

111 FERC ¶ 61,199
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, and Joseph T. Kelliher.

Southern Company Services, Inc.

Docket Nos. ER02-851-016,
ER02-851-018, ER04-151-000,
ER04-151-001, ER04-780-000, and
ER04-780-001

ORDER ACCEPTING FILINGS

(Issued May 9, 2005)

1. In this order, the Commission accepts several filings made by Southern Company Services, Inc. (Southern)¹ consistent with the Commission's orders in *Southern Company Services, Inc.*, 105 FERC ¶ 61,019 (2003) (October 2003 Order), *reh'g denied*, 108 FERC ¶ 61,295, *reh'g denied*, 109 FERC ¶ 61,335 (2004), approving a settlement establishing cost-of-service formula rates for Southern in lieu of charges based on use of a fixed revenue requirement. The settlement required Southern to file an Annual Informational Filing and a True-Up Filing each year,² and provided procedures for customers to challenge these filings. This order addresses a series of filings made by

¹Southern Company Services, Inc. acts as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Savannah Electric and Power Company, and Southern Electric Generating Company (collectively, Southern Companies).

² According to the settlement approved in the October 2003 Order, the Rate Year during which Southern bills customers for transmission service runs from January 1 to December 31. The Annual Informational Filing, to be submitted on or before the November 1 preceding the Rate Year, specifies the initial charges for the Rate Year based on projected data. The True-Up Filing, to be submitted on or before the May 1 after the Rate Year, calculates the actual charges for that Rate Year with surcharges to be added or refunds to be made by July 1.

Southern under the requirements established in the October 2003 Order. This order benefits customers by resolving issues concerning Southern's methods.

Background

2. On November 3, 2003, Southern filed its Annual Informational Filing in Docket No. ER04-151-000. This filing developed the initial rates for calendar year 2004 for the use of Southern's bulk transmission facilities.

3. On April 29, 2004, Southern filed its True-Up Filing in Docket No. ER04-780-000 applicable to tariff transactions for calendar year 2003. On June 24, 2004, Southern submitted a filing in Docket No. ER04-780-001 informing us that it was correcting an error related to load calculation in its 2003 True-Up Filing.

4. On July 27, 2004, Southern submitted a filing in Docket Nos. ER02-851-016 and ER04-151-001 informing the Commission that it had made an accounting adjustment in its tariff formula rate to exclude Regional Transmission Organization (RTO) development costs from the calculation of charges under the tariff.

5. On December 22, 2004, Southern filed a report in Docket No. ER02-851-018 detailing its compliance with three prior Commission orders and describing the refunds made by Southern to its transmission customers on December 10, 2004.

Discussion

6. Southern made a series of filings under the terms of the settlement approved in the October 2003 Order. Among them, Southern made a filing in Docket Nos. ER02-851-016 and ER04-151-001 in which it agreed to refund certain amounts and to remove RTO-related costs from the formula rate,³ and a filing in Docket No. ER02-851-018 that included some upward adjustments of those refund amounts. Our review of those filings, including the other refund obligations that Southern has detailed in Docket No. ER02-851-018, indicates that Southern has made the required refunds to its customers.⁴

³ Southern states in this filing that it was acting in response to our decision in *Mississippi Power Company, et al.*, 107 FERC ¶ 61,086 at P 5 (2004), in which we stated that no RTO development costs could be recovered through formula rates until there has been a Commission order explicitly authorizing such recovery.

⁴ In addition to the refund of RTO development costs and the refunds associated with the revised load calculation mentioned above, Southern also made refunds to:

(continued...)

7. However, we note that the refund report in Docket No. ER02-851-018 included several different refunds, making it difficult to determine the amount due to each OATT customer from each refund source. Thus, in future refund reports, particularly those involving multiple refunds, Southern is directed to provide the data and detail necessary to accurately trace the amounts each customer is to receive from the different sources. Additional data would increase transparency and allow customers and the Commission to more accurately ensure accurate refunds are allocated and distributed appropriately.

8. We also are concerned about a statement in Southern's transmittal letter of the filing in Docket No. ER02-851-018 that, in the future, Southern will not inform the Commission concerning any billing adjustments that arise out of any informal discussions associated with the True-Up Filings. According to Southern, such action was not contemplated by the settlement approved by the Commission in the October 2003 Order.⁵ Southern's view is that the Commission need not be informed of any changes in customer billings unless a formal challenge or other type of filing is made by one of the parties.

9. We disagree. Minor adjustments made under the informal process specified in the settlement can have major cumulative effects. In addition, major changes can be made, even if accomplished informally. The Commission needs to be kept informed of the operation of Southern's formula rate and what impact this has on customers. Therefore, we will require Southern, in its Annual True-Up Filing to provide a summary of all

(1) correct for an incorrect demand loss factor that had been used in the formula during the period from September 1, 2002 to December 31, 2002; (2) correct for the use of an erroneous tax rate for Georgia Power Company and Savannah Electric and Power Company that was used to calculate charges for bulk transmission service from September 1, 2002 to September 30, 2004 and for subtransmission service from November 1, 2003 to September 30, 2004; (3) make minor adjustments to the 2003 True-Up Filing suggested by customers; and (4) make adjustments associated with a filing made by Southern to comply with Order No. 2003. *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs., Regulations Preambles ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs., Regulations Preambles ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs., Regulations Preambles ¶ 31,171 (2004), *reh'g pending*.

⁵ Transmittal Letter at 5.

changes to billings under the formula rate that have been agreed to during the course of the informal review process.

10. As to the filings related to the refunds Southern made (i.e., its filing in Docket Nos. ER02-851-016 and ER04-151-001 on July 27, 2004, and its refund report in Docket No. ER02-851-018 on December 22, 2004), we will accept these filings. As to Southern's various filings addressed in this order that were filed on an informational basis only, no Commission action on these filings is requested. However, we wish to make clear that we need to be kept informed of adjustments to billings made in response to the parties' informal processes.

The Commission orders:

(A) Southern's filings in Docket Nos. ER02-851-016, ER02-851-018, and ER04-151-001 (describing the refunds it made in connection with the removal of RTO costs from its OATT costs) are hereby accepted.

(B) Southern is hereby directed to report, in all future Annual True-Up Filings, all changes to billings under the formula rate that have been agreed to during the course of the informal review process, as discussed in the body of this order.

By the Commission. Commission Kelly not participating.

(S E A L)

Linda Mitry,
Deputy Secretary.