

## **SR-187, As Adopted by Senate, October 22, 2014**

Senator Casperson offered the following resolution:

### **Senate Resolution No. 187.**

A resolution to urge the Federal Energy Regulatory Commission to reverse its recent acceptance of the Midcontinent Independent System Operator's proposed system support resource cost allocation tariff that would allocate approximately 99.5 percent of costs to utility customers in Michigan's Upper Peninsula and to divide the costs in a more equitable manner.

Whereas, Several years ago, the American Transmission Company (ATC), which owns electric transmission facilities in Michigan's Upper Peninsula, as well as parts of Wisconsin, Illinois, and Minnesota, agreed on a cost allocation methodology for system support resource (SSR) payments and included this methodology in the tariff with the Midcontinent Independent System Operator (MISO), the regional operator of the transmission grid. The tariff provided that the costs associated with running an electric generating power plant subject to an SSR agreement would be allocated to all electric utilities within the ATC's footprint on a pro-rata basis; and

Whereas, Early in 2014, partly because of burdensome Environmental Protection Agency regulations and costs, Wisconsin Electric Power Company (WEPCo) stated its renewed intention to close the Presque Isle Power Plant (PIPP), a coal-fired power plant with a capacity of over 400 megawatts located on Lake Superior in Marquette, Michigan. However, as the PIPP is the most significant source of generation left in the Upper Peninsula and critical to providing regional grid reliability, MISO has determined that WEPCo must continue to run the PIPP. Consequently, the PIPP is subject to an SSR agreement between WEPCo and MISO; and

Whereas, The Wisconsin Public Service Commission filed a complaint with the Federal Energy Regulatory Commission (FERC) claiming that the SSR cost methodology contained in the ATC tariff was unlawful. In July 2014, in response to the complaint, FERC required MISO to submit a revised SSR cost methodology that placed most of the SSR costs onto Upper Peninsula ratepayers; and

Whereas, A recent FERC order requires payments of an estimated \$100 million annually to keep the PIPP operational, a figure that both Wisconsin's and Michigan's public service commissions have said represents unreasonable recoveries for the utility; and

Whereas, While these actions were occurring, WEPCo also sought the creation of a new local balancing authority (LBA), which resulted in pushing more SSR costs onto Michigan ratepayers. The creation of this new LBA would mean that approximately 99.5 percent of the costs of keeping the PIPP operational are borne by the Upper Peninsula, making electric utility customers in the Upper Peninsula alone responsible for at least \$99.5 million annually just for plant operations; and

Whereas, FERC's ruling, MISO's revised SSR cost methodology, and WEPCo's creation of a new LBA will cause an increase in electric rates that will almost certainly devastate seniors, small businesses, and families across the Upper Peninsula. MISO's proposed cost allocation tariff, coupled with the creation of a new LBA, not only ignores the historical division of these costs and has nothing to do with reliability, which heretofore served as the basis for allocating such costs, but is unreasonable, unfair, and unjust; now, therefore, be it

Resolved by the Senate, That we urge the Federal Energy Regulatory Commission to reverse its recent acceptance of the Midcontinent Independent System Operator's proposed system support resource cost allocation tariff that would allocate approximately 99.5 percent of costs to utility customers in Michigan's Upper Peninsula; and be it further

Resolved, That we urge the Federal Energy Regulatory Commission to instead divide the costs in a more equitable manner and one mindful of historical context and the American Transmission Company's cost allocation agreement; and be it further

Resolved, That copies of this resolution be transmitted to the chairman of the Federal Energy Regulatory Commission, the Governor of Michigan, the Governor of Wisconsin, the members of the Michigan congressional delegation, and the members of the Wisconsin congressional delegation.