

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 5, 2004

In Reply Refer To:  
Midwest Independent Transmission System  
Operator, Inc.  
Docket Nos. ER03-1277-001  
ER03-1277-002

Lori A. Spence, Esq.  
Attorney for Midwest Independent  
Transmission System Operator, Inc.  
701 City Center Drive  
Carmel, IN 46032

Reference: Compliance filing revising Schedule 10-FERC

Dear Ms. Spence:

1. On November 21, 2003,<sup>1</sup> Midwest Independent Transmission System Operator (Midwest ISO) submitted revisions to its Open Access Transmission Tariff (OATT) in compliance with our order issued October 28, 2003.<sup>2</sup> This compliance filing contains tariff sheets reflecting revisions to Midwest ISO's Schedule 10-FERC, which was proposed in the original proceeding.

2. The proposed Schedule 10-FERC, accepted subject to this compliance filing in the October 28 Order, was designed to permit Midwest ISO to recover FERC annual charges

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<sup>1</sup> Midwest ISO also submitted a second compliance filing on November 24, 2003, making corrections to the previous submittal.

<sup>2</sup> See 105 FERC ¶ 61,144 (October 28 Order).

from its transmission owners.<sup>3</sup> In response to a claim raised in the original proceeding that some customers may be subject to dual recovery of FERC annual charges as a result of the newly proposed Schedule 10-FERC, the Commission directed Midwest ISO to collect the Schedule 10-FERC charges directly from Michigan Electric Transmission Company, LLC (METC), rather than from the customers in the METC pricing zone. The October 28 Order also directed Midwest ISO to establish a mechanism for crediting its customers for the time value of advanced payments made in relation to the Schedule 10-FERC, which is billed prospectively in advance and then trued-up based on actually FERC annual charge assessments.

3. In the instant filings, Midwest ISO has agreed to bill METC directly for Schedule 10-Charges related to service provided in the METC pricing zone. The filings also contain provisions for crediting Midwest ISO customers for the time value of advance payments as directed in the October 28 Order. Midwest ISO proposes to deposit appropriate Schedule 10-FERC revenues into its general working fund and these monies shall gain interest accordingly. Midwest ISO proposes to credit the monthly interest earned against the next month's Schedule 10 billing rate for all customers.

4. Notice of this filing was published in the Federal Register with comments, protests, or interventions due on or before December 12, 2003. On December 11, 2003, Wolverine Power Supply Cooperative, Inc. filed a motion to intervene and METC filed a conditional protest of the compliance filings. On December 12, 2003, Consumers Energy Company filed an answer in support of the compliance filing.

5. Our review of Midwest ISO's compliance filing indicates that it has fully complied with our conditions in the October 28 Order. The arguments made by METC

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<sup>3</sup> Midwest Independent Transmission System Operator, Inc., 105 FERC ¶ 61,144 (2003) (October 28 Order), order on reh'g, 106 FERC ¶ 61,255 (2004). As a result of section 3401 of the Omnibus Budget Reconciliation Act of 1986, (42 U.S.C. § 7178 (2000)) the Commission is required to recover its costs through, among other means, its annual charges. See 18 C.F.R. Part 382 (2003). The Commission's electric annual charges (annual charges) in any fiscal year are based on its estimated electric regulatory program costs for that year (that are not otherwise recovered through, for example, filing fees), and during the next fiscal year, the Commission adjusts the annual charges up or down to eliminate any over-or under-recovery by recalculating the annual charges and carrying any over-or under-charge from the prior year as a credit or debit on the next fiscal year's bill.

relate to the 'double charge' claim that was raised in the original proceeding, which we have addressed in another proceeding and have no bearing on our analysis of Midwest ISO's instant compliance filing.<sup>4</sup> Accordingly, we accept Midwest ISO's submittal for filing, effective on September 1, 2003, as requested.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

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<sup>4</sup> See Midwest Independent Transmission System Operator, Inc., 106 FERC ¶ 61, 256.