February 28, 2025

Answers to Wisconsin Senate (Incumbent vs. Non-Incumbent Developer):

- Is there any difference between how MISO would authorize a non-incumbent versus incumbent transmission company to spread the capital costs associated with an MVP line across the region? If there is, please explain the distinction.

No, there is no difference in how MISO's FERC-approved Tariff allocates capital costs associated with a Multi-Value Project (MVP) line whether developed by an incumbent or non-incumbent transmission company.
Under MISO's Tariff the revenue requirements (including capital and O&M costs) of MVP projects are allocated to MISO customers based on their net energy withdrawals, regardless of whether the project is developed by an incumbent or non-incumbent transmission company.
Note: MISO does not authorize the allocation of costs. FERC has approved the cost allocation and FERC has approved the formula rate utilized to calculate the revenue requirements. MISO's role is to administer the approved Tariff.

- Is there any difference between how a non-incumbent or incumbent transmission company would be authorized to spread the "overhead" costs associated with an MVP line across the region and the impact of any difference on who would ultimately pay for the overhead costs associated with the particular project? If there is, please explain the distinction?

No, there is no difference in how a non-incumbent versus an incumbent transmission company would spread its "overhead" (assumed to be O&M/A&G, etc.) costs associated with an MVP line across the region. MISO's tariff applies the same cost allocation methodology to both capital and overhead costs of MVP projects, regardless of whether the project is developed by an incumbent or non-incumbent transmission company.
However, due to the FERC approved formula rate template, company-specific allocation factors for total "overhead" costs may vary depending on the capital investments of the company and its total number of capital projects. This treatment by each company arises from how the formula rate calculation allocates overhead costs, potentially resulting in different financial impacts for Wisconsin ratepayers depending on the developer.

- Under the analysis you reviewed, please confirm how the costs of an MVP line would be regionally cost shared "does not produce the same result for a non-incumbent developer" as it does for an incumbent developer.

MISO's cost allocation framework under its Tariff applies the same methodology to both capital and overhead costs for MVP projects, regardless of whether the developer is an incumbent or non-incumbent transmission company.

However, as noted previously, the FERC-approved formula rate template results in different cost impacts on customers arising from company-specific allocation factors that may vary between incumbent and non-incumbent transmission owners who seek to build MVP lines. These allocation factors, calculated through Attachment MM, will differ based on each company's circumstances.
This explains the previous statements by MISO based upon the analysis we reviewed earlier this month called "Regional Cost sharing for MVP Projects". Specifically, we concluded that under certain assumptions (of that presentation) the cost/rate impacts from an incumbent transmission owner constructing MVP lines in Wisconsin are lower than that of a non-incumbent transmission owner.

Kind Regards,

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