



## **James Pardikes** **Vice President**

Jim is a Vice President at MCR Performance Solutions (MCR) and leads the Transmission Strategy Practice. Jim has 35 years of experience consulting to the utility industry, focusing on public power, generation and transmission cooperatives (G&Ts) and independent transmission developers. His expertise includes transmission formula rate cost analysis, Federal Energy Regulatory Commission (FERC) filings, strategic economic analysis, and transmission cost and rate competitiveness. Since 2005, Jim has led over 300 client transmission engagements primarily in the Midcontinent Independent System Operator, Inc. (MISO) and Southwest Power Pool, Inc. (SPP), while also working in the PJM Interconnection L.L.C. (PJM), California ISO, New York ISO and the Georgia Integrated System. Jim also has extensive experience facilitating client working teams and presenting to executive management and Boards of Directors.

In the transmission strategy area, Jim has led, managed, or conducted projects in the following four major areas supporting joint action agencies, municipalities, G&Ts, and independent transmission companies (Transcos):

### ***TRANSMISSION FORMULA RATE AND COST ANALYSIS***

Development or Review of Transmission Formula Rate Templates. These engagements have been for clients in MISO, SPP, the California ISO and Georgia's Integrated Transmission System to ensure that their recorded costs in the formula rate template and work papers are in accordance with FERC's Uniform System of Accounts, fully recover transmission revenue entitled under the a regional transmission organization (RTO) tariffs, and follow the proper protocols. Various template changes, better reflecting the client's business issues, have resulted in the recovery of tens of millions of dollars of additional transmission revenue for our clients. MCR has completed these assignments for existing TOs, new TOs joining an RTO, or clients who are contemplating joining an RTO. These assignments have involved, for example, the MISO Attachments O, GG, and MM, and the SPP and PJM Attachment H formula rate templates and include formula rate education workshops for client personnel. As part of these assignments, MCR also advises public power clients on the eligibility of their transmission assets for cost recovery under the RTO tariff, often referencing the FERC 7-Factor Test, which evaluates whether an asset is classified as transmission or distribution.

Review of Formula Rate Filings of Incumbent IOU Utilities. On behalf of joint action agencies (JAAs), municipalities and G&Ts in MISO and SPP, these assignments involved reviewing the annual formula rate filings of host zone incumbent IOUs in a joint pricing zone to ensure the IOU's filed transmission costs are accurate and consistent with the terms of the formula rate and protocols.

### ***FERC FILINGS***

Section 205 Filings of the Federal Power Act (FPA) made at FERC. These projects include:

- Establishing transmission formula rates and variances to standard formula rate templates in MISO including developing the annual transmission revenue requirement (ATRR) and supporting expert testimony.
- Developing ATRR filings in RTOs such as SPP, MISO, CAISO and the NYISO to gain recovery of costs related to transmission assets placed under the functional control of an RTO, associated with becoming a transmission owner (TO);
- Transitioning from an historical test year to a forward-looking test year in MISO;

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- Implementing previously approved transmission rate incentives for clients in MISO;
- Recovering regulatory asset costs for transmission MISO clients; and
- Seeking FERC approvals for project cost-sharing in MISO Section 205 Rate Filings.

Cost of Capital Expert Testimony and Analysis. For public power clients in SPP and PJM, Jim has developed successful cost of capital testimony for numerous FERC Section 205 filings. In addition, Jim has managed or conducted numerous engagements that have analyzed levels of ROE, and levels and types of margin calculations using either the non-levelized/return-on-rate base method or cash-flow/debt-service-plus-margin method, respectively. These assignments modeled return options intended to determine which template best suits the client and can optimize their ATRR.

Transmission Incentive Rate Filings under FERC Order No. 679. These engagements included providing expert testimony and analytics for numerous joint action agency and G&T clients in MISO that were requesting transmission rate incentives for a particular transmission project under FERC Order No. 679. Jim's testimony included incentives such as justifying a hypothetical capital structure, including construction work in progress (CWIP) in rate base; justifying abandoned plant cost recovery for abandoned transmission projects; and establishing regulatory asset treatment. The justification for a hypothetical capital structure included modeling analytics linked to levels of debt service coverage and other financial metrics on the project consistent with achieving the utility's existing or target credit rating and risk profile of the project. This methodology developed by MCR has been reviewed and approved several times by FERC Commissioners and their staff.

Intervention and Settlement Support. As follow-up to FPA Section 205 filings and transmission rate incentive filings, these engagements provide support for public and cooperative power clients in MISO and SPP involved in settlement discussions with interveners, FERC trial staff and/or FERC's mediation staff. Clients also engage MCR to support them in interventions of neighboring utilities' Section 205 filings.

Testimony Support in Asset Acquisition. Jim supported a Transco in a Section 203 FERC filing providing analyses, investment levels and expert testimony of MISO transmission owners including key metrics to analyze the transmission investment levels of IOUs/Transcos, G&Ts, JAAs and municipals.

### **STRATEGIC ECONOMIC ANALYSIS**

Economic Analysis of New Transmission Projects. These assignments have evaluated the economics and risks of investing in major transmission projects for MISO public and cooperative power clients. These analyses have modeled the cost allocation, ATRR impacts and risks of the project, and determined the overall net present value of the project, using MCR's Transmission Project Evaluation Tool™ often in conjunction with using probabilistic analysis techniques. In addition, Jim has also worked with utilities in the capital planning area to:

- Evaluate the economics and risks of various capital projects, including environmental and generation projects;
- Define capital prioritization processes; and
- Apply the concepts of net present value and risk analysis to the evaluation of major projects.

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Economic Analysis of Joining an RTO. On numerous occasions, Jim has led assignments for public and cooperative power clients that evaluated the quantitative and qualitative costs and benefits of becoming a TO in MISO, utilizing MCR's RTO Evaluation Model™. These cost-benefit analyses included the quantification of various risks, analysis of grandfather agreements (GFAs) and utilized MCR's RTO Evaluation Model™.

Economic Analysis of Generator Interconnections. These assignments conducted modeling of the most optimal asset ownership and financing option for MISO utilities responding to an interconnection request from a prospective independent generator.

Negotiation Support with Surrounding Incumbent Utilities. These assignments for public and cooperative power clients involve the analysis, development, and execution of negotiation strategies with the incumbent utilities located in MISO joint pricing zones. These projects also included analyzing and/or developing pricing zone agreements.

Strategic and Economic Analysis of Building or Selling Transmission Assets. These engagements involved conducting analysis associated with the right to construct transmission assets in a MISO joint pricing zone based on certain quantitative criteria such as load ratio share, or transmission revenue vs. transmission tariff paid. Related assignments involved conducting strategic and economic analysis of the potential sale of transmission assets to other transmission owners in MISO. Analyses included valuing the client's assets using multiple valuation techniques.

Development of Transmission Business Plans. MCR worked closely with G&T and JAA clients in MISO to develop strategies that enhance reliability of their members and create value for the company through additional transmission revenue. This also included conducting financial analyses and modeling of various project opportunities.

### ***TRANSMISSION COST / RATE COMPETITIVENESS***

Cost Competitiveness Analysis. These projects for two separate transmission owners in MISO and another RTO that analyzed their transmission cost and rate competitiveness compared to other surrounding utilities. This included cost comparisons by FERC account and various metrics, indicating areas of further examination for efficiencies.

Transmission Capital Investment and Metric Comparisons. Jim has supported Transcos in FERC and state filings with testimony utilizing MCR's Proprietary Transmission Investment and Load Database which captures investment, load, and cost metrics for transmission owners in MISO, SPP and PJM. This data is used to compare various TO's rate of investment and cost metrics by segment.

### ***EDUCATION AND PREVIOUS WORK EXPERIENCE***

Mr. Pardikes earned a Bachelor of Business Administration with an emphasis in Accounting from the University of Michigan Business School in 1979. He obtained a Master of Business Administration in Finance from Michigan State University in 1982. After graduation, he worked on strategy projects for the Consulting Division of Arthur Andersen for five years. There, he worked on several financial modeling assignments for IOUs, municipal utilities, and G&Ts, gaining experience in revenue requirements and cost of capital. From 1987 to 1999, he worked at CSC Planmetrics, a management consulting firm dedicated to serving electric and natural gas utilities, where he focused on wholesale power marketing, strategic planning, and retail competitive energy markets for IOUs and G&Ts. From 1999 to 2001, he worked for Andersen Consulting and its successor organization, Accenture, in its energy practice, where he assisted utility and energy clients in wholesale and competitive retail energy markets. In 2001, he joined MCR, where he is a Vice President and leads the Transmission

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Strategy Practice. He has authored and co-authored many MCR white papers on topics such as transmission investment in MISO and SPP and the impacts of renewables and storage on transmission investment, incentive rates, transmission formula rate protocols, the economics of public and cooperative power membership as an RTO TO, cost allocation methodologies within MISO, stated vs. formula rates, impact of IOU tax rate changes on zonal ATRR, and capital project evaluations, including quantitative risk analysis of major projects.