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October 12, 2007

Mr. Jeff Webb
Mr. Steve Kozey
Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel, IN 46032

RE: Midwest ISO Draft Attachment K (FF)

Gentlemen:

This letter is written on behalf of Missouri River Energy Services, Wisconsin Public Power Inc., Madison Gas & Electric, Midwest Municipal Transmission Group, Missouri Joint Municipal Electric Utility Commission, Citizens Electric Corp. and Corn Belt Energy Corp. (collectively "Midwest TDUs") to express their concerns regarding the Midwest ISO's draft revisions to Attachment FF to its Transmission Energy Markets Tariff (Attachment FF), which Midwest ISO posted on September 14, 2007 in purported compliance with Federal Energy Regulatory Commission ("FERC") directives regarding Attachment K to FERC's *pro forma* Open Access Transmission Tariff ("OATT"), as amended by Order 890.¹ We also desire to give Midwest ISO advance notice of our comments on Attachment FF to be given at the Midwest Regional Technical Conference in Boston on October 15, 2007.

Many of the Midwest TDUs were represented at the June 29, 2007 Midwest Region Order 890 Transmission Planning Regional Technical Conference ("Technical Conference") where they offered comments on Midwest ISO's transmission planning process "strawman" ("Midwest ISO Strawman").² The Midwest ISO Strawman proposal stated that Midwest ISO would assume local planning responsibilities for several of its participating Transmission Owners ("TOs") but did not provide information about how those assumed planning responsibilities would be carried out, how existing TO planning processes are conducted, or how the Midwest ISO-assumed or the existing TO planning processes would be or are compliant with Order 890. At the Technical Conference, the Midwest TDUs pointed out that it appeared that the

¹ Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, 118 F.E.R.C. ¶ 61,119 (2007).

² FERC Order 890 Midwest ISO Strawman Proposal for Compliance with Nine Planning Principles Adopted by the Final Rule (May 29, 2007).

individual TOs would continue to engage in local transmission planning and that without details about those local planning processes, FERC and interested stakeholders, such as Midwest TDUs, would be unable to determine if Midwest ISO and the TOs had complied with Order 890. On the other hand, if Midwest ISO really were assuming local planning responsibilities, the Midwest ISO Strawman did not describe how Midwest ISO would fulfill those responsibilities or whether the process would be Order 890 compliant.

Midwest ISO's September 14, 2007 Attachment FF modifications do not address the deficiencies identified by Midwest TDUs at the June 29 Technical Conference, and Midwest ISO has not explained how those modifications address either Order 890's planning principles or the FERC Staff August 2, 2007 White Paper. In fact, Midwest ISO's actions may be moving backwards, as exhibited by Midwest ISO's claim to be assuming local planning for a larger number of TOs (see Attachment FF-X). We do welcome the fact that local planning processes that Midwest TDUs had identified in Pittsburgh as setting forth "best practices," including those in Minnesota and Wisconsin, will continue. (Confusingly, the Attachment FF draft indicates that transmission owners in Minnesota will use Midwest ISO's planning process for local planning, though we understand that they will, in fact, continue local planning themselves.)

Attachment FF states that "some Midwest ISO Transmission Owners have agreed to use the Transmission Provider's open and coordinated planning processes for all of their transmission facilities in lieu of filing a separate Attachment K."³ Attachment FF, however, does not make clear which responsibilities, if any, would remain with TOs and which responsibilities will in fact be conducted by Midwest ISO. Further, if Midwest ISO plans to assume full responsibility for local planning on individual TO systems, it has not demonstrated that it will be able to carry out these functions effectively. First, adequate local transmission planning on the more than twenty participating TO systems listed in Attachment FF-X will require significant resource commitments by Midwest ISO, but Midwest ISO has not described the additional resources it will need to assume local planning resources. It seems impossible that the kinds of local outreach (*e.g.*, meetings with city councils, local environmental groups) that occurs in Wisconsin, for example, can be conducted effectively from Carmel, Indiana. There could also be a significant learning curve for Midwest ISO given that until now local planning was performed by TOs. Second, Midwest ISO does not address how it will fund the assumed local planning responsibilities. If Midwest ISO intends to recover planning process costs as allowed by Order 890,⁴ it has not described how it will do so, even though the FERC Staff Transmission Planning White Paper⁵ and Order 890⁶ explicitly require that this issue be addressed. Third, Midwest TDUs are concerned that Midwest ISO has not yet succeeded in making its existing transmission planning process work smoothly. For example, Midwest ISO recently gave stakeholders only *one week* to review the draft 2007 Midwest ISO Transmission Expansion Plan ("MTEP") and provide comments. Rather than expanding responsibilities, Midwest ISO ought to focus on better performing its existing ones.

³ Attachment FF, Substitute Original Sheet No. 1838.

⁴ Order 890, P 586.

⁵ Order 890 Transmission Planning Process Staff White Paper, Docket Nos. RM05-17-000, RM 05-25-000 (Aug. 2, 2007), pp. 19-20 (Staff White Paper).

⁶ Order 890, P 586.

Midwest TDUs question, however, whether Midwest ISO can really assume local transmission planning responsibilities. The Midwest ISO Strawman discussed at some length the Midwest ISO “top down study process”⁷ but neglected to address the “bottom up” components of that process described in Appendix B to the Midwest ISO Transmission Owners Agreement (“TOA”); it seems implausible that Midwest ISO would now propose that this bottom fall out. The TOA specifically states that Midwest ISO will not conduct planning for facilities under 100kV.⁸ Attachment FF repeatedly cross-references and asserts that it is consistent with the Appendix B “Planning Framework” of the TOA⁹, and even quotes a segment of that document specifically placing local planning responsibilities on all Transmission Owners: “. . . the Transmission Owners shall develop expansion plans for their transmission facilities. . . .”¹⁰ It would appear from the foregoing that TOs will – indeed, must – remain engaged in local planning. Attachment FF further states that “such Transmission Owners will be responsible for providing the Transmission Provider with sufficient information regarding all of their planning activities to enable the Transmission Provider to incorporate all of the Transmission Owner’s transmission facilities into the regional planning process.”¹¹ Midwest TDUs do not understand how the TOs can maintain “planning activities” without a local planning process that is Order 890 compliant.

Because it would appear that TOs will continue to have local planning, even those electing to rely on MISO’s Attachment FF, Midwest ISO must ensure that this local planning complies with Order 890’s requirements: “To ensure full compliance, individual transmission owners must, to the extent that they perform transmission planning within an RTO or ISO, comply with the Final Rule as well.”¹² Attachment FF, however, does not describe how these local processes meet Order 890’s planning criteria. Without a clear idea of the mechanics of the local planning processes, stakeholders such as the Midwest TDUs with particular interest in local transmission planning cannot be assured that they will in fact be allowed to effectively participate in planning at the local level. Once information developed in local transmission planning reaches the regional planning level, there will be little opportunity for stakeholders to alter the decisions made on the local level. This result is, in fact, what Order 890 aims to prevent: closed, non-transparent aspects of transmission planning that eliminate or minimize some stakeholders’ opportunities for meaningful participation in the planning process.¹³

In addition to failing to describe how local planning responsibilities retained by TOs will comply with Order 890, Attachment FF lacks specific information about current local planning processes and how these processes will be integrated into the regional and overall MTEP. Attachment FF frequently states that additional detail or further description of particular aspects of the planning procedures is provided in the Transmission Planning Business Practices Model, but that Model does not yet appear available for review. Without details on how planning is now

⁷ Midwest ISO Strawman, pp. 14-18.

⁸ TOA, Appendix B, Original Sheet No. 103.

⁹ See, e.g., Attachment FF, Substitute Original Sheet Nos. 1833, 1838, and 184.

¹⁰ Attachment FF, Original Sheet No. 1838.

¹¹ *Id.*

¹² Order 890, P 440.

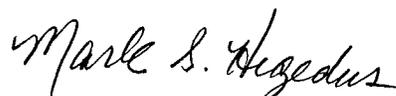
¹³ See, generally, Order 890, P 425.

conducted at all levels, it is impossible to evaluate whether Midwest ISO's proposed process is nondiscriminatory, comparable and transparent.

To ensure that Midwest ISO's and its TOs' planning processes comply with Order 890, Midwest TDUs urge the following modifications. First, Midwest ISO should describe existing local transmission planning processes (or require its TOs to prepare such descriptions for posting by Midwest ISO). Without knowing what local planning exists, FERC and stakeholders cannot assess whether what is proposed in Attachment FF (or whatever document Midwest ISO deems equivalent to Attachment K) satisfies Order 890's comparability principle. Second, if Midwest ISO really is proposing to assume local planning responsibilities, it should describe which tasks will be its responsibility and which tasks will be required of individual TOs. Midwest ISO should also describe how it intends to ensure that the planning activities of the individual TOs will be Order 890 compliant. Third, if Midwest ISO will, in fact, be assuming local planning responsibilities it has not previously carried out, Attachment FF should describe the additional resources Midwest ISO expects those new responsibilities to require and how those resources will be funded. Fourth, whatever the division of responsibilities, Midwest ISO must fully describe how local planning will be integrated into both regional planning and the full MTEP process and discuss how the entire proposed planning regime complies with Order 890.

Midwest TDUs look forward to engaging with Midwest ISO on these matters. Midwest TDUs also welcome Midwest ISO's contacting the undersigned about the issues discussed in this letter.

Sincerely,



Mark S. Hegedus
J.S. Gebhart

Attorneys for Midwest TDUs

cc: FERC Attachment K Staff (by email)
T. Graham Edwards, Midwest ISO