

122 FERC ¶ 61,084  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
and Jon Wellinohoff.

Midwest Independent Transmission System Operator, Inc.	Docket Nos. ER05-6-044 ER05-6-054 ER05-6-055
Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C.	Docket Nos. EL04-135-046 EL04-135-056 EL04-135-057
Midwest Independent Transmission System Operator, Inc. and PJM Interconnection, L.L.C.	Docket Nos. EL02-111-064 EL02-111-074 EL02-111-075
Ameren Services Company	Docket Nos. EL03-212-060 EL03-212-070 EL03-212-071

ORDER ON CROSS-BORDER FACILITIES  
COST ALLOCATION

(Issued January 31, 2008)

1. In this order, we address competing proposals submitted by Midwest Independent Transmission System Operator, Inc. (Midwest ISO) and PJM Interconnection, L.L.C. (PJM) to establish a just and reasonable mechanism for allocating the cost of new transmission facilities that are built for reliability purposes in one Regional Transmission Organization (RTO) but that provide benefits to the other RTO (cross-border facilities) as part of their Joint Operating Agreement (JOA). For the reasons discussed below, we will conditionally accept Midwest ISO's proposal.

## I. Background

2. On November 18, 2004, the Commission instituted, under section 206 of the Federal Power Act (FPA),<sup>1</sup> a transmission pricing structure across the Midwest ISO and PJM regions that eliminated rate pancaking between these two adjacent RTOs. The Commission recognized that this new transmission pricing structure could impede the construction of new facilities in one RTO that benefit load in the other RTO if the construction costs were not shared. Accordingly, the Commission required Midwest ISO, PJM and their respective transmission owners to propose, consistent with the RTOs' JOA, a methodology for allocating to the customers in each RTO the cost of new cross-border facilities.<sup>2</sup>

3. The RTOs and their transmission owners submitted the required proposal in May 2005. On November 21, 2005, the Commission conditionally accepted the proposal but required further compliance.<sup>3</sup> The Commission found that the RTOs had not sufficiently described the joint RTO planning model that they would use as part of their cross-border cost allocation process. Thus, the Commission directed Midwest ISO and PJM to explain in a compliance filing the joint RTO planning model and to make the details of its use transparent to the stakeholders and the Commission.

## II. Compliance Filing

4. On March 21, 2006, in the instant proceeding, the RTOs and their respective transmission owners submitted a joint filing that specified all but one of the remaining details about the cross-border cost allocation process.<sup>4</sup> The RTOs agreed to use a transfer distribution factor (DFAX) analysis<sup>5</sup> to calculate the size of each RTO's flows affecting

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<sup>1</sup> 16 U.S.C. § 824e (2000 & Supp. V 2005).

<sup>2</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 109 FERC ¶ 61,168, *order granting clarification*, 109 FERC ¶ 61,243 (2004), *reh'g pending* (2004 Order).

<sup>3</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 113 FERC ¶ 61,194 (2005) (November 2005 Order).

<sup>4</sup> The March 21, 2006 proposal was filed in Docket Nos. ER05-6-044, EL04-135-046, EL02-111-064, and EL03-212-060, by: Midwest ISO; the Midwest ISO Transmission Owners that had intervened in the proceeding (Midwest TOs); the Midwest Stand-Alone Transmission Companies that had intervened in the proceeding (Midwest Transmission Companies); PJM; and the PJM and West Transmission Owners Agreement Administrative Committees (PJM Transmission Owners Committees).

<sup>5</sup> DFAX measures the responsiveness or change in electrical loadings on  
(continued...)

the constraint that a proposed cross-border facility was designed to relieve. However, the RTOs could not agree on how counterflow should be netted against positive flow in the allocation calculation. As a result, on April 20, 2006, Midwest ISO, Midwest ISO TOs, and Midwest Transmission Companies jointly submitted one proposal (Midwest ISO's proposal),<sup>6</sup> while PJM and the PJM Transmission Owners Committees jointly submitted a different proposal (PJM's proposal).<sup>7</sup>

5. Midwest ISO's proposal uses the total net flow of each RTO on a constraint (all positive flow less all counterflow) as the basis for cost allocation between the RTOs. PJM's proposal also considers counterflow but only at the zonal level. Under PJM's proposal, the RTOs would first calculate the net flow associated with load in each RTO pricing zone (positive flow in the zone minus counterflow in the zone). Then, the RTOs would sum only the flows of those zones with a net-positive flow on the constraint (ignoring zones with a net-negative flow) and use this flow as a basis for the allocation. Because the RTOs disagreed on the netting aspect of their proposal, they asked the Commission to resolve the issue.

### **III. Technical Conference**

6. On September 21, 2006, the Commission directed staff to convene a technical conference to obtain additional information about the competing proposals.<sup>8</sup> Staff held the technical conference on December 5, 2006. By notice of December 7, 2006, the Commission invited post technical conference comments and reply comments.<sup>9</sup> PJM, Midwest ISO, the Midwest ISO TOs,<sup>10</sup> Allegheny Power (Allegheny), and, jointly, Blue

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transmission facilities due to a change in electric power transfer from one area to another, expressed in percent (up to 100 percent) of the change in power transfer.

<sup>6</sup> Docket Nos. ER05-6-055, EL04-135-057, EL02-111-075, and EL03-212-071.

<sup>7</sup> Docket Nos. ER05-6-054, EL04-135-056, EL02-111-074, and EL03-212-070.

<sup>8</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 116 FERC ¶ 61,260 (2006) (September 2006 Order).

<sup>9</sup> Comments were due on January 22, 2007 and reply comments were due February 6, 2007.

<sup>10</sup> The Midwest ISO TOs for this filing consist of: Union Electric Company, Central Illinois Public Service Company, Central Illinois Light Company, and Illinois Power Company; Interstate Power and Light Company; Aquila, Inc.; City of Columbia Water and Light Department (Columbia, MO); City Water, Light & Power (Springfield, IL); Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., and Duke Energy Kentucky, (continued...)

Ridge Power Agency, Old Dominion Electric Cooperative, Virginia Municipal Electric Association No. 1, and Wisconsin Public Power, Inc. (collectively, Blue Ridge) filed comments. Midwest ISO, PJM, PJM TOs,<sup>11</sup> and Virginia Electric and Power Company (Virginia Electric)<sup>12</sup> filed reply comments.

**A. Technical Conference Comments**

7. PJM, in its comments, states that its zonal-netting approach involves a more detailed or granular methodology that yields a more accurate result because all causers are identified. The zonal approach uses a sink of each transmission owner's zone and then allocates costs between the two RTOs based on their relative contribution determined by the sum of all the zones having an adverse impact (i.e. that have a positive contribution on the constraint) in each RTO. PJM states that the primary difference between the RTOs' proposals and perhaps the central issue is the degree of granularity in the cost allocation methodology needed to accurately identify the parties contributing to a particular reliability criteria violation. PJM believes that Midwest ISO's less granular

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Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; Manitoba Hydro; Michigan Public Power Agency; Minnesota Power and its subsidiary Superior Water, L&P; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation; Otter Tail Power Company; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; Wolverine Power Supply Cooperative, Inc.; American Transmission Company LLC; International Transmission Company; and Michigan Electric Transmission Company, LLC.

<sup>11</sup> The PJM TOs for this filing consist of: Exelon Corporation; Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company, all doing business as Allegheny Power; UGI Utilities, Inc.; Rockland Electric Company; Public Service Electric and Gas Company; Baltimore Gas and Electric Company; American Electric Power Service Corporation, on behalf of Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company; and PPL Electric Utilities.

<sup>12</sup> On February 5, 2007, Midwest ISO and PJM requested a time extension until March 22, 2007 to file their reply comments so that they could explore a possible compromise solution. By notice of February 6, 2007, the request was granted. The RTOs subsequently informed the Commission that they could not reach a compromise.

approach masks those who contribute to the need for a cross-border facility and therefore violates cost-causation principles. Furthermore, PJM states that its proposal is consistent with customers' understanding of the RTOs' existing zonal rate structure.

8. Allegheny, in its comments, states that it supports PJM's proposal. It states that PJM already uses the zonal netting methodology for internal cost allocation, and, therefore, this methodology is just, reasonable and not unduly discriminatory to use for cross-border facilities. Allegheny also argues that Midwest ISO's proposal does not reflect cost-causation principles because it penalizes load that may be helping to relieve a constraint by assessing it higher costs simply because the benefits it provides are diluted by loads outside the zone that are contributing to a constraint.

9. In addition, Allegheny argues that PJM's zonal allocation is just and reasonable because loads at different locations within a zone are typically served by the same load serving entity (LSE). Consequently, if the LSE's load in one location within the zone is contributing to the constraint, but its load in another location is mitigating the constraint, that LSE will benefit from the mitigation it provides through a reduced allocation of the cost of the cross-border project.

10. Midwest ISO, in its comments, states that the fundamental issue is not one of granularity; both proposals consider impacts of every load node. Midwest ISO TOs, in their comments, also dispute PJM's claim that its approach is more granular. They state that the underlying DFAX calculation used to determine positive and negative flows is performed at the same level of granularity under both proposals. Midwest ISO TOs argue that the only difference is that Midwest ISO proposes to aggregate at the RTO level while PJM proposes to aggregate at the zonal level.

11. Midwest ISO states also that it tested the two proposals to determine the flow contributions for over a hundred different flowgates located in both RTOs. The results of this analysis, which it states were confirmed by PJM, are that by applying Midwest ISO's approach, the sum of the shares of the two RTOs very nearly totals to the actual modeled flow in the planning model (the difference is due to loop flows from other systems). In contrast, when applying the PJM method, the sum of the determined flow shares bears no meaningful relationship to the actual flow condition modeled, which in actual planning practice would be the flow causing the reliability violation. Midwest ISO argues, therefore, that its methodology is more equitable and effective because by considering both the positive and counterflow effects, it achieves results that are more consistent with projected future year dispatch patterns. Midwest ISO TOs agree, stating that Midwest ISO's proposal should be used because it more closely represents the actual utilization and loading of the system than does PJM's proposal. Midwest ISO's proposal, according to Midwest ISO TOs, more accurately recognizes that the transmission planning process considers the impact of flow and counterflow involving generation and load in the evolution of the transmission system. PJM's proposal, it continues, abrogates this

relationship by excluding the effects of counterflow, which will understate the benefits of coordinated planning of generation and transmission.

12. Midwest ISO states that it recognizes that there are times in system operations when it is necessary to determine only aggravating or positively contributing transactions in order to determine the best means to unload a constrained facility. However, this does not mean that such a methodology is appropriate when determining shares of loading that contribute to planning or designing an upgrade to a facility. Midwest ISO points out that under the JOA, for example, RTO shares on reciprocal coordinated flowgates are calculated by considering both positive and negative (i.e., counter) flow contributions, which is consistent with Midwest ISO's proposal.<sup>13</sup>

13. In addition, Midwest ISO responded to a question Commission staff raised at the technical conference about the relationship between the allocation of physical rights on flowgates for congestion management purposes under the JOA and the allocation of the cost of cross border reliability projects. Midwest ISO states, "The premise of allocating costs for a transmission expansion in a manner that is consistent with the physical rights that will be allocated on that facility as a flowgate seems reasonable to the Midwest ISO... [I]f the allocation of rights on the new facility were to parallel the allocation of costs for new facilities, it would be preferable for the allocation method for rights to follow the cost allocation, which is based on flow contributions on the constraint."<sup>14</sup>

14. Blue Ridge, in its comments, states that it does not support either proposal. Instead, Blue Ridge recommends a postage-stamp approach under which the cost of cross-border facilities would be spread across the combined Midwest ISO/PJM region or, alternatively, use of a Line Outage Distribution Factor flow (LODF) methodology,<sup>15</sup> which the Commission has approved for use by Midwest ISO for internal cost allocation.

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<sup>13</sup> A flowgate is a representative modeling of facilities or groups of facilities that may act as significant constraint points on the combined Midwest ISO/PJM system. Reciprocal coordinated flowgates are those flowgates that the RTOs have agreed to coordinate under the JOA.

<sup>14</sup> Midwest ISO's January 22, 2007 comments at 3-4.

<sup>15</sup> The LODF methodology measures the flow-based impact that a facility will have on the total flows on other facilities in each zone. Unlike the DFAX allocation methodology under consideration in the cross-border and internal PJM allocation proceedings, which considers directional flows on constraints, Midwest ISO's LODF methodology is non-directional (it is based on the absolute value of the change in flows on each facility) and therefore netting is not an issue.

**B. Technical Conference Reply Comments**

15. In its reply comments, PJM states that it is difficult for parties to compromise and reach resolution of cost allocation issues in this proceeding while similar issues are under consideration in other pending proceedings, such as the intra-PJM rate proceeding in Docket No. EL05-121-000. Therefore, PJM requests that the Commission hold the cross-border proceeding in abeyance, pending the Commission's decision in Docket No. EL05-121-000. Similarly, Virginia Electric in its reply comments states that because there are currently no planned cross-border projects, it would save all parties considerable time and effort to consolidate this proceeding with the upcoming proceeding in which PJM and Midwest ISO must file, by August 1, 2007, a re-evaluation of fixed cost recovery policies for pricing transmission service between the two RTOs and a proposed rate design to take effect February 1, 2008.<sup>16</sup>

16. In response to comments about granularity, PJM states that the degrees of granularity PJM discussed pertain to the level of detail in the cost allocation, with the highest level of granularity being the assignment of cost on a nodal level at one end of the spectrum, and the lowest or least granularity being the assignment of costs on an RTO-wide level at the other end of the spectrum. PJM states that this differs from the level of detail used to determine the flow and counterflow on a particular constraint.

17. In its reply comments, Midwest ISO states that it continues to believe that its proposal is the most technically correct and equitable approach. Counterflow is an important component of flow on any constraint and contributes to reducing the need for expansions, and, therefore, should not be ignored in determining RTO contributions to cost causation.

18. Neither Midwest ISO nor PJM supports Blue Ridge's counterproposals. PJM states, without addressing the merits of Blue Ridge's broad postage-stamp approach, that it and other rate proposals are under consideration in other proceedings. Midwest ISO states that very few Midwest ISO stakeholders currently support an extensive postage-stamp cost allocation mechanism approach for cross-border reliability projects. Virginia Electric argues that Blue Ridge's postage stamp proposal is fundamentally flawed.

19. In response to Blue Ridge's LODF counterproposal, PJM states that this proposal has not been previously presented or analyzed by the RTOs and their stakeholders and, in any event, PJM has concerns about LODF in general. Midwest ISO believes that there may be advantages to using LODF instead of DFAX, but that the application of LODF to

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<sup>16</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 109 FERC ¶ 61,168 at P 62 (2004). The filing was made on August 1, 2007, in Docket No. ER05-6-100, *et al.*, and will be addressed by a separate Commission order.

cross-border projects would need further stakeholder vetting and analysis for any unintended consequences. As an alternative, Virginia Electric in its reply comments argues that the Commission should consider the Peak Flow Method.

#### **IV. Discussion**

##### **A. Procedural Matters**

20. The September 2006 Order made the entities that had filed motions to intervene parties to these proceedings.<sup>17</sup> No further motions to intervene were filed.

##### **B. Substantive Matters**

21. We commend the RTOs for coming to a successful agreement on all but one aspect of the cross-border cost allocation process, including setting up their Joint RTO Planning Committee, laying out the process and procedures to develop their Coordinated System Plan, and providing the necessary details about their joint RTO planning model. In this instance, the RTOs agreed on all aspects of the just and reasonable rate design for cost allocation, except the consideration of counterflow. After reviewing both proposals, we find that, with the modification directed below related to the allocation of flowgate capacity created by new cross-border facilities, Midwest ISO's RTO-wide approach is just and reasonable, and we will require both RTOs to adopt this approach in their respective tariffs.<sup>18</sup> While both RTOs proposals have merit, we find that Midwest ISO's proposal is more consistent with the purpose of allocating costs between the two RTOs and also more closely matches the planning process in the JOA.

22. The purpose of the cross-border cost allocation is to assign costs to each RTO based on each RTO's relative contribution to the need for a cross-border facility. Accordingly, we agree with Midwest ISO that cross-border cost allocation should be based on the complete RTO contribution to the flow necessitating a particular upgrade,

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<sup>17</sup> September 2006 Order, 116 FERC ¶ 61,260 at P 19.

<sup>18</sup> Under section 206 of the FPA, the Commission must establish a just and reasonable rate design. In considering competing proposals, the Commission ordinarily will choose the proposal of the regulated utility if it is just and reasonable even if other just and reasonable proposals are made by others. *See ANR Pipeline Co.*, 110 FERC ¶ 61,069, at P 49, *order on reh'g and clarification*, 111 FERC ¶ 61,290 (2005); *Consolidated Edison Co. v. FERC*, 165 F.3d 992, 1004 (D.C. Cir. 1999). Here, both proposals are made by public utilities, and we are therefore required to choose a just and reasonable rate.

without ignoring any components.<sup>19</sup> Although PJM argues that its proposal better identifies individual customer loads contributing to the need for a cross-border facility,<sup>20</sup> the cross-border cost allocation methodology will be used to allocate costs *between* the RTOs under the JOA, not *within* each RTO to individual loads or zones. After the cross-border facility costs are allocated to the RTO as a whole, each RTO has its own intra-RTO cost allocation, which is addressed separately by each RTO under its tariff.<sup>21</sup>

23. PJM's description of Midwest ISO's proposal is illustrative on this point:

The RTO-wide method advocated by the Midwest ISO Parties [] involves using a sink of the entire RTO load and then allocating between the RTOs based on each RTO's load contribution. In other words, this method would determine each RTO's contribution by considering the net effect of all generation to all load for each RTO which would count both positive and negative effects (*i.e.*, netting the flows and counter flows) from loads on an RTO-wide basis.<sup>22</sup>

We find that an "RTO-wide" approach that considers "the net effect of all generation to all load for each RTO" is a reasonable way to allocate costs between RTOs.

24. In addition, we find persuasive Midwest ISO's argument that its approach most closely matches the actual modeled flow in the planning model. Decisions on which cross-border facilities need to be built are based on that model, and the cost allocation reasonably should parallel the planning model used to determine if the facilities should be built. Furthermore, Midwest ISO's proposal is consistent with the reciprocal coordinated flowgate allocation process under the JOA, where each RTO's shares on reciprocal

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<sup>19</sup> Midwest ISO's January 22, 2007 comments at 5.

<sup>20</sup> PJM's January 22, 2007 comments at 6.

<sup>21</sup> Cross-border facility costs assigned to PJM are allocated to PJM customers pursuant to Schedule 12 of the PJM tariff and Schedule 6 of the Amended and Restated Operating Agreement of PJM. Cross-border facility costs assigned to Midwest ISO are allocated to Midwest ISO customers pursuant to Schedule 25 of the Midwest ISO tariff. In both cases, a filing must be made to the Commission under section 205 of the FPA before any cross-border facility costs can be recovered from customers under either RTO's tariff.

<sup>22</sup> PJM's January 22, 2007 comments at 5.

coordinated flowgates are calculated by considering both positive and counter flow contributions.

25. Midwest ISO's RTO-wide proposal is also consistent with the existing cross-border provisions in the JOA, which the RTOs jointly filed and the Commission conditionally accepted.<sup>23</sup> The JOA states:

The Coordinated System Plan shall designate the share of the Project Cost to be allocated to each RTO based on the relative contribution of the Load of each of the combined RTO Zones to loading on the constrained facility giving rise to the Cross-Border Allocation Project.<sup>24</sup>

This language refers to each RTO's relative contribution as a single combined RTO zone and not as the load of individual zones within each RTO. Midwest ISO's RTO-wide proposal, which considers the total impact, both positive and negative, of the "combined RTO Zones" best matches this provision in the JOA.

26. As we state above, both proposals have merit, and PJM has not shown that the Midwest ISO's proposal is unjust and unreasonable. PJM maintains its proposal is more "granular" than Midwest ISO's proposal, because it allocates costs to zones as opposed to RTOs. But the purpose of allocating the costs of cross-border facilities is to allocate costs between RTOs, not zones. We find reasonable that in assigning costs between RTOs, positive and negative flows should be netted, since the negative flows in one RTO benefit both RTOs by reducing the need for the facilities to be constructed. PJM argues that its proposal should be adopted because rates are typically established on a zonal basis and, therefore, allocating costs for cross-border facilities on a zonal basis is consistent with customers' understanding of how transmission rates are set. As we state above, however, the cross-border cost allocation process assigns costs to the RTO *as a whole*, and not to individual zones. PJM will assign costs to customers within PJM pursuant to its own tariff, and that tariff can still assign costs on a zonal basis.

27. While Midwest ISO's proposal is consistent with the process in the JOA to calculate the flow on existing reciprocal coordinated flowgates, we find that the RTOs must revise the JOA so that the process to allocate new capacity created by cross-border

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<sup>23</sup> November 2005 Order, 113 FERC ¶ 61,194 at P 19.

<sup>24</sup> JOA, section 9.4.3.2. The RTOs in their joint March 21, 2006 filing in this proceeding agree to delete "combined RTO Zones" from the existing language in the JOA. However, it is appropriate for us to consider the existing language, which the Commission has already accepted, in analyzing the competing proposals.

facilities follows the results of the cross-border cost allocation process. Specifically, to the extent a new cross-border facility creates incremental capacity on an existing reciprocal coordinated flowgate under the JOA, rights to that additional flowgate capacity must match the cost allocation for the new cross-border facility. Under this approach, an RTO's share of any incremental flowgate capacity associated with a new cross-border facility will be in proportion to the percentage of the cost of the facility that the RTO bears under the cross-border cost allocation process. Allocating flowgate capacity in proportion to the investment each RTO makes in the cross-border facility creating that capacity is consistent with the Commission's policy of participant funding (i.e., those who pay for construction receive the rights created by that construction).<sup>25</sup>

28. In sum, we find that under the specific circumstances of this proceeding, where the purpose of the methodology at issue is to allocate costs to each RTO as a whole, Midwest ISO's proposal is just and reasonable. Therefore, we direct the RTOs to submit a compliance filing, within 30 days of the date of this order, that includes revisions to their JOA consistent with the changes that the RTOs jointly proposed and agreed to in their March 21, 2006 filing, and that incorporates the changes that Midwest ISO proposed in its April 20, 2006 filing. We also direct the RTOs to submit in the compliance filing revisions to the applicable sections of the JOA so that the physical rights to any incremental capacity on existing reciprocal coordinated flowgates created as a result of a new cross-border facility are assigned to each RTO, for congestion management purposes, in proportion to the share of the costs that each RTO must pay under the cross-border cost allocation process.

### C. Economic Cross-Border Facilities

29. In the November 2005 Order, the Commission also required the RTOs to file a separate proposal on how costs should be allocated for economic cross-border projects (i.e., projects built for economic performance as opposed to reliability).<sup>26</sup> On November 20, 2006, the RTOs filed a joint motion for an extension of time to submit the required economic cross-border cost allocation proposal. The RTOs did not specify a

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<sup>25</sup> See *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 695, P 700 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 587, *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 61,31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

<sup>26</sup> The November 2005 Order set a compliance date of June 1, 2006. By notice of May 31, 2006, the parties were granted a time extension until December 1, 2006.

fixed end date for their requested time extension. Rather, they asked that the extension be tied to a date at least six months following issuance of a Commission order resolving the RTOs' competing filings in this proceeding and Commission action in other, interrelated, cost allocation and rate design proceedings. By notice dated November 30, 2006, in Docket No. ER05-6-023, *et al.*, the RTOs were granted an extension of time for filing their economic cross-border cost allocation proposal, subject to future action by the Commission establishing the date for the RTOs to submit the required filing. Since we are acting today in this and other related cost allocation and rate design proceedings,<sup>27</sup> we will direct the RTOs to file a proposal to allocate the cost of economic cross-border projects no later than August 1, 2008.

The Commission orders:

(A) Midwest ISO and PJM are hereby ordered to submit, within 30 days of the date of this order, revision to their JOA consistent with the above discussion.

(B) Midwest ISO and PJM are hereby ordered to submit, no later than August 1, 2008, a proposal to allocate between them the cost of economic cross-border projects.

By the Commission. Commissioner Moeller not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>27</sup> See concurrently issued orders in Docket Nos. EL05-121-003 and -004; Docket Nos. ER07-1233-000 and ER07-1261-000; and Docket No. EL07-101-000, *et al.*