



TRANSMISSION STRATEGY SERVICES



Helping public power utilities, cooperatives, and independent developers realize the full revenue potential of their transmission assets

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“We couldn’t have asked for better support or better consultants to work with.”

—General Manager, Municipal Utility



MCR TRANSMISSION STRATEGY SERVICES

MCR provides transmission strategy support to public power entities, G&T and T&D cooperatives, and independent developers nationwide. Our services include:

Transmission Formula Rate Analysis

- Formula Rate Review for Existing Transmission Owners
- Development of Annual Transmission Revenue Requirements (ATRR) for New Transmission Owners
- Review/Challenge to Incumbent Formula Rate Costs
- Staff Education Workshops on Formula Rates

FERC Filings

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

Support Competitive Project Bids

- Develop Bid Strategies for Transmission Projects that Qualify Under FERC Order 1000
- Conduct Economic Analyses to Test Potential Rate Caps/Concessions
- Design Cost Recovery Approaches to Implement Cost Recovery for Awarded Projects

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 Investments, Joint Pricing Zone Agreements, and 7-Factor Tests
- RTO Membership Evaluations

Transmission Cost and Rate Competitiveness

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

Visit mcr-group.com to read stories about how MCR's work in these areas helped transform the performance of our public power, cooperative, and independent developer clients.

THE MCR ADVANTAGE

MCR has built long-term relationships with clients spanning two decades. The majority of our business comes from existing clients, who continue to hire us to develop solutions to their critical economic and strategic business challenges. They rely on MCR for our:

Industry Knowledge

The deep expertise of the MCR team delivers unparalleled value for our clients. Our consultants have spent decades in the industry and have the knowledge, understanding, and contacts our clients need to navigate complex issues.

Collaborative Approach

We invest the necessary time up front to understand each client's unique issues and how we can create value. We work jointly toward a solution, sharing our knowledge every step of the way. After completing a project, we don't just disappear; we stay connected to ensure our client is better off than before the project began.

Impactful Results

We deliver measurable results on every project. MCR has helped our transmission clients create tens of millions of dollars in additional revenue and broken new regulatory ground with landmark decisions in FERC rulings.



“MCR has become more than just a consultant; **they’ve become a partner.** MCR’s expertise has allowed us to move forward with our strategic plan on transmission.”

—General Manager,
Municipal Utility

MCR THOUGHT LEADERSHIP

Download these white papers and others at mcr-group.com/transmission



Running Transmission as a Business
How G&Ts Can Participate in Today's Transmission Arms Race

October 2014
Jim Parfitt
Alan Karmody

Running Transmission as a Business




The Transmission Arms Race Continues
Are You Obtaining Your Share of Transmission Investment?

September 2017
Jim Parfitt
Alan Karmody
Chris Regis

The Transmission Arms Race Continues




Going on the Offensive to Counter Dramatic Increases in Transmission Rates
Transmission Investing for Public Power and G&T Utilities

June 2012
Jim Parfitt
Alan Karmody

Going on the Offensive to Counter Dramatic Increases in Transmission Rates




The Seven Potential Threats to the Transmission Business
In Transmission in MISO Still a Solid Business?

October 2014
Jim Parfitt
Alan Karmody
Chris Regis

The Seven Potential Threats to the Transmission Business




NO TIME TO WASTE IN FILING FOR TRANSMISSION RATE INCENTIVES

No Time to Waste in Filing for Transmission Rate Incentives




Pulling the Transmission Trigger
Evaluating MISO Transmission Ownership for Municipal Agencies and G&Ts

Jim Parfitt
Alan Karmody

MISO Transmission Ownership Evaluation



TRANSMISSION FORMULA RATE ANALYSIS

Formula Rate Reviews for Existing Transmission Owners

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR conducts reviews of transmission formula rates, (MISO Attachment O, SPP/PJM Attachment H) to substantiate costs and optimize revenue.	<p>“MCR was able to point out significant areas where we weren’t recovering all we could, and in one case, those numbers were substantial.” —<i>CFO, Joint Action Agency</i></p> <p>“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.” —<i>General Manager, Municipal Utility</i></p>

Development of ATRR for New Transmission Owners

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR develops cost data to support full RTO revenue recovery for new transmission owners (TOs), which involves developing transmission formula rates.	<p>“The onsite meetings allowed staff to ask questions and better understand why things are being done or why certain data was needed for the Attachment H. I was very impressed with how it went.” —<i>CEO, Joint Action Agency</i></p> <p>“MCR came to our office and walked through the entire transmission formula rate with me and my colleagues to make sure going forward we knew what was required of us. It felt like they went above and beyond what a normal consulting firm does.” —<i>Director of Finance, Municipal Utility</i></p>

Review/Challenge to Incumbent Formula Rate Costs

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR reviews neighboring utility transmission costs or RTO cost calculations to ensure that transmission charges are appropriate.	<p>“MCR went through the cost data with a fine-tooth comb and asked the incumbent IOU some very hard questions.” —<i>Financial Planning Manager, Joint Action Agency</i></p> <p>“MCR are in-depth experts on the Attachment O... I was flabbergasted MCR was able to gather so much information. They had all the appropriate questions for the IOU.” —<i>Director of Finance, Municipal Utility</i></p> <p>“Trust but verify... MCR is that verification. And if you don’t have the verification of your incumbent utility formula rates, you could easily pay much too much.” —<i>Partner, Washington, DC-Based Law Firm</i></p>

Staff Education Workshops on Transmission Formula Rates

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR conducts workshops to educate client staff on formula rates and the implications of business changes on ATRR.	<p>“MCR provided a workshop to educate us on the components of the Attachment O and the process, so we are much more confident when we are interacting with MISO and surrounding transmission owners.” —<i>CFO, Joint Action Agency</i></p>



FERC FILINGS

Section 205 Rate Filings and Testimony

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR provides expert FERC testimony for Section 205 rate filings, including ATRR filings for TOs in various RTOs, such as MISO, SPP, PJM, NYISO, and CAISO. Our expertise includes formula rate template changes, cost of capital, projected test years, and regulatory asset recovery.</p>	<p>“Their knowledge helped improve our collection of transmission costs through an adjustment to the tariff template, a strategy they developed and we were able to get implemented. It was a very helpful, innovative, and unique solution to put us on a more even playing field with peer transmission owners.” <i>—CFO, Joint Action Agency</i></p> <p>“MCR wrote testimony. Having MCR’s name behind us was a huge plus to get SPP and FERC on board. You can tell MCR has a trust from everybody, a respect within the industry.” <i>—Finance Director, Municipal Utility</i></p>

Transmission Incentive Rate Filings and Testimony

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR provides analytics, formula rates, and testimony for transmission rate incentive applications to FERC. This includes requests for hypothetical capital structures, CWIP, abandoned plant, and regulatory assets.</p>	<p>“MCR helped us justify a hypothetical capital structure for FERC—a successful filing with no intervention.” <i>—Transmission Planning Manager, G&T Cooperative</i></p> <p>“It was absolutely critical we get incentive rates approved by FERC; otherwise, our investment wouldn’t have made economic sense. What impressed me is MCR was proactive about helping us understand what we needed, the process, and what the timelines would be.” <i>—Vice President, Joint Action Agency</i></p>

Cost of Capital Expert Testimony

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR provides expert testimony and analytics to support proposed cost of capital for new and existing formula rates for public power, including margin requirement, ROE, and capital structure. MCR has also successfully supported clients responding to FERC Deficiency Notices.</p>	<p>“MCR created an innovative analysis based on our historical debt service coverage that compared it to a traditional IOU ROE analysis, which allowed us to make a reasonable filing at FERC that was ultimately accepted.” <i>—Transmission Planning Manager, Joint Action Agency</i></p> <p>“MCR’s cost of capital testimony was content-rich, succinct, and effective.” <i>—VP of Transmission, Joint Action Agency</i></p>

Intervention and Settlement Support

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR provides our clients with analytical and intervention response support during intervention, settlement, mediation, and hearings.</p>	<p>“They helped us vet out issues before we finalized positions; they were willing to tell us what we may not have wanted to hear but needed to hear. With their help, we were successful attaining precedent-setting outcomes.” <i>—CEO, Joint Action Agency</i></p>

STRATEGIC ECONOMIC ANALYSIS

Economic Evaluation of New Transmission Projects

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR analyzes cash flows of proposed transmission projects. MCR's Transmission Project Evaluation Tool™ highlights how value is created under various cost allocation and recovery scenarios and helps prioritize capital.	<p>"MCR presented to our board, which is made up of everyday citizens, and did an excellent job of explaining the results and a very complicated tariff." —General Manager, Municipal Utility</p> <p>"MCR helped us analyze the benefits and costs of becoming a TO and investing in new transmission. MCR was very timely, was within budget, and met or exceeded our expectations." —Transmission Planning Manager, Joint Action Agency</p>

Valuation/Accounting for Purchase or Sale of Assets

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR validates the accounting/recording of historical asset costs used to value transmission assets and also provides asset valuations.	<p>"MCR looked at the valuation analysis from three very different angles and explained their final choice for valuation. No party contested any of the analysis." —City Manager, Municipal Utility</p> <p>"MCR's asset valuation analysis was very comprehensive." —General Manager, Municipal Utility</p>

Development of Transmission Business Plans

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR works with clients to define transmission-related issues, goals and strategies, including providing analytic support of potential projects.	<p>"I'm a return customer, because MCR possesses an excellent understanding of transmission as a business and how to create value from investing in transmission. They were very useful in helping our people build a concrete and actionable plan." —CEO, G&T Cooperative</p> <p>"We definitely received significant value from this transmission business strategy process and it was time well spent for our internal resources." —VP of Transmission, Cooperative</p>

Analysis of Joint Zone Agreements and FERC 7-Factor Analysis

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR provides analytical support in negotiations with incumbents on joint pricing zone agreements and the appropriate share of eligible transmission investment in a joint pricing zone.	<p>"MCR walked us through the 7-factor process and helped make sure things were consistent." —Manager, Accounting/Finance, Municipal Utility</p> <p>"MCR takes on challenges I don't think other consultants are willing to do... [they] kept us disciplined and realistic about strategies we should consider." —CEO, Joint Action Agency</p>

RTO Membership Evaluations

WHAT WE DO:	WHAT OUR CLIENTS SAY:
MCR conducts economic analysis using MCR's RTO Evaluation Model™ to assess whether to become a transmission owner in an RTO.	<p>"They have done this for others and brought that history and knowledge base and were able to guide us through potential pitfalls that we might run into." —General Manager, Municipal Utility</p>



TRANSMISSION COST AND RATE COMPETITIVENESS

Transmission Peer Cost Comparisons by FERC Account

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR conducts transmission cost comparisons with peer utilities by FERC account for transmission owners to identify potential areas warranting cost reduction and/or differences in the recording of costs.</p>	<p>“MCR has the full package; MCR brings the subject matter expertise, knowledge of transmission rates, rate structure, finance and accounting, and FERC policy. MCR understands our peers, where to grab the cost data, and how to analyze it.” <i>—Senior VP, Cooperative</i></p> <p>“MCR has a wealth of knowledge of transmission formula rates, FERC accounts, and the transmission industry.” <i>—General Manager, Municipal Utility</i></p>

Transmission Rate Strategy and Revenue Forecasting

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR develops forecasts of ATRR and transmission rates for clients to assess their rate competitiveness and better understand the levers to close the gap and manage future rate increases. ATRR forecasts are developed under various transmission strategy and investment scenarios. Analyses also include evaluating generator interconnection investment options, such as utility-funded and customer-funded investment.</p>	<p>“Their 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.” <i>—CEO, Joint Action Agency</i></p> <p>“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.” <i>—Director of Transmission Planning, Cooperative</i></p>

Transmission Capital Investment and Metric Comparisons

WHAT WE DO:	WHAT OUR CLIENTS SAY:
<p>MCR maintains a proprietary database of transmission capital investment, load and comparative cost metrics for TOs and industry segments in various RTOs. This information provides analytical support in cost competitive analyses, MCR expert testimony in FERC filings and in negotiations with incumbents on the appropriate share of transmission investment in a joint pricing zone.</p>	<p>“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.” <i>—VP of Government Affairs, Independent Transmission Developer</i></p> <p>“MCR will come up with ideas we hadn’t thought about and they’ll make suggestions based on what’s going on, especially in the co-op and muni area. More often than not, MCR has an immediate answer; they definitely know the business.” <i>—Manager of Transmission Planning, Cooperative</i></p>

MCR'S TRANSMISSION STRATEGY PRACTICE LEADERSHIP



Ron Kennedy is a Vice President with MCR and heads the Transmission Practice. Ron has over 25 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 Manager with MCR. John has nine 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 eight 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.



ABOUT MCR

MCR is a management consulting firm serving the utilities industry. For more than 25 years, we have delivered exceptional results, helping transform the performance of a wide range of utility companies. Our consulting experts possess deep industry knowledge and are dedicated to the relentless pursuit of creating value for our clients. We bring together teams of our experts to support utilities in the following practice areas:

Regulatory Services

- Pre-Filing Reviews
- Rate Case Management
- Strategic Research and Analysis
- Modern Rate Design Strategies
- Regulatory Strategy and Filings

Strategic and Financial Advisory

- Corporate Planning
- Natural Gas and Electric Strategies
- Regulatory, Finance and Investor Relations

Transmission Strategy

- Formula Rate Analysis
- FERC Filings
- Support Competitive Project Bids
- Strategic Economic Analysis
- Transmission Cost/Rate Competitiveness

Energy Products and Services

- Strategy and Program Design
- Process and Data Management
- Program Implementation
- Program Management and Administration
- Program Tracking and Reporting
- Evaluation, Measurement and Verification (EM&V)

Financial Planning and Analysis

- Financial Forecasting
- Enterprise Risk Management
- Strategic Planning
- Capital Allocation
- Financial Processes and Systems

Nuclear Generation

- Zero-Base Budgeting
- Capital Project Evaluation
- Life Cycle Management Planning
- Long Range Planning
- Management Reporting
- Capitalization Policies and Procedures

» To learn more, visit mcr-group.com



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