

At a session of the Public Service Commission held at its office in Jefferson City on the 26th day of November, 2013.

File No. EW-2014-0156

Effective Date: November 26, 2013

- Charges to transfer electricity across the seam between MISO and the SPP, and
- The methodology for evaluating, accounting for, and control of loop flows between Missouri RTO seams.

The Public Service Commission of the state of Missouri (Commission) is in a unique position on seams issues, with Missouri Load Serving Entities (LSEs) as members of two Regional Transmission Organizations (RTO), SPP and MISO, as well as Associated Electric Cooperatives, Inc. (AECI), which is not a member of any RTO. Few states have three separate seams, much less those between an RTO and a large cooperative. This position allows and, to a certain extent, requires the Commission to consider the needs and decisions of members of all three organizations in order to fulfill the Commission's mission, which is to ensure safe and reliable service at just and reasonable rates. This position astride RTOs also means that Missouri is affected more than almost any other state by seams issues.

The Commission is opening this working case to address these seam issues and to explore policy solutions to ameliorate the negative effects of the RTO seams on Missouri ratepayers, especially. Initially, the Commission invites MISO and SPP, stakeholders within those RTOs, interested utilities and the general public to submit written comments.¹ After those comments are collected and reviewed, the Commission will schedule a workshop at which interested entities and persons can gather to discuss these matters with the Commission in person.

This file will serve as a repository for documents and comments. Using this file, any person with an interest in this matter may view documents pertaining to the investigation and may submit any pertinent responsive comments or documents. Intervention requests are not necessary to submit comments or view documents.

¹ The Commission asks that comments submitted, except those comments filed on behalf of individual natural persons or the general public, be verified by affidavit.

The public is welcome to file comments by forwarding electronic communications through the electronic filing and information system (EFIS) or by mailing written comments. You may submit electronic comments by visiting the Commission's website at <http://www.psc.mo.gov>. (Click on the EFIS/Case filings link on the left side of the page. Scroll down and click on the public comment link. Written comments in hard copy should be addressed to the Commission at P.O. Box 360, Jefferson City, Missouri 65102 and should reference File No. EW-2014-0156. You can view the contents of the file by following the link at <http://www.psc.mo.gov>.

The Commission has numerous questions and issues regarding Missouri seam issues that it asks participants to address. Please identify the individual answering the questions on behalf of the organization, the individual commenter's job title and contact information and a brief description of the commenter's professional qualifications. The list of questions is not exclusive and the parties are encouraged to provide the Commission with any information which is relevant to seam issues between MISO and SPP:

1. Are Missouri state policies related to seams issues providing Missouri utilities and ratepayers all possible benefits and reducing all possible detriments stemming from Missouri's position on the seam? If not, are there potential policy changes that could increase the benefits or reduce the detriments of Missouri being on the seams to Missouri utilities and ratepayers? If so, please provide a list of potential changes and the benefits and detriments of those potential changes.

2. Are any RTO policies related to seam issues providing Missouri utilities and ratepayers all possible benefits and reducing all possible detriments stemming from Missouri's position on the seam? If not, are there potential policy changes that could

increase the benefits or reduce the detriments of being on the seams to Missouri utilities and ratepayers? If so, please provide a list of potential changes and the benefits of those potential changes.

3. What would be the effect of SPP and MISO merging on Missouri utilities and ratepayers?

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?

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

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

(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?

- (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?
- (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.

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.

6. How are loop flow operational issues currently communicated between MISO SPP, and AECI. What are the top obstacles to reaching an agreement on seams-related issues between SPP and MISO?

7. Would some or all Missouri utilities and ratepayers be better off in the middle of an RTO versus being on the seam or edge of multiple RTOs?

8. What would be the effects on Missouri utilities and ratepayers of having all Missouri utilities in the same RTO?

- (a) Differences in RTO transmission planning.
- (b) Differences in Market Operations.
- (c) Differences in the price of purchasing energy and capacity from neighboring utilities.
- (d) Differences in consideration of loop and market flows when an RTO is determining optimal dispatch of generators.

9. What would be the effect of requiring all Missouri Load Serving Entities under Commissioner jurisdiction to join the same RTO (in dollars and construction projects)?

(a) What would the exit fees be of a Missouri utility departing their existing RTO?

(b) What would be the legal ramifications of such a position?

10. What, if any, information and analysis from the PJM-MISO “Joint and Common Market” process can be used to improve the situation of utilities along the Missouri MISO-SPP-AECI seams?

11. What will be the effect to Missouri utilities and ratepayers of MISO and SPP’s expected implementation in Spring 2015 of a “Market-to-Market” process of handling congestion to utilities along the Missouri seam?

12. What are all of the currently scheduled transactions between the Entergy and SPP regions that are expected to pay the MISO RTOR if and when Entergy integrates into MISO? Does the answer to this question change depending on which Entergy facilities integrate into MISO? If so, how?

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

14. If the MISO-SPP RTOR was eliminated, what are the types of possible replacements?

(a) How would TOs recover their costs if the RTOR were replaced with a “license plate” rate, where a rate for service that would vary based on the zone where the power was delivered?

(b) What replacement would provide the most benefit for Missouri utilities and ratepayers?

(c) What information would be needed to support any replacement to the RTOR?

15. What are the possible ways to eliminate the MISO-SPP RTOR? What information would be necessary to gain FERC approval of a MISO-SPP RTOR elimination?

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?

THE COMMISSION ORDERS THAT:

1. This case is established to investigate the possible methods of (1) mitigating or eliminating the harmful effects of Missouri's position along the seam between MISO and SPP; and (2) maximizing the benefits of Missouri utilities and ratepayers along RTO and Cooperative seams. The Commission's data center shall mail a copy of this notice to those potentially interested person or organizations listed in Appendix A.

2. The Commission's Public Information Office shall make this notice available to the news media of this state and to the members of the General Assembly.

3. This order shall become effective immediately upon issuance.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
and Hall, CC., concur.

Pridgin, Deputy Chief Regulatory Law Judge