

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection, L.L.C. Docket No. ER04-375-002  
Midwest Independent Transmission  
System Operator, Inc.

PJM Interconnection, L.L.C. Docket No. ER04-521-001  
Midwest Independent Transmission  
System Operator, Inc.

PJM Interconnection, L.L.C. Docket No. ER04-1072-000  
American Electric Power Service Corporation

PJM Interconnection, L.L.C. Docket No. EL04-138-000  
American Electric Power Service Corporation

Commonwealth Edison Company and Docket Nos. ER04-364-000  
American Electric Power Service Corporation ER04-364-001

ORDER APPROVING UNCONTESTED PARTIAL SETTLEMENT

(Issued June 24, 2005)

1. On May 19, 2005, American Electric Power Service Corporation, on behalf of certain operating companies of the American Electric Power System (AEP)<sup>1</sup> submitted a partial settlement between AEP and eleven utilities in Michigan: Michigan Electric Transmission Company, L.L.C., Consumers Energy Company, Wolverine Power Supply Cooperative, Inc., Michigan Public Power Agency, Michigan South Central Power Agency, the City of Wyandotte, Michigan, Detroit Edison Company, the City of Crosswell, Michigan, Nordic Marketing, L.L.C., City of Sebawaing, Michigan, and Thumb Electric Cooperative (collectively, Michigan Utilities) in the above proceedings.

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<sup>1</sup> Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company.

2. This settlement resolves all issues between AEP and the Michigan Utilities relating to AEP's obligation to hold the Michigan Utilities harmless from the adverse impacts of loop flows and congestion resulting from AEP's choice to join PJM Interconnection, L.L.C. rather than the Midwest Independent Transmission System Operator, Inc.<sup>2</sup> No comments concerning this settlement were filed. On June 10, 2005, the presiding judge certified this settlement to the Commission for its approval.<sup>3</sup> This settlement is partial because it applies to only certain of the eligible utilities in Michigan that are parties to the hold harmless litigation.<sup>4</sup>

3. The settlement is in the public interest and is hereby approved. The Commission's acceptance of the settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings. Refunds and payments shall be made pursuant to this settlement. The Commission retains the

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<sup>2</sup> See, e.g., *Commonwealth Edison Co. and American Electric Power Service Corp.*, 106 FERC ¶ 61,150 at P 2-10 (2004), *reh'g pending* (Rejection Order). This order rejected the December 31, 2003 hold harmless proposal for compensation to utilities in Michigan and Wisconsin, submitted jointly by AEP and Commonwealth Edison Company (ComEd), which, similarly, was obliged to pay hold harmless compensation as a consequence of joining PJM. ComEd has reached settlements with all the eligible utilities in Michigan and Wisconsin, which the Commission has approved. See *PJM Interconnection, LLC and Midwest Independent Transmission System Operator, Inc.*, 109 FERC ¶ 61,228 (2004) and *PJM Interconnection, LLC and Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,015 (2005). AEP reached settlements with all the eligible Wisconsin utilities, which the Commission approved on March 7, 2005. See *PJM Interconnection, L.L.C. and Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,256 (2005).

<sup>3</sup> *PJM Interconnection, LLC and Midwest Independent Transmission System Operator, Inc.*, 111 FERC ¶ 63,060 (2005). The presiding judge limited his certification to the proceedings before him, *i.e.*, Docket Nos. ER04-375-002, ER04-521-001, ER04-1072-000, and EL04-138-000. Additionally, he cited the parties' intention that the settlement resolve hold harmless issues between them deriving from Docket No. ER04-364-000, the Rejection Order (and thus, the pending rehearing request proceeding, ER04-364-001) and other dockets where the Michigan Utilities raised these issues. *Id.* at P 2.

<sup>4</sup> The one other remaining party, International Transmission Corporation, has also reached settlement with AEP, and we are approving that settlement in a separate order.

right to investigate the rates, terms, and conditions of the settlement under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2000).

4. This order terminates Docket Nos. ER04-375-002, ER04-521-001, ER04-1072-000, EL04-138-000, ER04-364-000, and ER04-364-001. It also terminates the portions of any other dockets in which the Michigan Utilities have raised hold harmless compensation claims with respect to AEP's obligations to the Michigan Utilities.

By the Commission.

( S E A L )

Linda Mitry,  
Deputy Secretary.