June 30, 2022

MISO Participation Annual Report

CLECO

Connecting Louisiana's future.

Cleco Power LLC

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Acknowledgements

This annual report was prepared by Gabel Associates in consultation with Cleco Power LLC. The analysis and data provided herein was conducted and reviewed by Isaac Gabel-Frank – Vice President and Greg Tyson – Vice President.

Table of Contents

Table of Figures

1 INTRODUCTION

Gabel Associates, Inc. ("Gabel Associates") was retained by Cleco Power LLC ("Cleco" or the "Company") to produce an annual report inclusive of a cost-benefit analysis of Cleco's continuing participation in the Midcontinent Independent System Operator, Inc. ("MISO") Regional Transmission Organization ("RTO"). In addition to the cost-benefit analysis, this annual report also contains a summary and comparison of revenues and expenses associated with Cleco's participation in MISO, as well as additional data reporting in relation to Cleco's operations and costs. This is the second annual report produced by Gabel Associates on behalf of Cleco.

Gabel Associates is an energy, environmental, and public utility consulting firm with its principal office in Highland Park, New Jersey. For nearly 30 years, the firm has provided highly focused and specialized energy consulting services and strategic advice to clients involved in virtually every sector of the energy industry.

Gabel Associates has an expert understanding and active presence at various RTOs, including MISO. The firm maintains an RTO division that is fully dedicated to participating in working group meetings and analyzing issues at the RTO level. This division is engrained in wholesale market and grid matters and closely monitors evolving rules and operational modifications. Through this work, the firm serves as a trusted and respected resource to support policy analysis and rule development to help mitigate risk for clients.

Gabel Associates personnel also serve as expert witnesses on a wide range of issues at the Federal Energy Regulatory Commission ("FERC") and at State Commissions, including those related to energy and capacity markets, ratemaking and tariff design, energy efficiency, reactive rates, interconnection, renewable energy, electric vehicles, and mergers/acquisitions. We have also completed numerous cost-benefit analyses for energy efficiency and infrastructure programs around the country.

1.1 Purpose of the Report

This annual report contains a written summary of the analysis of the benefits and costs related to the Company's membership in MISO, including the methodology utilized and a comparison of estimated costs and benefits to provide the Louisiana Public Service Commission ("LPSC" or "Commission") with an understanding of potential cost-effectiveness of Cleco's continued

MISO membership. The report is filed in compliance with Cleco's annual reporting requirements pursuant to 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's continued participation in MISO. It is organized to provide the LPSC with a concise document that is inclusive of all required reporting specifications. The report includes an overview of Cleco's regulatory history pertaining to participation in MISO, an explanation of the approach and methodology used to calculate the cost-benefit analysis with respect to Cleco's participation in MISO, and a detailed list of all general data summaries and their associated responses.

The annual report is broken into the following sections:

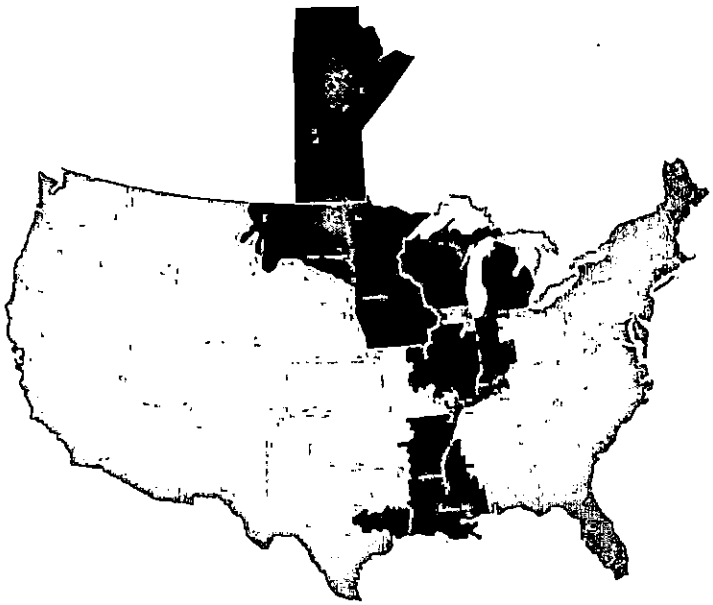
1. Introduction
2. Background
3. Cost-Benefit Analysis
4. General Data Summaries

2 BACKGROUND

On December 6, 2012, Cleco 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 that delivers electric power 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. The figure below provides a visual illustration of the service territory presently under MISO jurisdiction.

Figure 1. Map of MISO Service Territory



In this docket, Cleco requested permission to join MISO as a transmission owner ("TO"), a load-serving entity ("LSE") and a market participant ("MP"). Cleco demonstrated that membership in MISO would be in the public interest, and on July 7, 2013, the Commission authorized Cleco 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's continued membership in MISO will continue to serve the public interest.

In LPSC Order No. U-34501, the Commission approved an Uncontested Proposed Stipulated Settlement authorizing Cleco's continued membership in MISO.[1] Order No. U-34501 requires that Cleco 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 in MISO and the impact on Cleco's Commission-jurisdictional ratepayers as a result of Cleco's membership in MISO.

Condition D(4) of the Commission-approved settlement contains additional particulars concerning the contents of the monitoring plan including the filing of annual reports with the Commission, annual cost-benefit analyses, outage reporting requirements, as well as Technical Conferences.

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

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

3 COST-BENEFIT ANALYSIS

In 2012, Cleco elected to seek to transfer functional control of certain transmission assets to MISO, in order to gain access to MISO's distributed, wide market for electricity and related services. Previous analyses have proven that joining MISO was in the best interest of ratepayers.

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, 2019 through December 31, 2021), as well as for a future three-year period (January 1, 2022 through December 31, 2024).

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, Gabel Associates developed a set of counterfactual scenarios, which, when compared against one another, will provide a reasonable financial assessment of MISO participation.

The analysis considered two time periods, a historic three-year period (January 1, 2019 through December 31, 2021) and a future three-year period (January 1, 2022 through December 31, 2024). To conduct the analysis, a counterfactual scenario was developed for both time periods, in which both scenarios assumed Cleco was not a MISO participant. This was compared against the results of Cleco'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 customers
Change Case	expected costs that would have been incurred by Cleco customers had Cleco never joined MISO

In the forecast analysis, the counterfactual scenarios consist of:

Figure 3. Forecasted Analysis Counterfactual

Scenario	Description
Base Case	forecasted expected future costs incurred by Cleco customers from MISO
Change Case	forecasted expected future costs incurred by Cleco customers should Cleco have exited MISO on Jan 1, 2022

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

3.1.2 Methodology

The cost-benefit analysis relies on Cleco'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 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
- 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 owned

generation resources will realize revenues which exceed the costs incurred by Cleco load customers. The value of transmission and reliability were not quantified in the cost-benefit analysis but should also be considered when evaluating the prudency 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 would incur to serve its own load without assistance from MISO. Variable costs were calculated based upon actual Cleco generator characteristics, fuel costs, and other variables 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's internal load requirements. The calculated variable costs associated with this "re-dispatch" represent the assumed cost-of-service for these resources that would be recovered from Cleco customers.

Forecasted base case energy costs were calculated utilizing AURORAxmp ("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. Forecast change case costs were calculated based upon the same underlying market fuel cost fundamentals to determine the cost-of-service to meet Cleco's internal load requirements. Load was not expected to escalate in the forecasted case as compared to 2020 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 or not Cleco is served by MISO. It is assumed that fixed costs (fixed operations and maintenance, ongoing capital, etc.) for Cleco's existing generation resources are recovered through base rates regardless of the scenario, and, therefore, are not incremental and 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 2022 based upon a

discount rate equal to Cleco'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 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 be considered in 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 collection of these costs is complicated, and synthesis of which costs would and would not be avoided in the change case was beyond the scope of the analysis for 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's increased control through the change case. Analyses into 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.

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 accuracy of past expectations and a review of market trends; however, caution should be taken 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'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 costs of participating in MISO between January 1, 2019 and December 31, 2021. This includes all costs incurred by Cleco 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 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, 2019 and December 31, 2021. Variable generation costs were netted from these invoices to account for net generation revenues. Variable generation costs were based upon actual Cleco generation fuel, variable operation & 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, 2022. Note that revenues are negative because they are a payment from MISO to Cleco. Values are listed in millions of dollars.

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

Energy	1,360.6
Capacity	(0.4)
Ancillary	(11.6)
Transmission*	
Reliability*	
Transmission Rights	(10.4)
MISO Exit Fee	-
Administration	17.6
Total	**1,355.8**

Between January 1, 2019 and December 31, 2021, Cleco customers incurred costs of roughly $1.36 billion. This includes both costs to provide electric service from MISO, as well as revenues for generation resources owned by Cleco. Transmission and reliability costs were not quantified in this analysis but should be considered in future evaluations. Because the base case assumes Cleco 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 never joined MISO, and essentially operated as an island for purposes of transmission and other costs between January 1, 2019 and December 31, 2021. This means that Cleco would inherit all scheduling, transactional, reporting, and other costs currently borne by MISO. In addition, Cleco would forego any revenues received from MISO associated with the dispatch of its generation resources, as these resources would strictly serve Cleco load with costs recovered based upon an approach consistent with the previously approved LPSC cost-of-service methodology.

The cost-of-service for Cleco's generation assets was calculated based upon the historical variable costs these resources experienced in 2019 through 2021. These costs were extrapolated to determine the cost-of-service to meet Cleco customers' full retail load, rather than the economic dispatch instructions from MISO. There are no assumed incremental capacity costs as Cleco'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's proportion of the MISO regulation obligation. Cleco's internal regulation rate was assumed to be the market rate paid by Cleco, plus the average incremental cost of Cleco resources that offer into the regulation market. The quantity of required reserve was calculated based upon Cleco's proportion of the MISO reserve obligation. Cleco's internal cost of reserves was assumed to be the variable cost of generation from Cleco's portfolio of resources.

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

It is assumed that Cleco 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, 2022. Values are listed in millions of dollars.

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

Energy	1,387.9
Capacity	-
Ancillary	39.9
Transmission*	
Reliability*	
Transmission Rights	-
MISO Exit Fee	-
Administration	2.4
Total	**1,430.2**

Between January 1, 2019 and December 31, 2021, Cleco customers would have incurred costs of roughly $1.43 billion had Cleco not joined MISO. This strictly includes the costs for Cleco to meet all electric service obligations on behalf of its customers. Transmission and reliability costs were not quantified in this analysis but should be considered in future evaluations. Because the change case assumes Cleco 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 costs of participating in MISO between January 1, 2022 and December 31, 2024. This includes all costs that would be incurred by Cleco 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 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 an outsize 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 May 2022. 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 serves its load, as well as the potential variable costs and revenues realized by Cleco'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 generation fuel, variable operation & 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 adjusted to account 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, 2022. Note that revenues are negative because they are a payment from MISO to Cleco. Values are listed in millions of dollars.

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

Energy	1,438.2
Capacity	(14.6)
Ancillary	(16.4)
Transmission*	
Reliability*	
Transmission Rights	(8.2)
MISO Exit Fee	-
Administration	15.7
Total	**1,414.6**

Between January 1, 2022 and December 31, 2024, Cleco customers are forecasted to incur costs of roughly $1.41 billion if Cleco stays in MISO. This includes both costs to provide electric

service from MISO, as well as revenues for generation resources owned by Cleco. Transmission and reliability costs were not quantified in this analysis but should be considered in future evaluations. Because the base case assumes Cleco 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 exited MISO on January 1, 2022, 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 would inherit all scheduling, transactional, reporting, and other costs currently borne by MISO. In addition, Cleco would forego any revenues received from MISO associated with the dispatch of its generation resources, as these resources would strictly serve Cleco load with costs recovered based upon an approach consistent with the previously approved LPSC cost-of-service methodology. It is possible that Cleco 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's generation assets was calculated based upon the historical variable costs these resources experienced in 2019 through 2021. These costs were extrapolated to determine the cost-of-service to meet Cleco customers' full retail load, rather than the economic dispatch instructions from MISO. There are no assumed incremental capacity costs as Cleco's portfolio was assumed to be adequate to meet all load and reserve obligations.

Ancillary and administration costs in the forecasted change case were based upon the historical change case costs and adjusted to account for inflation.

It is assumed that Cleco 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.

In order to withdraw from MISO, Cleco will 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 and MISO, this exit fee is estimated at $7.7 as of December 31, 2020. 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, 2022. Values are listed in millions of dollars.

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

Energy	1,511.1
Capacity	-
Ancillary	35.6
Transmission*	
Reliability*	
Transmission Rights	-
MISO Exit Fee	8.0
Administration	2.2
Total	**1,556.8**

Between January 1, 2022 and December 31, 2024, Cleco customers are forecasted to incur costs of roughly $1.56 billion if Cleco elects to exit MISO. This strictly includes the costs for Cleco to meet all electric service obligations on behalf of its customers. Transmission and reliability costs were not quantified in this analysis but should be considered in future evaluations. Because the change case assumes Cleco leaves MISO, there is an exit fee associated with this scenario, as shown above.

3.3.3 Overview of Cost-Benefit Analysis Results

A comparison of the counterfactual scenarios provides the quantitative assessment of whether the base case (preserving the status quo participation in MISO) is advantageous to Cleco 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, 2022. Values are listed in millions of dollars.[2]

[2] Note that costs in the historical CBA are present valued forward to a January 2022 dollar basis, meaning that nominal costs in 2019 are inflated to 2022 real dollars. Inversely, nominal costs expected to be incurred in 2024 will be discounted to a January 2022 dollar basis, meaning the value will be deflated to 2022 real dollars.

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

	Historical CBA (NPV $ millions)		Forecast CBA (NPV $ millions)		Notes
	January 1, 2019 – December 31, 2021		January 1, 2022 – December 31, 2024		
	Base Case		**Base Case**		
[1]	Energy	1,360.6	Energy	1,438.2	
[2]	Capacity	(0.4)	Capacity	(14.6)	
[3]	Ancillary	(11.6)	Ancillary	(16.4)	
[4]	*Transmission**		Transmission*		
[5]	*Reliability**		Reliability*		
[6]	Transmission Rights	(10.4)	Transmission Rights	(8.2)	
[7]	MISO Exit Fee	-	MISO Exit Fee	-	
[8]	Administration	17.6	Administration	15.7	
[9]	**Total**	**1,355.8**	**Total**	**1,414.6**	∑[1]→[8]
	Change Case		**Change Case**		
[10]	Energy	1,387.9	Energy	1,511.1	
[11]	Capacity	-	Capacity	-	
[12]	Ancillary	39.9	Ancillary	35.6	
[13]	Transmission*		Transmission*		
[14]	Reliability*		Reliability*		
[15]	Transmission Rights	-	Transmission Rights	-	
[16]	MISO Exit Fee	-	MISO Exit Fee	8.0	
[17]	Administration	2.4	Administration	2.2	
[18]	**Total**	**1,430.2**	**Total**	**1,556.8**	∑[10]→[17]
[19]	Net Benefits	74.4	Net Benefits	142.2	[18]-[9]
[20]	Base Cost Savings	5.2%	Base Cost Savings	9.1%	1-[9]/[18]

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 $74 million in net-present value terms to Cleco customers. This equates to a savings of roughly 5% compared to the change case. In the forecasted analysis, the base case represents a savings of approximately $142 million in net-present value terms to Cleco customers. This equates to a savings of roughly 9% compared to the change case.

Costs in both scenarios are expected to increase in the forecasted case as compared to the historical case. The NPV values provided in the chart above actual understate this differential, as costs in the historical case are *inflated* and costs in the forecast case are *deflated*, both to 2022-dollar terms.

4 GENERAL DATA SUMMARIES

Section II of the Stipulation contains specifications for the monitoring plan to be provided by the Company. Section II.A provides the implementation date of the plan, while Section II.B details the specific items and information to be contained in the annual report.

This section encompasses each of the data items and information required by the Stipulation, listed as the responses are contained in the Stipulation.

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 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, with the exception of administration fees and transmission rights (FTRs and ARRs). Revenues are expressed as a negative number because they are a payment from MISO to Cleco. Values are listed in millions of dollars.

Figure 9. Revenue and Expense Comparison ($ millions)

	2018	2019	2020	2021
Revenues	(45.3)	(57.8)	(52.8)	(74.7)
Expenses	95.4	45.9	50.0	136.6
Total	50.1	(12.0)	(2.8)	61.9

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

a) 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);
b) MISO Planning Reserve Margins applicable to Cleco Power;
c) Local Resource Zone ("LRZ") 9 Capacity Import and Export Limits; and
d) 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 ("MWs").

Figure 10. Local Resource Zone 9 Parameters[3]

	19/20	20/21	21/22
PRM%	8.93%	9.38%	8.73%
LCR	21,342	19,404	20,157
CIL	3,410	4,096	4,194
CEL	1,918	1,978	1,508

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 a result of a significant increase in energy costs. 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 2021 Quarterly Report, gas prices more than doubled, which resulted in energy and ancillary prices also more than doubling.[4]

MISO capacity is not at this time a major cost item to Cleco customers. The capacity market clears prices as a result of 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

[3] For the 20/21 PRA MISO provided aggregated data for LRZ 8, 9, and 10. The values provided in the figure are approximated based upon the proportion of LRZ 9 LCR in the 21/22 PRA.

[4] https://cdn.misoenergy.org/2021%20IMM%20Quarterly%20Report%20Fall611430.pdf

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 incurs or avoids through membership or non-membership in MISO. In 2022, MISO anticipates integrating the Long Range Transmission Planning ("LRTP") process, Tranche 1 project portfolio into the annual MISO Transmission Expansion Planning 2021 process. The LRTP identifies projects to address reliability needs and has focused on areas of high renewable generation penetration and the related transmission system upgrades that will assist in delivering those renewable resources to load located across the MISO region. MISO suggests that LRTP projects could increase import capability into constrained areas of the footprint to assist with ongoing reliability issues. Cleco will not benefit from any of the 18 identified LRTP projects and will not be subject pay any costs of these Tranche 1 projects located in the MISO Midwest subregion. However, future LRTP projects are anticipated to have potential impacts to Cleco as MISO intends to identify Tranche 3 projects that will be wholly located in the MISO South subregion as early as 2023.

MISO continues efforts to reform its energy and capacity markets through two currently pending filings at the FERC to establish a Resource Adequacy Requirements on a seasonal basis and establish a Minimum Capacity Obligation ("MCO") on Market Participants participating in MISO's Planning Resource Auction ("PRA"). In the Reliability Imperative and Resource Availability and Need ("RAN") policy initiative, MISO is seeking to implement an availability-based Seasonal Accredited Capacity methodology for resources participating in MISO's annual PRA. In the seasonal RAN filing, MISO is proposing to implement a four-season capacity market structure. This seasonal market would establish capacity requirements and assign capacity commitments each season, four times in each planning year. The impact of these potential changes is unknown due to uncertainty of seasonal supply margins and sub-region market dynamics.

The MCO filing would impose an obligation on load serving entities to demonstrate ownership or control over at least 50% of the capacity resources needed to serve their customers prior to the start of the PRA. Cleco currently satisfies this requirement and would not be exposed to direct penalties for non-conformance; however, the actions of other load serving entities to meet these obligations could have an impact on PRA outcomes. Cleco is supportive of the FERC MCO filing but believes the LSEs should in fact own or control 100% of the capacity resources needed to serve their loads. The LPSC is also examining this issue, and Cleco is also strongly supportive of an LPSC-driven 100% MCO for Louisiana utilities.

The 2022/2023 PRA resulted in dramatic price separation between the MISO Midwest and South subregions. The auction clearing price in MISO South (where Cleco is located) remained low, clearing at $2.88 per MW-Day (MISO Zone 9 cleared at $0.01 per MW-Day in the 2021/2022 auction and $6.88 per MW-Day in the 2020/2021 auction); however, MISO Midwest experienced a supply shortfall that resulted in prices hitting the market price cap equal to the Cost of New Entry ("CONE"), or $236.66 per MW-Day. While CLECO is not negatively impacted by high prices in the MISO Midwest region at present, future auction results in MISO South could be subject to fluctuations based upon factors such as increased retirements, decreased accreditation of new capacity resources, or changes to the import and export limits between MISO Midwest and MISO South.

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

In calendar year 2021, Cleco generating resources experienced 5,657 hours of planned outages and 6,257 hours of forced outages. The figure below provides an overview of the number of hours of planned and forced outages experienced by Cleco generation resources in calendar year 2021.

Figure 11. Generation Outage Hours in Calendar Year 2021

Outage Hrs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Planned	-	269	1,196	1,455	457	-	-	-	384	744	721	430
Forced	503	929	85	14	165	52	295	1,068	457	227	1,255	1,207
Total	503	1,198	1,281	1,469	623	52	295	1,068	841	971	1,976	1,637

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

Please reference response to II.B.6.

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 2021, the Cleco transmission system sustained 73 outages of at least one minute in duration. The figure below provides an overview of the number of sustained transmission outages by month, by voltage level for calendar year 2021.

Figure 12. Transmission Outages in Calendar Year 2021

KV	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
500	-	-	-	-	-	-	-	-	-	-	-	-
230	-	2	-	2	4	1	2	13	6	-	1	-
138	2	3	2	5	3	3	-	3	5	6	-	4
69	1	-	4	-	-	-	-	-	-	-	1	-
Total	3	5	6	7	7	4	2	16	11	6	2	4

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

In calendar year 2021, Cleco paid $5.3 million in administration fees to MISO. The figure below provides a summary of the administration fees paid to MISO in 2019, 2020, and 2021. Values are listed in dollars.

Figure 13. MISO Administration Fees Comparison ($)

Year	MISO Admin Fees
2019	5,320,328
2020	5,257,161
2021	5,349,112

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 reference response to II.B.9.

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 rate year ending June 30, 2021, the monthly bill impact on an average residential customer of the MISO administrative cost was $0.53 per 1,000 kWh, $0.64 per 1,200 kWh, and $0.69 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 reference 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 reference 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 reference Appendix A which contains a response from MISO.

II.B.15 The allocation of Auction Revenue Rights ("ARRs") and Financial Transmission Rights ("FTRs") received by Cleco Power in the previous calendar year

MISO allocates ARRs on a quarterly basis. In calendar year 2021, MISO assigned Cleco an average of 2,615 MWs in peak periods and an average of 2,554 MWs in off-peak periods. The figure below provides a summary of the ARR allocations to Cleco in calendar year 2021 by period.

Figure 14. ARR Allocations in Calendar Year 2021 (MW)

	Mar	June	Sept	Dec
Peak	2,484.3	2,733.8	2,452.0	2,787.9
Off-peak	2,507.4	2,582.6	2,338.6	2,786.4
Total	4,991.7	5,316.4	4,790.6	5,574.3

II.B.16 The cost of ARRs and FTRs purchased by Cleco Power in the MISO market processes in the previous calendar year

Cleco did not purchase any ARRs or FTRs in calendar year 2021.

II.B.17 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 2021, transmission right revenues exceeded costs, meaning that Cleco received more in

transmission right revenue than it paid out in costs. The figure below provides a summary of Cleco's transmission right revenues and expenses in 2021. Note that revenues are negative because they are a payment from MISO to Cleco. Values are listed in millions of dollars.

Figure 15. Transmission Congestion Revenues and Expenses in Calendar Year 2021 ($ millions)

	FTR/ARR
Revenues	(19.5)
Expenses	18.9
Total	(0.6)

II.B.18 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 purchases and receives revenue for regulation service, various types of reserves (spinning and supplemental), and ramp capability. In 2021, ancillary revenues exceeded ancillary costs, meaning that Cleco received more in ancillary revenue than it paid out in costs. The figure below provides a summary of Cleco's ancillary revenues and expenses in 2021. Note that revenues are negative because they are a payment from MISO to Cleco. Values are listed in millions of dollars.

Figure 16. Ancillary Revenues and Expenses in Calendar Year 2021 ($ millions)

	Regulation	Reserves	Ramp
Revenues	(8.4)	(1.8)	(0.1)
Expenses	3.4	1.7	0.0
Total	(5.0)	(0.1)	(0.1)

II.B.19 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 load is served through purchases in the MISO day-ahead or real-time energy market. Therefore, the energy mix used to supply Cleco'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 hourly load for calendar year 2021.

Figure 17. Estimated Cleco Fuel Mix in Calendar Year 2021

Fuel Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gas	52.9%	54.8%	56.4%	63.5%	58.3%	61.4%	56.9%	56.1%	51.3%	57.7%	66.4%	65.0%
Nuclear	27.1%	24.0%	25.9%	22.0%	26.6%	23.4%	22.1%	21.1%	23.5%	22.1%	23.3%	28.6%
Coal	13.8%	16.4%	12.0%	10.9%	10.7%	11.8%	16.3%	18.5%	20.6%	15.3%	5.8%	3.4%
Wind	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Solar	0.1%	0.1%	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%
Hydro	1.8%	1.6%	1.6%	1.9%	2.0%	1.9%	1.6%	1.1%	0.8%	0.6%	0.7%	0.5%
Other	4.2%	3.1%	3.8%	1.4%	2.2%	1.2%	3.0%	2.9%	3.6%	4.0%	3.6%	2.4%

II.B.20 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 personnel, market participation is predicated on MISO Business Practice Manuals ("BPMs") and MISO Tariff Bid strategy. Cleco offers resources at cost because the revenues are ultimately passed through to customers. Cleco 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.21 All underlying workpapers supporting Cleco Power's analyses

All underlying workpapers are provided as a supplement to this document.

APPENDIX A: MISO Responses

U-34501 Cleco/MISO Monitoring Plan Section II(B) – 2021 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 2020 IRS Form 990.

NAME	TITLE	REPORTABLE COMPENSATION – 2020
John Bear	CEO	$3,043,831
Clair Moeller	President	$1,307,882
Richard Doying	Exec VP Market Development Strategy	$1,093,834
John Carl Goode	Chief Information Officer	$965,282
Melissa Brown	Senior VP and Chief Financial Officer	$876,683
Andre Porter	VP and General Counsel	$815,035
Jennifer Curran	VP System Planning	$769,951
Todd Ramey	VP System Operations and Markets	$710,464
Todd Hillman	VP South Region Executive	$704,975
Gregory Powell	VP Human Resources	$658,297
Keri Glitch	VP and Chief Info Security	$566,755
Richard Wayne Schug	VP Strategy and Business Development	$515,297
Kevin Caringer	Exec Director Application Development	$456,537
Brian Tulloh	Exec Director External Affairs - MN	$440,208
Shawn McFarlane	Exec Director Market Operations	$432,045
Melissa Seymour	Exec Director External Affairs - IN	$440,818
Patrick Brown	Exec Director Human Resources	$420,433
Stephen Kozey	Former Officer	$374,641
Baljit Dail	Member, Board of Directors (thru 12/31/20)	$346,022
Phyllis Currie	Member, Board of Directors	$186,250
Todd Raba	Member, Board of Directors	$178,500
Barbara Krumsiek	Member, Board of Directors	$172,250
Nancy Lange	Member, Board of Directors	$169,000
Robert Lurie	Member, Board of Directors	$167,000
Mark Johnson	Member, Board of Directors	$166,000
Horace Doggett	Member, Board of Directors	$165,500

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 2018, 2019 and 2020.

TITLE	2020	2019	2018
CEO	$3,043,831	$3,085,733	$2,740,916
President	$1,307,882	$1,219,495	$1,431,082
Exec VP Market Development Strategy	$1,093,834	$1,067,846	$1,063,381
Senior VP and Secretary	---	$1,214,187	$971,759
Chief Information Officer	$965,282	$922,160	$1,012,516
Senior VP and Chief Financial Officer	$876,683	$762,676	$642,466
VP and General Counsel	$815,035	$701,791	$629,924
VP System Planning	$769,951	$668,774	$608,598
VP South Region Executive	$704,975	$643,379	$611,500
VP Human Resources	$658,297	$631,525	$604,047
VP System Operations and Markets	$710,464	$635,636	$617,684
VP Strategy and Business Development	$515,297	$516,034	$564,927
VP and Chief Info Security	$566,755	$520,809	$446,021
VP Gov and Regulatory Affairs	---	$485,637	$456,463
VP Forward Markets	---		(thru 7/18) $383,280
Exec Director Application Development	$456,537	---	---
Exec Director External Affairs - MN	$440,208	---	---
Exec Director Market Operations	$432,045	---	---
Exec Director External Affairs – IN	$440,818	---	---
Exec Director Human Resources	$420,433	---	---
Former Officer	$374,641	---	---
Member, Board of Directors	---	$218,080	$168,125
Member, Board of Directors	$186,250	$183,375	$153,250
Member, Board of Directors	$346,022	$167,750	$175,625
Member, Board of Directors	$178,500	$166,250	$156,500
Member, Board of Directors	$172,250	$164,125	$156,500
Member, Board of Directors	$165,500	$163,750	$155,125
Member, Board of Directors	$166,000	$160,250	$146,500
Member, Board of Directors	---	$156,375	$96,750
Member, Board of Directors	---	(thru 4/19) $117,755	$155,250
Member, Board of Directors	$169,000	$113,750	---
Member, Board of Directors	$167,000	$39,250	---

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 member, stakeholder and other industry organizations
- Provides more than $3.4 billion in annual benefits to member organizations
- 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 of Mexico 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. Overall, MISO managed more than $22 billion in transactions in 2020 on behalf of 471 Market Participants who serve approximately 42 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 65,000 miles of transmission lines and nearly 7,000 generating units with a market Generation Capacity of 186,986 MW. This requires coordination with 128 Non-transmission Owners, 56 Transmission Owners and 38 Local Balancing Authorities.
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 demands 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 2021, those efforts provided between $3.0 billion and $3.8 billion in regional benefits, 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 2021, the Value Proposition studies revealed that MISO provided the region an estimated $36 billion in cumulative net benefits.

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 to 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 2020, the approximate percentage of MWhs attributed to CLECO is as follows:

2020 Total MWhs:	679,857,820
CLECO MWhs:	10,409,185
CLECO % 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 2020, the approximate amount of recoverable administrative costs assessed to CLECO is as follows:

2020 Total MISO Administrative Costs:	$312,024,000
CLECO Portion:	$4,777,345

MISO's administrative costs include compensation paid to executives as discussed herein. In 2020, MISO's executive W-2/1099-MISC reportable compensation totaled $12,028,286 and other compensation totaled $1,903,816. Based on the percentage of MWhs attributed to CLECO in the example above, its approximate portion of these totals is calculated to be $213,311.99.[5]

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

https://www.misoenergy.org/about/media-center/corporate-fact-sheet/
https://www.misoenergy.org/about/miso-strategy-and-value-proposition/miso-value-proposition/
https://www.misoenergy.org/markets-and-operations/#t=10&p=0&s=&sd=
MISO's 2018, 2019 & 2020 IRS Form 990

[5] This amount does not include members of the Board of Directors and non-officers as listed on the IRS Form 990 for 2020.