

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF WISCONSIN**

Joint Application of American  
Transmission Company LLC and  
Northern States Power Company –  
Wisconsin, as Electric Public Utilities,  
For Authority to Construct and Operate  
a New 345 kV Transmission Line from  
the La Crosse area, in La Crosse County,  
to the greater Madison area In Dane  
County, Wisconsin.

DOCKET NO. 5-CE-142

**POST-HEARING REPLY BRIEF  
BY  
THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.**

**I. INTRODUCTION**

The Midcontinent Independent System Operator, Inc. (“MISO”) supports approval of the Applicants’ Badger – Coulee 345 Kilovolt Transmission Project (“Badger-Coulee Project” or the “Project”<sup>1</sup>), as was stated in MISO’s Post-Hearing Initial Brief filed on January 30, 2015. Also on that date, numerous other parties to these proceedings filed briefs. This Post-Hearing Reply Brief responds to briefs filed on the subject of the need for the project, as directed by Wisconsin law.

The Badger-Coulee Project is an important part of MISO’s Multi-Value Project (“MVP”) portfolio of transmission upgrades for the MISO region.<sup>2</sup> The MVP portfolio is a group of transmission projects distributed across the regional transmission system whose expansion is

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<sup>1</sup> The abbreviations used in MISO’s Post-Hearing Initial Brief are adopted in this Post-Hearing Reply Brief.

<sup>2</sup> MISO’s MVP process and portfolio is generally the subject Direct-MISO-Rauch-15 through 22. Results and analyses concerning the entire portfolio are presented in an exhibit to Laura Rauch’s testimony. Ex.-MISO-Rauch-1 (“Multi Value Project Portfolio, Results and Analyses”). The analysis of economic benefits begins on page 49 of the MISO report.

overseen by MISO.<sup>3</sup> The MVP portfolio will produce billions in present value adjusted production cost benefits.<sup>4</sup>

The Project should proceed in a timely manner. Economic benefits from the Project include development of wind resources for the generation of electricity and the realization of the full benefit of existing wind turbine generation sources whose interconnection to the transmission system is conditioned upon the completion of the Badger-Coulee Project.<sup>5</sup> The December 2018 in-service date for the Project<sup>6</sup> is designed to provide the intended benefits.<sup>7</sup> The Commission should issue a Certificate of Public Convenience and Necessity for the Badger-Coulee Project.

## **II. NEED FOR THE PROPOSED FACILITIES**

### **A. MISO's Replies to Argument Based Upon the Record.**

An unfortunate feature surrounding the initial briefing in this proceeding is the use by some parties that oppose the Project of materials outside the record.<sup>8</sup> Applicants moved to strike portions of the post-hearing initial briefs filed by Citizens Energy Task Force, Inc. ("CETF"),

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<sup>3</sup> MISO is a not-for-profit regional transmission organization that provides reliability and market services over a region that stretches from the Ohio-Indiana border to Eastern Montana and south to New Orleans. Direct-MISO-Rauch-3.

<sup>4</sup> *Id.* at 38.

<sup>5</sup> Direct-MISO-Rauch-41.

<sup>6</sup> Direct-MISO-Rauch-40; Ex.-Applicants-Henn-1; Joint Application, Executive Summary.

<sup>7</sup> Direct-MISO-Rauch-40.

<sup>8</sup> Materials outside the record are unreliable. For example, CETF refers to a statement by a MISO employee. CETF Brief at 43-44. The reference is not to MISO's witness in this case, and cannot be confirmed (or taken in proper context) from the record in this case. The "correction" offered by CETF, and unfortunately accepted in the Order on Briefing Request issued on February 12, states that CETF argument is based upon "Public Comments and hearing cross" (CETF Response to Motion to Strike at 20-21, February 9, 2015) -- the referenced statement by a MISO employee is neither. And the statement referred to by CETF states that a certain analysis was not performed, which does not support the CETF assertion for which the statement was included in the CETF Brief.

Save Our Unique Lands of Wisconsin, Inc. (“SOUL”), Concerned Citizens of Highway 33, and the Town of Holland. The evidentiary rules in cases like this one were known to these parties.<sup>9</sup>

MISO will not compound the error of the protesting parties by responding to the out-of-record statements that they have included in their initial briefs. The record in this case strongly supports the issuance of a Certificate of Public Convenience and Necessity to construct the Badger-Coulee Project as proposed by Applicants.

### **B. The Record Supports Approval of the Project**

CETF assaults the MISO planning process, asserting -- without evidentiary support -- that “MISO planning . . . would be required to [be] based on FERC 1000 if Commission staff and Wisconsin utilities pushed for MISO to do so.”<sup>10</sup> MISO’s process evaluated the Project through a deliberate, collaborative stakeholder process, which included the design and planning of transmission projects through a structured, multi-year planning process. MISO witness Rauch stated:<sup>11</sup>

Each of the transmission owners, including NSPW and ATC, collaborated with MISO staff to identify potential transmission expansions that were consistent with the regional needs, would address identified local needs, and would provide additional benefits on their respective systems and the MISO footprint as a whole. These potential expansions were then intensively studied through the MISO open and transparent study process.

Ms. Rauch’s testified that FERC orders serve as governing documents that guide MISO’s planning process.<sup>12</sup> The broad stakeholder community was part of this open and transparent

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<sup>9</sup> See, e.g., Prehearing Conference Memorandum Section IV.D.3 (no reference to “evidence or assertions of fact outside the record”).

<sup>10</sup> CETF Brief at 40. See also *id.* at 41 (“Commission must consider . . . FERC 1000”).

<sup>11</sup> Direct-MISO-Rauch-19.

<sup>12</sup> See, e.g., Direct-MISO-Rauch-23 (“planning practices are dictated by FERC Order Nos. 890 and 1000”). Ms. Rauch is “directly involved with implementing MISO Tariff provisions

process that planned the MVP transmission projects, including regulatory authorities and utilities and also including “public consumer advocates, environmental representatives, end use customers, and independent power producers.”<sup>13</sup> The Triennial Review that took a look back at the value of the MVP portfolio was conducted according to this same open and transparent study process.<sup>14</sup> The Commission should be guided by evidence in this case that demonstrates that the Badge-Coulee Project is needed, alone and as part of the MVP portfolio, as the result of this extensive planning process.

The Environmental Law & Policy Center (“ELPC”) Brief champions an argument that a “near-zero or negative load growth scenario [should be required] before the Commission decides whether or not to grant the requested CPCN.”<sup>15</sup> The near zero growth rate (*i.e.* 0.2 percent per year) appears in Applicants’ analysis, as recognized in the ELPC Brief.<sup>16</sup> CETF/SOUL Witness Powers lacks load forecasting experience,<sup>17</sup> yet ELPC relies upon the testimony of Mr. Powers as evidence that even lower growth scenarios should be studied.<sup>18</sup> A stakeholder-driven load

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regarding these reliability responsibilities and ensuring compliance with FERC Orders 890 and 1000 by leading MISO’s open and transparent planning process. . . .” *Id.* at 6.

<sup>13</sup> Direct-MISO-Rauch-13. *See also id.* at 31 and Rebuttal-MISO-Rauch-6 & 7. MISO’s record testimony also addresses the Town of Holland’s assertion, made without reference to the record, that this proceeding is about ceding the question of need to special interests. *See* Holland Brief at 1.

<sup>14</sup> Direct-MISO-Rauch-32.

<sup>15</sup> ELPC Brief at 1 (emphasis *sic*).

<sup>16</sup> ELPC Brief at 3 (“analyses included load growth estimates ranging from 0.2% per year to 2.5% per year”).

<sup>17</sup> Tr. Vol. 10 (January 8, 2015) at 33 (Powers) (“[n]o professional training” and “have not done it professionally”).

<sup>18</sup> ELPC Brief at 3. CETF/SOUL did not perform its own economic analysis of scenarios that include a zero or negative growth rate. Tr. Vol. 10 (January 8, 2015) at 169-170 (Lanzalotta).

growth forecast<sup>19</sup> was among the updated information that was used in the Triennial MVP Review that reaffirmed the economic benefits of the MVP portfolio.<sup>20</sup> While that forecast used a lower growth rate than that used in developing the MVP portfolio, MISO Witness Rauch stated that MISO's experience with forecasts from various sources continues to show positive growth rates.<sup>21</sup> ELPC's arguments are unreasonable since they would require further study of the Project under even lower load forecasts than the near zero growth rate forecast studied by the Applicants. Not even CETF and SOUL make an argument for additional study of a zero growth scenario based on their sponsored testimony.

The ELPC also argues that "low voltage options might be much more cost-effective than indicated," basing its argument upon CETF/SOUL Witness Lanzalotta's testimony.<sup>22</sup> Although Mr. Lanzalotta has forecasting experience,<sup>23</sup> he relied upon the work of CETF/SOUL Witness Powers<sup>24</sup> (again, who lacks load forecasting experience) for the opinion that load growth assumptions were inflated. MISO Witness Rauch testified that reliability problems can be "near-term" even in the absence of load growth.<sup>25</sup> The Badger-Coulee Project and the MVP portfolio

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<sup>19</sup> Rebuttal-MISO-Rauch-7 ("updated parameters were developed based on stakeholder discussions of the appropriate metrics to use in long-term economic analyses, with input from all MISO stakeholders, including regulatory authorities, public consumer advocates, environmental representatives, end-use customers, and independent power producers.").

<sup>20</sup> Rebuttal-MISO-Rauch-7 & 8.

<sup>21</sup> Tr. Vol. 9 (January 7, 2015) at 39 (Rauch) ("not seen any projections where the load growth actually stops"); *accord* Tr. Vol. 8 (January 6, 2015) at 132 (ATC Witness Burmester) ("not within the bounds of plausible futures from the information that we've obtained from the utilities, information that we obtained from stakeholders").

<sup>22</sup> ELPC Brief at 7.

<sup>23</sup> Tr. Vol. 10 (January 8, 2015) at 177 (Lanzalotta).

<sup>24</sup> *Id.* at 172 (Lanzalotta).

<sup>25</sup> Rebuttal-MISO-Rauch-3, *referencing examples in* Direct-MISO-Rauch-30 & 41; *accord* Rebuttal-Applicants-Burmester-1 & 2.

partly responded to the need for “regional transmission required to support the renewable energy mandates of the states . . . , not solely for load growth.”<sup>26</sup>

The Town of Holland argues, without reference to the record, that the Commission “ha[s] time”<sup>27</sup> to decide the outcome of the Project and that the final decision should depend upon developments in such matters as commitments to wind resources that may respond to environmental concerns and natural gas prices.<sup>28</sup> These matters are addressed in the record of this case, and that record supports approval of the Badger-Coulee Project on the schedule proposed by the Applicants.

A factor supporting approval of the Project is its support for public policy as stated in the renewable portfolio standards of Wisconsin and its neighboring states in the MISO footprint.<sup>29</sup> Those policies have driven the expansion of wind development in the region<sup>30</sup> that is waiting for completion of the MVP portfolio of transmission projects to achieve its full capability – *i.e.* existing wind generation is interconnected to the transmission grid but achieving its full output is conditional upon completion of the Badger Coulee Project.<sup>31</sup> Additional wind power development is scheduled for completion, and that output is also conditional upon completion of the MVP transmission projects.<sup>32</sup> While parties favor reliance upon solar resources,<sup>33</sup> Ms. Rauch

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<sup>26</sup> Rebuttal-MISO-Rauch-3.

<sup>27</sup> Holland Brief at 2.

<sup>28</sup> *Id.* at 1-2. Sizable delay would also be involved in any large restudy of routing options. *See, e.g.* Clean Wisconsin Brief at 18-24.

<sup>29</sup> Direct-MISO-Rauch-33 & 35; *accord*, Direct-CEI-Goggin-27.

<sup>30</sup> Rebuttal-MISO-Rauch-2 (“driven by the public policy mandates of the states, not merely the low cost nature of wind energy”).

<sup>31</sup> Direct-MISO-Rauch-41 (“Generator Interconnection Agreements”). Limiting the output of wind generation is a means by which MISO prevents NERC violations. *See* CETF Brief at 28 (“create NERC violations”).

<sup>32</sup> Direct-MISO-Rauch-41 (“Generator Interconnection studies [for applications]”).

<sup>33</sup> *See, e.g.*, CETF Brief at 27 and 35; SOUL Brief at 20; ELPC Brief at 6.

testified that MISO has received considerable interest in the development of wind resources and little regarding solar resources.<sup>34</sup> Wisconsin should also avail itself of opportunities to address environmental regulations related to carbon limitations, and the Badger Coulee Project supports development of wind generation that is environmentally friendly.<sup>35</sup>

The other factor mentioned by the Town of Holland is a change in dependence on natural gas as a mainline fuel choice.<sup>36</sup> An updated price forecast that recognized developments in the natural gas industry was among the information used in the Triennial MVP Review that reaffirmed the economic benefits of the MVP portfolio.<sup>37</sup> Threats to the timely completion of the Project would likely have negative reliability and economic impacts on Wisconsin's electric customers and others in the MISO footprint.<sup>38</sup> The Commission cannot simply wait, as proposed by the Town of Holland.

### **III. CONCLUSION**

MISO respectfully requests that the Commission grant a Certificate of Public Convenience and Necessity to Applicants and issue an order that authorizes or directs construction of the Project. The Project should be approved, as proposed and as adjusted by the efforts of Applicants in this proceeding. The timely construction of the Project is important for the ability of the transmission system in Wisconsin to continue to provide reliable service and to deliver the economic benefits of the MVP portfolio of transmission projects to Wisconsin.

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<sup>34</sup> Tr. Vol. 9 (January 7, 2015) at 43 (Rauch)

<sup>35</sup> See MISO Brief at 9, especially its reference to Direct-MISO-Rauch-35 (“robust transmission supply”).

<sup>36</sup> Holland Brief at 1.

<sup>37</sup> Rebuttal-MISO-Rauch-7 & 8.

<sup>38</sup> Direct-MISO-Rauch-40 (“inability of the existing transmission system to reliably deliver power”). This is the correct citation for footnote 52 on this same topic in MISO's Initial Brief.

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Respectfully submitted,

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