



MISO ATTACHMENT O REVIEW



Helping public power and cooperative transmission owners in MISO optimize and protect their transmission revenue recovery

IS YOUR UTILITY MISSING OUT ON REVENUE?

- ✓ **Are you recovering all the transmission-related costs you are entitled to under the MISO tariff?**

Many public power entities and cooperatives in MISO are unknowingly leaving substantial amounts of annual transmission revenue requirement (ATRR) on the table.

- ✓ **Are your transmission-related costs being properly recorded, and can they withstand scrutiny?**

Transmission rates are becoming a larger portion of customers' total bills. Your costs must be able to withstand scrutiny from neighboring utilities and other stakeholders.

- ✓ **Could your staff benefit from education on the Attachment O?**

Many public power and cooperative staff are unfamiliar with transmission costs and how costs are recovered in the Attachment O.



Most public power and cooperative entities are **leaving 5% to 20%** of their transmission revenue on the table.



MCR CAN HELP

MCR’s Attachment O Review evaluates the assets, expenses, and allocators comprising your ATRR in MISO’s Attachment O cost template. We ensure that you are optimizing your transmission revenue and that your costs can withstand challenges. Our review culminates in a workshop that explains the mechanics and cost allocation principles in the Attachment O, resulting in better decisions and increased transmission revenue.

Since 2013, MCR has conducted over 50 Formula Rate Reviews. Here are some recent results:

MCR Transmission Client	% Increase in Annual Transmission Revenue from Formula Rate Review
T&D Cooperative	3%
G&T 1	15%
G&T 2	5%
Joint Action Agency	18%
Municipal 1	60%
Municipal 2	8%
Municipal 3	19%
Municipal 4	15%

“ MCR was able to point out significant areas where we weren’t recovering all we could, and in one case, those numbers were substantial.”

—CFO, Joint Action Agency

TRANSMISSION FORMULA RATE SERVICES

MCR's Transmission Strategy team are leading experts in transmission formula rates. We have developed or reviewed over 175 transmission formula rates for clients in MISO, SPP, PJM, CAISO, and NYISO. We provide a full suite of formula rate services to joint action agencies, municipals, public power districts, G&Ts, and T&D cooperatives:

Formula Rate Review for Existing Transmission Owners

- Perform Attachment O transmission formula rate reviews for existing transmission owners to properly record costs, optimize revenue, and educate staff
- Review cost allocation approaches

Development of ATRR for Transmission Owners

- Develop/review client updates to annual formula rates and defend client updates against challenges from neighboring utilities
- Develop the formula rate ATRR and supporting work papers for new transmission owners
- Support Section 205 FERC filings to implement new transmission rates, including customized formula rates and supporting testimony

Review/Challenge of Incumbent IOU Formula Rate Costs

- Review/question the neighboring incumbent IOU formula rates; conduct challenges consistent with RTO protocols as appropriate

Staff Education Workshops on Transmission Formula Rates

- Conduct workshops to educate staff on MISO cost allocation and the mechanics of the Attachment O, GG, and MM

Visit mcr-group.com/transmission for recent white papers on transmission investing and optimizing transmission rate revenue for public power utilities and G&Ts.



WHAT OUR CLIENTS SAY

“The improved cost recovery from the Attachment O review is a windfall for us; the return on investment was immediate and substantial. MISO approved all changes this year from the review.”

–General Manager, Municipal Utility

“Regarding the review of our transmission costs, MCR was very thorough. They understand it backwards and forwards. They offered ideas and solutions.”

–VP of Transmission, Cooperative

“I worked with 25 other utilities in Minnesota and I’ll tell you there’s a lot more utilities that could use this kind of help. The upfront cost is certainly worth the reward.”

–General Manager, Municipal Utility

“The results of MCR’s Attachment O review compelled us to actually change the way we approach transmission accounting to make sure our involvement in transmission is on equal footing with the IOUs.”

–General Manager, Municipal Utility

“MCR was very knowledgeable... we wanted to tap into that knowledge. I got a great sense of integrity from them.”

–CFO, G&T

“MCR’s approach is to make sure everything is defensible and to ensure we follow the requirements of the tariff; that’s what they care about.”

–General Manager, Municipal Utility

“MCR opened my mind and gave me the confidence to change the way things are done.”

–Manager of Accounting and Finance, Municipal Utility

ABOUT MCR'S TRANSMISSION STRATEGY PRACTICE

MCR provides transmission strategy support to public power, cooperatives, and independent 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 realize the full revenue potential from these transmission assets. MCR's Transmission Strategy practice provides the following services:

Transmission Formula Rate Analysis

- Formula Rate Review for Existing Transmission Owners
- Development of ATRR for Transmission Owners
- Review/Challenge of 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

- Economic Evaluation of New Transmission Projects
- Valuation/Accounting for Purchase or Sale of Assets
- Development of Transmission Business Plans
- Analysis of Joint Zone Investment, Pricing Agreements, and 7-Factor Tests
- RTO Membership Evaluation

Transmission Cost/Rate Competitiveness

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

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'S TRANSMISSION STRATEGY PRACTICE LEADERSHIP



Ron Kennedy is a Vice President with MCR and heads the Transmission Practice. Ron has over 23 years of experience in consulting to the utility industry. His expertise includes transmission formula rates, Section 205 rate filings, rate incentives, evaluation of RTO membership, asset valuation, asset eligibility, financial evaluation of transmission projects, and strategic planning. He is experienced in presenting to executive teams and boards of directors. Ron can be reached at rkennedy@mcr-group.com.



John Simpsen is a Lead Consultant with MCR. John has eight years of experience consulting to the utility industry, nearly all focused on transmission. His expertise includes expert revenue requirements testimony for Section 205 filings, competitive bid projects, invested capital updates in ERCOT, Section 205 filings at FERC, incentive rate FERC filings, transmission formula rate reviews, and developing wholesale electric rates for utilities. John can be reached at jsimpsen@mcr-group.com.



Nikhil Tarlapally is a Lead Consultant with MCR. Nikhil has seven years of utility experience. With MCR, he has worked on numerous modeling projects that evaluated the economics of proposed transmission projects, both non-competitive and competitive. He has also supported incentive rate FERC filings. Prior to MCR, Nikhil worked for a major IOU doing financial forecasting and economic analyses of generation and renewables projects. He has also supported rate case filings. Nikhil can be reached at ntarlapally@mcr-group.com.



**For further information on MCR's
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**To learn more about MCR,
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