

136 FERC ¶ 61,002  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

City Water, Light and Power of the  
City of Springfield, Illinois

Docket No. EL11-31-000

ORDER ACCEPTING REACTIVE POWER REVENUE REQUIREMENT

(Issued July 1, 2011)

1. In this order, we accept for rate recovery purposes, the City of Springfield, Illinois, City Water, Light and Power's (Springfield) proposed revenue requirement for providing Reactive Supply and Voltage Control from Generation Sources Service (reactive power) to Midwest Independent Transmission System Operator, Inc. (MISO), to become effective July 1, 2011.

**I. Filing**

2. On March 24, 2011, Springfield filed a proposed cost-based revenue requirement and supporting testimony and cost data for providing reactive power from its generators to MISO. Springfield seeks compensation under Schedule 2 of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) for providing reactive power from five generating facilities. Springfield is a MISO Transmission Owner. All five generating units are located within the Springfield transmission pricing zone of MISO and are interconnected with MISO's transmission system. Springfield states that it owns and operates four coal-fired generating units at its Dallman Generating Station in Springfield, Illinois and a natural gas or oil-fired Interstate Combustion Turbine. These are: (1) Dallman 1; (2) Dallman 2; (3) Dallman 3; (4) Dallman 4; and (5) the Interstate Combustion turbine (collectively, Facilities).<sup>1</sup>

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<sup>1</sup> Springfield notes that it also operates two smaller oil-fired combustion turbines as well as three diesel generators. Springfield states that these smaller units are rarely used and that it has not included those units in its revenue requirement. Transmittal Letter at 2.

3. Springfield states that it developed the annual revenue requirement for the Facilities, which consists of the following equipment costs: (1) the generator and the exciter; (2) the generator step-up transformers; (3) accessory electrical equipment; and (4) balance of plant, or the remaining production plant investment not covered by the preceding three categories.<sup>2</sup> Springfield proposes an annual revenue requirement of \$1,093,454 for the Facilities.<sup>3</sup> Springfield explains that it developed its reactive power revenue requirement based on the methodology set forth in *American Electric Power Service Corp.*,<sup>4</sup> using an overall rate of return of 5.26 percent based on audited financial information for the last three fiscal years.<sup>5</sup> Springfield states that it is not seeking to recover heating losses in its revenue requirement for reactive power service at this time.

4. Springfield is a municipal corporation in the State of Illinois. Because it is a municipal entity, Springfield states that is not a public utility within the meaning of the Federal Power Act and is not subject to the Commission's jurisdiction. However, Springfield asserts that all generators, including non-public utility entities, are eligible to recover their costs of supplying reactive power upon application and acceptance of their revenue requirement by the Commission.<sup>6</sup>

5. Consistent with Schedule 2 of MISO's Tariff, Springfield requests that the Commission accept its proposal with an effective date of the first day of the month immediately following acceptance of the revenue requirement by the Commission, or the first day of the month if Commission acceptance of the revenue requirement is on the first day of the month.

## II. Notice and Responsive Filings

6. Notice of Springfield's filing was published in the *Federal Register*, 76 Fed. Reg. 18,753 (2011), with comments, interventions, and protests due on or before April 14, 2011. MISO filed a timely motion to intervene. No comments or protests were filed.

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<sup>2</sup> Ex. CWLP-2 at 6-9.

<sup>3</sup> Ex. CWLP-2 at 9; *see also* Ex. CWLP-4, Work Paper 1, line 6.

<sup>4</sup> 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (*AEP*).

<sup>5</sup> Ex. CWLP-3 at 3.

<sup>6</sup> Transmittal Letter at 3 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 109 FERC ¶ 61,005 (2004), *order on reh'g*, 110 FERC ¶ 61,267 (2005)).

### III. Discussion

#### A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), MISO's timely, unopposed motion to intervene serves to make it a party to this proceeding.

#### B. Substantive Matters

8. The Commission has stated that all generators seeking to recover a reactive power revenue requirement based on actual cost data must use the methodology employed in *AEP*.<sup>7</sup>

9. Our review of Springfield's proposed reactive power revenue requirement indicates that Springfield has properly used the *AEP* methodology. Accordingly, we accept its proposed reactive power revenue requirement for rate recovery purposes, to become effective on July 1, 2011, the earliest date permitted under Schedule 2 of the MISO Tariff.<sup>8</sup>

The Commission orders:

Springfield's proposed reactive power revenue requirement is hereby accepted for rate recovery purposes, to become effective on July 1, 2011, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>7</sup> *FPL Energy Marcus Hook, L.P.*, 110 FERC ¶ 61,087, at P 16, *order on reh'g*, 111 FERC ¶ 61,168 (2005); *see also WPS Westwood Generation, L.L.C.*, 101 FERC ¶ 61,290, at P 14 (2002).

<sup>8</sup> Schedule 2 of the Tariff provides that "[q]ualified Generator status is effective on the first day of the month immediately following acceptance of the revenue requirement by the Commission or the first day of the month if Commission acceptance of such revenue requirement is on the first day of the month." MISO, FERC Electric Tariff, Fourth Revised Vol. No. 1, Original Sheet No. 1765, Schedule 2, § II.C.