



October 20, 2011

Commissioner Cheryl A. LaFleur

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket Nos. ER10-1791-001, ER10-1791-002 and ER10-1069-001

Item No. E-11 & E-12

Statement of Commissioner Cheryl A. LaFleur on MISO & SPP Cost Allocation Rehearing Orders

"Thank you to both the SPP and the MISO teams for your hard work on these orders.

I am happy to vote out these orders today. I was not yet on the Commission when you voted out the SPP cost allocation order last summer, but of course I was here when we voted out the MISO order in December. I believe these two orders are very important, because they will help these two regions build transmission to serve customers. As I have frequently stated, transmission is needed for reliability, to make markets work better and reduce costs to customers, and to connect new power sources. The third factor is particularly important in the face of significant changes in power supply due to the greater reliance on natural gas for generation, to state renewable portfolio standards, and to new environmental regulations.

At the same time, I recognize that transmission is expensive and the costs to customers are very real. Our consideration of the rehearing applications in this case required a very careful analysis of whether MISO and SPP had met the legal and statutory standard for allocating those costs.

I would like to highlight a few important factors that I believe characterize both the MISO and the SPP transmission planning and cost allocation processes, and influenced my decision in this case:

First, they reflect a strong stakeholder process.

Second, the record in these cases shows that these processes used a careful and fair selection method to identify transmission projects that benefit customers across the regions, and

Third, in both cases, the stakeholders worked hard to align benefits and costs, which is consistent with cost causation principles and judicial precedent.

Three months ago, we voted out Order 1000, establishing new principles for transmission planning and cost allocation. I know that means these same hardworking folks have to go back to work on Order 1000 compliance. However, I believe today's cases represent an important milestone in their efforts. Thank you."