

# July 2012

## Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its July 19, 2012 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at [www.ferc.gov](http://www.ferc.gov).

**E-4 – Press Release**

**G-1 – Press Release**

### **FERC denies requests for rehearing and clarification**

**E-1, *Midwest Independent Transmission System Operator, Inc.***, Docket No. ER12-1265-000, *et al.* The order denies requests for rehearing and clarification of the Order No. 719 Compliance Order. The order conditionally accepts MISO's March 2012 filings to comply with the Order No. 719 Compliance Order, subject to the outcome of the proceeding concerning MISO's compliance with the requirements of Order No. 745 and a further compliance filing due within 30 days of the date of this order. Among other things, the order conditionally accepts proposed tariff provisions addressing the participation of Aggregators of Retail Customers in the MISO energy and operating reserve markets; proposed Attachment TT for measurement and verification of demand response; and market monitoring measures. The order finds that MISO has complied with the Commission's requirements regarding price formation during operating reserve shortages. The order conditionally accepts the tariff revisions effective June 12, 2012 as requested.

### **FERC denies requests for rehearing and clarification**

**E-2, *Midwest Independent Transmission System Operator, Inc.***, Docket Nos. ER12-1266-000, *et al.* The order denies requests for rehearing and clarification of the Order No. 745 Compliance Order. The order conditionally accepts MISO's March 2012 filings to comply with the Order No. 745 Compliance Order, subject to the outcome of the proceeding concerning MISO's compliance with the requirements of Order No. 719 and a further compliance filing due within 30 days of the date of this order. Among other things, the order finds that MISO's zonal cost allocation methodology, as modified in this order, will allocate the cost of compensating cost-effective demand response resources in a manner that is just and reasonable. The order also finds that MISO has generally satisfied the measurement and verification requirements of Order No. 745, and accepts the associated tariff revisions, subject to a further compliance filing and the outcome of the MISO Order No. 719 compliance proceeding. The order also addresses the net

benefits price threshold and supply curve, demand response registration requirements, and host load zone modifications.

### **FERC approves a Notice of Penalty**

**E-5**, *North American Electric Reliability Corporation*, Docket No. NP11-238-000. The order approves a Notice of Penalty against the Southwestern Power Administration, including the assessment of a \$19,500 penalty amount, and finds that section 215 of the Federal Power Act authorizes the imposition of a monetary penalty against a federal agency for violation of a mandatory Reliability Standard.

### **FERC proposes to approve a reliability standard**

**E-6**, *Regional Reliability Standard PRC-006-SERC-01 —Automatic Underfrequency Load Shedding Requirements*, Docket No. RM12-9-000. This Notice of Proposed Rulemaking (NOPR) proposes to approve regional Reliability Standard PRC-006-SERC-01 (Automatic Underfrequency Load Shedding Requirements), which was submitted for approval by the North American Electric Reliability Corporation. The NOPR finds that PRC-006-SERC-01 is designed to work in conjunction with PRC-006-1 (i.e., the national UFLS Reliability Standard) to mitigate effectively the consequences of an underfrequency event while accommodating differences in system transmission and distribution topology among SERC Reliability Corporation planning coordinators due to historical design criteria, makeup of load demands, and generation resources. The NOPR proposes to direct one modification to an associated Violation Risk Factor, and also seeks comment concerning a possible inconsistency between the proposed regional Reliability Standard and national UFLS Reliability Standard PRC-006-1.

### **FERC denies rehearing on PJM Financial Transmission Rights**

**E-7**, *FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC v. PJM Interconnection, L.L.C.*, Docket No. EL12-19-001. The order denies rehearing of a March 2, 2012 order that dismissed, without prejudice to refiling later, a complaint filed by FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC to modify provisions of PJM's Open Access Transmission Tariff and Operating Agreement due to the current underfunding of Financial Transmission Rights (FTRs) and resulting shortfalls in FTR revenues. The order reaffirmed that there had been an insufficient showing that PJM Interconnection LLC's tariff was unjust and unreasonable given that the root cause of the current underfunding of FTRs was uncertain, and that the Commission instead should await ongoing stakeholder proceedings before taking further action.

**FERC approves certain accounting entries, but denies rate treatment and directs refunds**

**E-9**, *Ameren Corporation*, Docket No. AC11-46-000. The order approves Ameren's final accounting entries regarding (1) the merger of Central Illinois Light Company and Illinois Power Company with and into Central Illinois Public Service Company to form Ameren Illinois Company; and (2) the distribution by Ameren Illinois of the common stock of AmerenEnergy Resources Generating Company to Ameren, and the subsequent contribution by Ameren of the common stock of AmerenEnergy Resources Generating to Ameren Energy Resources Company, LLC (Reorganization Transaction). The order finds that Ameren's proposed journal entries are in compliance with the Commission's Uniform System of Accounts and are approved for accounting purposes only. However, the order finds that, as Ameren Illinois improperly included acquisition premiums associated with the above transactions, particularly goodwill, in determining its common equity used in its transmission formula rate without an appropriate showing and Commission authorization, Ameren Illinois must make refunds with interest.

**FERC denies rehearing**

**E-10**, *U.S. Department of Energy – Bonneville Power Administration*, Docket No. NJ08-2-001. The order denies a rehearing request submitted by wind farm developer Caithness Shepherds Flat, LLC. The order finds, as did the Commission in the underlying order, that Bonneville acted consistently with its tariff when it offered Caithness two transmission service agreements after completion of feasibility studies. The order also finds that the transmission service agreements carried appropriate service commencement dates.

**FERC denies rehearing requests on who may build transmission facilities**

**E-11 and E-12**, *Primary Power, LLC*, Docket Nos. ER10-253-001 and EL10-14-001 and *Central Transmission, LLC v. PJM Interconnection, L.L.C.*, Docket No. EL10-52-001. These orders deny rehearing of the Commission's holdings that the PJM tariff, in particular the planning procedures in Schedule 6 of the Operating Agreement, does not preclude PJM from designating (nor, on the other hand, does it require PJM to designate) a non-incumbent transmission owner to build an economic project under the PJM regional transmission planning procedures and thereby become eligible for cost-of-service rates. That is, the PJM tariff does not establish a right of first refusal on behalf of incumbent transmission owners to build and own transmission facilities, nor does it preclude a non-incumbent from being selected and then charging a cost-of-service rate.

In particular, the orders rely on the Operating Agreement, Schedule 6, section 1.5.7 which permits any market participant to propose to construct a project, and authorizes PJM to designate the entity that is to construct an economic project. *Central Transmission* (Agenda item E-12) follows the precedent set in the *Primary Power* rehearing order.

### **FERC denies a complaint**

**E-13**, *Primary Power, LLC v. PJM Interconnection, L.L.C.*, Docket No. EL12-69-000. The order denies Primary Power's complaint and finds that PJM acted in accordance with the planning procedures in its tariff in designating construction responsibility for two upgrades in its regional plan. The order rejects Primary Power's contention that PJM improperly designated incumbent transmission owners to build projects based on invalid factors, and finds instead that PJM did not unduly discriminate but rather relied on legitimate cost and operational considerations in distinguishing the proposals and assigning construction responsibility.

### **FERC denies a complaint**

**E-14**, *Pioneer Transmission, LLC v. Northern Indiana Public Service Company and Midwest Independent Transmission System Operator, Inc.*, Docket No. EL12-24-000. This order denies Pioneer's complaint against NIPSCO and dismisses Pioneer's complaint against MISO. Specifically, the order finds that Appendix B, section VI of the MISO Transmission Owners Agreement is unambiguous as to ownership and the responsibility of owners in MISO to build facilities when such facilities are connected between two or more owners' facilities. Thus, under the plain terms of the Transmission Owners Agreement, ownership and the responsibilities to construct the Reynolds-Greentown line belong equally to NIPSCO and Duke Energy Corporation. With respect to Pioneer's complaint against MISO that the definition of "Owner" in the Transmission Owners Agreement prohibits it from implementing the Construction Work In Progress incentive previously granted to the project, the order finds that the issue is moot because the line at issue in the complaint is connected to facilities owned by NIPSCO and Duke.

### **FERC grants a complaint**

**E-15**, *Xcel Energy Services, Inc. and Northern States Power Company, a Wisconsin Corporation v. American Transmission Company, LLC*, Docket No. EL12-28-000. This order grants Xcel's complaint against American Transmission. Specifically, the order finds that Appendix B, section VI of the MISO Transmission Owners Agreement is unambiguous as to ownership and the responsibility of owners in MISO to build facilities when such facilities are connected between two or more owners' facilities. Thus, under the plain terms of the Transmission Owners Agreement, ownership and the responsibilities to construct the LaCrosse-Madison line belong equally to Xcel and American Transmission.

**FERC grants a petition for declaratory order**

**E-16**, *Northern Indiana Public Service Company*, Docket No. EL12-49-000. This order grants NIPSCO's petition for declaratory order that seeks approval of certain transmission rate incentives in connection with the Reynolds to Burr Oak to Hiple Project that NIPSCO plans to construct under the MISO Transmission Expansion Plan. Specifically, the order authorizes (1) inclusion of 100 percent of prudently incurred Construction Work in Progress in rate base, and (2) recovery of 100 percent of prudently incurred costs of transmission facilities that are abandoned for reasons beyond the control of NIPSCO.

**FERC denies complaint**

**E-17**, *SIG Energy, LLLP v. California Independent System Operator Corporation*, Docket No. EL12-55-000. The order denies a complaint filed by SIG alleging that CAISO's determination of the settlement price for congestion revenue rights (CRR) at certain pricing nodes on certain dates in 2011 resulted in unjust and unreasonable rates, in violation of CAISO's tariff and business practice manuals. The order finds that CAISO correctly determined SIG's CRR settlement price for the trading dates at issue and therefore denies SIG's complaint.

**FERC approves uncontested settlement; accepts in part, and rejects, in part tariff revisions**

**E-18**, *Tampa Electric Company*, Docket No. ER10-2061-000, *et al.* The order approves an uncontested settlement that resolves all issues involving Tampa Electric's proposed revisions to its cost-of-service formula rate under its wholesale requirements tariff. The order also accepts, in part and rejects, in part, tariff revisions submitted in Tampa Electric's compliance filing. The order directs Tampa Electric to file a refund report with the Commission within 15 days following the date on which Tampa Electric has completed providing refunds to customers, consistent with the settlement.

**FERC revises and clarifies its Continuity of Operations regulation**

**M-1**, *Continuity of Operations Plan*, Docket No. RM12-13-000. The final rule revises and clarifies the Commission's Continuity of Operations (COOP) regulation, 18 C.F.R. § 376.209. Among other things, it provides greater flexibility on the length of the activation of the COOP regulation, and any subsequent suspension of Commission operations, in whole or in part, to better reflect the particular circumstances that warrant activation and suspension. The final rule further explicitly provides time for the Commission to transition from the period when the COOP is active, and when Commission operations are suspended, in whole or in part, to a return to full Commission functionality and normal operations, and also provides greater flexibility in the transition back to full functionality and normal operations by allowing the transition to occur

activity by activity over time. The final rule also adds to the existing list of requirements which are suspended during a suspension of Commission operations several matters that were either inadvertently left out of prior final rules or were only implicitly covered.

### **FERC grants rehearing and amends hydroelectric license**

**H-1, *Blue Heron Hydro, LLC***, Project No. 13226-004. The order grants rehearing and amends the April 12, 2012 order issuing a new license to Blue Heron Hydro, LLC for the Ball Mountain Dam Hydroelectric Project. Based on information filed with the rehearing request that demonstrated that the water quality certification was issued timely, the order amends the license order to incorporate the water quality certification conditions and discusses certain water quality certification conditions that are not enforceable.

### **FERC denies rehearing**

**H-2, *Alabama Power Company***, Project No. 2146-137. The order denies rehearing of a notice denying a motion to intervene in a proceeding concerning Alabama Power Company's application to amend its license to authorize a non-project use of project lands and waters at the Coosa River Hydroelectric Project in Alabama. The notice explained, and the order confirms, that Mr. Pat Kelleher, a resident of the State of Washington, did not show sufficient direct interest in the proceeding, or that his participation in the proceeding is in the public interest, as required by the Commission's regulations.

### **FERC denies rehearing**

**H-3, *PPL Holtwood, LLC***, Project No. 1881-076. The order denies rehearing of a notice denying a motion to intervene in a proceeding concerning PPL Holtwood's Company's application to amend its license to change the project boundary at the Holtwood Hydroelectric Project in Pennsylvania. The notice explained, and the order confirms, that Mr. Pat Kelleher, a resident of the State of Washington, did not show sufficient direct interest in the proceeding, or that his participation in the proceeding is in the public interest, as required by the Commission's regulations.

### **FERC grants a certificate of public convenience and necessity**

**C-1, *Questar Pipeline Company***, Docket No. CP12-40-000. The order authorizes Questar to construct new, and modify existing, natural gas pipeline facilities in Duchesne and Uintah Counties, Utah to make it possible for shippers to transport higher BTU gas produced in the Uinta Basin to a third party straddle processing plant for liquids removal (the Uinta Basin Liquids Project). The order also grants Questar's request for a pre-determination of rolled-in rate treatment, and approves proposed tariff changes.

### **FERC determines jurisdictional status of natural gas facilities**

**C-3, *Chipeta Processing, LLC***, Docket No. CP12-47-000. The order finds that certain facilities at the Chipeta Plant Complex in Uintah County, Utah will be non-jurisdictional processing facilities exempt from the Commission's jurisdiction in accordance with section 1(b) of the Natural Gas Act and in response to Chipeta's petition for a declaratory order. This case is related to the Questar case in Docket No. CP12-40-000, Agenda Item C-1.