

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Midwest Independent Transmission System Operator, Inc.	Docket No. ER05-6-041
Midwest Independent Transmission System Operator, Inc. PJM Interconnection, LLC, <i>et al.</i>	Docket No. EL04-135-043
Midwest Independent Transmission System Operator, Inc. PJM Interconnection, LLC, <i>et al.</i>	Docket No. EL02-111-061
Ameren Services Company, <i>et al.</i>	Docket No. EL03-212-057

ORDER APPROVING UNCONTESTED SETTLEMENT

(Issued April 13, 2006)

1. On January 23, 2006, a Settlement Agreement (Settlement) was filed on behalf of Wisconsin Electric Power Company and Edison Sault Electric Company (collectively Wisconsin Electric) and the PJM Interconnection, L.L.C. (PJM) Transmission Owners (Settling Parties). Commission Trial Staff, Wisconsin Public Service Corporation and Upper Peninsula Power Company, and Michigan Agencies' filed comments on January 30, 2006. The Settling Parties filed reply comments on February 8, 2006. On March 13, 2006, the Settlement judge certified the Settlement as uncontested, 114 FERC ¶ 63,039 (2006).
2. The Settlement resolves all of the "shift-to-supplier" issues between the Settling Parties in the above referenced docket numbers. The Settlement is fair and reasonable and in the public interest and is hereby approved. Commission approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824e (2000).

3. On July 23, 2003, the Commission issued an order which found the regional through and out rates between PJM Interconnection, L.L.C. (PJM) and the Midwest Independent System Operator (Midwest ISO) unjust and unreasonable and, accordingly, directed the elimination of those rates.¹ On November 18, 2004, the Commission ordered the Midwest ISO, PJM and their transmission owners to submit revised tariff sheets to implement the elimination of through and out rates, and for the adoption of the replacement rate design and the Seams Elimination Charge/Cost Adjustment/Assignment (SECA) methodology.² In addition, the Commission allowed load serving entities (LSE's) under existing contracts to demonstrate that the supplier is the shipper and propose to transfer a portion of their SECA obligation to the supplier.

4. The Settlement resolves all of Wisconsin Electric's monetary obligations under the transitional rate mechanism at issue in these proceedings. This includes any and all lost revenue claims payable by Wisconsin Electric, all amounts owing for Existing Transactions (as defined in the PJM Tariff), any potential obligations resulting from any attempt to shift SECA responsibility to Wisconsin Electric, and any other issue that may arise during the proceedings.

5. The Settlement requires Wisconsin Electric to pay a total amount of \$8,945,728 as follows: (1) Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc. (ComEd) - \$7,068,166; (2) AEP - \$368,374;³ (3) The Dayton Power and

¹ *Midwest Indep. Transmission Sys. Operator, Inc.*, 104 FERC ¶ 61,105 (2003) (Order on Initial Decision), *order on reh'g*, 105 FERC ¶ 61,212 (2003), *reh'g denied*, 105 FERC ¶ 61,216 (2003).

² *Midwest Indep. Transmission Sys. Operator, Inc.*, 109 FERC ¶ 61,168 (2004) (November 18 Order), *reh'g pending*.

³ AEP refers to American Electric Power Service Corporation, on behalf of certain operating companies of the American Electric Power System, including Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company.

Light Company - \$1,987; (4) PJM East Transmission Owners and Allegheny Power - \$2,188,⁴ and (5) PJM Transmission Owners - \$1,505,013.⁵

6. This order terminates the claims between the Settling Parties in Docket Numbers ER05-6-041, EL04-135-043, EL02-111-061 and EL03-212-057.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁴ This amount will be distributed to the PJM East Transmission Owners and Allegheny Power pursuant to the distribution of revenues under section 5.4 of the PJM Transmission Owners Agreement and the PJM West Transmission Owners Agreement, or superseding agreement.

⁵ This amount is to be distributed to the PJM Transmission Owners pursuant to Attachment R, Section 2 of the PJM Tariff in effect during each of the time periods.