



The Public Utilities Commission of Ohio

George V. Voinovich, Governor

Craig A. Glazer, Chairman

98 FEB 27 PM 11:01

PUCO February 27, 1998

FAO

93-7000-EL-FAO

Mr. David P. Boergers
Acting Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Mr. Boergers:

Enclosed please find one original and fourteen copies of a **Petition of the State Public Utilities or Public Service Commissions indicated herein for Technical Conference or Regional Hearing**. The states whose Commissions are signatories to this Petition are Arkansas, Illinois, Kansas, Michigan, Minnesota, Missouri, North Dakota, Ohio, Oklahoma and Pennsylvania, and Texas.

The commissions have noted and support the intent to hold a Technical Conference on ISOs as expressed by Chairman Hoecker in the Commission meeting of February 25, 1998. In light of this timely announcement, the state commissions nevertheless request that the Commission consider the enclosed petition. The state commissions further request that the Commission structure a technical conference to address and resolve the issues contained in this petition. If this means holding a separate Technical Conference or Regional Hearing for the purpose of resolving the issues specified in this request, the Commission should do so.

This filing is submitted on behalf of the state commissions by the Public Utilities Commission of Ohio. Copies of this filing have been sent to each of the state commissions, and to other state commissions that have expressed interest in the development of this Petition.

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 Joan Schaefer Date Processed 3-2-98

Please time stamp as filed the enclosed office copy and return it
to the Public Utilities Commission of Ohio.

On behalf of indicated State Commissions

Craig A. Glazer by Daniel A. Johnson

Craig A. Glazer
Chairman
Public Utilities Commission of Ohio
180 E. Broad St.
Columbus, OH 43215

THE UNITED STATES OF AMERICA
before the
FEDERAL ENERGY REGULATORY COMMISSION

In the Matter of)	
)	
Petition of State Public Utility or)	
Public Service Commissions of)	Docket No. _____
States Indicated Herein for Technical)	
Conference or Regional Hearing)	

Petition of the State Public Utility and
Public Service Commissions of States
Indicated Herein for
Technical Conference or Regional Hearing.

submitted by:

The State Public Utility or Public Service Commissions of
Arkansas, Illinois, Kansas, Michigan, Minnesota, Missouri,
North Dakota, Ohio, Oklahoma and Pennsylvania, and Texas

February 27, 1998

Petition for Technical Conference or Regional Hearing

The state public utility or public service commissions indicated herein (States) respectfully request that the Federal Energy Regulatory Commission (FERC or Commission) convene a technical conference or regional hearing, to consider the matter of competing and/or conflicting independent system operator (ISO) formation processes, and take such efficacious action as may be necessary to resolve the issues identified below. The states have noted the intent of FERC to hold a technical conference on ISOs, as expressed by Chairman Hoecker in the Commission meeting of February 25, 1998, and support that effort. The issues contained herein are critical to the states, and without timely resolution, customers may be deprived of effective access to cheaper sources of power for a significant period of time. If a technical conference or regional hearing is not the best way to resolve these issues, the Commission should specify what the appropriate processes should be when there are, or the potential exists for, competing or conflicting proposals for the formation of ISOs.

The Commission has used its ISO Principles enunciated in Order 888 to determine approval of proposed ISOs. The States urge the Commission to provide additional guidance on the matter of ISO configuration that will best promote competitive markets by eliminating rate pancaking on a broad regional scale and by most efficiently relieving transmission constraints.

The Commission should provide such additional guidance as to assure that no increase in market power of the transmission and generation owners results from the formation of any ISO. The Commission should prohibit an ISO or an inappropriate combination of ISOs from having the effect of discouraging robust regional competition. All proposed ISOs should be required to demonstrate that the proposed boundaries and participants reflect the full consideration of all competitive consequences within a highly interconnected region, and that the proposed ISO will provide full and fair access to all regional buyers and sellers to the greatest extent that is reasonably possible in a competitive environment.

The issues identified herein are, in the view of the states, generally independent of how ISOs are constituted in terms of their governance, operating rules and other matters that may be specific to any filing before the Commission. These issues speak primarily to the geographic (physical) configuration of the ISO, to the economic constitution of the market to be served by the ISO for the purpose of effectuating competition among generators, and to reliable operation of the interstate transmission grid. The States believe that it is not sufficient to consider each potential ISO in isolation, rather it is more important to look at ISO formation in the context of a regional market environment.

The States have no strong preference whether the conference or regional hearing being sought here should occur in the context of the Midwest ISO filing in Dockets ER98-1438-000 and EC98-24-000, or whether the conference should be held under its own separate docket. It is, however, the intention of the States that if the Commission grants this petition, no delay in the resolution of the Midwest ISO proceeding in Dockets ER98-1438-000 and EC98-24-000, or in the resolution of any other ISO proceedings that may come before the Commission, will result.

Background, Nature and Purpose of the Instant Filing

The Commission has generally encouraged the formation of independent system operators to meet the open access and comparability requirements of Order 888 on a regional basis, but has allowed this process to proceed in a voluntary "bottom - up" manner. In some cases, state laws or regulatory actions have been the driving force behind ISO formation. In other cases, voluntary efforts by transmission owners and stakeholders have been the driving force.

The Commission has taken a posture of cooperative federalism with state commissions with regard to our mutual efforts to effectuate competitive generation to serve the public interest. This concern for cooperative approaches is manifest in Order 888 by deference to state commissions on matters that make sense for state involvement, and through other mechanisms. The States note that cooperation has occurred through staff-to-staff communications about common issues regarding the formation of ISOs. FERC has even created a new position within its Intergovernmental Affairs unit to interact with state commissions and other government agencies on a substantive basis.

By joining this filing the States hope to draw upon this spirit of cooperation to establish an appropriate forum for addressing certain issues of great concern to the States. A technical conference or regional hearing offers the Commission the opportunity to resolve the issues described herein in cooperation with the States.

Under Section 205, 206 and 212 of the Federal Power Act, the Commission must ensure that transmission rates are just and reasonable, and not unduly discriminatory. Under Section 202(a) of the Federal Power Act, Congress expressed its desire that utilities undertake such "interconnection and coordination" of generation and transmission facilities that "will promote the public interest." Congress foresaw the possible need to "divide the country into regional districts," with each such district to "embrace an area which can economically be served by such interconnected and coordinated electric facilities." All of this is to be done "[f]or the purpose of assuring an abundant supply of electric energy throughout the United States with the greatest possible economy and with regard to the proper utilization and conservation of natural resources." A potential

outcome of the technical conference or regional hearing might be for the Commission to revise and/or refine the policies relating to ISOs to more clearly reflect the importance of appropriate boundaries for ISOs in meeting the legislative purposes expressed in these provisions.

An outline of issues pursuant to this request is provided below. If the Commission holds a technical conference or regional hearing, the States may wish to individually or collectively amplify upon or expand the list of issues provided.

1. Improper borders between or among multiple ISOs and/or transmission entities may result in reduced customer benefits from competitive markets and in economic inefficiencies due to unnecessary pancaking.

With the division of a region into two separate ISOs, or one or more ISOs and a "transmission entity", which would presumably operate the transmission systems of multiple owners, the pancaking of transmission rates between or among ISOs insulates markets currently being served by relatively high cost generation from the competitive pressures of lower cost neighbors. Such insulation can create barriers to effective competition in an extended or non-contiguous region as well.

This issue is illustrated by the attached table showing average revenues per Kwh of selected utilities. There is clearly the potential for an economic market barrier to be created by an ISO border that is coincident with a high-cost generation, low-cost generation "front" along a distinct geographic line. If the border between two ISOs coincides with the border between relatively high cost providers and lower cost providers, customers in the high cost area would be constrained in terms of their access to lower cost suppliers. Conversely, low cost suppliers would be constrained from reaching more lucrative markets.

Thus an improperly constituted ISO could potentially form a barrier between potential sellers and buyers. Certain geographic configurations could preclude efficient power transactions by imposing additional rate pancaking. Additional pancaking that corresponds to economic border conditions between relatively high and lower cost providers appears to the States to violate the Commission's ISO Principle #3, as enunciated in its Order 888.

2. **Inappropriate borders between or among highly interconnected ISOs and/or transmission entities would unnecessarily complicate operations by requiring them to coordinate their operations.**

Two or more separate but highly interconnected ISOs would need to coordinate the terms of access, redispatch policies and practices, and real time operations to relieve constraints. This would be problematic when an end user and physical generation are located in separate ISOs because redispatch would be subject to approval of multiple ISOs. These problems would be resolved if there were a single ISO controlling transmission rather than two or more.

Also, if the scheduling of transactions across highly interconnected boundaries where loop flows abound is done by two separate entities, the probability that facilities' limitations may be violated increases, threatening reliability.

3. **Dividing a highly interconnected region among two or more ISOs can have a detrimental impact on the planning of transmission facilities within that region.**

If the transmission facilities across highly interconnected interfaces are in separate ISOs, and if these facilities are subject to significant congestion, the separation of planning functions between or among ISOs can lead to conflicting incentives for construction of transmission facilities. The geographic and operational design of an ISO ought to provide effective incentives to build necessary facilities efficiently.

4. **Multiple ISOs within a region could fail to capture economies of scale and scope that should be available in larger ISOs.**

The States recognize that with regard to investments necessary to get ISOs "up and running," scale and scope economies may have limits. We believe, however, that until those limits may be reached, "bigger is better." These economies include ISO management costs, startup costs, facilities and infrastructure costs and regulatory costs. Unnecessarily dividing a single region into multiple ISOs will negate these benefits.

Action Requested

It appears desirable for the Commission to determine under what circumstances and/or with what configuration an ISO or two or more contiguous ISOs will help or hurt the development of competitive regional generation markets, and serve the public interest. The States respectfully request that FERC convene a technical conference or regional hearing to

address the issues identified above, and provide additional guidance regarding proper ISO formation. The States recommend that the Commission use the record that would be established in this proposed technical conference or regional hearing to resolve these issues in a way that allows parties to ISO formation processes to timely proceed in a manner that best serves the public interest and the interests of consumers affected by the configuration of an ISO.

Respectfully submitted by:

The Arkansas Public Service Commission

The Illinois Commerce Commission

Kansas Corporation Commission

Michigan Public Service Commission

Minnesota Public Utilities Commission

The Missouri Public Service Commission

North Dakota Public Service Commission

The Public Utilities Commission of Ohio

The Oklahoma Corporation Commission

The Pennsylvania Public Utility Commission

Texas Public Utility Commission

Table 1: Comparison of Revenues per Megawatt Hour for Selected Utilities

1996 Data: From EIA-861 Annual Electric Utility Report												
UTILITY NAME	ULTIMATE CONSUMER (MWH)	SALE FOR RESALE (MWH)	TOTAL DISPOSITION (MWH)	ULTIMATE CONSUMER (\$)	SALE FOR RESALE (\$)	OTHER (\$)	TOTAL (\$)	ULTIMATE CONSUMER Rate	SALE FOR RESALE Rate	TOTAL COMPANY Rate		
Appalachian Power Co	26,624,212	16,472,649	46,163,333	1,257,521	332,800	42,129	1,624,869	4.72	2.02	3.52		
Cincinnati Gas & Electric Co	18,605,355	9,645,385	29,416,970	1,178,656	265,043	12,376	1,455,718	6.34	2.75	4.95		
Columbus Southern Power Co	15,044,204	4,803,078	21,016,571	987,897	92,496	24,290	1,105,683	6.57	1.95	5.26		
Hoosier Energy R E C Inc	0	8,072,029	8,289,930	0	260,648	249	260,897		3.23	3.15		
Indiana Michigan Power Co	16,845,360	18,739,643	37,379,582	916,740	391,478	20,275	1,328,493	5.44	2.09	3.55		
Kentucky Utilities Co	14,910,209	3,720,369	19,688,386	613,762	89,208	7,801	711,711	4.12	2.40	3.51		
Ohio Power Co	31,685,915	21,092,902	54,903,378	1,354,070	526,702	39,953	1,920,725	4.27	2.50	3.50		
PSI Energy Inc	23,045,989	10,444,548	35,282,973	1,067,630	245,337	21,729	1,331,962	4.63	2.35	3.78		
Wisconsin Electric Power Co	25,167,017	2,393,411	29,191,636	1,312,045	69,561	11,664	1,393,270	5.21	2.91	4.77		
Indianapolis Power & Light Co	13,326,881	754,224	14,800,843	701,047	14,453	9,264	724,764	5.26	1.92	4.90		
Louisville Gas & Electric Co	10,543,846	3,589,090	14,742,978	530,577	67,854	8,265	606,696	5.03	1.89	4.12		
Wadash Valley Power Assn Inc	0	4,442,845	4,660,693	0	166,852	2,645	169,497		3.76	3.64		
Commonwealth Edison Co	79,096,758	12,178,200	99,187,778	6,633,952	235,041	65,555	6,934,548	8.39	1.93	6.99		
Central Illinois Pub Serv Co	8,304,451	5,987,456	14,950,071	543,665	161,696	20,389	725,750	6.55	2.70	4.85		
Union Electric Co	32,481,403	8,794,379	43,730,831	1,969,243	216,505	22,406	2,160,815	6.06	2.46	4.94		
Kentucky Power Co	6,427,353	3,680,301	10,557,495	258,026	57,141	8,154	323,321	4.01	1.55	3.06		
Cleveland Electric Illum Co	19,365,194	2,155,262	22,885,550	1,699,074	45,371	39,360	1,783,805	8.77	2.11	7.79		
Consumers Power Co	34,015,058	3,036,213	39,457,916	2,329,177	81,679	19,558	2,444,592	6.85	2.69	6.20		
Detroit Edison Co	45,327,646	3,125,114	51,727,945	3,488,577	89,450	36,959	3,607,434	7.70	2.86	6.97		
Duquesne Light Co	12,413,653	3,323,014	16,593,789	1,085,650	59,149	38,080	1,182,879	8.75	1.78	7.13		
Ohio Edison Co	23,237,753	7,059,708	32,089,259	1,955,113	212,500	28,332	2,165,945	8.28	3.01	6.75		
Virginia Electric & Power Co	62,299,080	11,020,120	77,387,027	3,957,112	343,040	65,283	4,365,435	6.35	3.11	5.64		
Morogathia Power Co	9,872,266	2,879,312	13,515,834	531,149	118,061	20,964	670,174	5.38	4.10	4.96		
Toledo Edison Co	8,724,584	2,329,763	11,706,726	735,132	136,641	25,374	897,147	8.43	5.87	7.66		
Pennsylvania Power Co	3,948,795	1,105,837	5,337,901	278,340	36,528	8,675	322,543	7.05	3.21	6.04		
West Penn Power Co	17,775,739	3,656,761	22,827,942	988,874	136,819	30,038	1,157,731	5.56	3.80	5.07		
Potomac Edison Co	12,476,100	2,254,493	15,536,971	671,105	95,646	11,093	777,844	5.39	4.24	5.01		

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Public Utility Commission of Texas
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R. Blair Hosford
Deputy General Counsel
Missouri Public Service
Commission
P.O. Box 360
Jefferson City, MO 65102
(573) 751-8702
Fax: (573) 751-9285

Submitted this 27th day of February, 1998



STATE OF ILLINOIS
Illinois Commerce Commission

REC'D
FEB 24 1998
OFFICE OF CHAIRMAN
P.U.C.O.

DAN MILLER
CHAIRMAN

160 NORTH LA SALLE STREET
SUITE C-800
CHICAGO, ILLINOIS 60601-3104
TEL: (312) 814-2859
FAX: (312) 814-1818

Feb. 19, 1998

Craig Glazer
Public Utility Commission of Ohio
180 E. Broad St.
Columbus, Ohio 43215

Dear Craig:

Re: Petition to FERC on ISO formation.,

I'm unanimously authorized by my commission to inform you that Illinois is:

On board!

Thanks for accommodating our legislative mandate regarding the formation of the Midwest ISO.

Competitively yours,

Lavenski R. Smith
Chairman
(501) 682-1451

Sam I. Bratton, Jr.
Commissioner
(501) 682-1453

Julius D. Kearney
Commissioner
(501) 682-1455

**ARKANSAS
PUBLIC SERVICE COMMISSION**

1000 Center
P.O. Box 400
Little Rock, Arkansas 72203-0400
Fax (501) 682-5731



D. David Slaton
Chief of
Commissioners' Staff
(501) 682-1792

February 20, 1998

VIA FAX

Craig A. Glazer, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Re: In the Matter of Petition of certain Midwest States
for Technical Conference and Declaratory Order

Dear Chairman Glazer:

This letter is to confirm that the Arkansas Public Service Commission wishes to be included as a signatory to the above-referenced Petition to be filed at the Federal Energy Regulatory Commission. Please call me at (501) 682-5768 if you need any additional information.

Sincerely,

A handwritten signature in cursive script, reading "Paul R. Hightower".

Paul R. Hightower
Commission Counsel

cc: D. David Slaton



STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

121 7th Place East ■ Suite 350 ■ St. Paul, Minnesota 55101-2147

612/296-7124
(FAX) 612/297-7073
(TDD) 612/297-1200

February 25, 1998

Craig Glazer, Chairman
Ohio Public Utilities Commission
180 East Broad Street
Columbus, Ohio 43215-3793

Dear Craig,

The Minnesota Public Utilities Commission is pleased to join Ohio and many other states in petitioning the Federal Energy Regulatory Commission to convene a technical conference or regional hearing to consider the matter of competing and/or conflicting independent system operator (ISO) formation processes.

Sincerely,


Edward A. Garvey
Chairman



Public Service Commission
State of North Dakota

COMMISSIONERS

Leo M. Reinbold
President
Bruce Hagen
Susan E. Wefald

February 24, 1998

State Capitol - 600 E. Boulevard
Bismarck, North Dakota 58505-0480
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TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

Executive Secretary
Jon H. Mielke

Mr. Craig A. Glazer, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

**Re: Petition of Certain Midwest States
For Technical Conference**

Dear Mr. Glazer:

The North Dakota Public Service Commission has voted to join in the Petition of Certain Midwest States for Technical Conference as proposed in your Memorandum of February 23, 1998.

Please let us know if you need anything further regarding our participation in the filing of the Petition.

Sincerely,

Bruce Hagen
Commissioner

Leo M. Reinbold
President

Susan Wefald
Commissioner



Kansas Corporation Commission

Bill Graves, Governor John Wine, Chair Susan M. Seltsam, Commissioner Cynthia L. Claus, Commissioner

February 25, 1998

Craig Glazer, Chairman
Public Utility Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

RE: Petition of State Public Utility and Public Service Commissions of States Indicated for
Technical Conference or Regional Hearing

Dear Chairman Glazer:

The State Corporation Commission of the State of Kansas ("Commission") endorses and joins the petition referenced above. The Commission anticipates fully participating in the FERC proceeding and will endeavor to amplify or clarify its position regarding the issues set forth in the petition.

Thank you for your assistance and attention.

Sincerely yours,

A handwritten signature in cursive script, reading "John McNish", is written over the typed name.

John McNish
Advisory Counsel

cc: John Wine, Chair
Susan M. Seltsam, Comm.
Cynthia L. Claus, Comm.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

February 25, 1998

Craig A. Glazer, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

Re: Petition of States for Technical Conference

Dear Chairman Glazer:

The purpose of this letter is to indicate that the Pennsylvania Public Utility Commission ("PaPUC") joins in the foregoing Petition of States for Technical Conference, to the extent that the Petition requests that the Federal Energy Regulatory Commission convene a technical conference to consider the matter of competing and/or conflicting independent system operator (ISO) formation processes. The PaPUC agrees with many of the concepts set forth in the Petition and strongly supports the importance of having FERC address the issues outlined in the Petition.

Thank you for affording the PaPUC with an opportunity to join other interested states in this request. Please contact me at (717) 772-8883 if you have any questions.

Sincerely,

Karen Oill Moury
Deputy Chief Counsel

For the Pennsylvania Public Utility Commission

cc: Chairman Quain
Vice Chairman Bloom
Commissioner Hanger
Commissioner Rolka
Commissioner Brownell
Executive Director Bruin
Acting Chief Counsel Pankiw
Assistant Counsel Sophy



Commissioners
SHEILA LUMPE
Chair

HAROLD CRUMPTON

CONNIE MURRAY

M. DIANNE DRAINER
Vice Chair

Missouri Public Service Commission

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CECIL I. WRIGHT
Executive Director
WESS A. HENDERSON
Director, Utility Operations
GORDON L. PERSINGER
Director, Advisory & Public Affairs
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

February 25, 1998

Craig A. Glazer, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: Petition To FERC To Convene A Technical Conference Or Regional
Hearing Respecting Matters Pertaining To Formation Of
Competing And/Or Conflicting Independent System Operators

Dear Chairman Glazer:

At an Agenda session of the Missouri Public Service Commission this date, the Missouri Commissioners asked me to advise you that the Ohio Public Utilities Commission is authorized to indicate the concurrence of the Missouri Public Service Commission in the Petition For Technical Conference Or Regional Hearing to be filed at the Federal Energy Regulatory Commission. The Missouri Commission believes it is appropriate to seek consideration of the issues identified therein, i.e., matters pertaining to the formation of competing and/or conflicting independent system operators. The Missouri Commission desires to note that in Missouri, as in other states, much activity is occurring regarding electric utility restructuring, and, in joining in said Petition, the Missouri Commission has not engaged in the prejudgment of any issue that may be before it in a state proceeding.

Very truly yours,

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489

cc: Chair Sheila Lumpe
Commissioner Harold Crumpton
Commissioner Connie Murray
Vice-Chair M. Dianne Drainer

ED APPLE
Commissioner

DENISE A. BODE
Commissioner

BOB ANTHONY
Commissioner

OKLAHOMA CORPORATION COMMISSION

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Ernest G. Johnson, Director
Public Utility Division

REC'D

FEB 26 1998

OFFICE OF CHAIRMAN
P.U.C.O.

February 19, 1998

Craig A. Glazer, Chairman
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

**RE: PETITION TO THE FERC TO CONVENE A TECHNICAL CONFERENCE TO
CONSIDER THE MATTER OF COMPETING AND/OR CONFLICTING INDEPENDENT
SYSTEM OPERATOR FORMATION PROCESSES, AND ISSUE A DECLARATORY
ORDER RESOLVING THE ISSUES IDENTIFIED HEREIN**

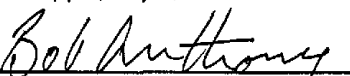
Chairman Glazer,


By a vote of 3-0, the Commissioners of the Oklahoma Corporation Commission on February 13 decided to endorse and become a cosponsor of the above referenced petition. If you wish to communicate further regarding the petition, please contact either Ken Zimmerman (405-522-3364, k.zimmerman@occmil.occc.state.ok.us) or Jimmy Crosslin (405-522-3373, j.crosslin@occmil.occc.state.ok.us), both members of the Commission's Public Utility Division Staff.

The Commission has no specific wording changes to suggest for the petition.

The Commission's own Independent System Operator report prepared for the Oklahoma Legislature points out the same issues identified in the petition. We are pleased to support consideration of these issues at the national level.


Ed Apple, Chairman


Bob Anthony, Vice-Chairman


Denise A. Bode, Commissioner



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Public Service Commission

6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909-7721
517-334-6445

Commissioners

John G. Strand
John C. Shea
David A. Svanda

February 26, 1998

Honorable Craig A. Glazer
Chairman
Ohio Public Utilities Commission
180 East Broad Street
Columbus, OH 43215-3793

Dear Chairman Glazer:

I am pleased to inform you that the Michigan Public Service Commission at its meeting of February 25, 1998, has agreed to join the petition to the Federal Energy Regulatory Commission to request a technical conference to consider competing and/or conflicting independent system operator formation processes.

Sincerely,

John G. Strand, Chairman
Michigan Public Service Commission

Attachment



Public Utility Commission of Texas

1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
512 / 936-7000 • (Fax) 936-7003
Web Site: www.puc.state.tx.us

Pat Wood, III
Chairman

Judy Walsh
Commissioner

Patricia A. Curran
Commissioner

February 25, 1998

Mr. Craig A. Glazer
Chairman, Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

Dear Mr. Glazer:

The Public Utility Commission of Texas wishes to join the Ohio Public Utilities Commission and the public service and public utility commissions of other states in requesting that the Federal Energy Regulatory Commission (FERC) convene a technical conference or regional hearing addressing the formation and configuration of independent system operators (ISOs). We share your concern that:

- Improper border conditions between multiple ISOs and other transmission entities may reduce customer benefits from competitive markets and result in economic inefficiencies;
- Inappropriate border conditions between ISOs and other transmission entities would unnecessarily complicate operations and wholesale trading;
- Dividing a highly interconnected region among two or more ISOs may adversely affect the planning of transmission facilities within that region; and
- Economies of scale and scope should be available in larger ISOs.

We would appreciate it if you would indicate in your filing with the FERC that the Public Utility Commission of Texas joins in requesting the convening of a technical conference or regional hearing to deal with these important issues. Communications to the Commission concerning this matter should be addressed to Mr. Stephen Davis, Director, Office of Policy Development, Public Utility Commission of Texas, 1701 N. Congress Ave., PO Box 13326, Austin, Texas 78711-3326. (Telephone: 512-936-7206; fax: 512-936-7208).

Sincerely,

Pat Wood, III
Chairman

Judy Walsh
Commissioner

Patricia A. Curran
Commissioner



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