") from any damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or of third parties, arising from the Indemnifying Owner's performance or neglect of its obligations under this Agreement or from the Indemnifying Owner's exercise of the rights and powers preserved to it by this Agreement, except, and to the extent that, the gross negligence or intentional wrongdoing of the Midwest ISO or the Indemnified Owner(s) contributes to the claimed injury or damage. Except as provided in the Transmission Tariff, no Owner shall be liable for any costs or expenses relating to the operation, repair, maintenance, or improvement of any of the transmission facilities committed to the Transmission System by any other Owner.

Article Five

ARTICLE FIVE

WITHDRAWAL OF MEMBERS

I. Withdrawal Notice.

A Member who is not an Owner may, upon submission of a written notice of withdrawal to the President, withdraw from membership in the Midwest ISO at any time which withdrawal shall be effective thirty (30) days after the receipt of such notice by the President. A Member who is also an Owner may, upon submission of a written notice of withdrawal to the President, commence a process of withdrawal of its facilities from the Transmission System. Such withdrawal shall not be effective until December 31 of the calendar year following the calendar year in which notice is given, nor shall any such notice of withdrawal become effective any earlier than five (5) years following the date that the Owner signed this Agreement except as provided for in Article Five, Section IV and Article Seven of this Agreement. Notwithstanding this limitation on withdrawals during the first five years, in the event of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all of an Owner's transmission facilities which are part of the Transmission System are acquired by another entity, that entity shall have the right to withdraw its facilities from the Midwest ISO upon providing one (1) year's notice to the Midwest ISO. Such withdrawal, however, may become effective only if FERC approves the withdrawal. If any withdrawal creates a situation where an Owner's or Owners' transmission system is not physically interconnected with the Transmission

Article Five

System, the Midwest ISO shall determine if such withdrawal affects the ability of such Owner(s) to continue as an Owner(s). With regard to these withdrawal rights, the Owner shall remain a Member with all rights and obligations of a Member who is an Owner until such time as the FERC approves the withdrawal, as appropriate. However, no further FERC approval of the withdrawal is required for withdrawals pursuant to Article Five, Section IV and Article Seven of this Agreement, or for withdrawals by an Owner who is not subject to the jurisdiction of the FERC at the time it executes this Agreement.

II. Effect Of Withdrawal By An Owner On Contractual Obligations.

In the event of withdrawal of an Owner pursuant to Section I of this Article Five:

A. Users Held Harmless. Users taking service which involves the withdrawing Owner and which involves transmission contracts executed before the Owner provided notice of its withdrawal shall continue to receive the same service for the remaining term of the contract at the same rates, terms, and conditions that would have been applicable if there were no withdrawal. The withdrawing Owner shall agree to continue providing service to such Users and shall receive no more in revenues for that service than if there had been no withdrawal by such Owner.

B. Existing Obligations. All financial obligations incurred and payments applicable to time periods prior to the effective date of such withdrawal shall be honored by the Midwest ISO and the withdrawing Owner.

Article Five

C. Construction of Facilities. Obligations relating to the construction of new facilities pursuant to an approved plan of the Midwest ISO shall be renegotiated as between the Midwest ISO and the withdrawing Owner. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with Appendix D to this Agreement.

D. Other Obligations. Other obligations between the Midwest ISO and the withdrawing Owner shall be renegotiated as between the Midwest ISO and the withdrawing Owner.

III. Regulatory And Other Approvals Or Procedures.

Except as provided in Section IV of this Article Five, the withdrawal by an Owner of its facilities from the Midwest ISO shall be subject to applicable federal and state regulatory approvals or procedures as set forth in Article Five, Section I of this Agreement.

IV. Withdrawal Because of Midwest ISO Configuration

In the event that a signatory to this Agreement determines in its sole judgment that the Owners executing this Agreement do not form an acceptable Midwest ISO, then that signatory shall have the right to withdraw from the Agreement. This right of withdrawal will expire at Midnight on December 31, 1998. Any withdrawing Owner shall file a notice of withdrawal from the Agreement with the FERC. Such withdrawal may become effective only if such notice is approved or accepted by FERC or FERC otherwise allows the notice to become effective.

Article Six

ARTICLE SIX
MEMBERSHIP FEES

All entities eligible for membership in the Midwest ISO shall pay an initial membership fee of \$15,000 in order to become Members. On January 1 of each year, each Member shall pay an additional fee of \$1,000 to the Midwest ISO to retain its membership. All such fees are nonrefundable and may be adjusted from time to time, as may be appropriate, by the Board.

Article Seven

ARTICLE SEVEN

REGULATORY, TAX, AND OTHER AUTHORITIES

A. Regulatory And Other Authorities. This Agreement and the participation of the signatories to this Agreement is subject to acceptance or approval by the FERC and may be subject to actions of respective state regulatory authorities to which respective signatories may be subject and to the actions of any other governmental body which may affect the ability of any signatory to participate in this Agreement. This paragraph describes the signatories' rights and obligations in the event required regulatory and other approvals or acceptances are not obtained.

1. In the event the FERC disapproves or refuses in whole or in part to accept this Agreement or the Transmission Tariff, then this Agreement shall cease to be effective except that the signatories shall be obligated to attempt expeditiously and in good faith to negotiate a substitute agreement and tariff which address the reasons for such FERC action. If despite such good faith negotiation, the signatories are unable to produce such a substitute agreement and tariff, then the signatories shall have no further obligations under this Agreement, the Transmission Tariff or any filing associated herewith.

2. In the event the FERC by order imposes conditions on approval of the Agreement or the Transmission Tariff which adversely affect any signatory in the sole judgement of that signatory, each such signatory may, no later than thirty (30) days after the date of such order and upon notice to all signatories, withdraw from this Agreement. In

Article Seven

such event, the signatories shall in good faith, negotiate to determine whether changes should be made to this Agreement or the Transmission Tariff to address the reasons for such signatory's withdrawal.

3. In the event any state regulatory authority refuses to permit participation by a signatory or imposes conditions on such participation which adversely affect a signatory in the sole judgement of that signatory, such signatory or any other signatory that is, in its sole judgement, adversely affected by such regulatory action (whether or not the signatory is subject to that regulatory authority's jurisdiction) may, no later than thirty (30) days after the date of such action, or after any such signatory concludes reasonably that the state regulatory authority has refused to act, and upon notice to all signatories, withdraw from this Agreement. In such event, the signatories shall, negotiate in good faith to determine whether changes should be made to this Agreement or the Transmission Tariff to address the reasons for such signatory's withdrawal.

4. In the event any other governmental body takes an action (or fails to take a necessary action) which adversely affects a signatory, in the sole judgment of such signatory, such signatory, that is, in its sole judgement, adversely affected by such governmental action or any other signatory (whether or not the signatory is subject to that regulatory authority's jurisdiction) may, no later than thirty (30) days after the date of such action, or after any such signatory concludes reasonably that the governmental body has

Article Seven

refused to act, and upon notice to all signatories, withdraw from this Agreement without any additional FERC authorization. In such event, the signatories hereto shall, in good faith, negotiate to determine whether changes should be made to this Agreement or the Transmission Tariff to address the reasons for such signatory's withdrawal.

B. Tax Authorities. If the Internal Revenue Service or any other federal or state taxing authority issues, or fails to issue, any ruling, or imposes any requirement or obligation, in connection with this Agreement or the Midwest ISO, adverse to any signatory (in the sole judgment of such signatory), then, within thirty (30) days of the date of such final action, or after the signatory concludes reasonably that the governmental body has refused to act, and upon notice to all signatories, such signatory may withdraw from this Agreement without any additional FERC authorization. In such event, the signatories shall, in good faith, negotiate to determine whether changes should be made to this Agreement to address the reasons for such signatory's withdrawal.

C. Effectiveness As To Certain Owners. The effectiveness of this Agreement as to an Owner which is a political subdivision of a state (hereinafter "Governmental Entity") and which has outstanding tax-exempt bonds issued to finance, in whole or in part, transmission or distribution facilities is dependent upon satisfaction or written waiver of the following conditions:

1. Receipt of an unqualified opinion of a nationally recognized bond counsel to the effect that the provisions of this Agreement do not adversely affect the

Article Seven

exclusion from gross income of interest on any such outstanding bonds issued to finance transmission and distribution facilities under the Internal Revenue Code of 1986, as amended;

2. Receipt of an unqualified opinion of a nationally recognized bond counsel and general counsel to such Governmental Entity to the effect that the provisions of this Agreement do not constitute a breach or impairment of, or a default under, any agreement to which such Governmental Entity is a party, including, but not limited to, its master bond resolution, as amended, and any power sales contracts with its municipal members (if any), as amended, or other agreements;

3. Receipt of a certificate of the Trustee for any such outstanding bonds issued for transmission and distribution facilities to the effect that the Governmental Entity's entry into this Agreement is permitted under the master bond resolution, as amended; and

4. Receipt of an opinion of a nationally recognized bond counsel and general counsel to the Governmental Entity that such Governmental Entity has full constitutional and statutory authority to enter into this Agreement. In the event that any of the foregoing conditions are not satisfied or waived by a Governmental Entity, then the adversely affected Governmental Entity shall promptly give notice of its objections or conditions which have not been satisfied to the other signatories, and the signatories shall expeditiously attempt in good faith to negotiate a substitute agreement.

Article Seven

D. Regulatory Approvals of Withdrawals. No signatory shall withdraw from this Agreement pursuant to the provision of this Article Seven, unless such signatory shall have filed a notice of withdrawal with the FERC and FERC has approved or accepted such notice or has otherwise allowed the notice to become effective.

Article Eight

ARTICLE EIGHT

MONITORING PROCEDURES AND ISO ASSESSMENT

A. Monitoring Procedures.

The Midwest ISO shall develop monitoring procedures to be effective before the Transfer Date. It shall file such procedures with FERC. In order to carry out this monitoring, the Midwest ISO shall establish procedures for independent monitoring either within the Midwest ISO or by contract with an independent entity. These procedures shall allow reports to be submitted directly to regulatory agencies. The monitoring entity's duties shall include monitoring the behavior of the Owners, generators, and Users to determine if there are any attempts to create transmission constraints to exclude competitors, or any other behavior that undermines the provision of transmission service. Such monitoring also shall include monitoring of the relationship between control areas and the Midwest ISO on an ongoing basis to determine if the split of functions between the control areas and the Midwest ISO creates any competitive or reliability problems affecting the Midwest ISO's provision of nondiscriminatory transmission service. The monitoring entity shall make recommendations in its reports or elsewhere for any changes to Midwest ISO rules or protocols that it believes are necessary.

Article Eight

B. Midwest ISO Assessment

No later than eighteen months after the Transfer Date, the Midwest ISO shall submit a report to the FERC assessing its operations. Among other things, the report shall assess (1) the relationship between existing generation control areas and the Midwest ISO to determine if the relationship needs to be revised or improved to allow the Midwest ISO to better assure reliability and to provide nondiscriminatory transmission service; (2) whether the Midwest ISO's approach to managing congestion needs to be revised; (3) the effectiveness of the system of functional control together with the penalties and sanctions provisions; (4) the need for generation redispatch to provide non-firm transmission service; and (5) whether the Midwest ISO requires other changes to better carry out its responsibilities. In addition, the report shall include a discussion of the additional data and analyses that the Midwest ISO may need in order to perform on-going and comprehensive market monitoring. In developing the report, the input of the Members shall be solicited and considered.

Article Nine

ARTICLE NINE

MISCELLANEOUS PROVISIONS

A. Descriptive Headings. The descriptive headings of Articles, Sections, Paragraphs, Subparagraphs, and other provisions of this Agreement have been inserted for convenience of reference only and shall not define, modify, restrict, construe, or otherwise affect the construction or interpretation of any of the provisions of this Agreement.

B. Governing Law. This Agreement shall be interpreted, construed, and governed by the laws of the State of Delaware, except to the extent preempted by the laws of the United States of America.

C. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, binding upon all of the Owners, notwithstanding that all such Owners may not have executed the same counterpart.

D. Successors And Assigns. This Agreement shall inure to the benefit of, and be binding upon, the Owners, their respective successors and assigns permitted hereunder, but shall not be assignable by any Owner, by operation of law or otherwise, without the approval of the Board, except as to a successor in the operation of the Owner's transmission facilities committed to the operation of the Midwest ISO by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of

Article Nine

which substantially all such transmission facilities are acquired by such successor and such successor becomes an Owner under this Agreement.

E. No Implied Waivers. The failure of an Owner to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time shall not be construed as a waiver or relinquishment to any extent of such Owner's right to assert or rely upon any such provisions, rights, or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement; rather the same shall be and remain in full force and effect.

F. Severability. Except for Article Two, Section IX, Article Five, and Article Seven of this Agreement, each provision of this Agreement shall be considered severable, and if for any reason any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is determined by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, then the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired, or invalidated, and such invalid, void, or unenforceable provision shall be replaced with a suitable and equitable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.

G. Renegotiation. If any provision of this Agreement, or the application thereof to any person, entity, or circumstance, is held by a court or regulatory authority

Article Nine

of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, then the Owners shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Owners under this Agreement immediately prior to such holding, modification, or condition. If such negotiations are unsuccessful, then the Owners may exercise their individual or collective withdrawal or termination rights available under this Agreement.

H. Representations And Warranties. Each Owner represents and warrants to the other Owners that as of the later of the date it becomes an Owner under this Agreement or the Effective Date of this Agreement as to such Owner:

1. The Owner is duly organized, validly existing, and in good standing under the laws of the jurisdiction where organized.
2. Subject to any necessary approvals by federal or state regulatory authorities of the Midwest ISO, the Owner's participation in the Midwest ISO, or any transactions or actions covered by this Agreement, the execution and delivery by the Owner of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Owner and do not conflict with any applicable law or with any other agreement binding upon the Owner, other than third-party joint agreements covered by Paragraph N of this Article Nine.

Article Nine

3. This Agreement has been duly executed and delivered by the Owner, and, subject to the conditions set forth in Subparagraph 2 of this Section H, this Agreement constitutes the legal, valid, and binding obligation on the part of the Owner, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting the enforcement of creditor's rights generally, and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

4. There are no actions at law, suits in equity, proceedings, or claims pending or, to the knowledge of the Owner, threatened against the Owner before or by any federal, state, foreign, or local court, tribunal, or governmental agency or authority that might materially delay, prevent, or hinder the performance by the Owner of its obligations hereunder.

I. **Further Assurances.** Each Owner agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

J. **Delivery Of Notices.** Except as otherwise expressly provided herein, notices required under this Agreement shall be in writing and shall be sent to an Owner,

Article Nine

Member, or the Midwest ISO by U.S. mail, overnight courier, hand delivery, telefacsimile, or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier, or hand delivery, or upon confirmation, if given by telefacsimile or other reliable electronic means.

K. Limitations On Liability. No Owner, Member, or User shall be liable to any other Owner, Member, or User for any actions taken pursuant to the direction of the Midwest ISO except in cases of the gross negligence or intentional wrong-doing of such Owner, Member or User.

L. Entire Agreement. This Agreement, including the appendices attached hereto, the Transmission Tariff, the Agency Agreement and other agreements referenced herein constitute the entire agreement among the Owners with respect to the subject matter of this Agreement, and no previous or contemporary oral or written representations, agreements, or understandings made by any officer, agent, or employee of any Owner shall be binding on any Owner unless contained in this Agreement, including the appendices attached hereto, the Transmission Tariff, the Agency Agreement, or other agreements referenced herein..

M. Good Faith Efforts. Each Owner agrees that it shall in good faith take all reasonable actions necessary to permit such Owner to fulfill its obligations under this Agreement. Where the consent, agreement, or approval of any Owner must be

Article Nine

obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where any Owner is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, each Owner shall cooperate with all other Owners to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions.

N. **Third-Party Joint Agreements.** This Agreement, including the appendices to this Agreement, the Transmission Tariff, and the Agency Agreement shall not be construed, interpreted, or applied in such a manner as to cause any Owner to be in material breach, anticipatory or otherwise, of any agreement (in effect on the later of the Effective Date of this Agreement as to such Owner or the date that it becomes an Owner under this Agreement) between such Owner and one or more third parties who are not Owners under this Agreement (regardless of the inclusion of one or more other Owners as parties to such agreement) for the joint ownership, operation, or maintenance of any electrical facilities covered by this Agreement, the Transmission Tariff, or the Agency Agreement. An Owner who has such a third-party joint agreement shall discuss with the Board and the other Owners under this Agreement any material conflict between such third-party joint agreement and this Agreement, the Transmission

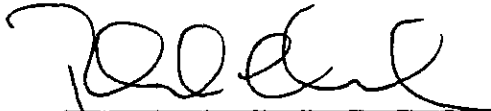
Article Nine

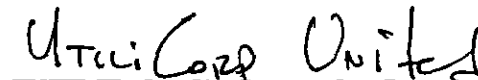
Tariff, or the Agency Agreement raised by a third party to such joint agreement, but the resolution of such a conflict shall, vis-à-vis the Board and the other Owners under this Agreement, be and remain within the sole discretion of such Owner; provided, however, that such Owner shall, if otherwise unresolved, utilize the available remedies and dispute resolution procedures to resolve such conflict, including, but not limited to, submitting such conflict to the FERC for resolution; provided, further, that in no event shall such Owner enter into a resolution of such conflict which would impair the reliability of the Transmission System.

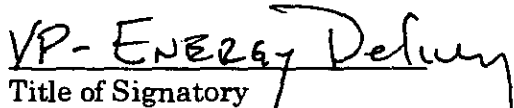
O. **No Partnership.** The Owners do not intend that the Midwest ISO constitute a partnership or joint venture, and no Owner shall be entitled to act as an agent for any other Owner with respect to the Midwest ISO.

Article Nine

IN WITNESS WHEREOF, the Owners have caused their duly authorized representatives to execute and attest this Agreement, on their respective behalves, as of the day of February 28, 2001.


Signature


Name of Owner


Title of Signatory

This executed signature page shall not become effective until each and every condition listed on the attached pages A-1 and A-2 has either been satisfied or is waived by UtiliCorp United Inc. If all such conditions are not either satisfied or waived by September 15, 2001, this signature page shall be deemed void ab initio and of no effect. UtiliCorp United Inc. may, in its sole discretion, extend the date specified in the preceding sentence by written notification to the Midwest ISO. Please indicate your agreement to this condition by executing a copy of this signature page where indicated and returning the page to UtiliCorp United Inc.

Agreed to:

Midwest Independent Transmission System Operator, Inc.

By: _____

The attached executed signature page to the Agreement of Transmission System Owners to Organize the Midwest Independent Transmission System Operator, Inc., A Delaware Non-Stock Corporation ("Agreement") shall not become effective until all of the following conditions have been satisfied or are waived by UtiliCorp United Inc. ("UtiliCorp"):

1. Receipt, in final and non-appealable form, of all required regulatory orders approving without modification (including the approval of the Federal Energy Regulatory Commission ("FERC")) a settlement among the members of the Midwest ISO and the members of the Alliance Regional Transmission Organization ("Alliance") incorporating all of the terms outlined in the Settlement Term Sheet attached to the Report of the Chief Judge to FERC dated February 23, 2001 in FERC Docket No. ER01-123-000.
2. Receipt, in final and non-appealable form, of all required regulatory approvals (including the approvals of FERC, the Missouri Public Service Commission and the Kansas Corporation Commission) authorizing UtiliCorp to become a member of the Midwest ISO.
3. Receipt, in final and non-appealable form, of orders of FERC approving, without material modification, the applications of the Midwest ISO and the Alliance as Regional Transmission Organizations under FERC's Order No. 2000.
4. As of 30 days after the date of the receipt of the latest of the orders listed above under items 1, 2 and 3, the Midwest ISO shall be of sufficient size, in the reasonable judgment of UtiliCorp, that the Midwest ISO shall not be expected to incur any Deferred Costs (as defined in Schedule 10 to the Open Access Transmission Tariff ("OATT") for the Midwest Independent Transmission System, Inc.).
5. As of 30 days after the date of the receipt of the latest of the orders listed above under items 1, 2 and 3, UtiliCorp's Missouri Public Service, St. Joseph Light and Power, and WestPlains Energy-Kansas divisions shall each be interconnected with a member of the Midwest ISO (either directly or a result of a suitable lease of transmission facilities or the suitable purchase of transmission capacity). If only one or two of such divisions are so interconnected with a member of the Midwest ISO, UtiliCorp may limit its membership in the Midwest ISO to the transmission facilities of such interconnected divisions. For example, if the Missouri Public Service and St. Joseph Light and Power systems are interconnected with a member of the Midwest ISO, UtiliCorp may elect to make the attached signature page effective only with respect to the transmission systems of such interconnected divisions. The suitability of such interconnections pursuant to lease or contract shall be determined by UtiliCorp in its sole judgement.
6. As of 30 days after the date of the receipt of the latest of the orders listed above under items 1, 2 and 3, the Midwest ISO is, in the reasonable judgement of UtiliCorp, a financially viable regional transmission organization.
7. As of 30 days after the date of the receipt of the latest of the orders listed above under items 1, 2 and 3, the Midwest ISO has accepted for listing, in Attachment P to the Midwest ISO OATT, the grandfathered agreements submitted to the Midwest ISO by UtiliCorp.

8. No modifications to the Agreement that would have a material adverse effect on UtiliCorp shall take effect prior to December 31, 2002.

20 West Ninth Street
Kansas City, Missouri 64105-1711
816-467-3970
Fax: 816-467-8311

July 16, 2001

UTILICORP UNITED
ENERGYONE

VIA FACSIMILE #317-249-5945

Mr. James Torgerson
President and CEO
Midwest ISO
701 City Center Drive
Carmel, IN 46032

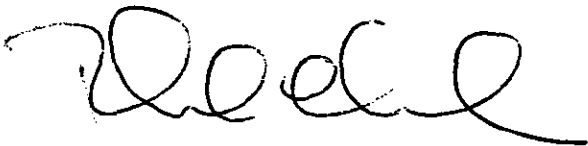
Richard C. Kraul
Vice President
Energy Delivery

Dear Mr. Torgerson:

This letter is to inform you that as of today, Monday, July 16, 2001, UtiliCorp United Inc. ("UtiliCorp") agrees to waive all of the conditions listed on pages A-1 and A-2 that were attached to the signature page to the Midwest Independent Transmission Operator Ownership Agreement executed by UtiliCorp on February 28, 2001. With this waiver, UtiliCorp agrees to transfer operational control over the transmission facilities of its Missouri Public Service, St. Joseph Light and Power, and WestPlains Energy-Kansas operating divisions to the Midwest ISO.

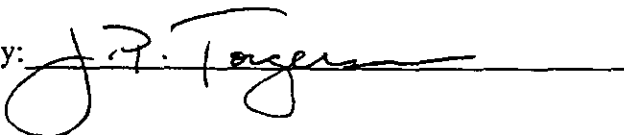
Please indicate your agreement to this request by executing a copy of this letter where indicated and returning the page to my attention at UtiliCorp United Inc., PO Box 13287, Kansas City, MO 64199.

Sincerely,



Agreed to:

Midwest Independent Transmission System Operator, Inc.

By: 

APPENDIX A

APPENDIX A

STANDARDS OF CONDUCT

I. Background.

It is the policy of the Midwest ISO to operate in a fair and non-discriminatory manner and to implement such rules and regulations in the governance of the organization as necessary to prevent control, or the appearance of control, of the decision-making process by any Owner, Member, or User of the Transmission System; and

It is the policy of the Midwest ISO to operate and plan the Transmission System without adverse distinction or preference to any Owner, Member, or User of the Transmission System, and that investments in facilities be made by the Owners as directed by the Midwest ISO without discrimination; and

It is the policy of the Midwest ISO that the Directors, agents, Officers, and employees of the organization shall not have a direct financial interest in, or a conflict of interest with, any Owner, Member, or User of the Transmission System or any affiliates of such entities.

Nothing in this Appendix A is intended to restrict or expand any rights that any federal or state regulatory authorities may have to receive or have access to any information.

APPENDIX A

II. Standards.

In furtherance of the above policies, the Standards of Conduct for the Midwest ISO shall include, but not be limited to, the following Standards:

A. The Midwest ISO, its Directors, agents, Officers, and employees shall operate and plan the Transmission System without adverse distinction or preference to any Owner, Member, or User of the Transmission System. In addition, the Transmission Tariff shall be applied to any Owner, Member, or User of the Transmission System without adverse distinction or preference to any of the Owners, Members, or Users of the Transmission System.

B. The operation of the Midwest ISO shall be conducted in such a manner that it shall be separate from the operations of the Owners, Members, or Users of the Transmission System.

C. The Midwest ISO, in operating its business, shall require any consultant, contractor, and/or subcontractor of the Midwest ISO to disclose to the Midwest ISO all financial affiliations and conflicts of interest with Owners, Members, or Users of the Transmission System. The Midwest ISO shall have the discretion to determine if the contents of such disclosure warrant disqualification of such consultant, contractor, or subcontractor.

APPENDIX A

D. No Midwest ISO Director, agent, Officer, or employee shall have any involvement in the sale of electric energy at wholesale or retail except as required or allowed by the Agreement or the Transmission Tariff.

E. The Directors, agents, Officers, and employees of the Midwest ISO shall not have a direct financial interest in, or stand to be financially benefited by, any transaction with any of the Owners, Members, or Users of the Transmission System. Each Director, agent, Officer, and employee of the Midwest ISO in a decision-making position shall certify in writing that he does not have a direct financial interest in any Owner, Member, or User of the Transmission System and that a conflict of interest does not exist. To that end, no Midwest ISO Director, agent, Officer, or employee may directly own securities issued by any Owner, Member, or User of the Transmission System, except under the following circumstances:

1. Each Midwest ISO Director, agent, Officer, or employee shall dispose of those securities within six (6) months of the time of his affiliation or employment with the Midwest ISO.
2. Each Midwest ISO Director, agent, Officer, or employee shall dispose of those securities within six (6) months of the time a new Owner or Member is added, or a new User of the Transmission System begins taking service under the Transmission Tariff, where the Midwest ISO

APPENDIX A

Director, agent, Officer, or employee owns securities of such User, Owner, or Member.

3. If a Midwest ISO Director, agent, Officer, or employee receives a gift or inheritance of those securities, he must dispose of such securities within six (6) months of the date of receipt.
4. Nothing in this Paragraph E shall be interpreted to preclude a Director, agent, Officer, or employee of the Midwest ISO from indirectly owning securities issued by an Owner, Member, or User of the Transmission System through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted towards the electric industry or the electric utility industry, or any segments thereof) under which the Director, agent, Officer, or employee does not control the purchase or sale of such securities.
5. Participation in a pension plan of an Owner, Member, or User of the Transmission System shall not be deemed to be a direct financial benefit as long as such pension plan is a defined benefit pension plan that does not involve ownership in the securities of the company sponsoring such plan.

F. The Midwest ISO Directors, agents, Officers and employees shall not provide non-public transmission and reliability (hereinafter "T/R") information (including T/R

APPENDIX A

information obtained from the Owners, Members, and Users of the Transmission System in the normal course of Midwest ISO business) to anyone outside the Midwest ISO, except for such disclosure of information to T/R employees of Owners (as determined under the applicable standards of the FERC) to the extent necessary to transact Midwest ISO business. Those T/R employees, in turn, are governed by the FERC Order No. 889, 61 Fed. Reg. 21737 (May 10, 1996), order on reh'g, 62 Fed. Reg. 12484 (March 14, 1997) or successor standards of the FERC – standards of conduct – as far as sharing any such information with their respective merchant employees, as determined under the applicable standards of the FERC. The Midwest ISO shall maintain the confidentiality of any market information obtained from merchant employees of any User of the Transmission System or other entity.

G. If an employee of the Midwest ISO discloses confidential information relating to the operation or function of the organization, which disclosure is contrary to the Standards of Conduct, then notice of such disclosure shall be posted immediately on the Midwest ISO OASIS (or successor system as approved by the FERC).

H. The Midwest ISO Directors, agents, Officers, and employees shall treat all information supplied by an entity seeking transmission service under the Transmission Tariff, or supplied in connection with Midwest ISO coordination center(s) operations, as confidential, unless the information is required to be put on the Midwest ISO OASIS, or the

APPENDIX A

entity seeking transmission service agrees that the information can be disclosed, or the information is otherwise publicly available.

Notwithstanding the restrictions contained in this Paragraph H, Midwest ISO Directors, agents, Officers, and employees may share information with third parties where required to satisfy the Operating Standards and Policies of the North American Electric Reliability Council (hereinafter "NERC") or successor reliability entity. A confidentiality statement must be executed by the third party before any such information is disclosed. To the extent required by FERC regulations, such information shall be put on the Midwest ISO OASIS.

I. Midwest ISO Directors, agents, Officers, and employees shall not give preferential access to transmission information, or any other information, to any third party.

Midwest ISO Directors, agents, Officers, and employees shall be prohibited from providing to any entity engaged in wholesale or retail sales of electric energy, or to any employee, representative, or agent of any such entity (except T/R employees as provided in Paragraph F, Section II of the Appendix A), information regarding the Transmission System covered by the Transmission Tariff, unless that information is: (i) posted on the Midwest ISO OASIS; (ii) otherwise available to the general public without restriction; or (iii) is the type of information disclosed to any third party on a nonpreferential basis.

APPENDIX A

Any disclosures of transmission information not in compliance with this Paragraph I shall be posted immediately on the Midwest ISO OASIS.

J. Directors, Officers, agents, and employees of the Midwest ISO shall strictly enforce all Transmission Tariff provisions established by the Midwest ISO. In the event any Director, Officer, agent, or employee of the Midwest ISO may exercise his discretion, or is allowed by the Transmission Tariff to exercise his discretion, with respect to transactions or actions covered by the Transmission Tariff, then such discretion shall be exercised fairly and impartially, and such event shall be logged and available for FERC audit.

K. No employee, agent, or contractor of any entity engaged in wholesale or retail sales of electric energy shall have access to the Midwest ISO coordination center(s), except for educational tours approved by the Midwest ISO President where notification of such tours is posted on the Midwest ISO OASIS.

L. Notices shall be posted on the Midwest ISO OASIS of any employee engaged in transmission and/or reliability functions who is terminated or transferred from the Midwest ISO. The posted information shall include the name of the employee, the title of the employee while performing service for the Midwest ISO, and the effective date of the transfer or termination.

M. The Midwest ISO shall maintain its books and records separately from those of any Owner, Member, or User of the Transmission System.

APPENDIX A

N. The Midwest ISO shall establish and file with the Board of Directors a complaint procedure for alleged violations of any of the Standards of Conduct set forth in this Appendix A. The complaint procedure shall provide for the opportunity of alternative dispute resolution, as set forth in the Agreement.

O. The Midwest ISO shall inform and train Midwest ISO Directors, agents, Officers, and employees with regard to these Standards of Conduct. The Midwest ISO shall distribute copies of these Standards of Conduct to each Midwest ISO Director, agent, Officer, and employee, and require that each such Director, agent, Officer and employee execute the attached compliance statement. The Midwest ISO shall monitor compliance with these Standards of Conduct. Any Director, agent, Officer, or employee of the Midwest ISO failing to comply with these Standards of Conduct may be subject to disciplinary action. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, monetary fines, or termination, which discipline shall be within the discretion of the Midwest ISO.

APPENDIX A

COMPLIANCE STATEMENT

I, _____, have read the Midwest ISO's Standards
of Conduct and agree to comply with these Standards.

Date: _____

(Signature)

(Position)

APPENDIX B

APPENDIX B

PLANNING FRAMEWORK

I. Overview.

This Appendix B describes the process to be used by the Midwest ISO in planning the Transmission System. Nothing in this Appendix is intended to restrict or expand existing state laws or regulatory authority.

The following transmission facilities of the Owners shall constitute the Transmission System for which the Midwest ISO shall be responsible for operating and planning by the terms of the Agreement: (i) all networked transmission facilities above 100 kilovolts (hereinafter "kV"); and (ii) all networked transformers whose two (2) highest voltages qualify under the voltage criteria of item (i).

Network transmission facilities (including terminal equipment) are (i) transmission elements capable of carrying power in both directions for sustained periods, and (ii) components that are connected to such transmission facilities and are used for voltage or stability control of the Transmission System, including shunt inductors, shunt capacitors, and synchronous condensers. Appendix H to the Agreement identifies the facilities that constitute the Transmission System for which the Midwest ISO shall have operating and planning responsibility.

The Midwest ISO may direct the Owners to assign Non-transferred Transmission Facilities to its control as part of the Transmission System, subject to obtaining any necessary approvals of federal or state regulatory authorities, when such action is determined to be necessary to relieve a constraint or for security purposes. The

APPENDIX B

Midwest ISO also may require that Owners take back control of facilities included in the Transmission System subject to any such necessary approvals. If an Owner disputes such an order from the Midwest ISO, the dispute shall be resolved pursuant to the dispute resolution provisions set forth in Appendix D to the Agreement.

With regard to Non-transferred Transmission Facilities, the Midwest ISO shall review and comment on the plans developed by the Owners of these facilities. With respect to such facilities, the Midwest ISO shall have only that planning authority necessary to carry out its responsibilities under the Transmission Tariff. Thus, the Midwest ISO, when performing System Impact and Facilities Studies under the Transmission Tariff, shall treat these Non-transferred Transmission Facilities just as it would facilities comprising the Transmission System. Similarly, the Midwest ISO shall require Owners to make Available Transmission Capability (hereinafter "ATC") determinations involving such Non-transferred Transmission Facilities under the Transmission Tariff. The Midwest ISO shall coordinate the analyses of ATC associated with Non-transferred Transmission Facilities with the affected Owners. Any disputes concerning Non-transferred Transmission Facilities shall be subject to the dispute resolution procedures under the Agreement.

The planning of all Non-transferred Transmission Facilities, as well as all distribution facilities, shall be done by the Owners. Furthermore, each Owner, in carrying out its planning responsibilities to meet the reliability needs of all loads connected to the Owner's transmission facilities may, as appropriate, develop and propose plans involving modifications to any of the Owner's transmission facilities which

APPENDIX B

are part of the Transmission System. All such plans developed by the Owners may be incorporated into the Midwest ISO regional plan, as described in Section VI of this Appendix B. Plans developed by the Owners that involve only Non-transferred Transmission Facilities may be incorporated into the Midwest ISO regional plan, as appropriate. The Owners shall continue to have planning responsibilities for meeting their respective transmission needs in collaboration with the Midwest ISO subject to the requirements of applicable state law or regulatory authority.

II. The Midwest ISO Planning Staff And The Planning Advisory Committee.

The planning function of the Midwest ISO shall be the responsibility of the Midwest ISO Planning Staff (hereinafter "Planning Staff"). The process for carrying out the planning of the Midwest ISO shall be collaborative with Owners, Users, and other interested parties. The Midwest ISO shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the Agreement and the Transmission Tariff. In exercising such authority, the Midwest ISO shall (i) evaluate and respond to requests for transmission service that extend into or fall within the "Planning Time Horizon" (defined as two (2) weeks and beyond); and (ii) develop a comprehensive Midwest ISO-wide transmission plan (hereinafter the "Midwest ISO Plan"). In order to carry out this planning function, the Planning Staff shall have the following responsibilities, set forth in more detail in subsequent Sections of this Appendix B: (i) to calculate ATC in the Planning Time Horizon; (ii) to process transmission service requests in the Planning Time Horizon; (iii) to develop cost-effective plans to resolve transmission constraints that would otherwise preclude

APPENDIX B

requested transmission service; (iv) to create the Midwest ISO Plan by integrating, evaluating, and modifying the transmission plans, and other findings from (a) Facilities Studies, (b) plans and analyses developed by the individual Owners, and/or sub-regional groups, to define needs within the Owner's system(s), (c) plans and analyses developed by the Planning Staff to define regional needs, and (d) Planning Staff analyses giving consideration to information from the Planning Advisory Committee (established under this Appendix B) and other sources. The Midwest ISO shall make the final determination in the process, subject to the Dispute Resolution procedures under the Agreement and subject to review by the FERC or state regulatory authorities where appropriate.

There is hereby created a Planning Advisory Committee consisting of one (1) representative from each of the constituent groups represented on the Advisory Committee established pursuant to Article Two, Section VI, Paragraph A of the Agreement. The Planning Advisory Committee shall be a source of input to the Planning Staff concerning the development of the Midwest ISO Plan. The Planning Staff shall exercise its discretion in how it utilizes this advice in carrying out its responsibilities.

III. Calculation Of ATC.

The Planning Staff shall be responsible for calculating ATC of the Transmission System for the Planning Time Horizon. In calculating ATC, the Planning Staff shall: (i) take into account transmission limits that may appear regardless of whether such limits involve transferred Transmission System facilities or Non-transferred Transmission

APPENDIX B

Facilities; (ii) use planning criteria which are compatible with operations, including the use of appropriate equipment ratings; (iii) follow the general principles set forth in the NERC documents, *Transfer Capability* (May 1995) and *Available Transfer Capability: Definition and Determination* (June 1996), as those documents may be revised from time to time; (iv) provide for projected load growth, all relevant committed transactions and their resulting power flows throughout the interconnection; and (v) use appropriate analytical tools to determine thermal, voltage, and stability constraints.

The Planning Staff shall adhere to applicable reliability criteria of NERC, and regional reliability councils, or successor organizations, and Owner's planning criteria filed with federal, state, or local regulatory authorities. In the event that the Planning Staff questions the appropriateness of such Owner's planning criteria, the matter may be resolved through the Dispute Resolution process provided for in Appendix D to the Agreement. Until any such dispute is resolved, the Owner's criteria shall govern. The Planning Staff shall also apply equipment capability ratings provided by the Owners for their respective Transmission System facilities. The process to be used by the Planning Staff to validate the ratings is discussed in Section V of this Appendix B. Disputes regarding equipment capability ratings may be resolved through the Dispute Resolution process provided for in Appendix D to the Agreement. The Planning Staff shall at all times comply with the procedures of the Transmission Tariff for calculating ATC.

IV. Evaluation Of Transmission Service Requests.

The Planning Staff shall receive, evaluate, and respond to all requests for transmission service that extends into or occurs within the Planning Time Horizon and

APPENDIX B

involves the use of the Transmission System. With respect to all such requests, the Planning Staff shall analyze and make the determination on access to the Transmission System, including the amount of firm (non-recallable) and/or non-firm (recallable) service which the Transmission System can support. The Planning Staff shall document all requests for transmission service, the disposition of those requests, and supporting data. The Planning Staff shall coordinate with the Owners to process requests for service involving the use of Non-transferred Transmission Facilities and distribution facilities relating to service under the Transmission Tariff. The Planning Staff shall consult with the transmission planning representatives of the Owners and/or operators of the affected transmission facilities on matters such as equipment, procedures, maintenance, reliability, and public or worker safety. The Planning Staff shall provide the transmission planning representatives of each Owner with sufficient information to model local conditions and to monitor local consequences of Midwest ISO decisions by the Planning Staff related to ATC values and requests for transmission service. Any dispute regarding ATC calculations shall be subject to the applicable Dispute Resolution procedures.

V. Resolution Of Transmission Constraints.

When the evaluation of posted ATCs reveals apparent transmission constraints that would preclude a requested firm transaction, the Planning Staff shall investigate the ability of operating guides and redispatch of generation to permit the transaction to proceed, to the extent that available information, in the form of existing studies and

APPENDIX B

models, permit. In evaluating and resolving transmission constraints, the Planning Staff shall act in a manner consistent with the provisions of the Transmission Tariff.

The Planning Staff shall follow the procedures of the Transmission Tariff when conducting System Impact and Facilities Studies. Upon receipt of an approved Facilities Study Agreement, the Planning Staff shall form, chair, and direct the activities of an Ad Hoc Planning Committee that includes representatives of all affected Owners. The Ad Hoc Planning Committee shall develop expansion alternatives, perform the described studies, and develop the resulting options, costs, and service agreement which shall be provided to the transmission customer by the Planning Staff.

Each Owner shall file with the Midwest ISO information regarding the physical ratings of all of its equipment in the Transmission System. This information is intended to reflect the normal and emergency ratings routinely used in regional load flow and stability analyses. In carrying out its responsibilities, the Midwest ISO shall apply ratings that have been provided by the respective Owners and have been verified and accepted as appropriate by the Midwest ISO where such ratings affect Midwest ISO reliability. When requested by the Midwest ISO, Owners shall provide specific methods by which the ratings of equipment are calculated. If the Planning Staff and the Owners' respective planning representatives cannot reach agreement on a rating, the dispute shall be resolved through the Dispute Resolution process provided in Appendix D to the Agreement. However, the Midwest ISO shall use the ratings provided by the Owner unless and until such ratings are changed through the Dispute Resolution process or by voluntary agreement with the affected Owner.

APPENDIX B

VI. Development Of The Midwest ISO Transmission Plan.

The Planning Staff, working in collaboration with representatives of the Owners and the Planning Advisory Committee, shall develop the Midwest ISO Plan, consistent with Good Utility Practice and taking into consideration long-range planning horizons, as appropriate. The Planning Staff shall develop this plan for expected use patterns and analyze the performance of the Transmission System under a wide variety of contingency conditions. This analysis and planning process shall integrate into the development of the Midwest ISO Plan among other things: (i) the transmission needs identified from Facilities Studies carried out in connection with specific transmission service requests; (ii) the transmission needs identified by the Owners in connection with their planning analyses to provide reliable power supply to their connected load customers; (iii) the transmission planning obligations of an Owner, imposed by federal or state law(s) or regulatory authorities, which can no longer be performed solely by the Owner following transfer of functional control of its transmission facilities to the Midwest ISO; (iv) the inputs provided by the Planning Advisory Committee; and (v) the inputs, if any, provided by the state regulatory authorities having jurisdiction over any of the Owners. In the course of this process, the Planning Staff shall seek out opportunities to coordinate or consolidate, where possible, individually defined transmission projects into more comprehensive cost-effective developments subject to the limitations imposed by prior commitments and lead time constraints. This multi-party collaborative process is designed to ensure the development of the most efficient and cost-effective Midwest ISO Plan, while giving consideration to the inputs from all stakeholders.

APPENDIX B

The Planning Staff shall test the Midwest ISO Plan for adequacy and security based on all applicable criteria. The Midwest ISO Plan shall adhere to applicable reliability requirements of NERC, regional reliability councils, or successor organizations, Owners' planning criteria filed with federal, state, or local regulatory authorities, and applicable federal, state and local system planning and operating reliability criteria. If the Planning Staff and any Owner's planning representatives cannot reach agreement on any element of the Midwest ISO Plan, the dispute may be resolved through the Dispute Resolution process provided in Appendix D to the Agreement or by the FERC or state regulatory authorities, where appropriate. The Midwest ISO Plan shall have as one of its goals the satisfaction of all regulatory requirements. That is, the Midwest ISO shall not require that projects be undertaken where it is expected that the necessary regulatory approvals for construction and cost recovery will not be obtained.

The Planning Staff shall present the Midwest ISO Plan, along with a summary of relevant alternatives that were not selected, to the Board for approval on a biennial basis, or more frequently if needed. The proposed Midwest ISO Plan shall include specific projects already approved as a result of the Midwest ISO entering into service agreements with transmission customers where such agreements provide for identification of needed transmission construction, its timetable, cost, and Owner or other parties' construction responsibilities. Ownership and the responsibility to construct facilities which are connected to a single Owner's system belong to that Owner, and that Owner is responsible for maintaining such facilities. Ownership and the responsibilities to construct facilities which are connected between two (2) or more Owners' facilities belong

APPENDIX B

equally to each Owner, unless such Owners otherwise agree, and the responsibility for maintaining such facilities belongs to the Owners of the facilities unless otherwise agreed by such Owners. Finally, ownership and the responsibility to construct facilities which are connected between an Owner(s)' system and a system or systems that are not part of the Midwest ISO belong to such Owner(s) unless the Owner(s) and the non-Midwest ISO party or parties otherwise agree; however, the responsibility to maintain the facilities remains with the Owner(s) unless otherwise agreed.

If the designated Owner is financially incapable of carrying out its construction responsibilities or would suffer demonstrable financial harm from such construction, alternate construction arrangements shall be identified. Depending on the specific circumstances, such alternate arrangements could include solicitation of other Owners or others to take on financial and/or construction responsibilities. In the event interest among other Owners or other entities is not sufficient to proceed, all Owners, subject to applicable regulatory requirements, shall be responsible for sharing in the financing of the project and/or hiring of a contractor(s) to construct the needed transmission facility; provided, however, the Owners' obligations under this sentence shall be subject to the Owners being satisfied that they will be compensated fully for their investments and will not be subject to additional regulatory requirements, unless the Owners otherwise agree to waive either or both of these requirements.

Approval of the Midwest ISO Plan by the Board certifies it as the Midwest ISO's plan for meeting the transmission needs of all stakeholders subject to any required approvals by federal or state regulatory authorities. The Midwest ISO shall provide a

APPENDIX B

copy of the Midwest ISO Plan to all applicable federal and state regulatory authorities. The affected Owner(s) shall make a good faith effort to design, certify, and build the designated facilities to fulfill the approved Midwest ISO Plan. However, in the event that a proposed project is being challenged through the Dispute Resolution process under the Agreement, the obligation of the Owners to build that specific project (subject to required approvals) is waived until the project emerges from the Dispute Resolution process as an approved project. The Board shall allow the Owners to optimize the final design of specific facilities and their in-service dates if necessary to accommodate changing conditions, provided that such changes comport with the approved Midwest ISO Plan and provided that any such changes are accepted by the Midwest ISO. Any disagreements concerning such matters shall be subject to the Dispute Resolution process under Appendix D to the Agreement.

The Planning Staff shall assist the affected Owner(s) in justifying the need for, and obtaining certification of, any facilities required by the approved Midwest ISO Plan by preparing and presenting testimony in any proceedings before state or federal courts, regulatory authorities, or other agencies as may be required. The Midwest ISO shall publish annually, and distribute to all Members and all appropriate state regulatory authorities, a five-to-ten-year (5-to-10-year) planning report of forecasted transmission requirements. Annual reports and planning reports shall be available to the general public upon request.

APPENDIX B

VII. Planning Responsibilities Of Owners.

To fulfill their roles in the collaborative process for the development of the Midwest ISO Plan, the Owners shall develop expansion plans for their transmission facilities while taking into consideration the needs of (i) connected loads, including load growth, (ii) new customers and new generation sources within the Owner's system, and (iii) known transmission service requests. Any plans that call for modifications to the Transmission System which would significantly affect ATC must be approved by the Midwest ISO before being implemented. However, the Midwest ISO shall develop a streamlined approval process for reviewing and approving projects proposed by the Owners so that decisions will be provided to the Owner within thirty (30) days of the projects submittal to the Midwest ISO unless a longer review period is mutually agreed upon. Any dispute concerning such matters shall be subject to the Dispute Resolution procedures under Appendix D to the Agreement. In the event that the Midwest ISO fails to act or produce results through the Dispute Resolution procedures under the Agreement within a reasonable time (as determined by the Board) of the Owner's submission of its proposed projects, approval of the proposed project(s) by the Midwest ISO shall be automatically conveyed to the affected Owner(s), subject to all requisite approvals.

Owners shall provide to the Planning Staff any necessary modeling or supporting data, planning criteria applicable to the Owner's system, and system-specific operating procedures. Owners shall carry out other duties deemed appropriate by the Owners that support the objectives of the Midwest ISO planning process, the calculation of ATC,

APPENDIX B

or regional reliability analyses. Owners shall participate in the integration and testing of the Midwest ISO Plan. Owners shall serve on Ad Hoc Planning Committees established by the Planning Staff to respond to transmission service requests and other matters. Owners shall also calculate ATC at points of delivery to or receipt from Non-transferred Transmission Facilities and distribution facilities.

VIII. Coordination Between Midwest ISO Operating And Planning Staffs.

The Planning Staff shall provide support to the Midwest ISO Operating Staff (hereinafter "Operating Staff") in determining and posting ATC during the Operating Time Horizon (as defined by the Operating Staff) and in developing and reviewing operating procedures. The Planning Staff also shall assist the Operating Staff by performing operational planning assessments for near-term system configurations. Within their respective time horizons, the Operating and Planning Staffs shall have the same general responsibilities for determining whether the Transmission System can accommodate a specific transaction. The Planning Staff shall be responsible for all responses to requests for transmission service that require an expansion of the Transmission System or Non-transferred Transmission Facilities.

IX. Miscellaneous Responsibilities Of Planning Staff.

Among its general responsibilities, the Planning Staff shall: (i) review and comment on Owners' transmission plans; (ii) provide general oversight of all studies performed by Owners for the Midwest ISO; (iii) identify alternatives for further study and review that could increase the efficient and economic use of the Transmission System; (iv) analyze and assess the Transmission System periodically to ensure operational