

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of an Investigation Into the)
Possible Methods of Mitigating Identified)
Harmful Effects of Entergy Joining MISO on)
non-MISO Missouri Utilities and Their)
Ratepayers and Maximizing the Benefits)
for Missouri Utilities and Ratepayers Along)
RTO and Cooperative Seams)

File No. EW-2014-0156

COMMENTS OF ASSOCIATED ELECTRIC COOPERATIVE, INC.

COMES NOW, Associated Electric Cooperative, Inc. ("AECI") by and through undersigned counsel and submits the following comments in the above-referenced proceeding.

AECI is a nonprofit, member-owned rural electric cooperative formed under and operating pursuant to Chapter 394 RSMo. AECI is owned by and provides wholesale power to six regional generation and transmission cooperatives. These regional generation and transmission cooperatives in turn supply wholesale power to 39 distribution cooperatives in Missouri, three distribution cooperatives in southeast Iowa, and nine distribution cooperatives in northeast Oklahoma, serving a total of more than 875,000 members. AECI and its six generation and transmission cooperatives own and operate an integrated, high voltage transmission system consisting of approximately 9,831 miles of transmission lines.¹ AECI has a total of twenty-one interconnection agreements with its neighboring utilities.

AECI has been and continues to be active on a number of fronts to advance and protect the interests of its member-owners where the Entergy/MISO integration poses potentially harmful impacts to its electric cooperative transmission system.

A number of the questions posed by the Commission in its *Order* of November 26, 2013 are best answered by others, and so in those instances, AECI will not comment. For convenience, AECI has included the questions from the Commission's *Order* to which it has a specific comment or response.

Questions 1–3:

No Comment.

¹ 69 kV--6,808 miles; 138 kV--239 miles; 161 kV--1,984 miles; 345 kV--754 miles; 500 kV--46 miles.

4. What are the economic advantages or disadvantages to Missouri utilities and ratepayers from the state's position on a seam? Please quantify either the advantages or disadvantages providing a detailed explanation of methodology used.

a. What parties, both inside and outside of Missouri, are currently paying the MISO-SPP Regional Through and Out Rates (RTOR) for transactions originating in either MISO or SPP and terminating in the other RTO? Are all of the currently scheduled transactions between MISO and SPP paying the MISO or SPP RTOR? What are the RTORs currently being paid or anticipated to be paid? How much have Missouri utilities paid in RTORs in the past three years, and how much do Missouri utilities anticipate they will pay in RTORs in the next three years?

No Comment.

b. Identify all of the currently scheduled transactions between MISO and SPP paying the RTOR?

No Comment.

c. What would the benefits be to Missouri utilities and ratepayers from the elimination of the MISO-SPP RTOR?

No Comment.

(i) What additional off system sales opportunities would be available to generators and transmission owners in Missouri if there was an elimination of the MISO-SPP RTOR?

AECI Comment: The Federal Energy Regulatory Commission ("FERC") should examine the cost assumptions underlying the existing MISO RTOR and work towards developing a more just and reasonable rate. From AECI's perspective this examination is needed due to the unique integration of Entergy into MISO and the impact the MISO RTOR has on transmission customers who had point to point service on the Entergy system.

Still, even if FERC were to entertain modification of the RTORs in general (whether MISO's or SPP's), any such proceeding would not necessarily result in a less expensive rate depending on the evidence adduced in the proceeding to support the RTOR.

Further, any changes to the RTOR alone would not necessarily guarantee that the needed Available Flowgate Capacity ("AFC") to enable off-system sales would be available. AFC is calculated by RTOs and other Transmission Providers for reliability purposes related to system limits, and is used to quantify

transmission available over and above already committed uses for commercial purposes. AFC is thus necessary to sink energy to a bilateral trading counterparty that cannot be reached except by through and out transmission across an RTO. Thus, any comprehensive effort to increase off-system sales opportunities for Missouri utilities should include the above considerations.

- (ii) What additional purchases of energy or capacity would be available to Missouri utilities if the MISO-SPP RTOR was eliminated? What would be the benefit of those purchases — would those purchases save Missouri ratepayers money?

AECI Comment: The same challenges underlying modification or elimination of the RTOR to foster increased off-system sales opportunities also underlie modification or elimination of the RTOR to support the possibility of more economic energy or capacity purchases from bilateral counterparties across the RTOs.

- (iii) Quantify the amount, and identify the sources, of savings to Missouri consumers that would occur as a result of the elimination of the MISO-SPP-RTOR.

No Comment.

5. What are the safety and reliability advantages or disadvantages to Missouri utilities and ratepayers from its position on a seam? Please provide a detailed explanation of the methodology used to determine issues of safety and reliability issues on the seam.

No Comment.

6. How are loop flow operational issues currently communicated between MISO SPP, and AECI?

AECI Comment: Loop flow operational issues—as distinguished from issues arising from the intentional, uncompensated use of a neighboring system—are currently addressed through the Transmission Loading Relief and Re-dispatch processes triggered when either of the RTOs or AECI's Reliability Coordinator (TVA) observe system conditions (i.e. transmission operating security limit violations) that require those congestion management measures.

What are the top obstacles to reaching an agreement on seams-related issues between SPP and MISO?

No Comment.

Questions 7-12:

No Comment.

13. Would there be other Missouri non-MISO utility and ratepayer impacts as a result of changes in the MISO-SPP RTOR?

AECI Comment: Yes.

• If so, what are they?

AECI Comment: Changes in the RTOR would impact the terms of any transmission service agreements to move power over the legacy Entergy system that AECI's Power Marketing division secured from Entergy before they chose to join MISO.

Questions 14-15:

No Comment.

16. How does FERC Order 1000, with its emphasis of interregional coordination, including interregional transmission planning, affect the future need for the current MISO-SPP RTOR?

AECI Comment: The FERC Order 1000 interregional transmission coordination should increase the probability of projects being built across the seams in Missouri. Such projects should lead to a reduction in congestion but will not likely eliminate the need for cost-based transmission service across the RTOs.

Respectfully submitted,



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AFFIDAVIT

STATE OF MISSOURI

COUNTY OF GREENE

The undersigned, Brian A. Prestwood, being duly sworn, hereby deposes as follows:

1. I am over the age of 18;
2. I am employed by Associated Electric Cooperative, Inc. as the Corporate and Compliance Counsel;
3. I have caused the foregoing comments to be prepared and submitted on behalf of Associated Electric Cooperative, Inc. in Missouri Public Service Commission File No. EW-2014-0156.

I declare that, to the best of my knowledge and belief, the statements and information herein is true, correct and complete.

Executed this 30th day of June, 2014.



Brian A. Prestwood
Corporate and Compliance Counsel

NOTARY ACKNOWLEDGEMENT

STATE OF MISSOURI)
)
COUNTY OF GREENE) ss

On this 30th day of June, 2014, before me, personally appeared Brian A. Prestwood, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same for the purposes therein contained of his free act and deed.



Lynette R. Myers
Notary Public

(SEAL)

