



Proposed 2027 Operating and Project Investments Budget

Audit and Finance Committee of the Board of Directors

October 22, 2026

Budget Process

MISO Timeline – 2027 Budget Presentation and Request



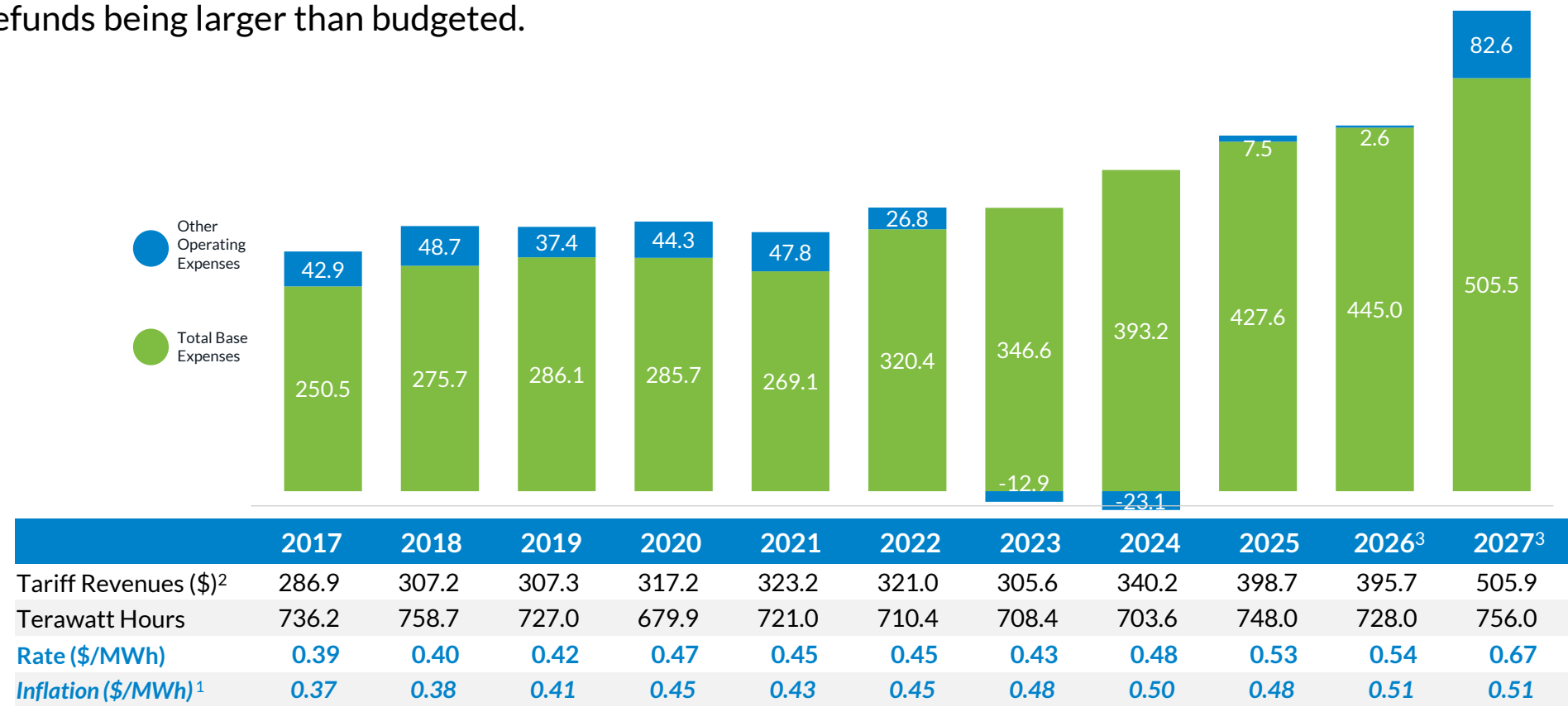
Stakeholder review period

MISO Historical Cost & Tariff

Historical Cost and Rate Summary

MISO’s tariff rate per megawatt hour (“MWh”) compound annual growth rate from 2017 to 2027 is projected at 5.8%. Inflation based compound annual growth rate¹ over the same time horizon is 3.1%.

- 2026 actual rate is forecasted at \$0.61/MWh. The change is primarily due to generation interconnection withdrawal interest income refunds being larger than budgeted.



¹ Inflation uses a Mercer RTO/ISO salary increase applied against salaries and benefit costs, CPI Producer Pricing increase against Computer Maintenance costs, 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 Represents 2026 budget and 2027 proposed budget

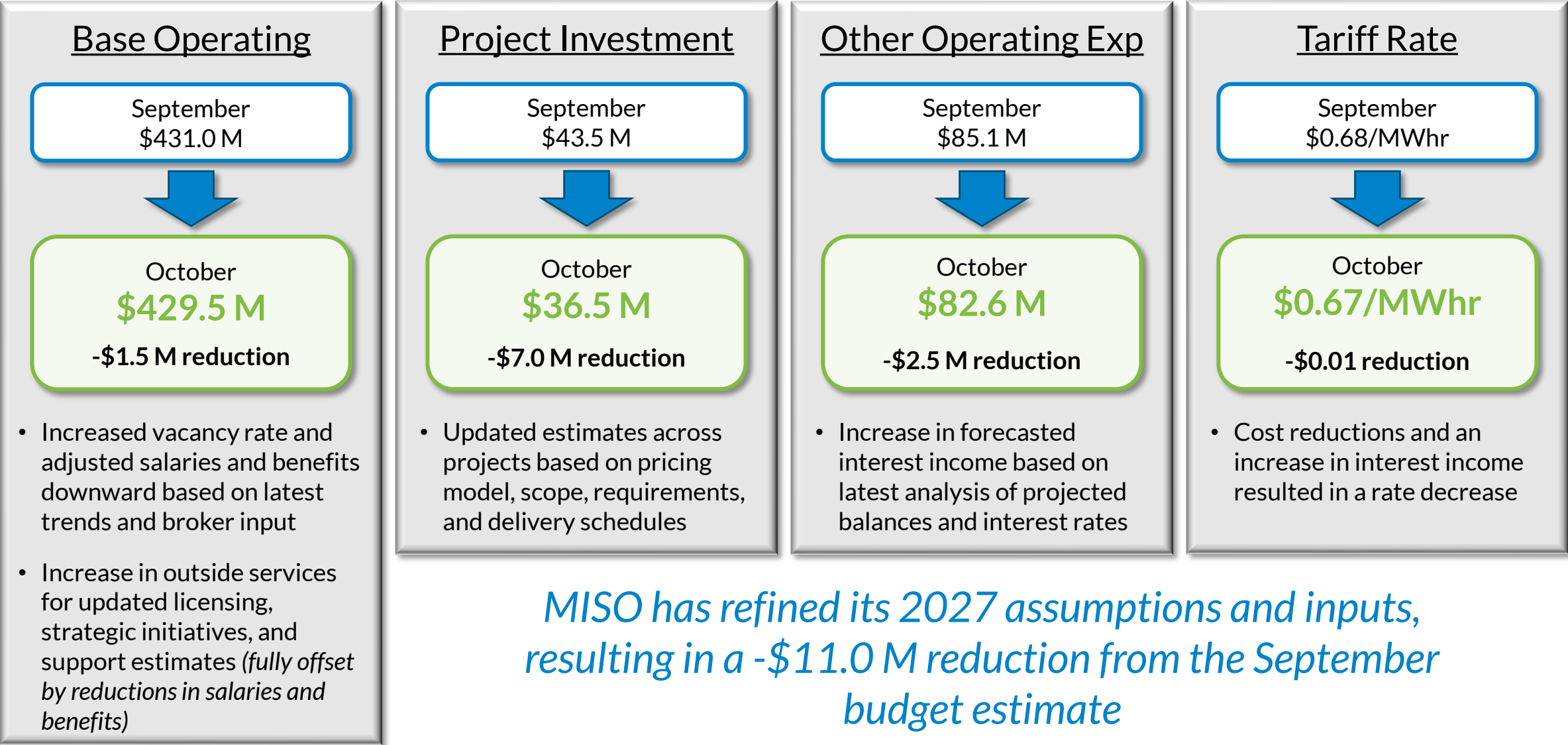
Budget Summary

Financial Budget Assumptions

The budget proposal is based on the following key assumptions which remain subject to change through internal reviews or with additional external inputs.

Assumption	2025 Actual	2026 Forecast	2027 Assumption	Decision
Financial Vacancy	5.5%	6.0% <i>(5.5% budget)</i>	5.7% <i>average</i>	Finance & Human Resources
Benefits (excl. new hires)	6.7% <i>(added Spring Health)</i>	5.5% <i>(removal of LASER)</i>	8.0% <i>(market growth assumption)</i>	Human Resources (Insurance Broker)
New Headcount & Approved Total	+9 1,178 Total	+28 1,206 Total	+4 1,210 Total +21 temporary	Executive Team
Interest Rate	3.72%	3.73%	3.86%	Finance
Investment Balance Average	\$1.78 B	\$1.95 B	\$1.46 B	Finance
Load (TWh)	748	740	756	Market Strategy

Changes from Initial Budget Proposal in September



2027 Budget Proposal Summary

The 2027 budget has short-term impacts that will mainly occur in 2027 and 2028, including the queue withdrawals for aged cycles and the control room consolidation. Year-on-year core operations growth is 3.9%, while the short-term impacts push the overall growth up to 26.7%.

		Operating Expense	- Direct Reimbursable Revenue	= Operating Total	+ Capital	= Total
Base Operations		\$497.2 M \$56.1 M 12.7%	\$67.6 M \$21.3 M 46.0%	\$429.5 M \$34.8 M 8.8%		\$429.5 M \$34.8 M 8.8%
Project Investments		\$8.4 M \$1.2 M 16.2%	\$0.7 M \$0.2 M 35.9%	\$7.7 M \$1.0 M 14.8%	\$28.8 M (\$0.6 M) -1.9%	\$36.5 M \$0.5 M 1.4%
Other Operating Cost		\$82.6 M \$80.4 M 3569.0%		\$82.6 M \$80.4 M 3569.0%		\$82.6 M \$80.4 M 3569.0%
MISO Total	Core Operations	\$500.4 M \$50.0 M 11.1%	\$68.0 M \$21.2 M 45.3%	\$432.4 M \$28.9 M 7.2%	\$8.9 M -\$12.4 M -58.2%	\$441.3 M \$16.5 M 3.9%
	Short Term Impact	\$87.7 M \$87.6 M 50621.4%	\$0.3 M \$0.3 M 100.0%	\$87.4 M \$87.3 M 50448.0%	\$19.9 M \$11.8 M 145.5%	\$107.4 M \$99.1 M 1196.1%
	Grand Total	\$588.2 M \$137.6 M 30.5%	\$68.3 M \$21.5 M 45.9%	\$519.9 M \$116.1 M 28.8%	\$28.8 M -\$0.6 M -2.0%	\$548.6 M \$115.5 M 26.7%

Change from 2026 Budget

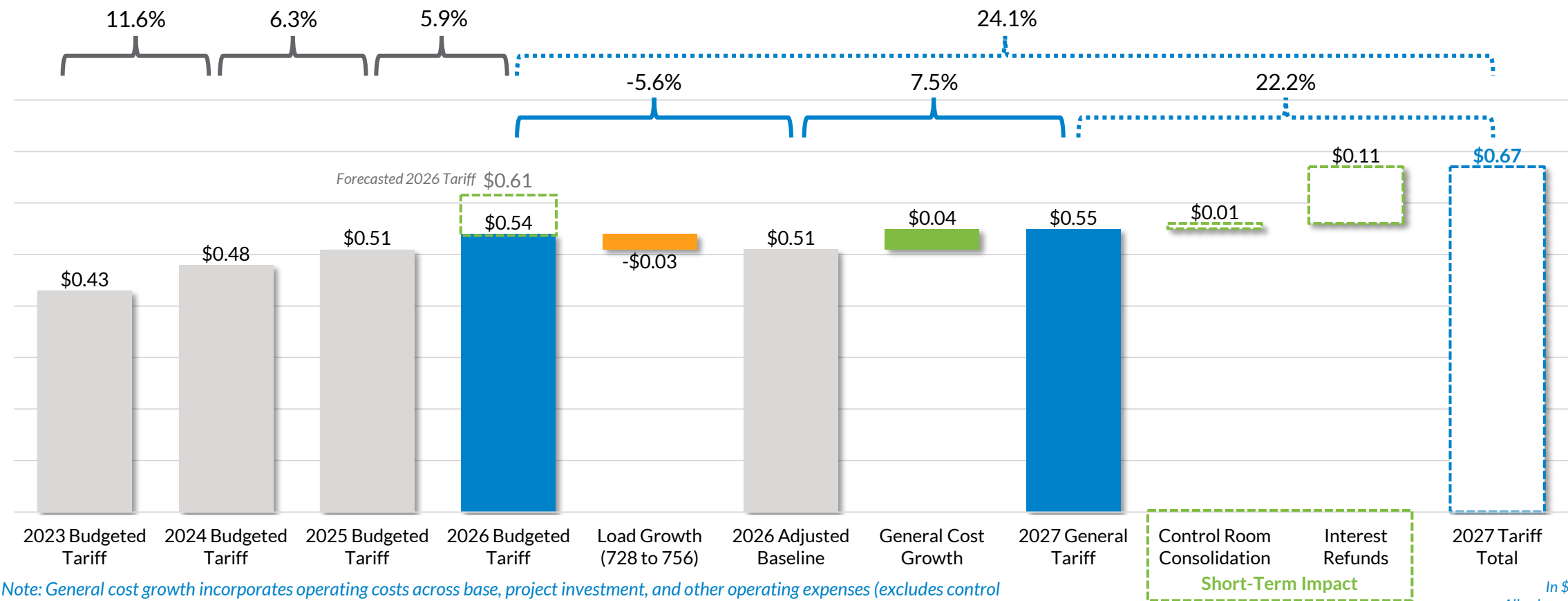
STI

In Millions (\$M)
All values rounded

Tariff Rate Change Drivers

MISO's 2027 total estimated tariff rate growth is 24.1% from the 2026 budget. The rate benefits from an increase in load which is offsetting rates by \$0.03/MWh or 5.6% and is negatively impacted by short term impacts.

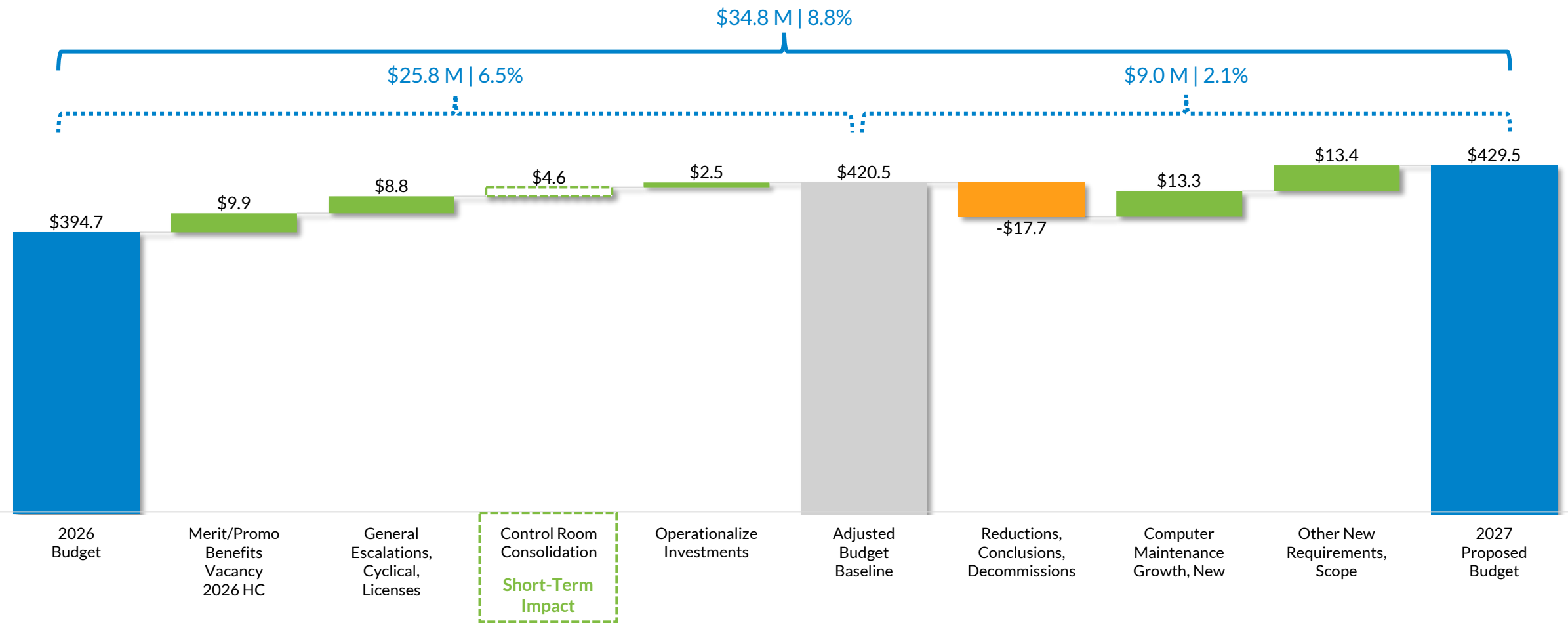
From 2023 to 2026, MISO's year-over-year budgeted rate growth has averaged 7.9%.



2027 Budget Details

2027 Base Operating Budget

MISO’s proposed 2027 STI budget of \$429.5 M is an 8.8% increase from the 2026 budget of \$394.7 M. Excluding short-term control room consolidation costs of \$4.6 M, the growth rate would be 7.7%.



2027 Project Investment Expenses

MISO’s project investments overall are increasing by \$0.5 M or 1.4%, due to the one-time control room upgrade cost of \$19.9 M (increase of \$11.8 M from 2026).

“...organizations face a dual threat: escalating costs (forecast 150% to 300%) and extending lead times for critical IT infrastructure components.”
(Gartner, Jan 2026)

- Market Systems Enhancements
- Business Enablement
- Security
- Facilities
- Digital Technology
- Operations
- Control Room



Carmel Control Room:

- Consolidated regional models, enhanced visibility tools, simulation, ergonomic redesign, and integrated real-time analytics
 - Console delivery in 2026 is at risk and may slide into 2027, in which case the final budget will reflect the change

Operations:

- Expansion of scalable, cloud-ready, test-automated market platforms capable of handling rising load, renewables, and congestion complexity
- Strengthen agility toward meeting emerging large-load and demand response challenges

Digital Technology:

- AI expansion and cloud infrastructure modernization
- Data & analytics scale-up, supporting real-time analytics and enhanced market evaluation technologies

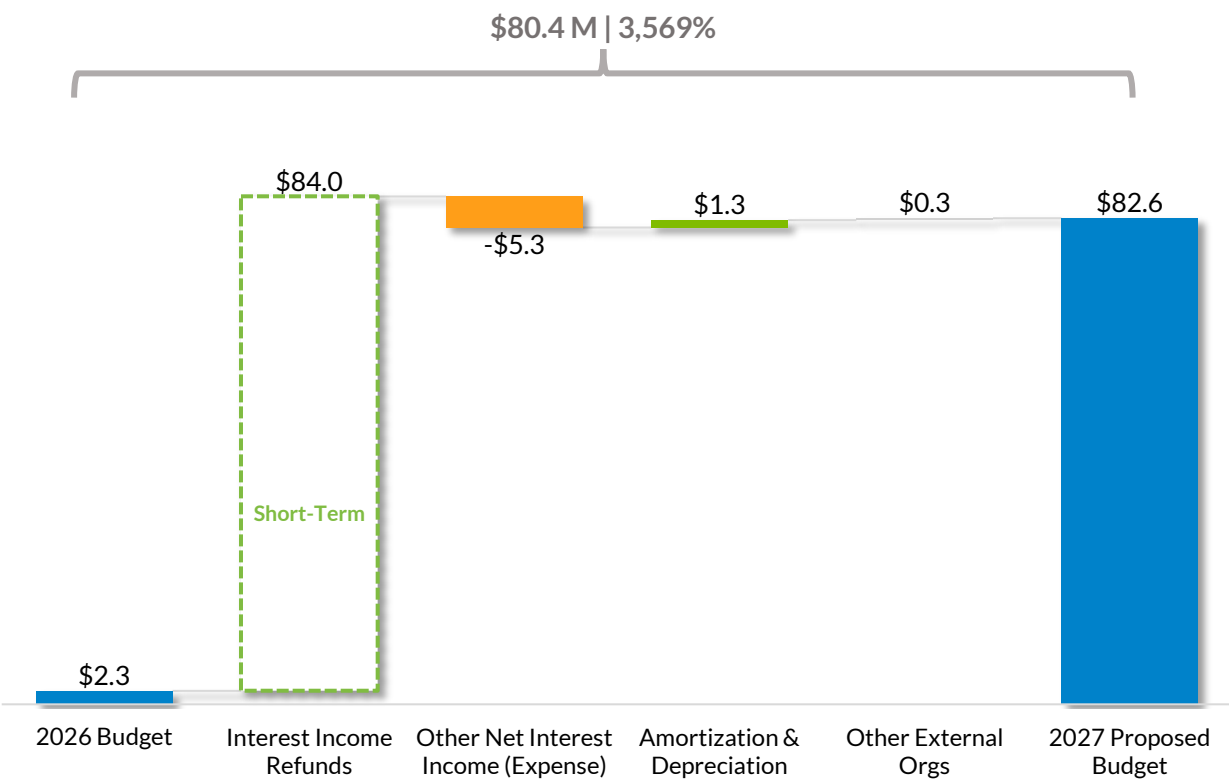
Security:

- Hardening cybersecurity posture, supporting threat monitoring, incident response and situational awareness



2027 Other Operating Expenses

Other operating expenses are forecasted to increase by \$80.4 M, primarily due to higher than usual generation interconnection withdrawal requests triggering larger interest income refunds. In addition, 2026 refunds were understated in the budget.

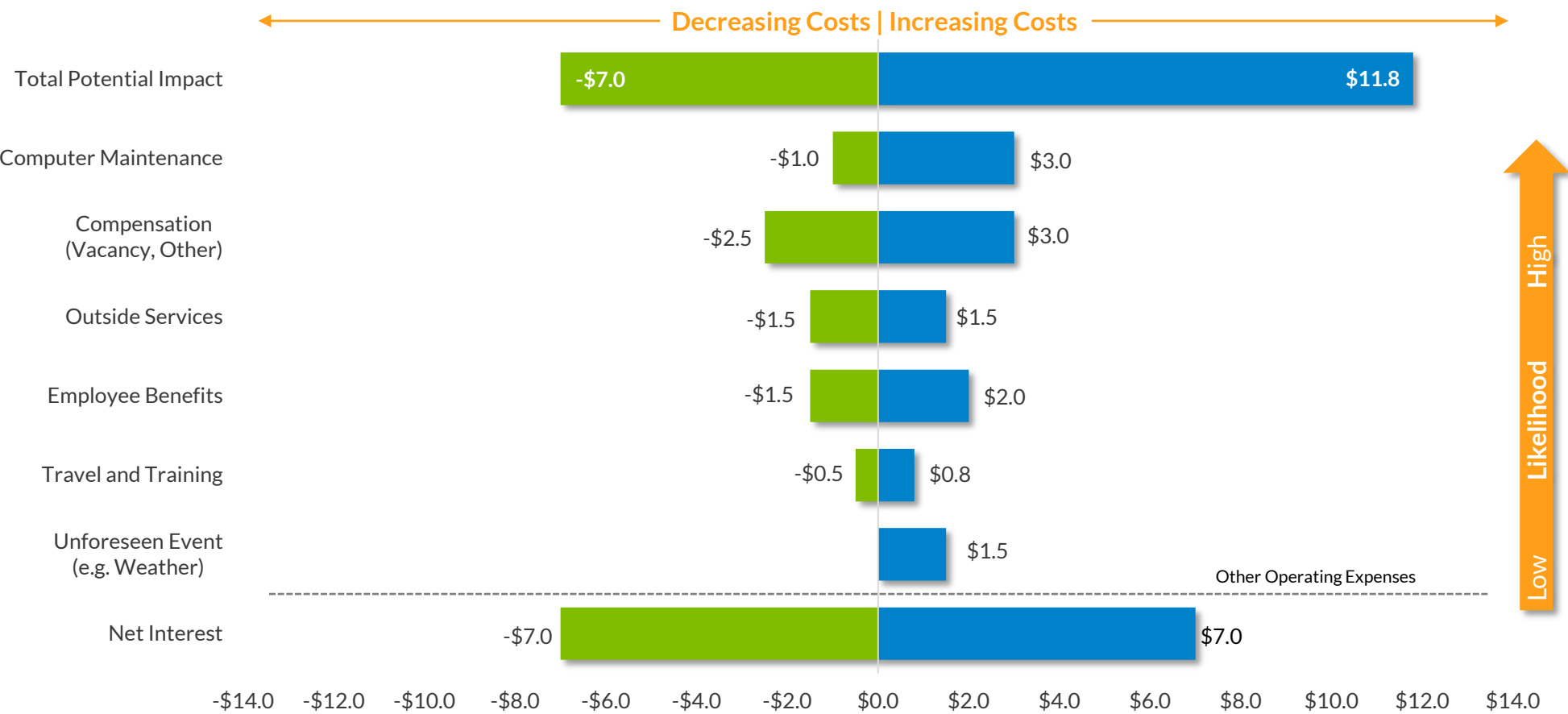


Other Operating Expense	2026 Budget	2027 Proposal	\$ Change	% Change
Depreciation & Amortization	\$41.1	\$42.3	\$1.3	3.1%
Net Interest (Income) Expense	\$49.6	-\$29.2	-\$78.8	-158.8%
Other (External Organizations), includes	\$10.8	\$11.1	\$0.3	2.5%
Independent Market Monitor (IMM), operating costs only	\$9.0	\$9.5	\$0.5	5.4%
Organization of MISO States (OMS)	\$1.6	\$1.4	-\$0.2	-\$13.5%
Entergy Regional State Committee (ERSC)	\$0.2	\$0.2	\$0.0	0.0%
Total	\$2.3	\$82.6	\$80.4	3,569%

Potential Budget Variances

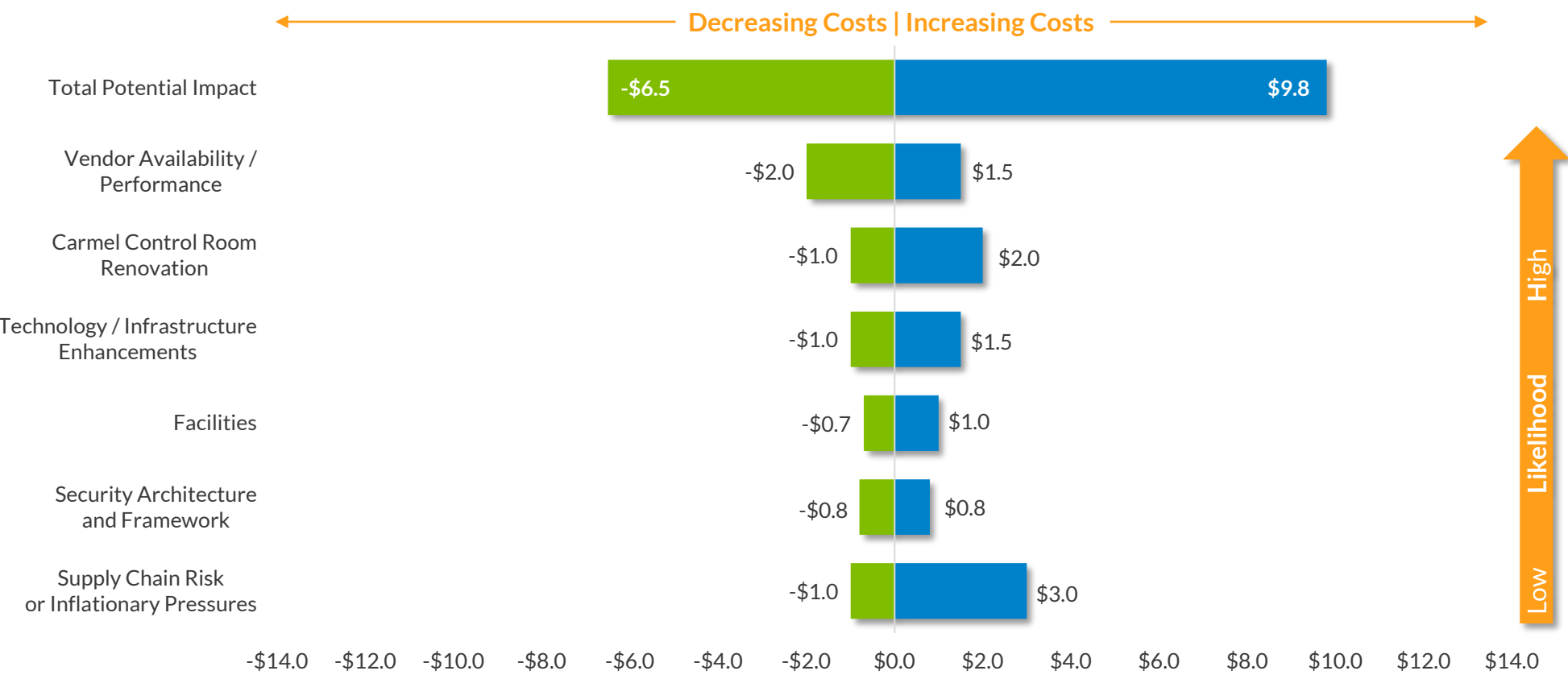
2027 Base Operating Budget Potential Variances

Potential variances on MISO's base operating budget of \$429.5 M are driven by unknowns as well as factors outside of MISO's control such as labor dynamics, environmental factors, and vendor behavior



2027 Project Investment Budget Potential Variances

MISO’s project investment budget of \$36.5 M will be influenced by the scope, schedule, and cost of project delivery, and may vary based on internal and external factors



Appendix

2027 Base Operating Budget Change Drivers

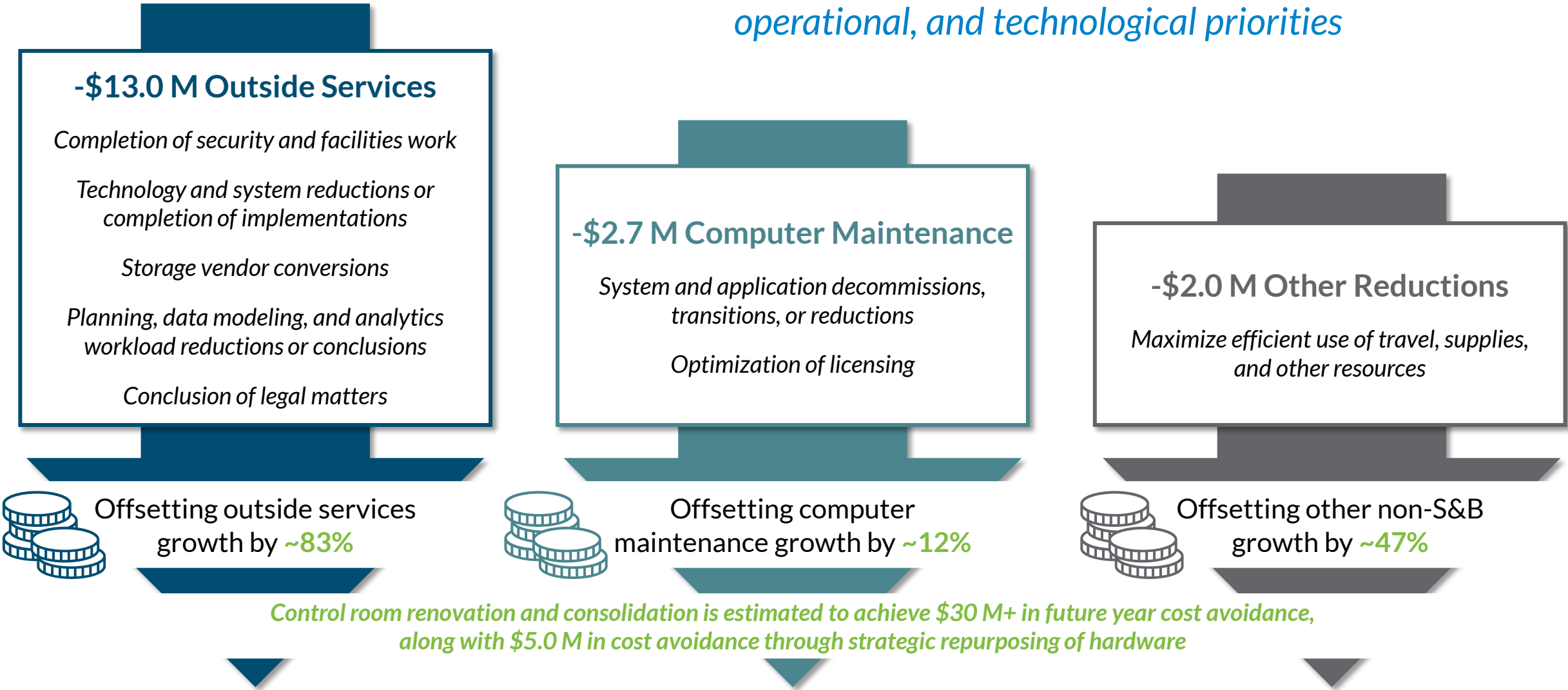
MISO's base operating cost overall increase of 8.8% is attributable to actions in 2026, largely related to talent and general escalations, as well as updates in 2027, which include offsetting cost reductions.

Staffing assumptions for 2027 are based on the current labor environment and anticipated benefit and vacancy rates.

Cost Change Driver	Budget Change \$	Change %
<u>2026 Baseline Adjustments</u>		
Merit/promotion, benefits, vacancy, full-year realization of new headcount	\$9.9	2.5%
General escalations, cyclical licenses/leases	\$8.8	2.2%
Control room consolidation continuation (short-term impact)	\$4.6	1.2%
Operationalized investments	\$2.5	0.6%
<u>2027 Business Changes</u>		
Reductions, conclusions, decommissions, efficiencies	-\$17.7	-4.5%
New/growth in grid & market systems and support	\$13.3	3.3%
Other, primarily outside services to support new requirements/scope	\$13.4	3.4%
Total Growth	\$34.8	8.8%

Cost Containment Efforts

MISO continues to focus on cost containment while meeting member, operational, and technological priorities



Income Statement – Budget to Proposed Budget

Redacted unaudited financial performance

Income Statement – Forecast to Proposed Budget

Redacted unaudited financial performance