135 FERC ¶ 61,203
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Midwest Independent Transmission System Operator, Inc. — Docket No. ER11-3276-000

ORDER ACCEPTING PROPOSED TARIFF REVISIONS

(Issued May 31, 2011)

1. On April 1, 2011, Midwest Independent Transmission System Operator, Inc. (MISO) filed proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) to facilitate Missouri River Energy Services (MRES) joining MISO as a transmission-owning member. We accept the proposed revisions to be effective as of the date of MRES's integration into MISO, as requested, which is scheduled for June 1, 2011.

I. Background and Proposed Tariff Revisions

2. MISO is a Commission-approved Regional Transmission Organization (RTO) that provides transmission service pursuant to rates, terms and conditions of its Tariff. Among other things, MISO provides Point-to-Point Transmission Service and Network Integration Transmission Service under its Tariff. MRES is an organization of 60 member municipalities that own and operate their own electric distribution systems. MRES is governed by a 13-member board of directors who are elected by and from the ranks of its member representatives. On February 24, 2011, the Board of Directors of MISO approved the application of MRES to become a transmission-owning member of the RTO. MISO anticipates that MRES will fully integrate its facilities into the MISO footprint on June 1, 2011.

3. MISO proposes revisions to the following Tariff schedules and attachments to reflect the addition of MRES as a transmission-owning member: Schedule 7 (Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service); Schedule 8 (Non-Firm Point-to-Point Transmission Service); Schedule 9 (Network Integration Transmission Service); and Attachment P (Grandfathered Agreements (GFAs)). MISO states that the revision to Attachment P is being made to remove GFA No. 318, which is being

converted to Network Integration Transmission Service upon MRES's entry into MISO as a transmission-owning member. In addition, MISO proposes to add MRES to Attachment FF-4 (Transmission Owners Integrating Local Planning Processes) to indicate that MRES has elected to use MISO's planning protocols for local transmission planning.[1] MISO also proposes to delete outdated information now under Attachment FF-5 (Transmission Owners with Separate Local Planning Processes) and to add MidAmerican Energy to Attachment FF-5.[2]

4. The proposed revisions adopt MISO's Commission-approved transmission formula rate template, which is contained in Attachment O to the Tariff. According to MISO, by transitioning to MISO's Attachment O formula rate, MRES will fully migrate to the Tariff and be subject to the same terms and conditions of service as are other MISO Transmission Owners that utilize the Attachment O formula rate.

5. MISO identifies two Midwest Transmission Expansion Plans (MTEP) projects in which MRES participates under the CapX2020 Transmission Capacity Expansion Initiative (CapX2020) that would be eligible for cost sharing based on the date of MRES membership: the Twin Cities-Fargo 345 kV Project (Fargo Line) and Twin Cities-Brooking County 345 kV project (Brookings Line). MISO explains that MRES's participation in the CapX2020 projects presents somewhat unique circumstances since MRES, along with several other current members of MISO, jointly participated in the projects. In addition, the projects have been studied with MRES load modeled as part of the studies and the entirety of the projects were vetted as part of the MTEP process. MISO further explains that it is expected that the Brookings Line will be approved after the date of the MRES membership, but that the Fargo Line was approved prior to MRES's admission as a Transmission Owner in MISO.

6. Accordingly, MISO proposes to adopt a limited exception to its general policy on project cost sharing based upon the Transmission Owners Agreement[3] and the planning

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[1] MISO is also updating Attachment FF-4 to include Dairyland Power Cooperative, Big Rivers Electric Corporation and Muscatine Power and Water, transmission-owning members who have already integrated into MISO and elected to use MISO's planning protocols for local transmission planning.

[2] MISO states that it is adding MidAmerican Energy to the Attachment FF-5 list indicating that it uses its own protocols for local transmission planning.

[3] The formal name of the Transmission Owners Agreement is the Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., A Delaware Non-Stock Corporation.

protocol of the Tariff, which provides that a new Transmission Owner will not be eligible for cost sharing before the Network Upgrade is vetted through the MISO Tariff's Attachment FF stakeholder process and subsequently approved by MISO's Board of Directors in Appendix A of the Midwest Transmission Expansion Plans. The conditions that must be met to grant this exception are:

> (1) The project in question has been vetted and approved as an Appendix A Network Upgrade through the MTEP planning process as provided for under Attachment FF of the Tariff;[4]
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> (2) The entire load responsibility of the new Transmission Owner member that will be served under the MISO Tariff was being served – in a MISO pricing zone in existence at the time of the Network Upgrade approval – under the MISO Tariff through Network Integration Transmission Service, or under GFAs with an existing Transmission Owner, at the time the Network Upgrade was approved under the MTEP planning process;
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> (3) The new Transmission Owner member converts all of its load that is under a GFA to Network Integration Transmission Service upon integration as a Transmission Owner member; and
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> (4) The MISO Board of Directors approves the membership application of the new Transmission Owner member and the Transmission Owner transfers functional control (i.e., is fully integrated) of its contiguous transmission facilities to MISO, before any of the new Transmission Owner's costs are included in allocated costs under the Tariff.

7. MISO contends the "limited exception" is designed to recognize a new member's earlier participation in the planning process with existing MISO members for specific Network Upgrades. However, MISO also points out that the exception maintains the protection of MISO's general policy, which protects other stakeholders against new members joining MISO only to bring with them high-cost projects, essentially joining MISO to avoid the cost of their own independently planned transmission expansions.

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[4] This excludes Generator Interconnection Projects which are planned through the protocols of Attachment X (Generator Interconnection Procedures).

Further, MISO states that the conditions require a commitment by the new member to convert its GFA load to Network Integration Transmission Service under the Tariff. This prevents a new member from shifting project costs to other MISO load while shielding its own load from a fair share of regional expansion costs under Schedule 26 of the Tariff.[5]

8. MISO further explains that once its Board of Directors approves the application for Transmission Owner membership, MISO will recalculate the zonal allocation percentages to reflect the new Transmission Owner's transmission system and/or load inclusion. The allocation adjustment will be performed on the same MTEP model applicable at the time of approval of the Network Upgrade, and will apply the same zonal load ratio shares used in the original allocation for the existing members and a comparable load amount for the new Transmission Owner member. For rate calculation purposes, the recalculated zonal allocation percentages will be applied prospectively and only apply to the specific set of Network Upgrades that meet the four conditions above.

9. MISO requests that the Commission accept the proposed revisions effective upon the day of MRES's full integration into MISO, which is currently scheduled for June 1, 2011.

II. Notice of Filing and Responsive Pleadings

10. Notice of MISO's proposed tariff revisions was published in the *Federal Register*, 76 Fed. Reg. 19,986 (2011), with interventions or protests due on or before April 22, 2011. Consumers Energy Company, Duke Energy Corporation, and MRES filed timely motions to intervene. Midwest ISO Transmission Owners[6] (MISO TOs) filed a timely motion to intervene and comments.

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[5] Under Schedule 26, a GFA load is not assessed for network expansion costs.

[6] Midwest ISO Transmission Owners for purposes of this filing consist of: Ameren Services Company, as agent for Union Electric Company, Central Illinois Public Service Company, Central Illinois Light Co., and Illinois Power Company; American Transmission Company LLC; City of Columbia Water and Light Department (Columbia, Missouri); City Water, Light & Power (Springfield, Illinois); Duke Energy Corporation for Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., and Duke Energy Kentucky, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company; ITC Midwest LLC; Michigan Electric Transmission Company, LLC; Michigan Public Power Agency; MidAmerican Energy Company (MidAmerican); Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a

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11. The MISO TOs indicate that they support the limited criteria described in MISO's Filing for determining when a new Transmission Owner's projects are eligible for cost sharing. However, the MISO TOs state that new Transmission Owners should not be allowed to "avoid the costs of their own independently planned transmission expansion" by imposing these costs on other MISO ratepayers, or to shift "project costs to [MISO] load while shielding its own load" from cost sharing under the Tariff.[7] Therefore, the MISO TOs ask the Commission to state in its order accepting the MISO's Filing that a new Transmission Owner's projects can be eligible for cost allocation pursuant to Attachment FF and cost recovery pursuant to Schedule 26 only when it meets the four conditions set forth above. Furthermore, the MISO TOs request that the Commission should also specify that the first criterion excludes Generation Interconnection Projects planned in accordance with Attachment X consistent with the instant filing.[8]

III. Discussion

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,[9] the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. We will accept the proposed revisions to Schedules 7, 8, 9 and Attachments P, FF-4 and FF-5 to the MISO Tariff to reflect the proposed integration of MRES into MISO and to update certain attachments. The proposed revisions will be effective as of the date of MRES's integration into MISO, which is currently scheduled for June 1, 2011. We also find that the proposal to make MRES eligible for cost sharing for two existing MTEP projects in which MRES participates is just and reasonable.

14. MISO suggests in its filing that it intends to apply the limited exceptions to its cost sharing policy to new Transmission Owners in future proceedings as well. However, we reject the MISO TOs' request to explicitly condition future determinations regarding the

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Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

[7] MISO TOs Comments at 7.

[8] *Id.* at 8.

[9] 18 C.F.R. § 385.214 (2011).

eligibility for cost sharing by new Transmission Owner members on the fulfillment of the four conditions laid out in MISO's Filing. As the Commission has stated previously, the determination of which projects of a new Transmission Owner member will be subject to the MISO regional planning process and which of its transmission projects will be subject to cost allocation pursuant to Attachment FF is an individualized one that should be addressed when the prospective member applies to join MISO.[10]

The Commission orders:

The proposed revisions to MISO's Tariff are hereby accepted for filing, effective as of the date of MRES's integration into MISO, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

[10] *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221, at P 477 (2010); *Midwest Indep. Transmission Sys. Operator, Inc.*, 131 FERC ¶ 61,187 at P 14 (2010) (explaining that when projects will be subject to the Midwest ISO regional planning process and which transmission projects will be subject to cost allocation pursuant to Attachment FF is an issue associated with the integration of any new transmission-owning member into the Midwest ISO regional planning process). The Commission is currently addressing cost allocation issues in other dockets, including in connection with Multi-Value Projects (MVPs) in the MISO region. As such, we find that it is appropriate to address eligibility for cost sharing for new members on a case-by-case basis at this time. We may revisit the need for tariff revisions if circumstances warrant.