Organization of MISO States

ORGANIZATION OF MISO STATES, INC.
Board of Directors Meeting
Conference Call Minutes
January 17, 2013

Approved February 14, 2013

Kari Bennett, President of the Organization of MISO States, Inc. (OMS), called the January 17, 2013 meeting of the OMS Board of Directors to order via conference call at approximately 1:00 p.m. (CST). The following board members or their proxies participated in the meeting:

Randy Rismiller, proxy for John Colgan, Illinois
Kari Bennett, Indiana
Libby Jacobs, Iowa
Linda Breathitt, Kentucky
Eric Skrmetta, Louisiana
Orjiakor Isiogu, Michigan
Burl Haar, proxy for David Boyd, Minnesota
Brandon Presley, Mississippi
Robert Kenney, Missouri
Kirk Bushman, Montana
Phil Movish, proxy for Cynthia Hedge-Morrell, City of New Orleans
Eric Callisto, Wisconsin

Absent
Manitoba
North Dakota
South Dakota
Texas

Agency members participating
Linda Wagner – Illinois
Tia Elliott, David Johnston, Beth Roads – Indiana
Janet McGurk, Brandon Mauch – Iowa
Melissa Watson – Louisiana
Bill Bokram, Chris Devon, Jessica Govindan – Michigan
Chad Allen – Mississippi
Josh Harden, Adam McKinnie – Missouri
Kim Moran – Montana
Jerry Lein – North Dakota
Phil Montgomery, Randel Pilo, Brian Rybarik, Julie Urban – Wisconsin

Others on the call
Julie Mitchell, Bill Smith – OMS Staff

The directors and proxies listed above established the necessary quorum for the meeting of at least nine directors being present.

Approval of Minutes from the December 6 Board Meeting

The minutes of December 6 Board meeting were approved by consent.

Treasurer's Report of December 2012

There were no questions regarding the December 2012 Treasurer's report. It was accepted as distributed.

Review of the December 20, 2012 Executive Committee Meeting

Kari Bennett highlighted the following from the December 20 Executive Committee Meeting:

- 2013 Planning Meeting;
- Resource Planning & Assessment Issues;
- Retention of Ryun & Givens to file OMS's IRS Form 990 & conduct the 2012 audit;
- Financial disclosure policy for OMS staff.

Administrative Report

The Executive Director's written report was distributed prior to the meeting. Bill Smith highlighted the following:

- The OMS Board meeting in New Orleans has been cancelled;
- The 2013 OMS work plan;
- Grid School stipends.

BUSINESS

1. MISO Advisory Committee

- The January AC meeting has been cancelled.
- The February Hot Topic is on coordinated regional resource planning. Kari Bennett and Don Neumeyer briefed the Board and staff on the background of this issue and the process for supplying information for consideration by the stakeholders regarding this topic.

2. Planning Advisory Committee

- Jessica Govindan provided an overview of the December PAC meeting and sought direction from the Board on how best to vote on the MTEP '13 futures. No one expressed concern about using the approach that OMS has historically taken on the MTEP futures issue as direction for the PAC representatives.

3. 2013 OMS Calendar Changes

- Kari Bennett reviewed the proposed change to the 2013 OMS calendar. There were no objections.
- Eric Callisto presented the documents he circulated prior to the meeting about planning for MTEP 13 and Order 1000. There was then general discussion about the issues raised in the documents.

4. MISO Filings Possible Action Items

A) MVP Cost Allocation During Transition, ER12-480

- Kari Bennett and Bill Smith explained the OMS process for electronic voting.
- Adam McKinnie presented the proposed comments. The deadline for filing comments on this topic would be Tuesday, January 22, 2013. There were questions and discussion about the document but there were no substantive revisions.

Robert Kenney moved to file the comments. Orjiakor Isiogu seconded.

Illinois - abstain
Indiana - yes
Iowa - yes
Kentucky – abstain with intent to vote via email
Louisiana - abstain
Manitoba - absent
Michigan - yes
Minnesota - abstain
Mississippi - absent
Missouri - yes
Montana – abstain
New Orleans – abstain with intent to vote via email
North Dakota - absent
South Dakota - absent
Texas - absent
Wisconsin - yes

The motion failed to pass with 5 yea votes, 0 nay votes, 6 abstentions and 5 absent. Email voting will be held open until noon on Tuesday, January 22, 2013.

[Note: Results of the email voting were as follows: Kentucky – yes, Minnesota – yes, North Dakota – yes. The motion failed to pass with 8 yea votes, 0 nay votes, 4 abstentions, 4 absent]

B) Capacity Deliverability, AD12-16

- Chairman Phil Montgomery provided an update on OMS's work with OPSI to provide for enhanced commissioner involvement in the JCM process. MISO filed on January 3, 2013, saying, in essence, let's bypass the process and focus only on capacity portability. OPSI's comments on MISO's filing to FERC have been circulated to the Board. Phil asked for the Board's support in drafting joint OMS-OPSI comments to file with FERC.
- Brian Rybarik provided the board with an update on this issue from the States' Seams WG.
- Robert Kenney suggested asking MISO why their filing was made.
- There is no formal deadline for filing comments in this docket. Following discussion it was agreed that Chairman Montgomery would coordinate timing with Commissioner White of OPSI and continue with OMS' regular approval process. If expedited action becomes necessary, Chairman Montgomery will inform the Board.

C) 205 Filings, ER13-708

- Kari Bennett and Robert Kenney provided the Board with background information on this issue. Comments on this docket are due January 25, 2013. Randy Rismiller walked through the proposed ICC edits to the draft comments. The edits were discussed and modified additionally by the Board.
- Prior to the vote, Randy Rismiller asked about language in the conclusion that states if FERC finds that some changes should be made, it set this filing for settlement judgment procedures. This language was written by Bill Smith, who was no longer on the call and unable to provide clarification of the language. Beth Roads indicated that if FERC determines OMS should actually have something more than what MISO has filed or what OMS is requesting in this filing, then that "something more" would be granted through a settlement conference. It was agreed to seek clarification from Bill Smith.
- Eric Callisto suggested reaching out to Arkansas after the vote to see if they want to join the comments in some fashion.

Kari Bennett moved to approve filing the notice of intervention and comment of the OMS in FERC docket ER13-708 as amended by the Illinois Commerce Commission consistent with the discussion that occurred during the Board Meeting of January 17, 2013, and to be further amended in section III.B.1 to contain a simple, basic statement that the MISO tariff does not fully define or bind OMS. Eric Callisto seconded.

Illinois – yes
Indiana – yes
Iowa – yes
Kentucky – abstain with intent to vote via email
Louisiana – abstain with intent to vote via email
Manitoba – absent
Michigan – yes
Minnesota – abstain with intent to vote via email
Mississippi – abstain with intent to vote via email
Missouri – yes
Montana – abstain
New Orleans – abstain with intent to vote via email
North Dakota – absent
South Dakota – absent
Texas – absent
Wisconsin – yes

The motion failed to pass with 6 yes votes, 0 no votes, 6 abstentions and 4 absent. Email votes are due by noon on January 25, 2013.

D) Arkansas PSC Compliance Filing (Informational)

- Kari Bennett advised the Board that MISO made a compliance filing in the Arkansas Entergy docket that was a motion for finding compliance with the requirements of the Arkansas Order 74.

5. Endorsement of Candidate for the MISO Finance Subcommittee

- Gail Maly, Wisconsin PSC has served on the MISO Finance Subcommittee and is willing to continue to serve. Eric Callisto and Burl Haar both indicated their support for her.
- There were no objections to her nomination; it was approved by consensus.

6. ERSC/Entergy Update

- All updates to the merger were covered under other agenda items.

7. Update: Eastern Interconnection Planning Process

- No report was provided.

8. Action Item: OMS Policy on Financial Conflicts

- Kari Bennett explained this document, distributed prior to the meeting, which is modeled on a similar MISO policy. All current OMS employees are in compliance and it only applies to office staff, not to commissioner and state commission staff, who are subject to their state policies.

Kari Bennett moved adoption of the OMS policy on financial conflicts. Burl Haar seconded. The motion was approved by unanimous voice vote.

Updates and Work Group Status Reports

Demand Response WG
- No report;

Transmission Cost Allocation WG
- Written report;

Markets and Tariffs WG
- Written report;

Resources WG
- Written report;

Regional Planning WG
- Written report;

Governance and Budget
- No report;

Modeling WG
- No report;

Seams WG
- No report;

ADJOURNMENT

The OMS Board of Directors meeting adjourned at 3:53 pm CST.

OMS

Organization of MISO States
Report of the Treasurer
Dr. David C. Boyd, Minnesota Public Utilities Commission
to the
Board of Directors
Report for December 2012

CASH ON HAND

The beginning balance for the Wells Fargo Business Performance Savings Account as of December 1 was $25,166.78. Interest earned for this month was $1.07 and there was no other account activity. The December 31, 2012 ending balance was $25,167.85.

The beginning book balance for the Chase Bank One Checking account as of December 1 was $1,656.87. The total disbursements from the checking account for December 2012 were $44,439.68. Deposits, interest and adjustments were $60,555.82. As of December 31, 2012, the checking account bank balance was $31,526.85 (17 checks remain outstanding) and the book balance was $17,773.01.

The total savings and checking account (book) balances as of December 31, 2012 is $42,940.86.

TREASURER'S REPORT
Organization of MISO States
December 31, 2012

Wells Fargo Business Performance Savings Account

Book Balance as of 11/30/12			$ 25,166.78	
12/31/2012	DEP	Interest on Savings	$ 1.07	
Business Performance Savings Account Balance at 12/31/2012				$ 25,167.85

Chase Bank One Commercial Checking with Interest

Book Balance as of 11/30/12			$ 1,656.87	
12/4/12	DEP	Paychex Inc. (Oct. Payroll adjustment, P/R tax)	$ 437.50	
12/4/12	DEP	Paychex Inc. (Oct. Payroll adjustment, P/R tax)	$ 118.00	
12/10/12	ACH	Midwest ISO	$ 60,000.00	
12/31/12	DEP	Interest on checking	$ 0.32	
		Total Deposits	$ 60,555.82	

Checks and Charges

Date	Check #	Descriptions		
12/3/12	EFT	Mg Trust Co	$ 725.00	
12/10/12	E-Pay	Chase Bank Card	$ 2,108.22	
12/10/12	EFT	Paychex Invoice (Nov. P/R)	$ 254.20	
12/10/12	4214	100 Court Investors - Office Rent & Pkg (Dec.)	$ 1,716.21	
12/10/12	4215	Combined Systems Technology - Engineering block time	$ 2,226.00	
12/10/12	4216	The Novick Group (OMS director/ofcr ins. renewal)	$ 3,567.00	
12/17/12	4217	A. McKinnie - MO-PSC Travel Reimb (11/27-11/29)	$ 520.43	
12/17/12	4218	C. Devon-MI PSC Travel Reimb (11/29-11/30)	$ 406.91	
12/17/12	4219	N. Ghomsi-MO Travel Reimb (11/27-11/29)	$ 348.85	
12/18/12	4220	A. Freeman-MI Travel Reimb (11/26-11/27)	$ 156.07	
12/18/12	4221	B. Smith - Wifi & connection card	$ 67.99	
12/18/12	4222	C. Devon - MI PSC Travel Reimb (12/11-12/13)	$ 32.60	
12/18/12	4223	Conference Suite - conference calls (Board, Exec Comm & WG)	$ 761.67	
12/18/12	4224	Customized Energy Solutions - Nov. subscription	$ 3,500.00	
12/18/12	4225	CenturyLink - OMS office phone,fax, DSL & Nov LD calls	$ 260.94	
12/18/12	4226	Michigan PSC (A. Freeman travel costs: 11/26-11/27)	$ 112.93	
12/18/12	4227	B. Bokram - MI PSC Travel Reimb. (12/11-12/13)	$ 216.84	
12/18/12	4228	Wisconsin PSC (L. Sakk travel costs: 12/11-12/13)	$ 33.00	
12/27/12	4229	A. McKinnie - MO-PSC Travel Reimb (12/11-12/13)	$ 110.30	
12/27/12	4230	B. Smith - Travel reimb. (12/11-12/13)	$ 8.00	
12/27/12	4231	B. Haar - MN PUC Travel reimb. (12/11-12/13)	$ 713.16	
12/27/12	4232	Indiana Insurance Co. (2013 business insurance)	$ 2,790.00	
12/27/12	4233	O. Isiogu - MI PSC Travel reimb. (12/11-12/13)	$ 579.39	
12/27/12	4234	Renaissance Indianapolis North (hotel chgs. for OMS Dec. plan mtg.	$ 4,191.60	
12/27/12	4235	R. Kenney - MO PSC Travel reimb. (12/11-12/13)	$ 334.04	
12/27/12	4236	IUB - (C. Bittner Travel Reimb: 12/11-12/13)	$ 644.35	
12/27/12	4237	Triplett Office Essentials (office supplies)	$ 127.20	
12/27/12	4238	Wisconsin PSC (D. Neumeyer travel costs: 12/11-12/13)	$ 321.88	
12/27/12	4239	Wisconsin PSC (J. Urban travel reimb.: 12/11-12/13)	$ 28.00	
12/28/12	EFT	Paychex Payroll net pay (ck.nos. 492-494)	$ 10,538.08	
12/31/12	EFT	Paychex Payroll Taxes	$ 3,685.34	
12/31/12	495	MG Trust (401(k))	$ 2,298.16	
12/31/12	496	MG Trust (401(k))	$ 89.71	
12/31/12	497	MG Trust (401(k))	$ 965.61	

Total Checks and Charges	$ 44,439.68	
CHECKING ACCOUNT BALANCE 12/31/12		$ 17,773.01
CERTIFICATES OF DEPOSIT, SAVINGS AND CHECKING ACCOUNT BALANCES AS OF 12/31/12		$ 42,940.86

CHASE CHECKING ACCOUNT RECONCILIATION

Bank Balance 12/31/12			**$**	**31,526.85**
Less Checks Outstanding				
	Check #			
12/17/12	**4218**	**C. Devon-MI PSC**	**$**	**406.91**
12/18/12	**4222**	**C. Devon - MI PSC**	**$**	**32.60**
12/18/12	**4226**	**Michigan PSC (A. Freeman)**	**$**	**112.93**
12/27/12	**4229**	**A. McKinnie - MO-PSC**	**$**	**110.30**
12/27/12	**4230**	**B. Smith - Travel**	**$**	**8.00**
12/27/12	**4231**	**B. Haar - MN PUC**	**$**	**713.16**
12/27/12	**4232**	**Indiana Insurance Co. (2013)**	**$**	**2,790.00**
12/27/12	**4233**	**O. Isiogu - MI PSC**	**$**	**579.39**
12/27/12	**4234**	**Renaissance Indianapolis North - hotel**	**$**	**4,191.60**
12/27/12	**4235**	**R. Kenney - MO PSC**	**$**	**334.04**
12/27/12	**4236**	**IUB - C. Bittner Travel**	**$**	**644.35**
12/27/12	**4237**	**Triplett Office Essentials**	**$**	**127.20**
12/27/12	**4238**	**Wisconsin PSC**	**$**	**321.88**
12/27/12	**4239**	**Wisconsin PSC**	**$**	**28.00**
12/31/12	**495**	**MG Trust (401(k))**	**$**	**2,298.16**
12/31/12	**496**	**MG Trust (401(k))**	**$**	**89.71**
12/31/12	**497**	**MG Trust (401(k))**	**$**	**965.61**
Total Outstanding Checks			**$**	**13,753.84**
Book Balance 12/31/12			**$**	**17,773.01**

Organization of MISO States

100 Court Avenue, Suite 315
Des Moines, Iowa 50309

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

OMS Executive Director Report
January 10, 2012

FERC Actions

1. On December 18, FERC's Administrative Law Judge issued an initial decision denying MISO's requested recovery of Phase Angle Regulator costs from PJM and NYISO. Docket No. ER11-1844.
2. On December 11, FERC denied rehearing of its July 30, 2010 Order that rejected MISO's proposed allocation of the costs of Operating Reserves. Illinois Commerce Commission's requested clarification was granted. Docket No. ER10-1361.

MISO Filings

1. On December 17, MISO and the TOs made a filing in compliance with the FERC's November 15, 2012 Order on the cost allocation of Network Upgrades in connection with a transition period for the integration of the Entergy Companies. MISO and the TOs also requested clarification or rehearing of some aspects of the November 15 Order. Docket No. ER12-480.
2. On December 28, MISO filed revisions to its tariff on Long-Term Transmission Rights (LTTRs) and Auction Revenue Rights (ARRs), to address the integration of the Entergy Companies and load serving entities in, or adjacent to, the Entergy region, including Cleco and South Mississippi Electric Power Association. Docket No. ER13-665.
3. On December 28, MISO filed tariff changes to clarify use by Load Serving Entities in Module E of Energy Efficiency Resources that achieve a continuous reduction in electric energy consumption. Docket No. ER13-669.
4. On January 3, MISO filed a Request for Expedited Issuance of Order directing MISO and PJM to remove barriers to generation capacity deliverability. Docket No. AD12-16.
5. On January 4, MISO and the TOs submitted a Settlement Agreement Between the Transmission Owners and MISO regarding

Modified Filing Rights and related revisions to the MISO Transmission Owners Agreement. The Settlement Agreement and proposed TOA revisions provide the OMS enhanced authority for determining transmission cost allocation methodologies to be filed pursuant to section 205 of the Power Act. Docket No. ER13-708.

6. On January 7, MISO submitted responses to FERC questions in advance of a technical conference to be conducted on February 13 on information sharing and communications issues between natural gas and electric power industry entities. Docket No. AD12-12.

OMS / MISO Activity

1. Mississippi PSC, the City of New Orleans, the Texas PUC, and the Louisiana PSC have become OMS members and have designated commissioners/councilmembers to serve as OMS Directors.

Public Relations

1. Presentations:
   - N/A

2. Pending speaking/meeting invitations:
   - Bill Smith will present an outline of OMS work to the ERSC Working Group on January 17.

Upcoming dates:

- Next regular OMS Board of Directors meeting: January 17, 2013, at 1:00 pm CT
- Next OMS Executive Committee meeting: January 31, 2013, at 1:00 pm CT
- Future OMS Board meetings: February 14, March 21
- OMS Executive Committee meetings: February 28, April 4
- Next OMS meetings with IMM: January 30, 2:30 CT

Organization of MISO States OMS

2013 GOALS and WORK PLAN

OMS Commissioners and Staff met on October 16 and December 12, 2012, to discuss our priority goals and objectives for 2013. This document memorializes our discussions and follow-ups, and will serve as a roadmap to our activities in 2013.

Entergy and Entergy Regional State Committee (E-RSC) Coordination

On December 13, 2012, the MISO Board of Directors approved the addition of the Entergy operating companies and South Mississippi Electric Power Association into MISO. Those companies operate in five utility regulatory jurisdictions that were previously not in MISO's footprint – Arkansas, Louisiana, Mississippi, New Orleans and Texas. OMS has invited each of these utility regulatory entities to join OMS, and we anticipate several joint discussions regarding coordination and integration issues.

- **Next Step**: Joint OMS/E-RSC meeting – half-day, possibly during the February New Orleans MISO board week. Agenda to include:
  - Advisory Committee representation
  - Budgets
  - Website and meeting management
  - Meeting schedules
  - Further work on filing rights
  - Other governance and administrative issues
  - OMS 101

Implementation of Enhanced Regional Planning Process

On August 16, 2012, OMS adopted a proposal for enhanced planning authority. MISO made the OMS proposal part of its Order 1000 compliance filing to FERC. We need to implement this proposal within the processes and schedules of OMS and the MISO MTEP.

- OMS Proposal for Enhanced Planning Authority can be found at http://www.misostates.org/images/stories/Filings/August_16-2012_OMS_Proposal_for_Enhanced_Planning_Authority.pdf
- **Next Step**: Regional Planning Work Group to prepare a draft document, looking at the planning cycle and at which steps OMS needs to provide input.
- Commissioner Callisto is heading up an OMS Ad Hoc Order 1000 BPM Review Team to review Business Practices Manual language being drafted by MISO to implement OMS's new planning responsibilities associated with MISO's recent Order 1000 compliance filing.

Implementation of OMS 205 Rights on Cost Allocation

On January 4, 2013, MISO and the Transmission Owners filed changes to the Transmission Owners Agreement and the MISO tariff providing limited section 205 filing rights to OMS in relation to certain cost allocation decisions. With an anticipated effective date of December 2013, OMS should continue to engage with MISO and the Transmission Owners to implement these rights by the end of the year.

Organization of MISO States OMS

FERC Order 1000

OMS will continue to participate and provide input on various compliance filings and new processes resulting from the Regional and Interregional aspects of Order 1000. Key issues will include:

- State/OMS role in developer selection
- Interregional Planning Stakeholder Advisory Committee (IPSAC) representation
- Ensuring robust interregional planning and cost allocation processes

Regional Resource Assessment

During recent discussions between OMS and MISO, we have determined a mutual interest in developing a better understanding of adequate capacity throughout the MISO footprint in future years when reserve margins are expected to constrict due to aging infrastructure, environmental regulations, and other factors. We recognize there are information gaps and have an interest in making links between state resource planning processes and the MISO planning and market constructs. The MISO Board of Directors identified this as a priority, and the Advisory Committee will address it as the Hot Topic on February 20, 2013.

- **Next Steps**:
  - The Resources Work Group is developing a survey to send to OMS and E-RSC members to gather baseline information regarding states' current resource planning processes.
  - Prepare materials for February 20, 2013 Advisory Committee Hot Topic on Coordinated Regional Resource Planning.
  - Work with MISO to prepare a questionnaire regarding resource needs and available resources looking approximately four years forward.

Ongoing MISO Issues

- Seams – continued involvement in the MISO-PJM Joint and Common Market activities and be ready to respond to a FERC filing; involvement in the development of a MISO-SPP Joint Operating Agreement as SPP develops its market products.
- Resource shifts – EPA regulations, gas/electric interdependency, demand curve, capacity tools
- FERC rate issues – formula rates, incentive returns
- Cost control – fixed charge rate, construction costs, Attachment O oversight, true-ups
- Continued monitoring of the first MVP portfolio - cost-tracking, federal and state regulatory progress, engineering and construction progress
- Implementation of Extended Locational Marginal Pricing

OMS Administrative Issues

Order 1000 contemplates enhanced roles for state regulators in RTO planning processes, and OMS has discussed the need for additional resources to be able to properly engage in our enhanced responsibilities. Additionally, OMS is at a point as an organization that it needs to develop a succession plan, which also includes discussions about budget levels and office issues.

- **Next Step**: Personnel and Compensation Committee to survey OMS members to determine priority needs.

OMS Education

- Continue our effort to educate OMS members, MISO stakeholders, and other interested parties about OMS, MISO, RTO and FERC issues and practices.

Resources:

- OMS Goals for 2008-09, 2010, and 2011-12 can be found at http://www.misostates.org/index.php/about-us-2/strategic-goals
- OMS Bylaws can be found at http://www.misostates.org/images/stories/OMSBYLAWSfinalAmended13Sept2012.pdf

12/21/12 PAC Summary

- **Upcoming feedback deadlines:**
  - MTEP 13 future assumptions
- **What to expect at upcoming Planning meetings:**
  - January 30th PAC:
    - Vote on MTEP 13 futures and assumptions
    - Discussion on how to better model and represent gas prices in MTEP 13

- **MTEP 13 Futures:**
  - MISO presented stakeholder comments on the current MTEP 13 futures and assumptions and discussed common issues, including adding a 5th Limited Growth future, retirement levels, renewable definitions, and modifications to gas prices used in MTEP 13 assumptions.

  - In short, MISO will have 5 futures for MTEP 13, of which the 5th Future ("Limited Growth") was the OMS requested future which would model more economic downturn compared to the BAU future and will act as a bookend to the Robust Economy future. It appears that most of the OMS suggested variables for this 5th future were taken into consideration, with the exception of the RPS variable being set to low (which would mean reduction in RPS mandates). Currently, MISO is using only the mid and high values for assumptions of this variable, commenting that there have been no firm signs pointing to a state(s) that desires to lower their RPS mandate, so until that point MISO would prefer to use what is currently the trend.

  - Gas prices being used by MISO are based on Henry Hub ($4.25). MISO starts with this value and decides the Low and High gas price assumptions, however there was a lot of discussion about the need to start with a more realistic, current gas price and determine the Low and High value off of that lower gas price. More discussion to come.

  - Environmental Sector brought to MISO's attention the use of seemingly high wind and photovoltaic capital cost estimates. They recommended lower values. MISO responded saying they too felt the value for photovoltaic seemed high (>$5,000/kW), but was taken from EIA. MISO is ok with lowering these values to more realistic levels per the Environmental Sectors suggestion, but would like to check the updated EIA data when it is released in February. This will be brought back to stakeholders at that time.

  - Unit retirements were discussed. MISO has made some changes to the uncertainty variables spreadsheet (flipping Mid and High levels), but mentions that these values may change slightly. MISO will have more concrete numbers at the next PAC meeting.

- It is expected that MISO will post a motion for MTEP 13 futures and assumptions for a vote at the January 30th PAC meeting.

For meeting materials, click here. **Next PAC meeting 1/30**

Prepared by J Govindan

PAC meeting – OMS Vote

In light of no specific PAC motion posted to date, the OMS directs its PAC representative to vote in support of the potential PAC motion that has addressed OMS concerns over the last few months, which includes the acceptance of a fifth future; a low demand and energy bookend future.

The goal of this motion is to get a sense of OMS's direction on the MTEP futures and give the PAC representative some clarity on how to cast the OMS vote.

OMS 2013 Meeting Calendar – with proposed changes

as of 1/9/2013

OMS Board of Directors	OMS Executive Committee	OMS WG Chairs & Key Staff	MISO Advisory Committee	MISO Planning Advisory Committee	Other Meetings of Interest	OMS -IMM Conference Calls
Thursday conference call meetings, unless noted	*Thursday conference call meetings, unless noted*	*Friday conference calls, unless noted*	*Wednesday meetings in person or conference calls*	*Wednesday meetings in Carmel, unless noted*		*Wednesday calls every other month at **2:30 pm** Central*
Jan 17 at 1:00 pm CST	**Jan 31** at 1:00 pm CST	**Jan 4** at 9:30 am CST	~~**Jan 23** – conf call~~ **CANCELLED**	**Jan 30**	**Jan 10-12** -MARC Commissioners Austin, TX	**Jan 30**
Feb 14 at 1:00 pm CST	**Feb 28** at 1:00 pm CST	**Feb 1** at 9:30 am CST	**Feb 20** – New Orleans	**Feb 27**	**Feb 3-7** – NARUC Winter Mtgs - Wash DC	No Call
CANCELLED ~~**Feb 19** (Tue) **SPECIAL mtg** New *Orleans*~~						
Mar 21 at 1:00 pm CST	**Apr 4** at 1:00 pm CDT	**Mar 1** at 9:30 am CST	**Mar 27** conf call	**Mar 20**		**Apr 3** (for Mar)
Apr 18 at 1:00 pm CDT	**May 2** at 1:00 pm CDT	**Apr 5** at 9:30 am CDT	**Apr 24** - Carmel	**Apr 17**	**Apr 2-4** – OPSI Spring mtg – Indianapolis	No Call
May 16 at 1:30 pm CDT	**May 30** at 1:00 pm CDT	**May 3** at 9:30 am CDT	**May 22** – conf call	**May 15**		**May 29**
Jun 12 (Wed) **SPECIAL mtg** at 12:00 pm CDT (after MARC)					**June 8-12** – MARC Annual mtg –Little Rock, AR	
Jun 13 at 1:00 pm CDT	**Jul 2** (Tue) at 1:00 pm CDT	**Jun 7** at 9:30 am CDT	No June meeting	**Jun 26**	**June 19** - MISO Annual Stakeholder mtg – Grand Traverse, MI	No Call
Jul 18 at 1:00 pm CDT	**Aug 1** at 1:00 pm CDT	**Jul 8** (Mon) at 9:30 am CDT	**July 24** – conf call	**Jul 31**	**July 21-24** – NARUC Summer mtg – Denver	**Jul 31** -*tentative*
Aug 15 at 1:00 pm CDT	**Aug 29** at 1:00 pm CDT	**Aug 2** at 9:30 am CDT	**Aug 21** – St. Paul	**Aug 28** – St. Paul		No Call
Sep 19 at 1:00 pm CDT	**Oct 3** at 1:00 pm CDT	**Sep 6** at 9:30 am CDT	**Sep 25** – conf call	**Sep 18**		**Oct 2** (for Sep) *tentative*
Oct 17 at 1:00 pm CDT	**Oct 31** at 1:00 pm CDT	**Oct 4** at 9:30 am CDT	**Oct 23** - Carmel	**Oct 16**	**Oct 6-9** – OPSI Annual mtg – Raleigh, NC	No Call
Oct 22 (Tue) at 9:00 am **EDT** – OMS Annual Mtg						Presentation at Annual mtg
Nov 14 at 1:00 pm CST	**Nov 26** (Tue) at 1:00 pm CST	**Nov 1** at 9:30 am CDT	**Nov 20** – conf call	**Nov 13**	**Nov 17-20** - NARUC Annual mtg - Orlando	No Call
Dec 5 at 1:00 pm CST	**Dec 19** at 1:00 pm CST	**Dec 6** at 9:30 am CDT	**Dec 11** - Carmel	**Dec 18**		**Dec 18** *tentative*

(9) OMS Office Holidays in 2013 (plus an additional Holiday TBD)

New Year's Day – Tuesday, January 1
Memorial Day – Monday, May 27
Independence Day – Thursday, July 4
Labor Day – Monday, September 2
Thanksgiving & Day After – Thursday & Friday, November 28-29
Christmas Eve, Christmas Day – Tuesday & Wednesday, December 24-25

OMS-MISO Quarterly Calls re: MISO's AFCWG, OWG and OPWG

1st Quarter – Fri, **Feb 8** at 1:00 pm **EST**
2nd Quarter – Fri, **May 10** at 1:00 pm **EST**
3rd Quarter - Fri, **Aug 9** at 1:00 pm **EDT**
4th Quarter – Fri, **Nov 8** at 1:00 pm **EST**

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System	)	**Docket No. ER12-480-003**
Operator, Inc.	)	**Docket No. ER12-480-004**

MOTION FOR LEAVE TO SUBMIT COMMENTS AND COMMENTS OF INDICATED MEMBERS OF THE ORGANIZATION OF MISO STATES

I. MOTION FOR LEAVE TO SUBMIT COMMENTS

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212, Indicated Members[1] of the Organization of MISO States ("OMS")[2] seek leave to respond to the Midwest Independent Transmission System Operator, Inc. ("MISO") and the MISO Transmission Owners' December 17, 2012, Request for Clarification filed in the above captioned docket. While the Indicated Members recognize that the Commission's rules generally prohibit answers to "a protest, an answer, a motion for oral argument or a request for rehearing, unless otherwise ordered by the decisional authority," the Indicated Members seek leave to file the following comments by requesting a waiver of Rule 213 of the Commission's rules and procedures.[3] The Commission has discretion to permit such answers and comments and does so if those comments or answers provide information that assists the Commission in its decision-making process.[4] These comments will provide additional information and will clarify certain arguments and issues under consideration in this proceeding. Therefore, good cause exists to permit these comments, because doing so will assist the Commission's decision-making process regarding MISO's Request for Clarification filed in the above-captioned docket on December 17, 2012.

[1] For purposes of this filing, the Indicated Members are the Indiana Utility Regulatory Commission, the Iowa Utilities Board, the Kentucky Public Service Commission, the Michigan Public Service Commission, the Minnesota Public Utilities Commission, the Missouri Public Service Commission, the North Dakota Public Service Commission, and the Wisconsin Public Service Commission.

[2] This pleading was considered by the OMS Board of Directors on January 17, 2013, but did not obtain a majority of the recently enlarged OMS membership. Under OMS bylaws, a policy statement requires support of a majority of the members. Four retail regulators of Entergy Operating Companies have very recently become OMS members and abstained from voting on this pleading.

[3] 18 C.F.R. § 385.213(a)(2).

[4] *N.Y. Indep. Sys. Operator, Inc.*, 123 FERC ¶ 61,206 at P 29 (2008); *Cal. Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,202 at P 5 (2008); *Sw. Power Pool, Inc.*, 118 FERC ¶ 61,055 at P 12 (2007) (accepting answers because they provided information that assisted the Commission in its decision-making process).

II. EXECUTIVE SUMMARY

MISO's December 2012 filings in this docket, the Compliance Filing and the Request for Clarification and Rehearing, are confusing. Indicated Members think the December 2012 filings mean that for Multi-Value Project (MVP) portfolios not paid for by the Entergy region, Entergy region benefits will not be used in MISO's analysis for determining whether the projects are MVPs. If that is, in fact, what MISO intends and what MISO's December 2012 filings mean, then Indicated Members support Commission acceptance of the filings. If that is not what MISO intends or not what MISO's December 2012 filings mean, Indicated Members do not support the filings and asks that FERC reject the filings with directions to MISO to file language consistent with Indicated Members' understanding.

Indicated Members have created a chart, attached to these comments, to fully delineate their understanding of MISO's interpretation of the tariff language submitted in the Compliance Filing. This chart explains all of the possible MVP portfolios, which benefits MISO will use to justify the projects, and how costs for the MVP portfolios will be allocated.

III. BACKGROUND

On December 17, 2012, the MISO and the MISO Transmission Owners (together, the "Filing Parties") filed proposed tariff revisions in Docket No. ER12-480-003 pursuant to the Federal Energy Regulatory Commission's ("Commission") November 15, 2012, Order on Rehearing and Compliance.[5] ("Compliance Filing") On that same day, in Docket No. ER12-480-004, MISO filed a Request for Clarification or Rehearing of the November 15 Order. ("Request for Clarification") On December 18, 2012, the Deputy Secretary of the Commission issued a notice setting January 7, 2013, as the comment deadline. On December 28, 2012, the OMS requested an extension of the comment deadline in this docket. On January 4, 2013, the Secretary of the Commission issued a notice extending the comment deadline to January 21, 2013. On January 14, 2013, in Docket No. ER12-480-004, the Deputy Secretary of the Commission issued an Order Granting Rehearing for Further Consideration.

[5] *Midwest Independent Transmission System Operator, Inc.*, 141 FERC ¶ 61,128 (2012) ("November 15 Order").

IV. SUMMARY OF MISO'S REQUEST FOR CLARIFICATION AND COMPLIANCE FILING

MISO's Compliance Filing and Request for Clarification attempts to describe the circumstances when the First and Second Planning Regions' benefits would be used to justify MVPs. In the Request for Clarification, on page 4, MISO describes what the Filing Parties "intended" in their original filing. Further, the Request for Clarification describes the intent of the Request:

> The November 15 Order upheld the core elements of the proposed Entergy transition, but some compliance requirements need to be clarified, or reconsidered, to ensure greater consistency with the Filing Parties' original proposal. Hence, the Filing Parties submit this request for clarification or rehearing.

The Indicated Members' dilemma is that the Request for Clarification appears to introduce additional confusion. The confusion in MISO's proposed tariff language in the Compliance Filing and in the Request for Clarification is to:

(a) What the different possible MVP portfolios are;
(b) How those individual MVP portfolios would be justified, in terms of what Planning Area's benefits would be utilized; and,
(c) How the costs of the various MVP portfolios will be recovered.

V. THE INDICATED MEMBERS' POSITION AND RECOMMENDATION

MISO's Request for Clarification results in a need for further comment to fully understand what would be the result of the Commission granting the Request. In its Request for Clarification, MISO's discussion of its interpretation of the November 15 Order and its proposed tariff revisions is unclear.

Indicated Members recommend MISO's proposed tariff language should be written to reflect their understanding of MISO's intent. The Commission should expressly clarify that MISO's tariff language conforms with Indicated Members' understanding of MISO's intent and thus means what Indicated Members thinks it means, or, in the alternative, reject MISO's Request for Clarification and the related tariff language in the Compliance Filing.

The Indicated Members' concern is that in performing a cost-benefit analysis to justify a Baseline Reliability Project ("BRP"), MVP, or a Market Efficiency Project ("MEP") line in the classic MISO area ("First Planning Area") benefits should not be counted from a different

planning area (Second Planning Area) if the cost sharing will be borne entirely by the First Planning Area.

In particular, Second Planning Area benefits should not be used to justify MVPs when customers in the Second Planning Area will never pay for the MVP Portfolio, via the circumstances of the Entergy Waiver previously approved by the Commission.

The proposed tariff language in section II B (3) of MISO's Compliance Filing is unclear on this issue and Indicated Members urge MISO to clarify its position on this manner. A possible example is an MVP Portfolio that was planned before the "transition period," is approved during the "transition period," and fails any of the benefit-cost equations in Attachment FF-6. In this circumstance, Indicated Members urge MISO to clarify that the portfolio would only be justified using benefits from the First Planning Region. This portfolio is designated as MVP Portfolio 1(a) in the attached Appendix A.

The Commission should also clarify that if MISO is unable to identify a "Combined Portfolio" that satisfies the benefit cost equations in Attachment FF-6, any MVP portfolio planned and approved during the transition period, should be justified using the benefits of the entire MISO footprint (i.e., both the First and Second Planning Areas) with costs allocated across the entire MISO footprint with no phase-in period. This circumstance is listed as MVP Portfolio 2 in Appendix A.

VI. COMMENTS

A. Confusion between the Compliance Filing and the Request for Clarification

Due to imprecision in the tariff language included in the Compliance Filing, state regulatory staffers have been working to understand MISO's Compliance Filing and the Request for Clarification by holding informal discussions with MISO Staff over the recent weeks. Indicated Members appreciate the MISO Staff's responses. Even with these discussions, Indicated Members remain concerned that due to lack of clarity, the proposed tariff language in the Compliance Filing does not comply with the November 15 Order in the following respects:

1. MISO Must Clarify which Benefits MISO will use to Justify MVP Portfolios in the First and Second Planning Areas.

The proposed tariff language in the Compliance Filing fails to describe with specificity which benefits MISO will use to justify MVP portfolios under different circumstances. More

specifically, it remains unclear that for an MVP portfolio planned before the transition period, specifically for the First Planning Area approved during the transition period, MISO shall only use the benefits of the First Planning Area to justify the portfolio. If that is the intent of the tariff language, the Indicated Members are satisfied. If that is not the Filing Parties' intent, the Commission should require the Filing Parties to amend the tariff language to clearly state that provision in the tariff. Because of this ambiguity in the MISO compliance filing the Indicated Members created a visual representation (Appendix A) of what the Indicated Members understand MISO's intent to be, with respect to the various circumstances being described in MISO's Compliance Filing and Request for Clarification.

The Indicated Members understand that MISO intends that any MVP Portfolio planned and approved during the transition period that did not satisfy the benefit-cost test in Attachment FF-6 would not involve any phase-in period and would be justified utilizing the benefits from the entire footprint as well as paid for by the entire footprint. Even though the tariff language in the -preceding paragraph captures MISO's unqualified intent and would be the result of MISO's Compliance Filing, the Indicated Members agree with MISO's interpretation of the tariff.

2. MISO Must Clarify how It Intends to Determine Payments for MVPs and the Conditions under Which those Payments Will Be Made.

The second issue is how MISO intends to determine cost allocation for MVP portfolios and the conditions under which those cost allocations will be made. The original Entergy tariff waiver was filed over a year ago and the tariff remains unclear on this issue. This lack of clarity concerning cost allocation creates continuing confusion over how MISO intends to allocate costs for MVP projects. While MISO Staff provided answers to the questions asked by the regulatory staffers, the MISO tariff remains imprecise concerning the circumstances under which MVP projects will be paid for by which regions, and whether MISO would apply the provisions of the phase in period. Accordingly, the Indicated Members recommend that MISO further revise its tariff to clarify this issue. This would eliminate many possible difficulties in administering the tariff when actual project costs are at stake.

3. MISO Should Clarify the Difference between the Terms "MVP Portfolio 2" as Described in the Request for Clarification and a Potential "Portfolio2" that Would Satisfy the FF-6 Benefit-Cost Test.

The Indicated Members are concerned with the difference between an "MVP Portfolio 2" as described in the Filing Parties' Request for Clarification or Rehearing and a potential "Portfolio 2" that would combine with MVP Portfolios 1 and 1(a) to create a "Combined Portfolio" that satisfies the Attachment FF-6 benefit-cost tests. The Indicated Members understand that there is no difference, and recommend that MISO clarify this understanding. Simple and consistent terminology across both December 2012 filings could have clarified the Filing Parties' intentions in the Request for Clarification and MISO's Compliance Filing regarding the circumstances, especially in terms of timing, under which MVP portfolios were identifiable, and which region's benefits would be utilized to justify which MVP portfolios in which circumstances. Using phrases such as "both planning areas taken into account" is not as clear as, "using both planning areas' benefits to justify a portfolio." While the tariff language in the Compliance Filing uses both of these phrases, the Request for Clarification only uses the first phrase, making it difficult to understand if the Request for Clarification is asking for the same thing as the Compliance Filing.

B. The Issues Surrounding the Cost Allocation of MVP Projects and the First and Second Planning Areas are Not Urgent and the Request for Clarification Could be Rejected Without Disrupting the MISO MVP Planning Process.

On page 11 in the Request for Clarification, the Filing Parties state that no MVPs "are expected to be included in MTEP13." This provides parties with a window of time to address the issues surrounding the cost allocation of MVP projects in the First and Second Planning Areas without negatively impacting the transmission planning process. The original Entergy tariff waiver filing in this docket stated that a need to "study Entergy's congestion and other pertinent characteristics" made the waiver necessary, so it may not be until MTEP15 or later that an MVP Portfolio which benefits the combined MISO footprint could be developed. Therefore, if the Commission decides not to proceed with the OMS conditions recommended herein, the Indicated Members request that the Commission deny MISO's Request for Clarification and order MISO to conduct a more thorough stakeholder process to clarify what benefits should be used to justify which MVPs in the MISO region.

VII. CONCLUSION

Wherefore, for the reasons explained above, the Indicated Members respectfully request that the Commission consider these comments and take action consistent with the recommendations herein. The following Indicated Members generally support this request:

Indiana Utility Regulatory Commission
Iowa Utilities Board
Kentucky Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission
Missouri Public Service Commission
North Dakota Public Service Commission
Wisconsin Public Service Commission

The Minnesota Department of Commerce, as an associate member of the OMS, participated in these comments and generally supports 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 22, 2013

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 22nd day of January, 2013.

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

Appendix A

	IF THE FF-6 TEST IS NOT SATISFIED:			*IF THE FF-6 TEST IS SATISFIED:*	
Portfolio	**MVP Portfolio 1**	**MVP Portfolio 1a**	**Combined Portfolio***	**MVP Portfolio 2**	**Combined Portfolio***
When Planned: Before, During, or After Transition Period	Before	Before	DOESN'T EXIST	During &/or After	Before and During
When Approved	December 2011	During transition period	DOESN'T EXIST	During transition period	December 2011 and during the transition period
where could the projects be located	MISO Classic	MISO Classic	DOESN'T EXIST	MISO Classic and/or Entergy	MISO Classic and/or Entergy
Whose benefits are used to justify the projects / determine if the FF test is passed	MISO Classic	MISO Classic	DOESN'T EXIST	MISO Classic + Entergy	MISO Classic + Entergy
Who is paying for the projects	MISO Classic	MISO Classic	DOESN'T EXIST	MISO Classic + Entergy	MISO Classic + Entergy
Is ther any phase in period for payment of projects in the other region (i.e., for Entergy paying for projects in MISO Classic	N/A	N/A	DOESN'T EXIST	NO	YES

* the "Combined Portfolio", if FF-6 is satisfied, would be a combination of MVP Portoflio 1, MVP Portfolio 1A, and additional projects identified during the transition period.

Final Draft, as adopted by OMS BoD January 17, 2013

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Midwest Independent Transmission System Operator, Inc., and the MISO Transmission Owners	)))	Docket No. ER13-708-000

NOTICE OF INTERVENTION AND COMMENTS OF THE ORGANIZATION OF MISO STATES

Pursuant to Rules 211 and 214 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. §§ 385.211 and 385.214(a)(2), the Organization of MISO States ("OMS") respectfully submits the following comments on the January 4, 2013, filing by the Midwest Independent Transmission System Operator, Inc. ("MISO") and the MISO Transmission Owners ("TOs") (collectively, "Filing Parties") of a Settlement Agreement recognizing the OMS and providing the OMS with an enhanced role in determining transmission cost allocation methodologies to be filed under section 205 of the Federal Power Act ("January 4 Filing"). The Commission noticed January 25, 2013, as the deadline for filing comments and protests on the Settlement Agreement.

I. 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 the above-captioned proceedings. Service of all pleadings, documents, and communications in this matter 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

(515) 243-0742

The OMS is a non-profit, self-governing organization of representatives from each state with regulatory jurisdiction over entities participating in the Midwest ISO. The purpose of the OMS, acting as the regional state committee for the MISO region, is to coordinate regulatory oversight among the states; to make recommendations to the MISO, the MISO Board of Directors, the Commission, 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. It is important to note that the OMS is not a public utility under the definitions of the Power Act and is not authorized to make filings pursuant to section 205.[1]

II. Background

The January 4 Filing advances a conversation that has been ongoing for over a year among OMS membership, the retail regulators of the Entergy companies, MISO, and the TOs. These discussions were recently summarized for the Commission in OMS's Comments on MISO's Order 1000 Compliance Filing.[2] The discussions covered a more explicit role for the OMS in the MISO transmission planning process and enhanced filing rights under section 205. Discussion of enhanced roles for the OMS was occasioned by Order 1000 and by the decision of the Entergy Companies to join MISO, as well as the continuing evolution of MISO and the role of state regulators in MISO's processes.

As indicated, the OMS and Entergy Regional State Committee ("ERSC") held several discussions on the section 205 filing rights of regulators during 2012, seeking to harmonize the absence of such rights in the OMS with the rights package held by ERSC. MISO and the TOs were invited to participate in those discussions. The series of talks led to the OMS adopting, on August 16, 2012, a Proposal for Enhanced Authority for Determining Cost Allocation Methodologies to Be Filed Pursuant to Section 205 of the

[1] By contrast, the Commission has approved enhanced filing rights for the SPP Regional State Committee and for the Entergy Regional State Committee. *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,110, at P 219, *order on reh'g*, 109 FERC ¶ 61,010 (2004); *Entergy Arkansas, Inc., et al.*, 133 FERC P 61,211, at ¶¶ 5 and 15.

[2] Notice of Intervention and Comments of the Organization of MISO States, filed December 10, 2012, in Docket No. ER13-187.

Federal Power Act.[3] On the same date the OMS adopted a related proposal related to a more explicit role in the MISO transmission planning process. MISO filed to implement the concepts in that proposal in its Order 1000 Compliance Filing in Docket No. ER13-187, which is still pending before the Commission.

The OMS Filing Rights Proposal was not accepted by MISO and the TOs, and further discussions led to OMS adopting a counterproposal on August 30, 2012.[4] MISO and the TOs still did not accept the OMS position. Subsequently, MISO made a compliance filing with the Arkansas Public Service Commission on August 31, 2012, which advanced a more limited set of filing authorities for the OMS.[5] That set of filing authorities is what has been presented to the Commission in the instant filing.

The January 4 Filing includes recognition of the OMS in the Transmission Owners' Agreement ("TOA"). The TOA as originally filed in 1998, and as subsequently amended, provided for the "State Regulatory Authorities" as a stakeholder sector but did not mention OMS. That silence reflects only that the OMS was not established until 2003. Since its inception, the OMS has served as the vehicle through which the members of the state regulatory sector has chosen to operate in the MISO stakeholder process. The January 4 Filing also creates certain filing rights for the OMS. As mentioned, the OMS currently possesses no 205 filing rights; thus the January 4 Filing would create a role for OMS that does not now exist.

[3] The Proposal can be found at: http://www.misostates.org/images/stories/Filings/OMS_Proposal_for_Enhanced_Authority_for_Filing_under_Section_205_as_amended_August_16_2012.pdf

[4] OMS Counterproposal for Enhanced Authority for Determining Cost Allocation Methodologies to Be Filed Pursuant to Section 205 of the Federal Power Act. It is posted at: http://www.misostates.org/images/stories/Filings/MISO_Filing_OMSSection205CounterproposalAsModified30August2012.pdf

[5] *In the Matter of a Show Cause Order Directed to Entergy Arkansas, Inc., Regarding Its Continued Membership in the Current Entergy System Agreement , or any Successor Agreement Thereto, and Regarding the Future Operation and Control of Its Transmission Assets, Arkansas PSC Docket No. 10-011-U.*

III. The Enhanced Role of State Commissions and State Committees with Respect to Transmission Cost Allocation

The OMS supports an enhanced role for state commissions and regional state committees with respect to 205 filing rights. However, with respect to the January 4 Filing, the OMS wishes to reiterate some observations and concerns that were identified in the OMS Comments on MISO's Order 1000 compliance filing and address several concerns with the Filing Parties' proposal to grant the OMS section 205 filing rights.

A. The Commission Has Recognized the Unique Role of the State Regulatory Commissions in Order 1000 Compliance Processes.

The Commission has recognized and acknowledged the important and unique[6] role of state commissions and state committees, such as the OMS, in implementing the transmission planning and transmission cost allocation goals of Order 1000. The Commission affirms that state regulators play a crucial role in transmission planning and cost allocation and that the role of state regulators is unique and distinctly different from the roles played by other stakeholders.[7] As a result, the Commission "encourage(s) proposals that seek to establish a formal role for state commissions in the regional transmission planning process."[8] The Commission reasonably concluded that the differences between state utility regulators and other stakeholders may well lead to a regional transmission planning process to treat state utility regulators differently than other stakeholders."[9]

Although the Commission declined to dictate a particular role for state regulatory commissions, the Commission expressed a willingness to consider proposals where state committees were given a decision-making role in the regional transmission planning and cost allocation processes. The Commission clearly envisions a process that provides state commissions a formal role that is distinct and different from the role of other stakeholders and enables state commissions (and the OMS) to act in conjunction with MISO while providing state commissions an opportunity to <u>make decisions</u> about which projects will be placed in the transmission plan and how costs of such projects will be allocated.

[6] Order 1000-A at P 291
[7] Order 1000-A at P 293
[8] Order 1000-A at P290
[9] Order 1000-A at P293

B. MISO's Proposal Relating to State Regulators

1. Establishment of the OMS Committee

In the January 4 Filing, MISO proposes to establish the OMS Committee, composed of the members of the Organizations of MISO States established pursuant to the bylaws of the Organizations of MISO States, having the responsibilities and rights defined in Section I.B of Attachment FF of the Tariff.[10] This proposal is consistent with the OMS Proposal and should be approved.

2. Enhanced Ability for State Regulatory Agencies to Direct 205 Filings[11]

The January 4 Filing sets forth a process by which the OMS would be able to request that MISO file alternative tariff provisions when MISO proposes changes to its regional transmission cost allocation methodologies involving all MISO transmission project types except Baseline Reliability Projects. The 205 Rights Proposal has the support of a majority of the TOs.

However, the OMS notes the following material differences between the January 4 Filing and the 205 Rights Proposal adopted by the OMS on August 16, 2012, and the August 30, 2012, Counterproposal.

a. The OMS's Section 205 Filing Rights Should Not Be Contingent on MISO Making a Filing.

Perhaps most troubling provision of the January 4 Filing is found in section II.E.3.(e), that states:

> At the end of the stakeholder process the Midwest ISO will either file with FERC a new transmission cost allocation methodology, a change to an existing transmission cost allocation methodology or will provide the OMS Committee with a written explanation of its decision not to file changes to the Tariff. If the Midwest ISO does not file changes to the Tariff, no OMS alternative cost allocation methodology will be filed with FERC by the Midwest ISO.

The OMS fears that this phrase can be used to neutralize any 205 filing rights otherwise granted by the proposal to the OMS. In other words, MISO could stifle an

[10] It is important to note, however, that the OMS was formed by its state and provincial members on their own initiative, and that the MISO Tariff cannot the OMS or define the outer limits of OMS's authority.

[11] Shorthand phrases such as "OMS's section 205 filings rights" are used with full understanding that any filings under discussion would be made by MISO at the direction of the OMS.

OMS proposal by declining to make any filing; if an OMS proposal cannot be submitted to the Commission as a section 205 filing, it would have to be made as a section 206 complaint with a much heavier burden. Such a provision essentially makes any 205 filing right granted to the OMS hollow.[12]

b. The Midwest ISO Should Not be Allowed to Pick and Choose what Support It Will Provide the OMS.

The OMS is concerned with proposed section II.E.3.(i) of the January 4 Filing, in that it states that:

> The Midwest ISO shall provide the technical and financial support it deems necessary and appropriate to fulfill its obligations under Article II, Section E.3 of this Appendix K in order for the OMS Committee to make an appropriate showing in support of the justness and reasonableness of any proposal provided by the OMS Committee pursuant to Article II, Section E.3 of this Appendix K.

The OMS fears that this phrase can be used to neutralize any 205 filing rights otherwise granted by the proposal to the OMS. In other words, MISO could stifle an OMS proposal by declining to provide the OMS with the technical and financial support necessary to show that its section 205 filing is just and reasonable. Accordingly, the words "it deems" and "and appropriate" should be removed from the first sentence of the section, so that the section reads as:

> The Midwest ISO shall provide the technical and financial support ~~it deems~~ necessary ~~and appropriate~~ to fulfill its obligations under Article II, Section E.3 of this Appendix K in order for the OMS Committee to make an appropriate showing in support of the justness and reasonableness of any proposal provided by the OMS Committee pursuant to Article II, Section E.3 of this Appendix K.

c. The OMS's Section 205 Filing Rights Should Not Be Contingent on the Integration of Entergy Arkansas.

Section II.E.3.(e) of the January 4 Filing states:

> The provisions in Article II, Section E. 3 of this Appendix K are contingent upon successful integration of Entergy Arkansas transmission, generation, and load into

[12] The Proposed Appendix A, Subsection II.E.3(a) should be clarified with respect to when a stakeholder process is required. The only circumstance under which a stakeholder process must be initiated is that circumstance delineated in Subsection II.E.3(a)(ii).

> the Midwest ISO's markets, including receipt of any final authorization of FERC necessary to accomplish such integration.

The OMS's section 205 filing rights should not be contingent on the integration of the Entergy operating companies into the MISO markets. Indeed, as noted above, the Commission has already approved enhanced filing rights for the SPP and Entergy RSCs. Given the past role that the OMS has played as the RSC for MISO, there is no valid reason to not provide the OMS with similar section 205 filing rights, regardless of whether or not the Entergy operating companies are successfully integrated into the Midwest ISO.

d. The OMS's Section 205 Filing Rights Authority Should Not Exclude All Baseline Reliability Projects.

MISO's proposed language in Section E.3.b would limit the OMS's authority to "new regional projects, other than Baseline Reliability Projects." That restriction is unnecessarily limiting. The OMS recommends that its 205 filing rights authority apply to any new project that would have costs allocated outside the zone in which the project or part of the project would be physically located.

e. The Commission Should Clarify the Standard of Review in this Case.

Section 4.2 of the Settlement Agreement filed by the filing parties in this case states as follows:

> The standard of review for any challenge or proposed change to the Settlement Agreement and related Appendix K revisions, whether by complaint or on initial review of the Settlement Agreement and related Appendix K revisions, and whether by the Commission acting *sua sponte* or by third parties, shall be the "ordinary" just and reasonable standard of review as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1*, 554 U.S. 527 (2008).

The OMS supports that standard of review. However, in their Transmittal Letter, the filing parties also state:

> If the Settlement Agreement or related Appendix K revisions are not approved in their entirety without modification or condition they shall be deemed withdrawn and shall be null and void and of no force and effect.[13]

While the Filing Parties' filed standard of review would permit the Commission to modify the Appendix K language pursuant to the "ordinary" just and reasonable standard of review, the quoted statement in the Filing Parties' Transmittal Letter would nullify the Commission's authority. The Commission should reject this unwarranted restriction on the Commission's authority.

IV. Conclusion

The OMS urges the Commission to review the January 4 Filing within the multiple contexts of integrating the Entergy Companies into MISO, the section 205 filing rights granted to the ERSC and SPP RSC, the Commission's requirements under Order 1000, and the Commission's observations after ten years of experience of regional state committee operations in several RTO/ISO regions.

If, as recommended by the OMS, the Commission finds that the multiple policy considerations require that OMS's filing rights be expanded to correspond to those of the SPP RSC and ERSC, it should set this filing for settlement judge procedures.

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:

City of New Orleans
Illinois Commerce Commission
Indiana Utility Regulatory Commission
Iowa Utilities Board
Kentucky Public Service Commission
Louisiana Public Service Commission
Michigan Public Service Commission
Minnesota Public Utilities Commission

[13] January 4 Filing, at 4.

Mississippi Public Service Commission
Missouri Public Service Commission
Montana Public Service Commission
North Dakota Public Service Commission
South Dakota Public Utilities Commission
Public Utilities Commission of Texas
Wisconsin Public Service Commission

The Manitoba Public Utilities Board and the _____ abstained from voting on this pleading.

The Indiana Office of Utility Consumer Counselor, the Iowa Office of Consumer Advocate, and the Minnesota Department of Commerce [to be determined], 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 25, 2013

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 25th day of January, 2012.

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

Organization of MISO States

100 Court Avenue, Suite 315
Des Moines, Iowa 50309

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

OMS Policy on Financial Conflicts

Desiring to avoid actual conflicts of interest, or the appearance thereof, the OMS establishes this policy with respect to financial holdings of its employees. This policy is modeled on the MISO Standards of Conduct.

OMS employees may not directly own securities issued by any owner, member, or user of the transmission system, except under certain limited circumstances (e.g., participation in a pension plan, mutual fund, or similar arrangement). Any employee with non-compliant holdings must dispose of those securities within six (6) months of the time of his or her affiliation with OMS. Similarly, any OMS employee must dispose of non-compliant securities within six (6) months of the time a new owner or member is added, or a new user of the transmission system begins taking service under the Tariff, where the employee owns securities of such user, owner or member. Issuers of non-compliant securities are identified in a Do Not Hold List available from the MISO General Counsel.

Any employee shall certify compliance to the OMS Executive Committee upon the Executive Committee's request.

Adopted by the OMS Board of Directors
on January 17, 2013.

1. OMS monthly call with IMM

Status: The next meeting will be on January 30.

M&TWG members participate on the monthly calls (that are for all in OMS) and provide meeting summaries after via e-mail. At the December 7 meeting, we discussed the IMM's duties under agreements with both MISO and Entergy, the IMM's concerns regarding a recent MISO refund of market-to-market charges to PJM, the IMM's thoughts regarding upcoming market-to-market coordination with SPP, and Firm Low Entitlements between MISO and PJM. The summary circulated after the meeting requested feedback and invited follow up on the issues of the IMM's dual role with MISO and Entergy and the M2M refund. For the next meeting, we expect to again provide questions in advance.

2. MISO January 9 FTRWG Meeting

Status: The OMS M&TWG is monitoring this working group.

MISO cancelled the January 9th meeting. After FTRWG approval, on December 28, MISO filed its Financial Transmission Rights (FTRs) / Auction Revenue Rights (ARR) tariff revisions (to accommodate new members in MISO) in docket no ER13-665-000, proposed effective 3/29/13. Comments are due February 11.

3. MISO January 8 MSC Meeting

Status: The OMS M&TWG is monitoring this subcommittee.

Items covered include Transmission Constraint Demand Curve Development, Qualifying Facility readiness (in the Entergy area) for MISO reliability coordination and markets, Entergy Region transmission service integration, Dispatchable Intermittent Resource update, and discussion with the IMM regarding the quarterly review of markets, recommended RSG changes, and further discussion on a $7 million resettlement under the MISO-PJM JOA.

Here are the **items that MISO expects to work on and seek input on during 2013**:

Transmission Constraint Demand Curve (TCDC)

Q1 2013: MISO expects a MSC stakeholder vote and FERC filing in February. As with the OR demand curve proposal, MISO is proposing to replace MVLs with a two-step TCDC to address different violation levels for transmission constraints.

Look Ahead Commitment (LAC)

Q1 2013: MISO will share cost-benefit study results for LAC stage 2 and LAD with plans to determine whether or not to continue developing enhancements towards Look Ahead Dispatch. LAC went into effect on April 1, 2012.

Modifications to Internal Point to Point Service.

Q1 2013: MISO will propose tariff language perhaps in February, expects to file in March, and plans to implement in June. While the original proposal was that customers purchasing energy from the market using internal Point-to-Point transmission service must change to Network Integration Service, the revised proposal allows for continuing to use of P2P.

Ramp Capability Enhancement

Q1-Q3 2013: Complete proposal Q1, file by June. MISO expects to implement in March, 2015 after ELMP goes live October 2014.

ELMP

Q1–Q4 2013: MISO will continue testing and refining ELMP prototype engine, complete ELMP engine testing April, commence work on final ELMP after April (after Single Server

Project completed), then complete ELMP software about 4 months later. Parallel testing and implementation will occur during 2014. (see 11/19/12 status report ER12-668-000)

Real-Time Congestion Hedge (RTCH),
Q3-Q4 2013: MISO will present benefit studies and additional evaluation of the RTCH product. Continued evaluation is warranted but at lower priority than current or planned efforts.

4. System Supply Resources (SSR) cost allocation

Status: The OMS M&TWG is monitoring.

MISO has refined its process for determining the need for SSRs and the allocation method for assessing to local loads by allocating the costs to LSEs by pricing zone. The MISO PAC requested feedback on SSR planning, modeling, process and cost allocation issues for the OMS RPWG to consider. The M&TWG did not provide input on cost allocation to MISO as a group, but IL did provide comments to MISO. MISO's OASIS and MTEP13 East and West Subregional Planning Meetings (Dec 4 & 10, 2012) information shows that more SSR agreements will be needed so there will be further opportunities for OMS input from the RPWG and M&TWG. MISO made a compliance fling on December 18 (ER12-2302) in which MISO explained that it will allocate SSR costs by calculating the pricing zones in which a load curtailment would be hypothetically required (without the SSR) and the pro rata share of such load curtailments between zones, and assign to LSEs serving load within impacted pricing zones on a twelve month Coincident Peak Load ratio share basis the curtailment based pro rata share. MISO said that the cost allocation is at a level of granularity that is comparable to that of Baseline Reliability Projects that may be an alternative to the SSR Agreement. OMS did not comment on the compliance filing.

5. Waiting on FERC action

OMS participated in these cases that are pending decision before FERC:

Extended Locational Marginal Pricing (ELMP) ER12-668-000
MISO filed compliance filings on August 20th and November 19 that await FERC action. MISO expects to implement ELMP by 10/1/14.

ASM Zonal Cost Allocation ER10-1361-000
The FERC issued an order (ER10-1361-001) on December 11 that denies MISO rehearing and provides clarification to the ICC on the allocation of costs of MISO operating reserves. The FERC rejected (on 7/30/10) MISO's proposed tariff revisions that would revise the zonal allocation of the costs of Operating Reserves from the current Grouped Zonal method to the Market Load Ratio Share method or the Adjusted Group Zonal method, finding them unjust and unreasonable because they do not follow their cost causation principles. The OMS intervened in this case without taking a substantive position.

For those interested, please note the following MISO meetings:
MISO Market Subcommittee - monthly meetings (2/5 next mtg)
MISO RSG Task Force – monthly meetings (none scheduled)
MISO FTR Working Group – monthly meetings (2/6 next mtg)

The **OMS Markets and Tariffs Work Group** covers: Energy and Operating Reserve markets, Market Monitoring and Mitigation. See
http://www.misostates.org/index.php/work-groups-2/workscopereference/63-markets-a-tariffs-workscopereference

Bill Bokram, Markets and Tariffs Work Group co-chair

OMS Regional Planning Work Group
Report to OMS Board of Directors – January 17, 2013
(Co-Chairs Jessica Govindan and Julie Urban)

PAC Update

MISO is finalizing the MTEP 13 future discussions, targeting a January 30th PAC vote on the proposed five futures and all corresponding assumptions. On 12/21 MISO had a PAC call to discuss the fifth future; specifically requested by OMS and a few other sectors. MISO also discussed concerns with some of the modeling assumptions (i.e., gas price, retirement values) and asked for stakeholder feedback by 1/11/13. MISO also proposed a new methodology for capturing gas prices (and other fuel prices); use the same 2013 starting value for ALL futures, but then modify the escalation rates to reach an expected/desired future fuel price, depending on the future being studied (MTEP 13 goal for 2028 values). MISO will discuss this method at the January 30th PAC meeting. The WG asked for clarification on some of the modeling assumptions, this newly proposed fuel price methodology, and requested MISO to provide responses to the PAC before the January 30th meeting so sectors could discuss in preparation of any potential vote.

MISO's Market Efficiency Planning Study

At the first round of Subregional Planning Meetings (late 2012) MISO presented several (~28; costing billions of dollars) potential MEP's suggested by TOs for MTEP 13 Appendix A consideration. This announcement has raised the WG awareness of the need to closely follow the MEP Study analysis and results, given that these MEPs will be analyzed as part of this MISO study. Note, MISO has mentioned that this MEP Study will be an annual process that could provide market efficiency transmission solutions for Appendix A consideration, if justified.

FERC Order 1000 Compliance – Interregional Planning and Cost Allocation

MISO has been continuing to work with its neighbors on establishing or improving interregional planning and cost allocation methodologies. Expect more discussion on FERC Order 1000 Interregional issues Spring of 2013. These compliance filings are still due April 11, 2013. No official requests for extension of this date have been made by MISO yet.

OMS Resources WG Report to OMS Board – Jan. 17, 2013

OMS Planning Survey & February Hot Topic

Under the direction from the OMS Board at the December Planning meeting in Carmel, the Resources WG Chair sent out a planning survey on January 11 to the OMS States. The survey is to identify the various resource planning processes in each State. The suggested due date is Jan. 23rd. A composite "Fact Sheet" will be send to MISO for posting by February 1st for use by the Sectors in their respective responses to the February Hot Topic. The Hot Topic was sent out January 11th will be filled out by all sectors. The due date is Feb. 13th which is the day before the Feb. OMS Board meeting.

Two additional questions concerning the amount of coal capacity that has not been determined to be either retired or scheduled for emission compliance was included.

Several states have called Don Neumeyer for some clarifications and are processing responses.

Submitted by Don Neumeyer, Chair Resources Work Group

Transmission Cost Allocation Working Group
January 17, 2013 OMS Board Meeting
Monthly Report

Co-Chairs: Randy Rismiller (Illinois)
David Johnston (Indiana)

Thanks to TCAWG and RPWG members: We didn't fit this in the extra long December OMS Board meeting, but we wanted to extend heartfelt thanks for everyone—especially the drafters—who participated in November and December in the development of comments on the Order 1000 filing. Aside from all of the work drafting, reading and editing, the work groups help four calls that totaled eleven hours of discussion among all of us.

Welcome to the new OMS members! If anyone has questions on transmission cost allocation, the history, how the costs flow through in rates in our states, etc., please give us a call or an email.

FERC Docket #ER13-708: MISO filing to provide OMS enhanced authority for determining transmission cost allocation methodologies to be filed pursuant to section 205 of the Federal Power Act.

MISO filed a settlement with the MISO Transmission Owners to the Transmission Owners Agreement (TOA) that would give OMS certain Federal Power Act 205 filing rights. The agreement would provide these rights to non Baseline Reliability Projects (BRPs). MISO would initiate a stakeholder process to examine any changes to transmission cost allocation if requested by OMS. If at the end of the process MISO decides to file a cost allocation change, then it would also file an alternative OMS methodology (if OMS has one) at FERC at the same time. If MISO decides not to file a change to the cost allocation methodology, it would provide a written explanation and would not file any OMS alternative at FERC.

MISO asked for the settlement to be approved by April 1, with application when the Entergy integration occurs in late 2013. The OMS Board will consider draft comments on this item in this meeting.

FERC Docket # ER11-1844: ITC Phase Angle Regulators

This issue involved loop flow of market transactions that historically went around Lake Erie. The flows affected PJM, MISO, the Ontario Independent System Operator, and NYISO. Participants would schedule transactions around the north of Lake Erie, even though the actual

power would flow directly from PJM to NYISO. The NYISO was forced, in July 2008, to terminate scheduling on eight contract paths around Lake Erie. Subsequently, FERC conditionally accepted the NYISO's comprehensive proposal (ER08-1281) for addressing the loop flow problem. This included four new market initiatives and assurances that the Ontario system operator and MISO were exploring the use of phase angle regulators (PARS) to ensure that power flows around the lake on its scheduled route.

On October 20, 2010, MISO filed its proposal to install the PARS and sought FERC's permission to share the costs of installing and operating the PARS with customers surrounding Lake Erie (49.6% to MISO, 30.9% to NYISO, and 19.5% to PJM). The filing was met with vehement opposition from the other parties. FERC conducted a settlement process and hearing. A settlement did not occur. On December 18, 2012, FERC ALJ Steven Sterner issued a 374 page initial decision that rejected MISO's proposal to share the cost of the PARS. The judge found that MISO cannot pass these costs on to parties whom they do not have a contractual relationship with (per FPA Section 205). The judge noted the MISO-PJM Joint Operating Agreement (JOA), but stated that the PARS were not planned in a regional planning process, and were not the right type of costs that are eligible for sharing under the JOA. MISO filed a short amount of testimony (23 pages) in response to the initial decision on January 7, 2013. There are doubtless many more issues involved here, and this summary only scratches the surface.

At the January 8 MISO Market Subcommittee meeting, MISO provided an operational update on the PARS (there is not a document posted on this). The PARS have been operational for months, and are working very well. They are regulating the flow of power on the order of 95-98% of the time. MISO did refer to the FERC ALJ decision, and said if the FERC order has that decision, then MISO would discuss the cost allocation of the PARS at that time.

Other Issues: The Transmission Cost Allocation Work Group continues to follow the Order 1000 Interregional processes, particularly with SPP and PJM. We are also looking at tracking the costs of the MVP portfolio as its development continues.