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June 30, 2025

12922-0336

VIA OVERNIGHT DELIVERY

LA PUBLIC SERVICE COMM
JUN 30 2025 PM 3:39

CC:LE

Ms. Kris Abel
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

REDACTED

Re: LPSC Docket No. X-36327 – Cleco Power LLC, Ex Parte. Annual Reports of
Cleco Power LLC as Required by LPSC Order No. U-34501.

Dear Ms. Abel:

On behalf of Cleco Power LLC (“Cleco Power”), enclosed are an original and three
copies of the public version of Cleco Power’s Annual Report regarding its continued
participation in the Midcontinent Independent System Operator, Inc. (“MISO”).

Cleco Power is making this compliance filing pursuant to the terms of Paragraphs B and
D of the Monitoring Plan adopted in Docket No. U-34501. Also pursuant to the Monitoring
Plan, Cleco Power is serving a copy of the filing on the service list of Docket No. U-34501.

Pursuant to Paragraph D of the Monitoring Plan, Cleco Power previously provided a form
confidentiality agreement for Docket No. X-36327 in its April 1, 2024, filing in this docket.

Further enclosed herewith in separate sealed envelopes are copies of the confidential
version of Cleco Power’s Annual Report regarding its continued participation in MISO and its
accompanying confidential workpapers. These confidential workpapers are contained on the
enclosed CDs. As provided in Paragraph G of the Monitoring Plan, these confidential
workpapers contain trade secret, proprietary, and/or confidential information, and are being
provided under seal pursuant to Rule 12.1 of the Commission’s Rules of Practices and
Procedures.

Fedex

Ms. Kris Abel
June 30, 2025
Page 2

Please return one date-stamped copy of this filing to us via the enclosed self-addressed, stamped envelope, and please do not hesitate to call us if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Nathan G. Huntwork', with a stylized, cursive script.

Nathan G. Huntwork

CB/lis

Enclosures

cc: Docket No. U-34501 Service List
Daniel T. Pancamo
Collin Buisson

Ms. Kris Abel
June 30, 2025
Page 3

CERTIFICATE OF SERVICE

I hereby certify that I have this 30th day of June 2025, served copies of the foregoing upon all known parties of this proceeding by electronic mail, hand delivery, overnight courier, or United States mail, postage prepaid.

A handwritten signature in black ink, appearing to read 'Nathan G. Huntwork', written over a horizontal line.

Nathan G. Huntwork
LA Bar Roll No. 31789

June 30, 2025

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MISO Participation Annual Report



Cleco Power LLC

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1 INTRODUCTION

1.1 Purpose of the Report

This annual report contains a summary of the analysis of the costs and benefits related to Cleco Power LLC's ("Cleco Power" or "the Company") membership in the Midcontinent Independent System Operator, Inc. ("MISO"), including the methodology utilized and a comparison of estimated costs and benefits to provide the Louisiana Public Service Commission ("LPSC" or the "Commission") with an understanding of the potential cost-effectiveness of Cleco Power's continued MISO membership. The report is filed in compliance with Cleco Power's annual reporting requirements pursuant to the monitoring plan adopted in LPSC Docket No. U-34501.

1.2 Organization of the Report

This annual report presents all general data summaries required by the LPSC, including a cost-benefit analysis of Cleco Power's continued participation in MISO.

The report is broken into the following sections:

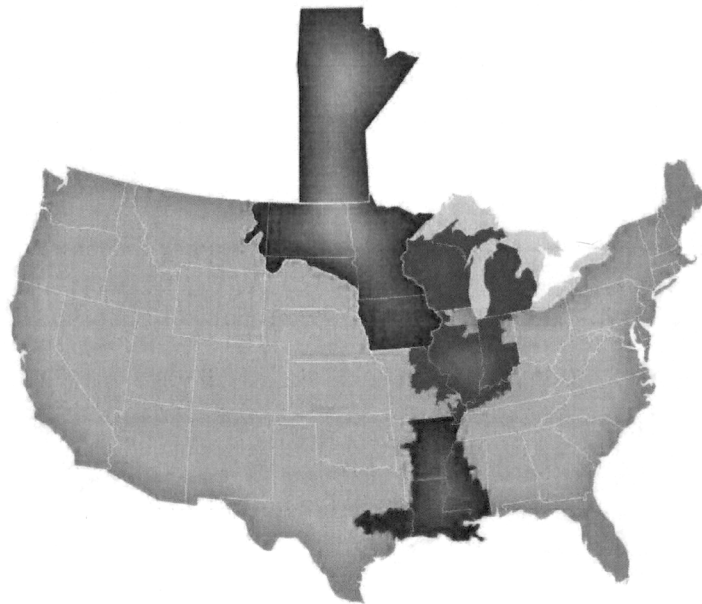
1. Introduction
2. Background
3. Cost-Benefit Analysis
4. General Data Summaries

2 BACKGROUND

On December 6, 2012, Cleco Power filed an application with the Commission requesting authorization to transfer functional control of certain transmission assets to MISO in LPSC Docket No. U-32631, *Application of Cleco Power LLC for: (i) Public Interest Finding In Favor of the Transfer of Functional Control of Certain Transmission Assets To The Midwest Independent Transmission System Operator, Inc. Regional Transmission Organization; (ii) an Accounting Order Deferring Costs Related to Cleco Power LLC's Transition Into the Midwest Independent Transmission System Operator, Inc. Regional Transmission Organization; and (iii) Expedited Treatment.*

MISO is an independent, not-for-profit organization responsible for keeping electric power flowing reliably and cost effectively across 15 U.S. states and the Canadian province of Manitoba. As a FERC-approved RTO, MISO exercises planning and operational control over member transmission systems. Below is a map of the service territory currently under MISO jurisdiction.

Figure 1. Map of MISO Service Territory



In Docket No. U-32631, Cleco Power requested permission to join MISO as a transmission owner ("TO"), a load-serving entity ("LSE"), and a market participant ("MP"). Cleco Power demonstrated that membership in MISO would be in the public interest, and on July 7, 2013, the Commission authorized Cleco Power to join MISO, subject to multiple stipulations and conditions.

On June 19, 2017, in LPSC Docket No. U-34501, Cleco Power filed an application with the LPSC seeking, among other relief, a finding that Cleco Power's continued membership in MISO would continue to serve the public interest.

In LPSC Order No. U-34501, the Commission approved an Uncontested Proposed Stipulated Settlement authorizing Cleco Power's continued membership in MISO.¹ Order No. U-34501 required that Cleco Power work cooperatively with the Commission Staff and Intervenors to develop a monitoring plan to keep the LPSC and interested stakeholders apprised of the various activities of Cleco Power in MISO and the impact on Cleco Power's Commission-jurisdictional ratepayers as a result of Cleco Power's membership in MISO.

Paragraph D(4) of Order No. U-34501 requires the filing of annual reports with the Commission, annual cost-benefit analyses, outage reporting, and Technical Conferences.²

For each year that the monitoring plan is in place, Cleco Power must file an annual report, with the initial report filed on June 30, 2021. This is the fifth annual report submitted pursuant to the conditions above.

¹ LPSC Order No. U-34501, issued June 30, 2020.

² LPSC Order No. U-34501, issued June 30, 2020, at pp. 21-22.

3 COST-BENEFIT ANALYSIS

This section of the annual report details the analysis undertaken to determine whether participation in MISO continues to be in the best interest of customers. The analysis focused on the cost-effectiveness of participating in MISO over the previous three-year period (January 1, 2022, through December 31, 2024), as well as for a future three-year period (January 1, 2025, through December 31, 2027).

3.1 Approach

The cost-benefit analysis described in this annual report is designed to compare the costs of participation in MISO against the cost of non-participation, or of exiting MISO. To evaluate these conditions, Cleco Power developed a set of counterfactual scenarios, which, when compared against one another, provides a reasonable financial assessment of MISO participation.

The analysis considered two time periods, a historic three-year period (January 1, 2022, through December 31, 2024) and a future three-year period (January 1, 2025, through December 31, 2027). To conduct the analysis, a counterfactual scenario was developed for both time periods, in which both scenarios assumed Cleco Power was not a MISO participant. This was compared against the results of Cleco Power's actual or forecasted participation in MISO for each timeframe.

3.1.1 Counterfactuals

The cost-benefit analysis described in this annual report is based upon the comparison of two counterfactual scenarios: a base case and a change case. Both the historical and the forecasted analysis compare a base case and change case.

In the historical analysis, the counterfactual scenarios consist of:

Figure 2. Historical Analysis Counterfactual

Scenario	Description
Base Case	actual historical costs incurred by Cleco Power customers
Change Case	expected costs that would have been incurred by Cleco Power customers had Cleco Power never joined MISO

In the forecasted analysis, the counterfactual scenarios consist of:

Figure 3. Forecasted Analysis Counterfactual

Scenario	Description
Base Case	forecasted expected future costs incurred by Cleco Power customers in MISO
Change Case	forecasted expected future costs incurred by Cleco Power customers had Cleco Power exited MISO on Jan 1, 2025

The difference between the base case and the change case represents the calculated net-benefits (or costs) to Cleco Power customers of MISO participation. If base case costs exceed change case costs, then MISO participation represents a more expensive proposition than if Cleco Power did not participate in MISO. Conversely, if the change case costs exceed the base case costs, MISO participation represents an advantageous solution for Cleco Power customers as they would have otherwise paid more.

3.1.2 Methodology

The cost-benefit analysis relies on Cleco Power's status quo costs of participating in MISO. These costs, when compared with estimated costs of not participating in MISO, establish a baseline against which the analysis can determine the most cost beneficial scenario for Cleco Power customers. Status quo costs in the base case analysis were based upon actual MISO invoices for the historic three-year period. In addition, variable and other costs were embedded in the analysis to provide a complete picture of all scenarios.

Cost categories within the cost-benefit analysis include:

- Energy costs;
- Capacity costs;
- Ancillary costs;
- Transmission rights costs;
- MISO exit fees, where applicable; and
- Administration costs.

The summation of these cost categories provides the total cost proposition for each scenario. For the status quo case, some of these categories will have negative 'costs,' as Cleco Power-owned generation resources will realize revenues which exceed the costs incurred by Cleco Power to serve load. The value of transmission and reliability were not quantified in the cost-benefit analysis, but should potentially be considered when evaluating the prudence of MISO participation.

As stated above, historical base case costs were sourced from actual MISO invoices. Hypothetical costs associated with the historical change case were calculated using a simplified cost-of-service approach which estimated the costs Cleco Power would incur to serve its own load without assistance from MISO. Variable costs were calculated based upon actual Cleco Power generator characteristics, fuel costs, and other variable costs. The base case includes these costs, along with all MISO revenues and costs, to provide a complete picture of the value proposition. The change case "re-dispatches" these resources to meet Cleco Power's internal load requirements. The calculated variable costs associated with this "re-dispatch" represent the assumed cost-of-service for these resources, which would be recovered from Cleco Power's customers.

Forecasted base case energy costs were calculated utilizing Aurora, an industry-accepted production cost modeling software platform that simulates MISO's dispatch logic on an hourly basis for all resources in the footprint to estimate future market outcomes. Other costs were escalated based upon a general inflation rate. Forecasted change case costs were calculated based upon the same

underlying market fuel cost fundamentals to determine the cost-of-service to meet Cleco Power's internal load requirements.

All costs included in the analysis were assumed to be incremental costs. Incremental costs are only those costs that would change between the scenarios. This allows the analysis to focus on only the specific differences between the base case and change case, and not on factors that remain the same regardless of whether Cleco Power is a MISO member. Fixed costs (*e.g.*, fixed operations and maintenance, ongoing capital) for Cleco Power's existing generation resources would be recovered through base rates regardless of the scenario, and, therefore, were omitted from this analysis. To the extent new resources are required to meet load requirements, the costs associated with the construction and ongoing operations and maintenance would be considered incremental and included in the analysis.

Costs and benefits were incorporated into the analysis in nominal terms, meaning the expected cost in the year they occur, and then present-valued to January 2025 based upon a discount rate equal to Cleco Power's most recent LPSC-approved weighted average cost of capital ("WACC").

3.1.3 Considerations for Future Analyses

In addition to all the cost categories listed above, Cleco Power customers are also exposed to costs associated with transmission and reliability related factors. While neither of these categories is quantified in this analysis or annual report, they should potentially be considered in other future evaluations to provide a more comprehensive picture of the value proposition of continuing participation in or exiting MISO.

Transmission costs are incurred to support long distance high voltage transmission lines. The evaluation and allocation of these costs is complicated, and the analysis of which costs would and would not be avoided in the change case was beyond the scope of this annual report.

Reliability represents the implicit value that electric service will consistently be provided to customers. The value of reliability can be quantified to determine the economic value associated with increased dependability, either through participation in MISO's diverse pool of resources or through Cleco Power's increased control as a stand-alone utility. Analyses of reliability could explore factors such as consumer surplus, demand-elasticity, and the value of lost load to determine the incremental value of additional reliability. It could also evaluate risk related to the intermittency of renewable generation compared to the variability of natural gas prices and deliverability to determine whether renewable generation is more or less reliable than traditional, fossil-based generation. These considerations are beyond the scope of the analysis for this annual report.

3.2 Historical Cost-Benefit Analysis

The historical cost-benefit analysis is a backward-looking evaluation to determine if customers benefited from participation in MISO over the previous three years. Historical cost-benefit analyses are useful for comparing the accuracy of past expectations and a review of market trends; however,

the Commission and other stakeholders should be cautious when extrapolating historic findings for future decisions. While historical cost-benefit results should be taken into consideration, they should not be the primary factor in evaluating Cleco Power's continued participation in MISO, as forward-looking analyses can provide a more accurate assessment of how decisions made today will impact customers in the future.

3.2.1 Historical Base Case

The historical base case analysis incorporates the actual historical Cleco Power costs of participating in MISO between January 1, 2022, and December 31, 2024. This includes all costs incurred by Cleco Power customers for energy, capacity, ancillaries, transmission rights, administration, and other miscellaneous categories. These costs are offset by the net revenues earned by generation resources owned by Cleco Power that operate in the MISO market. The resource net revenues consist of all MISO energy, capacity, and ancillary revenues less variable fuel costs.

Historical MISO costs were sourced from actual MISO invoices between January 1, 2022, and December 31, 2024. Variable generation costs were netted from these invoices to account for net generation revenues. Variable generation costs were based upon actual Cleco Power generation fuel, variable operation and maintenance, heat rate, capacity factor, and dispatch values.

The figure below provides a summary of the historical base case costs. The analysis computes costs in net-present value terms, discounted to January 1, 2025. Note that revenues are negative because they are a payment from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 4. Historical Base Case Costs (NPV \$ millions)

Energy	1,495.4
Capacity	(3.5)
Ancillary	(6.7)
<i>Transmission*</i>	
<i>Reliability*</i>	
Transmission Rights	(5.0)
MISO Exit Fee	-
<u>Administration</u>	<u>17.5</u>
Total	1,497.8

Between January 1, 2022, and December 31, 2024, Cleco Power customers incurred costs of roughly \$1.5 billion. This includes both costs to provide electric service from MISO, as well as revenues for generation resources owned by Cleco Power. Transmission and reliability costs were not quantified in this analysis but should potentially be considered in other future evaluations. Because the base case assumes Cleco Power remains in MISO, there is no exit fee associated with this scenario.

3.2.2 Historical Change Case

The historical change case analysis is predicated on the assumption that Cleco Power never joined MISO, and essentially operated as an island for purposes of transmission and other costs between January 1, 2022, and December 31, 2024. This means that Cleco Power would inherit all scheduling, transactional, reporting, and other costs currently borne by MISO. In addition, Cleco Power would forego any revenues received from MISO associated with the dispatch of its generation resources, as these resources would strictly serve Cleco Power load with costs recovered based upon an approach that is consistent with the previously approved LPSC cost-of-service methodology.

The cost-of-service for Cleco Power's generation assets was calculated based upon the historical variable costs these resources experienced in 2022 through 2024. These costs were extrapolated to determine the cost-of-service to meet Cleco Power customers' full retail load, rather than the economic dispatch instructions from MISO. There are no assumed incremental capacity costs as Cleco Power's portfolio was assumed to be adequate to meet all load and reserve obligations.

Ancillary service costs were split into regulation costs and reserve (spinning and supplemental) costs. Ramp costs were not evaluated as they were de minimis. The quantity of required regulation was calculated based upon Cleco Power's proportion of the MISO regulation obligation. Cleco Power's internal regulation rate was assumed to be the market rate paid by Cleco Power, plus the average incremental cost of Cleco Power resources that offer into the regulation market. The quantity of required reserve was calculated based upon Cleco Power's proportion of the MISO reserve obligation. Cleco Power's internal cost of reserves was assumed to be the variable cost of generation from Cleco Power's portfolio of resources.

Administration costs were calculated based upon Cleco Power's evaluation of internal full-time employee requirements for tasks such as traders, contract specialists, reporting, and other requirements. These are the functions Cleco Power would be responsible for if the Company were no longer a MISO participant.

It is assumed that Cleco Power would not realize any transmission rights had it not joined MISO; therefore, the historical change case incorporates no revenues or costs associated with transmission rights.

The figure below provides a summary of the historical change case costs. The analysis computes costs in net-present value terms, discounted to January 1, 2025. Values are listed in millions of dollars.

Figure 5. Historical Change Case Costs (NPV \$ millions)

Energy	1,572.6
Capacity	-
Ancillary	43.9
Transmission*	
Reliability*	
Transmission Rights	-
MISO Exit Fee	-
<u>Administration</u>	<u>2.6</u>
Total	1,619.1

Between January 1, 2022, and December 31, 2024, Cleco Power customers would have incurred costs of roughly \$1.62 billion had Cleco Power not joined MISO. This strictly includes the costs for Cleco Power to meet all electric service obligations on behalf of its customers. Transmission and reliability costs were not quantified in this analysis but should potentially be considered in other future evaluations. Because the change case assumes Cleco Power never joined MISO, there is no exit fee associated with this scenario.

3.3 Forecasted Cost-Benefit Analysis

The forecasted cost-benefit analysis is a forward-looking evaluation to determine if customers are expected to benefit from participation in MISO over the next three years. Forecasted cost-benefit analyses are useful for making future decisions based upon known or current expectations.

3.3.1 Forecasted Base Case

The forecasted base case analysis incorporates expected Cleco Power costs of participating in MISO between January 1, 2025, and December 31, 2027. This includes all costs that would be incurred by Cleco Power customers for energy, capacity, ancillaries, transmission rights, administration, and other miscellaneous categories. These costs will be offset by the net revenues earned by generation resources owned by Cleco Power that operate in the MISO market. The resource net revenues consist of all MISO energy, capacity, and ancillary revenues, less variable fuel costs.

Forecasted MISO energy costs were calculated utilizing Aurora. The most significant driver of market energy prices is fuel costs, and in MISO the marginal fuel is often natural gas. Therefore, the natural gas price forecast incorporated into the Aurora platform has a significant impact on the energy market clearing price. For this analysis, natural gas commodity prices were based solely on current NYMEX forward trading prices for Henry Hub as of late April 2025. Natural gas transmission and distribution costs were added to the commodity price to determine the delivered price of natural gas. Aurora predicted both the overall energy market price at which Cleco Power serves its load, as well as the potential variable costs and revenues realized by Cleco Power's generation resources.

Variable generation costs were netted from the Aurora predicted generation revenues to account for net generation revenues. Variable generation costs were based upon the expected Cleco Power generation fuel, variable operation and maintenance, heat rate, capacity factor, and dispatch values.

MISO capacity, ancillary, transmission rights, and administration costs and revenues in the forecasted base case were based upon the historical base case but were adjusted for inflation.

The figure below provides a summary of the forecasted base case costs. The analysis computes costs in net-present value terms, discounted to January 1, 2025. Note that revenues are negative because they are a payment from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 6. Forecasted Base Case Costs (NPV \$ millions)

Energy	733.8
Capacity	(7.8)
Ancillary	(14.0)
Transmission*	
Reliability*	
Transmission Rights	1.8
MISO Exit Fee	-
<u>Administration</u>	<u>15.4</u>
Total	729.2

Between January 1, 2025, and December 31, 2027, Cleco Power customers are forecasted to incur costs of roughly \$0.73 billion if Cleco Power stays in MISO. This includes both costs to provide electric service from MISO, as well as revenues for generation resources owned by Cleco Power. Transmission and reliability costs were not quantified in this analysis but should potentially be considered in other future evaluations. Because the base case assumes Cleco Power remains in MISO, there is no exit fee associated with this scenario.

3.3.2 Forecasted Change Case

The forecasted change case analysis is predicated on the assumption that Cleco Power exited MISO on January 1, 2025, and essentially operated as an island for purposes of transmission and other costs between January 1, 2025, and December 31, 2027. This means that Cleco Power would inherit all scheduling, transactional, reporting, and other costs currently borne by MISO. In addition, Cleco Power would forego any revenues received from MISO associated with the dispatch of its generation resources, as these resources would strictly serve Cleco Power load with costs recovered based upon an approach that is consistent with the previously approved LPSC cost-of-service methodology. It is possible that Cleco Power could seek bilateral contracts to sell generation not used to satisfy internal load requirements to third parties. However, the potential for off-system sales is unknown and not quantified in this analysis.

The cost-of-service for Cleco Power's generation assets was calculated based upon the historical variable costs these resources experienced in 2022 through 2024. These costs were extrapolated to determine the cost-of-service to meet Cleco Power customers' full retail load, rather than the economic dispatch instructions from MISO. There are no assumed incremental capacity costs as Cleco Power's portfolio was assumed to be adequate to meet all load and reserve obligations.

Ancillary costs in the forecasted change case were based upon the historical change case costs and adjusted for inflation. Administration in the forecasted change case assumes additional personnel would be needed for Cleco Power to fulfill its load obligations independent of MISO.

It is assumed that Cleco Power would not retain any transmission rights should it exit MISO; therefore, the forecasted change case does not incorporate any revenues or costs associated with transmission rights.

If Cleco Power were to withdraw from MISO, it would be subject to a MISO exit fee. This exit fee consists of an allocation of financial obligations and FERC assessments. Based upon discussions between Cleco Power and MISO, this exit fee is estimated at \$7.7 million as of December 31, 2021. This amount was escalated by inflation and incorporated into the forecasted change case as an up-front lump sum cost.

The figure below provides a summary of the forecasted change case costs. The analysis computes costs in net-present value terms, discounted to January 1, 2025. Values are listed in millions of dollars.

Figure 7. Forecasted Change Case Costs (NPV \$ millions)

Energy	798.5
Capacity	-
Ancillary	31.4
Transmission*	
Reliability*	
Transmission	
Rights	-
MISO Exit Fee	8.7
<u>Administration</u>	<u>2.3</u>
Total	840.8

Between January 1, 2025, and December 31, 2027, Cleco Power customers are forecasted to incur costs of roughly \$0.84 billion if Cleco Power exited MISO. This strictly includes the costs for Cleco Power to meet all electric service obligations on behalf of its customers. Transmission and reliability costs were not quantified in this analysis but should potentially be considered in other future evaluations. Because the change case assumes Cleco Power leaves MISO, there is an exit fee associated with this scenario, as shown above.

3.4 Overview of Cost-Benefit Analysis Results

A comparison of the counterfactual scenarios provides a quantitative assessment of whether the base case (preserving the status quo participation in MISO) is advantageous to Cleco Power customers as compared to the change case (exiting MISO).

The figure below provides a summary comparison of each counterfactual result, for both the historical and forecasted analyses. The analysis computes costs in net-present value terms, discounted to January 1, 2025. Values are listed in millions of dollars.³

Figure 8. Cost-Benefit Results (NPV \$ millions)

Historical CBA (NPV \$ millions)			Forecasted CBA (NPV \$ millions)		
January 1, 2022 – December 31, 2024			January 1, 2025 – December 31, 2027		
Base Case			Base Case		
[1]	Energy	1,495.4		Energy	733.8
[2]	Capacity	(3.5)		Capacity	(7.8)
[3]	Ancillary	(6.7)		Ancillary	(14.0)
[4]	Transmission*			Transmission*	
[5]	Reliability*			Reliability*	
[6]	Transmission Rights	(5.0)		Transmission Rights	1.8
[7]	MISO Exit Fee	-		MISO Exit Fee	-
[8]	<u>Administration</u>	<u>17.5</u>		<u>Administration</u>	<u>15.4</u>
[9]	Total	1,497.8		Total	729.2
Change Case			Change Case		
[10]	Energy	1,572.6		Energy	798.5
[11]	Capacity	-		Capacity	-
[12]	Ancillary	43.9		Ancillary	31.4
[13]	Transmission*			Transmission*	
[14]	Reliability*			Reliability*	
[15]	Transmission Rights	-		Transmission Rights	-
[16]	MISO Exit Fee	-		MISO Exit Fee	8.7
[17]	<u>Administration</u>	<u>2.6</u>		<u>Administration</u>	<u>2.3</u>
[18]	Total	1,619.1		Total	840.8
[19]	Net Benefits	121.3		Net Benefits	111.6
[20]	Base Cost Savings	7.49%		Base Cost Savings	13.27%

* Reserved for future use in subsequent cost-benefit analyses

In both the historical and forecasted analyses, continued participation in MISO is less costly than exiting MISO. In the historical analysis, the base case represents a savings of approximately \$121 million in net-present value terms to Cleco Power customers. This equates to a savings of roughly 7% compared to the change case. In the forecasted analysis, the base case represents a savings of approximately \$112 million in net-present value terms to Cleco Power customers. This equates to a savings of roughly 13% compared to the change case.

Costs in both scenarios are expected to significantly decrease in the forecasted case as compared to the historical case. This is a result of a depression in expected future energy costs. In addition, when

³ Note that costs in the historical CBA are present valued forward to a January 2025 dollar basis, meaning that nominal costs in 2022 are inflated to 2025 real dollars. Inversely, nominal costs expected to be incurred in 2026 will be discounted to a January 2025 dollar basis, meaning the value will be deflated to 2025 real dollars.

comparing the historic to the future case, the NPV values are further overstated as costs in the historical case are *inflated* and costs in the forecasted case are *deflated*, both to 2025-dollar terms.

4 GENERAL DATA SUMMARIES

This section encompasses each of the data items and information required by the monitoring plan developed as required by Order No. U-34501, listed as the requirements of Section II.B. of the monitoring plan.

II.B.1 An annual cost/benefit analysis

Please reference Section 3 of this annual report.

II.B.2 A comparison of how Cleco Power's capacity, energy, and transmission costs (revenues and expenses) have changed in the most recent calendar year as compared to each of the previous three calendar years.

The figure below provides a summary of the revenues and expenses realized by Cleco Power from MISO for energy, capacity, transmission, ancillary services, and miscellaneous charges. This includes uplift costs (inclusive of MISO revenue sufficiency guarantee costs and voltage and local reliability costs), as well as other costs included in the MISO settlement, except for administration fees and transmission rights (FTRs and ARRs). Revenues are expressed as a negative number because they are a payment from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 9. Revenue and Expense Comparison (\$ millions)

	2021	2022	2023	2024
Revenues	(74.7)	(106.0)	(43.6)	(41.7)
Expenses	136.6	216.1	99.4	74.8
Total	61.9	110.1	55.8	33.1

II.B.3 The costs referred to in Section II.B.2. above shall include changes to:

- Cleco Power's total MISO Revenue Sufficiency Guarantee ("RSG") costs and revenues (with costs and revenues provided by RSG category including Voltage and Local Reliability ("VLR")) and any other RSG category (to the extent that this detail is provided in Cleco Power's MISO settlement statements);
- MISO Planning Reserve Margins applicable to Cleco Power;
- Local Resource Zone ("LRZ") 9 Capacity Import and Export Limits; and
- Local Clearing Requirements.

Please reference response to II.B.2 which includes the costs of RSG and VLR. The figure below provides a summary of the LRZ 9 planning reserve margin percentage ("PRM%"), local clearing requirement ("LCR"), and import ("CIL") and export ("CEL") limits for the most recent MISO Planning Reserve Auctions ("PRA"), which cover periods between June and May each year. The LCR, CIL, and CEL are listed in unforced megawatts ("MW").

Figure 10. Local Resource Zone 9 Parameters

	23/24				24/25				25/26			
	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring	Summer	Fall	Winter	Spring
PRM%	7.4%	14.9%	25.5%	24.5%	9.0%	14.2%	27.4%	26.7%	7.9%	14.9%	18.4%	25.3%
LCR*	18,931	18,943	18,398	18,105	18,380	16,631	18,888	18,684	19,615	18,964	20,594	19,791
CIL	5,264	6,045	6,080	6,250	5,305	6,109	5,200	6,113	4,361	4,741	4,418	4,855
CEL	1,574	1,526	877	2,240	3,025	2,803	2,323	4,298	4,286	4,173	3,618	4,146

II.B.4 Identification of the causes for the changes in the capacity, energy, and transmission costs and to what extent those changes can be attributed to MISO

MISO operates a dynamic marketplace subject to numerous market and non-market factors; therefore, capacity, energy, and transmission costs are not expected to remain static over time. The change in costs evidenced in response to II.B.2 is primarily the result of a decrease in energy costs in 2023. Energy prices are directly impacted by commodity prices, and therefore these changes are not directly attributable to MISO. According to the MISO Independent Market Monitor Fall 2024 Quarterly Report, energy prices across the footprint fell 15% compared to last year due to gas prices falling 20% with same average load compared to last fall season⁴.

While the capacity market has undergone recent design changes that increased the cost of capacity in some seasons, MISO capacity is not a major cost item to Cleco Power customers at this time because Cleco Power owns sufficient physical generation to cover its own capacity needs. The capacity market clears prices based on load requirements and available resources submitted into the annual PRA. Price changes in the capacity market are not directly attributable to MISO because resource offers are determined at the discretion of the various resource owners and all policy changes are governed by tariff and business manual provisions, as well as a robust stakeholder governance process.

Transmission cost changes are due to the extent of constraints on the system. Fluctuations can be attributed to transmission topology changes and resource additions/retirements as submitted by transmission owners and market participants. Any policy changes are governed by Tariff and BPM provisions, as well as a robust stakeholder governance process.

II.B.5 Going forward changes expected within MISO that are anticipated to materially affect Cleco Power's forward capacity, energy and transmission costs

In the coming months and years, MISO anticipates implementing changes in market and non-market areas that could impact the costs and revenues Cleco Power incurs or avoids through membership or non-membership in MISO.

⁴ IMM Quarterly Report: Fall 2024 (January 16, 2025), https://www.potomaceconomics.com/wp-content/uploads/2025/01/IMM-Quarterly-Report_Fall-2024_public.pdf.

MISO continues work on the Tranche 2.2 project portfolio of the Long-Range Transmission Planning ("LRTP") Process, which is targeted for completion in 2026. The LRTP endeavors to develop a transmission plan that will help ensure a reliable and cost-effective transmission system that accounts for a changing resource mix. Planning for Tranche 2.2 is currently underway, which is targeting the MISO Midwest Subregion. Accordingly, Cleco Power will not benefit from any Tranche 2 projects that are identified and will not pay for any associated costs. MISO intends to identify projects that will be wholly located in the MISO South subregion in LRTP Tranche 3, which will begin once Tranche 2.2 is complete. These future LRTP projects are anticipated to have potential impacts on Cleco Power.

MISO continues efforts to reform its energy and capacity markets through two upcoming filings. In the Resource Availability and Need ("RAN") policy initiative, MISO submitted a FERC filing that was approved, and will apply a Direct Loss of Load ("DLOL") accreditation methodology to wind, solar, storage, and thermal resources in Planning Year 2028-2029. The DLOL methodology is a two-step process that accredits resources at the class level by assigning a capacity credit based on resources classes during Loss-of-Load Hours ("LOLH"). An individual resource's seasonal accredited capacity ("SAC") is determined at a unit level based on individual performance with high-risk hours weighted more heavily.

MISO implemented its Reliability Based Demand Curve ("RBDC") for the first time in this Planning Year 2025-2026 PRA. The "RBDC" is aimed at improving price signals, reflecting the value of accredited capacity beyond the seasonal Planning Reserve Margin target.

The MISO-SPP Joint Targeted Interconnection Queue Study ("JTIQ") endeavors to develop transmission projects along the MISO-SPP seam by identifying transmission constraints, comparing solutions, and allocating costs to generators and load that benefit from the identified transmission projects. The cost of projects in the JTIQ portfolio would be allocated by assigning 90% to generator interconnection customers. The remaining 10% of costs would be allocated to load on a postage stamp basis, with load in SPP responsible for 7% and load in MISO responsible for 3%. The projected cost of the JTIQ portfolio is expected to be \$1.85 billion. MISO and SPP are currently refining proposed Tariff framework and targeting a possible 2024 FERC filing.

As to the MISO PRA, the seasons cleared at the following prices: (i) Summer at \$666.50 MW/Day, (ii) Winter at \$33.20 MW/Day, (iii) Spring at \$69.88 MW/Day, and (iv) Fall at \$91.60 MW/Day in the North/Central regions and at \$74.09 MW/Day in the South region.⁵ All zones continue to see a slight decrease in accredited capacity outpacing any new additions.

II.B.6 The number of hours of planned outages of Cleco Power generation, by month, for the previous calendar year

In calendar year 2024, Cleco Power generating resources experienced [REDACTED] hours of planned outages and [REDACTED] hours of forced outages. The figure below provides an overview of the number of hours of planned and forced outages experienced by Cleco Power generation resources in calendar year 2024.

⁵ In the Fall season only, the north-south transmission constraint was binding, causing price separation between the regions.

Figure 11. Generation Outage Hours in Calendar Year 2024



II.B.7 The number of hours of forced outages of Cleco Power generation, by month, for the previous calendar year

Please refer to section II.B.6, above.

II.B.8 The number of sustained (more than one minute) Cleco Power transmission outages, by month, by voltage level, for the previous calendar year

In calendar year 2024, the Cleco Power transmission system sustained 108 outages that lasted for at least one minute. The figure below provides an overview of the number of sustained transmission outages by month, by voltage level for calendar year 2024.

Figure 12. Transmission Outages in Calendar Year 2024

KV	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
500	-	-	-	-	-	-	-	-	1	1	-	-
230	7	3	5	5	12	1	1	3	3	2	2	1
138	3	-	3	4	10	4	1	4	15	2	7	3
69	-	-	-	1	2	1	1	-	-	-	-	-
Total	10	3	8	10	24	6	3	7	19	5	9	4

II.B.9 The administrative costs paid by Cleco Power to MISO in the previous calendar year

In calendar year 2024, Cleco Power paid \$5.5 million in administration fees to MISO. The figure below provides a summary of the administration fees paid to MISO in 2022, 2023, and 2024. Values are listed in dollars.

Figure 13. MISO Administration Fees Comparison (\$)

Year	MISO Admin Fees
2022	5,536,459
2023	5,199,607
2024	5,450,094

- II.B.10** A comparison of the most recent annual administrative costs paid by Cleco Power to MISO to the costs paid for the prior two calendar years

Please refer to section II.B.9, above.

- II.B.11** The monthly bill impacts on an average Cleco Power residential customer of the MISO administrative costs paid in the previous calendar year

In the Cleco Power rate year ending June 30, 2024, the monthly bill impact on an average residential customer of the MISO administrative cost was \$0.57 per 1,000 kWh, \$0.69 per 1,200 kWh, and \$0.74 per 1,300 kWh.

- II.B.12** The total overall salaries and compensation paid to MISO executives and the members of the MISO Board of Directors in the previous calendar year, broken down by position, as reported by MISO

Please refer to Appendix A, which contains a response from MISO.

- II.B.13** A comparison of the salaries and compensation reported by MISO in the most recent calendar year to that reported by MISO for the prior two calendar years

Please refer to Appendix A, which contains a response from MISO.

- II.B.14** MISO's justification for the administrative costs referenced in Sections 9, 10 and 11 herein, salaries and compensation referenced in Sections 12 and 13 herein

Please refer to Appendix A, which contains a response from MISO.

- II.B.15** A list of the net capacity purchases or sales, by amount and cost, made by Cleco Power through its participation in the most recent MISO Planning Resource Auction

Cleco Power was a net seller of capacity into MISO's 2025 – 2026 annual PRA.

Figure 14. Cleco Power Seasonal 2025-26 PRA Auction Results



II.B.16 The allocation of Auction Revenue Rights ("ARRs") and Financial Transmission Rights ("FTRs") received by Cleco Power in the previous calendar year

Figure 15, below, provides the amount of ARRs that Cleco Power was allocated for the calendar year of 2024. Figure 16, below, provides the amount of FTRs that Cleco Power had for the calendar year of 2024.

Figure 15. ARR Allocations for Calendar Year 2024 (MW)



Figure 16. FTR Allocations for Calendar Year 2024 (MW)



II.B.17 The cost of ARRs and FTRs purchased by Cleco Power in the MISO market process in the previous calendar year

Cleco Power uses the Annual ARR Allocation, Annual FTR Auction, and the Multi-Period Monthly Auction to obtain, buy, and sell FTRs. Cleco Power uses the bilateral Secondary Market to transfer FTRs associated with certain Full Requirement customers as they transfer to and from other providers. Cleco Power has no plans to participate in the Secondary Market regarding buying or selling FTRs beyond that purpose. Please note that revenues are negative because they represent payments from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 17. Cleco's ARR/FTR Purchase Position for Calendar Year 2024 (\$ millions)



II.B.18 The net congestion charges (i.e. net of congestion revenues), if any, paid by Cleco Power to MISO in the previous calendar year

Transmission rights consist of the costs and revenues associated with FTRs and ARRs. FTRs and ARRs allow market participants to monetize the congestion risk along transmission lines. In 2024, transmission right expenses exceeded revenues, meaning that Cleco Power paid more in transmission right expenses than it received in revenues. The figure below provides a summary of Cleco Power's transmission right revenues and expenses in 2024. Please note that revenues are negative because they are a payment from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 18. Transmission Congestion Revenues and Expenses in Calendar Year 2024 (\$ millions)



II.B.19 A summary of the types of ancillary services purchased by Cleco Power from MISO as well as those provided by Cleco Power to MISO and the compensation paid and received by Cleco Power for such services in the previous calendar year

Across both the day-ahead and real-time ancillary service markets, Cleco Power purchases and receives revenue for regulation service, various types of reserves (spinning and supplemental), and ramp capability. In 2024, ancillary revenues exceeded ancillary costs, meaning that Cleco Power received more in ancillary revenue than it paid out in costs. The figure below provides a summary of Cleco Power's ancillary revenues and expenses in 2024. Note that revenues are negative because they are a payment from MISO to Cleco Power. Values are listed in millions of dollars.

Figure 19. Ancillary Revenues and Expenses in Calendar Year 2024 (\$ millions)



II.B.20 A breakdown of the energy mix used to supply Cleco Power's customers, showing the MWh and average cost by month of power and energy supplied by resources owned or controlled (through limited- or long-term bilateral purchase power agreements) by Cleco Power, energy "put" to Cleco Power by QFs, and purchases from the MISO markets in the previous calendar year

All Cleco Power load is served through purchases in the MISO day-ahead or real-time energy market. Therefore, the energy mix used to supply Cleco Power's customers is based upon the mix of generation in the MISO South region. The figure below provides the fuel mix percentages in MISO South based upon day-ahead cleared generation and Cleco Power hourly load for calendar year 2024.

Figure 20. Estimated Cleco Power Fuel Mix in MISO South Region Calendar Year 2024

Fuel Type	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Gas	65.8%	59.6%	71.5%	73.8%	71.8%	66.0%	68.3%	69.9%	65.0%	67.8%	68.3%	64.9%
Nuclear	17.6%	26.4%	20.0%	21.4%	17.3%	19.4%	20.1%	18.8%	22.8%	21.1%	24.5%	24.1%
Coal	14.5%	10.3%	4.9%	0.8%	7.2%	10.4%	8.2%	8.0%	9.2%	7.5%	4.0%	7.7%
Wind	0.0%	0.0%	0.0%	0.1%	0.3%	0.2%	0.1%	0.1%	0.2%	0.2%	0.3%	0.4%
Hydro	1.0%	2.3%	1.9%	2.0%	1.6%	1.7%	1.3%	0.9%	0.5%	0.2%	0.8%	0.8%
Solar	0.7%	1.2%	1.5%	1.7%	1.6%	2.2%	1.9%	2.2%	2.2%	3.0%	1.9%	2.0%
Other	0.3%	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%

II.B.21 A list of the principles, practices, and protocols Cleco Power utilized to procure capacity and energy in the previous calendar year, including:

- i. The manner of offering in generation and bidding and scheduling load into the Day-Ahead and Real Time Markets;
- ii. ARR nominations; and
- iii. All other material aspects of any MISO administered market interaction.

According to Cleco Power personnel, market participation is predicated on MISO Business Practice Manuals ("BPMs") and MISO Tariff Bid strategy. Cleco Power offers resources at cost because the revenues are ultimately passed through to customers. Cleco Power also utilizes Tesla (Maxar weather) to create a load forecast that is submitted to MISO. ARR nominations are based upon the written policy for FTR transactions.

II.B.22 All underlying workpapers supporting Cleco Power's analyses

All underlying workpapers are provided as Appendix B to this monitoring report.

APPENDIX A: MISO Responses

U-34501 Cleco Power/MISO Monitoring Plan Section II(B) – 2024 Annual Report
MISO's Inserts

Section II(B)(12) – The total overall salaries and compensation of the MISO executives and Board of Directors and a breakdown by position.

The following information is based on MISO's 2023 IRS Form 990.

NAME	TITLE	REPORTABLE COMPENSATION – 2023
John Bear	CEO	\$4,705,329
Clair Moeller	President	\$1,791,948
Richard Doying	Executive VP Market Development Strategy	\$682,681
Melissa Brown	Senior VP and Chief Financial Officer	\$1,144,882
Andre Porter	VP and General Counsel	\$1,063,647
Jennifer Curran	Senior VP Planning & Chief Compliance Officer	\$1,061,497
Todd Ramey	Senior VP & Chief Digital Officer	\$992,390
Todd Hillman	Senior VP & Chief Customer Officer	\$668,803
Richard Wayne Schug	VP Strategy and Business Development	\$686,744
Keri Glitch	VP and Chief Info Security	\$606,818
Timothy Caister	Deputy General Counsel	\$570,292
Kristina Tridico	Deputy General Counsel	\$565,216
Melissa Seymour	VP – External Affairs	\$581,051
Brian Tulloh	Exec Director – External Affairs	\$541,499
Renuka Chatterjee	VP – Operations	\$579,639
Aubrey Johnson	VP – System Planning	\$568,247
Scott Wright	Exec Director - Resource Planning	\$482,464
Allegra Nottage	VP Human Resources & Chief Diversity Officer	\$601,798
Eric Stephens	Exec Director – Security and Facilities	\$489,777
Mark Johnson	Member, Board of Directors	\$187,500
Todd Raba	Member, Board of Directors	\$201,750
Nancy Lange	Member, Board of Directors	\$191,750
Theresa Wise	Member, Board of Directors	\$189,750
Horace Doggett	Member, Board of Directors	\$189,500
Phyllis Currie	Member, Board of Directors	\$187,500
Robert Lurie	Member, Board of Directors	\$185,500

Section II(B)(13) – A comparison of the most recent annual salaries and compensation of the MISO executives and Board of Directors in the most recent calendar year to that for the prior two calendar years.

The following information is based on MISO's IRS Form 990 for the years 2021, 2022 and 2023.

TITLE	2023	2022	2021
CEO	\$4,705,329	\$3,250,319	\$3,240,634
President	\$1,791,948	\$1,557,320	\$1,434,161
Exec VP Market Development Strategy	\$682,681	\$1,242,113	\$1,458,798
Senior VP and Chief Financial Officer	\$1,144,882	\$1,021,472	\$996,445
VP & Chief Information Security	\$606,818	\$691,531	\$785,521
VP and General Counsel	\$1,063,647	\$967,924	\$944,186
SVP Planning, Operations & Chief Compliance Officer	\$1,061,497	\$949,423	\$884,177
SVP & Chief Customer Officer	\$668,803	\$841,365	\$796,356
VP Human Resources & Chief Diversity Officer	\$601,798	\$363,184	\$659,220
SVP & Chief Digital Officer	\$992,390	\$844,620	\$798,570
VP Strategy and Business Development	\$686,744	\$734,201	\$586,179
VP and Chief Info Security	\$606,818	\$691,531	\$631,452
Exec Director Standards & Assurance	\$581,051	\$469,747	\$644,535
Deputy General Counsel	\$570,292	\$534,631	\$459,943
Deputy General Counsel	\$565,216	\$516,473	\$456,309
VP Operations	\$579,639	\$492,767	\$443,242
VP System Planning	\$568,247	\$473,669	---
VP External Affairs	\$581,051	\$514,104	---
Exec Director External Affairs	\$541,499	\$505,700	---
Exec Director Resource Planning	\$482,464	---	---
Exec Director Security & Facilities	\$489,777	---	---
Member, Board of Directors	\$201,750	---	---
Member, Board of Directors	\$191,750	\$161,625	\$184,750
Member, Board of Directors	\$189,750	\$164,375	\$176,125
Member, Board of Directors	\$189,500	\$162,750	\$175,000
Member, Board of Directors	\$187,500	\$171,875	\$170,500
Member, Board of Directors	\$187,500	\$165,250	\$168,625
Member, Board of Directors	\$185,500	---	---

Section II(B)(14) – Justification for those administrative costs, and compensation.

What does MISO do?

- Manages the largest RTO/ISO geographic footprint in North America
- Manages operations for one of the world's largest energy markets
- Manages relationships with hundreds of members, stakeholder and other industry organizations
- Provided more than \$5.1 billion in annual benefits to region in 2024
- Cumulative savings surpassing \$50 billion since 2007
- For every dollar spent on MISO membership, participants realize \$15 in benefits

- Provides more than 255 years of combined experience among the MISO Operating Committee members

MISO was the First RTO and is North America's Largest RTO/ISO.

MISO is the primary RTO/ISO in the central part of the North American continent spanning from the Gulf Coast in the south to Canada's Hudson Bay in the north, then, from the Great Lakes and Appalachian foothills in the east to the open prairies west of the Mississippi River. This footprint represents a truly diverse operating network. Across the MISO footprint, diversity exists in energy policy, structure of state and local governments, interpretation and implementation of regulations by individual stakeholders. This diversity demands that MISO's leadership engage with various stakeholders across the footprint in order to reconcile diverging styles into a unified, reliable approach to bulk electric grid operations.

MISO Operates a World Class Energy Market.

MISO's leadership is responsible for overseeing one of the world's largest energy market platforms for matching the supply and demand of energy. Providing independent, equal and non-discriminatory access to the electric transmission system is a core function of MISO, as the largest RTO by geographic footprint. Since 2005, MISO has provided financially binding day-ahead and real-time pricing of energy. MISO's Markets include a Financial Transmission Rights Market, a Day-Ahead Market and a market for operating reserves and regulation. Most recently, MISO managed approximately \$33 billion in annual gross market energy transactions on behalf of more than 550 Market Participants who serve approximately 45 million people.

Outstanding Performance of MISO Operations

MISO's efficient market operations and reliable balancing authority functions ensure and support increased grid reliability. The MISO Operating Committee members are responsible for all MISO operations, including the supervision of more than 77,000 miles of transmission lines and 2003 network model generating units (more than 7000 total generating units) with a market Generation Capacity of approximately 190,000 MW. This requires coordination with more than 550 Market Participants, 168 Non-transmission Owners, 55 Transmission Owners and 42 Local Balancing Authorities. In 2023-2024, through the MISO Transmission Expansion Plan (MTEP), its regional Long Range Transmission Planning (LRTP) projects, and Interregional JTIQ projects, MISO approved 488 new projects at 5,053 miles of transmission line.

MISO operators efficiently and reliably operate the bulk electric grid through optimized transmission utilization, allowing market transparency, eliminating pancaked transmission rates and centralizing unit commitment and dispatch. MISO engineers plan and coordinate with peer organizations and members to ensure seamless operations across our footprint as well as the rest of the North American continent. This includes the outage coordination team who ensures that the right generators and transmission lines are online at the right time. Ultimately, the MISO Operating Committee is responsible for the performance of these professionals.

MISO Supports Stakeholder Engagement and Customer Service.

Employees represent the most important stakeholder group at MISO. There are more than 900 employees based in Arkansas, Indiana, Minnesota, which also serve as our North, Central and South Region Control Centers, respectively, as well as the District of Columbia (D.C.). While the primary headquarters is in Carmel, Indiana, MISO's workforce is decentralized across the facilities to maintain diversity and flexibility.

Thought diversity and collaboration are essential to MISO as the most reliable, value-creating RTO. To enable broad stakeholder participation, MISO hosts meetings that are open to anyone that would like to participate and provides dial-in and WebEx access. A stakeholder can be a Member, Market Participant, government or regulatory official, or anyone who is interested in learning more about MISO.

The formal stakeholder process requires a dedicated team of professionals focused solely on engaging with stakeholders in a meaningful way. All of MISO's business units are involved in the stakeholder process, and the relationships among MISO stakeholders are key to the decision-making process. Consistent engagement with these groups is a priority of the MISO Operating Committee to encourage constructive dialogue.

Relationships go far beyond the MISO-facilitated stakeholder meetings. MISO leadership and employees participate in industry events to engage with regulators, entrepreneurs, academics and other thought-leaders to enhance MISO's strategic vision. This level of engagement requires precise coordination to ensure that the right person is at the right event at the right time.

MISO's Value Proposition

With growing energy demand throughout MISO's footprint, our services help ensure reliable, least-cost delivered energy. As noted by its Value Proposition, MISO unlocks billions of dollars in annual benefits for its entire region. In 2024, those efforts provided approximately \$5.1 billion in benefits in the MISO region, driven by enhanced reliability, more efficient use of the region's existing transmission and generation assets, and a reduced need for new assets.

MISO's Value Proposition affirms its core belief that a collective, region-wide approach to grid planning and management delivers the greatest benefits. Our landmark analysis serves as a model for other grid operators and transparently communicates the benefits in everything we do.

MISO works every day to create value for its members. The market value that MISO adds became apparent shortly after the energy markets began in 2005. To quantify this value, MISO – in collaboration with its stakeholders – created the MISO Value Proposition in 2007. The Value Proposition breaks MISO's business model into recognized categories of benefits and calculates a range of dollar values for each defined category. From 2007 through 2024, the Value Proposition studies revealed that MISO provided in excess of \$50 billion in cumulative net benefits in its footprint.

MISO is Guided by Proven, Experienced Leadership

The MISO Operating Committee consists of the organization's senior leaders. These executives are responsible for serving all stakeholders – ranging from Market Participants to government regulators to end use consumers. This requires the MISO leadership team to be both knowledgeable of their specific business unit, but also able to understand and speak to all areas of business to a certain degree. The executive team is dedicated to continuous strategic planning that ensures delivery of its cornerstones of Customer Service, Effective Communication and Operational Excellence.

MISO's leadership represents more than 255 years of combined experience. While most of this experience is within the energy industry, the Operating Committee also represents seasoned leaders within their own specific areas of focus. MISO Operating Committee members serve the energy industry in a multitude of ways while representing the needs and interests of our employees and stakeholders. This service involves countless hours of travel to facilitate personal interaction with as many stakeholders as possible. Through

fostering leadership within MISO, the Operating Committee ensures effective management of the organization as well as stewardship of the region's electric transmission system.

Every full-time MISO employee can contribute to the success of corporate metrics and in turn achieve incentive awards. A target payout for short-term incentive performance is established for the employee, which may depend on a number of factors. MISO's Board of Directors annually retains the services of expert outside executive compensation consultants in the review of officer compensation. These consultants perform a full and independent study of direct compensation (base plus incentives), considering the level of compensation relative to the duties performed, the current competitive market for similar skills, knowledge and responsibility, and other strategic needs identified by the Board of Directors. The consultants prepare a full detailed report for the Human Resources Committee (HRC) of the Board of Directors for each office and key employee position, including recommendations for direct compensation changes. The HRC combines the recommendations of the consultants with evaluations of officer performance to recommend appropriate compensation levels to the Board of Directors for approval. Annually, the consultant prepares a letter of "reasonableness" of the total remuneration package for officers of the company, consistent with Section 4958 of the Internal Revenue Code.

MISO Administrative Charges

MISO funds its operational costs such as those described above pursuant to its FERC-filed Tariff through certain Schedules. Schedules 10, 16 and 17 are the primary schedules through which MISO, as the Transmission Provider, recovers administrative costs from Transmission Customers, Transmission Owners and other entities.

Costs recovered under Schedule 10 include those associated with building and operating MISO's control rooms, including capital costs (actual costs of financing and not a return on equity), operating expenses, costs associated with administering MISO's Tariff, and annual FERC charges. Costs associated with financial transmission rights administrative services provided by MISO as the Transmission Provider are assessed to all Market Participants that are primary holders of Financial Transmission Rights (FTRs) pursuant to Schedule 16. These costs include, but are not limited to, those associated with coordination of FTR bilateral trading; administration of FTRs through allocation, assignment, auction or other FERC-accepted process; support of MISO's on-line, internet-based FTR tool; feasibility analyses of rights that can be outstanding and accommodated by the Transmission System; and administration of FTRs and revenue distribution. Schedule 17 costs are associated with MISO's Energy and Operating Reserve Markets Support Administrative Service, which is provided to all Market Participants that participate in MISO's markets. These costs include market modeling and scheduling functions; market bidding support; locational marginal pricing support; market settlements and billing; market monitoring functions; and simultaneous co-optimization for the scheduling and enabling of the least-cost, security-constrained commitment and dispatch of generation resources to serve load and provide operating reserves while also establishing a spot energy market.

The amount of annual administrative charges to be assessed to a Transmission Owner is determined by first identifying the total amount of MWhs of wholesale energy sales used as the Schedule 10 billing determinant for that year. Thereafter, the percentage of MWhs attributable to a Transmission Owner such as CLECO is determined. For 2023, the approximate percentage of MWhs attributed to CLECO is as follows:

2023 Total MWhs:	679,366,673
CLECO POWER MWhs:	10,386,963
CLECO POWER % of MWhs:	1.53%

Next, the total amount of recoverable administrative costs is identified and assessed to a Transmission Owner based upon their applicable percentage of MWhs of wholesale sales as noted above. For 2023, the approximate amount of recoverable administrative costs assessed to CLECO is as follows:

2024 Total MISO Administrative Costs:	\$334,162,000
CLECO POWER Portion:	\$5,109,065

MISO's administrative costs include compensation paid to executives as discussed herein. In 2023, MISO's executive W-2/1099-MISC reportable compensation totaled \$14,006,537 and other compensation totaled \$431,221. Based on the percentage of MWhs attributed to CLECO in the example above, its approximate portion of these totals is calculated to be \$220,741.57.

Transmission Owners that are utilities may recover their assessed MISO administrative costs from their customers in monthly bills. (See, Section II(B)(11).) Likewise, revenues earned by these entities from their participation in MISO may also be credited to customers.

References

MISO Fact Sheet, <https://www.misoenergy.org/meet-miso/media-center/corporate-fact-sheet/>

2024 Value Proposition Annual View,
<https://cdn.misoenergy.org/2024%20Value%20Proposition%20Annual%20View684260.pdf>

MISO's 2021, 2022 & 2023 IRS Form 990