

11. Consequently, the Midwest ISO states that it determined that the transmission service queue at issue should be reprocessed consistent with the preemption methodology set forth in Section 6.8.1 of its Business Practices Manual. The Midwest ISO alleges that during a follow-up conversation with Cargill during the early afternoon of November 27, 2002, the Midwest ISO informed Cargill that the Midwest ISO was reprocessing the queue to ensure that requests were approved on a first-come, first-serve basis, in compliance with the source/sink Control Area limitations set forth in Section 6.8.1 of the Business Practices Manual. The Midwest ISO states that this was the first indication it provided to Cargill that Cargill's service request could be recalled.

12. On November 29, 2002, the Midwest ISO maintains that it completed its reevaluation of all incorrectly processed transmission service requests, including Cargill's request, and took immediate action to recall the service reservation. On that same day, the Midwest ISO states that it posted the OASIS notice recalling Cargill's service reservation. The Midwest ISO explains that the OASIS requires that a non-zero value be placed in the Capacity Requested and Capacity Granted fields, which required the Midwest ISO to set those fields at 1 MW in the OASIS notice. However, the Midwest ISO states that, in order to avoid confusion, it inserted in the Provider Comments field the following language: "Request Recalled for the full 52 MWs. OASIS does not support full amount to be recalled." Moreover, the Midwest ISO states that on November 29, 2002, shortly after posting the OASIS notice, the Midwest ISO left a detailed telephone message with Cargill, explaining that Cargill's 52 MW request was being recalled in its entirety. The Midwest ISO further maintains that it followed the telephone message with an email to Cargill, again explaining the recall.

13. Based upon the foregoing, the Midwest ISO contends that it properly recalled Cargill's service reservation. The Midwest ISO argues that it has inherent authority to correct errors made during administration of its OATT. The Midwest ISO contends that at the time it had approved Cargill's 52 MW request, the Midwest ISO had failed to subject Cargill's request to the source and sink Control Area preemption methodology that is specified in Section 6.8.1 of its Business Practices. As a result, the Midwest ISO contends that it accepted several long-term firm requests, including Cargill's,

which the Midwest ISO should have rejected and which instead caused the interface to be oversold. The Midwest ISO argues that, because they were processed in violation of the Midwest ISO's OATT and Business Practices, those reservations were void from the outset and subject to recall when the error was exposed.

14. Indeed, the Midwest ISO states that it had a basic duty as a regional transmission organization (RTO) to remedy the processing errors and resume compliance with its OATT and Business Practices by recalling the invalid reservations. The Midwest ISO states that, contrary to Cargill's assertion, the Commission has never required that such fundamental obligations be specified in a tariff or service agreement.

15. Likewise, the Midwest ISO argues that the S&CP Document does not require that the particular reasons for the recall of transmission capacity be set forth in its OATT, as Cargill contends. The Midwest ISO notes that section 4.2.13.10 of the S&CP Document states that "[t]he particular reasons for these reductions are Tariff specific." The Midwest ISO maintains that it recalled Cargill's service reservation in order to resume application of the preemption methodology set forth in its Business Practices Manual, which, according to the Midwest ISO, complements and enhances the understanding of its OATT provisions and principles. Therefore, the Midwest ISO states that its reason for recalling the service reservation is tariff specific within the meaning of the S&CP Document.

16. Moreover, the Midwest ISO contends that Commission precedent authorizes transmission providers such as the Midwest ISO to recall capacity granted in error.<sup>8</sup> The Midwest ISO states that in *Williams Energy* the Commission denied the customer's request to reinstate a mistakenly-accepted request for service, based upon the Commission's finding that the transmission provider was authorized to correct the mistake within a reasonable period of time after discovering the error. The Midwest ISO states that, contrary to Cargill's contention, it gave Cargill timely notice of its processing error, over one month before the service reservation was to commence.

17. Finally, contrary to Cargill's assertion, the Midwest ISO argues that this proceeding relates to the Tenaska complaint. The Midwest ISO contends that Cargill's and Tenaska's complaints raise the identical issue regarding the

Midwest ISO's application of its same source and sink Control Area preemption methodology. The Midwest ISO requests that, if the Commission does not deny Cargill's complaint, the Commission hold this proceeding in abeyance pending resolution of the Tenaska complaint.

18. In its comments, Tenaska states that it appreciates Cargill's concerns and is intervening in this proceeding to protect its own interests. Tenaska notifies the Commission that it sought transmission service from the Midwest ISO before Cargill made its requests with the Midwest ISO and asserts that it is rightfully ahead of Cargill in the queue. It asks that the Midwest ISO be directed to sort out and remedy the problems with its transmission queue and properly process requests for long-term firm transmission service.

#### *Cargill's Response to the Midwest ISO's Answer*

19. On January 24, 2003, Cargill filed a response disputing the facts set forth in the Midwest ISO's answer. Cargill states that, contrary to the Midwest ISO's contention, the Midwest ISO confirmed Cargill's service request using the source-sink methodology set forth in the Midwest ISO's Business Practices. To that end, Cargill proffers evidence of an OASIS posting and a phone conversation between a Midwest ISO employee and a Cargill employee, which according to Cargill reveal that the Midwest ISO relied upon its Business Practices in confirming Cargill's service reservation.

20. In addition, Cargill contends that the OASIS notice was not properly posted as a recall, but instead was posted as a new transmission service request created by the Midwest ISO, with the Midwest ISO listed as the customer for a fictional transaction for 1 MW of service. Further, Cargill states that less than three minutes after the Midwest ISO posted the language referring to the 52 MW service reservation, it removed that language from the OASIS notice. Cargill contends that the remaining language did not expressly refer to Cargill's service reservation. Moreover, Cargill contends that it has no evidence of receiving a voicemail or email from the Midwest ISO, regarding the recall.

21. Contrary to the assertions Tenaska sets forth in its comments, Cargill states that its confirmed service reservation should be acknowledged as having priority over Tenaska's unconfirmed requests in the Midwest ISO transmission queue. Cargill contends that Tenaska requested transmission service from AEP (source) to the MI-

<sup>8</sup> The Midwest ISO cites *Williams Energy* and *Powerex*.