

SCHEDULE 26-F

COST RECOVERY FOR INTERREGIONAL MARKET EFFICIENCY PROJECTS CONSTRUCTED BY PJM INTERCONNECTION, L.L.C. TRANSMISSION OWNERS

I. Definitions

Any capitalized terms used in this Schedule 26-F shall have the meaning as defined in Module A of the MISO Tariff, except that for purposes of this Schedule 26-F the term “MISO Transmission Owner” shall be understood to include any MISO Transmission Owner or ITC in MISO responsible for the construction of Interregional Market Efficiency Projects under the MISO Tariff. Additional definitions for this Schedule 26-F are as follows:

A. MISO Zones - The Transmission Pricing Zones MISO uses to develop transmission rates and allocate revenues.

B. PJM - PJM Interconnection, LLC.

C. PJM Tariff - The PJM Open Access Transmission Tariff, including all schedules or attachments thereto, as amended from time to time. The term PJM Tariff shall endure to include any successor tariff or rate schedule approved by the Commission.

D. PJM Transmission Owner - Any Transmission Owner in PJM responsible for the construction of IMEPs under the PJM Tariff.

E. IMEP – An Interregional Market Efficiency Project as defined in MISO Section 9.4.4.1.3 (“Interregional Market Efficiency Project Criteria”) of the MISO-PJM Joint Operating Agreement (Rate Schedule 05, MISO Tariff) and approved by the MISO Board of Directors for inclusion in Appendix A of the MTEP.

II. Introduction and Purpose

This Schedule 26-F sets forth the methodology for collecting the revenue requirements

for IMEPs constructed by PJM Transmission Owners, including the method by which MISO will collect from MISO Transmission Customers and remit to PJM the allocated annual revenue requirements for IMEPs constructed by PJM Transmission Owners.

Only charges related to IMEPs constructed by PJM Transmission Owners will be collected under Schedule 26-F. Charges related to IMEPs constructed by MISO Transmission Owners will be collected under Schedule 26-E.

III. Applicability

A. The charges under Schedule 26-F shall be in addition to any charges under Schedules 7, 8, 9, 26, 26-A, 26-B, 26-C, 26-D, 26-E, and 39. Grandfathered Agreements, including the provision of Transmission Service, shall not be assessed charges pursuant to Schedule 26-F.

B. The Transmission Customer shall not be charged pursuant to Schedule 26-F for Transmission Service (1) where the generation source is located within the Transmission Provider Region and the load is located outside of the Transmission Provider Region; and (2) where both the generation source and the load are located outside of the Transmission Provider Region.

IV. PJM IMEP Revenue Requirements Allocated to MISO Zones

A. Derivation of Annual Revenue Requirements

Prior to January 1 and June 1 each year, MISO will seek to obtain from PJM a list of the annual revenue requirements for each IMEP constructed by PJM Transmission Owners to be collected by MISO from MISO Transmission Customers.

B. Apportionment of Annual Revenue Requirements to MISO Zones

MISO shall apportion the annual revenue requirements for IMEPs constructed by PJM Transmission Owners to each MISO Zone in accordance with the cost allocation methodology under Attachment FF, Section III.A.2.f, and Section 9.4.4.2.3 of the Joint Operating Agreement between MISO and PJM. The MISO Zones are the same MISO Zones identified in Schedule 26.

C. Collection of Annual Revenue Requirements for PJM IMEPs

The total annual revenue requirement for IMEPs constructed by PJM Transmission Owners apportioned to a MISO Zone shall be the sum of each PJM Transmission Owner's IMEP revenue requirement apportioned to that MISO Zone. MISO will calculate each MISO Customer's monthly charge by allocating the monthly revenue requirement by MISO Zone to each customer within the MISO Zone taking NITS and/or Point-To-Point Transmission Service. The allocations of the monthly revenue requirement will be based on each customer's monthly pro-rata share of the total monthly load for the MISO Zone. The monthly loads will be comprised of (i) the NITS loads and (ii) any Point-To-Point load for any reservation on OASIS used to serve load in that MISO Zone. The NITS load will be equal to the Network Customer's Monthly Network Load as determined in accordance with Module B, Section 34.2 of this Tariff multiplied by the number of hours in the month. The Point-To-Point load will be equal to the Reserved Capacity for the Point-To-Point Transmission Services reservation multiplied by the duration, in hours, of the reservation within the month. The MISO Zones are the same MISO Zones identified in Schedule 26.

D. Distribution of Schedule 26-F Revenue to PJM

Each month, pursuant to agreed-upon settlement procedures, MISO shall remit to PJM revenue received from MISO Transmission Customers pursuant to this Schedule 26-F.