

SCHEDULE 1

Scheduling, System Control and Dispatch Service

I. GENERAL

Scheduling, System Control and Dispatch Service associated with the Transmission Provider is to be provided directly by the Transmission Provider except in the case of ITC Service, Scheduling System Control and Redispatch Service may, at the election of the ITC, be provided by the ITC in accordance with the ITC Control Area Service and Operations Tariff. This service is required to schedule the movement of power through, out of, within or into the MISO Balancing Authority Area and is provided by Transmission Owners that operate control centers and record costs to provide this service in FERC Account Nos. 561.1 through 561.3. To the extent the Transmission Owners perform this service for the Transmission Provider, the charges collected under this Schedule shall represent a pass-through of the costs incurred by the Transmission Owners. The Transmission Customer must purchase this service from the Transmission Provider, or, as applicable the ITC.

II. RATES

A. Service under this Schedule 1 for transactions that sink in Transmission Provider zones, which are the zones listed in Schedules 7, 8 and 9, shall be charged the zonal rate as established for the Transmission Owner or ITC that is providing the Schedule 1 service in the zone where the transaction sinks using the formula set forth below. Amounts to be recovered under this Schedule 1 shall not include any amounts recovered pursuant to Schedule 24 including amounts shown in any separate sub-account to Account No. 561 established pursuant to Schedule 24-A to Schedule 24 of this Tariff. The annual rate for this service will be calculated

as follows:

(1+2-3) divided by 4

Where:

- 1= The sum of all costs booked to FERC Account Nos. 561.1, 561.2, and 561.3 for the Transmission Owner or ITC providing Schedule 1 service (or the equivalent account(s) for Transmission Owners or ITCs that do not use FERC Account Nos. 561.1, 561.2, and 561.3) in the prior calendar or fiscal year in the case of Attachment O historical rate templates or, in the case of forward-looking Attachment O projected cost rate templates, estimates of such costs subject to true-up procedures provided in Section II.D of this Schedule 1.
- 2= True-up Adjustment calculated in accordance with procedures in Section II.D if applicable.
- 3= Revenue collected by the Transmission Owner or ITC under this Schedule 1 for firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Attachment O Zonal Rate Divisor for the zone.
- 4= The Attachment O Zonal Rate Divisor for the zone (the divisor used for Schedules 7, 8 and 9 Zonal Rates).¹

¹ Loads that are included in the Attachment O Zonal Rate Divisor for the NSP Companies' pricing zone (zone 16), but are located in the OTP load balancing area and are charged the applicable OTP pricing zone (zone 18) Schedule 1 rate, shall be excluded from the zone 16 Schedule 1 rate divisor and included in the zone 18 Schedule 1 rate divisor for purposes of calculating the Schedule 1 rates in zones 16 and 18 unless and until agreement is reached as set forth in Section II Part D below.

On Peak:

| | | |
|--------------|------------------------------|-----------------------|
| Annual Rate | Annual Rate calculated above | |
| Monthly Rate | Annual Rate divided by 12 | |
| Weekly Rate | Annual Rate divided by 52 | |
| Daily Rate | Annual Rate divided by 260 | capped at weekly rate |
| Hourly Rate | Annual Rate divided by 4160 | capped at daily rates |

Off Peak:

| | |
|-------------|-----------------------------|
| Daily Rate | Annual Rate divided by 365 |
| Hourly Rate | Annual Rate divided by 8760 |

B. Service under this Schedule 1 for Drive-Out and Drive-Through Transmission

Service transactions shall be at a single, system-wide rate calculated as set forth below.

Amounts to be recovered under this Schedule 1 shall not include any amounts recovered

pursuant to Schedule 24 including amounts shown in any separate sub-account to Account No.

561 established pursuant to Schedule 24-A to Schedule 24 of this Tariff. The annual rate for this service will be calculated as follows:

$$(5+6-7) \text{ divided by } 8$$

Where:

5= The sum of all costs booked to FERC Account Nos. 561.1, 561.2, and 561.3 reported by each Transmission Owner and ITC providing Schedule 1 service (or the equivalent account(s) for Transmission Owners and ITCs that do not use FERC Account Nos. 561.1, 561.2, and 561.3) in the prior calendar or fiscal year in the case of Attachment O historical rate templates or, in the case of forward-looking Attachment O projected cost rate templates, estimates of such costs subject to true-up procedures provided in Section II.D of this Schedule 1.

- 6= The sum of all True-up Adjustments calculated in accordance with procedures in Section II.D if applicable.
- 7= Revenues collected by each Transmission Owner and ITC under this Schedule 1 for firm transactions of less than one year, all non-firm transactions, and any other transactions whose loads are not included in the Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service.
- 8= The Divisor on Page 1 of Attachment O for Drive-Out and Drive-Through Transmission Service rates (the divisor used for Schedules 7 and 8 Drive-Out and Drive-Through Rates).

On Peak:

| | | |
|--------------|------------------------------|-----------------------|
| Annual Rate | Annual Rate calculated above | |
| Monthly Rate | Annual Rate divided by 12 | |
| Weekly Rate | Annual Rate divided by 52 | |
| Daily Rate | Annual Rate divided by 260 | capped at weekly rate |
| Hourly Rate | Annual Rate divided by 4160 | capped at daily rates |

Off Peak:

| | |
|-------------|-----------------------------|
| Daily Rate | Annual Rate divided by 365 |
| Hourly Rate | Annual Rate divided by 8760 |

C. Rates calculated pursuant to Schedule 1, Sections II.A and II.B, shall be calculated and put into effect on January 1 and June 1 of each year in concert with Attachment O rate updates.

D. To the extent a Transmission Owner or ITC that provides Schedule 1 service and receives Schedule 1 revenues: (1) uses a forward-looking Attachment O formula rate and (2) also uses projected costs to derive its costs for determining the Schedule 1 rate, the Transmission

Owner or ITC will use the same procedures with respect to its Schedule 1 costs and revenues to calculate a Schedule 1 true-up, for receiving under-recoveries and returning over-recoveries to Transmission Customers, consistent with its Attachment O true-up procedures.²

² The initial Schedule 1 true-up calculation will commence with the 2013 rate year.

III. CHARGES

The charges for Transmission Customers taking Point-To-Point Transmission Service including Drive-Out and Drive-Through Transmission Service under Module B of the Tariff shall be calculated by multiplying the appropriate rate calculated in Section II.A for Point-To-Point Transmission Service sinking in MISO or Section II.B for Drive-Out and Drive-Through Transmission Service above by each megawatt of Reserved Capacity.

Subject to the limitations set forth in Section 37.3 of this Tariff, the charges for Transmission Customers taking Network Integration Transmission Service under Module B of the Tariff shall be calculated by multiplying the zonal Monthly Rate calculated in Section II.A above by each megawatt of Network Load determined in accordance with Section 34.2 of the Tariff. To the extent that there is more than one Transmission Owner in a zone and there is agreement between the host zone Transmission Owner and another Transmission Owner(s) that Schedule 1 service is being self-provided by the non-host Transmission Owner(s) with respect to some or all loads, the non-host Transmission Owner(s) shall not be billed for Schedule 1 service for those loads and the Schedule 1 zonal rate divisors shall be adjusted to account for the self-provision of Schedule 1 service for those loads.

Notwithstanding the foregoing, charges for ITC Service shall be governed by the applicable ITC Control Area Service and Operations Tariff.

IV. ALLOCATION OF SCHEDULE 1 REVENUES

The Transmission Provider shall pass through the revenues it receives pursuant to this Schedule 1 for transactions that sink in the MISO zones to the Transmission Owner or ITC providing the zonal Schedule 1 service where the transaction sinks.

Except in the case of ITC Service, which shall be governed by the ITC's Control Area Services and Operations Tariff, the Transmission Provider shall distribute the revenues it receives pursuant to Schedule 1 in connection with Drive-Out and Drive-Through Transmission Service to the Transmission Owners and ITCs that provide Schedule 1 service in accordance with the revenue distribution provisions in Appendix C, Section III of the ISO Agreement. These Schedule 1 revenues shall be considered the same as base transmission charge revenues (*i.e.*, Schedules 7 and 8 revenues) for revenue distribution purposes, except revenue distribution to an ITC shall be limited to the portion of revenues associated with transactions under this Tariff that do not take place under the applicable ITC's Rate Schedule.

Notwithstanding the foregoing, in the case of ITC Service, such service may be governed by the ITC Control Area Services and Operations Tariff. Revenue distribution under this schedule to an ITC shall be limited to the portion of revenues associated with transactions under this Tariff that do not take place under the applicable ITC's Rate Schedule.