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| WALLACE L. DUNCAN (1937-2008)  EDWARD WEINBERG (1918-1995)  ROBERT WEINBERG  JEFFREY C. GENZER  THOMAS L. RUDEBUSCH  MICHAEL R. POSTAR  ELI D. EILBOTT\*  March 15, 2018  LISA S. GAST  PETER J. SCANLON  KATHLEEN L. MAZURE  DEREK A. DYSON  BHAVEETA K. MODY  KRISTEN CONNOLLY McCULLOUGH  JOSHUA E. ADRIAN  MATTHEW R. RUDOLPHI  JASON T. GRAY  TYLER E. MANSHOLT  MATTHEW L. BLY  ADRIANA VÉLEZ-LEÓN\*\* |  |  | *Senior Counsel*  ANDREW B. ART  *Of Counsel*  DONALD H. CLARKE  JAMES D. PEMBROKE  *California Office*  SUITE 1410, 915 L STREET  SACRAMENTO, CA 95814  (916) 498-0121  SEAN M. NEAL  \*REGISTERED TO PRACTICE BEFORE U.S. PATENT AND TRADEMARK OFFICE  \*\*ADMITTED ONLY IN ILLINOIS; SUPERVISION BY PRINCIPALS OF THE FIRM, MEMBERS OF THE DC BAR |

The Honorable Kimberly D. Bose

Secretary

Federal Energy Regulatory Commission

888 First Street, N.E.

Washington, DC 20426

**Re: *Cooperative Energy*, Informational Filing of Annual Formula Rate Update, Docket No. ER18-\_\_\_\_\_\_\_-000**

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission’s (“Commission”) orders in Docket Nos. EL12-35[[1]](#footnote-1) and ER13-2379[[2]](#footnote-2) and the formula rate protocols set forth in Attachment O of the Midcontinent Independent System Operator, Inc.’s (“MISO”) Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”), Cooperative Energy (formerly known as South Mississippi Electric Power Association (“SMEPA”)), submits for informational purposes this letter and supporting materials (“Informational Filing”) that reflect Cooperative Energy’s Annual Transmission Revenue Requirement effective June 1 of 2017 under Attachment O of the MISO Tariff. The Annual Transmission Revenue Requirement is based on actual cost data for calendar year 2016 as reported in Cooperative Energy’s 2016 Attachment O template, pursuant to the Commission-approved formula rate contained in Attachment O of the MISO Tariff.

**I. BACKGROUND**

In its May 2012 Order, the Commission initiated an investigation pursuant to section 206 of the Federal Power Act, 16 U.S.C. § 824e, to determine whether the formula rate protocols in MISO’s Tariff are sufficient to ensure just and reasonable rates.[[3]](#footnote-3) After considering briefs filed by several parties, the Commission issued its May 2013 Order, finding that the formula rate protocols contained in MISO’s Tariff are insufficient to ensure just and reasonable rates, and directing MISO and the identified MISO transmission owners to file revised formula rate protocols to enhance the scope of participation by interested parties, increase transparency in the information provided to interested parties, adopt procedures by which interested parties can challenge a transmission owner’s implementation of its formula rate, and establish a requirement that MISO and transmission owners make an annual informational filing with the Commission.[[4]](#footnote-4)

With regard to the annual informational filing, the Commission required the submission of “annual informational filings of [each transmission owner’s] formula rate updates . . . following the time period allowed for parties to review the updates and for transmission owners to respond to information and document requests.”[[5]](#footnote-5) The Commission stressed that these filings would “be just that, informational,”[[6]](#footnote-6) that they “are not themselves rates and do not constitute changes in the underlying rate itself.”[[7]](#footnote-7)

In its March 2014 Order, the Commission “require[d] all MISO transmission owners to submit informational filings in separate docket numbers”[[8]](#footnote-8) and stated that “formal challenges should be filed in the same docket as the informational filing.”[[9]](#footnote-9) The Commission also “direct[ed] MISO to provide notification of the filing through the email ‘exploder’ list to be maintained by MISO, and by posting the docket number assigned to each transmission owner’s informational filing on the MISO website and [Open Access Same-Time Information System (“OASIS”)] within five days of such filing.”[[10]](#footnote-10)

**II. INFORMATIONAL FILING**

Section VI of the formula rate protocols set forth in Attachment O of the MISO Tariff provides that, by March 15 of each year, Cooperative Energy shall submit an annual informational filing to the Commission including information that is reasonably necessary to determine:

1. That input data under the formula rate are properly recorded in the underlying workpapers;

2. That Cooperative Energy has properly applied the formula rate and the protocol procedures;

3. The accuracy of data and the consistency with the formula rate of the Actual Transmission Revenue Requirement and rates under review; and

4. The extent of accounting changes that affect the formula rate inputs.

The protocols also require that the informational filing must describe any corrections or adjustments made during the information exchange and informal challenge periods, and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the informal or formal challenge procedures. Section IV.F of the formula rate protocols specifies that any changes or adjustments to the annual update resulting from the information exchange and informal challenge processes that are agreed to by Cooperative Energy will be reported in the informational filing and will be reflected in the annual update for the following rate year.

In response to these requirements, Cooperative Energy provides the following:[[11]](#footnote-11)

Exhibit COOP-1: Populated formula rate template showing Cooperative Energy’s actual transmission revenue requirement effective June 1, 2017.

Exhibit COOP-2: Cooperative Energy’s 2016 MISO Attachment O.

Exhibit COOP-3: 2016 RUS Form 12 “Financial and Operating Report Electric Power Supply”

Exhibit COOP-4: Supporting documentation and workpapers for all inputs that are not otherwise available in Cooperative Energy’s Attachment O template.

Additionally:

* There were no accounting changes that affected the formula rate inputs.
* There were no corrections or adjustments made during the information exchange or informal challenge process.
* No aspects of the formula rate and its inputs are subject to an ongoing dispute under the informal or formal challenge procedures.

The Attachment O formula rate protocols require that Cooperative Energy’s Annual Update be posted on MISO’s website and OASIS by June 1 of each year (or the next business day if June 1 falls on a weekend or Commission holiday) and that MISO provide notice of such posting within ten days. The posting of the Annual Update triggers the commencement of the information exchange period and challenge period under the Attachment O protocols. Interested Parties had until December 1, 2017, to submit information requests, and Cooperative Energy was required to make a good faith effort to respond to all requests within fifteen business days, but by no later than January 10, 2018. Interested Parties had until January 31, 2018, to submit informal challenges to Cooperative Energy, and Cooperative Energy was required to make a good faith effort to respond to all informal challenges within twenty business days, but by no later than February 28, 2018. Under the Attachment O protocols, Interested Parties have until April 15, 2018, to file formal challenges with the Commission. Cooperative Energy has complied with all of these procedures.

The following table summarizes Cooperative Energy’s compliance with specific deadlines set forth in the protocols:

|  |  |  |
| --- | --- | --- |
| **Due Date** | **Activity** | **Date Activity Completed** |
| June 1, 2017 | Calculate Annual Transmission Revenue Requirement/Annual Update and provide to MISO for posting/distribution. | May 1, 2017 |
| May 11, 2017 | MISO provides notice to exploder list. | May 1, 2017 |
| September 1, 2017 | Hold annual open meeting. | August 23, 2017 |

**III. NOTICE**

In accordance with Section VI.A of the Attachment O formula rate protocols, Cooperative Energy will notify MISO of this filing and provide the docket number for posting on the MISO website and OASIS and notification via MISO’s email exploder list within five days.

**IV. CONCLUSION**

Please contact the undersigned if you have any questions regarding this submission.

Respectfully submitted,

*/s/ Robert Weinberg*

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Attachments

1. *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,127 (2012) (“May 2012 Order), *order on investigation*, 143 FERC ¶ 61,149 (2013) (“May 2013 Order”). [↑](#footnote-ref-1)
2. *Midwest Indep. Transmission Sys. Operator, Inc.*, 146 FERC ¶ 61,212 (2014) (“March 2014 Order”), *reh’g denied*, 150 FERC ¶ 61,024 (2015). [↑](#footnote-ref-2)
3. May 2012 Order at P 1. [↑](#footnote-ref-3)
4. May 2013 Order at PP 1, 17-18. [↑](#footnote-ref-4)
5. *Id.* at P 92. [↑](#footnote-ref-5)
6. *Id.* at P 92 n.142. [↑](#footnote-ref-6)
7. *Id.* at P 85. [↑](#footnote-ref-7)
8. March 2014 Order at P 71. [↑](#footnote-ref-8)
9. *Id.* at P 70; *see also id.* at P 113 (“We also direct the MISO Transmission Owners to propose Tariff revisions to clarify that formal challenges should be filed in the informational filing dockets.”). [↑](#footnote-ref-9)
10. *Id.* at P 71. [↑](#footnote-ref-10)
11. Cooperative Energy is providing its populated formula rate templates and underlying workpapers in their native format (*e.g*., Microsoft Excel) fully populated and with formulas intact. [↑](#footnote-ref-11)