

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

Midwest Independent Transmission System Operator, Inc.)	Docket No. ER10-1791-000
)	

**REQUEST FOR REHEARING OF THE
ORGANIZATION OF MISO STATES**

Pursuant to Rule 713 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure, 18 C.F.R. §385.713, the organization of MISO States (“OMS”) hereby submits this Request for Rehearing regarding the Commission’s “Order Conditionally Accepting Tariff Provisions” issued on December 16, 2010 (“December 16 Order”), in the above captioned docket.¹ Herein, the OMS respectfully requests that the Commission grant rehearing of the December 16 Order.

I. BACKGROUND

On July 15, 2010, the Midwest ISO filed revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff (“July 15 Filing”). In particular, the July 15 Filing proposed to: (1) establish a new category of transmission projects designated as multi-value projects (“MVPs”) and a corresponding cost allocation methodology for MVPs; (2) provide for generator interconnection projects (“GIPs”) arising within a defined time period to share the

¹ *Midwest Independent Transmission System Operator, Inc.*, 133 FERC ¶ 61,221(2010).

costs of network upgrades on which they mutually rely; and (3) otherwise retain the cost allocation for network upgrades associated with GIPs.²

On September 10, 2010, the OMS submitted its Comments concerning the Midwest ISO's July 15 Filing. On December 16, 2010, the Commission conditionally accepted the Midwest ISO's July 15 Filing, and directed the Midwest ISO to submit a compliance filing that:

- 1) States in the Midwest ISO Tariff that the Midwest ISO will review MVPs on a portfolio basis;
- 2) Revises the Midwest ISO Tariff to ensure that the MVP usage rate is not applied to export or wheel-through transactions that sink in the PJM region;
- 3) Provides an explanation as to how the proposed Midwest ISO Tariff language relating to monthly net actual energy withdrawal and demand response resources and emergency demand response resources is consistent with the rate design objectives as stated by the Midwest ISO, and why it does not result in double netting; and
- 4) Revises the Midwest ISO Tariff to clarify that the divisor of the MVP usage charge in Attachment MM reflects the MWhs of grandfathered service provided by each transmission owner to reflect an allocation of the costs of MVPs recovered under grandfathered agreements;³

The December 16 Order also requires the Midwest ISO to submit a compliance filing by June 1, 2011 concerning the allocation of Financial Transmission Rights and Auction Revenue Rights resulting from MVP funded transmission projects. The Order also requires the Midwest ISO to file ongoing annual informational reports with the Commission describing the selection of MVPs, including the achievements and shortcomings of the MVP selection process, after each full planning cycle has been completed.⁴

² July 15 Filing, at 1-2.

³ December 16 Order, at P 4.

⁴ December 16 Order, at P 4.

II. LIST OF ISSUES AND SPECIFICATION OF ERRORS

- A. The Commission Erred in Accepting a Cost Allocation that Does Not Allocate Any Cost of MVPs to Interconnecting Generators.
- B. The Commission Erred in Eliminating the Midwest ISO's Proposal to Apply an MVP Charge to Exports Sinking in PJM.
- C. OMS Clarifies That There Was Not Full OMS Consensus of This Complex Cost Allocation Issue, However, There Was a Nine State Majority That Generally Supported the Midwest ISO's MVP Proposal.
- D. The Commission Erred in Accepting the Midwest ISO's Proposed MWh-Only Charge.
- E. The Commission Erred in Accepting a Portfolio Approach to MVP Project Selection.

III. DISCUSSION

A. The Commission Erred in Accepting a Cost Allocation that Does Not Allocate Any Cost of MVPs to Interconnecting Generators.⁵

The Commission erred in finding the Midwest ISO's MVP cost allocation proposal to be just and reasonable when the primary cost causer and beneficiary – generators whose interconnection is enabled by the MVP, are not allocated any of that MVP's cost. This decision goes against the first factor the Commission stated that it would use in Order No. 890 and which it has claimed to have used here, i.e. "cost causation".

Generators will be among the primary beneficiaries of MVP construction. Generators will derive quantifiable financial benefits from the sale of energy because the bulk of their interconnection cost, the MVP cost in the Midwest ISO proposal, is funded by the general public.

⁵ The following OMS members do not join in this section: Indiana Utility Regulatory Commission, Michigan Public Service Commission, North Dakota Public Service Commission, and South Dakota Public Utilities Commission.

The Commission has erred in failing to recognize these circumstances by accepting a cost allocation that does not allocate any cost of MVPs to interconnecting generators.⁶

While it appears that the siting decisions of profit-motivated private generation developers is a primary cause of the MVP proposal and those generation developers will derive the most concrete benefit, the Commission has determined that those entities need not bear any of the cost. Instead, the Commission determined the allocation of costs to generators to be an alternative proposal, and declined to address the issue.⁷ This is an error, as a cost allocation which neglects the allocation of costs to primary cost causer and beneficiary (if not the cost causer and beneficiary) cannot be just and reasonable. A just and reasonable allocation would recognize the fact that certain generators are the primary driver behind the planning and construction of MVPs.

The Commission's decision to not allocate MVP costs to interconnecting generators will also skew generation developers' location decisions. Instead of considering the total cost of interconnection – the MVP and the tie line to the remote generator, interconnecting generators will now only have to consider just the tie line to the MVP. Therefore, a generator will, for the profit incentives listed above, now have the incentive to drive the MVP process to access the geographies closest to the most productive fuel resources, e.g. highest and most consistent wind speeds, regardless of the total cost of production which considers both fuel and delivery costs. While the decision to site generation in areas with the greatest fuel resources sounds like a rational decision for both the generator and society as a whole, it is not necessarily so. The cost

⁶ For policy reasons, some states have chosen (e.g., Michigan), and the Commission has approved, allocation of such generator charges to all load in their state. The renewable energy potential in Michigan has been studied and specific geographic zones have been recommended for economic renewable energy development.

⁷ December 16 Order, at P 240.

per-MWh is lower for fuel-rich sites when only considering generation costs, but when considering both the relevant generation and transmission costs, the per unit cost would be lower for a generator in an area that has slightly lower productivity fuels but considerably less need for transmission investment.

The only substantive reason the Midwest ISO gave in its proposal or during the stakeholder process for not allocating MVP costs to interconnecting generators is the potential for market distortions as identified in a consultant's report.⁸ Under the MVP proposal, MVP costs would be recovered by a per-MWh charge. If this per-MWh charge were assessed to generators, the Midwest ISO would introduce a variable cost that could be factored into the newly interconnecting generator's offer. Existing generators would not have to factor this cost into their offers. This could potentially result in a lower utilization of new generators and potentially increase the market price for energy. However, this potentially adverse outcome would be avoided if the MVP charges were simply allocated to generators on a capacity (per-MW) basis. Then these fixed costs would not be factored into generator's energy offers and would have to be recovered through a bilateral contract or profits made when the generator was infra-marginal.

Therefore, as shown above, the Commission has erred in deciding that the MVP proposal is just and reasonable when it does not allocate any cost to a primary cost causer and beneficiary, interconnecting generators.

⁸ "Evaluation of MVP Transmission Cost Allocation Design", Prepared by Scott Harvey and Susan Pope (June 9, 2010).

B. The Commission Erred in Eliminating the Midwest ISO's Proposal to Apply an MVP Charge to Exports Sinking in PJM.⁹

The Commission erred in rejecting the proposed MVP charge for export and wheel-through transactions that sink in PJM.¹⁰ The Commission stated that the MVP charge would essentially re-impose the rate pancakes between PJM and the Midwest ISO that the Commission ordered be eliminated as a result of it approving the RTO membership decisions of utilities that resulted in the seam between PJM and the Midwest ISO.¹¹ As such, the Commission directed the Midwest ISO to file, in a future compliance filing, tariff revisions that ensure that wheel-through and export transactions to PJM are not subject to MVP charges.¹²

The Commission erred in not allowing the Midwest ISO to charge PJM members for the benefits that they receive from MVPs. The Commission erred because both wheel-through and export transactions sinking in PJM benefit PJM load. One of the major benefits of MVPs is increased transfer capacity the need for which is caused in part by wheel through and export transactions. These benefits are related to the increase in demands for renewable energy in response to state RPS, which exists in PJM as well, and are likely to lead to increased transfer of energy from and through the Midwest ISO to PJM because of productivity levels of and experience with terrestrial renewable generation in the Midwest ISO footprint. As such, those members of PJM that derive a direct benefit from an MVP should be allocated a portion of that particular MVP's costs.

⁹ The ICC abstains from this Section.

¹⁰ December 16 Order, at P 440.

¹¹ December 16 Order, at P 440-441.

¹² December 16 Order, at P 440-441.

As noted by the Commission, one of the intended purposes of the MVPs is to provide load serving entities with a means of complying with public policy mandates.¹³ Indeed, unless a significant amount of off-shore wind capacity is developed in the Atlantic Ocean, it is likely that a significant amount of the power purchased by PJM utilities for the purpose of complying with state public policy requirements will be produced in the Midwest ISO and transmitted to PJM via an MVP that is located in the Midwest ISO. By not allowing the Midwest ISO to allocate a portion of this MVP's costs to members of PJM commensurate with the benefit that they receive from the MVP, the Commission has effectively endorsed free ridership by members of PJM on the MVPs located in the Midwest ISO. Such an outcome is discriminatory and not conducive to just and reasonable rates.

If it is the case that the proposed MVP rate does not differentiate between MVPs that provide only intra-regional benefits and MVPs that provide both intra- and inter-regional benefits, then the Commission should have directed the Midwest ISO to develop a mechanism that would allow MVP costs to be allocated to PJM members that receive the direct benefits that these MVPs provide. By ensuring that PJM members do not pay for the benefits that they receive from the MVPs, the Commission has violated the principles of cost causation. Indeed, the U.S. Court of Appeals stated that the cost causation principle requires the Commission to ensure that the costs allocated to a beneficiary under a cost allocation method are at least roughly commensurate with the benefits that are expected to accrue to that entity.¹⁴ While imposing MVP costs on non-beneficiaries would be unreasonable, it is just as unreasonable to allow direct beneficiaries of MVPs to free-ride based on a prior Commission decision.

¹³ December 16 Order, at P 194.

¹⁴ *Illinois Commerce Commission*, 576 F.3d at 476-77 (citing *Midwest ISO Transmission Owners*, 373 F.3d at 1369; *Sithe*, 285 F.3d, at 5).

Accordingly, the Commission should reconsider its decision to require the Midwest ISO to file tariff revisions that ensure that wheel-through and export transactions to PJM are not subject to MVP charges. In fact in developing its MVP approach under the umbrella Regional Generator Outlet Study, RGOS, the Midwest ISO explicitly modeled that some of the energy would sink in PJM. Therefore, the Commission should direct the Midwest ISO to develop and file a mechanism and rate that differentiates between MVPs that provide only intra-regional benefits and those that provide both intra- and inter-regional benefits. Such a rate would allow the Midwest ISO to allocate MVP costs in accordance with well established principles of cost causation.

C. OMS Clarifies That There Was Not Full OMS Consensus of This Complex Cost Allocation Issue, However, There Was A Nine State Majority That Generally Supported the Midwest ISO's MVP Proposal.¹⁵

Contrary to the Commission's characterization,¹⁶ the state commissions in the Midwest ISO region are not in full consensus regarding the MVP proposal. The Commission is correct that the OMS submitted Comments on the Midwest ISO's July 15 Filing that were described as "generally supported" by nine of the fourteen OMS members. However, the OMS Comments also specifically stated that "these comments are not supported by the Illinois Commerce Commission, the Kentucky Public Service Commission, the Manitoba Public Utilities Board, Public Utilities Commission of Ohio, and the Pennsylvania Public Utility Commission."¹⁷ The

¹⁵ The ICC believes that the statement that "there was a nine state majority that generally supported the Midwest ISO's MVP Proposal" is inaccurate. While nine of the OMS members voted to generally support the filing of the OMS's September 10, 2010 Comments, the Comments were voted on in their entirety and not on any one sentence taken out of context. The Comments contained detail on the various positions of the members on the many issues associated with the Midwest ISO's July 15, 2010 filing. There was no OMS vote taken specifically on the Midwest ISO's MVP proposal.

¹⁶ December 16 Order, at P 204.

¹⁷ OMS Comments, at footnote 1.

Commission’s observation that only the Kentucky Public Service Commission “explicitly does not support OMS’ comments”¹⁸ is not accurate.¹⁹

Review of the OMS Comments also reveals that, even among the nine-state majority expressing general support for the OMS filing, a wide spectrum of views were expressed. The OMS Comments contain numerous footnotes to qualify the level of individual state commission support and clarify individual state commission positions. For example, while the Commission lists the Missouri Public Service Commission as supporting the Midwest ISO’s MVP proposal, footnote 7 of the OMS Comments specifically states that “The Missouri Public Service Commission (“MOPSC”) has voted for and continues to support the ‘CARP Proposal’ compromise position regarding allocating a portion of the cost of the MVPs directly to generators.”²⁰ Indeed, only five of the fourteen OMS members acceded to the Midwest ISO’s MVP proposal to not charge interconnecting generators MVP costs.²¹ The OMS majority unequivocally stated that “the cost causers of the MVPs are remote generators” and cited to the report of the Independent Market Monitor for support.²² The OMS majority stated, “Looking at the issue strictly from the cost causation and beneficiaries pay perspective, the Midwest ISO approach of charging load 100% for the MVP overlay is not in accord with economic principles nor practice, and should be rejected.”²³

¹⁸ December 16 Order, at footnote 265, emphasis added.

¹⁹ Even if the Commission’s observation in this regard was accurate, it would be irrelevant because, under the OMS Bylaws, the effect of voting against a proposal, abstaining from a proposal, or being absent from the vote on a proposal all have exactly the same weight. Under the OMS Bylaws, a proposal becomes a position of the OMS provided that it is supported by a majority of the OMS members. Consequently, those members choosing not to support an OMS position often abstain from the vote rather than voting no because the result is the same.

²⁰ OMS Comments, at footnote 7.

²¹ OMS Comments, at 4.

²² OMS Comments, at 6.

²³ OMS Comments, at 7 (emphasis added).

In summary, the OMS notes that clearly there was not a consensus of all OMS states on the MVP issue, however, nine of the OMS states did support the Midwest ISO's MVP proposal as it was filed, including the export charge.

D. The Commission Erred in Accepting the Midwest ISO's Proposed MWh-Only Charge.²⁴

The Commission erred in using the logic that benefits accrue in all hours of the year to justify the Midwest ISO proposed per-MWh (energy or usage) charge as just and reasonable. After finding the Midwest ISO's per-MWh charge to be just and reasonable the Commission proceeded to dismiss the superiority of a MW charge as irrelevant.

The Commission has erred because the benefits of MVPs which accrue to loads are not based on the number of units of energy withdrawn from the Midwest ISO system. Loads in the Midwest ISO may exist that never use an MVP to withdraw electricity. It may be true that loads which utilize proximate generation for their withdrawals of energy receive the benefit of increased reliability because of a more robust transmission network, but this is not related to that load's consumption of MWhs or the power they flow over an MVP.

What is relevant is what causes the design and cost of the MVP transmission facility. The primary cause of the size of that transmission facility investment is the capacity value of the interconnecting generators the Midwest ISO is assuming will interconnect directly or indirectly with the proposed MVPs. Therefore, the most objective billing determinant should be the peak generating capacity forecasted to be delivered over MVPs. It is that capacity number which is the determining factor in the design and cost of MVPs. Similarly, cost could be assessed to loads based on their demand at the hour of peak generating output from generators interconnected to

²⁴ The following OMS members do not join in this section: South Dakota PUC and Wisconsin PSC.

MVPs. This data would be as readily available to the Midwest ISO as the total consumption data and therefore it would be just and reasonable to allocate costs on that basis.

Again, the Commission erred in accepting the Midwest ISO's proposed per-MWh charge, because the benefits of MVPs are not necessarily related to MWhs of consumption and MWhs of consumption is not necessarily related to the usage of any MVP facility.

The Commission also erred in finding the per-MWh charge just and reasonable based on a comparison to a MW (demand) charge. The Commission decided, in part, that the per-MWh charge is just and reasonable because it allocates the cost variably over time, implying the MW charge could not. The Commission erred first by justifying the per-MWh charge based on its character relative to a MW charge, a comparison to alternatives which the Commission asserts it need not consider.²⁵ Also, the Commission erred in characterizing a demand charge as one that has to be assessed up front and could not change over time. Demand charges could be assessed based on the daily, weekly, or monthly peak load, and in a similar sense reflect the variable benefits derived from withdrawing energy from the Midwest ISO transmission system.

In its Comments, the OMS recommended that the Commission direct the Midwest ISO and its stakeholders to further explore this issue and consider the possibility of a two-part charge that incorporates both energy and demand concepts.²⁶ The OMS observed that "This combination may capture the year-round effects of the MVPs with the peak investment incentives of existing and future transmission and generation assets. As the economy improves

²⁵ December 16 Order, at P 383-384.

²⁶ OMS Comments at 9.

and reserve margins become tighter, the relative split between an energy and demand charge could be adjusted to provide better relative incentives.”²⁷

Accordingly, the OMS recommends that the Commission re-hear this issue and direct the Midwest ISO to assemble the stakeholders to reconsider this matter.²⁸

E. The Commission Erred in Accepting a Portfolio Approach to MVP Project Selection Because it Will Result in Costly Transmission Over-Building.²⁹

The Midwest ISO discussed the portfolio approach to project evaluation and selection for the first time in its Answer, filed October 18, 2010, addressing comments on the Midwest ISO’s July 15 Filing.³⁰ The Midwest ISO states in its Answer that each potential MVP project should not be evaluated on its own merits but must be viewed as an integral part of a portfolio of MVPs.³¹ The Midwest ISO chided commenters for overlooking the “context and practical application of the new MVP category.”³² The Midwest ISO described commenters as “illogical” for focusing on specific multi-value projects rather than on a portfolio of projects.³³

In Answers to the Midwest ISO’s Answer, parties pointed out that the portfolio concept was not part of the actual MVP tariff language that the Midwest ISO filed on July 15, 2010.³⁴ Parties urged the Commission to reject the Midwest ISO’s new-found portfolio justification to the extent that using such an approach would support the development of unwarranted projects,

²⁷ OMS Comments at 9.

²⁸ Michigan and Wisconsin dissent because of the nature of renewable wind resources. Such resources are energy oriented and as such transmission planning will increasingly need to focus in energy movement and not just planning capacity concepts.

²⁹ The following OMS members do not join in this section: .

³⁰ Midwest ISO Answer, at 14-16.

³¹ Midwest ISO Answer, at 14.

³² Midwest ISO Answer, at 15.

³³ Midwest ISO Answer, at 15.

³⁴ See, e.g., ICC Answer at 8, and Motion For Leave To Answer And Limited Answer Of The Coalition Of Midwest Transmission Customers at 3-7.

i.e., those that do not pass muster on their own project-specific merits.³⁵ Parties recommended the application of proper project-specific benefit/cost analyses and stated that it is not appropriate to “bundle up all the projects in the hopes that together the benefits may outweigh costs.”³⁶ Parties urged the Commission to reject the Midwest ISO’s proposed “aggregate” benefit/cost concept in favor of a meaningful project specific test.³⁷ Moreover, the OMS CARP rejected the Southwest Power Pool portfolio approach at its October 2009 meetings when it specifically abandoned the concept for further study in the remaining part of 2009 and all of 2010.³⁸

In the December 16 Order, the Commission accepted the proposed portfolio concept³⁹ and directed the Midwest ISO to submit a compliance filing to “revise the Tariff to state that MVPs will be reviewed on a portfolio basis.”⁴⁰ The Commission stated that “We will require Midwest ISO to make a compliance filing that includes the portfolio approach to project selection in its tariff.”⁴¹ The Commission further stated that,

The portfolio approach will help Midwest ISO to prioritize its transmission expansion projects in such a way as to ensure global benefits from the projects afforded regional cost sharing and maximize the number of system users who will share in those benefits. Midwest ISO’s ability to move projects in a portfolio forward with an eye to the benefits for the entire region will also assure that its analysis takes into proper consideration the need to match costs with benefits.⁴²

³⁵ See e.g., ICC Answer at 8-9, and Motion for Leave to Answer and Limited Answer of the Coalition of Midwest Transmission Customers at 3-7.

³⁶ See. e.g., ICC Answer, at 8-9.

³⁷ See. e.g., ICC Answer, at 9.

³⁸ The states of Iowa, Minnesota, North Dakota, South Dakota and Wisconsin clarify that although they did not support the SPP portfolio approach in OMS CARP, there is value in aggregating some transmission projects for evaluation, such as was done in the Upper Midwest Transmission Development Initiative.

³⁹ December 16 Order, at P 222.

⁴⁰ December 16 Order, at P 223.

⁴¹ December 16 Order, at P 54 (emphasis added).

⁴² December 16 Order, at P 221.

The Commission also stated that, “the portfolio approach to project selection ensures that those benefits will be widely spread around the Midwest ISO region.”⁴³

It appears that the Commission’s concept of the portfolio approach may encompass internally inconsistent ideas. For example, the Commission made the following statements:

- “This initial screen [the requirement that each project satisfy at least one of the three Criteria] will ensure that each project can benefit the Midwest ISO region.”⁴⁴
- “we find that the three criteria will determine that each individual project will have regional benefits.”⁴⁵
- “Midwest ISO and stakeholders will review each candidate MVP on an individual basis in order to assess its benefits.”⁴⁶

The Commission concluded that, while some projects support certain areas more than others, “the entire portfolio of projects is expected to provide regionally distributed benefits.”⁴⁷

Contrary to the Commission’s assertion, the Midwest ISO’s filed MVP language, particularly Criterion 1, does not require that a benefits test be passed. However, if that fact is set aside, and it is assumed for the sake of argument, that each project must pass a global benefit/cost test in order to qualify for MVP cost allocation treatment as the Commission asserts, it is unclear why the Midwest ISO would need to employ a portfolio approach to project selection. Under an assumption that each project must pass a benefits test on its own merits, it is unclear how application of a portfolio approach would help to ensure that benefits “will be widely spread around the Midwest ISO region” or “maximize the number of system users who will share in those benefits” as asserted by the Commission. Assuming that each project must

⁴³ December 16 Order, at P 54.

⁴⁴ December 16 Order, at P 201.

⁴⁵ December 16 Order, at P 54.

⁴⁶ December 16 Order, at P 207.

⁴⁷ December 16 Order, at P 159.

pass a meaningful benefits test on its own merits, the only way that application of a portfolio approach to project selection would advance these Commission-stated objectives would be for the Midwest ISO to decline to add projects to an MVP portfolio if the addition of such projects would unbalance the portfolio (i.e., projects whose benefits flow mainly to a subset of Midwest ISO zones).⁴⁸ On the other hand, if each project is not required to pass a meaningful benefits test on its own merits, then the result of applying a portfolio approach to project selection will be to expand the portfolio. As a practical matter, the effect of applying a portfolio approach under these circumstances would be for the Midwest ISO to add projects that bring benefits to particular zones or sub regions in order to balance the portfolio, even if those projects would not be found to be beneficial in a stand-alone analysis. The result would be transmission over-building.

The OMS is concerned that application of a portfolio approach to project selection will result in the construction of unnecessary transmission projects – “over-building”. The Midwest ISO’s Answer states that MVP projects “should not be viewed in isolation”⁴⁹ and urges parties not to focus “on any specific project.”⁵⁰ However, unless each project is required to satisfy a meaningful benefits test, the result of application of a portfolio approach will be the padding of portfolios and the approval of projects that could not stand on their own merits.

⁴⁸ The Missouri Commission does not unconditionally agree with this statement. For unbalanced portfolios, the Southwest Power Pool tariff allows for transfers of cost from the zonal rate to the region-wide rate for zones whose allocated cost exceed their benefits from a portfolio of projects. Thus, eliminating projects to balance a portfolio is not the only way to achieve balance when each project is required to have benefits that exceed costs on a region-wide basis. The Missouri Commission recognizes that transfer payments were not proposed by the Midwest ISO, and under the absence of such a proposal, the elimination of projects that have region-wide benefits that primarily go to a sub-region may effectively be a way to balance the benefits of a portfolio throughout the Midwest ISO region.

⁴⁹ Midwest ISO Answer, at 14.

⁵⁰ Midwest ISO Answer, at 14-15.

Consequently the OMS urges the Commission to reject the portfolio approach to project evaluation⁵¹ and selection and urges the Commission to require the Midwest ISO to apply a meaningful benefits test to each candidate MVP project. The Commission's acceptance of the portfolio approach in the December 16 Order will lead to unjustified and costly over-building. As such, it is unjust and unreasonable and the Commission's acceptance of it constitutes error. The portfolio concept at best only works for a handful, say six or seven, extra high voltage ("EHV") projects that have robustness by being "no regrets" types of projects under numerous scenarios including export. This was an issue significantly addressed by the UMTDI, or Upper Midwest Transmission Development Initiative.

IV. CONCLUSION

WHEREFORE, for the reasons set forth above, the OMS requests rehearing of the Commission's December 16 order conditionally accepting the Midwest ISO's MVP proposal in the above captioned docket.

The OMS submits this request because a majority of the members have agreed to generally support it. Individual OMS members reserve the right to file separate pleadings regarding the issues discussed herein. The following members generally support this request:

Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Michigan Public Service Commission
Minnesota Public Utilities Commission

⁵¹ The Missouri does not advocate rejection of a portfolio approach as stated. Moreover, if costs are to be allocated on a region-wide basis, then a portfolio of projects that results in a zone paying more in costs than it receives in benefits is not a just and reasonable result. The Missouri Commission does agree that in order to avoid overbuilding, individual projects included in the portfolio need to provide more incremental benefits than incremental costs to the entire Midwest ISO footprint, and would urge the Commission to rehear this issue to find solutions that would encompass both a portfolio approach and a require individual projects to meet a region-wide benefits test.

Missouri Public Service Commission
Montana Public Service Commission
North Dakota Public Service Commission
South Dakota Public Utilities Commission
Wisconsin Public Service Commission

The Manitoba Public Utilities Board and the Pennsylvania Public Utility Commission did not participate in this pleading. The Public Utilities Commission of Ohio abstained from the vote on these comments. The Kentucky Public Service Commission concurs with the OMS position concerning Issues A and E, but abstains on the balance of the comments.

The Iowa Consumer Advocate and the Minnesota Office of Energy Security, as associate members of the OMS, participated in these comments and generally support these comments.

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: January 14, 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 14th day of January, 2011.

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



Organization of MISO States

100 Court Avenue, Suite 218
Des Moines, Iowa 50309

Phone: 515-243-0742
Fax: 515-243-0746
www.misostates.org

January 20, 2011

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Midwest Independent Transmission System Operator, Inc.
Docket No. ER10-1791-000

Errata to filing

Dear Ms. Bose:

The Organization of MISO States filed a rehearing petition in the referenced docket on January 14, 2011. After that filing was made, the Public Utilities Commission of Ohio changed its vote from abstention to general support. A revised page 17 is attached to reflect this change.

As a further matter, footnote 29 should be deleted.

Very sincerely,

William H. Smith, Jr.
William H. Smith, Jr.
Executive Director

cc: Service list

Missouri Public Service Commission
Montana Public Service Commission
North Dakota Public Service Commission
Public Utilities Commission of Ohio
South Dakota Public Utilities Commission
Wisconsin Public Service Commission

The Manitoba Public Utilities Board and the Pennsylvania Public Utility Commission did not participate in this pleading. The Kentucky Public Service Commission concurs with the OMS position concerning Issues A and E, but abstains on the balance of the comments.

The Iowa Consumer Advocate and the Minnesota Office of Energy Security, as associate members of the OMS, participated in these comments and generally support these comments.

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: January 14, 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 14th day of January, 2011.

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