

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

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**Midwest Independent Transmission )  
System Operator, Inc.**

**Docket No: ER10-1361-000**

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**NOTICE OF INTERVENTION OF THE ORGANIZATION OF MISO STATES**

**I. BACKGROUND**

Pursuant to the Commission's Notice issued June 1, 2010, the Organization of MISO States (OMS) hereby intervenes and files these comments in the above-caption docket.

**II. NOTICE OF INTERVENTION**

Pursuant to Rule 214(a)(2) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(a)(2), the OMS files its Notice of Intervention in this proceeding. Service of pleadings, documents, and communications should be made on the following:

William H. Smith, Jr.  
Executive Director  
Organization of MISO States  
100 Court Avenue, Suite 315  
Des Moines, Iowa 50309

**III. COMMENTS**

On May 28, 2010, the Midwest ISO filed, pursuant to Section 205 of the Power Act, proposed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff to reflect the allocation of Operating Reserve costs based on Market Load Ratio Share, and to remove language pertaining to zonal and constraint-based allocation, all proposed to be effective August 1, 2010.

The OMS has followed the development of appropriate allocation of operating reserve costs in the Midwest ISO Ancillary Services Market. On November 13, 2008, the OMS expressed concerns to the Midwest ISO regarding ASM cost allocation and requested that the

Midwest ISO analyze and report on the results of the cost allocation methodology one year following the start of the ASM, including the development of recommendations to enhance the cost allocation method. In response, the Midwest ISO conducted a cost allocation study for the period between ASM start (January 6, 2009) and December 31, 2009.<sup>1</sup> In light of the ASM Cost Allocation Study's findings, the Midwest ISO believes the current Grouped Zonal Method should be changed, and that the appropriate replacement allocation method should be based on Market Load Ratio Share, rather than an Adjusted Grouped Zonal Method.<sup>2</sup>

The OMS continues to analyze the filing and has not yet been able to form conclusions on whether the Market Load Ration Share method yields results reasonably similar to the more precise Adjusted Grouped Zonal Method and whether such results will be consistent over time.

### III. CONCLUSION

For the reasons explained above, the OMS gives notice of its intervention and interest in any Commission proceedings with respect to this filing.

Respectfully Submitted,  
William H. Smith, Jr.  
William H. Smith, Jr.  
Executive Director  
Organization of MISO States  
100 Court Avenue, Suite 315  
Des Moines, Iowa 50309  
Tel: 515-243-0742

Dated: June 16, 2010

### CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Des Moines, Iowa, this 16th day of June 2010.

William H. Smith, Jr.  
William H. Smith, Jr.

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<sup>1</sup> Midwest ISO tariff filing, docket ER10-1361, filed May 28, 2010, page 5.

<sup>2</sup> Midwest ISO tariff filing, docket ER10-1361, filed May 28, 2010, page 7.