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November 3, 2014

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NW
Washington, DC 20426

Re: *Startrans IO, L.L.C.*, Docket No. ER15-____-000

Dear Secretary Bose:

Pursuant to Section 35.13 of the Federal Energy Regulatory Commission's regulations, 18 C.F.R. § 35.13, Startrans IO, L.L.C. ("Startrans") submits for filing revisions to reflect the 2015 update to the Transmission Revenue Balancing Account Adjustment ("TRBAA") in Appendix I of its Transmission Owner Tariff ("Startrans Tariff").

Startrans respectfully requests that the Commission accept the 2015 TRBAA for filing effective on January 1, 2015 and grant any appropriate waivers.

I. BACKGROUND – REVISED TRBAA

As set forth in Sections 3.20 and 5.2 of the Startrans Tariff, the TRBAA is a ratemaking mechanism which ensures that all Transmission Revenue Credits ("TRCs"), *e.g.*, revenues for Wheeling Service, Usage Charges and Firm Transmission Right auction revenues, and other credits specified in Sections 6 and 8 of Appendix F, Schedule 3 of the California Independent Systems Operator ("CAISO") Tariff, flow through to CAISO Tariff and Startrans' Tariff transmission customers. The TRBAA is provided to the CAISO, along with Startrans' Base Transmission Revenue Requirement ("TRR"), to develop appropriate charges under the CAISO Tariff.

The TRBAA is recalculated annually consistent with the CAISO Tariff. Appendix F, Schedule 3, Section 8.1 of the CAISO Tariff provides that the revised TRBAA shall be effective January 1 of each year based on (i) the balance in the Transmission Revenue Balancing Account ("TRBA") as of September 30 of the prior year, (ii) a forecast of the TRCs for the next year, and (iii) any over-or under-recovery of its annual TRR in its TRBA.

II. DESCRIPTION OF TRBAA FILING

Startrans hereby submits for filing revisions to Appendix I of its Tariff incorporating a revised TRBAA of negative \$148,337 to become effective on January 1, 2015. As more fully explained in the attached Prepared Direct Testimony of Royal P. Lefere, Jr., Exhibit No. ST-1, the proposed TRBAA is calculated in accordance with Section 5.2 of Startrans' Tariff based on the sum of the balance in the TRBA and the interest balance for the TRBA.

When calculating the 2015 TRBAA, in general, Startrans utilized the same approach as in previous filings.¹ For example, because Startrans receives only an insignificant amount of Wheeling revenues from the CAISO and, no longer receives Usage Charge revenue or revenue resulting from the auction of FTRs, Startrans has not included a forecast of TRCs in the calculation of the TRBAA.²

As a result of the Commissions' approval of the Startrans' TRR of \$3,695,000 in Docket No. ER13-272 and the resulting refunds made in the months of November 2013 through September 2014,³ the 2014 TRBA balance used in the calculation of the 2014 TRBAA has been recalculated to reflect the TRBA balance as if the TRR approved in Docket No. ER13-272 had been in effect from January 11, 2013, the effective date of the Startrans' TRR. This is consistent with Startrans' commitment in its 2014 TRBAA filing in Docket No. ER14-355 to restate the 2014 TRBA balance.⁴ As Mr. Lefere explains, this 2014 TRBA balance recalculation is presented on Exhibit No. ST-2, page 2. The recalculated 2014 TRBAA results are included in the 2015 TRBAA calculation.⁵

¹ See generally, the Commission's December 14, 2010 Letter Order accepting Startrans' 2011 TRBAA filing in Docket No. ER11-2125-000, December 6, 2011 Letter Order accepting Startrans' 2012 TRBAA filing in Docket No. ER12-299, December 31, 2012 Order accepting Startrans' 2013 TRBAA filing in Docket No. ER13-315, *Startrans IO, L.L.C.*, 141 FERC ¶ 61,270 (2012); January 6, 2014 Order accepting Startrans' 2014 TRBAA filing in Docket No. ER14-355.

² See the Prepared Direct Testimony of Royal P. Lefere, Jr., Exhibit No. ST-1 at p. 12.

³ On November 1, 2012, Startrans' filed a proposed reduction of its base TRR to \$4,355,881 in Docket No. ER13-272. On December 31, 2012 the Company's proposed TRR reduction was accepted by the Commission effective January 1, 2013, subject to refund and set for hearing and settlement procedures. See *Startrans IO, LLC*, 141 FERC ¶ 61,271 (2012). On October 7, 2013 the Commission approved an Offer of Settlement establishing a TRR of \$3,695,000 ("Settlement TRR"), a reduction of \$660,881 from the filed-for level of \$4,355,881 that became effective January 1, 2013. Under the Settlement, the revised TRR became effective January 11, 2013, the refund effective date established in the proceeding. In accordance with the terms of the Settlement, Startrans provided refunds back to the January 11, 2013 refund effective date between the filed-for TRR (\$4,355,881) and the TRR set forth in the Offer of Settlement (\$3,695,000). The actual refund process commenced through coordination with CAISO beginning in the calendar month of November 2013 and continued monthly through September 2014 at which point Startrans fulfilled its settlement refund obligation.

⁴ See *Startrans IO LLC*, 146 FERC ¶ 61,002 at P 8 (2014) (order accepting Startrans' 2014 TRBAA update).

⁵ The 2014 Adjusted TRBA calculation balance is brought forward to Exhibit ST-2, page 1, line 9. See the Prepared Direct Testimony of Royal P. Lefere, Jr., Exhibit No. ST-1 at p. 9.

Page 1 of Exhibit No. ST-2 to Mr. Lefere's testimony shows the calculation of the 2015 TRBAA in detail. The resulting TRBAA amount of negative \$148,337 is shown on Exhibit No. ST-2, line 15. This amount is reflected on Appendix I to Startrans' TO Tariff, as a TRBAA of negative \$148,337 for the twelve-month period effective January 1, 2015.

III. REQUESTED EFFECTIVE DATE

Startrans respectfully requests waiver of the sixty (60) day notice requirement, and any other waivers, as necessary to allow the TRBAA to become effective January 1, 2015. Granting this waiver is appropriate because the currently effective Startrans' TO Tariff and CAISO Tariff specify that Startrans will update its TRBAA effective January 1 of each year. A waiver is consistent also with Commission policy.⁶

IV. ADDITIONAL INFORMATION

A. Information Required by Section 35.13 of the Commission's regulations:

1. Documents Submitted with this Filing

In addition to this transmittal letter, the following documents are included:

- (a) Attachment A, redline and clean copies of the revised Appendix I of Startrans' Tariff reflecting the recalculated TRBAA; and
- (b) Attachment B, the Prepared Direct Testimony and supporting exhibits of Royal P. Lefere, Jr. (Exhibit Nos. ST-1 through ST-3).

2. Effective Date

As set forth in Section III above, Startrans requests an effective date of January 1, 2015 for the revised TRBAA, Appendix I to Startrans' Tariff.

3. Requisite Agreements

All necessary agreements have been obtained.

4. Basis of Rates

See Section II above and Attachment B, the Prepared Direct Testimony and supporting exhibits of Royal P. Lefere, Jr. (Exhibit Nos. ST-1 through ST-3).

⁶ See e.g., *Startrans IO, LLC*, 146 FERC ¶ 61,002 at P 13 (2014) (“[W]e grant Startrans’ requested waiver of the 60-day notice requirement and find good cause to allow the TRBAA tariff revisions to become effective January 1, 2014. This will allow Startrans to comply with the terms of its tariff and the CAISO tariff.”).

5. Service

A copy of this filing was served upon representatives of the CAISO.

B. Communications

Startrans requests that all correspondence and communications with respect to this filing be sent to, and the Secretary include on the official service list, the following:

Ali Amirali*
General Manager
Startrans IO, L.L.C.
591 West Putnam Ave.
Greenwich, CT 06830
Telephone: 203-422-7814
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Royal P Lefere Jr*
Startrans IO, LLC
1732 Maybrook
Jackson, Michigan 49203
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Jonathan W. Gottlieb
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Persons noted with an asterisk (*) are designated for service and should be included on the official service list in the proceeding. Startrans requests waiver of Rule 203(b)(3) to the extent necessary to permit each of the individuals identified above to be placed on the Commission's official service list in this proceeding.

V. CONCLUSION

Startrans requests that the Commission accept and approve this revised TRBAA and the corresponding changes to Appendix I of Startrans' Tariff to be effective on January 1, 2015.

Respectfully submitted,

/s/ Brian M. Meloy

Jonathan W. Gottlieb
Brian M. Meloy

Counsel for Startrans IO, L.L.C.

Attachment A

**Redline and Clean Copy of
Revised Appendix I of Startrans IO's Tariff**

APPENDIX I

Transmission Revenue Requirement and TRBAA

The Startrans IO Base Transmission Revenue Requirement is \$3,695,000.

The TRBAA is estimated to be negative ~~\$67,165~~ **148,337** for the twelve month period effective January 1, 201~~5~~**4** as computed in accordance with the ISO Tariff.

All of Startrans IO's transmission facilities and Entitlements placed under the ISO's Operational Control are High Voltage Facilities as defined in the ISO Tariff.

The TRBAA will be recalculated annually consistent with the ISO Tariff and provided to the ISO.

APPENDIX I

Transmission Revenue Requirement and TRBAA

The Startrans IO Base Transmission Revenue Requirement is \$3,695,000.

The TRBAA is estimated to be negative \$148,337 for the twelve month period effective January 1, 2015, as computed in accordance with the ISO Tariff.

All of Startrans IO's transmission facilities and Entitlements placed under the ISO's Operational Control are High Voltage Facilities as defined in the ISO Tariff.

The TRBAA will be recalculated annually consistent with the ISO Tariff and provided to the ISO.

Attachment B

**Prepared Direct Testimony
and Exhibits of Royal P. Lefere, Jr.**

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Startrans IO, L.L.C.

)

Docket No. ER15-__-000

**PREPARED DIRECT TESTIMONY OF
ROYAL P. LEFERE, JR.**

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Startrans IO, L.L.C.

)

Docket No. ER15-_____

**PREPARED DIRECT TESTIMONY OF
ROYAL P. LEFERE, JR.**

1 **I. PERSONAL QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 A. My name is Royal P. Lefere, Jr. I am the former Senior Vice President
4 and General Manager of Startrans IO, L.L.C. (“Startrans” or the “Company”) and
5 now work as an Independent Contractor providing energy and regulatory
6 consulting services to Startrans. My business address is 1732 Maybrook Road,
7 Jackson, Michigan 49203.

8 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

9 A. I graduated from Michigan State University with a Bachelor of Arts
10 degree in Finance. Over the years, I have supplemented that education with
11 numerous seminars, conferences and courses on utility ratemaking and return on
12 investment sponsored by various professional associations, universities and
13 accounting firms.

14 **Q. PLEASE BRIEFLY STATE YOUR EMPLOYMENT BACKGROUND AND**
15 **RELATED PROFESSIONAL EXPERIENCE IN THE ENERGY**
16 **INDUSTRY.**

17 A. Following graduation from Michigan State University, I joined Consumers
18 Power Company, now Consumers Energy Company, in its Rate and Revenue
19 Requirement Department. I progressed through various Rate and Revenue

1 Requirements Department job classifications reaching the level of Director of
2 Electric Revenue Requirements and Rates in January 1990. In July 1991, I was
3 promoted to Executive Director of Rates and Regulatory Affairs and in May
4 1993, I was promoted to Vice President of Rates and Regulatory Affairs. In
5 January 1995, I was appointed Vice President of Electric Marketing and Pricing.
6 In this position I had overall responsibility for managing Consumers' electric
7 rates, revenue requirements, rate administration, marketing and regulatory affairs.
8 In January 1997, I was elected to the position of Vice President of Energy
9 Management Services with CMS Marketing, Services and Trading, a Consumers'
10 affiliate, where I was responsible for managing the provision of a broad range of
11 energy services and solutions to large commercial and industrial customers. I
12 subsequently became Vice President of Retail Energy Services in 1999.

13 I subsequently joined Michigan Electric Transmission Company, LLC
14 ("METC") upon its inception in May of 2002 where I was Senior Vice President
15 and Chief Financial Officer. In that position, I was responsible for rates and
16 regulatory affairs as well as all finance, accounting, tax, treasury, and cash
17 management functions. In addition, my responsibilities at METC included Risk
18 Management and Insurance, Business and Strategic Planning, Budgeting,
19 Management and Financial Reporting, Information Technology Support and
20 Development, Legal, Communications and Records Management.

21 In October 2008, I joined Startrans as Senior Vice President and General
22 Manager. In this position I was responsible for, but not limited to, the following
23 Startrans duties: (i) rate case management; (ii) operational performance,

1 budgeting and financial management; (iii) accounting and reporting; (iv)
2 compliance with Federal Energy Regulatory Commission (“FERC” or
3 “Commission”) regulations and reporting requirements; (v) California
4 Independent System Operator Corporation (“CAISO”) representation; (vi) Mead
5 transmission facilities operating committee representation and reporting; (vii)
6 Mead transmission facilities operational performance enhancements; and (viii)
7 transaction origination. Since January 2011, I have continued to assist the
8 Startrans General Manager in providing many of these same services to Startrans
9 as an independent contractor.

10 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN**
11 **ADMINISTRATIVE OR JUDICIAL PROCEEDINGS?**

12 **A.** Yes. I submitted testimony before the FERC in three Consumers’
13 wholesale electric rate cases in Dockets Nos. ER82-208, ER82-55 and ER89-184
14 and in a Consumers’ Open Access Transmission Tariff proceeding in Docket No.
15 ER92-331. I have also testified before the Commission regarding the derivation of
16 the annual overall rate of return, cost of debt and annual carrying costs on
17 METC’s deferral mechanisms in Docket Nos. ER06-56, ER03-1341 and ER02-
18 320. I also submitted testimony in Docket No. ER04-446 regarding the level of
19 “Schedule 10-FERC-METC” charges.

20 With respect to Startrans, I presented testimony to the Commission on
21 behalf of Startrans supporting its 2009 through 2014 Transmission Revenue
22 Balancing Account Adjustment (“TRBAA”) filings in Docket Nos. ER09-418,
23 ER10-318, ER11-2125, ER12-299, ER13-315, respectively and, most recently I

1 presented testimony in the Startrans TRBAA filing in ER14-355. In 2012, I
2 presented testimony on behalf of Startrans supporting the Startrans' revised
3 Transmission Revenue Requirement ("TRR") that became effective January 11,
4 2013, in Docket No. ER13-272. Finally, I have also testified on numerous
5 occasions before the Michigan Public Service Commission.

6 **II. PURPOSE OF TESTIMONY AND BACKGROUND**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
8 **PROCEEDING?**

9 **A.** The purpose of my testimony is to support the filing being made with the
10 Commission to establish Startrans' TRBAA to become effective January 1, 2015.

11 **Q. WHAT EXHIBITS ARE YOU SPONSORING?**

12 **A.** In addition to my Prepared Direct Testimony, I am sponsoring the
13 following Exhibits:

14 Exhibit No. ST-2- Calculation of Startrans Transmission Revenue

15 Balancing Account Adjustment for 2015

16 Exhibit No. ST-3- Projected Under-Collection for the Remainder of 2014

17 **Q. PLEASE DESCRIBE STARTRANS.**

18 **A.** Startrans is a single purpose, transmission-only, limited liability company
19 formed for the purpose of financing the acquisition of the interests held by the
20 City of Vernon in two transmission line projects, the Mead-Phoenix Project
21 ("MPP") and the Mead-Adelanto Project ("MAP") (collectively, the "Mead
22 Transmission Interests"). The MAP is a 1,296 MW transmission line extending
23 202 miles from the Marketplace Switching Station in Southern Nevada to the

1 Adelanto Switching Station in Southern California. Startrans owns a 6.25 percent
2 interest in the MAP. The MPP is a 1,923 MW transmission line extending 256
3 miles from the Perkins Switchyard near Sun City, Arizona to the Marketplace
4 Switching Station. The MPP consists of three primary components, in which
5 Startrans holds interests of 2.15 percent, 3.79 percent, and 4.05 percent,
6 respectively.

7 Startrans participates in the management of and provides the funding of
8 ongoing operation and maintenance ("O&M") costs and capital expenditures for
9 the Mead Transmission Interests. Startrans is Participating Transmission Owner
10 ("PTO") within the CAISO and has turned over operational control of the Mead
11 Transmission Interests to the CAISO. As a result, Startrans' TRR is included in
12 CAISO's rates for transmission service.

13 **Q. WHAT IS THE TRBAA?**

14 A. The TRBAA is a ratemaking mechanism, set forth in Section 5.2 of
15 Startrans' Transmission Owner Tariff ("TO Tariff"), that ensures that all
16 Transmission Revenue Credits ("TRCs") received by Startrans flow through to
17 transmission customers. In addition, pursuant to Section 6.1 and 6.1(b), Appendix
18 F, Schedule 3 of the CAISO Tariff, the Participating Transmission Owner is
19 required to include any over-or under-recovery of its annual Transmission
20 Revenue Requirement in its Transmission Revenue Balancing Account
21 ("TRBA").

22 **Q. HOW DOES THE TRBAA MECHANISM OPERATE?**

23 A. Under Startrans' TO Tariff, the TRBAA is to be recalculated annually

1 consistent with the CAISO Tariff. Pursuant to Section 8.1 of Schedule 3,
2 Appendix F of the CAISO Tariff, the revised TRBAA is to be effective January 1
3 based on the balance in the PTO's Transmission Revenue Balancing Account as
4 of September 30 of the prior year and a forecast of TRCs for the next year. As
5 addressed above, also included in the TRBAA are the amounts for any over or
6 under recoveries associated with the PTO's TRR for the prior year ending
7 September 30.

8 **Q. HOW IS THE TRBAA ASSESSED TO TRANSMISSION CUSTOMERS?**

9 A. For Startrans, the TRBAA is provided to the CAISO along with Startrans'
10 base TRR for use in developing appropriate charges under the CAISO Tariff.
11 Startrans' initial base TRR of \$5,220,000 was approved by the Commission on
12 July 31, 2009 in Docket No. ER08-413 (*see Startrans IO, L.L.C.*, 128 FERC ¶
13 61,118 (2009)). While the base TRR amount is not subject to an annual revision,
14 on November 1, 2012, Startrans' filed a proposed reduction of its base TRR to
15 \$4,355,881 in Docket No. ER13-272. On December 31, 2012 the Company's
16 proposed TRR reduction was accepted by the Commission effective January 1,
17 2013, subject to refund and set for hearing and settlement procedures. *See*
18 *Startrans IO, LLC*, 141 FERC ¶ 61,271 (2012).

19 On July 31, 2013, Startrans filed an Offer of Settlement establishing a
20 TRR of \$3,695,000 ("Settlement TRR"), a reduction of \$660,881 from the filed-
21 for level of \$4,355,881 that became effective January 1, 2013. Under the
22 Settlement, the revised TRR became effective January 11, 2013, the refund
23 effective date established in the proceeding. On October 7, 2013 the Commission

1 approved the Settlement by Letter Order.

2 In accordance with the terms of the Settlement, Startrans was required to
3 coordinate with CAISO to provide refunds, with interest at the FERC interest rate,
4 between the filed-for TRR (\$4,355,881) and the TRR set forth in the Offer of
5 Settlement (\$3,695,000). Refunds were required to be made back to the January
6 11, 2013 refund effective date. The actual refund process commenced through
7 coordination with CAISO beginning in the calendar month of November 2013
8 and continued monthly through September 2014 at which point Startrans fulfilled
9 its settlement refund obligation.

10 **Q. WERE THERE ANY ADJUSTMENTS NECESSARY TO CALCULATE**
11 **THE 2015 TRBAA AS A RESULT OF THE REFUNDS REQUIRED IN**
12 **DOCKET NO. ER13-272?**

13 **A.** Yes. As a result of the Commissions' approval of the Startrans TRR of
14 \$3,695,000 in Docket No. ER13-272 and the resulting refunds made in the
15 months of November 2013 through September 2014, the 2014 TRBA balance
16 used in the calculation of the 2014 TRBAA has been recalculated to reflect the
17 TRBA balance as if the TRR approved in Docket No. ER13-272 had been in
18 effect from January 11, 2013, the effective date of the Startrans new TRR. This
19 2014 TRBA balance recalculation is presented on Exhibit No. ST-2, page 2.

20 **Q. WHY IS IT NECESSARY TO RECALCULATE THE 2014 TRBA**
21 **BALANCE TO REFLECT THE SETTLEMENT TRR APPROVED IN**
22 **DOCKET NO. ER13-272 FOR PURPOSES OF CALCULATING THE 2015**
23 **TRBAA?**

1 **A.** As I previously noted, on October 7, 2013 the Commission issued an order
2 approving the settlement submitted in Startrans rate case in Docket No. ER13-
3 272. The settlement included the determination of a revised Startrans TRR
4 effective January 11, 2013 amounting to \$3,695,000 and resulted in refunds being
5 paid to the CAISO. These cash refunds to the CAISO were made in the months of
6 November 2013 through September 2014. The TRBA methodology requires that
7 Startrans recalculate the TRBA balances as if the approved TRR had been in
8 effect from the acceptance of the rates in Docket No. ER13-272, *i.e.*, January 11,
9 2013.

10 **Q. WHY DOES THE METHODOLOGY USED BY THE CAISO MAKE IT**
11 **NECESSARY TO USE AN ADJUSTED 2014 TRBA BALANCE FOR**
12 **PURPOSES OF CALCULATING THE 2015 TRBAA?**

13 **A.** The CAISO calculates Transmission Revenue Charge (“TAC”) revenues
14 that are paid to or refunded by the various PTOs based on total system energy as
15 metered by the various Scheduling Coordinators. The TAC rate is computed
16 based on the FERC approved TRR divided by the anticipated energy for any
17 given year. To the extent that actual energy differs from anticipated energy, a
18 non-load serving PTO (“NSE”) such as Startrans will either over-collect or under-
19 collect its TRR. The CAISO Tariff in Section 6.1(b) of Schedule 3, Appendix F
20 prescribes a methodology to account for this potential over- or under-collection,
21 permitting a NSE to include any over- or under-recovery of its annual TRR in its
22 TRBAA. Consequently, the combination of a TRR-related refund that also covers
23 multiple periods in which TRBA adjustments were made and approved, can create

1 a difference that can only be rectified by recalculating the TRBA balances as if
2 the final approved TRR had been in effect for those prior periods. This insures
3 that Startrans will not over- or under-collect its TRR in those prior periods and
4 will result in an accurate TRBA starting balance to compute the TRBAA for
5 2015.

6 **Q. WHAT IS THE RESULT OF THE REVISED 2014 TRBAA**
7 **CALCULATION?**

8 **A.** As a result of the requirement to reflect the current approved TRR in the
9 TRBA calculation, the recalculated 2014 TRBA balance is a negative \$197,282 as
10 shown on Exhibit ST-2, page 2, line 16. The Startrans 2014 TRBA balance filed
11 in Docket No. ER14-355, which would have been the beginning TRBA balance
12 utilized in the 2015 TRBAA filing but for the requirement to update to reflect the
13 rate refunds, was a negative \$223,643.

14 **Q. HOW WILL THE ADJUSTED 2014 TRBAA RESULTS AFFECT THE**
15 **CALCULATION OF THE 2015 TRBAA?**

16 **A.** The recalculated 2014 TRBAA results are included in the 2015 TRBAA
17 calculation. The 2014 Adjusted TRBA calculation balance is brought forward to
18 Exhibit ST-2, page 1, line 9.

19 **III. CALCULATION OF 2015 TRBAA**

20 **Q. WHAT IS STARTRANS' PROPOSED TRBAA FOR 2015?**

21 **A.** Startrans requests a TRBAA of negative \$148,337 to be effective for the
22 twelve-month period commencing January 1, 2015. Startrans' filing includes a
23 revised Appendix I to its TO Tariff reflecting this TRBAA amount. Because all

1 of the costs reflected in Startrans' TRR and TRBAA relate to high voltage
2 facilities, there is no need to allocate the TRBAA or any of its components
3 between high voltage and low voltage access charges.

4 **Q. PLEASE DESCRIBE THE CALCULATION OF THE 2015 TRBAA FOR**
5 **STARTRANS TO BE EFFECTIVE JANUARY 1, 2015.**

6 A. The calculation of the 2015 TRBAA for Startrans is consistent with the
7 methodologies included in the Startrans 2011, 2012, 2013 and 2014 TRBAA
8 filings in Docket Nos. ER11-2125, ER12-299, ER13-315, and ER14-355 which
9 were approved by Commission orders issued December 14, 2010, December 6,
10 2011, December 31, 2012, and January 6, 2014, respectively. In addition,
11 consistent with Section 5.2 of the TO Tariff, I have calculated the TRBAA that
12 will be effective January 1, 2015 based on the sum of the balance in the TRBA as
13 of September 30, 2014 (after reflecting the recalculation of the balances in the
14 2014 TRBA), and the interest balance for the TRBA. As shown on Exhibit No.
15 ST-2, page 1, line 15, Startrans' TRBAA for 2015 is a negative \$148,337.

16 **Q. ARE YOU PROPOSING TO INCLUDE IN THE TRBAA CALCULATION**
17 **AN ADJUSTMENT TO RECOGNIZE KNOWN AND MEASURABLE**
18 **DIFFERENCES IN COLLECTIONS FOR THE REMAINING TRADE**
19 **MONTHS OF SEPTEMBER THROUGH DECEMBER 2014?**

20 A. Yes, such an adjustment is shown on line 6 on Exhibit No. ST-3 titled
21 "Projected Undercollection for Remainder of 2014." The amounts expected to be
22 collected for the trade months of September through December 2014 are based on
23 Startrans' TRR of \$3,695,000 approved by the Commission on October 7, 2013,

1 and the Startrans 2014 TRBAA of a negative \$67,165 (approved in Docket No.
2 ER14-355).

3 **Q. WHAT IS THE IMPACT OF THIS PROPOSED ADJUSTMENT?**

4 **A.** Exhibit No. ST-3 shows that the TRBAA adjustment, for known and
5 measurable collections differences for the period September through December
6 2014, would be a negative \$22,388.

7 **Q. WHAT IS THE BENEFIT OF THIS PROPOSED ADJUSTMENT?**

8 **A.** Accounting for the adjustment for purposes of calculating the 2015
9 TRBAA will recognize the cash volatility that Startrans would experience due to
10 the TRBA.

11 **Q. HOW WAS THE ADJUSTMENT OF A NEGATIVE \$22,388**
12 **CALCULATED?**

13 **A.** Exhibit No. ST-3 shows the calculation of the amount of under-collection
14 that is known and measurable for the remaining trade months September through
15 December 2014. Line 1 is the number of days in the month. Line 2 is the base
16 TRR amount approved in Startrans' Docket No. ER13-272 filing of \$3,695,000
17 plus the 2014 TRBAA of a negative \$67,165. Line 3 is only the base TRR
18 amount approved in Docket No. ER13-272. The actual amounts expected to be
19 collected over the next four months can be calculated by dividing the Startrans'
20 2014 Appendix I – ER14-355 (line 2) by 365 and multiplying by the number of
21 days in the month (line 1) to arrive at the monthly expected collections as shown
22 on line 4. Making a similar calculation utilizing the currently effective TRR (line
23 3) results in the monthly prorated TRR amounts shown on line 5. The difference

1 as shown on line 6 of \$22,388 is the amount of under-collection that is “built-in”
2 to the Transmission Access Charge (“TAC”) for the remainder of 2014.

3 **Q. WHAT IMPACT WILL THIS ADJUSTMENT HAVE ON THE CAISO**
4 **AND OTHER PTO’S?**

5 **A.** None, other than the timing of the TRR cash flows. Consistent with the
6 CAISO Tariff and the Commission’s order in Atlantic Path 15, LLC Docket No.
7 ER07-129 (*see Atlantic Path 15*, 119 FERC ¶ 61,043 (2007)), such cash flows
8 will not include any interest on the over or under recoveries of TRR included in
9 the TRBAA calculation.

10 **Q. PREVIOUSLY YOU TESTIFIED THAT THE REVISED TRBAA TO BE**
11 **EFFECTIVE JANUARY 1 IS TO INCLUDE A FORECAST OF TRCS FOR**
12 **THE NEXT YEAR. HAVE YOU INCLUDED A FORECAST OF THE**
13 **NEXT YEAR’S TRCS IN THE 2015 TRBAA CALCULATION?**

14 **A.** No. Consistent with the Company’s TRBAA filings in Docket Nos.
15 ER10-318, ER11-2125, ER12-299, ER13-315, and ER14-355, the Company did
16 not include a forecast of TRCs. This is because the Company did not receive any
17 Usage Charge revenue or Firm Transmission Right auction revenues during the
18 12 month period ending September 30, 2014 and is not projected to receive any
19 revenues from these sources in the future. In addition, the actual annual amount
20 of Wheeling Revenues Startrans expects to receive amounts to less than 0.5% of
21 the total Startrans TRR. Therefore, consistent with the Commission’s orders
22 approving the Startrans’ 2010, 2011, 2012, 2013 and 2014 TRBAA in Docket
23 Nos. ER10-318, ER11-2125, ER12-299, ER13-315 and ER14-355, the Company

1 has not included a forecast of any TRC revenues in the calculation of 2015
2 TRBAA adjustment commencing January 1, 2015.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

Startrans IO TRBAA Calculation - 2015 TRBAA

Lines	Trade month Calendar month	2014 - Actual TAC Revenue (Including ER13-272 Rate Case Refund)												Totals
		September	October	November	December	January	February	March	April	May	June	July	August	
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	
1	In service days - Trade month	30	31	30	31	31	28	31	30	31	30	31	31	365
2	Interest rate	0.28%	0.27%	0.28%	0.28%	0.25%	0.28%	0.27%	0.28%	0.27%	0.28%	0.28%	0.27%	
3	TRR - Settlement ER13-272													\$ 3,695,000
4	Actual Collected	\$ 391,203	\$ 338,259	\$ 271,884	\$ 289,286	\$ 285,886	\$ 253,320	\$ 277,777	\$ 279,981	\$ 316,270	\$ 325,928	\$ 375,879	\$ 369,599	\$ 3,775,271
5	Prior Period Payments/Refunds	(4,627)	52	(121)	-	10	-	-	-	-	-	-	-	(4,685)
6	Prorated TRR - ER13-272	(303,699)	(313,822)	(303,699)	(313,822)	(313,822)	(283,452)	(313,822)	(303,699)	(313,822)	(303,699)	(313,822)	(313,822)	(3,695,000)
7	ER13-272 Refunds	(66,915)	(50,762)	(4,030)	-	-	-	-	-	-	-	-	-	(121,707)
8	Over/(Under) collection	\$ 15,962	\$ (26,273)	\$ (35,966)	\$ (24,535)	\$ (27,926)	\$ (30,132)	\$ (36,045)	\$ (23,718)	\$ 2,448	\$ 22,229	\$ 62,057	\$ 55,777	\$ (46,121)
TRBA Monthly Balances:														
9	Beginning TRBA balance	\$ 197,282	\$ 198,766	\$ 200,241	\$ 202,782	\$ 203,999	\$ 204,839	\$ 207,111	\$ 208,050	\$ 208,756	\$ 211,797	\$ 212,411	\$ 213,695	\$ 197,282
10	Wheeling Revenues	1,484	1,475	1,325	1,217	840	626	939	707	1,320	614	1,284	1,393	13,225
11	Cumulative Transmission Revenue Overcollection												(46,121)	(46,121)
12	Interest Including Compounding	-	-	1,216	-	-	1,645	-	-	1,721	-	-	1,758	6,339
13	TRBA Balance	\$ 198,766	\$ 200,241	\$ 202,782	\$ 203,999	\$ 204,839	\$ 207,111	\$ 208,050	\$ 208,756	\$ 211,797	\$ 212,411	\$ 213,695	\$ 170,725	\$ 170,725
14	Projected Undercollection for Remainder of 2013													\$ (22,388)
15	TRBAA													\$ 148,337
Interest calculation:														
16	Average balance	\$ 198,024	\$ 199,504	\$ 201,512	\$ 203,390	\$ 204,419	\$ 205,975	\$ 207,580	\$ 208,403	\$ 210,277	\$ 212,104	\$ 213,053	\$ 192,210	
17	Interest													
18	Interest Including Compounding	\$ 554	\$ 539	\$ 564	\$ 569	\$ 511	\$ 577	\$ 560	\$ 584	\$ 568	\$ 594	\$ 597	\$ 519	
19	Quarterly Compounding		\$ 1,216			\$ 1,645			\$ 1,721		\$ 1,758			

Note 1: 18 CFR Section 35.19(a)

Startrans IO TRBAA Calculation - 2015 TRBAA

Recalculation of 2014 TRBA Balance

Lines	Trade month Calendar month	2013 Restated for ER13-272 Rate Case Refund - Actual TAC revenue												Totals
		September Oct	October Nov	November Dec	December Jan	January Feb	February Mar	March Apr	April May	May June	June July	July Aug	August Sept	
1	In service days - Trade month	30	31	30	31	31	28	31	30	31	30	31	31	365
2	Interest rate	0.28%	0.27%	0.28%	0.28%	0.25%	0.28%	0.27%	0.28%	0.27%	0.28%	0.28%	0.27%	
3	TRR - Settlement ER08-413				ER08-413	\$ 5,220,000								
4	TRR - Filing ER13-272				ER13-272	\$ 4,355,881								
5	TRR - Settlement ER13-272				ER13-272	\$ 3,695,000								
6	Actual Collected	\$ 504,301	\$ 450,862	\$ 403,424	\$ 422,606	\$ 349,012	\$ 302,973	\$ 328,909	\$ 331,522	\$ 360,576	\$ 381,950	\$ 430,917	\$ 424,254	\$ 4,691,307
7	Prior Period Payments/Refunds	9,677	5,769	222	87	(20)	(509)	(2,140)	(45)	(195)	(3)	(28)	(164)	12,650
8	Prorated TRR - ER08-413	(429,041)	(443,342)	(429,041)	(443,342)	-	-	-	-	-	-	-	-	(1,744,767)
9	Prorated TRR - ER13-272	-	-	-	-	(331,928)	(283,452)	(313,822)	(303,699)	(313,822)	(303,699)	(313,822)	(313,822)	(2,478,065)
10	ER13-272 Refunds	-	-	-	-	(36,988)	(47,432)	(51,569)	(51,912)	(57,527)	(61,021)	(68,262)	(73,526)	(448,238)
11	Over/(Under) collection	\$ 84,938	\$ 13,288	\$ (25,395)	\$ (20,650)	\$ (19,925)	\$ (28,421)	\$ (38,622)	\$ (24,134)	\$ (10,969)	\$ 17,228	\$ 48,805	\$ 36,743	\$ 32,886
TRBA Monthly Balances:														
12	Beginning TRBA balance	\$ 139,561	\$ 142,162	\$ 144,535	\$ 148,512	\$ 150,756	\$ 150,854	\$ 152,209	\$ 153,514	\$ 154,726	\$ 157,619	\$ 159,241	\$ 161,260	\$ 139,561
13	Wheeling Revenues	2,601	2,373	3,073	2,244	98	149	1,304	1,212	1,624	1,622	2,019	1,822	20,142
14	Cumulative Transmission Revenue Overcollection												32,886	32,886
15	Interest Including Compounding	-	-	904	-	-	1,206	-	-	1,269	-	-	1,314	4,693
16	TRBA Balance	\$ 142,162	\$ 144,535	\$ 148,512	\$ 150,756	\$ 150,854	\$ 152,209	\$ 153,514	\$ 154,726	\$ 157,619	\$ 159,241	\$ 161,260	\$ 197,282	\$ 197,282
17	Projected Undercollection for Remainder of 2013												\$ -	
18	TRBAA												\$ 197,282	
Interest calculation:														
19	Average balance	\$ 140,861	\$ 143,348	\$ 146,523	\$ 149,634	\$ 150,805	\$ 151,532	\$ 152,862	\$ 154,120	\$ 156,172	\$ 158,430	\$ 160,250	\$ 179,271	
20	Interest													
21	Interest Including Compounding	\$ 394	\$ 387	\$ 410	\$ 419	\$ 377	\$ 424	\$ 413	\$ 432	\$ 422	\$ 444	\$ 449	\$ 484	
22	Quarterly Compounding		\$ 904			\$ 1,206			\$ 1,269		\$ 1,314			

Note 1: 18 CFR Section 35.19(a)

Projected Under-Collection for the Remainder of 2014

<u>Lines</u>	Trade month Calendar month	2014				2015 Actual TAC revenue	
		September	October	November	December	Totals	
		<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>		
1	In service days - Trade month	30	31	30	31	122	
2	2014 Appendix I		Actual	\$ 3,627,835			
3	TRR		ER13-272	\$ 3,695,000			
4	Actual expected collections	Line 2*Line 1/365	\$ 297,364	\$ 307,276	\$ 297,364	\$ 307,276	\$ 1,209,278
5	Prorated TRR	Line 3*Line 1/365	\$ (302,869)	\$ (312,964)	\$ (302,869)	\$ (312,964)	\$ (1,231,667)
6	Expected over/(under) collection	Sum(Lines 4,5)	\$ (5,505)	\$ (5,689)	\$ (5,505)	\$ (5,689)	\$ (22,388)

FERC Interest Rates - 18 CFR Section 35.19(a)

Applicable Annual Quarter	Annual Rate	Monthly Rate (Annual % / 365dx # days in month)	Monthly Rate (Annual Rate / 12 Months)
Fourth Quarter 2014	3.25%	Dec .0028 Nov .0027 Oct .0028	0.0027
Third Quarter 2014	3.25%	Sep .0027 Aug .0028 Jul .0028	0.0027
Second Quarter 2014	3.25%	Jun .0027 May .0028 Apr .0027	0.0027
First Quarter 2014	3.25%	Mar .0028 Feb .0025 Jan .0028	0.0027
Fourth Quarter 2013	3.25%	Dec .0028 Nov .0027 Oct .0028	0.0027

18 CFR Section 35.19(a)

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Startrans IO, L.L.C.

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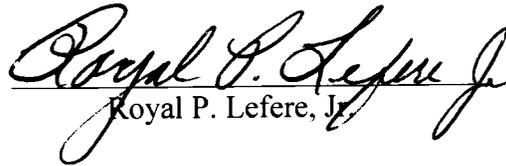
Docket No. ER15 - _____

State of Michigan

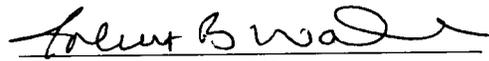
City of Jackson

AFFIDAVIT OF ROYAL P. LEFERE JR.

Royal P. Lefere, Jr., being first duly sworn, deposes and states that he is the Royal P. Lefere, Jr. referred to in the document entitled "Prepared Direct Testimony of Royal P. Lefere, Jr.," that the exhibits accompanying that document were prepared by him or under his direction; that he has read such testimony and is familiar with the contents thereof, and that the facts set forth therein are true and correct to the best of his knowledge, information and belief in this proceeding.


Royal P. Lefere, Jr.

Subscribed and sworn to before me, the undersigned notary public,
this 30th day of October, 2014.


Notary Public

My Commission-Expires: _____

ROBERT B. WAHR
NOTARY PUBLIC - MICHIGAN
JACKSON COUNTY
MY COMMISSION EXPIRES 07/26/19
ACTING IN JACKSON COUNTY

CERTIFICATE OF SERVICE

I hereby certify that I have this date served, either via E-mail or U.S. Postal Service, the foregoing document to all parties designated on the official Service List for this proceeding as maintained by the Secretary of the Commission.

Dated at Washington, DC, this 3rd day of November 2014.

/s/Angela R. Barrett
Angela R. Barrett
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Washington D.C., 20006
202.785.9100 Main