2026 Preliminary Budget

Audit and Finance Committee
of the Board of Directors

October 29, 2025

Budget Process

MISO Timeline – Budget Presentation and Request

- **9/10** — Finance Sub-Committee first review of 2026 Preliminary Budget
- **9/16** — Advisory Committee and **Audit and Finance Committee review of 2026 Preliminary Budget**
- **Sep** — Review and questions by Finance Subcommittee and Sectors
- **10/29** — **Audit and Finance Committee review of Finance Subcommittee comments and MISO 2026 Preliminary Budget update**
- **12/11** — **Seeking Board of Directors vote of approval for the 2026 Budget**

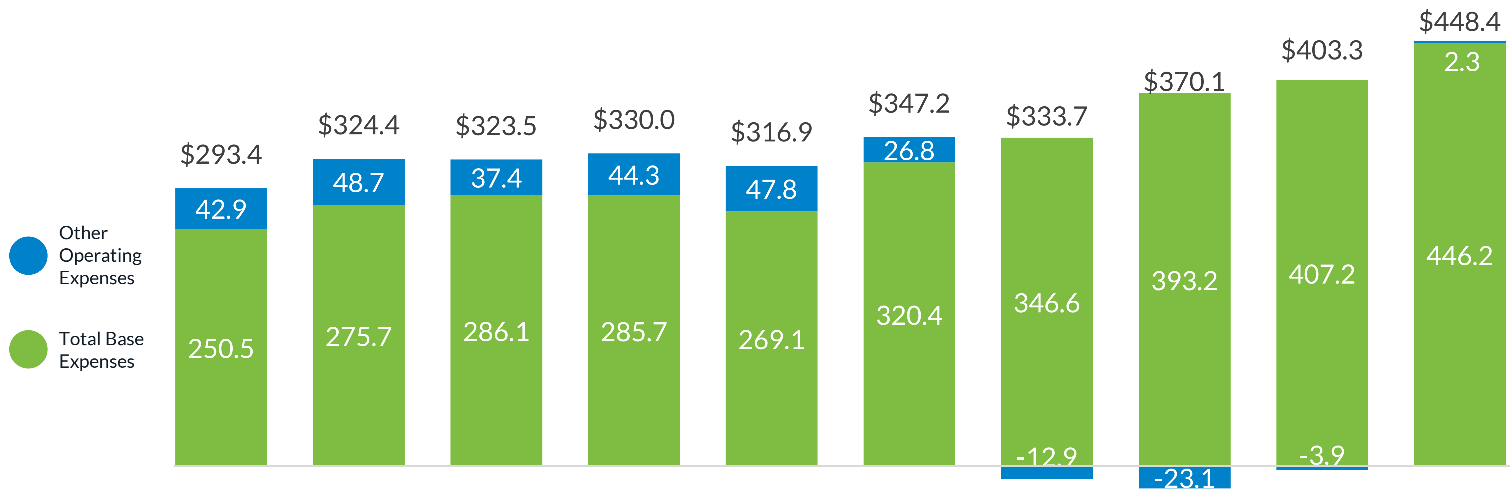
Stakeholder review period

MISO Tariff Review and Comparison

Historical Cost and Rate Summary

Growth rate, baselined to 2017, has been relatively flat with a compound annual growth rate of 3.4% through 2026 (projected) on MISO's tariff rate per megawatt hour (MWh)

Inflation based compound annual growth rate[1] over the same time horizon is 2.9%



	2017	2018	2019	2020	2021	2022	2023	2024	2025[4]	2026[4]
Tariff Revenues ($)[2]	286.9	307.2	307.3	317.2	323.2	321.0	305.6	340.2	371.3	396.9
TeraWatt Hours[3]	736.2	758.7	727.0	679.9	721.0	710.4	708.4	703.6	727.2	728.4
Rate ($/MWh)	**0.39**	**0.40**	**0.42**	**0.47**	**0.45**	**0.45**	**0.43**	**0.48**	**0.51**	**0.54**
Inflation ($/MWh)	***0.39***	***0.38***	***0.41***	***0.45***	***0.43***	***0.45***	***0.47***	***0.49***	***0.50***	***0.52***

[1] Inflation uses a Mercer RTO/ISO salary increase applied against MISO's salary percentage (66.7% average) and CPI All Urban increase applied against all other costs percentage.
[2] Tariff Revenues exclude FERC Assessment fees and assume collection equal to expenses. [3] TeraWatt Hours for 2025 and 2026 are Budget estimates.
[4] Represents FY2025 approved Budget and FY2026 proposed Budget.

In Millions ($M)
All values rounded

Budget Summary and Influences

2026 Preliminary Budget Update Overview

- MISO provided the Audit and Finance Committee with a draft budget in September 2025
- Since then, MISO has updated the 2026 budget mainly to capture components we highlighted as pending during the September meeting:
  - Expedited Resource Addition Study (ERAS) added and Generation Interconnection (GI) updates;
  - Project investments revised to reflect a different approach on two large projects and updated estimates;
  - Added four Operator-in-Training positions to enable succession planning; and
  - Small revisions to components of base business
- The net impact of the changes is a total cost reduction of $8.1 M consisting of reductions in base business expense of $2.1 M and project investment expense of $6.0 M
- MISO has also included an overview of cost reductions and efficiencies from 2025 to 2026, information on growth in computer maintenance and a 2026 preliminary budget comparison to the 2024 five-year financial forecast

Updates to the 2026 Preliminary Budget

The revisions to the 2026 budget originally presented to the Committee in September includes updates to all components of the MISO budget

In Millions ($M) *All values rounded*	MISO STI Total	Base Operations	GI/CTA Studies	Project Investment	Estimated Load Forecast (TWhs)
September AFC Materials	**$443.0**	**$398.0**	**$0.0**	**$45.0**	**723.3**
Revenues					
Addition of ERAS applications	3.5		3.5		
Net change in direct reimbursable revenues	3.1		3.2	-0.1	
Less Total Base Operating Expenses					
Transfer of internal staffing expenses to ERAS/GI		-1.6	1.6		
Net reduction in third-party support	-0.6	-0.6			
Compensation and benefits assumptions	-0.2	-0.2			
Addition of Operator-in-Training (4)	0.3	0.3			
Additional third-party support for ERAS/GI	5.1		5.1		
Less Project Investments					
Refined estimates and requirement	-6.1			-6.1	
Load updates					5.1
October AFC Materials	**$434.9**	**$395.9**	**$0.0**	**$39.0**	**728.4**
Net Change	-8.1 -1.9%	-2.1 -0.5%		-6.0 -15.4%	5.1 0.7%

2026 Budget Summary

MISO's cost increases are driven by operational and technology improvements to advance market design, reliability, aging systems and infrastructure, automations, processes and cybersecurity, as well as to ensure competitive market compensation for staff retention and recruitment

2026 Projected Tariff Rate = $0.54

+6.7% from 2025 rate of $0.51

In Millions ($M)
All values rounded;
Changes from 2025

	Operating Expense	Direct Reimbursable Revenue	Operating Total	Capital Expense[2]	STI Total
Base Operating	$438.9 M $29.7 M | 7.3% increase	-$43.0 -$16.0 M | 59.0% increase	$395.9 M $24.7 M | 6.6% increase		$395.9 M $24.7 M | 6.6% increase
Project Investments	$7.3 M -$1.6M | -18.2% decrease	-$0.7 $0.6 M | -48.5% decrease	$6.6 M -$1.0 M | -13.0% decrease	$32.4 M $2.0 M | 6.6% increase	$39.0 M $1.0 M | 2.7% increase
Other Operating Expenses[1]	$2.3 M $6.1 M | 157.8% increase		$2.3 M $6.1 M | 157.8% increase		
MISO Total	$448.4 M $45.2M | 11.2% increase	-$43.7 -$15.3 M | 54.0% increase	$404.8 M $29.9 M | 8.0% increase	$32.4 M $2.0 M | 6.6% increase	$434.9 M $25.7 M | 6.3% increase

September Version

	Operating Expense	Direct Reimbursable Revenue	Operating Total	Capital Expense[2]	STI Total
Base Operating	$434.4 M $36.1 M | 9.1% increase from 2025	-$36.4 -$9.3 M | 34.4% increase from 2025	$398.0 M $26.8 M | 7.2% increase from 2025		$398.0 M $26.8 M | 7.2% increase from 2025
Project Investments	$8.4 M -$0.5 M | -6.0% decrease from 2025	-$0.8 $0.5 M | -36.1% decrease from 2025	$7.5 M -$0.1 M | -0.8% decrease from 2025	$37.5 M $7.0 M | 23.0% increase from 2025	$45.0 M $6.9 M | 18.3% increase from 2025
Other Operating Expenses[1]	$2.6 M $6.5 M | 168% increase from 2025		$2.6 M $6.5 M | 168% increase from 2025		
MISO Total	$445.4 M $42.1 M | 10.4% increase from 2025	-$37.2 -$8.8 M | 31.1% increase from 2025	$408.1 M $33.3 M | 8.9% increase from 2025	$37.5 M $7.0 M | 23.0% increase from 2025	$443.0 M $33.8 M | 8.2% increase from 2025

[1] Other Operating Expenses include capital interest and other income (loss); excludes FERC assessment fees.
[2] Capital Expense excludes all labor and capital interest, operating budget captures all labor and interest costs.

MISO

Financial Budget Assumptions

The preliminary budget is based on the following key assumptions. Vacancy and merit may adjust depending on labor dynamics and Human Resources Committee inputs

	Actuals		Budget Assumptions		Action
	2023	**2024**	**2025**	**2026**	**Decision**
Financial Vacancy	4.4%	6.0%	5.5% average	5.5% average	***HR & Finance***
New FTEs	+22	+70	+9	+28	***Executive Team***
New Hire Date(s)	14 Full Year 8 July	March	3 Full Year 1 March, 1 June, 4 July	8 Full Year 20 July	***Service Lines & HR***
Benefits *(excl. new hires)*	9.3%	5.6%	6.7% (add Spring Health)	4.0% (after removal of LASER[1])	***HR (MJ Insurance)***
Interest Rate	3.9%	4.5%	4.3%	3.5% (monthly average)	***Finance***
Inv Balance	$1.4 B	$1.4 B	$1.4 B	$1.7 B (monthly average)	***Finance***
Forecasted Load (TWh)	708	704	730 *(budget 727)*	728	***Finance Operations***

[1] Specific provision in a stop-loss insurance policy that sets a higher deductible for specific individuals.

2026 Base Operating Expense Budget Drivers

MISO's base operating cost increase of 6.6% is attributable to expected actions in 2026; prior decisions and actions made in 2025 resulted in a net reduction of $2.4 M

Driver	Budget Change	% Change
2025 Actions		
Project investments completed, ongoing computer maintenance in base	$5.6	1.5%
Cyclical leases, licenses	$4.4	1.2%
Insourcing, and base enhancement conclusions	-$7.1	-1.9%
720 building purchase, reduction in lease expense	-$2.0	-0.5%
Expedited Resource Addition Study/Generation Interconnection rate & hours increase	-$2.8	-0.8%
Labor, headcount, vacancy driven updates	-$0.5	-0.1%
2026 Actions		
Market and operational improvements	$9.0	2.4%
Salary and benefit increases (merit/promotion, new headcount)	$9.0	2.4%
Technology, infrastructure, and security enhancements	$6.5	1.8%
Escalations, additions, and other	$2.6	0.7%
Total Growth	**$24.7**	**6.6%**

In Millions ($M)
All values rounded

2026 Cost Reductions and Efficiencies, $14.2 M

- **$6.7 M Outside Services**
  - $3.4 M Storage managed services sunset *(partially offset by increase in depreciation)*
  - $3.3 M Project conclusions (data platform migration to cloud, Oracle migration to Azure, etc.)
- **$2.8 M Expedited Resource Addition Study/Generation Interconnection**
  - $1.6 M rate increase from $300 to $360 per hour
  - $1.2 M hours increase from 24 K to 27 K
- **$2.7 M Labor and Benefits**
  - $1.4 M Negotiated medical benefits savings
  - $1.3 M Organizational realignment savings
- **$2.0 M Facilities**
  - Lease savings associated with purchase of 720 building *(partially offset by increase in depreciation and interest)*

Historical Computer Maintenance Growth

	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Forecast 2025	Estimate 2026	Total Change
Grand Total	**24.2**	**28.0**	**31.3**	**39.6**	**49.2**	**58.0**	
Change Year-over-Year ($)		***3.8***	***3.4***	***8.3***	***9.6***	***8.7***	***33.8***
Change Year-over-Year (%)		***16%***	***12%***	***27%***	***24%***	***18%***	**131%**
New Tools		0.6	1.3	3.8	4.5	2.8	12.9
Cloud Computing		0.1	0.4	1.3	2.1	0.5	4.3
Licenses & Cost		0.6	1.4	2.8	1.4	1.5	7.7
One-Time Replacement		0.0	0.1	0.1	(0.3)	1.3	1.2
Market Systems Support		2.3	(0.0)	0.4	2.2	2.5	7.3
Misc Adjustments		0.2	0.2	(0.0)	(0.3)	0.2	0.4

Computer Maintenance has increased by $33.8 M, or 131%, since 2021

- Averaging **+$6.8 M/yr**, primarily for
  - **$2.6 M** New tools added to the environment
  - **$1.5 M** Growth and escalators for existing systems (licenses, costs)
  - **$1.5 M** Additional support for market systems (MSE)

MISO

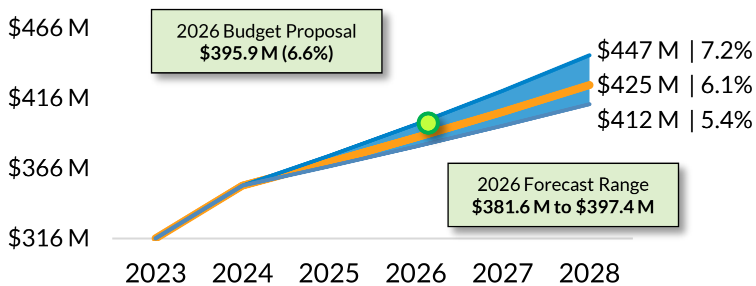
2026 Preliminary Budget Versus 2024 Five-year Forecast

The 2026 preliminary budget aligns with the five-year forecast except for project investments coming in lower than forecasted

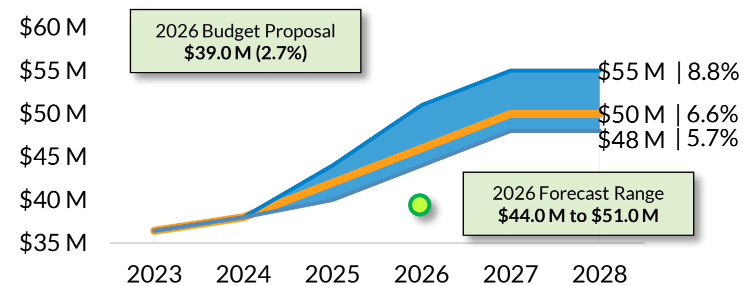
Excluded from the 2024 forecast was Expedited Resource Addition Studies (impacting revenues, costs and interest income) and load growth

High - Low Assumptions
Midpoint Assumption
% Annual Compound Growth Rate

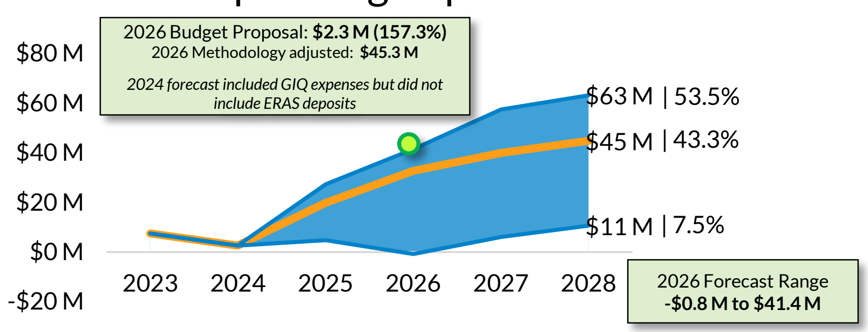
Total Base Operating Expenses



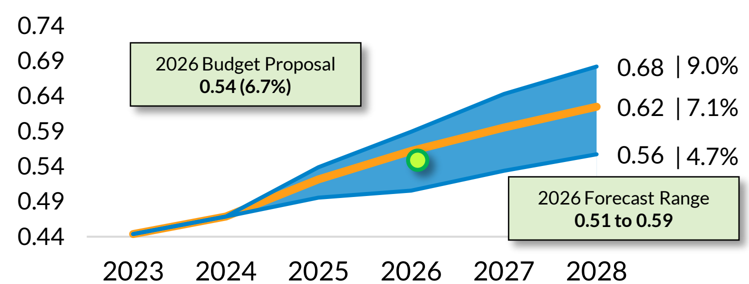
Project Investment



Other Operating Expenses



Estimated Tariff Rate ($/MWHr)



Preliminary Estimations ~ Subject to Change ~ All Financials Unaudited

Convergence of Several Drivers Impacts Reliability and Costs

Regulatory Uncertainty
- New and evolving requirements necessitate investments and compliance strategies, **$4.2 M (PI)**

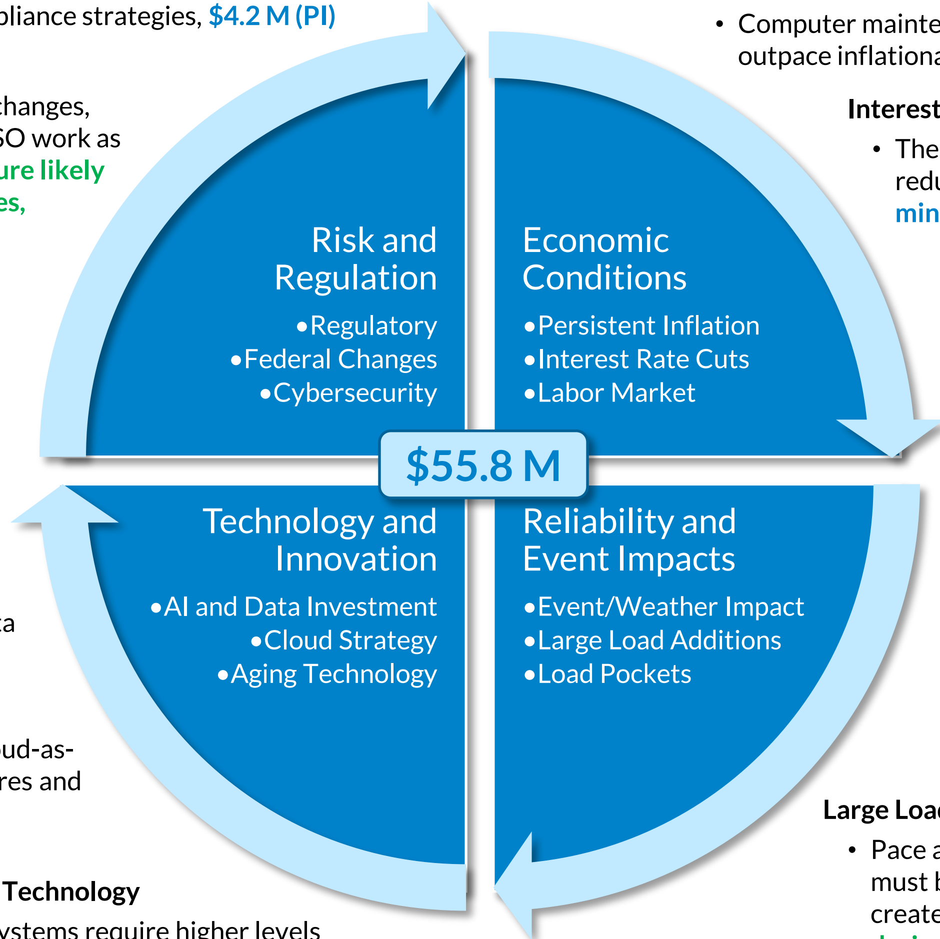
Federal Administration Changes
- Big Beautiful Bill, Federal fiscal changes, tariff adjustments all impact MISO work as well as costs; **$0.9 M (Base), future likely reductions in engineering studies, deposits, interest income**

Cybersecurity Risk
- Continued need for robust cybersecurity due to escalating and more complex threats from global actors and increased focus on AI-enhanced threat detection, **$4.3 M (Base/PI)**

AI and Data Investments
- Generative AI, analytics, and data literacy, **$6.8 M (Base/PI)**

MISO Cloud Strategy Shift
- Moving from “cloud-first” to “cloud-as-necessary” balances cost pressures and regulatory changes, **-$1.0 M (Base/Depreciation)**

Aging and Expanding Technology
- Legacy and new systems require higher levels of complexity and innovation which are more costly to implement, **$19.6 M (PI)**



Inflation Computer Maintenance
- Computer maintenance costs continue to outpace inflationary increases, **$8.7 M (Base)**

Interest Rate Cuts
- The Federal Reserve may cut rates, reducing interest revenue; **2026 minimum impact, future likely impacted**

Labor Market
- Unemployment rising slightly to 4.5%, but still tight enough to keep wage pressures elevated, **$6.9 M (Base)**

Event Impacts
- MISO’s efficient reserve margin means active management is needed for any event impacting the system, **$4.4 M (Base/PI)**
- Weather-driven variability requires flexible grid resources and advanced tools to manage, **$1.0 M (PI)**

Large Load Additions
- Pace and location is unknown; however, MISO must be prepared for new operational risks created; **Staff time, future potential market design changes and increased load**

Load Pockets
- Multiple existing and potential new load pockets increase reliability concerns; **Staff time, future potential market design changes**

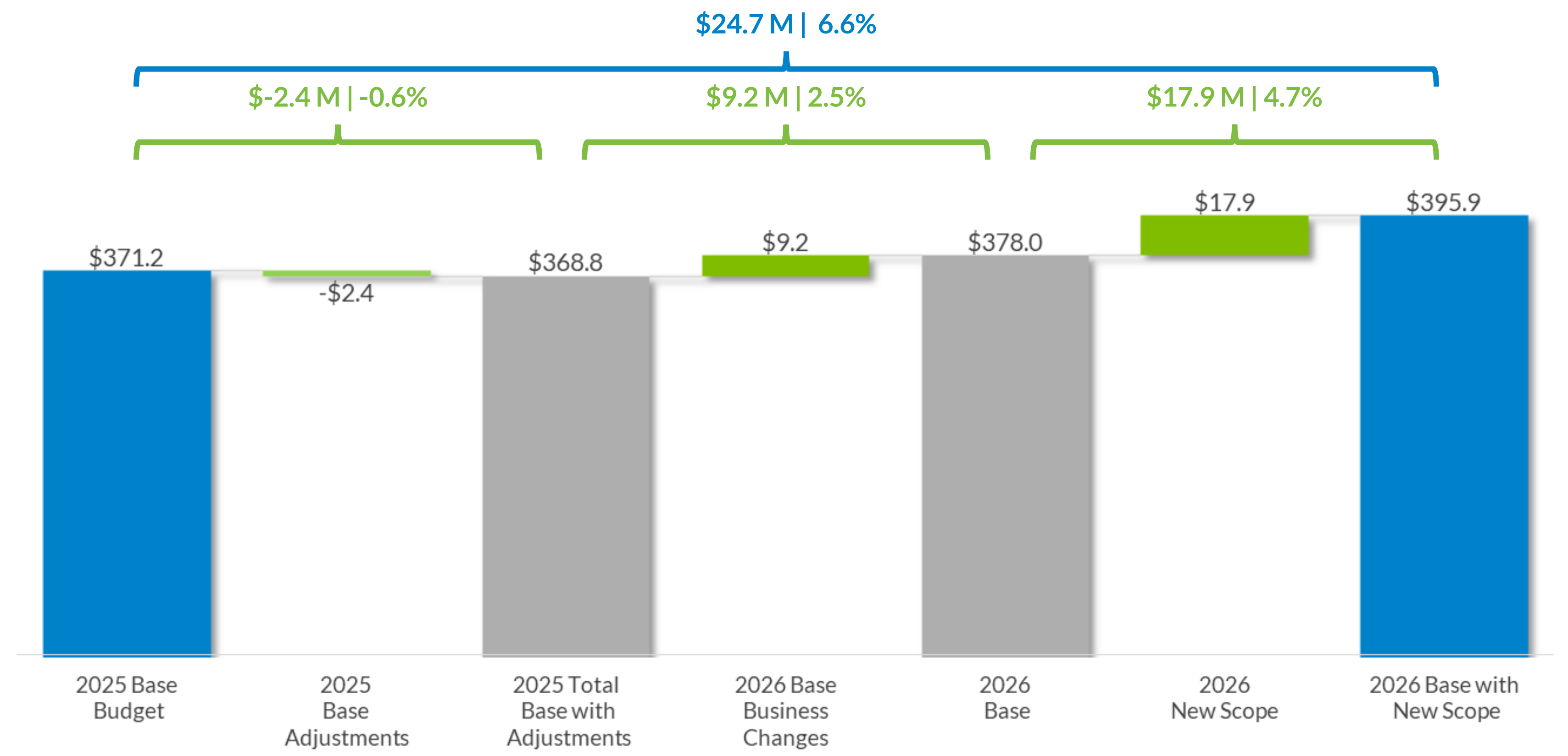
PI = Project Investment

MISO

2026 Budget Detail

2026 Base Operating Expense Budget[1]

MISO's proposed 2026 budget of $395.9 M for base operating expense is an increase of $24.7 M or 6.6% from the 2025 budget of $371.2 M. The increase is largely driven by employee related increases alongside operational and technological improvements

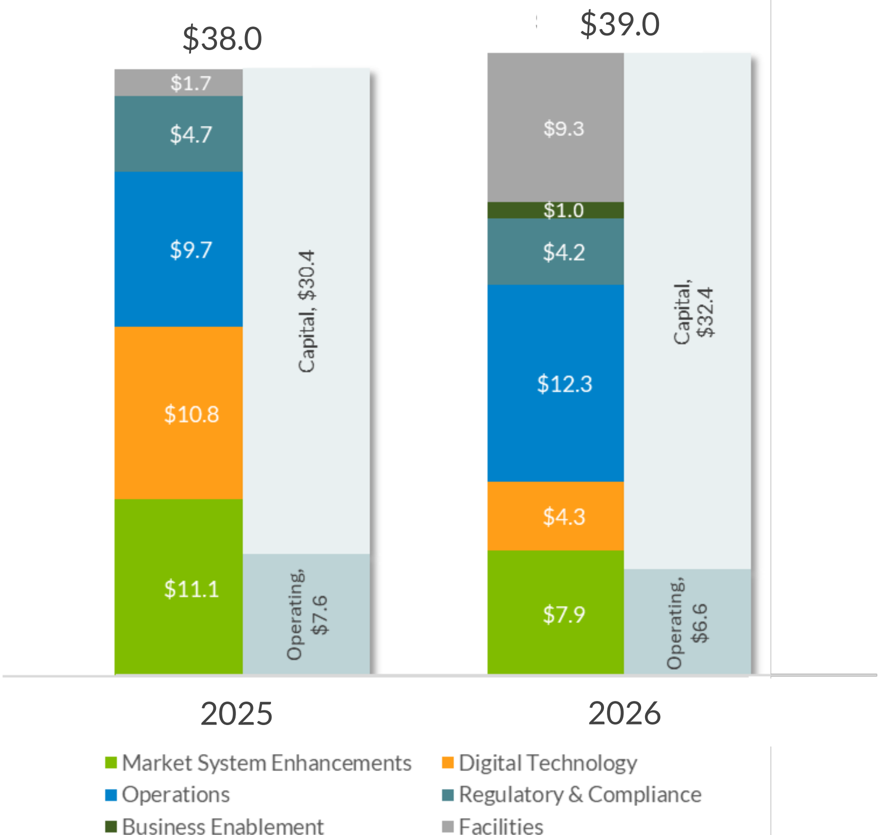


In Millions ($M)
All values rounded

[1] Operating expense does not include capital labor, interconnection study fees, FERC fees, Independent Market Monitor expenses, Organization of MISO States, depreciation, amortization, interest expense, or impact of incentive compensation.

2026 Total Project Investments

MISO's investments are increasing by $1.0 M, or 2.7%, which is mainly focused on upgrading the Carmel Control Room

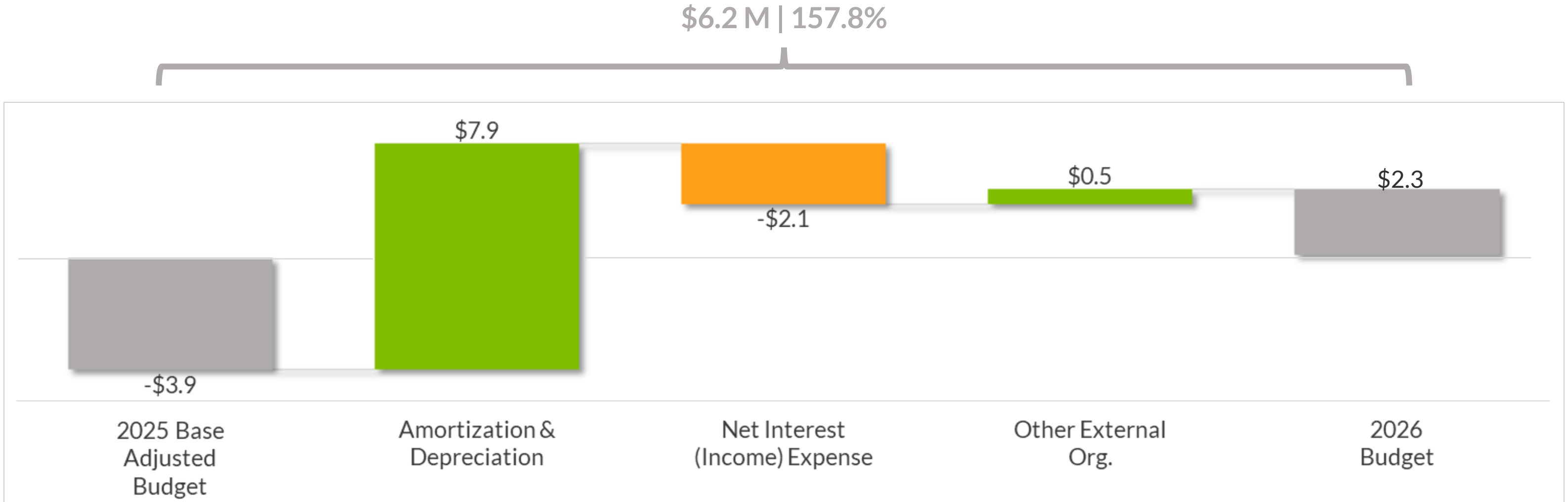


- **Facilities**
  - Carmel Control Room upgrade for improved connectivity and technology enhancements
  - Lifecycle replacements
- **Business Enablement**
  - Cyclical application refresh and replacement
- **Regulatory & Compliance**
  - FERC Order 881 Real-Time Ambient Adjust Ratings and Real-Time Market
- **Operations**
  - Addressing lifecycle and energy management and unit dispatch system enhancements, as well as settlement system upgrades
- **Digital Technology**
  - Foundational investments (storage) and enhance access and customer authentication security
  - Improving data management and leveraging data as a strategic asset
- **Market System Enhancement**
  - Transformation of market system into a more secure system (final year)

In Millions ($M)
All values rounded

2026 Other Operating Expenses

Other operating expenses are forecasted to increase by $6.2 M due to the increase in depreciation for equipment, market software and headquarters building purchase



In Millions ($M) all values rounded

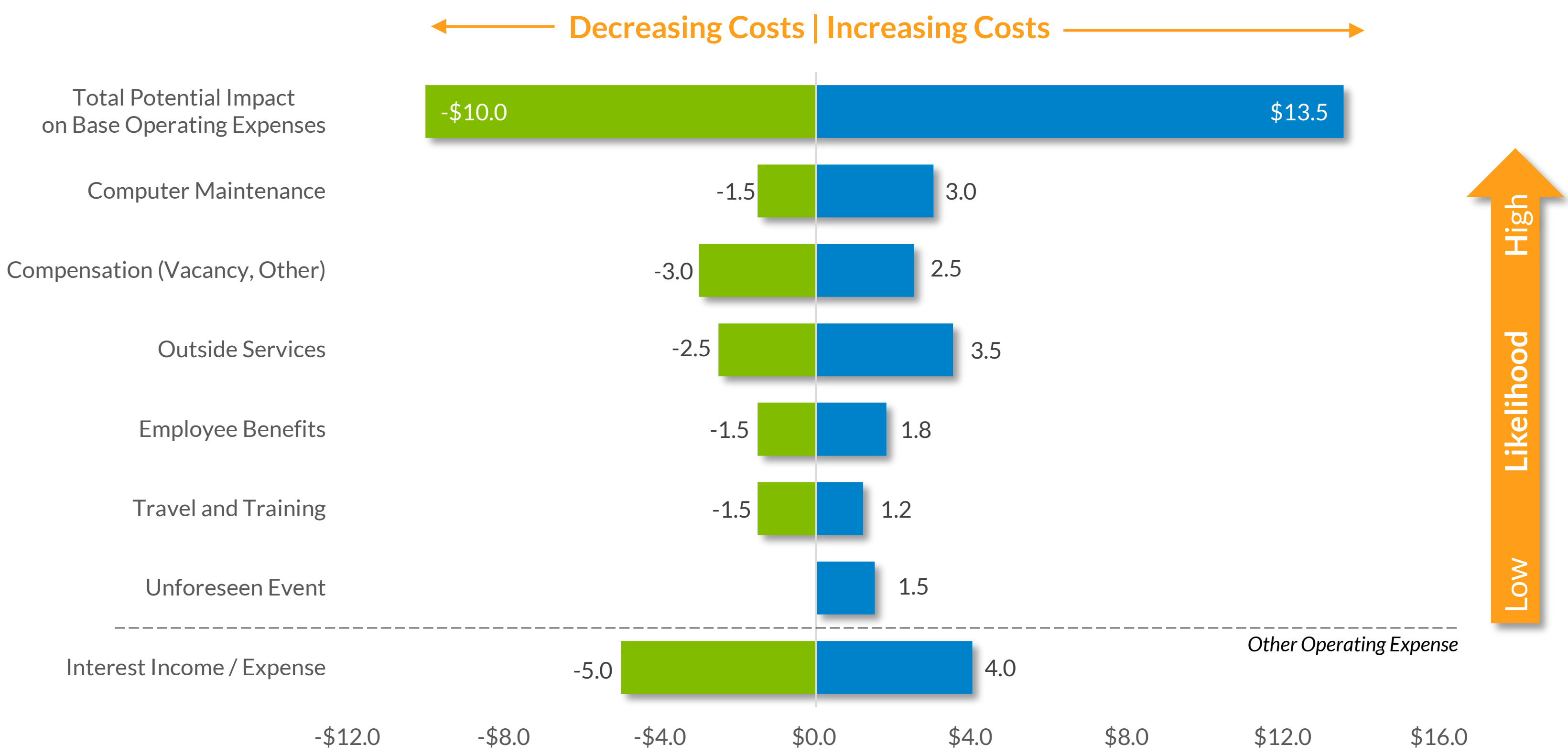
Other Operating Expense	Budget 2025	Forecast 2025	Proposed Budget 2026	'25 Budget to '26 Change ($)	'25 Budget to '26 Change (%)	'25 Forecast to '26 Change ($)	'25 Forecast to '26 Change (%)
Amortization & Depreciation	$33.2	$40.2	$41.1	$7.9	24.7%	$0.9	2.2%
Net Interest (Income) Expense	-47.5	-48.4	-49.6	-2.1	-4.5%	-1.2	2.5%
Other (External Organizations)	10.4	10.6	10.9	0.5	4.5%	0.3	2.8%
*Independent Market Monitor (IMM)**	*8.6*	*9.0*	*9.0*	*0.4*	*4.1%*	*0.0*	*0.0%*
Organization of MISO States (OMS)	*1.5*	*1.4*	*1.6*	*0.1*	*3.3%*	*0.2*	*14.3%*
Entergy Regional State Committee (ERSC)	*0.3*	*0.2*	*0.3*	*0.0*	*0.1%*	*0.1*	*50.0%*
	-$3.9	**$2.3**	**$2.3**	**$6.2**	**157.8%**	**$0.0**	**0.0%**

* Excludes capital expenditures, budgeted $1.5 M in 2025 and $1.6 M in 2026

Potential Budget Variances

2026 Base Business Budget Potential Variances

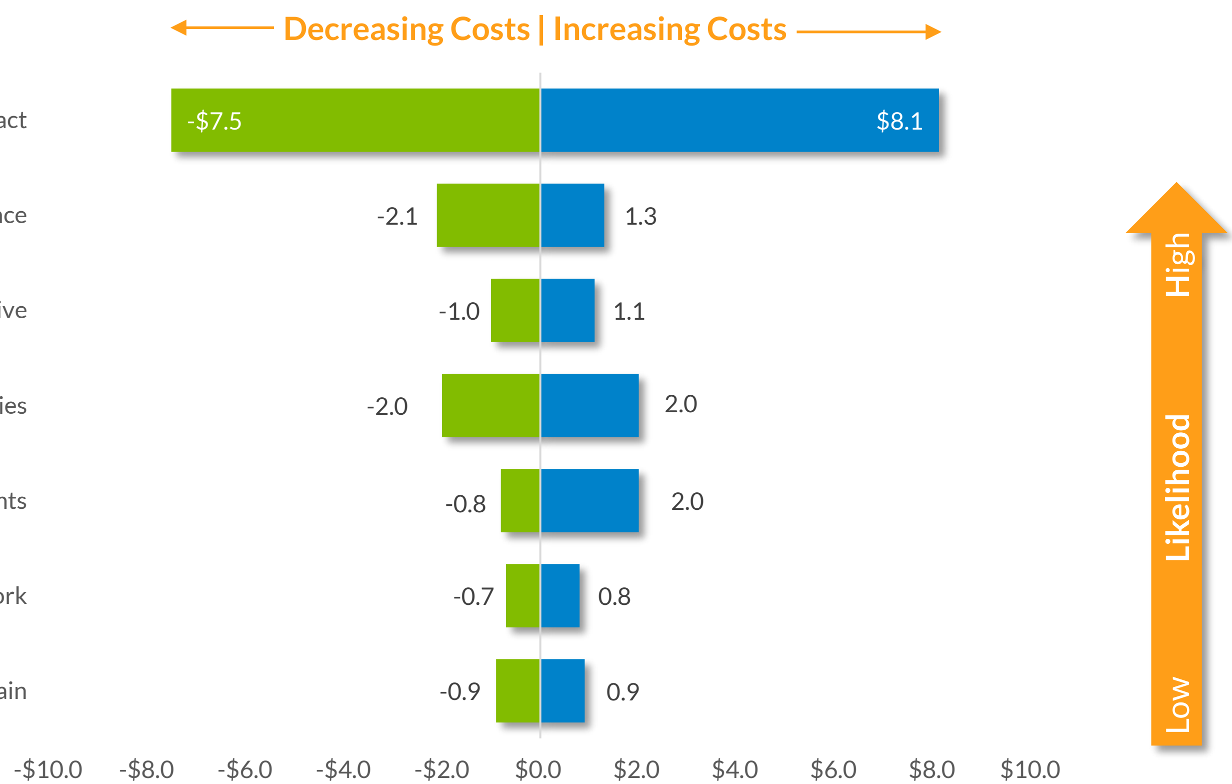
Potential variances on MISO's base budget of $395.9 M are driven primarily by unknowns as well as factors out of MISO's control such as labor dynamics and vendor behaviors



In Millions ($M)
All values rounded

2026 Project Investment Budget Potential Variances

Investments for 2026 are budgeted at $39.0 M; however, the scope, schedule, and cost of the project investments may vary due to internal and external factors



In Millions ($M)
All values rounded

Appendix

Income Statement – 2026 Budget to 2025 Budget

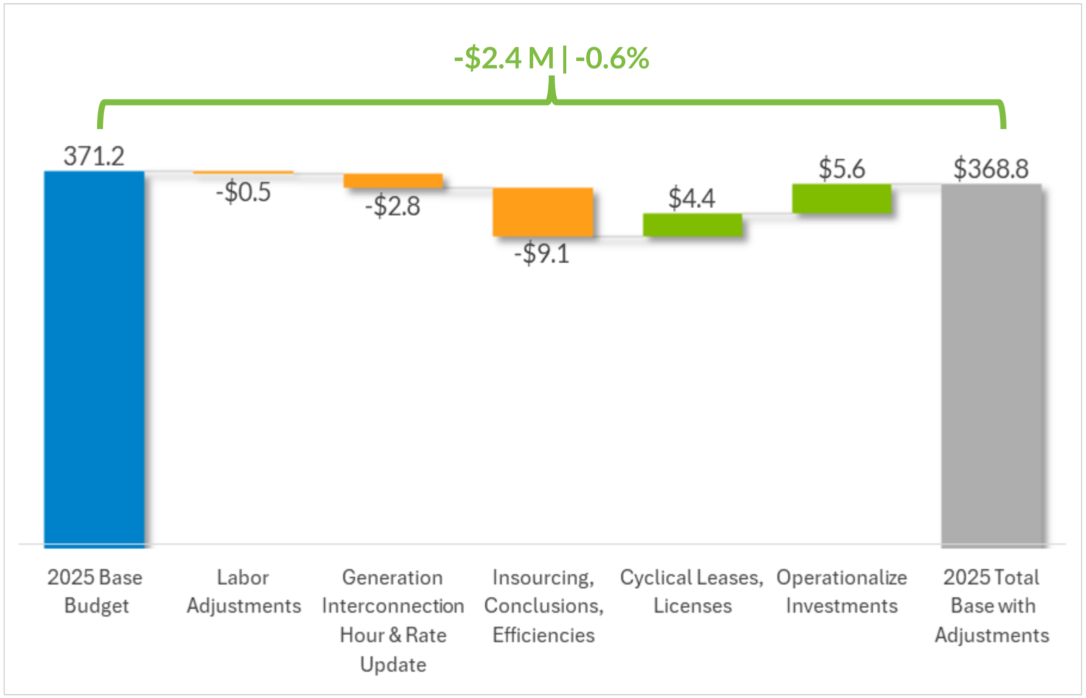
Redacted unaudited financial performance

Income Statement – 2026 Budget to 2025 Forecast

Redacted unaudited financial performance

2025 Adjustments to Base Business

Base business adjustments from 2025 decisions resulted in a minimal net decrease of -$2.4 M. This is driven primarily by large-scale insourcing or conclusions of existing base initiatives, offset by several project investments that were operationalized in 2025

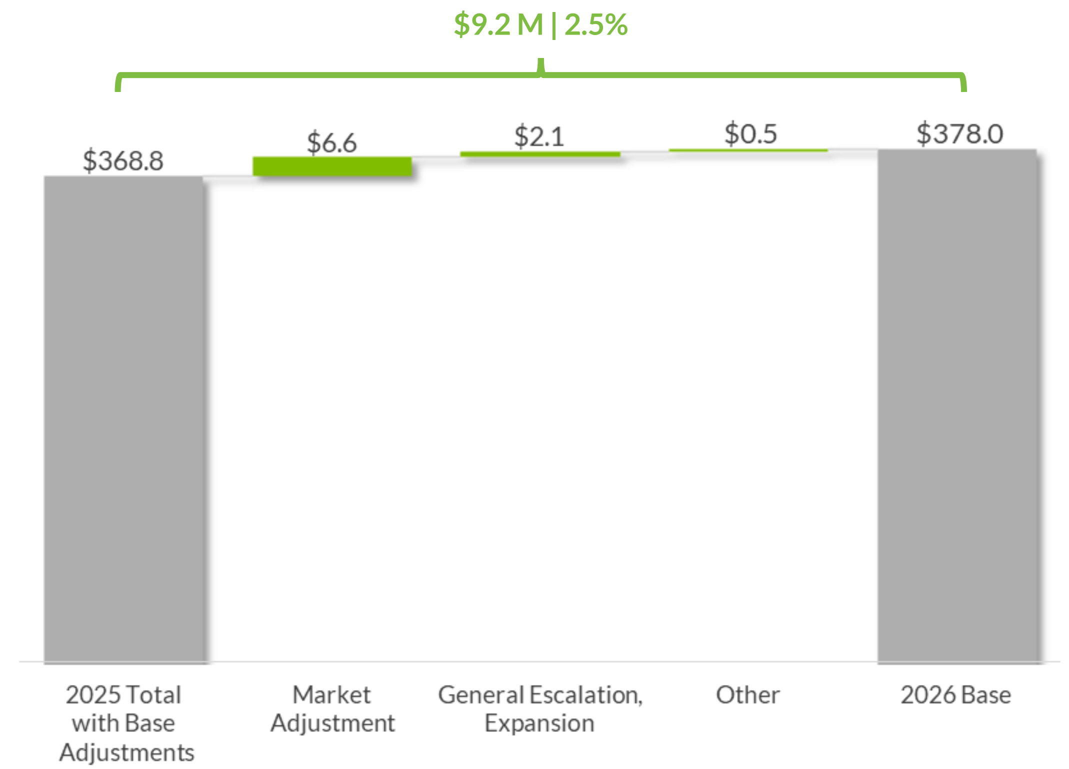


- Labor, Headcount, Vacancy:
  - Annualized 2025 headcount changes
  - Vacancy rate increased to 5.5% all months
- Expedited Resource Addition Study/Generation Interconnection
  - Approved internal billing rate increase to $360/hr (from $300/hr)
  - Additional 3 K estimated hours
- Insourcing, Conclusions, Efficiencies
  - 720 building purchase (lease savings)
  - Third party hosted storage solution
- Cyclical Leases, Licenses
  - Five-year system lease renewal
  - System licenses
- Project Investments Operationalized
  - IT Service Management modernization
  - Full year impact from Day Ahead Market Clearing Engine
  - FERC Order 887

In Millions ($M)
All values rounded

2026 Base Business Changes

2026 base business changes of $9.2 M are driven primarily by compensation adjustments and escalation of existing and new service agreements

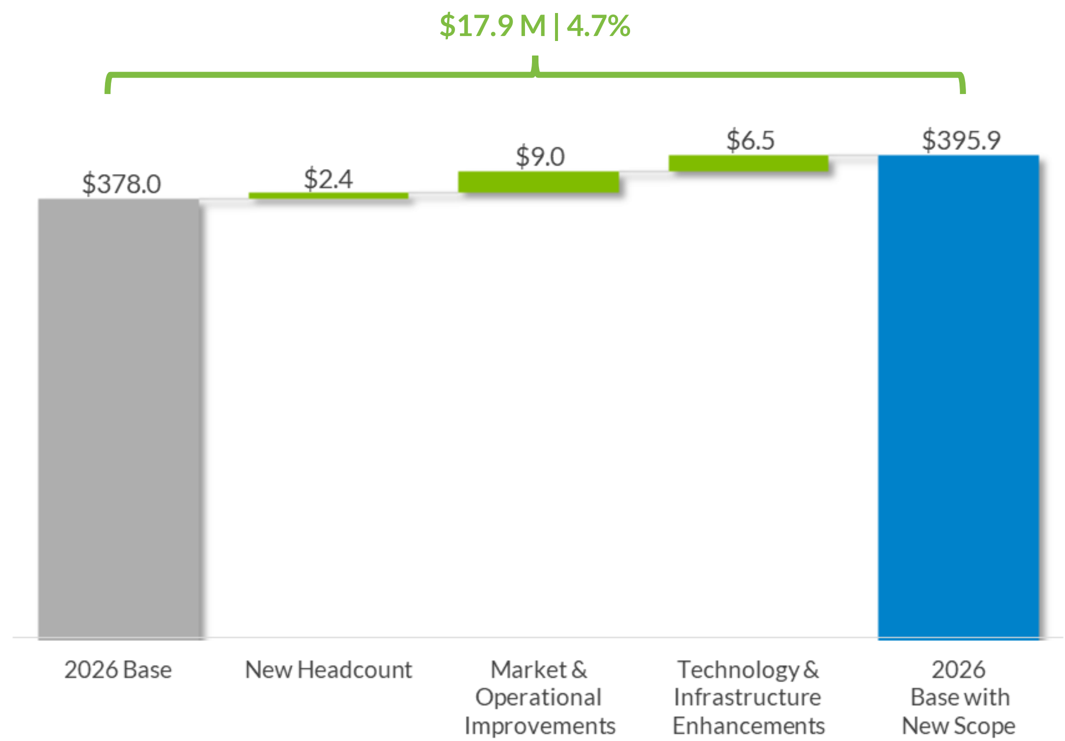


- Market compensation adjustments to maintain and attract staff
- Service agreements general cost increase as well as expanded usage
- Other increases for inflationary impacts to travel and events

In Millions ($M)
All values rounded

2026 Base Business Scope Increases

2026 scope increase of $17.9 M is largely to fund improvements, as well as an additional 28 new headcount



- Base initiatives include cloud migrations, testing and automations, and security enhancements
- Addition of 28 new headcount
  - +10 Operations (engineers, advisors, ERAS/GI negotiator, operators)
  - +8 Market & Grid Strategy (engineers and data analysis)
  - +7 Digital Technology/Security (cyber and physical security analysts and testing engineers)
  - +3 Other (internal auditor approved by AFC, client services analyst, executive assistant)

In Millions ($M)
All values rounded