

From: [@ Stevens, Dehn](#)
To: [Zuraski, Richard](#)
Subject: RE: Follow-Up to Yesterday's Discussion
Date: Thursday, April 03, 2014 10:16:34 PM

Richard,

I have pasted part of a table from the "MISO" tab of the March 2014 Attachment O workbook.

	Divisor (KW)
MEC	3,841,826
CFU	82,736
Atlantic	19,137
IPPA	0
Eldridge	7,201
Pella	33,224
Montezuma	4,924
Tipton	0
MEC	3,989,048

The amounts shown here all match what the parties report on their Attachment O's on Line 8 with the exception of MidAmerican. In MidAmerican's case we report on Line 8 a value of 3,758,417 kW and a value on line 10 of 83,409. The Line 10 amount is the network load not served by any other MISO Transmission Owner. There a total of 21 municipal loads on our system. Only 5 of these towns are also TOs. So their load is shown on Line 10 of MidAmerican's Attachment O.

MISO takes the sum total of the revenue requirements in the zone divided by the total load in the zone in order to calculate the zonal rate.

To answer your questions, in the JPZA, we consider which loads are actually paying MISO a Schedule 9 charge. In the case of MidAmerican's treatment, the value on Line 8 of the MidAmerican Attachment O is used [what you are calling "A"] because that is the native load we are serving. We do not include the load which is paying Schedule 9 [what you are calling "B"]. In the case of Cedar Falls, we use the Cedar Falls load plus the Atlantic load because those two loads are served by Transmission Owners who are their own agents (no third parties involved).

"A" for MidAmerican is Line 8 from our Attachment O.

"B" for MidAmerican is zero since we do not have any load under the tariff paying Schedule 9.

"A" for Cedar Falls is Line 8 (which equals Line 15 since all the other lines are zero) on the Cedar Falls and Atlantic Attachment O's.

"B" for Cedar Falls is Line 8 from the Montezuma, Eldridge and Pella Attachment O's since all three

of those entities are paying Schedule 9.

Arithmetically, for Cedar Falls we simply input into the monthly settlement the Cedar Falls and Atlantic Line 8s instead of first inputting the total group of Cedar Falls loads and then taking out the three entities that are paying Schedule 9. It's just easier that way.

I hope this helps. This is probably more than you ever wanted to know about how these joint pricing zones work. I still feel that we are handling the native load such that it pays the same as an ARES pays and does not result in overpaying MidAmerican's rates following the monthly settlement with Cedar Falls.

I am open at 11:00 if that works for me to call you then.

Dehn

From: Zuraski, Richard [mailto:rzuraski@icc.illinois.gov]
Sent: Thursday, April 03, 2014 6:21 PM
To: Stevens, Dehn A
Subject: RE: Follow-Up to Yesterday's Discussion

Dehn,

When you are free, would you please give me a call sometime on Friday (anytime after 9:30)? Among other things, I want to ask: What is the relationship between "Network Load" as defined in your JOINT PRICING ZONE REVENUE ALLOCATION AGREEMENT:

Network Load: The 12-month average of each Party's system coincident peak load in the MidAmerican Zone, as reflected in that Party's Attachment O [let's call that A], excluding any load that already pays Tariff Schedule 9 charges directly to MISO [let's call that B]. In the case of Cedar Falls, the Network Load of Cedar Falls and Atlantic shall be summed to determine the Cedar Falls Network Load.

And lines 8-15 of Attachment O, page 1:

- 8 Average of 12 coincident system peaks for requirements (RQ) service
- 9 Plus 12 CP of firm bundled sales over one year not in line 8
- 10 Plus 12 CP of Network Load not in line 8
- 11 Less 12 CP of firm P-T-P over one year (enter negative)
- 12 Plus Contract Demand of firm P-T-P over one year
- 13 Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)
- 14 Less Contract Demands from service over one year provided by ISO at a discount (enter negative)
- 15 Divisor (sum lines 8-14)

For example, would A = line 8, or line 15, or lines 8+9+10-11? Would B = one of these lines, or would B be included within one or more of these lines?

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From: @ Stevens, Dehn
Sent: Wednesday, April 02, 2014 11:32 AM
To: Zuraski, Richard
Subject: Follow-Up to Yesterday's Discussion

Richard,

I have attached two files, one with three pages and the other MidAmerican's FERC filing of the joint pricing zone agreement with Cedar Falls Utilities. The joint pricing zone filing is included just in case the summary sheet in the first file does not contain adequate information concerning how loads are imputed and how actual revenues are distributed.

With regard to the three-page file:

- The first two pages illustrate the revenue distribution process between MidAmerican and Cedar Falls for two scenarios. Both scenarios are based on 2014 transmission rates. The first page shows an example of 30 MW of load being served by ARES and 270 MW remaining bundled MidAmerican load. The second scenario shows all 300 MW of load remaining as bundled load. Each scenario shows how the resulting revenues (either real or imputed) are treated under the joint pricing zone agreement with the conclusion that the same amount of revenue is collected and the same amount is distributed to Cedar Falls under either approach.
- The third page shows the attachment used in the joint pricing zone agreement filing from 2012 when it was filed. The zonal rate in that attachment was the rate in effect in 2012. The document illustrates how revenues are treated between MidAmerican and Cedar Falls. You will note that under the "Zonal ITC" section, there is an imputation of zonal revenues inclusive of the MidAmerican native load. In effect, MidAmerican pays Cedar Falls for MidAmerican's native load use of the joint transmission system under that portion of the monthly settlement process. You can also see where Intra-Zonal Revenues are handled using the same ATRR allocator as is used for the imputed load charge.
- It is because revenues are distributed the same way that the resulting revenues retained by MidAmerican work out the same.

I would note that using only MidAmerican's contribution to the zonal transmission charge in Rider TS to determine the transmission charge for bundled load would result in a difference between the charge a third party pays and the transmission charge assessed to bundled customers and that the difference would be biased against third party suppliers. That was the primary reason we went down the path of using the same charge methodology.

I would also note that given MidAmerican does not retain the difference between imputed charges and its actual revenue requirement then the result does not lead to customers paying MidAmerican amounts in excess of its costs.

I am available before noon today and then again at about 3:30 today to discuss on the phone with you. I am also open tomorrow at various times if today does not work for you.

Dehn Stevens
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