



Network Customer Meeting

May 17, 2007

Regulatory Update

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Post Transition Rate Design

- Compliance Filing may address:
 - Existing facilities and new facilities
 - Reliability facilities and economic facilities
 - Intra-RTO facilities and inter-RTO facilities

Post Transition Rate Design

- Filing date is no later than August 1, 2007
- Proposed Effective Date February 1, 2007
- MISO Stakeholder meetings held each month (next one is May 31st)
- Next conference call with PJM TOs: June 6
- PJM Order - Opinion No. 494 very instructive

ATC's current Post Transition Proposal

- No change to allocation of existing facilities
- PJM and MISO rate designs will not intrude on each other's internal cost allocation
- No distinction between reliability and economic projects at the 345 kV level
- Cross Border allocations should use load flows to allocate costs for all new transmission projects (reliability or economic)
- 100% Postage Stamp new projects 345 kV and greater
- Cost allocation will be based on load-flow analysis for new projects at voltages under 345 kV

ATC's Next Steps

- Continue to discuss proposal with ATC customers
- Seek support of other transmission owners
- Ask for support from MISO LSEs and other stakeholders
- Discuss with members of OMS
- Confer with MISO Staff

MISO Schedule 26 (RECB)

- Three billing disputes have been filed
- VITOs have called into question MISO billing before facilities are placed in-service
- ATC has recommended to MISO that a clarification at FERC that explicitly allows CWIP recovery for the full MISO footprint

MISO Attachment FF-ATC

- Proposal would largely restore procedures for generation interconnection that were in place prior to the RECB 1 Order of February 2006
- Generators will be reimbursed for all interconnection costs associated with network service
- The generator must have a 10 year power sale agreement (tax issue)
- Network upgrades must cost no more than \$400/kW for the additional generation capacity to obtain full reimbursement
- If the Network Upgrade is more than \$400/kW, ATC will reimburse 50% of the excess cost

Attachment FF, Continued

- Does not apply to directly assigned facilities
- Reimbursement limit will be indexed using the Handy-Whitman Construction Index
- 14 of 18 G-T interconnections are renewable resource generation projects
- Filing will be a joint MISO/ATC filing
- Filing is expected prior to July 1, 2007

Midwest ISO “Redirect Case”

- The Commission’s February 14th Order rejected MISO’s proposal (ER05-273)
- On May 2nd, the agency denied rehearing of its order in DTE’s related complaint against MISO (EL05-63-003)
- MISO asked for and was granted much more time to calculate and issue refunds
- Refund amount not known; may be less since the inception of Day Two markets

Attachment JJ

- The Midwest ISO secured FERC approval of Transmission Outage Compensation in late 2006 (ER06-1556)
- ATC has requested reimbursement for \$34,000 in costs associated with a revised transmission outage involving Arrowhead-Weston
- MISO has follow-up questions; ATC is in the process of answering them and supplying additional documentation

Order No. 890 Compliance

- ATC on May 29 intends to post on OASIS its “strawman” proposal for complying with FERC’s nine planning principles
 - ATC will provide customers with draft prior to posting
 - ATC will participate in developing MISO’s strawman
- ATC plans to participate in June 29 FERC technical conference to discuss regional implementation and other compliance issues

Order No. 890 Compliance (cont.)

- ATC will continue to monitor/participate in MISO's process to develop its October 11 compliance filing related to planning and non-rate terms and conditions
- ATC will continue to monitor outcome of various requests for clarification/rehearing filed with FERC
 - ATC filed request for clarification regarding OATT penalties assessed to RTOs

Mandatory Reliability Regime

- FERC on April 19 approved the last major component of the new mandatory reliability regime – NERC's *pro forma* delegation agreement and eight regional delegation agreements
 - ATC supported MRO's and RFC's agreements
 - ATC has supported the new reliability regime being operational by June 2007
- ATC raised concerns about MISO's intended role in the new reliability regime, as reflected in the RTO's proposed "Schedule 10-ERO"

Mandatory Reliability Regime (cont.)

- Reliability standards (83) will be mandatory and enforceable effective June 4
 - ATC will be registered in MRO and RFC as a Transmission Owner, Transmission Operator, Planning Authority, and Transmission Planner
 - ATC is currently working with MISO on delineating responsibility for PA standards requirements
 - ATC has conducted self-assessments of compliance with standards that are applicable to the company
 - A NERC readiness review is scheduled for Nov. 26 and an MRO/RFC compliance audit for Dec. 3