



# FEDERAL ENERGY REGULATORY COMMISSION

FACT SHEET

July 17, 2008

Western Systems Power Pool, Arizona Public Service  
Company and Xcel Energy Services Inc.

Docket No. RM04-7-005; ER91-195-051, EL07-69-001

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## **FERC Clarifies MBR Rule, Seeks Comment on WSPP**

The Federal Energy Regulatory Commission (FERC) today acted on two separate market-based rate-related matters.

In the first, the Commission clarified a provision in its rule on market based rates, Order No. 697-A, to help facilitate utilities' market-based rate filings.

Also today, FERC asked participants in the Western Systems Power Pool (WSPP) to comment on a proposal from the Arizona Public Service Company (APS) and Xcel Energy Services Inc. (Xcel) for an alternative implementation of the Feb. 21, 2008, order on the WSPP agreement.

### **Background and Order: Market-Based Rates Rule**

In Order No. 697, FERC adopted the requirement that simultaneous transmission import limit studies be used as a basis for transmission access when performing a market power analysis.

In Order No. 697-A, FERC explained that the objective of those studies is to determine the amount of transmission imports available to bring in supply from first-tier areas, and in footnote 208 attempted to explain how that is done. Several petitioners sought rehearing, saying the explanation was confusing and reflected a change from FERC policy.

Today's order grants the requests for rehearing and clarifies that market-based rate sellers may allocate the simultaneous transmission import limit capability on a pro rata basis based on the relative shares of the market-based rate seller's (and its affiliates') uncommitted generation capacity in first-tier markets and that of competing sellers when performing the indicative screens.

### **Background and Order: WSPP agreement rate**

On Feb. 21, FERC determined that the WSPP Agreement's demand charge ceiling rate is no longer just and reasonable for use by public utility sellers in markets where the sellers do not have market-based rate authority, unless such sellers can cost-justify the rates.

APS and Xcel asked for an alternative implementation that incorporates company-specific demand charge caps either by cross-reference to a specific cost-based tariff, or by incorporation of company-specific rate schedules into the WSPP Agreement itself.

FERC denied the request with respect to the cross-reference proposal, but asked WSPP and other interested parties to comment on the proposal for incorporating company-specific rate schedules.

