

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midwest Independent Transmission)
)
System Operator, Inc.)
)

Docket No. ER12-971

Interstate Power and Light Company)
)
)

Docket No. ER12-1031

ITC Midwest LLC)
)
)
)
)

Docket No. ER12-1110

(Not Consolidated)

**MOTION TO INTERVENE
AND
CONDITIONAL PROTEST
OF
MIDAMERICAN ENERGY COMPANY**

Pursuant to Rules 211, 212, and 214 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure,¹ MidAmerican Energy Company (“MidAmerican”) respectfully submits its Motion to Intervene and Conditional Protest in the above-captioned proceeding.

I. Service List Designations

MidAmerican designates the following persons to receive service and communications on its behalf with regard to this proceeding:

¹ 18 C.F.R. §§ 385.211, 212, and 214.

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II. Description of MidAmerican

The exact name of MidAmerican is MidAmerican Energy Company.

MidAmerican, an Iowa corporation, is an electric and natural gas utility serving regulated retail customers in the states of Iowa, Illinois, South Dakota, and Nebraska, and competitive retail customers in the central and eastern United States. MidAmerican is a transmission-owning member of the Midwest Independent Transmission System Operator, Inc. (“MISO”) and owns an extensive transmission system within the MISO footprint. Additionally, MidAmerican is actively engaged in marketing wholesale electric power in various regions of the eastern interconnection.

MidAmerican’s corporate headquarters is located at 666 Grand Avenue, Suite 500, Des Moines, Iowa 50309-2580. MidAmerican is subject to the jurisdiction of the Commission, the Iowa Utilities Board, the Illinois Commerce Commission, the South Dakota Public Utilities Commission, and certain Nebraska municipalities.

III. Background

This proceeding is associated with a series of disputes involving Interstate Power and Light Company (“Interstate”), ITC Midwest LLC (“ITCM”), the Resale Power Group of Iowa, Inc. (“RPGI”), WPPI Energy (“WPPI”), Central Iowa Power Cooperative

(“CIPCO”), and MISO (collectively, “Settling Parties”). As relevant to MidAmerican’s intervention and conditional protest:

- On February 1, 2012 in Docket No. ER12-971, MISO submitted 1) a proposed Coordination Agreement among MISO, ITCM, Interstate, and CIPCO; and 2) related revisions to MISO’s Open Access Transmission, Energy, and Operating Reserve Markets Tariff (“Tariff” or “MISO Tariff”). The Coordination Agreement and related revisions to the Tariff are components of the comprehensive settlement of issues among the Settling Parties. By notice issued February 2, 2012, the Commission set February 22, 2012 as the deadline for filing comments.
- On February 9, 2012 in Docket No. ER12-1031, Interstate submitted a certificate of concurrence and tariff record related to the Coordinating Agreement filed in Docket No. ER12-971. By notice issued February 9, 2012, the Commission set March 1, 2012 as the deadline for filing comments.
- On February 16, 2012 in Docket No. ER12-1110, ITCM submitted a certificate of concurrence and tariff record related to the Coordinating Agreement filed in Docket No. ER12-971. By notice issued February 17, 2012, the Commission set March 8, 2012 as the deadline for filing comments.

IV. Motion for Leave to Intervene

As a transmission-owning member of MISO and a participant in its markets, MidAmerican has a substantial interest in and will be affected by the outcome of this proceeding. Furthermore, MidAmerican’s transmission facilities are interconnected with those of CIPCO, and MidAmerican is a party to various agreements with the Settling Parties, including grandfathered agreements listed in Attachment P of the MISO Tariff. MidAmerican’s interests, including its interests in these specific agreements, are such that they cannot be adequately represented by any other party. Accordingly, MidAmerican moves to intervene in this proceeding to protect its interests and that of the public it serves.

V. Conditional Protest

The submission at issue in Docket No. ER12-971 is one of three elements of a comprehensive settlement among the Settling Parties. First, a Settlement Agreement among the Settling Parties was submitted on February 1, 2012 in Docket Nos. ER11-2715, EL10-68 (consolidated), and EL09-71 (not consolidated).

Second, an Amended and Restated Operating and Transmission Agreement (“O&T Agreement”) among Interstate, ITCM, and CIPCO was submitted on February 3 in Docket No. ER11-2715-004. (On February 16, 2012 in Docket No. ER12-1109, ITCM submitted a related certificate of concurrence and tariff record.)

Third, a Coordination Agreement among MISO, ITCM, Interstate, and CIPCO, and related revisions to the MISO Tariff, were submitted on February 1, 2012 in Docket No. ER12-971.

MidAmerican does not object to the Settlement Agreement *per se* and congratulates the Settling Parties on achieving a resolution of various long-standing issues. Likewise, MidAmerican does not oppose the revisions to the O&T Agreement.

That said, MidAmerican is concerned that various provisions of the Coordination Agreement at issue in Docket No. ER12-971 may affect non-Settling Parties. In this Conditional Protest, MidAmerican seeks confirmation of the Settling Parties’ understanding of various aspects of the Coordination Agreement. To the extent the Settling Parties can provide the clarifications that MidAmerican seeks, MidAmerican will not object to Commission approval of the Coordination Agreement. If these clarifications cannot be provided, then the Coordination Agreement contains provisions that impact

non-Settling Parties in ways that have not been shown to be just and reasonable, and the Commission should reject the Coordination Agreement or order modifications to it.

MidAmerican realizes that the Settlement Agreement submitted in Docket Nos. ER11-2715 *et al.* is conditioned on Commission approval of the Coordination Agreement submitted in Docket No. ER12-971. Thus, while MidAmerican does not oppose the Settlement Agreement, MidAmerican realizes that its conditional protest of the Coordination Agreement may nonetheless affect the implementation of the overall settlement. Rather than seeking to reject the settlement, MidAmerican hopes the Settling Parties can provide the clarifications MidAmerican seeks, or absent those clarifications, that the Settling parties can agree to modifications in the Coordination Agreement that would eliminate those provisions that are unjust and unreasonable when applied to non-Settling Parties.

A. The Settling Parties should clarify the definition of the CIPCO Transmission Facilities and any related implications to MidAmerican.

Article I of the Coordination Agreement would define the CIPCO Transmission Facilities as:

the booked transmission facilities owned by CIPCO over which Transmission Service is offered pursuant to the CIPCO Tariff and which are integrated with transmission facilities of ITC Midwest, including CIPCO's transmission facilities comprising the Integrated Transmission System. The CIPCO Transmission Facilities are described in Appendix A to this Agreement.

A review of Appendix A shows that certain proposed CIPCO Transmission Facilities are jointly-owned with other entities (not individually or wholly owned by CIPCO), are physically located in MISO's MidAmerican Zone (not the ITCM Zone), are operated by MidAmerican (not ITCM), and have MidAmerican (not ITCM or Interstate)

as the Local Balancing Authority. These transmission facilities are subject to various agreements with the co-owners, including the following.

“CIPCO Transmission Facilities” subject to the “Louisa Transmission Operating Agreement” (identified as Grandfathered Agreement No. 21 in Attachment P to the MISO Tariff):

Sub 93 to Sub 92 345 kV line
Sub 93 to Sub T 345 kV line

“CIPCO Transmission Facilities” subject to the “Operating Agreement – Council Bluffs (Walter Scott) Generating Station Unit 3 Electric Transmission and Substation Facilities” (identified as Grandfathered Agreement No. 470 in Attachment P to the MISO Tariff):

WSEC - Booneville 345 kV line
WSEC - Omaha 345 kV line

“CIPCO Transmission Facilities” subject to the “Amended and Restated Facilities and Operating Agreement for Council Bluffs Energy Center Unit 4 Transmission” (MidAmerican Service Agreement No. 285):

WSEC - OPPD 161 kV line
WSEC - Grimes 345 kV line
Booneville - Grimes 345 kV line

“CIPCO Transmission Facilities” subject to the subject to the “Joint Investment and Ownership Agreement for Grimes-Granger 161 kV Projects and Grimes-Grimes Tap Path” (MidAmerican FERC Rate Schedule No. 106):

Granger-Bittersweet 161 kV line
Grimes Tap-Granger 161 kV line
Grimes-Grimes Tap 161 kV line

Further, the 345 kV lines identified in Appendix A as “DAEC to Hazleton” and “DAEC to Hills” are each segmented into portions wholly owned by MidAmerican and portions wholly owned by others, including CIPCO.

With respect to these “CIPCO Transmission Facilities” identified in Appendix A of the Coordination Agreement (and any other CIPCO Transmission Facilities that may be jointly-owned with MidAmerican, or located in the MidAmerican Local Balancing Authority Area, or operated by MidAmerican), MidAmerican asks the Settling Parties to provide certain clarifications:

First, the Settling Parties should clarify that the settlement is not intended to alter the provisions of any transmission agreements other than the O&T Agreement.

Second, despite the fact that certain defined CIPCO Transmission Facilities are physically located in MISO's MidAmerican Zone, the Coordination Agreement would nonetheless define the "CIPCO Zone" as "the transmission service pricing zone comprised of the CIPCO Transmission Facilities." The Settling Parties should clarify that nothing in the Coordination Agreement would alter the existing definition of the MidAmerican Zone. To the extent that Appendix A includes jointly-owned facilities, the Settling Parties should clarify that only the CIPCO ownership share of such facilities is included in the definition of "CIPCO Transmission Facilities." The Settling Parties should also clarify that CIPCO does not intend to recover any portion of its transmission revenue requirement from entities in the MidAmerican Zone, even though certain of its booked transmission facilities may physically lie in that MidAmerican Zone.

Third, the Settling parties should clarify that Section 3.5 of the Coordination Agreement imposes no obligation on MidAmerican. Section 3.5 provides in part that

CIPCO shall provide, or require the Local Balancing Authority and the Transmission Operator of the CIPCO Transmission Facilities to provide, to MISO all such information as is reasonably necessary for MISO to provide the Services specified herein, including services for Reliability Coordination."

Despite the fact that certain "CIPCO Transmission Facilities" identified in Appendix A have MidAmerican as their operator and Local Balancing Authority, the remainder of Section 3.5 cites only the obligations of ITCM (as the transmission operator) and Interstate (as the Local Balancing Authority). MidAmerican asks the

Settling Parties to clarify that Section 3.5 imposes obligations only on ITCM and Interstate, not on MidAmerican.²

To the extent that the Settling Parties cannot provide these clarifications, the Coordination Agreement should be rejected or modified. The Settling Parties have not shown that it is just and reasonable to alter pre-existing transmission agreements or impose new obligations on non-Settling parties.

B. The Settling Parties should clarify that the Coordination Agreement does not alter or have an effect on existing transmission service agreements between MidAmerican and CIPCO.

In addition to the agreements governing jointly-owned transmission facilities cited in Section V.A *supra*, MidAmerican and CIPCO are parties to various transmission agreements governing the use of individually-owned but interconnected transmission facilities. These include:

the “Interconnection Agreement” dated June 13, 1983 as amended (Grandfathered Agreement No. 471 in Attachment P to the MISO Tariff); and

the “General Facilities Agreement” dated November 26, 1991(Grandfathered Agreement No. 472 in Attachment P to the MISO Tariff).

The Settling Parties should clarify that nothing in the Coordination Agreement alters the provisions of these pre-existing agreements (or any agreements other than the O&T Agreement). In particular, the Settling Parties should clarify that the transmission pricing provisions for use of the CIPCO system enumerated at Section 4.3 of the Coordinating Agreement do not apply to existing transmission service agreements between MidAmerican and CIPCO.

² While MidAmerican desires clarification from the Settling Parties that the Coordination Agreement imposes no obligations on MidAmerican, MidAmerican nonetheless acknowledges that it bears certain obligations as a MISO Transmission Owner, Local Balancing Authority, and Transmission Operator. MidAmerican simply seeks clarification that any such obligations derive not from the Coordination Agreement, but rather from NERC Reliability Standards, the MISO Tariff, or the MISO Transmission Owners Agreement.

C. The Settling Parties should clarify the mechanism for determining “use” of the CIPCO transmission system.

Sections 4.4 through 4.8 of the Coordination Agreement contain procedures for determining whether transmission service requires use of the CIPCO Transmission Facilities. The provisions apparently apply uniquely to MidAmerican as one of the few MISO Transmission Owners with a “Zone contiguous to the CIPCO Transmission Facilities.”³

Given the distinctive impact of the Coordination Agreement on MidAmerican, MidAmerican asks the Settling Parties to further clarify the provisions for determining whether the CIPCO system is deemed to be “used” for transmission service. Absent such clarification, the Coordination Agreement should be rejected or modified, since the Settling Parties have made no effort to show that its terms are just and reasonable as applied to non-Settling Parties.

1. The Settling Parties should clarify the effect on existing transmission service.

First, the Settling Parties should clarify that no existing transmission service, including transmission usage under grandfathered agreements or the MISO Tariff, is affected by the provisions of Section 4.4 through 4.8. In particular, the Settling Parties should clarify that if an existing transmission service agreement does not currently involve payment for use of the CIPCO system, the Coordination Agreement will not impose such a requirement on non-Settling Parties. Likewise, the Settling Parties should clarify that if an existing transmission service agreement *does* currently involve payment for use of the CIPCO system, the Coordination Agreement will not increase the level of

³ Coordination Agreement, Section 4.5.1.

those payments, and that payments to CIPCO will be governed by the existing transmission service agreements rather than the Coordination Agreement.

2. The Settling Parties should clarify the use of the “contract path” methodology.

Section 4.6 of the Coordination Agreement would provide that:

MISO and CIPCO will determine whether the CIPCO Transmission Facilities are used by MISO Tariff Customers based on a contract path methodology which *generally* consists of evaluating the path of power flow from the ultimate source to the ultimate sink. (Emphasis added.)

First, the Settling Parties should clarify any exceptions to this “general” methodology. Under what conditions, if any, will MISO and CIPCO use an evaluation that departs from the “general” evaluation of the path from source to sink?

Second, MidAmerican’s understanding of the contract path methodology is that no payment will be required to CIPCO (for Point-to-Point or Network Integration Transmission Service pursuant to Section 4.5 of the Coordination Agreement, or for generator interconnection service, including both Network Resource Interconnection Service and Energy Resource Interconnection Service, pursuant to Section 4.5.1 of the Coordination Agreement) unless there exists no other electrical path from source to sink except via the CIPCO transmission facilities. Stated differently, MidAmerican understands that no payments to CIPCO are required as long as there exists any other physical connection from source to sink within the MISO Transmission System, regardless of any parallel flows. MidAmerican asks the Settling Parties to confirm this understanding.⁴

⁴ As a practical matter, it is not clear to MidAmerican how, pursuant to Section 4.7 of the Coordination Agreement, 4.7, CIPCO can “make the initial determination as to whether a MISO Tariff Customer uses, or will use, ... the CIPCO Transmission Facilities.” It would appear that MISO, not CIPCO, is in the best position to determine whether an electrical “contract path” exists on the MISO system that would eliminate the use of CIPCO Transmission Facilities. Nonetheless, MidAmerican does not contest this provision of the

Third, the CIPCO Transmission Facilities in Appendix A would include jointly-owned facilities in the MidAmerican Zone. The Settling Parties should clarify that no payments to CIPCO are required for “contract paths” over these jointly-owned facilities. MidAmerican has made extensive investments in jointly owned transmission in its own region and has secured contractual rights to the use of this transmission. MidAmerican should not be required to pay CIPCO when exercising MidAmerican’s existing rights on MidAmerican transmission that happens to be co-owned with CIPCO.

3. The Settling Parties should clarify the provisions for disputing the alleged use of CIPCO transmission.

Section 4.7 of the Coordination Agreement would provide in part:

To the extent the affected Tariff Customer disagrees with the mutually agreed results as posted on the MISO OASIS, it may file a complaint with FERC under Section 206 of the FPA within thirty (30) days of MISO's OASIS posting. A determination by the FERC regarding the use of the CIPCO Transmission Facilities by the affected MISO Tariff Customer, as set forth herein, shall be final and binding, subject to Section 313 of the FPA, and shall control the obligations of the Parties, and of the affected MISO Tariff Customer.

All Transmission Customers have statutory rights before the Commission and within the judicial system, and the Coordination Agreement cannot restrict those rights. In particular, the parties to the Coordination Agreement cannot agree to unilaterally impose non-statutory deadlines (in this case, 30 days) on the rights of all aggrieved Transmission Customer to file complaints. Likewise, the Coordination Agreement cannot restrict a transmission customer’s rights within the judicial system by imposing a requirement that FERC’s determination will be “final and binding.” The Settling Parties

Coordination Agreement, so long as the Settling Parties clarify the determination of the “contract path” consistent with MidAmerican’s current understanding.

should clarify that any such restrictions apply only to the Settling Parties, not to Transmission Customers. Any modification to MISO's Business Practices Manuals as contemplated under Section 4.7.1 of the Coordination Agreement should state that such restrictions have been accepted voluntarily by the Settling Parties and do not apply to potential Transmission Customers. Absent these clarifications, the Coordination Agreement should be rejected or modified since it impermissibly seeks to alter the statutory rights of potential Transmission Customers.

D. The Settling Parties should clarify the definition of the “Combined Systems.”

The Coordination Agreement contains apparently conflicting definitions of the term “Combined Systems.” The Preamble refers to

the facilities comprising CIPCO's transmission system with
... the facilities of the Owners, collectively referred to
herein as the “Combined Systems.”⁵

The implication is that the Combined Systems include the CIPCO transmission system and the entirety of the systems of all MISO Transmission Owners.

Conversely, Article I of the Coordination Agreement would define the “Combined Systems” as:

the CIPCO Transmission Facilities and the transmission
facilities of those MISO Transmission Owners that are
interconnected with the CIPCO Transmission Facilities.

Here, the implication is that the Combined Systems involve only the CIPCO transmission system and the subset of MISO Transmission Owners that are directly connected to CIPCO Transmission Facilities. The Settling Parties should clarify the definition of the Combined System.

⁵ Coordination Agreement at 2-3, in the antepenultimate “Whereas.”

VI. Conclusion

For the foregoing reasons, MidAmerican moves to intervene in this proceeding and to be afforded all of the rights appropriate to a party. MidAmerican respectfully asks the Commission to consider MidAmerican's conditional protest and comment as it evaluates the issues in this proceeding.

DATED this 22nd day of February, 2012.

Respectfully submitted,

MidAmerican Energy Company

By /s/ Suzan M. Stewart
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Certificate of Service

I hereby certify that a copy of the foregoing document has been served on this day upon each person designated on the official service list compiled by the Secretary for these proceedings.

Dated at Des Moines, Iowa this 22nd day of February, 2012.

/s/ Suzan M. Stewart

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