



Public Service Commission of Wisconsin

Phil Montgomery, Chairperson
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610 North Whitney Way
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July 30, 2012

Mr. Richard Doying, Vice President of Operations
Midwest Independent Transmission System Operator, Inc.
P.O. Box 4202
Carmel, IN 46082-4202

Mr. Andy Ott, Senior Vice President of Markets
PJM Interconnection
955 Jefferson Avenue
Valley Forge corporate Center
Norristown, PA 19403-2497

Dear Mr. Doying and Mr. Ott:

The PJM MISO Joint and Common Market Initiative (JCMI) in Chicago on July 16, 2012, was a success and proved to be extremely informative. I would like to share comments on this important endeavor.

Bringing both the PJM Interconnection (PJM) and Midwest Independent Transmission System Operator, Inc., (MISO) reliability and market platforms into better harmony (while recognizing and maintaining each Regional Transmission Organization's (RTO) Federal Energy Regulatory Commission (FERC) approved uniqueness and guidelines) is a great move tactically and strategically. As identified at the JCMI meeting, the goal for PJM and MISO is to bring additional value and savings to the ultimate electric consumers, the ratepayers.

While there were few regulators at the July 16 meeting, I hope that more regulators will be engaged in this issue to provide our perspective relative to the public interest. Obtaining better RTO coordination, monitoring and maintaining reliability, eliminating artificial market pricing inefficiencies, and allowing more transparent, competitive processes to occur can only mean one thing, net benefits to ratepayers as a whole. As a regulator with that public policy charge, it is incumbent that you keep that goal in mind: the ratepayer must benefit.

In so doing, FERC has approved different resource adequacy constructs for MISO and PJM. I believe that these independent constructs can be maintained, while at the same time adjusting some market rules to bring more benefits to ratepayers. Each RTO also has somewhat different capacity and energy market constructs as well as different regulatory structures, and there is no reason these need to be the same; keeping a convergence of the two constructs as a low priority is a good move. With that said, I believe that these independent constructs can be maintained with some adjustments to provide additional benefits to ratepayers. Improving capacity portability is a key objective because, in the aggregate, consumers will win. There will be some

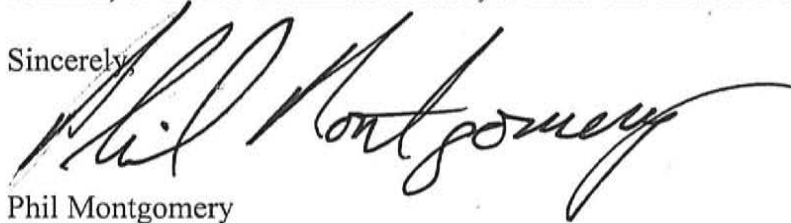
Mr. Richard Doying, Vice President of Operations
Mr. Andy Ott, Senior Vice President of Markets
Page 2
July 30, 2012

stakeholders who may not benefit, such as higher fixed-cost, low- usage generators, but that should not impede this initiative. By working together, both RTOs can achieve savings for the ultimate beneficiary, the ratepayer, whether in a conventionally retail-regulated state or one which has retail competition. We must also be mindful that we “do no harm” and ensure that modifications do not have the unintended impact of increasing costs to some ratepayers.

The two organizations should be commended for re-examining the JCMI. As Chairperson of the Public Service Commission of Wisconsin, improving RTO coordination, increasing transparency for all stakeholders, allowing for innovative network transmission service rates across the RTO seams, and identifying needed transmission infrastructure upgrades has my full support.

I look forward to future meetings and discussions on this subject with stakeholders, and offer my abilities, or that of Commission staff, to make this initiative a successful one.

Sincerely,



Phil Montgomery
Chairperson

PM:RJP:sp:K:\Montgomery\Letters\2012\Letter to MISO-PJM re JCMI held 7-30-12

cc: Rob Bernsten, MISO
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Ron Arness, MISO
Heather Cain, MISO
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