



Regulatory Update

**Network Customer Meeting
February 23, 2006**

PSCW Access Case

- **The PSC held a open meeting in February to address policy issues associated with the Access Initiative.**
- **PSCW action expected in Spring 2006**
- **ATC is active in the Energy Initiative - Wisconsin planning collaborative, an outgrowth of the Access proceeding**
- **ATC plans to commence work on a CPCN for Byron - North Madison**



RECB Order Issued 2/3/06

- Threshold Criteria for Baseline Reliability Projects:
 - Project must be a baseline reliability project in the MTEP
 - Project Cost at least \$5 million or greater than 5% of TO's current rate base;
 - Voltage of Project must be at least 100 kV;

RECB Order Issued 2/3/06

- Cost Allocation for Baseline Reliability Projects:
 - **Cost Treatment if 345 kV or Higher:**
 - 20% based on Load Ratio Share (Postage Stamp)
 - 80% subregional using a load flow analysis (based on Line Outage Distribution Factor “LODF”)
 - **Cost Treatment if Below 345 kV:**
 - 100% sub-regional (LODF method)

RECB Order Cont'd

- **FERC is concerned the cost-sharing for facilities at or above 345 kV may be insufficient. FERC will convene a technical conference to investigate if parties could reach consensus on a higher level of regional cost-sharing.**
- **Results of the technical conference to be filed with FERC 120 days after the RECB Order (early June)**
- **FERC is OK with the sub-regional method of cost allocation**

RECB: Excluded Projects

Arrowhead Weston Excluded

FERC accepted MISO's proposal to begin the new cost allocation procedures by using projects listed as "proposed" in the MTEP05 (MISO Expansion Plan) and to exclude any "planned" projects. This means that Arrowhead-Weston facilities listed as "planned" will not be considered for regional cost allocation.

RECB Excluded Projects

Rehearing Request

ATC is planning to join with other Wisconsin LSEs and potentially other Wisconsin customer groups to protest this aspect of the filing.



RECB: Generator Interconnection

- **Generator Cost Allocation for new network generators:**
 - 50% of the costs assigned to the Generator
 - 50% of the costs are subject to the regional cost allocation procedures for baseline reliability projects
 - Generators will also receive FTRs for up to 50% of the capability created by the transmission upgrades

RECB: Generator Interconnection

Participant Funding

MISO's proposal amounts to "participant funding" for generator interconnections.

Deferral of Baseline Reliability Projects

To the extent a generator interconnection project defers identified baseline reliability projects in the MTEP, the project will receive the same type of cost sharing as permitted in the baseline reliability project.



RECB Phase II: Cost Allocation for Economic Projects

New Date to file Cost Allocation for Regionally Beneficial (Economic) Projects

- MISO had planned to file a proposal for transmission cost allocation for regionally beneficial projects by October 2006. FERC directed it be submitted no later than June 1st, to match the filing date for the PJM-MISO Cross Border filing.



PJM-MISO Cross Border

- **November 2005 order directed a filing the cost allocation between the RTOs of “economical projects”**
- **Two TO conference calls held**
- **First meeting of the TOs and RTOs at MISO is Friday February 24th**
- **First stakeholder meeting tentatively scheduled for early March**



PJM-MISO Cross Border

- **Schedule**

- **RTOs and Transmission Owners to meet in fourth week of March**
- **Second stakeholder meeting to be held in Carmel the first week of April**
- **Go – No Go decision due the second week of April**
- **Third stakeholder meeting to be held the first week in May**

Cross Border Positions

- **VITOs (PJM & MISO) favor “project sponsorship”**
- **ITC and METC favor beneficiaries paying proportionately to benefits**
- **ATC is working with customers & its executive team to develop its position.**
- **LSEs: we want to hear from you**



SECA Update

- **Seams Elimination Cost Assignment (SECA) is a temporary rate adjustment to allow Transmission Owners time to adapt to the elimination of certain Through & Out revenues (RTORs)**
- **We Energies has filed a comprehensive settlement with its counter-parties, and upon FERC approval, will be out of the proceeding**
- **Many Shift-to-Shipper claims have been resolved**
- **Progress made on hubbing (i.e., DENA)**
- **Stipulation of Issues is nearly complete**
- **Discovery (data requests) will end soon!**



SECA Procedural Schedule

- **Hearing commences May Day**
- **Hearing expected to last until Memorial Day**
- **Reply Briefs due June 27th**
- **ALJ to issue Initial Decision no later than August 11th.**
- **FERC Order before year end?**