152 FERC ¶ 61,179
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

September 3, 2015

In Reply Refer To:
Midcontinent Independent System Operator, Inc.
Docket No. ER15-2145-000

Midcontinent Independent System Operator, Inc.
P.O. Box 4202
Carmel, IN 46082-4202

Attention: Jeffrey L. Small
Matthew R. Dorsett

Dear Mr. Small and Mr. Dorsett:

1. On July 9, 2015, pursuant to section 205 of the Federal Power Act (FPA)[1] and Part 35 of the Commission's regulations,[2] Midcontinent Independent System Operator, Inc. (MISO) filed a revised Rate Schedule 43H (Allocation of System Support Resource (SSR) Costs Associated with White Pine Unit No. 1) that corrects the description of the American Transmission Company (ATC) pricing zone contained in a version of Rate Schedule 43H that was conditionally accepted by the Commission in an order dated June 19, 2015[3] (corrected Revised Rate Schedule 43H). As discussed below, we conditionally accept corrected Revised Rate Schedule 43H, suspend it for a nominal period, to be effective April 16, 2015, as requested, subject to the outcome of the SSR cost allocation proceeding in Docket No. ER14-2952 and a compliance filing, and direct MISO to provide refunds accordingly.

2. Under MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff), market participants that have decided to retire or suspend a

[1] 16 U.S.C. § 824d (2012).

[2] 18 C.F.R. Pt. 35 (2015).

[3] *Midcontinent Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,244 (2015) (White Pine Year 2 Order).

generation resource or Synchronous Condenser Unit (SCU) must submit a notice (Attachment Y Notice), pursuant to Attachment Y (Notification of Potential Resource/SCU Change of Status) of the Tariff, at least 26 weeks prior to the resource's retirement or suspension effective date. During this 26-week notice period, MISO will conduct a study (Attachment Y Study) to determine whether all or a portion of the resource's capacity is necessary to maintain system reliability, such that SSR status is justified. If so, and if MISO cannot identify an SSR alternative that can be implemented prior to the retirement or suspension effective date, then MISO and the market participant shall enter into an agreement, as provided in Attachment Y-1 (Standard Form SSR Agreement) of the Tariff, to ensure that the resource continues to operate, as needed.[4] The SSR agreement is filed with the Commission and specifies the terms and conditions of the service, including the compensation to be provided to the resource. For each SSR agreement filed with the Commission, a separate rate schedule must be filed to provide for the costs identified in the SSR agreement to be recovered from the identified beneficiaries, consistent with section 38.2.7.k of MISO's Tariff.

3. A detailed history of proceedings related to the designation of White Pine Unit No. 1 as an SSR Unit and the allocation of White Pine SSR costs is provided in the White Pine Year 2 Order.[5] Of importance to the instant proceeding, on April 15, 2014, in Docket No. ER14-1724-000, MISO submitted a proposed SSR agreement between White Pine Electric Power, LLC and MISO under its Tariff (the Original White Pine SSR Agreement) to ensure the continued availability of White Pine Unit No. 1 as an SSR Unit (White Pine SSR Unit).[6] In a contemporaneous filing in Docket No. ER14-1725-000, MISO filed proposed Rate Schedule 43H under its Tariff to authorize MISO to allocate SSR costs that are associated with the White Pine SSR Unit (Original Rate Schedule 43H). MISO stated that the proposed cost allocation in Original Rate Schedule 43H was consistent with the Tariff in effect at the time, which required MISO to assign SSR costs on a *pro rata* basis to all load-serving entities (LSEs) within the ATC footprint.[7] On June 13, 2014, the Commission issued an order accepting the Original White Pine SSR

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[4] *See Midwest Indep. Transmission Sys. Operator, Inc.*, 108 FERC ¶ 61,163, *order on reh'g*, 109 FERC ¶ 61,157 (2004).

[5] *See* White Pine Year 2 Order, 151 FERC ¶ 61,244 at PP 5-9.

[6] White Pine Unit No. 1 is a generator turbine located in White Pine, Michigan, within the footprint of the ATC with a nameplate capacity of 20 MW. *See* MISO White Pine SSR Agreement Filing, Docket No. ER14-1724-000, Transmittal Letter at 2 (filed Apr. 15, 2014).

[7] MISO White Pine Rate Schedule 43H Filing, Docket No. ER14-1725-000, Transmittal Letter at 3 (filed Apr. 15, 2014).

Agreement and associated Original Rate Schedule 43H, suspending them for a nominal period, to be effective April 16, 2014, as requested, subject to refund and further Commission order.[8]

4. On July 29, 2014, the Commission granted a complaint filed by the Public Service Commission of Wisconsin against MISO and found that the Tariff was unjust, unreasonable, unduly discriminatory, or preferential because the ATC *pro rata* SSR cost allocation provision did not follow cost causation principles.[9] The Commission directed MISO to remove the ATC *pro rata* SSR cost allocation provision from its Tariff, thereby extending to the ATC footprint the general SSR cost allocation Tariff language, which requires MISO to allocate SSR costs to "the LSE(s) which require(s) the operation of the SSR Unit for reliability purposes."[10]

5. On February 19, 2015, the Commission granted clarification of the Wisconsin Commission Complaint Order and found that MISO's general SSR cost allocation practice, which was based on Local Balancing Authority (LBA) boundaries and an optimal load-shed study as provided in MISO's Transmission Planning Business Practice Manual,[11] when applied to the allocation of SSR costs associated with three SSR Units located in the ATC footprint (including the White Pine SSR Unit), had not been shown to produce results that are just and reasonable and not unduly discriminatory.[12] As relevant here, the Commission directed MISO to file a new study methodology that will allocate the costs associated with the White Pine SSR Unit directly to benefitting LSEs, as required by MISO's Tariff.[13] The Commission also directed MISO to submit Tariff revisions adjusting the allocation of White Pine SSR costs in accordance with the new study methodology, with such revisions effective on April 16, 2014.[14] The Commission

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[8] *Midcontinent Indep. Sys. Operator, Inc.*, 147 FERC ¶ 61,199 (2014).

[9] *Midcontinent Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,071, at PP 59-61 (2014) (Wisconsin Commission Complaint Order).

[10] *Id.* P 66.

[11] *Id.* P 81 (citing MISO Transmission Planning Business Practices Manual, BPM-020-r10 (dated Apr. 10, 2014) at § 6.2.6 (System Support Resource Agreement Cost Allocation Methodology)).

[12] *Public Service Commission of Wisconsin.*, 150 FERC ¶ 61,104, at PP 83-86 (2015) (February 2015 SSR Rehearing Order).

[13] *Id.* PP 86, 89.

[14] *Id.* P 89.

required MISO to refund any White Pine SSR costs allocated to LSEs that were higher than the costs to be allocated to those LSEs according to the forthcoming study for the White Pine SSR Unit, with such refunds to begin April 16, 2014. On May 20, 2015, in Docket No. ER14-2952-003, MISO filed with the Commission a revised study methodology and a revised Original Rate Schedule 43H for the White Pine SSR Unit. This filing is currently pending before the Commission.

6. On April 20, 2015, in Docket No. ER15-1535-000, MISO submitted a Revised White Pine SSR Agreement to ensure the continued availability of White Pine Unit No. 1 as an SSR Unit for the 12-month period between April 16, 2015 and April 15, 2016.[15] On the same date, in Docket No. ER15-1536-000, MISO submitted a Revised Rate Schedule 43H under its Tariff, which specified the allocation of the costs associated with the continued operation of White Pine Unit No. 1 as an SSR Unit.[16] MISO stated that Revised Rate Schedule 43H allocated costs associated with the Revised White Pine SSR Agreement to all LSEs within the ATC footprint on a *pro rata* basis, based upon each entity's contribution to the peak of its LBA.[17] MISO recognized that this method of cost allocation was subject to the directives in the February 2015 SSR Rehearing Order, but noted that the Commission had not yet accepted a new cost allocation methodology to allocate SSR costs directly to those LSEs that benefit from operation of the SSR Units.[18]

7. In the White Pine Year 2 Order, the Commission conditionally accepted Revised Rate Schedule 43H, suspended it for a nominal period, to be effective April 16, 2015, as requested, subject to refund, and subject to the outcome of the SSR cost allocation proceeding in Docket No. ER14-2952.[19] The Commission required MISO, within 30 days of a Commission order approving a new study methodology in Docket No. ER15-2952, to submit a new Revised Rate Schedule 43H that identifies the LSEs which

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[15] MISO Revised White Pine SSR Agreement Filing, Docket No. ER15-1535-000, Transmittal Letter at 6 (filed Apr. 20, 2015).

[16] MISO Revised White Pine Rate Schedule 43H Filing, Docket No. ER15-1536-000, Transmittal Letter at 3-4 (filed Apr. 20, 2015).

[17] *Id.* Revised Rate Schedule 43H included a list of the LBAs that make up the ATC pricing zone, as follows: Alliant East (ALTE), Madison Gas and Electric (MGE), Upper Peninsula Power Company (UPPC), Wisconsin Electric Power Company (WEC), and Wisconsin Public Service Company (WPS). *Id.*, Ex. A, Schedule 43H (Allocation of SSR Costs Associated with White Pine Unit No. 1 SSR Unit) (35.0.0)).

[18] *Id.*, Transmittal Letter at 3.

[19] White Pine Year 2 Order, 151 FERC ¶ 61,244 at P 43.

require the operation of White Pine Unit No. 1 for reliability purposes and Tariff revisions adjusting the SSR cost allocation under Revised Rate Schedule 43H such that White Pine SSR costs are allocated in accordance with the new study methodology, with such revised cost allocation to be effective as of April 16, 2015.[20] The Commission also required MISO to refund, with interest, any costs allocated to LSEs under Revised Rate Schedule 43H from April 16, 2015 that are higher than the costs to be allocated to those LSEs according to the approved study methodology. The Commission also accepted the Revised White Pine SSR Agreement, suspended it for a nominal period, to be effective April 16, 2015, as requested, subject to refund, and set the proposed rates in the Revised White Pine SSR Agreement for hearing and settlement judge procedures.[21]

8. MISO states that the instant filing in Docket No. ER15-2145-000 corrects an error in the Revised Rate Schedule 43H that was conditionally accepted by the Commission in the White Pine Year 2 Order, which inadvertently left out the Michigan Upper Peninsula (MIUP) LBA from the list of LBAs that make up the ATC pricing zone.[22] MISO requests waiver of the Commission's prior notice rule to allow the corrected Revised Rate Schedule 43H to go into effect on April 16, 2015.[23] MISO states that good cause exists to grant this waiver, as the filing delay resulted from the discovery of the missing MIUP LBA after the issuance of the White Pine Year 2 Order, and the adjustment will lessen the impact of the resettlements that are required by the White Pine Year 2 Order.

9. Notice of MISO's July 9, 2015 filing in Docket No. ER15-2145-000 was published in the *Federal Register*, 80 Fed. Reg. 41,493 (2015), with interventions or protests due on or before July 30, 2015. Timely motions to intervene were filed by: American Transmission Company LLC; Alliant Energy Corporate Services, Inc.; Consumers Energy Company; the Wisconsin Public Service Corporation; and Wisconsin Electric Power Company. The Michigan Public Service Commission filed a notice of intervention. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

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[20] *Id.* P 45.

[21] *Id*. P 32.

[22] MISO Second Revised Rate Schedule 43H Filing, Docket No. ER15-2145-000, Transmittal Letter at 3 (filed July 9, 2015).

[23] *Id.* at 4.

10. We conditionally accept corrected Revised Rate Schedule 43H, suspend it for a nominal period, to be effective April 16, 2015, as requested, subject to refund, and subject to the outcome of the SSR cost allocation proceeding in Docket No. ER14-2952.[24] We grant waiver of the prior notice requirement and allow corrected Revised Rate Schedule 43H to be effective April 16, 2015, as requested.[25]

11. Within 30 days of a Commission order approving a new study methodology, MISO must submit a new Rate Schedule 43H that identifies the LSEs which require the operation of the White Pine SSR Unit for reliability purposes and Tariff revisions adjusting the SSR cost allocation under corrected Revised Rate Schedule 43H such that White Pine SSR costs are allocated in accordance with the new study methodology, with such revised cost allocation to be effective as of April 16, 2015. Consistent with the Commission's prior orders, MISO must refund, with interest, any costs allocated to LSEs under corrected Revised Rate Schedule 43H from April 16, 2015 that are higher than the costs to be allocated to those LSEs according to the approved study methodology.[26]

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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[24] White Pine Year 2 Order, 151 FERC ¶ 61,244 at PP 43-44.

[25] *See* 18 C.F.R. § 35.15 (2015) ("For good cause shown, the Commission may by order provide that the notice of cancellation or termination shall be effective as of a date prior to the date of filing or prior to the date the filing would become effective in accordance with these rules.").

[26] *See* February 2015 SSR Rehearing Order, 150 FERC ¶ 61,104 at P 89; White Pine Year 2 Order, 151 FERC ¶ 61,244 at P 45.