

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

Midcontinent Independent System Operator, Inc. )  
Operator, Inc. ) Docket No. ER20-862-000  
)

**COMMENTS OF THE  
ORGANIZATION OF MISO STATES, INC.**

The Organization of MISO States<sup>1</sup> (OMS) submits its comments in support of tariff revisions<sup>2</sup> filed by the Midcontinent Independent System Operator, Inc. (“MISO”) and a majority of the MISO Transmission Owners.<sup>3</sup>

On January 22, 2020, MISO and the MISO Transmission Owners (together, “Applicants”) submitted the MISO Proposal to revise Attachment FF and corresponding definitions in Module A of the MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff (Tariff).<sup>4</sup> The MISO Proposal provides a cost allocation methodology for MISO’s share of the cost of certain Interregional Economic Projects (“IEPs”) with PJM Interconnection L.L.C. (“PJM”).<sup>5</sup> MISO’s Proposal is just and reasonable and enjoys broad stakeholder support.

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<sup>1</sup> The OMS as noted below is an organization made up of representatives from seventeen jurisdictions with regulatory bodies having jurisdiction over MISO participating entities. Not all of those seventeen jurisdictions will be in agreement on every issue. See, for example, *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61074 (Oct. 21, 2011) The Missouri Public Service Commission (“MoPSC”), the Michigan Public Service Commission (“MPSC”), the Indiana Utility Regulatory Commission (“IURC”), the Public Service Commission of Wisconsin (“PSCW”), and the Kentucky Public Service Commission (“KY PSC”) do not join in the OMS statement that all of the tariff revisions herein are just and reasonable, based on the specific tariff revisions establishing the proposed cost allocation of Interregional Economic Projects (IEP’s) as described herein. It is the Commissions’ noted herein opinion that the proposed cost allocation for these projects (which relate to lower voltages between 100kV and 230kV) are a violation of the “beneficiary pays” principle, as further described herein in footnote 59. The PSCW also notes that the IEP project category lacks competitive bidding which in turn may create higher costs and longer timelines.

<sup>2</sup> *Midcontinent Indep. Sys. Operator, Inc.*, “Proposed Revisions to MISO Tariff to Provide MISO Cost Allocation for Interregional Economic Projects,” Docket No. ER20-862-000 (filed Jan. 22, 2020) (MISO Proposal, or Proposal).

<sup>3</sup> See MISO Proposal at n.1 for a list of participating MISO Transmission Owners.

<sup>4</sup> MISO Proposal at 1-2.

<sup>5</sup> *Id.*

The OMS is a non-profit, self-governing organization comprised of representatives from the seventeen regulatory bodies with jurisdiction over entities participating in MISO and serves as the regional state committee. The purpose of the OMS is to coordinate regulatory oversight among its members, to make recommendations to MISO, the MISO Board of Directors, the Commission, and other relevant government entities and state commissions as appropriate and to intervene in proceedings before the Commission to express the positions of the OMS member agencies.

Service of pleadings, documents, and communications in this proceeding should be made on the following:

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## **I. BACKGROUND**

### **A. NIPSCO Complaint Proceedings**

The MISO Proposal provides a cost allocation methodology for MISO’s share of the cost of IEPs with voltages from 100 kilovolts (kV) to below 345 kV. The Proposal complies with the directive set forth in the Commission’s January 19, 2017, “Order on Rehearing and Compliance” issued in Docket No. EL13-88-001, et al. requiring MISO to explain or propose a cost allocation method for such projects as between MISO and PJM.<sup>6</sup> The Commission issued the January 2017 Order in response to the September 11, 2013, complaint filed against MISO and PJM by the Northern Indiana Public Service Company (NIPSCO).<sup>7</sup> The NIPSCO Complaint alleged, among other things, that the Joint Operating Agreement between MISO and PJM (MISO-PJM JOA) failed

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<sup>6</sup> *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator and PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,049 (2017) (January 2017 Order).

<sup>7</sup> *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator*, “Complaint of Northern Indiana Service Company,” Docket No. EL13-88-000 (filed Sep. 11, 2013) (NIPSCO Complaint).

to provide a common set of criteria for the approval of interregional economic transmission projects between MISO and PJM.<sup>8</sup> First, although the MISO-PJM JOA criteria for approving interregional economic transmission projects between MISO and PJM did not impose a minimum voltage threshold, PJM's criteria required a minimum voltage threshold of 100 kV in contrast to MISO's threshold of 345 kV.<sup>9</sup> Second, MISO imposed a minimum \$5 million threshold for an interregional economic transmission project; PJM and the JOA had none.<sup>10</sup> The NIPSCO Complaint requested that the Commission require MISO and PJM to develop a single, jointly agreed upon set of criteria that included reducing the voltage threshold to 100 kV.<sup>11</sup> The Commission granted in part and denied in part the NIPSCO Complaint.<sup>12</sup>

In response to the NIPSCO Complaint, the Commission directed MISO to submit revisions to the Tariff to revise the thresholds that qualify a Market Efficiency Project (MEP) as an interregional economic transmission project by: (1) lowering the minimum voltage threshold to 100 kV, and (2) removing the \$5 million minimum cost requirement.<sup>13</sup> MISO submitted its compliance filing in Docket No. ER16-1969-000 on June 20, 2016,<sup>14</sup> which the Commission accepted in the January 2017 Order.<sup>15</sup> However, FERC found that MISO did not explain how MISO's share of the cost of an IEP operating above 100 kV but below 345 kV would be allocated and directed MISO to submit a compliance filing clarifying the cost allocation methodology for these projects.<sup>16</sup> After the January 2017 Order, Applicants moved the Commission to extend the

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<sup>8</sup> *Id.*

<sup>9</sup> MISO Proposal at 7.

<sup>10</sup> *Id.*

<sup>11</sup> NIPSCO Complaint at 9.

<sup>12</sup> *N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator and PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,058 (2016) (April 2016 Order).

<sup>13</sup> *Id.*

<sup>14</sup> *Midcontinent Indep. Sys. Operator, Inc.*, Compliance Filing, Docket No. ER16-1969-000 (June 20, 2016).

<sup>15</sup> January 2017 Order, 158 FERC ¶ 61,049 at P 58.

<sup>16</sup> *Id.* at PP 50-51.

compliance deadline. The Commission granted a compliance deadline of February 28, 2019.<sup>17</sup> Applicants submitted a compliance filing in Docket No. ER16-1969-005 concurrently with the MISO Proposal.<sup>18</sup> On June 24, 2019, the Commission rejected this filing because it relied on definitions and provisions predicated upon the Commission’s acceptance of MISO’s regional cost allocation filing.<sup>19</sup> Because the Commission rejected that filing primarily over concerns that MISO’s Local Economic Project (LEP) category did not comply with the Commission’s cost causation principles, the Commission also rejected MISO’s interregional filing.<sup>20</sup> This proposal again relies on MISO’s concurrently filed regional proposal which has addressed the Commission’s cost causation concerns.<sup>21</sup> This proposal also adopts a new project category for LEPs, which are similar to MEPs, but are limited in voltage between 100 kV and 230 kV.<sup>22</sup> Consistent with the Commission’s cost causation principles and based on the guidance provided in the Regional Order, the proposed requirements will ensure that only projects of a local nature are included in this category and that LEPs are not subjected to mutually inconsistent regional and local benefit-to-cost tests.<sup>23</sup> Reflecting their local nature, cost allocation for LEPs will be to the Transmission Pricing Zone(s) in which the LEP is located.<sup>24</sup> The LEP category will formalize the planning, identification, and cost allocation of local economic projects.<sup>25</sup> For these reasons, MISO’s currently proposed regional cost allocation methodology satisfies the Commission’s cost-

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<sup>17</sup> *Midcontinent Indep. Sys. Operator, Inc.*, “Notice of Extension of Time,” Docket Nos. ER16-1969-000 and ER16-1969-001 (December 17, 2018).

<sup>18</sup> *Midcontinent Indep. Sys. Operator, Inc.*, “Northern Indiana Public Service Co. v. Midcontinent Independent System Operator, Inc. Compliance Report,” Docket No. ER16-1969-005 (filed Feb. 28, 2019).

<sup>19</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 167 FERC ¶ 61,259 (2019). (June 2019 Interregional Order).

<sup>20</sup> *Id.*

<sup>21</sup> *See* MISO Proposal.

<sup>22</sup> *Id.* at 5-6.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

causation concerns. And as this proposal relies on that formulation, this proposal satisfies the Commission's cost causation concerns as well.

### **B. MISO's Interregional Economic Project Proposal**

To allocate MISO's share of the cost of interregional economic transmission projects, the MISO Proposal creates the new IEP cost allocation project category.<sup>26</sup> The IEP includes any project that qualifies as an (i) Interregional Market Efficiency Project (IMEP) with PJM under the MISO-PJM JOA and (ii) MEP under the MISO Tariff but does not qualify as a Multi-Value Project (MVP) under the MISO Tariff.<sup>27</sup> The IEP also includes projects that meet the criteria for inclusion in the MISO Transmission Expansion Plan (MTEP) as an MEP or a Local Economic Project (LEP) (i.e., based on voltage level) but does not include projects that qualify as MVPs.<sup>28</sup>

The MISO Proposal creates specific rules for evaluating IEPs and allocating MISO's share of IEP costs.<sup>29</sup> Higher-voltage IEPs (230 kV and above) will be allocated<sup>30</sup> using the MEP methodology, as revised by the Applicants' January 22, 2020 filing in Docket Nos. ER20-587-000. As such, 100 percent of MISO's share of the cost of higher-voltage IEPs will be allocated to the benefiting Transmission Pricing Zones (TPZ).<sup>31</sup> MISO's share of the costs of lower-voltage IEPs (100 kV to less than 230 kV) located either wholly or partially (i.e, a tie-line) within MISO will be allocated 100 percent to the TPZ(s) where the project is physically located.<sup>32</sup> MISO's share of the costs for lower-voltage IEPs located wholly in PJM will be allocated 100 percent to the TPZ that has the largest electrical impact, as determined by a Line Outage Distribution Factor (LODF)

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<sup>26</sup> MISO Proposal, Tab B, proposed Tariff, Attachment FF, § II.H.

<sup>27</sup> MISO Proposal at 10-11.

<sup>28</sup> *Id.* at 3.

<sup>29</sup> *Id.* at Tab B, proposed Tariff, Attachment FF, § III.A.2.p(i) – (ii).

<sup>30</sup> MISO Proposal at 10-11.

<sup>31</sup> MISO Proposal, Tab B, proposed Tariff, Attachment FF, § III.A.2.p(i).

<sup>32</sup> *Id.* at Tab B, proposed Tariff, Attachment FF, § III.A.2.p(ii).

methodology.<sup>33</sup> The Proposal revises other provisions of the Tariff to clarify that: lower-voltage projects (*i.e.*, IEPs below 230 kV but 100 kV and above) with PJM that otherwise are classified as MEPs will not be subject to the Competitive Developer Selection Process;<sup>34</sup> lower-voltage IEPs that qualify as MEPs must meet a 1.25 benefit-to-cost ratio in the TPZ where costs are allocated;<sup>35</sup> and IEPs are not included in the definition of “Other Projects.”<sup>36</sup>

### C. MISO Stakeholder Process

MISO stakeholders, including OMS, have vetted the MISO Proposal. The OMS Board provided feedback to MISO regarding potential interregional cost allocation proposals.<sup>37</sup> A majority of OMS Members<sup>38</sup> supported the proposed cost allocation for lower-voltage IEPs because it “provide[d] consistent treatment of lower-voltage (100 – 229 kV) regional and interregional economic projects;”<sup>39</sup> “complies with [FERC’s] directions to MISO [in the January 2017 Order];”<sup>40</sup> was consistent with the OMS Seams Policy Statement approved on September 22,

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<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at Tab B, proposed Tariff, Module A, § I (definition of “Eligible Projects”).

<sup>35</sup> *Id.* at Tab B, proposed Tariff, Attachment FF, § II.B.1.c.

<sup>36</sup> *Id.* at Tab B, proposed Tariff, Attachment FF, § III.A.2(k).

<sup>37</sup> “OMS Feedback re: Interregional Cost Allocation Proposals” (Oct. 25, 2018) (2018 OMS Feedback), *available at*: [https://www.misostates.org/images/stories/Filings/staff\\_comments/2018/OMS\\_cost\\_allocation\\_comments\\_10\\_30\\_18\\_Including\\_Addendum\\_final\\_002.pdf](https://www.misostates.org/images/stories/Filings/staff_comments/2018/OMS_cost_allocation_comments_10_30_18_Including_Addendum_final_002.pdf).

<sup>38</sup> These members at the time included the Arkansas Public Service Commission, Iowa Utilities Board, Louisiana Public Service Commission, Minnesota Public Utilities Commission, Mississippi Public Service Commission, Montana Public Service Commission, Council of the City of New Orleans, North Dakota Public Service Commission, and the South Dakota Public Service Commission. A minority of OMS members supported an alternative proposal, and these members included the Indiana Utility Regulatory Commission, Kentucky Public Service Commission, Michigan Public Service Commission, Missouri Public Service Commission and the Public Service Commission of Wisconsin. The Illinois Commerce Commission and the Public Utilities Commission of Texas abstained from voting on the matters contained in the 2018 OMS Feedback.

<sup>39</sup> 2018 OMS Feedback at 1-2.

<sup>40</sup> *Id.* at 1-2.

2016;<sup>41</sup> and “ensur[ed] a MISO-directed path for all interregional and regional lower-voltage economic projects.”<sup>42</sup>

## II. COMMENTS IN SUPPORT

The OMS supports MISO’s filing as a just and reasonable method to reduce seams issues and improve the efficiency of generation dispatch and congestion management between MISO and PJM. MISO’s proposed interregional approach builds on its underlying intra-regional approach outlined in the Regional Cost Allocation Filing, which recognizes the difference in regional benefits between higher-voltage (230kV and above) and lower-voltage (100 kV and above but less than 230 kV) facilities and agreements reached during the MISO stakeholder process. To be clear, no cost allocation method is perfect, but this broadly supported proposal is the result of a compromise that should significantly advance identification, evaluation and, where warranted, construction of interregional transmission projects.

### **A. MISO’s Proposal is supported by a majority of MISO Transmission Owners and OMS Members.**

The courts are clear that transmission cost allocation must be at least roughly commensurate with benefits received.<sup>43</sup> The MISO Proposal enjoys broad stakeholder support and incorporates regional flexibility in cost allocation methodologies appropriate for MISO’s large and diverse footprint. The Commission, in Order No. 890,<sup>44</sup> found that stakeholder support for cost allocation proposals is a critical component of its determination as to the reasonableness of a cost

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<sup>41</sup> *Id.* at 2 (citing OMS Seams Policy Statement, approved on September 22, 2016 (2016 Seams Policy Statement), available at:

[http://www.misostates.org/images/stories/Policies/Item\\_6\\_OMS\\_SEAMS\\_POLICY\\_approved\\_9\\_22\\_2016.pdf](http://www.misostates.org/images/stories/Policies/Item_6_OMS_SEAMS_POLICY_approved_9_22_2016.pdf))

<sup>42</sup> *Id.* at 2.

<sup>43</sup> *Illinois Commerce Commission, et al v. FERC*, 576 F.3d 470 (7<sup>th</sup> Cir. 2009).

<sup>44</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh’g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

allocation proposal.<sup>45</sup> Regional solutions that garner stakeholder support are more apt to support new transmission investment where costs are allocated fairly.<sup>46</sup> Likewise, states may be reluctant to site regional transmission if they believe the costs are not being allocated properly.<sup>47</sup> The Commission does not require unanimity or near unanimity among participants and state authorities in the region.<sup>48</sup> “[G]eneral support, not consensus, is the touchstone of Order No. 890...”<sup>49</sup> As the Commission has recognized: “[a]llocation of costs is not a matter for the slide-rule[,]” but “[i]t involves judgment of a myriad of facts,” and “has no claim to an exact science.”<sup>50</sup> The Commission allows regional flexibility in cost allocation.<sup>51</sup>

The Proposal is the result of a joint MISO/stakeholder process lasting over four years and shaped by FERC guidance. This compromise is supported by a majority of MISO Transmission Owners, other stakeholders, and state and local regulators.<sup>52</sup> Stakeholders participated in numerous monthly meetings of MISO’s Regional Expansion Criteria and Benefits Working Group (RECBWG), Planning Subcommittee (PSC) and Planning Advisory Committee (PAC) to identify issues, evaluate alternatives, and develop proposals.<sup>53</sup> MISO used stakeholder feedback provided over several years to tailor its proposal.<sup>54</sup> The OMS Board and Transmission Cost Allocation Working Group participated extensively at the RECBWG to ensure the resultant proposal was an improvement on the status quo.<sup>55</sup>

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<sup>45</sup> Order No. 890 at PP 559-60.

<sup>46</sup> *Id.* at P 560.

<sup>47</sup> *Id.*

<sup>48</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,074, at P 174 (2011).

<sup>49</sup> *Id.*

<sup>50</sup> Order No. 890 at P 559 (quoting *Colorado Interstate Gas Co. v. FPC*, 324 U.S. 581, 589 (1945)).

<sup>51</sup> Order No. 890 at P 559.

<sup>52</sup> MISO Proposal at 1-2.

<sup>53</sup> *Id.* at 9-10.

<sup>54</sup> See MISO Proposal, Tab A, Prepared Direct Testimony of Jesse Moser on Behalf of the Midcontinent Independent System Operator, Inc. (Moser Testimony), at 20:1-23:11.

<sup>55</sup> 2018 OMS Feedback at 1.

**B. The OMS supports the MISO Proposal because it is just and reasonable.**

**1. The MISO Proposal creates a just and reasonable cost allocation methodology with PJM.**

The MISO Proposal ensures that interregional project selection, evaluation, and cost allocation with PJM is just and reasonable. By creating the IEP as a new cost allocation project category, the MISO Proposal simplifies the cost allocation methodologies to be applied to MISO's share of IEP costs with PJM. The Proposal clarifies that IEPs are appropriately excluded from the "Other Projects" category within MISO, since IEPs will comprise their own separate project category.<sup>56</sup>

**2. The MISO Proposal creates a consistent cost allocation methodology for similar projects.**

The MISO Proposal promotes uniformity across MISO for economic projects of similar types and voltages. MISO notes in its filing, "there is no fundamental difference between a regional economic transmission project and an interregional economic transmission project."<sup>57</sup> The MISO Proposal interacts with the Regional Cost Allocation Filings to eliminate ambiguity as to how costs of similar types of projects within the MISO footprint will be allocated.<sup>58</sup> And the Proposal provides a consistent and supportable cost allocation methodology for lower-voltage projects constructed entirely outside the MISO footprint that nevertheless offer economic benefits to MISO customers.<sup>59</sup>

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<sup>56</sup> MISO Proposal at 14.

<sup>57</sup> *Id.* at 13; Moser Testimony at 16.

<sup>58</sup> *See* MISO Proposal at 3.

<sup>59</sup> As previously stated in footnote 1, the MoPSC, the MPSC, the IURC, the KY PSC and the PSCW do not support the portions of MISO's filing creating Interregional Economic Projects which limit cost recovery for such projects to (1) only those local transmission pricing zones in which the project is located (for IEPs within MISO); or (2) *only the TPZ determined by MISO* through the newly incorporated Line Outage Distribution Factor (LODF) analysis to be the most impacted zone with a 1.25 B/C ratio, regardless of how many other zones are shown to benefit in excess of costs (if the IEP is wholly within PJM). This is because both of these lower voltage interregional economic projects between 100kV and 230kV are limited for cost recovery to only those transmission pricing zones and no other factors in cost recovery are considered. Other zones receiving economic

First, MISO proposes to allocate the cost of MISO’s share of higher-voltage IEPs (*i.e.*, 230 kV and above) in accordance with the MEP methodology as revised in the Regional Cost Allocation Filings.<sup>60</sup> Higher-voltage IEPs and MEPs are evaluated using the same criteria and process and are highly likely to provide the same regional benefits so using the same cost allocation method is appropriate; that is, 100 percent of MISO’s share of the costs will be allocated to the benefitting TPZs.

Second, for lower-voltage IEPs (100 kV to less than 230 kV), MISO proposes a separate set of cost allocation rules that are designed to parallel the proposed cost allocation for intra-regional economic projects in the same voltage range – *i.e.*, the LEPs.<sup>61</sup> Because lower-voltage IEPs and LEPs offer benefits much more localized, MISO’s cost share of lower-voltage IEPs will be allocated to the TPZ where the project is physically located.

The only exception to the LEP parallel is the rare instance where a lower-voltage IEP is located wholly outside of MISO. Since MISO cannot allocate its share of the costs of such a project based on its physical location in a MISO TPZ, MISO proposes to use a Line Outage Distribution Factor (LODF) analysis to identify the benefitting MISO TPZ(s).<sup>62</sup> The LODF methodology is widely used in the industry to determine the impact of new transmission facilities on the transmission system and individual zones.<sup>63</sup> The impacted TPZ is a reasonable proxy for the “local” TPZ for the purposes of cost allocation because it measures the local impact from lower-voltage transmission upgrades/projects.

### **3. The MISO Proposal Satisfies the Order 1000 Cost Allocation Principles**

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benefits used to justify the project would not be allocated costs for these projects. The PSCW again notes that the LEP project category does not allow for competitive bidding and may create higher costs and longer timelines.

<sup>60</sup> MISO Proposal at 12; Moser Testimony at 14-15.

<sup>61</sup> MISO Proposal at 13.

<sup>62</sup> *Id.*; see Moser Testimony at 10, 15 (describing the proposed LODF analysis).

<sup>63</sup> MISO Proposal at 14.

The MISO Proposal satisfies the Order No. 1000's<sup>64</sup> cost allocation principles. The Commission required each public utility transmission provider to show that its cost allocation methodology is just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies six cost allocation principles described in Order No. 1000.<sup>65</sup> The Commission noted that different methods for cost allocation methods may satisfy the general principles of Order No. 1000 and recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.<sup>66</sup> The Commission sought to “retain regional flexibility” and allow transmission providers in each transmission planning region to develop transmission cost allocation methods that best suit that region so long as those approaches comply with the Order No. 1000's regional and interregional cost allocation principles.<sup>67</sup>

As MISO explains, the Proposal complies with Order No. 1000's six cost allocation principles.<sup>68</sup> For the reasons described in the filing,<sup>69</sup> the MISO Proposal satisfies the Order No. 1000 requirements and is consistent with the Commission's cost allocation goals.

**C. The MISO Proposal complies with the Commission's NIPSCO compliance directive.**

Paragraph 51 of the January 2017 Order directed MISO to submit a compliance filing to either confirm that the existing [MEP] cost allocation method will apply to MISO's share of the cost of interregional economic transmission projects above 100 kV but below 345 kV that qualify as [MEPs] or to propose tariff revisions to

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<sup>64</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

<sup>65</sup> Order No. 1000 at PP 566, 604.

<sup>66</sup> *Id.* at P 604 (“We adopt the use of cost allocation principles because we do not want to prescribe a uniform method of cost allocation for new regional and interregional transmission facilities for every transmission planning region. To the contrary, we recognize that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.”)

<sup>67</sup> *Id.*

<sup>68</sup> MISO Proposal at 14-17.

<sup>69</sup> *Id.*

apply a different regional cost allocation method for MISO's share of the costs of such projects.<sup>70</sup>

The MISO Proposal confirms that the cost allocation for the higher-voltage and lower-voltage IEPs complies with the Commission's directive by showing that the MEP cost allocation method, as revised in the Regional Cost Allocation Filing, will apply to MISO's share of the cost of PJM IEPs with voltages at or above 230 kV but lower than 345 kV and by proposing Tariff revisions that will "apply a different regional cost allocation method" for MISO's share of the cost of PJM IEPs with voltages below 230 kV but 100 kV and above.<sup>71</sup>

#### **D. The OMS Supports MISO's Commitment to Conduct a Triennial Review.**

The OMS supports MISO's commitment to revisit the cost allocation methodology included in the Proposal at the end of a three-year period and to work with stakeholders to determine the specifics of how that evaluation will be conducted.<sup>72</sup> No proposal is perfect and changes in the system may warrant adjustments and improvements. MISO and its stakeholders are moving beyond the minimal "roughly commensurate" standard to improve the accuracy and precision with which transmission project costs are allocated. Increased granularity in the cost allocation methods are welcome. Conducting triennial reviews advances that goal.

### **III. CONCLUSION**

WHEREFORE, for the foregoing reasons and for good cause shown, the OMS respectfully requests that the Commission consider these comments and accept MISO's Proposal.<sup>73</sup>

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<sup>70</sup> January 2017 Order at P 51.

<sup>71</sup> *Id.*

<sup>72</sup> MISO Proposal at 17.

<sup>73</sup> The Minnesota Department of Commerce and the Mississippi Public Utilities Staff, associate members of OMS, support these comments. The Manitoba Public Utilities Board did not participate in this filing. The Illinois Commerce Commission abstained.

The OMS submits these comments because a majority of its members have agreed to generally support them. Individual OMS members reserve the right to file separate comments regarding the issues discussed in these comments.

Respectfully submitted,

*/s/ Marcus Hawkins*

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Dated February 12<sup>th</sup>, 2020

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list prepared by the Secretary for the above-captioned docket in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.2010.

DATED at Madison, Wisconsin this the 12<sup>th</sup> day of February, 2020.

*/s/ Marcus Hawkins*

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