

170 FERC ¶ 61,226
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midcontinent Independent System Operator, Inc.

Docket Nos. ER20-170-000
ER20-170-001

ORDER ACCEPTING TARIFF REVISIONS

(Issued March 19, 2020)

1. On October 23, 2019, pursuant to section 205 of the Federal Power Act (FPA),¹ Midcontinent Independent System Operator, Inc. (MISO) and MISO Transmission Owners² (collectively, Filing Parties) submitted revisions to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) to include a new

¹ 16 U.S.C. § 824d (2018).

² MISO Transmission Owners for this filing consist of: Ameren Services Company, as agent for Union Electric Company, Ameren Illinois Company; American Transmission Company LLC; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC; Cooperative Energy; Dairyland Power Cooperative; Duke Energy Business Services, LLC for Duke Energy Indiana, LLC; East Texas Electric Cooperative; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, LLC; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company; ITC Midwest LLC; Lafayette Utilities System; Michigan Electric Transmission Company, LLC; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company LLC; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power Inc.; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

Schedule 50 that would enable MISO Transmission Owners' recovery from interconnection customers of reasonable expenses, including overhead, associated with operation, maintenance, and repair of a Transmission Owner's Interconnection Facilities (TOIF).³ We accept the filing, to become effective January 1, 2020, as requested, as discussed further below.

I. Background

2. Filing Parties state that section 10.5 of MISO's *pro forma* Generator Interconnection Agreement (GIA) makes interconnection customers responsible for all reasonable expenses, including overheads, associated with operation, maintenance, repair, and replacement (O&M expenses) of TOIF.⁴ Filing Parties explain that TOIF include all facilities and equipment owned by the transmission owner from the point of change of ownership to the point where the interconnection facilities connect to the transmission system, including any modification, additions or upgrades to such equipment.⁵ Filing Parties further explain that TOIF are "sole use facilities" and do not include distribution upgrades, generator upgrades, stand-alone network upgrades, or network upgrades.

3. On June 1, 2018, Filing Parties submitted proposed Tariff revisions that included an initial proposal of Schedule 50 to implement a generic cost recovery mechanism under which transmission owners could collect O&M expenses associated with TOIFs from interconnection customers.⁶ Filing Parties proposed to allocate the costs to interconnection customers using a gross plant allocator, and then credit the revenue collected against the annual transmission revenue requirement (ATRR) to reduce the revenue requirement for transmission customers. Under the proposal, transmission owners would develop the allocator based on the TOIFs' installed costs or a proxy of their gross plant value, and then use the allocator to assign to the interconnection customer a proportionate share of the transmission owner's total O&M expenses. To approximate the plant value of the TOIFs when installed costs were unavailable, Filing Parties proposed to use the estimated construction costs contained in the GIA as a proxy.

³ MISO states that it joins the filing as the administrator of its Tariff, but takes no position on the substance of the filing and reserves the right to comment or protest. Filing, Transmittal Letter at 1 n.1.

⁴ *Id.* at 3.

⁵ *Id.* (citing MISO Tariff, Att. X, App. 6, Art. 1 (Definitions)).

⁶ See MISO and MISO Transmission Owners Schedule 50 Filing, Docket No. ER18-1731-000 (filed June 1, 2018).

4. On October 12, 2018, the Commission issued an order rejecting Filing Parties' proposed tariff revisions, without prejudice.⁷ First, the Commission found that Filing Parties did not provide evidence that the estimated costs listed in GIAs for TOIFs are a reasonable proxy for actual costs for the purpose of deriving a charge for O&M expenses of the facilities during their service lives.⁸ Second, the Commission found that Filing Parties' proposed use of estimated TOIF construction costs from GIAs as a proxy for the actual TOIF costs, without the requirement to provide support for such estimated costs in an FPA section 205 filing at the Commission, would require the Commission to accept the use of estimated values for the purpose of deriving a charge for O&M expenses of the facilities during their service lives without an opportunity to review the reasonableness of such estimates as a proxy for actual TOIF costs. Third, the Commission found that Filing Parties did not demonstrate why the estimated value for the TOIF construction costs are distinguishable from any other estimate that could be used as a proxy value that would merit allowing their use for the purpose of deriving the proposed Schedule 50 charge without an opportunity for the Commission to review the reasonableness of such estimates. Finally, the Commission found that the proposed proration calculation failed to provide a mechanism to account for the rate effects that the expiration of a GIA in the prompt year would have on the annual charge for that year; that is, if a GIA expires midyear, the interconnection customer should only be charged for the days of the year that it had an effective GIA.⁹

II. Filing

5. Filing Parties state that, while MISO's *pro forma* GIA requires interconnection customers to pay for all reasonable O&M expenses associated with TOIFs, MISO's Tariff contains no mechanism to enable a transmission owner's calculation and recovery of such expenses.¹⁰ Filing Parties state that the proposed Schedule 50 enables transmission owners to calculate and charge an "Annual O&M and Overheads Charge" that will be collected from each responsible interconnection customer, and revenues from the charge will be treated as a revenue credit reducing the net revenue requirement to be collected from transmission customers under Attachment O of the Tariff. Filing Parties state that proposed Schedule 50 is consistent with the Commission's cost causation principles because it establishes a mechanism to recover TOIF-related O&M expenses

⁷ *Midcontinent Indep. Sys. Operator, Inc.*, 165 FERC ¶ 61,015 (2018) (October 2018 Order).

⁸ *Id.* P 30.

⁹ *Id.* P 31.

¹⁰ Filing, Transmittal Letter at 4.

from responsible interconnection customers and ensures that such costs are not borne by other transmission customers.¹¹

6. Filing Parties state that the proposed Schedule 50 provides a transparent mechanism for the calculation and recovery of O&M expenses associated with TOIF from interconnection customers because it relies on inputs from the transmission owner's Attachment O rate calculations and verifiable historical cost data.¹² Filing Parties state that the Annual O&M and Overheads Charge is computed as: (1) the quotient of (a) the transmission owner's total annual O&M expense in the prior calendar year and (b) the sum of the transmission owner's total annual transmission gross plant in the prior calendar year and any payments received by the transmission owner for contribution in aid of construction (CIAC) for transmission facilities; (2) multiplied by the installed cost of the TOIF that serves the individual interconnection customer, net of any associated retirements.¹³ Filing Parties explain that, in the limited number of instances in which a transmission owner is not able to ascertain the precise dollar amount for payments received for CIACs or the installed cost of the TOIF, a proxy or average value will be used.¹⁴ Filing Parties further explain, in such instances, the transmission owner will make an FPA section 205 filing with the Commission that specifies the proxy or average value and provides support as to how the value was derived. Filing Parties state that the Commission has permitted a similar approach in other cases.¹⁵ Filing Parties state that proposed Schedule 50 also mitigates against the possibility of double-recovery of O&M expenses because O&M expenses recovered through the Annual O&M and Overheads Charge will be credited to Account 456 or Account 456.1.¹⁶ Filing Parties explain that this credit aligns with the Commission's cost causation principle by facilitating recovery of O&M expenses from transmission customers and interconnection customers in proportion to such customers' contributions to causing such O&M expenses.¹⁷

¹¹ *Id.* at 4-5.

¹² *Id.* at 6-7.

¹³ *Id.* at 7-8.

¹⁴ *Id.* at 9.

¹⁵ *Id.* (citing *Allegheny Power*, 122 FERC ¶ 61,160 (2008)).

¹⁶ *Id.* at 7.

¹⁷ *Id.* at 9-10.

7. Filing Parties note that, in the October 2018 Order, the Commission rejected without prejudice the previous version of proposed Schedule 50, identifying four issues with the proposal, which Filing Parties state are addressed in the current version of proposed Schedule 50.¹⁸ First, Filing Parties state that the present version of Schedule 50 eliminates the use of estimated construction costs of TOIF without first making an FPA section 205 filing at the Commission specifying the value to be used. Second, Filing Parties state that the present version of Schedule 50 will prorate the Annual O&M and Overheads Charge so that it applies only for the days after the effective date of Schedule 50. Third, Filing Parties note that Schedule 50 will also prorate the Annual O&M and Overheads Charge in the event that a GIA expires, terminates, or is initiated mid-year.¹⁹

8. Finally, Filing Parties state that the October 2018 Order noted that, if a future filing proposes “to derive a charge for O&M expenses related to TOIF based on a transmission owner’s total annual O&M expense in the prior year, Filing Parties should provide justification for using a transmission owner’s total annual O&M expense for its total gross transmission plant in the formula to calculate annual O&M expenses related to TOIF.”²⁰ Filing Parties propose to use Schedule 50 to recover reasonable O&M expenses associated with TOIF because nearly all of the MISO transmission owners are not able to calculate and assign such costs directly to interconnection customers. Filing Parties state that nearly all MISO transmission owners’ accounting systems do not contain cost and activity mechanisms of a level sufficiently granular to enable them to assign directly to interconnection customers the specific O&M expenses associated with each customer’s related TOIF. Filing Parties contend that it would be extremely expensive and burdensome for transmission owners to revise their accounting systems and business practices to enable all MISO transmission owners to assign to interconnection customers O&M expenses associated with TOIF directly. Filing Parties state that, though a small number of individual MISO transmission owners may be able to calculate and utilize direct assignment of such costs, if accepted by the Commission, all MISO transmission owners will use proposed Schedule 50 to recover reasonable O&M expenses associated with TOIF.

9. Filing Parties assert that, generally, MISO transmission owners track transmission O&M expenses using one or more of the following bases: (1) departmental; (2) activity; and/or (3) project.²¹ First, Filing Parties state that certain O&M expenses associated with

¹⁸ *Id.* at 11.

¹⁹ *Id.* at 12.

²⁰ *Id.* (citing October 2018 Order, 165 FERC ¶ 61,015 at P 32).

²¹ *Id.*

personnel may be tracked on a departmental basis based on the specific roles or functions that the employees perform (i.e., regional transmission grid planning, reliability planning, etc.). Second, Filing Parties state that O&M expenses may be tracked on an activity basis whereby costs are assigned based on the action that is being performed (i.e., vegetation management, overhead line inspection, project maintenance, etc.).²² Finally, Filing Parties state that O&M expenses may be tracked on a project basis, thus meaning that costs are assigned to a particular project that has been identified as necessary for the repair of a transmission asset.²³ Filing Parties contend that, whether a MISO transmission owner uses one or more of these approaches, or some other approach, the fact is that most MISO transmission owners do not track O&M expenses to specific transmission assets or facilities, which would be necessary to allocate O&M expenses to each specific interconnection customer precisely.

10. Filing Parties state that, in addition to the issues associated with accounting systems, direct assignment is not possible because, in nearly all cases, a MISO transmission owner's TOIF are not easily-identifiable, discrete facilities, but instead are integrated within the MISO transmission owner's larger transmission system.²⁴ For example, when a MISO transmission owner's field technician performs maintenance on a substation, the technician may spend time performing maintenance on TOIF components within the substation, as well as performing maintenance on many other components of the substation. Thus, the exact amount of time spent on the TOIF components is not known, and requiring technicians to track their work within a substation on a component-by-component basis would be burdensome and inefficient. Filing Parties state that, because TOIF are integrated within a larger transmission system, a MISO transmission owner would still need to devise some type of allocation methodology to determine the portion of overall O&M expenses that are associated with TOIF. Filing Parties argue that the proposed Schedule 50 represents a simpler, just and reasonable method for the MISO transmission owners to devise and recover reasonable O&M expenses associated with TOIF.

11. Filing Parties argue that the proposed Schedule 50 is also consistent with TOIF O&M expenses recovery mechanisms that the Commission has previously accepted.²⁵ For example, Filing Parties state that the Commission accepted Public Service Company of Colorado's proposal, made on behalf of Southwestern Public Service Company (SPS),

²² *Id.* at 12-13.

²³ *Id.* at 13.

²⁴ *Id.*

²⁵ *Id.* at 5 (citing *Pub. Serv. Co. of Colo.*, Docket No. ER17-208-000 (Dec. 28, 2016) (delegated order)).

to revise the Xcel Energy Operating Companies FERC Electric Tariff to include a new Schedule 18B that enabled SPS to recover O&M expenses from interconnection customers for the TOIF owned by SPS.²⁶ Filing Parties state that, in that proceeding, SPS explained that the new Schedule 18B was necessary because SPS was not able to assign directly to individual interconnection customers the specific O&M expenses associated with TOIF serving each customer.²⁷

III. Notices and Responsive Pleadings

12. Notice of the filing was published in the *Federal Register*, 84 Fed. Reg. 58,149 (Dec. 30, 2019) and 84 Fed. Reg. 58,705 (Nov. 01,2019), with comments, interventions and protests due on or before November 13, 2019.

13. Timely motions to intervene were filed by: WEC Energy Group, Inc., on behalf of its subsidiaries, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Upper Michigan Energy Resources Corporation; Consumers Energy Company; Apex Clean Energy Management, LLC; DTE Electric Company; Ameren Services Company; GridLiance Heartland LLC; Alliant Energy Corporate Services, Inc.; American Transmission Company LLC; EDP Renewables North America LLC; and Calpine Corporation. Timely motions to intervene and comments/protests were filed by: Tenaska Inc. (Tenaska); American Municipal Power, Inc. (American Municipal); the American Wind Energy Association, Clean Grid Alliance, and the Solar Council (collectively, Clean Energy Entities); and EDF Renewables, Inc. and RWE Renewables Americas, LLC (collectively, Renewable Generation Owners).

14. On December 9, 2019, MISO Transmission Owners filed an answer to the comments and protests.

15. On December 19, 2019, Commission staff issued a letter notifying Filing Parties that the filing was deficient (Deficiency Letter). On January 21, 2020, in Docket No. ER20-170-001, Filing Parties filed a response to the Deficiency Letter (Deficiency Response). Notice of the Deficiency Response was published in the *Federal Register*, 85 Fed. Reg. 4,964 (Jan. 18, 2020), with protests due on or before February 11, 2020. Clean Energy Entities and Renewable Generation Owners filed timely comments. Tenaska filed timely comments on the Deficiency Response and an answer to MISO Transmission Owners' answer.

²⁶ *Id.* (citing *Pub. Serv. Co. of Colo.*, 166 FERC ¶ 61,182 (2019) (SPS Order)).

²⁷ *Id.* at 5-6 (citing SPS Order, 166 FERC ¶ 61,182 at PP 15-23).

16. On February 27, 2020, MISO Transmission Owners filed an answer to Tenaska's comments on the Deficiency Response.

A. Comments and Protests

17. Protestors broadly argue that TOIF assets differ from transmission assets, and thus utilizing inputs from Attachment O of MISO's Tariff is a poor approximation of their costs and not just and reasonable.²⁸ Tenaska argues that the cumulative impact of these differences will be to overstate TOIF O&M expenses.²⁹ Renewable Generation Owners also argue that the means to derive and collect an O&M charge on TOIF has existed since the adoption of Order No. 2003, and thus there is no need for an additional mechanism to calculate and collect these O&M expenses.³⁰ Renewable Generation Owners similarly contend that the GIA is the filed rate mechanism and that no additional mechanism is needed.³¹

18. Protestors also argue that, because some MISO transmission owners directly assign O&M expenses to TOIFs, it is not just and reasonable for those transmission owners to adopt the proposed Schedule 50.³² Clean Energy Entities also argue that, if a specific transmission owner has a particular reason why it cannot directly bill for equipment replacement or a percent of individual substation maintenance, those specific reasons should be individually justified.³³ Additionally, Renewable Generation Owners argue that, if a MISO transmission owner lacks the accounting system granularity to capture the costs for performing O&M on TOIF, then it should be ordered to revise its accounting system, and without such a proper accounting system, just and reasonable and accurate O&M expenses for interconnection service and transmission service customers cannot be achieved.³⁴

²⁸ Tenaska Comments at 5-7; Renewable Generation Owners Protest at 9-11; Clean Energy Entities Comments at 2, 5-6.

²⁹ Tenaska Comments at 5-7.

³⁰ Renewable Generation Owners Protest at 3.

³¹ *Id.* at 3-5.

³² Tenaska Comments at 5; American Municipal Protest at 3-4.

³³ Clean Energy Entities Comments at 4.

³⁴ Renewable Generation Owners Protest at 8-9.

19. Protestors allege that the proposed Schedule 50 formula will unduly shift costs to interconnection customers, resulting in subsidies to transmission customers.³⁵ Renewable Generation Owners contend that transmission service customers alone should pay for the actual costs to provide O&M services on transmission facilities, and interconnection customers alone should pay for the actual costs to provide O&M services on TOIF.³⁶ American Municipal argues that the proposed Schedule 50 is a second-best approach that would produce some measure of cross-subsidization among interconnection customers and between interconnection customers and transmission customers.³⁷

20. Protestors argue that the SPS Order is not, by itself, sufficient precedent to adopt the proposed Schedule 50, which must be shown to just and reasonable on its own merits.³⁸ Renewable Generation Owners argue that the SPS Order is distinct from the instant filing because the SPS proposal was in response to the Commission's findings in an audit that SPS was inappropriately billing O&M expenses associated with interconnection facilities, whereas Filing Parties make no such claim in the instant filing. Renewable Generation Owners also argue that the fact that the proposed proxy formula is similar to that accepted in SPS does not, in and of itself, render it just and reasonable, as the Commission has made clear that means that are just and reasonable in one context do not necessarily mean they are just and reasonable in another context.

21. Protestors raise a number of issues related to CIAC facilities. Tenaska argues that Filing Parties fail to provide any detail regarding the source that will be used to determine the amount of CIAC payments that should be included in the calculation of O&M expenses in a given year, and suggest that the amount of CIAC payments that will be included in the calculation will be subject to negotiation with individual interconnection customers where the precise value is unknown.³⁹ Tenaska requests that, if the Commission accepts Filing Parties' proposal, the Commission require Filing Parties to revise Schedule 50 to clarify the manner in which the value of CIAC payments will be calculated. Tenaska requests that, in the event that the value of CIAC payments will not be drawn from Attachment O or another publicly available source, each transmission owner should be required to make a filing each year specifying the value of CIAC

³⁵ *Id.* at 13.

³⁶ *Id.* at 14.

³⁷ American Municipal Protest at 3-4.

³⁸ Tenaska Comments at 9; Renewable Generation Owners Protest at 14-15.

³⁹ Tenaska Comments at 12.

payments to be used in the calculation of the Annual O&M and Overheads Charge and provide support for the method by which the value was derived.

22. Clean Energy Entities state that TOIFs and other CIACs are very similarly situated for O&M purposes, but that Filing Parties do not propose to impose a rate schedule for O&M expenses on other CIACs, despite their comparability.⁴⁰ Clean Energy Entities argue that the Commission should reject the proposed Schedule 50 because it would treat similarly situated customers differently without adequate justification.

23. Clean Energy Entities state that load connection facilities such as CIACs must be backed out of any proposed Schedule 50 rate, or interconnection customers could be double-paying.⁴¹ Clean Energy Entities further contend that, without granular separation of specific TOIF charges, interconnection customers risk paying for unrelated O&M via Schedule 50, and then as transmission customers would pay *again* for a share of transmission O&M expenses through transmission service rates. Clean Energy Entities state that it appears that Filing Parties may be attempting to account for the O&M expenses of non-TOIF CIACs by including them in the denominator of the rate calculation, but the filing does not propose to charge other CIACs under a dedicated rate schedule as TOIFs are, and therefore, the non-TOIF CIAC costs would presumably still be included in transmission rates. Clean Energy Entities also request clarification on how facilities that are built under the interconnection customer's Option to Build would be handled under the proposed rate, because Option to Build facilities can include TOIFs.⁴²

24. Clean Energy Entities assert the timeframe that CIACs will be considered for O&M allocation under the proposed Schedule 50 is also unclear.⁴³ Clean Energy Entities state that some of the non-TOIF CIAC facilities are 50 or more years old and would have a relatively low installed cost, and because they are older, they could have higher maintenance requirements, yet potentially be assigned a substantially lower rate to be "backed out" under this methodology. Clean Energy Entities state it is unclear how utilities that include these facilities in network rates can accurately back them out under this proposal, and that all installed CIACs on the system should be accurately backed out

⁴⁰ Clean Energy Entities Comments at 3.

⁴¹ *Id.* at 5.

⁴² *Id.* at 6.

⁴³ *Id.* at 5.

of the formula rate, and transmission owners should directly assign just and reasonable individual TOIF O&M charges based on long-established cost causation principles.⁴⁴

25. Renewable Generation Owners state that, while Filing Parties propose to use a MISO transmission owner's gross transmission plant plus CIAC for transmission facilities in the denominator of the Annual O&M and Overheads Charge, the denominator does not include network upgrades that are funded by interconnection customers.⁴⁵ Renewable Generation Owners state that network upgrades from interconnection customers are a significant amount of the new transmission build that is occurring in MISO, yet MISO has excluded the cost of these facilities from the denominator, and a larger denominator would lead to a lower resulting rate. Renewable Generation Owners note that Filing Parties propose to include in the numerator booked costs to provide O&M to its integrated transmission grid. Renewable Generation Owners argue that Filing Parties propose to inflate the numerator and deflate the denominator with regard to interconnection customer-provided network upgrades, which will lead to inflated O&M annual rates. Renewable Generation Owners note that, if the Commission is inclined to allow a proxy, the proposed formula must be adjusted to allow for consistent treatment of interconnection customer-funded network upgrades.⁴⁶ Renewable Generation Owners state that either (1) the gross cost of all such network upgrades that have been added to a MISO transmission owner's integrated grid since Order No. 2003 was adopted must be included in the denominator or (2) the O&M that the MISO transmission owner performs on all of these interconnection customer-funded network upgrades must be backed out of the numerator.

26. Tenaska also argues that, because the assessment of O&M expenses is tied to the effective date of a customer's GIA rather than when the customer actually begins receiving interconnection service, it appears that an interconnection customer could be assessed O&M expenses for periods when it is not actually receiving service.⁴⁷ Tenaska asserts that if the TOIFs have not been placed in service and are not being used to provide service to the customer, there is no basis for allocating O&M expenses to the customer.⁴⁸ Tenaska notes that, in the October 2018 Order, the Commission found that it was inappropriate to charge an interconnection customer for O&M expenses incurred after its GIA had terminated or expired and that an interconnection customer should only be

⁴⁴ *Id.* at 5-6.

⁴⁵ Renewable Generation Owners Protest at 12.

⁴⁶ *Id.* at 13.

⁴⁷ Tenaska Comments at 7-8.

⁴⁸ *Id.* at 8.

charged for that period when it was receiving service.⁴⁹ Tenaska asks that, if the Commission does not reject Filing Parties' proposal, the Commission should, at a minimum, direct Filing Parties to modify Schedule 50 to: (1) provide that an O&M charge will only be assessed to a customer whose TOIFs were in service during the previous calendar year; and (2) provide that the amount of any such charge will be prorated to reflect the number of days in which the TOIFs were in-service and being used to serve the customer.⁵⁰

27. Tenaska argues that, if an interconnection customer is only assessed an O&M charge for TOIFs in service, then the cost of the TOIFs should be readily available at the time that the transmission owners calculate the O&M expenses to be allocated to each customer.⁵¹ In that case, Tenaska argues there is no justification for using a proxy or average value as the basis for a customer's O&M expenses.

28. Additionally, Tenaska requests that, if the Commission does not reject Filing Parties' proposal, the Commission should direct Filing Parties to clarify the calculation of the Annual O&M and Overheads Charge.⁵² Tenaska argues that non-plant costs, such as administrative and general costs, land acquisition costs, and other similar costs that do not drive O&M activities or expenses during the term of a GIA should be excluded from the installed cost of TOIFs used as the basis of the calculation of a customer's charges under Schedule 50, and that including such costs in the estimated cost of TOIFs would have the effect of inflating the O&M expenses assessed to interconnection customers, thereby forcing interconnection customers to bear the cost of O&M expenses being incurred to provide service to other customers.⁵³

29. Renewable Generation Owners assert that, over time, some TOIF cease to be solely used by an interconnection customer and that at times, the MISO transmission owner will utilize the TOIF to support grid services.⁵⁴ Renewable Generation Owners state that, when that occurs, the facility should be re-categorized as a network upgrade, or the interconnection customer should be charged for O&M services on a *pro rata* installed

⁴⁹ *Id.* (citing October 2018 Order, 165 FERC ¶ 61,015 at P 32).

⁵⁰ *Id.* at 8-9.

⁵¹ *Id.* at 9.

⁵² *Id.* at 11.

⁵³ *Id.* at 10-11.

⁵⁴ Renewable Generation Owners Protest at 13.

cost basis unless the MISO transmission owner can pinpoint O&M services that are performed for the true interconnection customer TOIF components.

30. American Municipal states that, while the crediting mechanism of the proposal may mitigate the possibility of double-recovery between interconnection customers and transmission customers, it does nothing to mitigate the possibility of over-recovery of TOIF-related O&M expenses from the body of interconnection customers.⁵⁵ American Municipal states that the possibility arises from the fact that some interconnection customers already pay TOIF-related O&M expenses under their existing interconnection agreements, and if those directly-paid costs are also included in calculating the Annual O&M and Overheads Charge pursuant to Schedule 50, the likelihood is that the combination of the directly-paid costs and the costs recovered through Schedule 50 will exceed a transmission owner's total TOIF-related O&M expenses. American Municipal states that, to prevent this, the Commission should direct Filing Parties to modify Schedule 50 in order to reduce a transmission owner's total annual O&M expense in the prior calendar year by the amount of any TOIF-related O&M expenses that are directly paid under an existing interconnection agreement.

31. Clean Energy Entities state that there are a significant number of older generators that came online prior to MISO's *pro forma* GIA, and under the filing, newer customers would be subsidizing O&M on these older facilities, as O&M expenses are likely to be higher in proportion to the age of a facility.⁵⁶

B. Answers

32. MISO Transmission Owners reply that proposed Schedule 50 is just and reasonable, and that the existence of alternative approaches does not render its proposal unjust and unreasonable.⁵⁷ MISO Transmission Owners reiterate that it would be unduly burdensome to directly track TOIF O&M expenses because these facilities are often integrated with non-TOIF facilities in substations, and transmission owner personnel do not separately track their effort devoted to performing TOIF-related O&M.⁵⁸ MISO Transmission Owners argue that it is just and reasonable to include non-plant costs such as administrative and general costs in the proposed Schedule 50 because all transmission

⁵⁵ American Municipal Protest at 5.

⁵⁶ Clean Energy Entities Comments at 6.

⁵⁷ MISO Transmission Owners Answer at 5-7.

⁵⁸ *Id.* at 7-8.

facilities share the cost of overhead.⁵⁹ MISO Transmission Owners also reiterate that the proposal provides a transparent and uniform mechanism for recovering TOIF O&M expenses and avoids the potential claims of undue discrimination.⁶⁰

33. MISO Transmission Owners argue that the Public Service Company of Colorado and SPS Orders are relevant precedent because, like proposed Schedule 50, they adopt an allocator-based formula to recover TOIF O&M expenses.⁶¹ MISO Transmission Owners note that, in the SPS Order, the Commission rejected the argument that an allocator-based approach creates improper subsidies to transmission customers at the expense of interconnection customers. MISO Transmission Owners also argue that the proposed Schedule 50 is consistent with the Commission's cost causation principle, which does not require precise cost allocation but rather that costs be allocated in a manner roughly commensurate with benefits.⁶² Finally, MISO Transmission Owners state that the proposed Schedule 50 addresses the Commission's concerns in the October 2018 Order by eliminating the use of estimated construction costs, and requiring an FPA section 205 filing when proxy costs are used.⁶³

34. MISO Transmission Owners state that the use of total O&M under proposed Schedule 50 is consistent with how O&M is treated for other "newer" transmission facilities and does not inflate costs.⁶⁴ For example, MISO Transmission Owners state that Attachments GG and MM of the MISO Tariff both allocate a portion of total O&M expenses, even though these attachments develop the revenue requirements and charges for new transmission facilities that, like the protestors claim for TOIF, require less maintenance generally than aging facilities.⁶⁵ MISO Transmission Owners explain that every customer using the MISO transmission system pays a portion of the total O&M of

⁵⁹ *Id.* at 18-19.

⁶⁰ *Id.* at 8-10.

⁶¹ *Id.* at 10-13.

⁶² *Id.* at 14-15.

⁶³ *Id.* at 18.

⁶⁴ *Id.* at 19.

⁶⁵ MISO Transmission Owners note that Attachment GG develops the Network Upgrade Charge for Market Efficiency Projects and Attachment MM develops the Multi-value Projects Charge. *Id.* n.62.

the system, and protestors' assertions regarding the relative age of facilities provide no basis for treating interconnection customers differently.

35. Tenaska argues that MISO Transmission Owners failed to provide evidence that would allow the Commission to assess whether the proposed rate schedule will result in the allocation of O&M expenses in a manner consistent with cost causation principles, and given that some MISO transmission owners already track O&M expenses associated with TOIFs, Tenaska argues that it would not be unreasonable to require MISO transmission owners to use this information to provide an analysis of the costs that would be borne by customers interconnected to the system of those MISO transmission owners under the proposed Schedule 50.⁶⁶ Tenaska states that, under section 35.13 of the Commission's regulations, a public utility proposing a rate change is typically required to provide cost-of-service data, including specifying the magnitude and effect of the rate change at issue, which Filing Parties have failed to provide.

36. Tenaska also argues that the facts in the SPS Order are sufficiently different than the instant proceeding.⁶⁷ Tenaska contends that Filing Parties have failed to provide any analysis substantiating the magnitude of the expenses that would be assessed to interconnection customers, or that the expenses assessed would bear any relationship to the costs actually incurred with the O&M of their TOIFs. Tenaska also expresses concern over the possibly for use of proxy values. Tenaska reiterates its position that non-plant costs should be excluded from O&M expenses, and that if the Commission accepts Filing Parties' proposal, it should direct them to modify the proposal to ensure that interconnection customers are not assessed O&M expenses for periods prior to when their TOIFs are placed in-service or after their GIA is terminated.⁶⁸

C. Deficiency Letter and Deficiency Response

37. In the Deficiency Letter, Commission staff asked Filing Parties to explain, for each MISO transmission owner that currently recovers costs from interconnection customers for TOIF-related O&M, what costs are recovered, whether there are any TOIF-related O&M expenses that are not recovered from interconnection customers, and if transmission owners recover TOIF-related O&M expenses from interconnection customers for all of their respective TOIFs, or only a portion of the TOIFs. Commission staff also asked Filing Parties, for transmission owners that currently do not recover costs from interconnection customers for TOIF-related O&M, how do those transmission owners recover TOIF-related O&M expenses. Filing Parties were also asked to explain

⁶⁶ Tenaska Answer at 3-6.

⁶⁷ *Id.* at 6-7.

⁶⁸ *Id.* at 7-9.

the average useful life of TOIFs and provide a comparison of that useful life to the useful life of other transmission facilities. Finally, Commission staff noted that, in their answer to the protests, MISO Transmission Owners clarified that O&M expenses will not be assessed until O&M expenses are incurred and asked Filing Parties to either explain where this concept is indicated in the proposed Tariff language or justify its absence.

38. In their Deficiency Response, Filing Parties state that International Transmission Company, ITC Midwest LLC, and Michigan Electric Transmission Company, LLC (together, ITC Companies), recently developed a methodology to recover TOIF-related O&M expenses from interconnection customers and are currently the only MISO transmission owners that recover these costs from interconnection customers.⁶⁹ Filing Parties state that ITC Companies have developed a process that identifies all known TOIF facilities and creates a unique billing agreement number for each TOIF agreement, and ITC Companies' asset management database and billing systems are capable of tracking TOIF-related O&M expenses with this billing agreement number.

39. Filing Parties state that TOIF-related O&M expenses are recovered based on a hybrid of two distinct methods: direct assignment and allocation.⁷⁰ Filing Parties state that the direct assignment method is used to recover costs for periodic maintenance and repair of TOIFs. Filing Parties state that, for periodic maintenance, such as a pole top switch inspection or circuit breaker major inspection, the maintenance personnel's time will be charged to a unique work task that has been tagged with the TOIF agreement number.⁷¹ Filing Parties state that the allocation method captures TOIF-related O&M expenses that are not practical to assign directly, such as when maintenance activities and inspections are intermingled with non-TOIF equipment and conducted at the same time.⁷² Filing Parties state that ITC Companies use historical costs and time estimates to allocate a reasonable estimate of the expense and to break out the O&M expenses for the TOIF equipment during these activities.

⁶⁹ Deficiency Response, Ex. A at 1.

⁷⁰ *Id.*

⁷¹ *Id.* at 1-2.

⁷² *Id.* at 2.

40. Filing Parties state that no overhead costs, specifically administrative and general costs, are recovered from interconnection customers associated with TOIF.⁷³ Filing Parties state that total A&G costs, as shown on page 3, line 3, column 5 of Attachment O are recovered from transmission customers through MISO transmission rates under Schedules 7, 8, 9, 26, and 26A, or through charges under certain Grandfathered Agreements.

41. Filing Parties state that, except for ITC Companies, no other MISO transmission owners currently recover TOIF-related O&M expenses directly from interconnection customers, and that many MISO transmission owners do not currently have any TOIFs.⁷⁴ For those that do, Filing Parties state that TOIF-related O&M expenses are not differentiated from other transmission-related O&M, and that these O&M expenses are recovered through the transmission owners' other filed rates, as there is no mechanism in place currently to calculate and collect customer-specific TOIF-related O&M expenses from individual interconnection customers. Filing Parties reiterate that: (1) TOIF and non-TOIF assets are intermingled in common locations; (2) in most cases, assigning discrete O&M expenses for TOIF requires the adoption of considerable changes to personnel time-keeping and accounting systems and, therefore, is not practical; and (3) that transmission owners typically do not have systems in place to allocate diverse categories of costs (e.g., vegetation management, reliability grid costs, overhead line inspections, and various other substation expenses) at the facility level. Further, Filing Parties argue that, as noted above, even the transmission owners that currently recover TOIF-related O&M expenses directly from interconnection customers utilize an allocation method for certain costs because cost tracking and allocation cannot be done with exact precision or in a cost effective manner. Filing Parties state that, for these reasons, O&M expenses are not able to be tracked and billed directly to interconnection customers on a customer-by-customer basis, and an allocator-based approach ensures that a reasonable portion of the costs associated with operating and maintaining TOIF is billed to and paid by interconnection customers. Filing Parties state that Schedule 50 provides a reasonable allocator-based mechanism that is consistent with other Commission-accepted methods.⁷⁵

42. Filing Parties state that the average useful life of TOIFs is the same as the average useful life of other similar transmission facilities.⁷⁶ Filing Parties state that there is no difference between the useful life of TOIF and non-TOIF assets of the same kind; that is,

⁷³ *Id.* at 3.

⁷⁴ *Id.* at 4.

⁷⁵ *Id.* at 5.

⁷⁶ *Id.*

a switch that is related to TOIF has the same life expectancy of the same switch used in a non-TOIF facility.

43. As for the request by Commission staff to explain how the proposal provides that O&M expenses will not be assessed until O&M expenses are incurred, Filing Parties note that Section II of proposed Schedule 50 states:

Such annual charge will be prorated as necessary to account for partial years that a facility is in service. The proration will be calculated by taking the charge that would be incurred if the facility had been in service for the entire prior calendar year and multiplying it by the number of days the facility was actually in service during the prior calendar year divided by the total number of days in the prior calendar year.⁷⁷

Filing Parties state that this provides that, if TOIF is placed into service midyear, O&M expenses will be calculated on a prorated basis and the interconnection customer will only pay O&M expenses for the facility for the portion of the year that it was in service.⁷⁸

D. Comments on the Deficiency Response

44. Clean Energy Entities, Renewable Generation Owners, and Tenaska argue that the Deficiency Response reinforces their argument that directly assigning TOIF O&M expenses is possible and not burdensome.⁷⁹ Protestors reiterate their argument that the proposed Schedule 50 will include unnecessary overhead costs and thus overcharge interconnection customers.⁸⁰ Renewable Generation Owners also argue that, since MISO has proposed Tariff revisions in a separate docket to redefine how costs are allocated for Market Efficiency transmission projects, MISO should apply the same level of specificity

⁷⁷ *Id.* (citing Filing, Ex. I § II (emphasis added)).

⁷⁸ *Id.* at 6.

⁷⁹ Clean Energy Entities Comments on the Deficiency Response at 2-3; Renewable Generation Owners Comments on the Deficiency Response at 2-3; Tenaska Comments on the Deficiency Response at 5.

⁸⁰ Clean Energy Entities Comments on the Deficiency Response at 3-4; Renewable Generation Owners Comments on the Deficiency Response at 2; Tenaska Comments on the Deficiency Response at 2, 7-8.

to TOIF O&M expenses.⁸¹ Finally, Tenaska reiterates that the SPS Order is distinct from the proposed Schedule 50 because SPS provided information in the record regarding the magnitude of the proposed charges, and did not use proxy values.⁸²

E. Answer to Comments on the Deficiency Response

45. MISO Transmission Owners argue that the Commission should ignore protestors' arguments that MISO transmission owners should directly assign TOIF-related expenses, stating that the proposed Schedule 50 is based on similar, Commission-approved methodologies, and that Filing Parties do not need to demonstrate that all other alternative methods are unjust and unreasonable in order to demonstrate that their proposed methodology is just and reasonable.⁸³ MISO Transmission Owners further note that the direct assignment of TOIF-related expenses is limited to three transmission owners within the same corporate structure, and is not actually a pure 'direct assignment approach,' but rather employs an allocator-based method for apportioning TOIF-related O&M expenses, not unlike Schedule 50.⁸⁴

46. With regard to the use of proxy or average values for certain inputs, MISO Transmission Owners clarify that a transmission owner and interconnection customer will work together to generate the proxy or average value, and then the MISO transmission owner will make a filing with the Commission, pursuant to FPA section 205, that specifies the proxy or average value and provides support as to how the value was derived. MISO Transmission Owners expect that the use of a proxy or average value will only arise for legacy interconnection agreements pre-dating Order No. 2003, or pre-dating the formation of MISO.⁸⁵ MISO Transmission Owners restate that, when actual values are known, which would be for most cases, Schedule 50 dictates that actual values be used. MISO Transmission Owners state that these processes ensure that customers are

⁸¹ Renewable Generation Owners Comments on the Deficiency Response at 3 (citing *Midcontinent Indep. Sys. Operator, Inc.*, Proposed Revisions to Tariff Module A, Attachment FF And New Attachment FF-7 and FF-8 to Expand and Clarify Economic Project Selection and Cost Allocation at 25, Docket No. ER20-857-000 (filed Jan. 21, 2020)).

⁸² Tenaska Deficiency Comments on the Deficiency Response at 6-7.

⁸³ MISO Transmission Owners Reply at 4-5.

⁸⁴ *Id.* at 5-8.

⁸⁵ *Id.* at 9-10.

paying a just and reasonable amount based on just and reasonable, and Commission-accepted inputs.⁸⁶

47. MISO Transmission Owners state that both MISO's and the Commission's *pro forma* GIA require interconnection customers to pay for all reasonable O&M expenses associated with TOIF, which included overhead costs.⁸⁷ Further, MISO Transmission Owners state that, similar to the Annual Interconnection Customer O&M Charge that the Commission accepted for SPS, the Annual O&M and Overheads Charge set forth in proposed Schedule 50 uses total annual O&M expense and total annual gross transmission plant to derive the interconnection customer's annual interconnection O&M rate. With regard to Tenaska's argument that certain non-plant costs should be excluded, MISO Transmission Owners contend that this is contrary to both the interconnection customer's obligations under the *pro forma* GIA and Commission precedent accepting the SPS formula.

48. MISO Transmission Owners state that TOIFs are designed and built to the same standards as other transmission facilities, so there would not be any greater or lesser life expectancy of TOIF as compared to other transmission facilities.⁸⁸ MISO Transmission Owners state that they have already addressed protesters concerns that interconnection customers are not charged expenses prior to TOIFs being placed into service, and that no further revision or clarification is necessary.⁸⁹

IV. Discussion

A. Procedural Matters

49. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

50. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

⁸⁶ *Id.* at 9-11.

⁸⁷ *Id.* at 12.

⁸⁸ *Id.* at 10.

⁸⁹ *Id.* at 12.

B. Substantive Matters

51. We find that the proposed Tariff revisions are just, reasonable, and not unduly discriminatory or preferential and therefore accept them, effective January 1, 2020, as further discussed below.

52. We find that proposed Schedule 50 addresses the concern stated in the October 2018 Order by using installed costs of the TOIF serving the specific interconnection customer to calculate the Annual O&M Overheads Charge when available, and when not available, submitting any alternate costs used in the calculation to the Commission for review and approval through an FPA section 205 filing.

53. We find that the proposed use of installed costs of the facilities, when available, as a share of gross transmission plant to assign a share of total system O&M expenses represents a just and reasonable method for allocating all of the various types of O&M expenses associated with TOIFs. As discussed further below, we find that this methodology does not result in cross-subsidization between interconnection customers and transmission customers, and therefore is not unduly discriminatory. We find Schedule 50 to be a just and reasonable approach to assigning O&M expenses to the interconnection customers that cause them.⁹⁰

54. Protestors argue that utilizing the proposed Schedule 50 would result in cross-subsidizing transmission customers at the expense of interconnection customers. We disagree. These arguments are largely premised on unsupported assertions that the O&M expenses incurred for TOIFs are consistently and materially different from those of other transmission facilities when measured on a gross plant basis. Protestors have presented no evidence to support their conclusion that the average useful life of a TOIF or the O&M expenses associated with the TOIF differ from the useful life of another transmission facility or their associated O&M expenses. Instead, as noted above, we find that assigning costs based on installed costs as a share of gross plant represents a just and reasonable method for assigning costs. Thus, Filing Parties' proposed allocation of average O&M expenses based on gross plant represents a reasonable method for determining the costs of operating and maintaining an interconnection facility over its lifespan.

⁹⁰ See, e.g., *Am. Elec. Power Serv. Corp.*, 116 FERC ¶ 61,179, at P 25 (2006) (“[T]he Commission is not obligated to consider the protestors’ preferred alternatives; we must decide whether [the filer] has shown that its filing meets the statutory standard, not whether alternatives offered by intervenors are better. [The filer’s] proposed provisions need be neither perfect nor even the most desirable; they need only be just and reasonable and not unduly discriminatory or preferential.”).

55. Some commenters assert that, because some transmission owners can directly assign these costs, those transmission owners should be required to do so. We disagree. As Filing Parties described in their Deficiency Response, even in the instances where transmission owners utilize direct billing, not all costs are able to be directly assigned, some are assigned based on various allocators, and some costs are not even recovered.⁹¹ Additionally, we disagree with commenters' argument that proposed Schedule 50 should be rejected in favor of direct billing, or that the that proposed Schedule 50 is not needed because the current GIA is already sufficient for transmission owners to collect all TOIF-related expenses. While the GIA does define the expenses transmission owners are able to recover from interconnection customers for TOIFs, it does not specify what mechanism will be used to effectuate that cost recovery. We are convinced by Filing Parties' arguments that, given the high expense and burden associated with directly assigning these costs, including revising their accounting systems to track O&M expenses at the facility level and developing an additional mechanism to allocate overheads, it is not always feasible to do so. We further note that at least some costs cannot, by their nature, be directly assigned. Therefore, it is reasonable for Filing Parties to propose a Tariff mechanism to effectuate this cost recovery. As for requiring the few MISO transmission owners that already provide direct billing to TOIFs to instead utilize some alternative mechanism, we reiterate our finding above that the Filing Parties' proposed allocation of average O&M expenses based on gross plant represents a reasonable method for determining the costs of operating and maintaining an interconnection facility over its lifespan.⁹²

56. Tenaska states interconnection customers could be billed before assets are in service because O&M is assessed after the GIA is signed. We do not find this concern availing. As the proposed Tariff language notes, charges will "be prorated as necessary to account for partial years that a facility is in service." This ensures that bills will only be issued based on a facility's in-service date. In other words, if an interconnection customer had an effective GIA in a calendar year but did not have any TOIFs in service that year, the interconnection customer would not be required to pay any charges under Schedule 50 for that year. In the October 2018 Order, the Commission raised a similar concern where interconnection customers could be billed based on costs incurred prior to the effective date of Schedule 50.⁹³ We find that Filing Parties have addressed this

⁹¹ Deficiency Response, Ex. A at 1-3.

⁹² We also note that requiring all transmission owners to utilize Schedule 50 ensures that each of their interconnection customers is allocated costs from the same pool of O&M expenses, addressing the over-recovery concern raised by American Municipal.

⁹³ October 2018 Order, 165 FERC ¶ 61,015 at P 31.

concern as well by ensuring that the proration only applies for the dates after the effective date of Schedule 50.

57. Clean Energy Entities argue that the O&M associated with other non-TOIF CIACs should be backed out of the calculation of transmission O&M. Clean Energy Entities here allege that failure to do so could result in interconnection customers “double-paying” for those costs because they would be reflected to some extent in both the Schedule 50 charges and in their transmission charges. Clean Energy Entities allege that MISO transmission owners may be attempting to account for the O&M expenses of non-TOIF CIACs by including them in the denominator. We find the assertion that these O&M expenses should be “backed out” of transmission owners’ annual revenue requirements to be beyond the scope of the proceeding.

58. Renewable Generators separately argue that method of calculation of the numerator and denominator of the O&M expenses are flawed and will lead to artificially inflated expenses to interconnection customers. First, on the issues that these categories are overly inclusive and not representative of TOIF-related expenses, we disagree, and have addressed this issue above. We find the proposed use of installed costs of the facilities, when available, as a share of gross transmission plant to assign a share of total system O&M expenses represents a just and reasonable method for allocating all of the various types of O&M expenses associated with TOIFs. On the issue on the inclusion of network upgrades in the denominator, as MISO Transmission Owners have stated, gross transmission plant includes network interconnection customer-funded network upgrades. Thus, we find that Renewable Generators’ concern has been addressed.

59. Tenaska states that the Commission should require further clarification regarding inclusion of CIAC payments. We do not believe further clarification is needed to accept the proposed Schedule 50. Filing Parties have already stated that, to the extent that the precise dollar amounts are not known for any input, including CIACs, the transmission owner and interconnection customer will work together to generate a proxy or an average value to be used, and a filing will be made with the Commission pursuant to FPA section 205.

60. Clean Energy Parties assert that, because Filing Parties do not propose to directly bill other allegedly similarly situated facilities, specifically CIACs, this proposal is unduly discriminatory. We disagree. The proposed Schedule 50 is designed to bill customers for the costs they are already responsible for under their GIA. To the extent that Clean Energy Parties are asserting that the *pro forma* GIA or any individual GIA is unduly discriminatory, we find this concern to be beyond the scope of this proceeding.

61. Tenaska states that non-plant costs should be excluded from the calculation of a TOIF’s installed costs. Tenaska alleges that these costs would inflate the costs assigned to interconnection customers. In principle, Tenaska is correct that inclusion of non-plant

costs in “installed costs” for TOIFs would inflate the costs assigned to interconnection customers. However, the “non-plant” costs Tenaska alleges shouldn’t be included in the installed costs, specifically the A&G and land acquisition costs associated with the construction and installation of the TOIF, are in fact costs typically included in gross plant. The logic underlying Schedule 50 is to assign interconnection customers a share of costs based on their share of total gross transmission plant. Therefore, because costs for land acquisition and construction overhead will be reflected in the total gross transmission plant for all transmission facilities, not just for TOIFs, in the Schedule 50 allocation, inclusion of such costs should not inflate the costs assigned to interconnection customers.

62. Tenaska states that O&M expenses in the proposed formula should only be the portion allocated to the transmission function. We agree, and note that Schedule 50, as proposed, does just that. Specifically, O&M is taken from Page 3, Line 8, Column 5 of the formula rate template.⁹⁴ Column 5 is used to denote the portion allocated to transmission. Thus, the proposal uses as its base only the O&M expenses allocated to the transmission function, and no change is needed.

63. Renewable Generators and Clean Energy Entities take Tenaska’s argument a step further and contend that certain O&M should not be included because it is not directly related to the O&M of the TOIFs under consideration. We find that this argument is essentially an argument that interconnection parties should not be responsible for overhead costs. However, the *pro forma* GIA specifically states that the interconnection customer will be responsible for overheads associated with the O&M. We therefore decline to include any additional language in Schedule 50 requiring that the O&M used in the numerator only include O&M for transmission facilities.

64. Clean Energy Entities state that it is unclear how facilities that are built under the interconnection customer’s Option to Build would be handled under the proposed rate, and requested clarification. The language of Schedule 50 does not provide an exemption for TOIFs constructed under an interconnection customer’s Option to Build under Attachment X of the MISO Tariff, and thus Schedule 50 would be utilized for these TOIFs as well.

65. Renewable Generators contend that some TOIFs end up used for more than just interconnection activity, and thus should be recategorized as a network upgrade. We reject this comment as outside the scope of this proceeding.

⁹⁴ See, e.g., MISO Tariff, Attachment O FERC Form 1 Generic Rate Formula Template.

The Commission orders:

The proposed Tariff revisions are hereby accepted, effective January 1, 2020, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.