



Regulatory Update

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Seams Elimination Cost Assignment (SECA)

- Settlement Agreements reached by WEC, WPS, WPPI, MG&E
- Other settlement efforts are continuing
- Hearings are in their fourth week!
- Reply Briefs due June 27th; Initial Briefs not yet determined
- ALJ Initial Decision no later than 8/11



Cross-Border (PJM-MISO)

- PJM has experienced problems getting its model to conform with MISO's model
- Unwieldy two-RTO stakeholder process has delayed meaningful analysis
- PJM and MISO have requested an extension of time until December 1st to submit a proposal for economic projects



Regional Expansion Criteria & Benefits Task Force

- MISO has requested FERC grant an extension of time for the economic projects until September 1st
- RECB Meeting May 18-19 reviewed the stakeholders preferences on inclusion criteria and cost allocation methods
- MISO is seeking a compromise position and will likely be seeking another vote before the next meeting (currently scheduled for June 15)
- Future RECB meetings are scheduled through August



RECB: G-T Interconnection

- Generator Interconnection – Cost Allocation
- In prior cost allocation discussions, ATC customers were OK with pre-RECB cost allocation, which followed FERC Order No. 2003
- ATC has drafted a Memorandum of Understanding (MOU) to memorialize this preference
- ATC will be sharing a draft MOU with customers for comment and will be seeking all network customers to sign the MOU





RECB G-T Cont'd

- We will also be seeking support from MISO for the MOU filing.
- If ATC's customers are in general agreement, MISO agreed that it and ATC could be co-applicants to FERC, asking for a variance in cost allocation in accordance with the MOU.
- The draft MOU states that transmission improvements more costly than a certain "bright line" would be absorbed by the interconnecting generator.
- A final MOU will be filed with FERC.



Post-Transition Transmission Pricing

- MISO Transmission Owners Agreement provides guidelines for compensation commencing February 1, 2008
- In 1997, it was generally understood that, after a reasonable time, FERC would expect “system-wide transmission rates”



2008 Transmission Pricing: Single Rate if.....

- All TOs paying MISO for transmission service associated with Bundled Load agree, or
- All TOs paying MISO for transmission service associated with Bundled Load are allowed to recover such payments, or
- There are no TOs paying MISO for transmission service associated with Bundled Load



2008 Transmission Pricing Cont'd

- By the terms of the TOA, and by FERC Orders in November 2004 and this month, the Commission clearly expects a rate filing by the end of July next year (allowing it 6 months to issue an order)
- One possible outcome under discussion is to have RECB and Cross Border govern the allocation of new facilities, while maintaining license plate recovery for existing facilities



2008 Cost Allocation, Cont'd

- PJM has just gone through the same transmission rate design litigation that MISO will face in about two years
- Hearings in the PJM case are concluded, and the case is in the briefing stage
- MISO parties should be informed by both ALJ Initial Decision this autumn and the Commission Opinion early next year.



PJM Parties' Positions

- License Plate (Joint Consumer Advocates; EHV Participants)
- Universal Postage Stamp (FERC Staff, Ormet)
- Highway-Byway (345 kV & above) (AEP and APS)
- Highway-Byway (200 kV and above) (BG&E and Old Dominion Electric Coop)