

125 FERC ¶ 61,352  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Kansas City Power & Light Company  
Aquila, Inc.

Docket No. EL08-89-000

ORDER GRANTING PETITION FOR DECLARATORY ORDER

(Issued December 22, 2008)

1. On September 23, 2008, Kansas City Power and Light Company (KCP&L) and Aquila, Inc. (Aquila) (collectively, Applicants) filed a petition for declaratory order (Petition) requesting Commission approval of the proposed classification of their respective transmission facilities in accordance with the definition of Transmission Facilities contained in Attachment AI to the Southwest Power Pool, Inc.'s (SPP) Open Access Transmission Tariff (Tariff). We grant the Applicants' petition for declaratory order and find that the Applicants' proposed classification is consistent with the definition of Transmission Facilities of Attachment AI of SPP's Tariff.

**I. Background**

2. Attachment AI to the SPP Tariff was developed in order to provide a uniform and consistent basis for establishing transmission rates under the Tariff by determining which transmission facilities are to be included in transmission rates.<sup>1</sup> Pursuant to Attachment AI, each Transmission Owner under the SPP Tariff must file a request by September 30, 2008 for a determination as to which of its facilities qualify as Transmission Facilities as defined in Attachment AI.<sup>2</sup>

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<sup>1</sup> See *Southwest Power Pool Inc.*, 112 FERC ¶ 61,355, at P 2 (2005) (September 30 Order) (approving SPP's proposal to modify the definition of Transmission Facilities in Attachment AI).

<sup>2</sup> SPP Tariff, Attachment AI § IV.

3. Section II of Attachment AI defines Transmission Facilities as all existing non-radial power lines, substations, and associated facilities operating at or above 60 kV that service two or more eligible customers not affiliates of each other.

4. Section II of Attachment AI further specifies that Transmission Facilities must include: (a) all facilities used to interconnect the various internal zones to each other and that interconnect SPP with surrounding entities; (b) control equipment and facilities to control and protect facilities qualifying as transmission facilities; (c) with respect to substations connected to power lines qualified as Transmission Facilities where power is transformed from a voltage higher than 60 kV to a voltage lower than 60 kV, all facilities on the high side of the transmission with the exception of transformer isolation equipment; (d) portions of direct current interconnect with areas outside SPP's region (DC tie) that are owned by a Transmission Owner in the SPP region, including portions of the DC tie that operate below 60 kV; and (e) all facilities operated below 60 kV that have been determined to be transmission using the Commission's seven factor test set forth in Order No. 888.<sup>3</sup>

5. Section III of Attachment AI states that the following facilities do not qualify as Transmission Facilities: (a) generator step-up transformers and generator leads; (b) radial lines from a generating station to a single substation or switching station on the transmission system; and (c) direct assignment facilities.

## **II. KCP&L and Aquila's Petition for Declaratory Order**

6. On September 23, 2008, the Applicants filed the Petition requesting that the Commission approve the proposed classification of their respective transmission facilities in accordance with the definition of Transmission Facilities contained in Attachment AI of SPP's Tariff. The Applicants explain that they filed this petition to provide a basis for developing and submitting new transmission rates for service over their facilities under the SPP Tariff. In the Petition, the Applicants provide testimony and accounting exhibits outlining their methodology for the classification of their respective transmission facilities. The Applicants state that they performed a systematic review of the

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<sup>3</sup> See *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 at 31,771, 31,981 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002) (Order No. 888).

engineering and accounting data for all of their facilities to determine which facilities would qualify as Transmission Facilities pursuant to Attachment AI. Specifically, KCP&L and Aquila identified those facilities at or above the 60 kV voltage level that both (a) are operated as radials, including open loop radials<sup>4</sup> and (b) do not serve two or more unaffiliated customers. KCP&L's review identifies eight such radial-line segments for its system and Aquila identifies twenty-two radial-line segments on its system that fail to meet the definition of Transmission Facilities under Attachment AI. Both Applicants propose to remove such facilities from transmission rates. This will result in KCP&L reclassifying \$7.2 million and Aquila reclassifying \$2.6 million from transmission rate base to distribution.

7. KCP&L identifies approximately \$30.6 million in generator step-up transformer facilities included in transmission plant account balances. KCP&L proposes to reclassify such facilities as generation facilities. Aquila states that most of its generator step-up transformer facilities are not included in its transmission plant account balances, but are primarily included in the power production plant accounts. Thus, Aquila proposes to exclude a residual \$1.1 million worth of generator step-up transformer facilities and ancillary equipment from its transmission rates.<sup>5</sup>

8. The Applicants further state that they each applied the Commission's seven factor test to determine the correct classification of certain 34 kV facilities. KCP&L states that its application of the seven factor test does not support classifying its 34 kV facilities as transmission. Therefore, KCP&L proposes to remove approximately \$11.7 million from transmission rate base.<sup>6</sup> Aquila found that its application of the seven factor test does not support the treatment of Aquila's 34 kV facilities in a manner different from the default classification of assets, as defined by Attachment AI. Thus, with the exception of a small looped section, Aquila proposes to exclude these 34 kV facilities, totaling \$6.6 million, from its transmission rates.<sup>7</sup>

9. The plant records for substation equipment for both KCP&L and Aquila currently reflect the classification of equipment between transmission and distribution based on the predominant use of each substation. For example, all equipment in substations that primarily feed and support the distribution system is classified in distribution accounts

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<sup>4</sup> For the purpose of the Applicants' Petition, open loops are considered radial lines.

<sup>5</sup> See Attachment A-2 of KCP&L's testimony and B-2 of Aquila's Testimony.

<sup>6</sup> See Attachment A-3 of KCP&L's testimony.

<sup>7</sup> See Attachment B-3 of Aquila's testimony.

and all equipment in substations that primarily support the transmission system is classified in transmission accounts. KCP&L and Aquila state that they reviewed each property unit in each substation to determine whether it supports the transmission function as defined by Attachment AI. Based on the evaluation described above, KCP&L proposes to reclassify \$4.8 million of substation assets to distribution.<sup>8</sup> Aquila proposes to reclassify approximately \$14.2 million transmission substation assets to distribution, and reclassify approximately \$15.2 in substation assets from distribution to transmission rate base.

10. On November 19, 2008, the Applicants filed additional information to Attachments A-1 and B-1 in support of their Petition. The additional information provides the rationale underlying the Applicants' determinations regarding the appropriate classification of radial facilities.

### **III. Notice of Filing**

11. Notice of the Applicants' filing was published in the *Federal Register*, 73 Fed. Reg. 57,618-19, with interventions and protests due on or before October 23, 2008. On October 21, 2008, SPP filed a motion to intervene. On October 22, 2008, Cap Rock Energy Corporation (Cap Rock) filed a motion to intervene. On October 23, 2008, the City of Garner (Garner) filed a motion to intervene. Notice of the Applicants' filing of revised Attachments A-1 and B-1 was published in the *Federal Register*, 73 Fed. Reg. 72,472-73, with interventions and protests due on or before December 1, 2008. No parties filed protests.

### **IV. Discussion**

#### **A. Procedural Matters**

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), SPP's, Cap Rock's and Gardner's timely, unopposed motions to intervene serve to make them parties to this proceeding.

#### **B. Commission Determination**

13. In their Petition, KCP&L and Aquila submitted testimony and accounting exhibits supporting the proposed classification of their respective facilities as Transmission Facilities pursuant to Attachment AI of SPP's Tariff. The Commission finds the information the Applicants provided to be persuasive, particularly in light of the signed affidavits explaining the proposed classifications. Our review indicates that the

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<sup>8</sup> See Attachment A-4 of KCP&L's testimony.

Applicants correctly applied the definition of Transmission Facilities in determining which facilities qualify as Transmission Facilities under Attachment AI. Accordingly, the Commission grants KCP&L's and Aquila's petition for declaratory order and finds that the Applicants' classification of Transmission Facilities is consistent with Attachment AI. The Commission notes that granting this petition for declaratory order does not constitute acceptance of the accuracy of any accounting data located in the Applicants' attachments to the testimony and that the Applicants will have to support changes to their transmission revenue requirements and rates in a subsequent filing.

The Commission orders:

The petition for declaratory order is granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.