



The Public Utilities Commission of Ohio

Ted Strickland, Governor
Alan R. Schriber, Chairman

*Monitoring marketplaces and enforcing rules to assure safe,
adequate, and reliable utility services.*

Commissioners
Ronda Hartman Fergus
Valerie A. Lemmie
Paul A. Centolella
Cheryl Roberto

May 21, 2009

93-7000-EL-FAD

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Docket Nos. ER09-75-000 and ER09-75-001 Pioneer Transmission, L.L.C.,
Letter in Support of the Indiana Utility Regulatory Commission's Request for Rehearing**

Dear Ms. Bose:

On April 24, 2009, the Indiana Utility Regulatory Commission (IURC) filed with the Federal Energy Regulatory Commission (FERC) a "Request for Clarification and Rehearing" (Rehearing Request) in the above-captioned proceedings. These cases involve the approval of Pioneer Transmission L.L.C.'s (Pioneer's) rate incentives for the construction of a 240 mile 765 kV transmission line within the state of Indiana extending between two regional transmission organizations: the Midwest Independent System Operator, Inc. and PJM Interconnection, L.L.C.

The Public Utilities Commission of Ohio (Ohio Commission) supports the IURC's Rehearing Request. The Ohio Commission maintains that FERC has prematurely approved Pioneer's¹ transmission rate incentives pursuant to FERC Order No. 679² possibly presupposing the outcome for the regional transmission planning process established by FERC's Order No. 890.³ That is, the premature approval of Pioneer's rate incentive request intimates a pre-sanctioned approval of the company's subsequent application made pursuant to Order No. 890's regional transmission planning requirements.

Order 890 regional transmission planning review process embraces the following principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation economic planning studies, and cost allocations. Order No. 890 regional planning process also includes stakeholder involvement throughout the review process. The principles and stakeholder processes adopted in by FERC in Order 890 should not be diluted

¹ Pioneer Transmission L.L.C., "Order on Transmission Rate incentives for Formula Rate Proposal" 126 FERC at ¶ 61,281 (March 27, 2009)

² Promoting Transmission Investment through Pricing Reform, Order No. 679, 116 FERC ¶ 61,057, Docket No. RM06-4-000, (July 20, 2006)

³ Preventing Undue Discrimination and Preferences in Transmission Service, Order No. 890, 18 CFR Part 35 and 37, Docket Nos. RM05-17-000, and RM05-25-000 (February 16, 2007) and Order 890-A, 121 FERC ¶ 61,297, 18 CFR Part 37, Docket Nos. RM05-17-001, 002 and RM05-25-001, 002 (December 28, 2007)

RECEIVED-DOCKETING DIV
2009 MAY 22 AM 8:42
PUCO

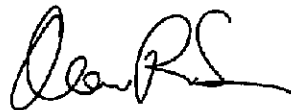
This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician *SM* Date Processed MAY 22 2009

or compromised. FERC's premature decision making should not prevail in light of the fact that it will have a long-term negative impact on the regional planning process, confidence in the regional transmission organizations (RTOs), and wholesale markets for electricity.

In addition, if premature approvals of rate incentives are allowed to continue, the Ohio Commission fears that transmission providers will be encouraged, on an ongoing basis, to gain advanced approval of rate incentives in an attempt to weaken the efficacy of the Order No. 890 regional transmission planning process. The Ohio Commission also shares IURC's concern regarding the following matters: whether premature transmission rate incentive approval establishes a presumption in favor of any subsequent rate or tariff filing, whether Pioneer should be permitted to recover costs or rates for preconstruction regulatory assets if the project does not meet the scrutiny of the regional planning process, and whether the accrual of regulatory assets already approved by FERC creates a greater likelihood of approval by either involved RTO or FERC itself.

For these reasons, the Ohio Commission supports IURC's belief that granting rate incentives prior to completion of the comprehensive regional planning process is arbitrary and capricious. Consequently, the Ohio Commission recommends that FERC should ensure that the requirements of the comprehensive regional planning process are realized by an applicant prior to granting any transmission pricing reform and/or rate incentives. Maintaining the present course will undermine the transmission planning process and erode confidence and support for wholesale markets for electricity and regional transmission organizations.

Sincerely,




Alan R. Schriber
Chairman



Ronda Hartman Fergus
Commissioner



Valerie A. Lemmie
Commissioner



Cheryl L. Roberto
Commissioner