



**Transmission  
Strategy Services**

# **MCR's Cost and Rate Competitiveness Services**



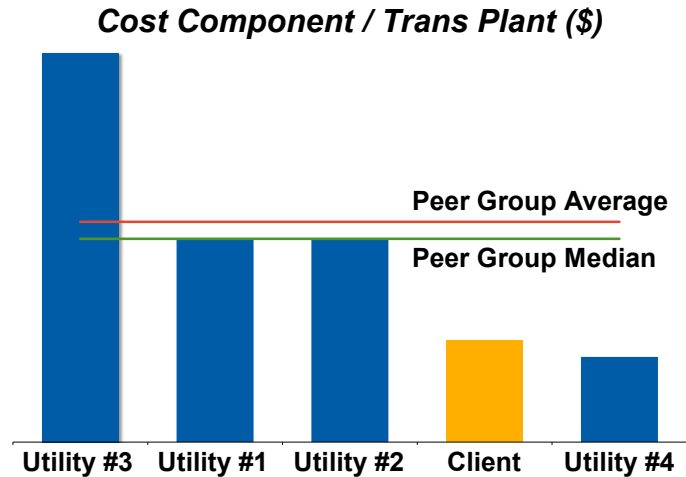
**Helping public power and cooperative  
transmission owners ensure accurate and  
competitive costs and rates**

# MCR Transmission Strategy Practice

## Cost and Rate Competitiveness Services

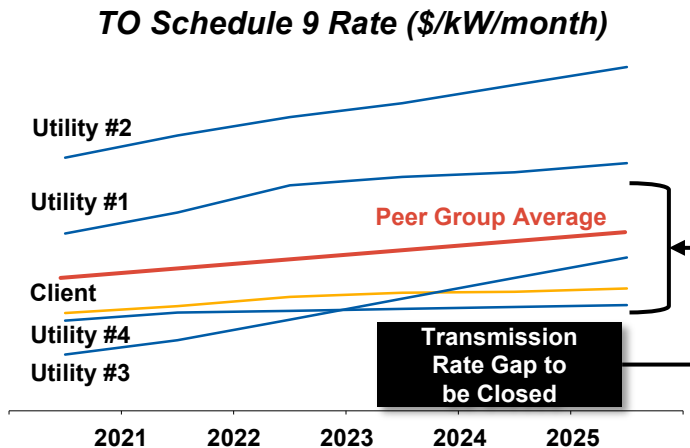
**Are you sure your transmission costs are being properly recorded?** MCR examines whether your costs are in the proper FERC accounts consistent with RTO and industry accounting. This includes both direct and allocated costs.

**How do your transmission-related costs and resulting rates compare with surrounding utilities?** As transmission investment and rates continue to escalate, Boards want to know how your organization's transmission costs and rates compare with surrounding transmission owners ("TOs"). MCR compares your costs by FERC account and subaccount to surrounding TOs and highlights areas warranting further analysis and potential cost reduction, while determining which costs affect your rates the most.



**How do your forecasted transmission rates compare to others and what can you do to make your rate more competitive?** MCR develops forecasts of annual transmission revenue requirement ("ATRR") and transmission rates for our clients and peer TOs to assess our clients' rate competitiveness and identifies any "gap" that may need to be closed. MCR assists clients to develop strategies to close the gap and develops ATRR forecasts under various scenarios.

**How does your level of transmission investment and performance in key cost metrics compare with peer TOs?** MCR has a proprietary database of transmission capital investment, load and comparative cost metrics for TOs in various RTOs. This allows MCR to conduct cost competitiveness analyses and is the foundation for MCR testimony in FERC filings and in negotiations with incumbents in a joint pricing zone.



**How do your forecasted transmission rates compare to others and what can you do to make your rate more competitive?**

# MCR Transmission Cost and Rate Competitiveness Services

***MCR Transmission Strategy staff are the premier experts in transmission cost and formula rates.*** MCR has developed or reviewed over 155 transmission formula rates for clients in MISO, SPP, PJM, CAISO and NYISO. We provide several transmission cost and rate services to joint action agencies, municipalities, public power districts, G&Ts, T&D cooperatives, and independent transmission developers. These cost and rate services fall into three categories:

## **Peer Cost Comparison by FERC Account**

- ☐ Proper recording of direct and allocated costs
- ☐ Peer group cost comparison by transmission cost component
- ☐ Cost component analysis with highest leverage to impact rate

## **Rate Strategy and Transmission Revenue Forecasting**

- ☐ ATRR and rate forecasts
- ☐ Gap analysis vs. peers
- ☐ Development of strategies to close gaps

## **Transmission Capital Investment and Metric Comparisons**

- ☐ Analytical support in cost competitive analyses
- ☐ MCR expert testimony in FERC filings
- ☐ Negotiations with incumbents on the appropriate share of transmission investment in a joint pricing zone



Visit [www.mcr-group.com](http://www.mcr-group.com) for recent white papers on transmission investing and optimizing transmission rate revenue for public power utilities and cooperatives

# What Our Transmission Clients Are Saying

***“All of our desires for the project were met without question. MCR was very knowledgeable, and we got a lot out of it; they delivered... I got a great sense of integrity from them as we went through the project.”***

— CFO, G&T

***“MCR has a wealth of knowledge of transmission formula rates, FERC accounts and the transmission industry.”*** — GM, municipal utility

***“We needed help evaluating the cash flow of a proposed transmission project. MCR produced a revenue forecast analysis and helped us use their evaluation tool.”*** — Director of Transmission Planning

***“MCR’s analysis looked for opportunities. I always felt their analysis was leading to something worthwhile. I never once doubted the thoroughness or accuracy of their analysis.”*** — CEO, joint action agency

***“MCR’s investment database and analytics were critical for us, as we lacked these capabilities in-house. MCR was given a specific task: to perform an analysis of historical transmission levels in key RTOs and then present their results and policy recommendations in supporting testimony that we planned to include as part of our comments in a FERC administrative proceeding; they delivered exactly what we were looking for, on schedule, and within budget.”***

— VP Government Affairs, Independent Transmission Developer

# About MCR's Transmission Strategy Practice

MCR provides transmission strategy support to municipals, public power districts, joint action agencies, G&Ts, T&D cooperatives, and independent transmission developers in various RTOs. Our clients have a goal of optimizing the value of their current and future investments in electric transmission. We help them understand their costs and realize the full revenue potential from these transmission assets.

MCR's Transmission Strategy practice provides the following services:

## **Transmission Cost/Rate Competitiveness (see earlier pages for more detail)**

- Peer Cost Comparison by FERC Account
- Rate Strategy and Transmission Revenue Forecasting
- Transmission Capital Investment and Metric Comparisons

## **Transmission Formula Rate Analysis**

- Formula Rate Review for Existing Transmission Owners
- Development of ATRR for New Transmission Owners
- Review/Challenge to Incumbent IOU Formula Rate Costs
- Staff Education Workshops on Transmission Formula Rates

## **FERC Filings**

- Section 205 Rate Filings – Testimony and Formula Rate Support
- Transmission Incentive Rate Filings and Testimony
- Cost of Capital Expert Testimony
- Intervention and Settlement Support

## **Strategic Economic Analysis**

- Analysis of Joint Zone Investment and FERC 7-Factor Test
- Analysis of Potential Purchase or Sale of Transmission Assets
- Economic Evaluation of New Transmission Projects
- RTO Membership Evaluation
- Development of Transmission Business Plans

***Through our consulting assignments, MCR has created tens of millions of dollars in value for our clients and broken new regulatory ground for our client base with landmark FERC decisions.***



# MCR Transmission Strategy Practice Leadership



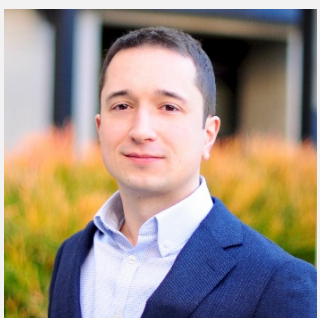
**Jim Pardikes** is a Vice President at MCR and leads the Transmission Strategy Practice. He has 35 years of experience consulting to the utility industry. His expertise includes asset eligibility, asset valuation, and expert testimony for Section 205 and incentive filings, including cost of capital. Jim regularly presents to Boards and senior teams and has written extensively on the drivers of transmission investments and the case for transmission incentives. Jim can be reached in the office at 847-504-2549, on mobile phone at 847-226-2084, or by email at [jpardikes@mcr-group.com](mailto:jpardikes@mcr-group.com).

*“Jim has a way of getting to the core concept; he’s able to present it in a way that’s understandable. He has a confidence when he’s presenting, which is quite valuable.”* —Transmission Planning Manager, G&T



**Ron Kennedy** is a Director with MCR. He has over 20 years of experience in consulting to the utility industry. His expertise includes formula rates, Section 205 rate filings, rate incentives, evaluation of RTO membership, asset valuation, asset eligibility and financial evaluation of transmission projects. Ron is experienced in presenting to executive teams and Boards of Directors. Ron can be reached at [rkennedy@mcr-group.com](mailto:rkennedy@mcr-group.com).

*“Ron knows those FERC accounts like the back of his hand.”* —Vice President, JAA



**Chris Nagle** is a Manager with MCR. He has 14 years of experience in transmission, rates and regulatory affairs. His MCR expertise includes conducting reviews of formula rates, developing new formula rates/testimony, asset valuation and evaluating economics of transmission projects. His previous experience includes rate development and cost allocation for a multi-jurisdictional electric utility, including testifying as an expert witness before various PSCs. Chris can be reached at [cnagle@mcr-group.com](mailto:cnagle@mcr-group.com).

*“Chris is incredibly responsive and knows what questions to ask.”* —GM, municipal



For further information, please contact:

**Jim Pardikes**

V.P., Transmission Strategy

OFFICE: 847-504-2549

MOBILE: 847-226-2084

[jpardikes@mcr-group.com](mailto:jpardikes@mcr-group.com)

To learn more about MCR, visit us online at

**[www.mcr-group.com](http://www.mcr-group.com)**



MCR Performance Solutions LLC  
155 North Pfingsten Road, Suite 155  
Deerfield, IL 60015

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