

# Regulatory Update

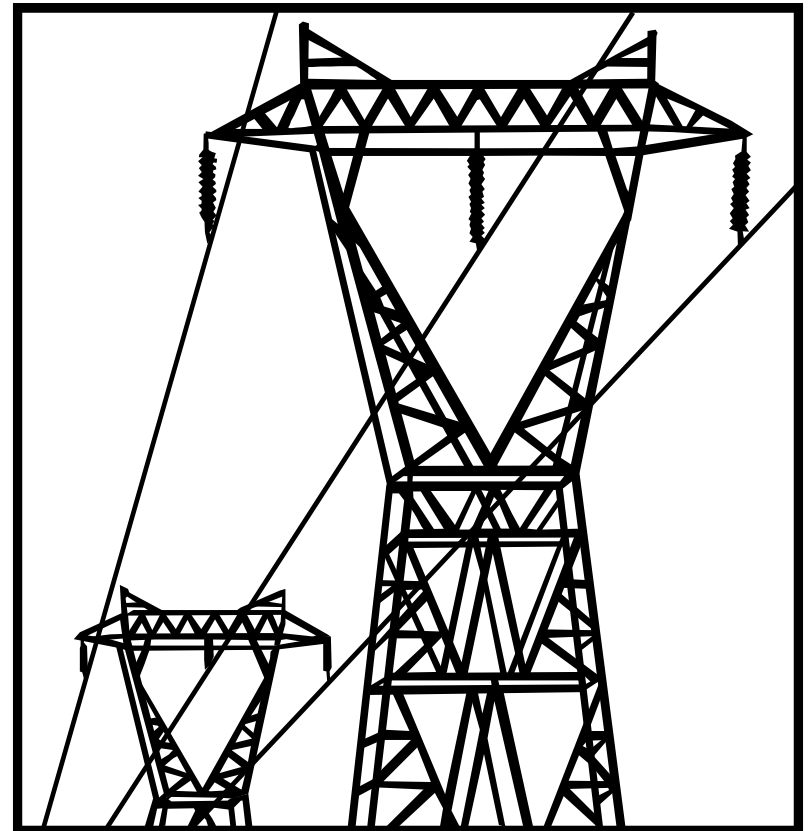
*ATC Customer Meeting  
Pewaukee Wisconsin*

# Inter-RTO “Cross Border” Cost Sharing

- Compliance filing addresses baseline reliability projects only
- “Economic Projects” filing to be made by 6/01/2006
- Threshold: \$10 million minimum revenue requirement
- Threshold: >5% cost assigned to other RTO
- Threshold: Only projects in-service **after** 12/31/07
- Threshold: *Ad hoc* exclusion of ATC’s Arrowhead-Weston & AEP’s Wyoming-Jacksons Ferry lines

# Inter-RTO “Cross Border” Cost Sharing

- Issue: Dollar Threshold
- Issue: Percent Threshold
- Issue: Time Threshold
- Issue: Why were the two exceptions singled out?  
What were the criteria for doing so?



## Inter-RTO “Cross Border” Cost Sharing

- Process for cost sharing is yet to be developed for “economic projects” but TO commitment is to file at FERC no later than June 1, 2006
- New MISO OATT Attachment CC derives the cost responsibility that is assigned to PJM
- All revenues that come in from PJM will be credited to the MISO TO annual cost of service formula we use as Attachment O

# Regional Expansion Criteria & Benefits Task Force (“RECB”)

- The process trickles on – there is no compulsory filing deadline. Considerable consultation with the OMS will take time to generate any meaningful consensus.
- Two meetings/calls scheduled for late June
- James Fuhrmann (AmerenIP) is the new chairman. He’d like to see the RECB TF wrap up by his retirement (end of 2005).

# RECB Current Proposals

- Regional Component: postage stamp
  - < 345 kV - 20%
  - $\geq$  345 kV - 30%
  - Currently there is no consensus on the need for a postage stamp component
- Local Component: license plate
  - < 345 kV - 20%
  - $\geq$  345 kV - 30%
- Subregional Component: 50%
  - allocated on the basis of an evolving load flow analysis known as “influence of upgrade” (IOU)

# RECB cont'd

- Level Playing Field

- Some parties want regional cost-sharing to commence only after certain “deficient” transmission systems meet a minimum standard for level of service. (ie: catch up to those who allegedly have a more “robust and rigid” transmission system.) Projects designed to eliminate operating guides may be ineligible for cost-sharing.

- Regionally Beneficial Projects

- (Also know as economic projects) are expected to be negotiated on a case-by-case basis.

# RECB Concluded (*no pun intended*)

- Generation Interconnection:
  - Current proposal has a transmission credits repayment cap of \$150,000/MW.
  - Capital expenditures to hook up new generators under this amount would be subject to cost allocation provisions for network resources with minimum 5 year contracts
  - Interconnection costs above this cap would be directly assigned to the generator.
- Basically uses Order No. 2003 with modifications.
  - There has been discussion whether particular kinds of generation typically remote from loads (wind; mine-mouth coal) could have a higher transmission credits repayment cap.



# Seams Elimination Cost Assignment (SECA)

- Direct evidence filed April 29 and May 13
- Rebuttal Cases due July 13
- Discovery, including objections, is ongoing
- Billing delays are due to software problems
- Some parties want interest to apply to the tardy billing; others oppose it (not their fault)
- MISO TOs conducted a poll this week to determine how to distribute revenues

# ATC Access Initiative

- ATC 2003 10-Year Assessment began look at how to increase import capability
- ATC 2004 stakeholder Access initiative evaluated proxy projects to determine benefits and costs
- Stakeholder process continuing in 2005, refining alternatives
- Goals
  - Identify reasonable policy target for increased access to the ATC system
  - Select alternative to begin precertification work, resulting in a CPCN application

# PSCW Investigation

- PSCW initiated Access investigation docket Feb. 14<sup>th</sup> (Dkt. No. 137-EI-100)
- ATC's March 25 Access update filing:
  - Summary of technical analysis of projects under consideration
  - Policy analysis to provide guidance and input on the issues the PSCW should consider when considering a transmission access project

# Process Related Issues

- Evidentiary hearing
- Conclusions binding on those who participate
- PSCW staff contemplating options for proceeding
  - Policy determination for Access level
  - Policy determination plus narrowing of projects

# Access: Next Steps

- If PSCW accepts ATC proposed process, planned next steps are:
  - ATC will complete analysis of current projects (target: early July)
  - ATC to hold an additional stakeholder meeting(s) (target: before August 1<sup>st</sup>)
  - Contested case hearings (target: Fall 2005)
  - PSCW decision (target: December 2005)