

**BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**

In the Matter of a Working Case to Consider	)	
Mechanisms to Encourage Infrastructure	)	<u>File No. EW-2016-0041</u>
Efficiency	)	

**ITC MIDWEST LLC'S RESPONSE  
TO THE COMMISSION'S SEPTEMBER 29, 2015 ORDER  
DIRECTING FILING**

ITC Midwest LLC ("ITCMW"), for its Response to the Commission's September 29, 2015 Order Directing Filing, submits as follows:

**Background**

1. On September 29, 2015, the Missouri Public Service Commission ("Commission") directed regulated electric utilities to answer 7 questions (some with subparts) regarding mechanisms to encourage infrastructure efficiency.

2. ITCMW's response ("Response"), set forth below, restates each question the Commission asked and then follows with ITCMW's Response.

**Questions and Responses**

Specific to your Utility's process in considering all tangential issues in making the determination to expand its infrastructure to provide service to a customer requesting service at a new or existing location, please provide the responses to the following questions:

1. Please describe what costs and what revenues are included or excluded from that calculation. For utilities relying on a net revenue calculation, please describe the following:
  - a. How is annual net revenue or other applicable measure of revenue estimated or calculated?
  - b. What customer or customer-related capital cost and expense values are used? Is the valuation used based on incremental or average cost?
  - c. What distribution capital cost and expense values are used? Is the valuation used based on incremental or average cost?
  - d. What energy capital cost and expense values are used? Is the valuation used based on incremental or average cost?

- a. Is the cost of energy used for calculation the cost of energy net of revenues from off-system sales? Is the valuation used based on incremental or average cost?
- e. What utility-owned and operated (if applicable) transmission system capital cost and expense values are used? Is the valuation used based on incremental or average cost?
- f. What RTO transmission system capital cost or expense values are used? Is the valuation used based on incremental or average cost?
- g. What demand capital cost and expense values are used? Is the valuation used based on incremental or average cost?
- h. If any other capital costs or expenses are considered, please describe fully.

Response:

ITCMW is a FERC-jurisdictional, transmission-only utility with only a single transmission line in Missouri that currently has no direct-connected load or generation. ITCMW provides wholesale transmission service, consequently, connections to its transmission system requested by retail customers are handled through a local distribution utility. Connection to ITCMW's system, including any needed expansion, would be governed by the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff.

2. For all utilities, what revenues are included in this calculation? Are revenues from Fuel Adjustment Charges, MEEIA charges, RESRAM charges, as applicable, considered?

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

3. For all utilities, please describe how these calculations vary by class, or by Residential and Non-Residential rate groups.

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

4. For all utilities, please compare the costs and revenues described above to the costs and revenues considered under any economic development or economic redevelopment riders. Are the same costs and revenues considered whether a customer seeks service under a discounted rate rider as considered when determining the upfront costs applicable for a service extension or upgrade?

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

5. For all utilities, please explain when and under what circumstances dollars are placed into Customer Advances for Construction or similar accounts.

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

6. For all utilities, please explain when and under what circumstances dollars are removed from Customer Advances for Construction or similar accounts. When a customer or developer is refunded prepayments or deposits made as CIAC, how and when are those refunds accounted for?

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

7. For all utilities, please explain the interaction of offsets to ratebase contained in Customer Advances for Construction or similar accounts and depreciation reserve accounts?

Response:

This question is inapplicable to ITCMW because ITCMW currently does not provide service to a customer requesting service at a new or existing location in Missouri.

Respectfully submitted,

/s/ James W. Bixby

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