

# FOR BOARD ACTION

Agenda Item # 3

Meeting Date:

10/26/10

**SUBJECT:**

Presentation on the Economic Evaluation of Joining MISO as a Transmission Owner

**PREPARED BY:**

Mark Kotschevar, Director of Core Services

ITEM DESCRIPTION:

In 2006, RPU retained the services of MCR to perform an economic analysis of the benefits to RPU in placing its transmission assets in Midwest Independent System Operator (MISO). The analysis at that time showed it to be economically favorable to remain independent due to uncertainty in the MISO cost allocation methodology and the impacts of some proposed changes. Since that time many issues have surfaced prompting RPU to re-evaluate the costs and benefits of joining. These issues include:

- Dairyland's membership in MISO as a transmission owner, effective June 1 of this year.
- Additional investment by RPU in 161kV transmission since 2006.
- RPU's participation in the CAPX project.
- Proposed changes in MISO's revenue recovery method.


Given this new information RPU again retained MCR to update the evaluation model reflecting these changes and calculate a new Net Present Value (NPV) of joining MISO. MCR has completed their analysis and will be at the Board meeting to present the results.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

Not Applicable

UTILITY BOARD ACTION REQUESTED:

This is a discussion item. No action is requested.

  
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General Manager

10-21-10  
Date