

Right of First Refusal (ROFR) / Cost Sharing

WI Ratepayers are at risk of giving a \$1 billion free ride to rest of MISO region

- MISO’s market rules require the cost of Multi-Value Projects (MVPs) to be spread across the entire MISO region based on usage of the transmission system, so every part of the region pays their fair share for the benefits of the projects. ATC’s customers pay about 13% of the cost of those projects.
- When ATC (or another incumbent) builds one of these projects, MISO’s market rules allow them to shift a significant amount of their existing fixed costs (system operating center, accounting planning, etc.), that Wisconsin ratepayers are currently paying for, to the rest of the region because those costs are benefitting the rest of the region. A non-incumbent developer cannot do this, and therefore Wisconsin ratepayers get stuck paying more than their fair share for costs that benefit the region.
- The amount of fixed costs that ATC is able to shift outside of WI **exceeds** the amount that ATC customers pay for these projects, resulting in a net benefit to WI customers.
- Other states with ROFRs are currently shifting their allowable costs to Wisconsin ratepayers.
- If Wisconsin does not have a ROFR, we lose the opportunity to save Wisconsin ratepayers millions of dollars while still being on the receiving end of other ROFR states shifting costs to us.
- These cost savings have been validated by Alan Felsenthal, a utility ratemaking expert who is a Managing Director at PWC.
- Here’s how it will be applied in the next group of projects that MISO just approved:
 - MISO just approved the second tranche of its Long-Range Transmission Plan, which includes just under \$22 billion of MVP projects.
 - ATC estimates that, without a ROFR in place, there will be approximately \$1.5 billion of projects in ATC’s footprint in WI that would be subject to MISO’s federal selection.
 - If ATC is not the company that builds and operates those transmission lines, **it would cost WI customers an additional \$1 billion over the life of the lines. This is true even if a developer was able to build the lines for a lower cost.**

WI Ratepayers are at risk of giving a \$1 billion free ride to rest of MISO region

If a developer other than ATC builds \$1.5 billion in non-directly assigned WI transmission projects, Wisconsin ratepayers will not be able to assign over \$1 billion in current costs, WI ratepayers already pay, to the rest of the region over the life of these projects. That means Wisconsinites are paying more than their fair share for these regional projects just to benefit non-incumbent developers.

	Project Charges to ATC Customers	Net Cost Sharing Reduction to ATC Customers	Net Cost (Benefit) to ATC Customers	Cost Difference to ATC Customers by ATC not Building
ATC Builds	\$534,968,755	\$(1,023,945,416)	\$(488,976,662)	
Non-Incumbent Builds	\$534,968,755	\$0	\$534,968,755	+\$1,023,945,416
Non-Incumbent with Hypothetical 20% Savings	\$427,975,004	\$0	\$427,975,004	+\$916,951,666