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October 5, 2012

VIA ELECTRONIC FILING

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

**Re: Allocation of SSR Costs Associated with the Escanaba SSR Units
MISO Rate Schedule No. 43; Docket No. ER13-____-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations, 18 C.F.R. § 35, *et. seq.*, the Midwest Independent Transmission System Operator, Inc. (“MISO”) respectfully submits the enclosed Allocation of SSR Costs Associated with the Escanaba SSR Units, as Rate Schedule 43 under the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”).¹

I. BACKGROUND

The System Support Resources (“SSR”) Tariff provisions permit MISO to negotiate compensation for selected Generation Resources where a Market Participant desires to retire or mothball the facility but MISO determines that it is needed to maintain system reliability.² Market Participants must submit an affidavit at least 26 weeks in advance of any plan to retire, place into extended reserve shutdown, or disconnect a Generation Resource or a Synchronous Condenser Unit.³ Based upon information submitted by the Market Participant and MISO’s knowledge of grid conditions, MISO will determine if the facility should be designated as an

¹ On September 21, 2012, the Commission conditionally approved amendments to the SSR provisions in the Tariff to become effective on September 24, 2012, subject to compliance filings. *See Midwest Indep. Transmission Sys. Operator, Inc.*, 140 FERC ¶ 61,237, at P 1 (2012) (“SSR Order”).

² *See generally* SSR Order at PP 2-4 (discussing the approval of the SSR provisions).

³ Capitalized terms not otherwise defined herein have the meanings ascribed thereto in Section 1 of the Tariff.

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SSR Unit. Upon such designation, MISO will enter into agreements with Market Participants that have SSR Units to allow for recovery of certain going-forward costs, offset by expected payments for resource adequacy and net revenues from energy market transactions.

SSR costs generally will be assigned on a *pro rata* basis to the affected Load Serving Entities (“LSEs”) which require the operation of the SSR Unit for reliability purposes, except that any SSR Unit costs allocated to the footprint of the American Transmission Company (“ATC”) shall be allocated to all LSEs within the footprint of ATC on a *pro rata* basis.⁴

The City of Escanaba, Michigan (“Escanaba”) is located within the ATC footprint, 120 miles north and east of Green Bay, Wisconsin on the shores of Lake Michigan. Escanaba is responsible for providing electricity to the residents of Escanaba, Michigan. On December 19, 2011, Escanaba submitted a completed Attachment Y form to MISO to change the status for Escanaba units 1 & 2 to mothball status for the period between June 15, 2012 and June 14, 2015, in accordance with Section 38.2.7 of the Tariff. Escanaba requested that the subject units be permitted to shut down for a 36 month period commencing on June 15, 2012.

MISO completed its analysis of the Attachment Y notice and Mr. Jeffrey R. Webb, MISO’s Senior Director of Expansion Planning, replied to Escanaba on May 25, 2012. MISO concluded that the proposed mothballing of the Escanaba units 1 & 2 prior to the completion of transmission upgrades in the area would result in violations of applicable reliability standards. As a result, MISO designated Escanaba units 1 & 2 as SSR Units until such time as appropriate alternatives can be implemented to mitigate reliability issues. MISO began working with Escanaba and the MISO Independent Market Monitor to negotiate and develop MISO’s first-ever SSR Agreement.

II. Allocation of SSR Costs Associated with the Escanaba SSR Unit

Contemporaneously with the subject filing, MISO has submitted an SSR Agreement to the Commission as a just and reasonable agreement to ensure the reliability of the MISO Region.⁵ Consistent with the SSR Order,⁶ MISO is herewith submitting a separate Rate Schedule 43. The Tariff requires that the costs associated with the subject SSR Agreement will be allocated to all LSEs within the footprint of the American Transmission Company on a *pro rata* basis, consistent with enclosed Rate Schedule 43. The allocation is consistent with revised Section 38.2.7.j of the Tariff (which the Commission conditionally approved in

⁴ See Section 38.2.7.j of the Tariff.

⁵ MISO respectfully requests that the subject filing and the related SSR Agreement proceeding be consolidated, consistent with the Commission’s practice to consolidate matters where there are common issues of law or fact and consolidation will ultimately result in greater administrative efficiency. See e.g., *Sw. Power Pool, Inc.*, 125 FERC ¶ 61,001, at P 26 (2008); *Startrans IO L.L.C.*, 122 FERC ¶ 61,306, at P 64 (2008); *PP&L Resources, Inc.*, 90 FERC ¶ 61,203, at 61,653 (2000).

⁶ SSR Order at P 155.

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Docket No. ER12-2302)⁷ to allocate costs in the American Transmission Company footprint to LSEs, rather than to Market Participants, on a *pro rata* basis.

III. DOCUMENTS SUBMITTED WITH THIS FILING

In addition to this transmittal letter, MISO is including at Tab A, Rate Schedule 43, Allocation of SSR Costs Associated with the Escanaba SSR Units.

IV. EFFECTIVE DATE

As discussed in the contemporaneously filed transmittal letter for the SSR Agreement, MISO requests a June 15, 2012 effective date for Rate Schedule 43 and for the SSR Agreement. Section 38.2.7 of the MISO Tariff requires a generator to provide at least 26 weeks prior notice before it decommissions, places into extended reserve shutdown, or disconnects its resource so that MISO may evaluate whether SSR Unit status is appropriate for that resource. Escanaba complied with that deadline and submitted its Attachment Y notification on December 19, 2011; Escanaba requested an effective date of June 15, 2012. MISO completed its reliability analysis and deemed the Units required for reliability during that time and notified Escanaba on May 25, 2012 that the subject facilities qualified to become SSR Units. As required by the Tariff, MISO and Escanaba entered into good faith negotiations over the proper compensation to include in the SSR Agreement. The time to develop and review that rate, and to provide the IMM a chance to review and comment on the rate, led to the delay in filing the SSR Agreement from June 15, 2012 until the present filing date. During that time, Escanaba maintained the availability of the subject SSR Units (*i.e.*, the Units were available to maintain system reliability) pursuant to MISO's request, and Escanaba incurred costs that would otherwise be covered by the rate contained in the SSR Agreement.

MISO respectfully requests that the June 15, 2012 effective date be granted either through waiver of the prior notice rule or by treating Rate Schedule 43 as a late-filed service agreement.⁸ Very good cause exists to grant the waiver of the prior notice rule. The subject SSR Agreement is the first SSR Agreement that MISO has executed. The delay in filing Rate Schedule 43 was a consequence, in part, of the fact that negotiation of this first SSR Agreement could not be completed by the requested shutdown date, but the Tariff required the SSR Units to stay available. Notwithstanding this delay, Escanaba has maintained its SSR Units and ensured that they were available to maintain reliability consistent with MISO's request.

The waiver is also required to permit MISO to comply with its Tariff and Commission precedent on the SSR program. Section 38.2.7 of the Tariff provides that SSR Units are due

⁷ SSR Order at P 153.

⁸ The City of Escanaba is a non-jurisdictional seller, so it is not clear that the prior notice rule applies to its provision of SSR service to MISO. MISO is not asking the Commission to rule on this question, but raises it only insofar as it counsels toward granting the requested effective date.

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“equitable compensation” in exchange for maintaining availability past its required shut-down date, in this case, June 15, 2012. Moreover, in approving the SSR program, the Commission clearly explained that that SSR Units should be “fully compensated” and that “nothing in the SSR program would require a generator to absorb any uncompensated going-forward costs.”⁹ If the June 15, 2012 effective date is not granted for the SSR Agreement and Rate Schedule 43, then Escanaba will have provided SSR service on an uncompensated basis for roughly three and a half months while the required Tariff process took its course. This would be an inequitable outcome, and one that would seem to violate both the Tariff and Commission precedent.

To the extent that the Commission believes that waiver of prior notice is not appropriate, MISO respectfully requests that the Commission treat the SSR Agreement as a late-filed service agreement, limiting Escanaba’s revenue recovery to variable operations and maintenance costs from June 15, 2012 to September 5, 2012, the date on which Rate Schedule 43 and the SSR service agreement would be effective under the 30-day rule for service agreements, so that Escanaba would not be required to provide this reliability service at a loss.¹⁰

In the alternative, to the extent the Commission does not grant the requested June 15, 2012 effective date, MISO requests an effective date of September 5, 2012, consistent with the Commission’s rule that service agreements must be filed within 30 days of commencing service.¹¹ The SSR Agreement is a *pro forma* agreement included in the Tariff, the executed versions of which are therefore service agreements.

For the foregoing reasons, MISO respectfully requests that the Commission waive its sixty (60) day notice requirement, as specified in Section 35.3(a) of the Commission’s regulations, 18 C.F.R. § 35.3(a), and make Rate Schedule 43 effective as of June 15, 2012. To the extent that the Commission determines that any requirement of 18 C.F.R. § 35 apply that

⁹ See also *Midwest Indep. Transmission Sys. Operator, Inc.*, 109 FERC ¶ 61,157, at P 293 (2004) (“Finally, we emphasize that all SSR units should be fully compensated for any costs incurred because of their extended service. For example, nothing in the SSR program would require a generator to absorb any uncompensated going-forward costs.”).

¹⁰ Under the Commission’s policy for late-filed agreements, sellers are still permitted to recover their variable Operating and Maintenance costs so that they are not required to operate at a loss. See *Int’l Transmission Co.*, 140 FERC ¶ 61,151, at P 26 (2012) (“As noted by ITC, the Commission’s time-value refund policy for late-filed agreements does not require the utility to operate at a loss; therefore, if the utility is only recovering its out-of-pocket costs incurred to provide the service, there is no requirement to make time-value refunds.”).

¹¹ Under the Commission’s regulations, public utilities may adopt standard form service agreements which are included as part of the utility’s tariff on file with the Commission. 18 C.F.R. § 35.10a(a). The Commission’s regulations further provide that service agreements (defined at 18 C.F.R. § 35.2 as “an agreement that authorizes a customer to take electric service under the terms of a tariff”) need only be filed within thirty days after service has commenced. 18 C.F.R. § 35.3(a)(2).

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have not been specifically addressed herein, MISO respectfully requests waiver of such requirements.

V. NOTICE AND SERVICE

MISO has served a copy of this filing electronically, including attachments, upon all Tariff Customers under the Open Access Transmission, Energy and Operating Reserve Markets Tariff, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, MISO's Advisory Committee participants, as well as all state commissions within the Region.

In addition, the filing has been posted electronically on MISO's website at <https://www.misoenergy.org/Library/FERCFilingsOrders/Pages/FERCFilings.aspx> for other interested parties in this matter.

VI. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary in this proceeding:

Matthew R. Dorsett *
Midwest Independent Transmission
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rdrom@andrewskurth.com
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* Persons authorized to receive service

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VII. CONCLUSION

For all of the foregoing reasons, MISO respectfully requests that the Commission accept the proposed Rate Schedule 43 without hearing, grant the proposed effective date of June 15, 2012, and grant waiver of any Commission regulations not addressed herein that the Commission may deem applicable to this filing.

Sincerely,
/s/ Matthew R. Dorsett
Matthew R. Dorsett
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Telephone: (317) 249-5400
mdorsett@misoenergy.org

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rdrom@andrewskurth.com
cmcmurray@andrewskurth.com

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 Carmel, Indiana, this 5th day of October, 2012.

/s/ Christi Larson

Christi Larson
Paralegal
MISO

Tab A

SCHEDULE 43 Allocation of SSR Costs Associated with the Escanaba SSR Uni Version: 0.0.0

Effective: 6/15/2012

SCHEDULE 43 Allocation of SSR Costs Associated with the Escanaba SSR Units

In accordance with Exhibit 2 of the System Support Resource (“SSR”) Agreement filed by the Midwest ISO for the Escanaba SSR Units in Docket No. ER13-____-000, the Monthly SSR Payment shall be charged to the following Load Serving Entities during each month (or prorated portion of a month) that the Escanaba SSR Units are subject to being dispatched by MISO for system reliability. In addition, the following LSEs shall be *pro rata* credited based upon the % of Allocation of Costs (whenever the Escanaba SSR Units operate for system reliability at hourly rates in excess of \$71.57) by the difference between the LMP and \$71.57 or to apportion Operating Reserve revenues or revenues from Planning Resource designation. The LSEs shall be *pro rata* debited based upon the % of Allocation of Costs (whenever the Escanaba SSR Units operate for system reliability at hourly rates of less than \$71.57) by the difference between \$71.57 and the LMP.

Name of LSE	Full Name	NERC ID	% of Allocation of Costs	Monthly Cost
Allocation				
Madison Gas and Electric Company	MADISON GAS AND ELECTRIC COMPANY	MGEP	5.03930300%	\$15,581.00
Alliant*	ALLIANT ENERGY CORPORATE SERVICES, INC.	ALTM	0.73503300%	2,272.65
BPMA	BADGER POWER MARKETING AUTHORITY	BPMA	0.56952600%	1,760.92
Alliant**	ALLIANT ENERGY CORPORATE SERVICES, INC.	ALTM	0.15311200%	473.41
Dairyland	DAIRYLAND POWER COOPERATIVE	DPCM	0.36924900%	1,141.68
CEC	CLOVERLAND ELECTRIC COOPERATIVE	CLOV	1.19737900%	3,702.18
Escanaba	CITY OF ESCANABA, MICHIGAN	ELEC	0.23581800%	729.13
LWEC	LANSE WARDEN ELECTRIC COMPANY LLC	LWEC	0.02190900%	67.74
Kiel	KIEL ELECTRIC UTILITY	000A	0.12604200%	389.71
MPU	MANITOWOC PUBLIC UTILITIES	MPUG	0.83907300%	2,594.33
Wisconsin Public Service Corporation***	WISCONSIN PUBLIC SERVICE CORPORATION	WPSM	0.03744700%	115.78
Alliant****	ALLIANT ENERGY CORPORATE SERVICES, INC.	ALTM	0.62397200%	1,929.26
WI Rapids	WISCONSIN RAPIDS WATER AND LIGHTING	WWLC	0.42535600%	1,315.16
Alliant	ALLIANT ENERGY CORPORATE SERVICES, INC.	ALTM	17.73499800%	54,834.84

WPPI in AE	WPPI ENERGY	WPPI	2.84592700%	8,799.32
WPPI in WE	WPPI ENERGY	WPPI	3.83068900%	11,844.11
WPPI in WPS	WPPI ENERGY	WPPI	0.58903600%	1,821.24
WPPI in UPPCO	WPPI ENERGY	WPPI	0.17522200%	541.77
Wisconsin Public Service Corp.	WISCONSIN PUBLIC SERVICE CORPORATION	WPSM	18.75896800%	58,000.85
Wisconsin Energy Corp.	WISCONSIN ELECTRIC POWER COMPANY	WEPM	44.46269800%	137,474.22
Upper Peninsula Power Co.	UPPER PENINSULA POWER COMPANY	UPP	1.22924300%	3,800.70
			100.00000000%	\$309,190.00

* Alliant Energy Corporate Services, Inc. (ALTM) on behalf of ACEC

** Alliant Energy Corporate Services, Inc. (ALTM) on behalf of CWEC

*** Wisconsin Public Service Corporation (WPSM) on behalf of ONT-WPS

**** Alliant Energy Corporate Services, Inc. (ALTM) on behalf of RCEC

FERC rendition of the electronically filed tariff records in Docket No. ER13-00037-000

Filing Data:

CID: C001344

Filing Title: 10-5-12 Schedule 43

Company Filing Identifier: 617

Type of Filing Code: 10

Associated Filing Identifier:

Tariff Title: FERC Electric Tariff

Tariff ID: 9

Payment Confirmation:

Suspension Motion: N

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

SCHEDULE 43, Allocation of SSR Costs Associated with the Escanaba SSR Uni, 0.0.0, A

Record Narrative Name:

Tariff Record ID: 5346

Tariff Record Collation Value: 2023592459 Tariff Record Parent Identifier: 4199

Proposed Date: 2012-06-15

Priority Order: 500

Record Change Type: NEW

Record Content Type: 1

Associated Filing Identifier:

SCHEDULE 43

Allocation of SSR Costs Associated with the Escanaba SSR Units

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Escanaba	CITY OF ESCANABA, MICHIGAN	ELEC	0.23581800%
LWEC	LANSE WARDEN ELECTRIC COMPANY LLC	LWEC	0.02190900%
Kiel	KIEL ELECTRIC UTILITY	000A	0.12604200%
MPU	MANITOWOC PUBLIC UTILITIES	MPUG	0.83907300%
Wisconsin Public Service Corporation***	WISCONSIN PUBLIC SERVICE CORPORATION	WPSM	0.03744700%
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WPPI in WPS	WPPI ENERGY	WPPI	0.58903600%
WPPI in UPPCO	WPPI ENERGY	WPPI	0.17522200%
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