

170 FERC ¶ 61,073  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Midcontinent Independent System Operator, Inc.  
GridLiance Heartland LLC

Docket Nos. ER19-2050-002  
ER19-2050-003

ORDER ACCEPTING PROPOSED TARIFF REVISIONS, SUBJECT TO CONDITION

(Issued January 31, 2020)

1. On June 5, 2019, as amended on July 2, 2019, September 26, 2019, and December 10, 2019, Midcontinent Independent System Operator, Inc. (MISO) and GridLiance Heartland LLC (GridLiance Heartland) (collectively, Filing Parties) filed, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> revisions to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff). Specifically, the Filing Parties propose to add an annual transmission revenue requirement (ATRR) and implement a transmission formula rate template and implementation protocols (together, Formula Rate) for transmission service using the facilities of GridLiance Heartland when GridLiance Heartland transfers functional control of transmission facilities to MISO (Filing).<sup>3</sup> As discussed below, we accept the proposed Tariff revisions, to become effective the first day of the month after the date on which GridLiance Heartland acquires from Electric Energy, Inc. (EEI) certain transmission facilities (EEI Assets), as proposed in Docket No. EC20-13-000, subject to condition.

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<sup>1</sup> 16 U.S.C. § 824d (2018).

<sup>2</sup> 18 C.F.R. pt. 35 (2019).

<sup>3</sup> The Filing Parties state that MISO submitted the Filing in its role as administrator of the Tariff, but MISO takes no position on the substance of the Filing and reserves the right to comment or protest. Filing at 1 n.3.

## **I. Background**

### **A. GridLiance Heartland**

2. The Filing Parties state that GridLiance Heartland is an independent transmission-only utility (Transco) formed to partner with electric cooperatives, municipally owned electric utilities, joint action agencies, and renewable energy developers in the MISO region to identify and develop transmission solutions to meet its partners' ownership, capital investment, and reliability goals. The Filing Parties explain that GridLiance Heartland is a limited liability company organized under the laws of the State of Delaware and is a subsidiary of GridLiance Holdco, LP (GridLiance Holdco). The Filing Parties state that GridLiance Heartland is affiliated with two other GridLiance Holdco Transcos that own, operate, and invest in Commission-regulated electric transmission assets in other Regional Transmission Organizations (RTO).

### **B. The Proposed Transaction**

3. The Filing Parties explain that, on August 13, 2018, GridLiance Heartland entered into an Asset Purchase Agreement with Electric Energy, Inc. (EEI) to purchase six 161 kV transmission lines that range between approximately eight and 10 miles in length each, two 161 kV substations, and associated auxiliary equipment (EEI Assets).<sup>4</sup> The Filing Parties state that, on September 20, 2018, MISO's Board of Directors approved GridLiance Heartland's application to become a Transmission-Ownning Member in MISO. The Filing Parties state that, on December 21, 2018, GridLiance Heartland and EEI submitted a Joint Application (December 2018 Application) under section 203 of the FPA<sup>5</sup> in Docket No. EC19-42-000 requesting that the Commission authorize EEI to sell and GridLiance Heartland to purchase the EEI Assets.

4. The Filing Parties state that, upon the Commission's authorization of GridLiance Heartland's acquisition of the EEI Assets and acceptance of the instant filing and other section 205 filings, as well as the Illinois Commerce Commission's approval of GridLiance Heartland's Application for a Certificate of Public Convenience and Necessity, GridLiance Heartland will close its acquisition of the EEI Assets and transfer functional control of four of the six transmission lines and associated facilities (MISO Assets) to MISO on the first day of the following month. The Filing Parties assert that GridLiance Heartland will transfer the remaining two lines (Non-MISO Assets) to MISO in 2022 to accommodate certain existing power supply agreements over those lines.

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<sup>4</sup> *Id.* at 2.

<sup>5</sup> 16 U.S.C. § 824b (2018).

5. The Filing Parties state that, when GridLiance Heartland closes the acquisition of the EEI Assets, the MISO Assets will be placed in MISO Pricing Zone 3A, in which Ameren Illinois Company (Ameren Illinois), Ameren Transmission Company of Illinois (ATXI), Prairie Power, Inc. (PPI), and Hoosier Energy Rural Electric Cooperative, Inc. (Hoosier) also own transmission facilities.<sup>6</sup> The Filing Parties state that, on March 8, 2019, MISO submitted in Docket No. ER19-1229-000 revisions to its Tariff to add GridLiance Heartland to the existing Joint Pricing Zone Agreement among Ameren Illinois, ATXI, PPI, and Hoosier, and submitted in Docket No. ER19-1231-000 revisions to Schedules 7, 8, and 9 of its Tariff to reflect GridLiance Heartland's addition to Zone 3A.

6. On August 28, 2019, the Commission denied the December 2018 Application in Docket No. EC19-42-000 without prejudice.<sup>7</sup> On November 1, 2019, EEI and GridLiance Heartland filed in Docket No. EC20-13-000 a new section 203 application seeking authorization of GridLiance Heartland's acquisition of the EEI Assets (Proposed Transaction). In a concurrently issued order in Docket No. EC20-13-000, we are authorizing the Proposed Transaction as consistent with the public interest, subject to condition regarding Applicants' proposed mitigation.<sup>8</sup> Further, the filings in Docket Nos. ER19-1229-000 and ER19-1231-000 are being accepted concurrently by delegated order.

**C. GridLiance Heartland Formula Rate Template and Protocols**

7. On January 29, 2019, in Docket No. ER18-2342-000, et al., the Commission accepted, subject to condition, GridLiance Heartland's proposed formula rate template and protocols to determine and to recover the costs of GridLiance Heartland's investment in transmission facilities in the MISO region.<sup>9</sup> The Commission also accepted GridLiance Heartland's proposal to include an income tax allowance in the proposed formula rate template, suspended it for a nominal period, and set the matter for hearing and settlement judge procedures. In addition, the Commission also approved GridLiance Heartland's requested base rate of return on equity (ROE) of 10.32 percent, which was then used by MISO transmission-owning members (MISO TO), subject to the outcome of the proceedings in Docket Nos. EL14-12 and EL15-45.<sup>10</sup> In addition, the Commission

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<sup>6</sup> Filing at 4.

<sup>7</sup> *Elec. Energy, Inc.*, 168 FERC ¶ 61,130 (2019).

<sup>8</sup> *Elec. Energy, Inc.*, 170 FERC ¶ 61,072 (2020).

<sup>9</sup> *GridLiance Heartland LLC*, 166 FERC ¶ 61,067 (2019) (January 2019 Order).

<sup>10</sup> *Id.* P 38.

granted GridLiance Heartland's request for authorization to include a 50 basis point RTO Participation Adder, subject to the resulting ROE being within the zone of reasonableness, as determined by Docket Nos. EL14-12 and EL15-45. The Commission further authorized certain transmission rate incentives.<sup>11</sup>

8. On December 19, 2019, the Commission approved an Offer of Settlement (Settlement) filed by GridLiance Heartland and two of its affiliates, GridLiance High Plains LLC and GridLiance West LLC.<sup>12</sup> The Settlement concerned the income tax allowance to be included in the formula rates of GridLiance Heartland, GridLiance High Plains LLC, and GridLiance West LLC. The Commission found that the Settlement resolved all issues in dispute in Docket No. ER18-2342-000, et al. Further, the Commission directed GridLiance Heartland, GridLiance High Plains LLC, and GridLiance West LLC to make a compliance filing with revised tariff records.

## II. Filing

9. The Filing Parties state that the Filing incorporates into the Tariff the Formula Rate, which the Commission accepted, subject to condition, in the January 2019 Order.<sup>13</sup> The Filing Parties contend that GridLiance Heartland will collect its ATRR for the MISO Assets<sup>14</sup> using the Formula Rate accepted by the Commission, subject to the conditions imposed in the January 2019 Order.<sup>15</sup> The Filing Parties state that the Formula Rate utilizes forecasted inputs tied to the FERC Form No. 1. The Filing Parties explain that GridLiance Heartland has populated the Formula Rate with an ROE of 10.82 percent, which consists of a base ROE of 10.32 percent and a 0.5 percent RTO adder for GridLiance Heartland's ownership of the MISO Assets in MISO. The Filing Parties state that GridLiance Heartland will utilize its actual capital structure, which will be

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<sup>11</sup> *Id.* PP 42, 46, 57, 65.

<sup>12</sup> *GridLiance Heartland LLC*, 169 FERC ¶ 61,206 (2019) (December 2019 Order).

<sup>13</sup> Filing at 1 (citations omitted).

<sup>14</sup> GridLiance Heartland filed in Docket No. ER19-2092-000, et al., an open access transmission tariff (OATT) to govern the terms of transmission service over its facilities that are not under MISO's functional control. GridLiance Heartland's OATT includes the formula rate to calculate its ATRR for the Non-MISO Assets. The Commission is accepting GridLiance Heartland's OATT filing, subject to condition, and is setting the OATT filing for hearing and settlement judge procedures in a concurrently issued order. *GridLiance Heartland LLC*, 170 FERC ¶ 61,074 (2020).

<sup>15</sup> Filing at 3-4.

voluntarily capped at 60 percent equity. The Filing Parties state that GridLiance Heartland's ATRR of approximately \$7.4 million for the MISO Assets is based primarily on the value of the EEI Assets and the 10.82 percent ROE. The Filing Parties commit that the ATRR will be adjusted (and trued-up) each year in accordance with the protocols that were also accepted by the Commission in the January 2019 Order. The Filing Parties state that GridLiance Heartland also is proposing limited revisions to its Formula Rate to correct certain clerical errors and implement other required revisions.<sup>16</sup>

10. The Filing Parties request that the proposed Tariff revisions become effective on the date GridLiance Heartland transfers operational control of the MISO Assets to MISO, which the Filing Parties state will be the first day of the month after the date that GridLiance Heartland acquires the EEI Assets.<sup>17</sup>

11. The Filing Parties contend that the MISO Assets are transmission facilities that qualify for placement under MISO's functional control and inclusion under the Tariff.<sup>18</sup> The Filing Parties state that the MISO Transmission Owners Agreement and MISO's Business Practice Manual No. 28 require MISO to determine that all facilities under the Tariff meet the definition of "Transmission." The Filing Parties state that MISO utilizes the Commission's seven-factor test set forth in Order No. 888,<sup>19</sup> to determine whether facilities are "Transmission" as opposed to "Local Distribution."<sup>20</sup> The Filing Parties

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<sup>16</sup> *Id.* at 4, 12-15. The Filing Parties state that additionally, GridLiance Heartland has submitted a separate filing in Docket No. ER19-1771-000 to implement revisions to its Formula Rate that will enable GridLiance Heartland to annualize its ATRR for the first Rate Year that GridLiance Heartland owns the EEI Assets. On June 25, 2019, GridLiance Heartland's filing in Docket No. ER19-1771-000 was accepted by delegated order.

<sup>17</sup> *Id.* at 1, 15.

<sup>18</sup> *Id.* at 5.

<sup>19</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996) (cross-referenced at 75 FERC ¶ 61,080), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (cross-referenced at 78 FERC ¶ 61,220), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>20</sup> Filing at 5 (citation omitted).

assert that MISO confirmed that the MISO Assets meet the definition of Transmission under the Commission's seven-factor test.<sup>21</sup>

12. The Filing Parties contend that the zonal placement of the MISO Assets in MISO pricing Zone 3A is both just and reasonable and consistent with prior Commission determinations, given the configuration and interconnections of the facilities.<sup>22</sup> In support, the Filing Parties note that the MISO Assets are interconnected with the facilities of a Zone 3A Transmission Owner, do not interconnect with the facilities of any other Transmission Owner under the Tariff, and are not currently interconnected with any other MISO zone. The Filing Parties argue that it would not be appropriate to place the MISO Assets in a separate zone, noting that the facilities do not currently serve any load and argue that, thus, "the [MISO] Assets would not be utilized to serve customers if they were placed in a separate zone."<sup>23</sup> Further, the Filing Parties argue that the size of GridLiance Heartland's ATRR for the MISO Assets, as compared to the zonal ATRR of all other MISO zones, indicates that the MISO Assets should not be placed in a new zone.

13. The Filing Parties also describe the rate impacts of transferring the MISO Assets to MISO.<sup>24</sup> The Filing Parties note that, as of March 2019, the Zone 3A ATRR was approximately \$286 million and the load in Zone 3A was approximately 6,942 MW, as measured by the average of the prior year's 12 coincident monthly peaks. The Filing Parties state that GridLiance Heartland's projected ATRR of \$7.4 million for the MISO Assets would increase the total Zone 3A ATRR by approximately 2.6 percent upon GridLiance Heartland's closing the acquisition of the EEI Assets.<sup>25</sup>

14. The Filing Parties assert that the proposal to include GridLiance Heartland's ATRR for the MISO Assets under the Tariff is just and reasonable based on the offsetting benefits the facilities will provide to the MISO region and the Commission policy on promoting participation in RTOs.<sup>26</sup> The Filing Parties argue that the integration of the MISO Assets in MISO will result in furthering a number of Commission goals such as: (1) promoting Transco ownership of transmission facilities; and (2) increasing the participation of public power in MISO transmission planning. The Filing Parties contend

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<sup>21</sup> *Id.* (citing Ex. MISO-4).

<sup>22</sup> *Id.* at 7.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 8.

<sup>25</sup> *Id.* (citation omitted).

<sup>26</sup> *Id.* at 9.

that, additionally, in Docket No. EC19-42-000, GridLiance Heartland and EEI identified benefits to transmission customers and the MISO region associated with GridLiance Heartland's acquisition of the EEI Assets and the integration of the EEI Assets into MISO.<sup>27</sup>

15. On July 2, 2019, the Filing Parties submitted an errata filing, proposing further corrections to the Formula Rate (Errata Filing).

### **III. Notice of Filings and Responsive Pleadings**

16. Notice of the Filing was published in the *Federal Register*, 84 Fed. Reg. 27,105 (2019), with interventions and comments due on or before June 26, 2019. Ameren Services Company (Ameren Services), on behalf of Ameren Illinois (collectively, Ameren), filed a timely motion to intervene and comments (Ameren First Protest).

17. Notice of the Errata Filing was published in the *Federal Register*, 84 Fed. Reg. 32,912 (2019), with interventions and comments due on or before July 23, 2019. None was filed.

18. On August 9, 2019, Commission staff issued a letter notifying the Filing Parties that the Filing was deficient (First Deficiency Letter).<sup>28</sup> On September 26, 2019, the Filing Parties filed a response to the Deficiency Letter (First Deficiency Response) in Docket No. ER19-2050-002. Notice of the First Deficiency Response was published in the *Federal Register*, 84 Fed. Reg. 53,141 (2019), with interventions and comments due on or before October 17, 2019. Ameren filed a protest (Ameren Second Protest).<sup>29</sup>

19. On November 22, 2019, Commission staff issued a letter notifying MISO and GridLiance Heartland that their Filing, as amended, was deficient (Second Deficiency Letter). On December 10, 2019, the Filing Parties filed a response to the Deficiency Letter (Second Deficiency Response) in Docket No. ER19-2050-003. Notice of the Second Deficiency Response was published in the *Federal Register*, 84 Fed. Reg. 68,925

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<sup>27</sup> *Id.* at 9-11.

<sup>28</sup> On September 17, 2019, GridLiance Heartland's motion for an extension of time was granted, and the response to the Deficiency Letter became due on or before October 9, 2019.

<sup>29</sup> Although the Ameren Second Protest was filed in ER19-2050-001, the text of this pleading demonstrates that Ameren intended to file it in Docket No. ER19-2050-002 as a protest to the First Deficiency Response. The Ameren Second Protest was also filed in Docket No. ER19-2092-001.

(2019), with interventions and comments due on or before December 31, 2019. None was filed.

**A. Ameren First Protest**

20. Ameren states that it disputes the benefits that GridLiance Heartland claims would result from GridLiance Heartland's acquisition of the MISO Assets because of the adverse effect on rates that the acquisition would have on Ameren Illinois' customers.<sup>30</sup> However, Ameren contends that in the Ameren First Protest it does not respond to those claimed benefits because it did so in response to the December 2018 Application. Rather, Ameren states that its protest focuses on three points: (1) to correct a mischaracterization in the Filing concerning zonal placement; (2) to request that information that appears to be redacted be made available; and (3) to ask that, if the Commission approves the Application, it condition it on the outcome of the hearing in Docket No. ER18-2342.<sup>31</sup>

21. Regarding utilization of the MISO Assets and zonal placement, Ameren asserts that, contrary to GridLiance Heartland's statement that "the [MISO] Assets would not be utilized to serve customers if they were placed in a separate zone," utilization of assets is not dependent on which zone the assets are added.<sup>32</sup> Ameren explains that nothing changes with the future use of the MISO Assets by placing them in Zone 3A for purposes of cost recovery, other than Ameren Illinois' customers having to pay for the cost of the MISO Assets.

22. In addition, Ameren states that Attachment 4, Rate Base Worksheet (page 2 of Attachment O-GLH) of the Formula Rate contains a blacked-out section covering lines 15-28 for reserved amounts for Unamortized Regulatory Asset and Unamortized Abandoned Plant.<sup>33</sup> Ameren asserts that GridLiance Heartland should confirm whether information is redacted or whether the sheet is just shaded.

**B. First Deficiency Response**

23. In response to the Commission's question regarding the transmission plant allocator's (TP Allocator) referencing note, the Filing Parties state that, in the Formula Rate, Note L is referenced in line 2 of page 4 of 5, which calculates the TP Allocator

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<sup>30</sup> Ameren First Protest at 2-3.

<sup>31</sup> *Id.* at 3.

<sup>32</sup> *Id.* (quoting Filing at 7).

<sup>33</sup> *Id.* at 4.



between the MISO Assets and the Non-MISO Assets.<sup>34</sup> The Filing Parties contend that Note L describes a category of transmission plant that gets removed from “Transmission plant included in ISO rates” on line 4. The Filing Parties explain that the intent of Note L is to clarify that the value of any Non-MISO Assets will not be included in the value shown on line 4. The Filing Parties assert that the wording of Note L is unduly restrictive and that, to avoid any confusion, they propose to revise Note L to add the underlined phrase:

Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form No. 1 balances are adjusted to reflect application of seven-factor test) or removes transmission plant that is not under MISO functional control.

The Filing Parties state that the revised Note L clarifies the transmission plant that is being excluded from the numerator of the TP Allocator equation.

24. The First Deficiency Letter noted that, in Docket No. ER19-2092-000, GridLiance Heartland explained that it would be offering a discounted rate to customers taking transmission service on the Non-MISO Assets. In the First Deficiency Response, the Filing Parties state that the discounted rate referenced as offered in Docket No. ER19-2092-000 will not impact any rates or values calculated or otherwise shown in the Formula Rate proposed in this proceeding.<sup>35</sup> The Filing Parties state that, to make this clear, GridLiance Heartland has proposed, in response to the deficiency notice issued in Docket No. ER19-2092, revisions to Attachment R of its proposed OATT (i.e., the formula rate template that calculates the ATRR for GridLiance Heartland’s Non-MISO Assets) to clarify certain issues raised by Commission staff. The Filing Parties note that, additionally, to ensure that any revenue credits included in the Formula Rate are properly allocated to MISO transmission customers, they propose revisions to the Formula Rate.

25. The Filing Parties assert that these revisions ensure that the values included on page 1, lines 2-5 and page 4, lines 35-37, properly credit any transmission revenues where the related costs are included in the Formula Rate, and thus the revenues are directly assigned to the MISO Assets’ ATRR.<sup>36</sup> The Filing Parties explain that, as stated in the revised Notes Q, R, S, and T, and new Note NN, GridLiance Heartland will make the itemized list of revenue sources for all such revenue credits available to stakeholders via workpapers during the annual update process set forth in GridLiance Heartland’s

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<sup>34</sup> First Deficiency Response at 3.

<sup>35</sup> *Id.* at 4.

<sup>36</sup> *Id.* at 5.

protocols. The Filing Parties assert that, with these revisions, GridLiance Heartland's treatment of any discounted rates is consistent with the references and instructions/notes contained in the proposed Formula Rate.

26. Further, the Filing Parties explain that the divisor values on page 1 will only include demand values, if any, associated with the MISO Assets.<sup>37</sup> The Filing Parties note that, because GridLiance Heartland is a transmission-only company that will not serve any load, the values are expected to be zero. The Filing Parties state that, if GridLiance Heartland changes its business model to serve load, GridLiance Heartland would populate its Formula Rate with the demand values associated with MISO Assets.

27. The Filing Parties also propose additional changes to the Formula Rate to provide clarification.<sup>38</sup>

### C. Ameren Second Protest

28. Ameren argues that, through the First Deficiency Response and deficiency response filed in Docket No. ER19-2092-001, GridLiance Heartland has effectively put forth a newly formed, expanded approach to the formula rate templates.<sup>39</sup> Ameren contends that deficiency letters are not for the purpose of allowing an applicant to effectively put forward a new rate proposal but are instead intended to allow an applicant to cure deficiencies with an original proposal. Ameren argues that, here, GridLiance Heartland uses the opportunity to expand the application of its formula rates to more than just the EEI transmission facilities contemplated for sale in the original filings in contravention of the intended purpose of the deficiency letter process. Ameren contends that this is a procedural misuse of process and the Commission should reject it.

29. Ameren notes that GridLiance Heartland's proposal effectively links the two formula rates through the TP Allocator.<sup>40</sup> Ameren contends that, to ensure that customers are paying the cost and expense of only the appropriate transmission facilities, close scrutiny is required of the TP Allocator and other allocators. Ameren requests that, if the Commission does not set for hearing the inter-linked formula rates to ensure their proper

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<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 6-7.

<sup>39</sup> Ameren Second Protest at 5.

<sup>40</sup> *Id.* at 8.

working, the Commission allow, as part of the protocol process, challenge to the allocator methodologies, similar to the decision in the January 2019 Order.<sup>41</sup>

30. Finally, Ameren asserts that there appears to be an error in the revised Note L in the revised Formula Rate included in the First Deficiency Response.<sup>42</sup> Ameren notes that GridLiance Heartland proposes to revise Note L in Attachment O to “Remove[] transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form No. 1 balances are adjusted to reflect application of seven-factor test) *or remove[] transmission plant that is not under MISO functional control.*” Ameren believes the “or” italicized above should actually be an “and.” Ameren asserts that, otherwise, GridLiance Heartland could include one or the other when neither should be included.

#### **D. Second Deficiency Response**

31. The Filing Parties state that, to ensure that there is no confusion that only MISO Assets-related load and reservations are included in the divisor inputs, GridLiance Heartland has modified footnotes A through E of the Formula Rate to include the phrase “[o]nly MISO-related items are included.”<sup>43</sup>

32. As noted above, the Filing Parties state that GridLiance Heartland requests that the Commission accept the proposed Tariff revisions to be effective on the first day of the month after the date that GridLiance Heartland acquires the MISO Assets.<sup>44</sup> The Filing Parties state that GridLiance Heartland seeks to close the transaction to acquire the MISO Assets by February 29, 2020 and to transfer functional control to MISO on March 1, 2020.

### **IV. Discussion**

#### **A. Procedural Matters**

33. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), Ameren’s timely, unopposed motion to intervene serves to make it party to this proceeding.

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<sup>41</sup> *Id.* at 9 (citing January 2019 Order, 166 FERC ¶ 61,067 at P 36).

<sup>42</sup> *Id.* at 11.

<sup>43</sup> Second Deficiency Response at 1-2.

<sup>44</sup> *Id.* at 2.

## **B. Substantive Matters**

34. We accept the proposed Tariff revisions, to become effective the first day of the month after the date on which GridLiance Heartland acquires the EEI Assets, subject to condition. We direct the Filing Parties to notify the Commission, within 10 days of the date on which the acquisition of the EEI Assets is consummated, of the date on which the proposed Tariff revisions will become effective.

35. With the primary exception of GridLiance Heartland's proposed use of the Formula Rate's TP Allocator, as well as minor corrections, the Formula Rate incorporated via the proposed Tariff revisions is substantively identical to the formula rate template and protocols accepted by the Commission in the January 2019 Order.<sup>45</sup> We disagree with Ameren that an evidentiary hearing is necessary to provide closer scrutiny of GridLiance Heartland's proposed use of the TP Allocator. GridLiance Heartland's deficiency response has provided us with a sufficient understanding of the intended use and functionality of the TP Allocator. Specifically, with the proposed revisions, the TP Allocator removes the costs of any transmission plant not under MISO's functional control, or operating expenses associated with that plant, from the Formula Rate's revenue requirement.<sup>46</sup> While the TP Allocator addresses the unique circumstances of GridLiance Heartland's business model, we note that use of a TP Allocator to allocate costs among facilities or groups of facilities is a common element among the Commission-approved MISO Attachment O formula rate templates.<sup>47</sup>

36. In response to Ameren's alternative request, we clarify that the inputs to the TP Allocator, like any other input in the Formula Rate, are updated annually and subject to the protocols' information exchange and challenge procedures. However, we disagree with Ameren's suggestion that the TP Allocator be subject to challenge under the protocols in a manner similar to the affiliate cost allocation methodologies addressed in the January 2019 Order. Unlike the affiliate cost allocation methodologies, the use of the TP Allocator and the method by which it is calculated is part of the filed rate and thus not

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<sup>45</sup> We note that the proposed ROE is subject to the outcome of the complaint proceedings in Docket Nos. EL14-12 and EL15-45. *See* January 2019 Order, 166 FERC ¶ 61,067 at P 38.

<sup>46</sup> As accepted in the January 2019 Order, the TP Allocator also removes costs associated with "transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form No. 1 balances are adjusted to reflect application of seven-factor test)." GridLiance Heartland Formula Rate, Attachment O, page 4, line 2, and page 5, Note L.

<sup>47</sup> *See, e.g.*, MISO FERC Electric Tariff, Attachment O, 3, FERC Form 1 Generic Rate Formula Template, 34.0.0.

subject to challenges provided for in the protocols. Instead, the protocols provide that any interested party may request more information on or challenge only the inputs and information affecting the inputs to, as well as the proper application of, the TP Allocator.<sup>48</sup>

37. We deny Ameren's request to direct GridLiance Heartland to revise the TP Allocator explanatory note, Note L. We disagree with Ameren that Note L as proposed necessitates the removal of state-jurisdictional transmission plant to the exclusion of other transmission plant not under MISO functional control (or vice versa). As described by GridLiance Heartland, the "intent of Note L is to clarify that the value of *any* Non-MISO Assets will not be included in the [TP Allocator calculation]."<sup>49</sup> Use of the word "or" does not contradict this intent.

38. We disagree with Ameren's contention that GridLiance's Heartland's Deficiency Responses have effectively put forth a new rate proposal. GridLiance Heartland's original Filing in this proceeding, as well as its original OATT filing in Docket No. ER19-2092-000, reflect the intent to apply to the EEI Assets and any future GridLiance Heartland acquired assets. We find that the Deficiency Responses clarify the formula rates consistent with this intent.<sup>50</sup>

39. We also deny Ameren's request to require GridLiance Heartland to confirm whether information in Attachment 4 of the Formula Rate has been redacted or just shaded. Attachment 4 labels such columns as reserved, not relating to adjacent columns for Unamortized Regulatory Asset and Unamortized Abandoned Plant. Therefore, such columns are, as Ameren speculates, simply shaded.

40. Finally, regarding the hearing and settlement judge procedures established in the January 2019 Order, as noted above,<sup>51</sup> in the December 2019 Order, the Commission issued an order approving a Settlement resolving all issues in dispute in those

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<sup>48</sup> See, proposed MISO FERC Electric Tariff, Attachment O, 89, GridLiance Heartland Annual True-Up, Info Exchange, 32.0.0

<sup>49</sup> First Deficiency Response at 3.

<sup>50</sup> See, e.g., Filing at 1 ("This [F]iling adds an [ATRR] and implements a [Formula Rate] for transmission service using the facilities of [GridLiance Heartland] when GridLiance Heartland transfers functional control of its transmission facilities to MISO.").

<sup>51</sup> See *supra* section I.C.

proceedings.<sup>52</sup> Additionally, in that order, the Commission directed GridLiance Heartland and certain of its affiliates to make a compliance filing with revised tariff records. Consequently, we direct the Filing Parties to make a compliance filing within 30 days of this order, if necessary, and any additional compliance filings as required to incorporate any revisions necessary to conform to the Settlement.

The Commission orders:

(A) The Filing Parties' proposed Tariff revisions are hereby accepted, subject to condition, to become effective the first day of the month after the date on which GridLiance Heartland acquires the EEI Assets, as discussed in the body of this order.

(B) The Filing Parties are hereby directed to notify the Commission, within ten (10) days of the date on which the acquisition of the EEI Assets is consummated, of the date on which the proposed Tariff revisions will become effective, as discussed in the body of this order.

(C) The Filing Parties are hereby directed to submit a compliance filing within thirty (30) days of the date of this order and any other further compliance filings as necessary, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>52</sup> December 2019 Order, 169 FERC ¶ 61,206.