



**ORGANIZATION OF MISO STATES, INC.  
Cost Allocation Principles Committee  
January 11, 2021**

Commissioner Sarah Freeman, Chair of the Organization of MISO States, Inc. (OMS) Cost Allocation Principles Committee, called the January 11, 2021 meeting to order via Webex at approximately 2:00 pm (CT). The following committee members or their proxies participated in the meeting:

Kim O'Guinn, Arkansas  
Carrie Zalewski, Illinois  
Sarah Freeman, Indiana  
Richard Lozier, Iowa  
Talina Mathews, Kentucky  
Noel Darce, proxy for Erik Skrmetta, Louisiana  
Dan Scripps, Michigan  
Matt Schuerger, Minnesota  
David Carr, proxy for Dane Maxwell, Mississippi  
Ryan Silvey, Missouri  
David Shaffer, proxy for Helena Moreno, New Orleans  
Julie Fedorchak, North Dakota  
Greg Rislov, proxy for Gary Hanson, South Dakota  
Arthur D'Andrea, Texas  
Randy Pilo, proxy for Becky Valcq, Wisconsin

Absent  
Manitoba  
Montana

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

Others present

OMS staff and staff participants from individual state commissions  
Other meeting attendees  
MISO Staff

## Administrative Items

- Marcus Hawkins, OMS Executive Director, took the roll as noted above.
- **Approval of Minutes from the December 14, 2020 Cost Allocation Principles Committee Meeting**  
The minutes were accepted as submitted.

## Business Items

- **OMS Cost Allocation Principles:** Commissioner Freeman stated that the focus of today is the revised OMS Cost Allocation Principles document and discussion of the revised principles. Each principle will be discussed and then a vote on the final document will be taken.

Board members began a discussion of voting on a final version of the document today vs. voting by e-mail after a new version of the principles is created. David Shaffer and Commissioner Schuerger both noted that if a party were to disagree with a principle that a footnote or a minority report could be created to go along with the final document.

Commissioner Freeman introduced the revised principles strawman document. Throughout the comment process the board members engaged in there were two principles added to the strawman that had been previously released. Principle 8 added by North Dakota and principle 9 added by Mississippi. All other principles have two versions, a revised 1.1 that reflects everyone's comments by the Jan. 4 deadline and 1.2 which includes any comments received after the Jan. 4 deadline but prior to today's meeting.

Board members began discussing principle one. David Carr stated general support of everything except for revision 1.2 where it states, "to the extent." In order to implement this proposal, first development of a public policy metric would have to take place followed by a calculation of those benefits for every LRTP project. Commissioner Freeman pointed to the phrase "retail jurisdiction" as a way to address the free rider issue. David Carr stated that it still prompts the issue of having to consider when to use public policy metrics. David Shaffer stated they agree with Mississippi as revised principle 1.2 presumes that public policy is already a benefit metric and would not support use unless it becomes a benefit metric. The idea that a retail jurisdiction may be identified as a cost causer should include affirmative action for the retail jurisdiction to be considered a cost causer. Noel Darce agrees with Mississippi and New Orleans.

Chair Scripps stated support for the use of traditional cost benefit metrics as a first pass. If a project does not pass, then the use of policy metrics would take place. Commissioner Schuerger and Chair Fedorchak are in support of the 1.2 revisions. Commissioner D'Andrea agrees that affirmative action be taken so that retail jurisdiction would express a public policy that could be satisfied. Commissioner Freeman suggests linking order 1000 back to this principle stating that in accordance with order 1000 LRTP projects, beneficiaries of LRTP projects, and benefits related to it would include meeting public policy requirements.

Commissioner Freeman introduced principle 2.1. Revised principle 2.2 retains that granular and accurate cost allocation concept as well as the criteria of the benefit metrics themselves but does not include the difficult to quantify benefits.

Board members began discussion on principle 2. David Carr is in support of the revisions made and notes that OMS should have a general understanding of difficult to quantify benefits. Commissioner Freeman notes that OMS and other stakeholders through the planning process should work closely with MISO to make sure cost allocation and benefits being used are keeping pace with the ability to quantify those benefits.

Commissioner Freeman brought up the terminology used and is in favor of the use of the word "measurable" over "verifiable." Commissioner Schuerger is in favor of "verifiable" as is Chair Fedorchak. David Carr agrees with "verifiable" language but not to verify after the fact.

Commissioner Freeman introduced principle 3, the methodology should be fixed at the time of project approval and safeguards should exist to ensure projects meet benefit cost ratios. Commissioner Freeman proposed striking the sentence about safeguards. Commissioner Schuerger, David Shaffer, and Chair Fedorchak agree.

Commissioner O'Guinn posed the question that if once a project and costs are approved if there is an additional cost is there a bandwidth the project falls into to reevaluate cost or once the project is approved it moves forward regardless? Commissioner Freeman stated that if a change were to occur the allocation itself would remain the same. Marcus Hawkins noted that currently there are multiple items in place that could address this issue outside of the principle.

Commissioner Freeman introduced principle 4, subregional transmission planning, for discussion. Commissioner Freeman noted removing "postage stamping" from principle 6 and adding it here. Commissioner Zalewski does not support postage stamping in any principle. David Carr agrees postage stamping should not be included but does see validity in sub regional approaches. Randy Pilo agrees with the removal of postage stamping but would be willing to add it for projects 345 KV and above. Chair Fedorchak agrees with Commissioner Freeman in including postage stamping on the sub-regional level. Commissioner Schuerger supports postage stamping and accepts the revised principle 4.2. Chair Silvey and Greg Rislov are in support of the postage stamp. David Shaffer, Commissioner Matthews, Commissioner D'Andrea, Noel Darce, and Chair Scripps are opposed to the use of postage stamping.

Commissioner Freeman introduced principle 5, the use of portfolio. There are three approaches to interpret this principle. 1, simple support of portfolio, 2, detailed definition of when to consider multiple projects as a single project, and 3, simple support for portfolio plus definition. Commissioner Schuerger is in support of 1 or 3, 3 if a modification is made. Chair Scripps agrees. Noel Darce and Randy Pilo are opposed to the portfolio approach or the use of the word portfolio. Commissioner Matthews is opposed to the use of the word portfolio. Chair Fedorchak, Greg Rislov, and Commissioner Freeman are in support of the portfolio approach or similarly used terminology. David Shaffer is in favor of removing the principle unless stating that each project should stand on their own. David Carr is aligned with Wisconsin and NOLA but would prefer to strike this principle all together.

Commissioner Freeman introduced principle 6, postage stamp. Commissioner Freeman noted from discussion it appears there is very little support for the postage stamp but has proposed to move the postage stamp principle into principle 4 on sub-regional planning. David Carr, Chair Scripps, and Noel Darce are opposed to postage stamp. Commissioner Schuerger and Commissioner Freeman are in support of postage stamp either being here or in principle 4.

Commissioner Freeman introduced principle 7, the applicability of these cost allocation principles to the process which projects are developed through. Chair Fedorchak started discussion by stating support of this principle with the incorporation of principle 8 which calls for an explanation/examples of how the project costs would be allocated. David Carr, David Shaffer, Commissioner Schuerger, and Noel Darce agree with Char Fedorchak.

Commissioner Freeman called on Marcus Hawkins to summarize each principle as discussed over the meeting in preparation for the next document to be circulated throughout the board.

Commissioner Freeman started discussion on principle 9 and proposed the removal of it as a standalone but including it within principle 1. Noel Darce is in support of keeping principle 9 somewhere within the document. Ryan Silvey does not support the inclusion of 9 as a separate principle.

Marcus Hawkins summarized the meeting by stating that a revised document would be circulated to then be voted on or after at the January 14 Board Meeting.

- **Open Mic:** N/A.

The meeting concluded at approximately 4:30 pm (CT).