



Federal Energy Regulatory Commission
May 16, 2013
Open Commission Meeting
Staff Presentation
Item E-7

"Good morning Mr. Chairman and Commissioners.

"Item E-7 concludes the Commission-initiated investigation of whether the MISO tariff's pro forma formula rate protocols and the individual MISO transmission owners' formula rate protocols are sufficient to ensure just and reasonable transmission rates.

"In the May 2012 order establishing this investigation, the Commission identified and set for a paper hearing three areas of concern with respect to procedures to update the formula rates: first, the scope of participation in the transmission owners' rate update processes; second, the transparency of transmission owners' rate update processes; and third, the ability of parties to challenge a transmission owner's implementation of the formula rate.

"With respect to these three areas of concern, today's order concludes that, as currently written, the formula rate protocols for the MISO region are insufficient to ensure just and reasonable rates. Consequently, today's order will provide interested parties with greater access to the information supporting transmission owners' formula rate updates and will enable interested parties to challenge those updates in order to help ensure just and reasonable rates.

"First, today's order requires MISO and MISO's transmission owners to revise their formula rate protocols to include a broader range of interested parties, including state commissions, as eligible participants in transmission owners' rate update processes.

"Today's order additionally requires revisions to improve transparency by making revenue requirements, cost inputs, calculations and other information publicly available and by providing interested parties with the opportunity to review such information. MISO and MISO's transmission owners will also be required to submit to the Commission their formula rate updates as an informational filing.

"Lastly, today's order requires MISO's pro forma formula rate protocols and the individual MISO transmission owners' company-specific formula rate protocols to set forth a well-defined procedure through which interested parties may both informally and formally challenge the implementation of the formula rates.

"In order to effectuate these changes, today's order directs MISO and MISO's transmission owners to file proposed revisions to their formula rate protocols within 60 days.

"Thank you. Staff would be happy to answer any questions that you may have."