

July Meeting Summaries

E-1, E-2, E-3 and E-4, News Release

E-5, E-6 and E-32, Media Alert

E-7 and E-12, Media Alert

FERC grants PJM's request for a declaratory order on the impact of generator retirements on interconnection projects

E-9, *PJM Interconnection*, Docket No. EL08-55-000. The Commission granted PJM Interconnection's (PJM) request for a declaratory order regarding the management of its interconnection queue. The Commission determined that, consistent with PJM's tariff and with Commission precedent, PJM could consider generator retirements announced prior to an interconnection customer's queue date when conducting interconnection studies for that customer's project and could conduct re-studies for that customer's project based on the reversals of such retirements.

FERC addresses rehearing of prior order on mandatory qualifying facility purchase requirement in the SPP region

E-10, *Xcel Energy Services*, Docket No. QF07-5-002. The Commission denied rehearing of an order, which granted in part and denied in part an application to terminate the mandatory qualifying facility (QF) purchase obligations of Southwestern Public Service Co. (SPS), Oklahoma Gas and Electric Co. (OG&E), Public Service Company of Oklahoma (PSO), and Southwestern Electric Power Co. (SWEPCO). The Commission affirmed its prior determination to grant OG&E, PSO, and SWEPCO's request to terminate their QF purchase obligations, but denied SPS's request because, based on the record, the Commission could not find that QFs located in the SPS control area have nondiscriminatory access to markets.

E-11 and E-14, Media Alert

FERC incorporates NAESB's revised business practice standards

E-13, *Standards for Business Practices and Communication Protocols for Public Utilities*, Docket No. RM05-5-005. The final rule incorporates by reference into the Commission's regulations at 18 CFR § 38.2 the latest version of all or part of 11 standards adopted by the Wholesale Electric Quadrant of the North American Energy

Standards Board (NAESB). NAESB's standards revise its Open Access Same-Time Information Systems (OASIS) business practice standards and four business practice standards relating to reliability issues, add new standards on (1) transmission loading relief for the Eastern Interconnection and (2) public key infrastructure, and add a new OASIS implementation guide. Incorporating these revised standards will provide customers with information that will enable them to obtain transmission service on a non-discriminatory basis and will assist the Commission in supporting needed infrastructure and the reliability of the interstate transmission grid.

FERC addresses Northeast Utilities' ROE incentives for the Middletown-to-Norwalk Project

E-15, *Northeast Utilities Service Co.*, Docket No. ER08-966-000. The Commission granted Northeast Utilities Service Co.'s request for a limited waiver of the December 31, 2008 completion date for the 100 basis point return on equity (ROE) incentive that the Commission previously approved for Northeast Utilities' share of the Middletown-to-Norwalk Project, a transmission project in Southwest Connecticut jointly owned by Northeast Utilities and the United Illuminating Company. The waiver allows Northeast Utilities Service Co. to collect the incentive for the Middletown-to-Norwalk Project even though it will not be placed in service by the December 31, 2008 date. The Commission also granted a 50 basis point ROE advanced transmission technologies adder for the costs associated with the underground XLPE cable.

FERC addresses agreements between Westar Energy and wholesale customers in Kansas

E-19, *Westar Energy*, Docket Nos. ER08-988-000, *et al.* The Commission addressed petitions for approval of proposed formula rate agreements between Westar Energy and various wholesale customers in the State of Kansas. The Commission set the proposed formula rates for hearing and settlement judge procedures.

FERC grants Dominion Virginia's application to terminate QF mandatory purchase obligations

E-20, *Virginia Electric and Power Co.*, Docket Nos. QM08-4-000 and QM08-4-001. The Commission granted Virginia Electric and Power Co.'s application to terminate, on a service territory-wide basis, its obligation to enter into new power purchase obligations or contracts to purchase energy and capacity from qualifying cogeneration and small power production facilities with a net capacity in excess of 20 megawatts (MW). The Commission determined that PJM Interconnection provides qualifying facilities larger than 20 MW non-discriminatory access to independently administered, auction-based

day-ahead and real-time wholesale markets for the sale of electric energy and to wholesale markets for long-term sales of capacity and electric energy.

FERC approves merger between Chehalis and PacifiCorp

E-21, *PacifiCorp, TNA Merchant Power and Chehalis Power Generating*, Docket No. EC08-82-000. The Commission authorized the disposition of jurisdictional facilities resulting from a proposed merger of Chehalis Power Generating (Chehalis) with PacifiCorp. The transaction involves the disposition of Chehalis' jurisdictional facilities, including a 520 megawatt natural gas-fired power generation facility, interconnection facilities, market-based rate schedules and reactive power rate schedules, and associated accounts, books, and records. The Commission determined that the transaction will not affect competition, rates or regulation or result in cross-subsidization, or the pledge or encumbrance of utility assets for the benefit of an associate company.

FERC accepts compliance filing related to determination of default capacity market bids in PJM's reliability pricing model

E-23, *PJM Interconnection*, Docket Nos. ER05-1410-007 and ER05-148-007. The Commission accepted a compliance filing, conditioned on a further compliance filing, in which PJM Interconnection (PJM) amended its tariff regarding default capacity market bids – with the default bids for most capacity resources based on the assumption that units would be mothballed absent such a price and the higher default bids for the remaining capacity resources based on the assumption that those units would permanently retire absent such a higher price. The compliance filing was submitted in response to a prior order, which required PJM to make a filing that could either retain PJM's retirement assumption (i.e., an assumption that a unit would permanently retire, and with the resulting default capacity market bid based on that assumption) but demonstrate why the assumption is just and reasonable, or provide an alternative just and reasonable proposal.

FERC denies rehearing of PJM's cost allocation methodology

E-24, *PJM Interconnection*, Docket No. EL05-121-005. The Commission denied rehearing of a compliance filing stemming from an earlier order that accepted a postage-stamp cost allocation methodology for the recovery of investment in new facilities in the PJM Interconnection that operate at or above 500 kilovolts (kV). In that earlier order, for recovery of the costs of investment in new facilities that operate below a 500 kV threshold, the Commission endorsed the continued use of a "beneficiary pays" approach (rather than using a PJM-wide cost allocation). The compliance filing, which the Commission accepted, implemented that determination – and the Commission agreed with PJM that the investment costs of transformers with "low-side" voltages below 500

kV generally should be allocated using “beneficiary pays” (rather than using a PJM-wide cost allocation). On rehearing, the Commission rejected the argument that all transformers with a low-side voltage below 500 kV provide support to the 500 kV and above transmission system, and reaffirmed that their investment costs should be allocated using “beneficiary pays”.

FERC accepts CAISO’s interim measures to addresses potential economic incentives for LSEs

E-25, *California Independent System Operator Corp.*, Docket No. ER06-615-013. The Commission accepted, subject to modification, the interim measures proposed by the California Independent System Operator Corp., designed to address the potential economic incentive for load serving entities to underschedule in the day-ahead market. These measures are to be effective from the inception of Market Redesign and Transmission Upgrade (MRTU) until the implementation of convergence bidding, which the Commission has required 12 months after MRTU implementation.

FERC addresses court remand of Ravenswood’s complaint against the NYISO

E-29, *KeySpan-Ravenswood v. New York Independent System Operator*, Docket No. EL05-17-003. The Commission, in response to a remand from the United States Court of Appeals for the District of Columbia Circuit of KeySpan-Ravenswood’s complaint that New York Independent System Operator (NYISO) violated its tariff and the filed rate doctrine in using a formula for translating “installed capacity” into “unforced capacity” that was not contained in its tariff, approved a settlement as to the settling parties, but set for hearing factual issues related to a determination of an appropriate remedy for other, non-settling parties (i.e., generators other than KeySpan-Ravenswood). The Commission explained that as to the latter parties NYISO had violated its tariff and the filed rate doctrine. The Commission also required NYISO to file, as an addition to its tariff, its formula for translating “installed capacity” into “unforced capacity”.

FERC addresses complaint regarding allocation of costs of reliability for the Cape Cod region

E-30, *Braintree Electric Light Department, et al. v. ISO New England*, Docket No. EL08-48-000. The Commission denied the Massachusetts Public System’s request that ISO New England (ISO-NE) implement Post First Contingency Switching or Special Protection Systems to reduce Local Second Contingency Protection Resource charges, since it would degrade reliability in Cape Cod. The Commission, however, set for hearing the issue of whether or not the current cost allocation that is the result of the

current single Southeastern Massachusetts (SEMA) region is just and reasonable, i.e., whether or not the current SEMA region should be divided into two regions. The Commission then held the hearing in abeyance and referred the issue of cost allocation within SEMA to an ISO-NE stakeholder process. ISO-NE is directed to submit a filing by July 17, 2009 describing the stakeholder process used and how ISO-NE will address cost allocation.

G-1, News Release

FERC addresses filing regarding Natural's gas interchangeability issues

G-2, *Natural Gas Pipeline Co. of America*, Docket No. RP01-503-007. The Commission accepted the Natural Gas Pipeline Co. of America's (Natural) filing, as revised in post-technical conference comments, to comply with an order on rehearing and initial decision regarding gas quality and interchangeability issues. Natural proposed a series of gas interchangeability specification for its system and implementation of a Commission approved CHDP safe harbor.

FERC addresses rehearing of gas quality and interchangeability issues on Columbia system

G-3, *Norstar Operating v. Columbia Gas Transmission Corp. and Columbia Gas Transmission Corp.*, Docket Nos. RP06-231-005, *et al.* The Commission granted clarification in part and denied the requests for rehearing of an order relating to gas quality and interchangeability issues on Columbia Gas Transmission Corp.'s (Columbia) system. The Commission granted clarification that the order did not require Columbia to have identical receipt point and delivery point gas quality specifications.

FERC denies rehearing of order on Makah Bay Project

H-1, *Finavera Renewables Ocean Energy*, Project No. 12751-002. The Commission denied the National Oceanic and Atmospheric Administration's (NOAA) request for rehearing of an order which found that NOAA lacks authority under section 4(e) of the Federal Power Act with respect to the project because the portions of the Olympic Coast National Marine Sanctuary on which the project would be located are owned by the State of Washington and therefore are not a reservation under the Federal Power Act. The Makah Bay project will be located in the Pacific Ocean in Makah Bay, about 1.9 nautical miles offshore of Waatch Point in Clallam County, Washington.

FERC denies rehearing of order terminating the license for Marseilles Project in Illinois

H-2, *Marseilles Hydro Power*, Project No. 12020-017. The Commission denied rehearing of an order terminating the license for the Marseilles Hydroelectric Project, which was to be located on the Illinois River in the City of Marseilles, Illinois, because of the licensee's failure to timely commence construction. The Commission affirmed its prior conclusion that the licensee has not shown that the off-site construction of equipment should be considered the commencement of construction and that, in any case, the equipment on which construction may have started was different than that authorized in the license.

FERC affirms finding that the Sullivan Creek Project in Washington is subject to the Commission's mandatory licensing jurisdiction

H-3, *Public Utility District No. 1 of Pend Oreille County, Washington*, Docket No. DI07-1-002 and Project No. 2225-012. The Commission denied rehearing of an order which granted in part and denied in part several requests for rehearing concerning the jurisdictional status of the Sullivan Creek Project. The project is located on Sullivan Lake, Outlet Creek, and Sullivan Creek, a tributary of the Pend Oreille River, near the town of Metaline Falls in Pend Oreille County, Washington, and occupies 500 acres of U.S. lands within the Colville National Forest. The Commission reaffirmed the determination that the existing license is valid, and affirmed the finding that the project is subject to the Commission's mandatory licensing jurisdiction.

FERC denies request to stay license surrender at the Fort Halifax Project

H-4, *FPL Energy Maine Hydro*, Project No. 2552-086 and -087. The Commission denied Essex Hydro Associates' (Essex) request to stay the surrender order and to amend it to allow Essex to obtain and operate the Fort Halifax Project, which is located on Sebasticook River near its confluence with the Kennebec River in Maine. The Commission denied the relief requested because the Commission had previously approved surrender and dam removal, those actions were consistent with a basin-wide settlement, and the public interest in administrative finality and predictability counsels against disrupting the ongoing dam removal process at this late stage.

FERC denies Mr. Supa's complaint concerning the Northeast-07 pipeline project

C-2, *Millennium Pipeline Co.*, Docket No. CP98-150-006. The Commission dismissed a request filed by Mr. Peter Supa for a formal investigation of Columbia Gas Transmission Corp. and "other sponsoring entities" of the Northeast-07 pipeline project. The

Commission denied the complaint, because it already required the remedy Mr. Supa requests in this petition with respect to any pollution from the Rockefeller pipelines found in the construction right-of-way. As a result no formal investigation is necessary.

FERC issues certificate for expansion at Petal Gas Storage facility in Mississippi

C-3, *Petal Gas Storage*, Docket No. CP08-66-000. The Commission issued a certificate to Petal Gas Storage (Petal Gas) authorizing it to construct and operate in Hattiesburg, Mississippi, two new salt dome natural gas storage caverns, to add three additional compression units to an existing compressor station, and pipeline facilities to connect the new storage caverns with Petal Gas' existing storage facilities. The Commission issued the certificate because the new storage facilities should benefit the public by improving the flexibility and reliability of storage service provided by Petal Gas, as well as supporting efficient natural gas service in the Southeast with no significant burdens on the environment or landowners.

FERC approves abandonment of the Beaver Wet System

C-4, *Cimarron River Pipeline, and Northern Natural Gas Co.*, Docket Nos. CP08-17-000 and CP08-18-000. The Commission approved Northern Natural Gas Co.'s application for authority to abandon, by sale to Cimarron River Pipeline, the Beaver Wet System, including pipeline, compression, dehydrating, purification and delivery point facilities and appurtenances in various counties in Texas, Oklahoma and Kansas. The Commission approved the abandonment due to the benefits the proposed project will provide to the market with a lack of adverse impacts on existing customers, other pipelines, landowners or communities.

FERC approves abandonment of pipeline facilities from Southern to Magnolia

C-5, *Southern Natural Gas Co. and Magnolia Enterprise Holdings*, Docket No. CP08-5-000. The Commission authorized Southern Natural Gas Co. (Southern) to abandon an undivided interest in certain pipeline facilities by sale to Magnolia Enterprise Holdings (Magnolia), and for Southern to acquire by lease from Magnolia those facilities and other pipeline facilities Magnolia will acquire from its parent company AGL Resources. The Commission issued the certificate because the proposal will provide Atlanta Gas Light Company (Atlanta Gas) and its customers direct access to Elba Island LNG, affording them greater supply security and diversity to support anticipated growth in natural gas demand in Georgia, with no adverse impact on Southern's existing customers and avoiding the need for Atlanta Gas to construct its own facilities to connect to Elba Island.

FERC approves abandonment of Distrigas' section 3 authority

C-6, *Distrigas of Massachusetts*, Docket No. CP08-49-000. The Commission approved Distrigas of Massachusetts' (DOMAC) request to abandon its certificate under section 7 of the Natural Gas Act, and in its place, authorize its LNG import terminal's facilities and operations under section 3 of the Natural Gas Act alone. The Commission authorized the abandonment because since the time the section 7 authorization was issued, the Commission has revised its view of the demarcation point between foreign and interstate commerce.

FERC denies rehearing of the function of a pipeline

C-7, *Transcontinental Gas Pipeline Corp. et al.*, Docket Nos. CP01-368-007, et al. The Commission denied rehearing of an order addressing the remands by the United States Courts of Appeals for the Fifth Circuit and the D.C. Circuit of the Commission's orders in two proceedings addressing the jurisdictional status under the Natural Gas Act of certain natural gas pipeline facilities. The Commission affirmed its previous determination that Transcontinental Gas Pipeline Corp.'s 12.43-mile offshore and 24.62-mile onshore segments are part of a single pipeline that performs a jurisdictional transmission function.

FERC grants rights concerning the Elk Basin storage facility

C-8, *Williston Basin Interstate Pipeline Co.*, Docket No. CP08-184-000. The Commission granted Williston Basin Interstate Pipeline Co.'s request for a declaratory order that with respect to the storage facilities, a certificate holder may acquire through the exercise of eminent domain the right to native gas within a storage facility's certificated horizontal and vertical boundaries to the extent necessary to ensure the initial and continued proper operation of the facility.

FERC authorizes expansion of Caledonia Field in Mississippi

C-9, *Caledonia Energy Partners*, Docket No. CP08-52-000. The Commission issued a certificate to Caledonia Energy Partners (Caledonia) to construct and operate facilities in two phases in order to expand its existing Caledonia Field in Lowndes and Monroe Counties, Mississippi. The Commission issued the certificate because the proposals will allow Caledonia to increase the high-deliverability storage services available to growing markets with the lack of any adverse impacts on existing customers, other pipelines, landowners and communities.