

137 FERC ¶ 61,084
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection, L.L.C.

Docket No. ER11-4013-001

ORDER ACCEPTING UNEXECUTED GENERATOR
INTERCONNECTION SERVICE AGREEMENT

(Issued October 26, 2011)

1. On July 7, 2011, under section 205 of the Federal Power Act (FPA),¹ PJM Interconnection, L.L.C. (PJM) submitted for filing an unexecuted generator interconnection service agreement (ISA) among PJM, Bishop Hill Energy LLC (Bishop Hill), and Commonwealth Edison Company (ComEd). In this order, we accept the ISA for filing, effective June 15, 2011, as discussed below.

Background

2. The Bishop Hill Project will consist of a 200 MW wind farm with one hundred and thirty-four 1.6 MW wind turbine generators and an approximately 28-mile generator tie line. The tie line will extend from a substation located at the Project's site to its point of interconnection at ComEd's South Transfer Bus at the Kewanee Substation. The Bishop Hill Project commenced construction in the summer of 2010 under an Interim Interconnection Service Agreement and is expected to achieve commercial operation by June 2012. Bishop Hill has entered into a long term power purchase agreement with the Tennessee Valley Authority.

PJM's Filing

3. The Bishop Hill ISA, designated as Original Service Agreement No. 2961,² facilitates the interconnection to the PJM transmission system of 200 MW of wind

¹ 16 U.S.C. § 824d (2006).

² Service Agreement No. 2961 under PJM Service Agreements Tariff.

generation at the Bishop Hill Wind Farm, located in Henry County, Illinois. The Bishop Hill ISA indicates that Bishop Hill will have Capacity Interconnection Rights in the amount of 40 MW.

4. Schedule F of the Bishop Hill ISA contains non-standard terms and conditions, which the parties do not dispute.³ PJM believes these additional terms are necessary and reasonable as they memorialize Bishop Hill's assurance that the wind generation facility will be limited to 200 MW.
5. PJM states that it is filing the Bishop Hill ISA unexecuted at Bishop Hill's request. It is PJM's understanding that Bishop Hill did not execute the ISA and requested that it be filed unexecuted because Bishop Hill challenges certain costs set forth in the Bishop Hill ISA. According to PJM, Bishop Hill challenges the allocation to Bishop Hill of the full cost of replacing three 60-year old circuit breakers, the proposed indirect labor cost adders, and the estimated cost for attachment facilities regarding one additional circuit breaker.
6. PJM requests a waiver of the Commission's 60-day prior notice requirement to allow an effective date of June 15, 2011 for the Bishop Hill ISA.

Notice of Filing and Responsive Pleadings

7. Notice of PJM's July 7, 2011, filing was published in the *Federal Register*, 76 Fed. Reg. 41,779 (2011) with interventions and protests due on or before July 28, 2011. On July 28, 2011, Bishop Hill and the American Wind Energy Association (AWEA) filed motions to intervene and limited protests. NextEra Energy Generators⁴ filed a motion to intervene. The Illinois Commerce Commission filed a notice of intervention. ComEd filed a motion to intervene and comments. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), all timely filed motions to intervene and any unopposed motions to intervene out-of-time filed before the date of

³ Schedule F covers possible increases in output from the Bishop Hill Project. Absent a new Interconnection Request to increase the output of the Bishop Hill Project, the facility's total net megawatt output will be limited to 200 MW. Bishop Hill shall be responsible for adverse consequences stemming from its failure to limit the total net MW output to 200 MW and Schedule F also grants PJM and ComEd the right to request documentation from Bishop Hill verifying the fixed net MW limit.

⁴ FPL Energy Marcus Hook, L.P., North Jersey Energy Associates, L.P., Doswell Limited Partnership, Backbone Mountain Windpower LLC, Mill Run Windpower LLC, Somerset Windpower LLC, Meyersdale Windpower LLC, Waymart Wind Farm, LP, and Pennsylvania Windfarms, Inc.

this order are granted. Granting late intervention at this state of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

8. On August 5, 2011, ComEd filed for leave to respond and response to the protests of Bishop Hill and the AWEA. On August 12, 2011, Bishop Hill filed a motion for leave to answer ComEd and PJM filed a motion to answer the protest of Bishop Hill. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits answers to protests unless otherwise ordered by the decisional authority. We will accept ComEd's response and Bishop Hill's answer since they assist us in our determination.

9. On August 31, 2011, Commission staff issued a deficiency letter to PJM to gather additional facts related to the ISA. On September 14, 2011, PJM filed a letter stating that ComEd would answer the questions. Subsequently, PJM filed ComEd's response to the deficiency letter, as detailed below, on September 16, 2011. On September 30, 2011, Bishop Hill filed a motion for expedited consideration and request for shorten period for responses requesting Commission action on the ISA by October 21, 2011. On October 4, 2011, PJM filed a clarification to ComEd's September 16, 2011 response to the deficiency letter.

Protests and Comments

A. AWEA Protest

10. AWEA supports the principle that interconnecting generators should not have Network Upgrade costs imposed on them for transmission infrastructure investments – such as cost of replacing the 60-year old circuit breakers that ComEd proposes to allocate to Bishop Hill – that should or would have been incurred for other reasons, such as for maintaining power system reliability. AWEA believes its view comports with PJM's Open Access Transmission Tariff which provides that interconnection customers may be directly assigned only those Network Upgrade costs that would not have been required "but for" their request for service.⁵

11. AWEA believes that there is a very real danger that utilities will attempt to use the Commission's "but for" cost allocation policies to serve as the funding source as they

⁵ PJM OATT at § 217.3(a) ("Each New Service Customer shall be obligated to pay for 100 percent of the costs of the minimum amount of Local Upgrades and Network Upgrades necessary to accommodate its New Service Request and that would not have been incurred under the Regional Transmission Expansion Plan but for such New Service Request, net of benefits resulting from the construction of the upgrades, such costs not to be less than zero.").

face the inevitable need to undertake significant replacements of aging equipment and modernization of their systems. AWEA states that utilities have an independent duty to upgrade and maintain their systems, and are allowed to fully recover the costs of such improvements in their transmission rates. AWEA believes that the fact that a generation interconnection customer happens to arrive on the scene at the time that the equipment would otherwise need to be replaced should not be used as an opportunity to shift the burden of modernizing aging infrastructure to interconnection generators. AWEA states that there is no justification for allowing utilities to sweep the costs of maintaining their aging infrastructure under the “but for” umbrella since this will increase the cost of entry due to interconnecting generators being forced to pay for costs they did not cause and thereby deter generation investment or increase the cost of power by purchasers. AWEA also believes that power system reliability could also be negatively affected, as transmission service providers would have a strong incentive to delay investments needed to maintain power system reliability, with the expectation that if they simply wait long enough, the cost of that investment can be imposed on an interconnection customer.

B. Bishop Hill Protest

12. Bishop Hill states in its July 28, 2011 protest that the ISA allocates \$5.175 million in upgrade costs to Bishop Hill, \$4.03 million of which it disputes. Bishop Hill states that these costs comprise:

- A. \$1.73 million to cover the costs of replacing three 60-year old circuit breakers which are fully depreciated and well beyond their service life;
- B. \$3.12 million for installation, \$1.98 million of which Bishop Hill disputes, attributing the amount to the cost of modernizing the already quite aged Kewanee Substation; and
- C. \$0.32 million identified in the ISA as related to relays and associated upgrades.⁶

13. Bishop Hill believes that even before Bishop Hill’s request for interconnection, the cost of replacing the 60-year old circuit breakers and the cost of modernizing the Kewanee Substation were already needed to be undertaken in order for ComEd to maintain reliable transmission service. Bishop Hill states that ComEd has failed to demonstrate that the replacements and repairs of this aging equipment would not have been incurred absent the interconnection request, and pursuant to the Commission’s “but for” standard, as embodied in Section 217.3 of PJM’s Tariff, ComEd should not be permitted directly to assign the costs of these upgrades to Bishop Hill.

⁶ Bishop Hill Protest at 2-3.

14. Bishop Hill requests that the Commission direct ComEd to reduce the amount allocated to Bishop Hill by \$4.03 million by removing \$1.73 million in costs associated with replacing the 60-year old circuit breakers, \$1.98 million associated with modernizing the Kewanee Substation, and \$317,944 associated with relays and related upgrades. This would result in a total allocation to Bishop Hill of \$1.14 million, which reflects the cost of installing one new circuit breaker at the Kewanee Substation. Bishop Hill states that ComEd's claimed 72 percent indirect to direct labor cost ratio is excessive, and should be 15 percent in order to be in line with the ratios used by other transmission owners. Bishop Hill requests that the Commission prohibit ComEd from securing a windfall for itself via its inclusion of this excessive adder in the ISA by directing ComEd to reduce its claimed indirect labor costs.

15. Bishop Hill argues that it should not pay for improvements that would or should have been made in order for ComEd to reliably serve its customers. It claims the circuit breakers which ComEd seeks to replace are well past their service lives and cannot credibly be deemed to be upgrades that would not have been otherwise incurred in order to maintain reliability. Bishop Hill reports that a working group established by the International Council on Large Electric Systems (CIGRE) reported that, with respect to oil circuit breakers with a voltage between 110 kV and 199 kV, the mean asset life was 42 years and of the 5,791 oil circuit breakers studied, only six (0.1 percent) fell in the 55-60 year old range and no circuit breakers were identified older than 60 years. Bishop Hill states that the circuit breakers which ComEd seeks to replace are in a "deteriorated condition" and ComEd simply has provided no information to sustain its position that it should not have replaced the circuit breakers in due course had Bishop Hill not requested interconnection.

16. Bishop Hill states that the ISA allocates to Bishop Hill the full cost of: (a) environmental remediation of soil contaminated by oil that leaked from the old circuit breakers, (b) additional engineering design work to supplement missing and incomplete drawings of the substation, (c) modernization upgrades, such as replacement of existing manual switches with six new motorized switches, and (d) a new duct raceway throughout the entire substation because the old raceway is obsolete. Bishop Hill believes that the costs to perform this modernization work did not arise out of Bishop Hill's request for service, but rather stem from what Bishop Hill characterizes as the subpar condition of the aged Kewanee Substation. Bishop Hill believes according to prudent industry practices, ComEd should have already done the work required to modernize the substation, prepare new design drawings, and clean up the oil and other contaminants from leaking circuit breakers. Bishop Hill believes that these costs associated with the modernization of the Kewanee Substation should be deducted from its cost responsibility.

C. ComEd's Comments

17. ComEd states that PJM's transmittal indicates that Bishop Hill is challenging the ISA because it assigns to Bishop Hill the cost of replacing three circuit breakers at ComEd's Kewanee Substation. ComEd believes that the challenge should be rejected since the cost allocations in the Bishop Hill ISA are fully consistent with the PJM Tariff, which provides that all costs that would not have been incurred "but for" the interconnection are properly assigned to the interconnecting generator.

18. ComEd states that PJM has not identified replacement of the Kewanee Substation circuit breakers in the Regional Transmission Expansion Plan since the circuit breakers are adequate for the current and expected future configuration of the system; thus there is no reason for the circuit breakers to be replaced but for the Bishop Hill interconnection. ComEd notes that Bishop Hill does not contest that the circuit breakers have to be replaced.

19. ComEd states that PJM's transmittal indicates that Bishop Hill is also challenging the indirect labor cost adder as well as the estimated costs for attachment facilities. ComEd believes that Bishop Hill's challenges should be rejected, as the costs assigned to Bishop Hill through the ISA are reasonable and are consistent with the provisions of the *pro forma* ISA. ComEd states that it has prepared the directly assigned cost estimates based on a reasonable calculation of the cost to construct such attachment facilities as set forth in its Facilities Study⁷ and these costs are reasonable estimates based on ComEd's experience in the construction of such facilities. ComEd also states that Bishop Hill will be billed for the actual costs of construction, and thus will pay no more than the actual costs.

20. ComEd states that the PJM transmittal also indicates that Bishop Hill is challenging ComEd's indirect or overhead expenses. ComEd states that overhead expenses are part of the total cost of maintaining and staffing a business, and are appropriately included in Bishop Hill's assigned costs pursuant to Section 1.6C of Attachment O. ComEd states that its overhead costs for construction projects include allocated portions of the salaries and benefits of project support departments, executives, accounting, finance, information systems, facilities, and similar costs that support the project. ComEd states that it charges such costs for construction work for wholesale interconnection customers in the same way that it charges its own retail customers to

⁷ Facilities Study is defined by PJM as an engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that are required to provide the requested transmission service.

perform such non-standard work and that the charges for retail customers for such work are explained in ComEd's Rider NS on file with the Illinois Commerce Commission.

D. ComEd's Answer

21. ComEd claims its testing shows that the three existing circuit breakers are perfectly adequate for the current needs of the system; it is only once the Bishop Hill Project is interconnected that the circuit breakers would not be adequate. ComEd states it has a regular preventive maintenance schedule which includes testing and maintenance activities. ComEd states that the condition of all of its 138kV circuit breakers is calculated by a predefined algorithm that takes into account: 1) corrective maintenance history; 2) age; 3) results of diagnostic preventative maintenance tests; and 4) peak loading on the circuit breaker. ComEd states that the three circuit breakers that are being replaced due to Bishop Hill's interconnection are rated good under the ComEd maintenance program, indicating that they are adequate for the needs of their location on the ComEd transmission system.

22. ComEd states that the proper measure of the upgrades necessary to interconnect Bishop Hill is the Facilities Study which provides the cost estimate to construct the specific facilities, including estimates for labor and materials. ComEd believes that the cost allocation is just and reasonable, and the Commission should reject Bishop Hill's protest and accept the ISA as filed. ComEd further states that Section 217.1 of the PJM Tariff states that "An Interconnection Customer shall be obligated to pay for 100 percent of the costs of the Attachment Facilities necessary to accommodate its Interconnection Request."

23. ComEd states that Bishop Hill does not, and cannot, cite to any reliability standards that ComEd is violating by using circuit breakers that function as intended to meet current needs of the system. ComEd acknowledges that the Kewanee Substation is not currently configured to be able to accommodate Bishop Hill's interconnection request, and that equipment and materials must be upgraded in order to do so; however, ComEd believes that the proper entity to bear this cost is Bishop Hill. ComEd states that the upgrades identified in the Facilities Study arise directly out of the replacement of the three existing circuit breakers, are appropriately considered "but for" costs, and are properly allocated to Bishop Hill. ComEd states that certain civil and plan view drawings for the Kewanee Substation need to be re-created as part of this project and these drawings are only required if structural or civil changes are being made to the station; therefore, the re-creation of these drawings should be considered "but for" costs.

24. ComEd states that although all costs in the ISA will be trued up to actuals, Bishop Hill raises a concern with the costs reflected in the ISA. ComEd states that by using various entries in ComEd's FERC Form 1, Bishop Hill incorrectly calculated a 15 percent indirect to direct cost ratio for ComEd and then asserted that the indirect costs set forth in

the ISA should be rejected because the costs in the ISA were not at a 15 percent ratio. ComEd states that Bishop Hill's calculation of the indirect to direct cost ratio for ComEd is demonstrably wrong and that Bishop Hill appears to misunderstand ComEd's direct and indirect charges. ComEd depicts mathematically that Bishop Hill has not properly calculated either the numerator (the total indirect costs) or the denominator (ComEd's direct labor costs) of the 15 percent ratio that Bishop Hill has developed and that the correct ratio is approximately 72 percent.

E. Answer of PJM

25. PJM states that, in its regional planning analyses, the existing circuit breakers in question were not found to be overdutied without the Bishop Hill Project. PJM states that it determined that the addition of the Bishop Hill Project caused the existing circuit breakers to be overdutied. Consequently, as required under section 217.1 of the PJM Tariff, the costs related to such upgrades are the responsibility of Bishop Hill.

F. Answer of Bishop Hill

26. Bishop Hill states that ComEd does not deny that it is requiring Bishop Hill to pay for remediating existing contaminated soil at the Kewanee Substation, supplementing ComEd's database with missing drawings, and modernizing the substation by replacing existing switches with motorized switches. Bishop Hill argues that PJM's Answer simply confirms that its determination did not take into account factors concerning the age of the facilities or whether the facilities should have been scheduled for replacement by ComEd. Bishop Hill argues that ComEd has not shown that the 60-year old circuit breakers would not have required immediate replacement even absent Bishop Hill's interconnection request. Based upon the CIGRE Report, Bishop Hill believes that it has demonstrated that a service life of 60-years exceeds the outermost range that can and should be expected for this type of circuit breaker. Bishop Hill states that ComEd does not provide its maintenance standards, test results for the 60-year old circuit breakers, or describe the basis on which the circuit breakers were found to be in good condition. Bishop Hill believes that, were ComEd truly planning its system on a proactive basis, taking into account the extremely advanced age of the equipment, the 60-year old circuit breakers would have already been replaced or scheduled for imminent replacement. With regard to the contaminated soil at the Kewanee Substation, Bishop Hill states that ComEd is willing to allow potentially dangerous conditions to lie dormant on its system, and then charge the next customer who wants to use its equipment to remedy them. Bishop Hill requests that the Commission direct ComEd to limit the interconnection costs allocated to Bishop Hill to the reasonable costs of installing the single circuit breaker. Finally, Bishop Hill continues to argue that ComEd has allocated significantly more indirect costs to its construction labor than is proper.

Deficiency Letter Response of ComEd

27. ComEd argues that Bishop Hill must pay for the substation upgrades because the existing oil circuit breakers are rated for 138 kV and 1,200 Amp, which is adequate for the current needs of the system, but interconnection of the Bishop Hill facilities would require higher Amp rated circuit breakers.⁸

28. ComEd also explains that the estimated costs included in the ISA were not for soil remediation but were for soil disposal. ComEd's estimate was based on the determination that one hundred and twenty truckloads of soil would be displaced, for a disposal cost of \$87,000. ComEd states that subsequent analyses indicates that ComEd will be able to re-use a substantial portion or potentially all of the displaced soil at the Kewanee Substation and thus avoid the bulk of the estimated disposal costs. ComEd expects that the actual cost to Bishop Hill for soil disposal will be substantially less than the \$87,000 originally estimated. ComEd states that Bishop Hill will only be billed for the actual costs for disposing of soil that cannot be dispersed around the substation. ComEd states that there are no existing leaks in any of the three circuit breakers, nor is there any evidence of past leaks and the assertions made by Bishop Hill regarding leaking equipment in its protest are unfounded. ComEd states that it conducts routine maintenance, testing, and repairs of the circuit breakers.

Bishop Hill Motion to Expedite

29. On September 30, 2011, Bishop Hill filed a motion requesting that the Commission expedite its consideration of the ISA. Bishop Hill acknowledges that, because of the Commission's deficiency letter to which PJM and ComEd responded, the Commission is required by statute to act on or before November 15, 2011. Bishop Hill states that Commission action by October 21, 2011 would allow it to close on its financing agreement by the end of October, and accordingly requests that the Commission act by that date. It clarifies that its request is purely procedural, and that on the substance it still urges the Commission to accept the ISA subject to conditions and a nominal suspension, in order to address the concerns raised in its protest.

Commission Determination

30. We will accept the ISA for filing, effective June 15, 2011. ComEd states, and Bishop Hill does not dispute, that the Kewanee Substation currently hosts, among other plant, three 60-year-old oil circuit breakers rated 138 kV and 1,200 Amp with manual

⁸ ComEd states that its technical standards require use of SF₆ gas circuit breakers with motor-operated disconnects. SF₆ or sulfur hexafluoride is a replacement for oil which is used in high-voltage circuit breakers.

switches, as well as a similarly aged duct raceway.⁹ Under the provisions of PJM's Open Access Transmission Tariff (OATT), we find, as discussed below, that the costs of the upgrade are properly assigned to Bishop Hill. Moreover, even if the three circuit breakers were new, they would still need to be replaced because they are 1,200 Amp units and would be inadequate for the proposed Bishop Hill interconnection which requires 3,000 Amp units.

31. All parties agree that, in order for the Bishop Hill Project to interconnect in a safe and reliable manner, the circuit breaker, switches, and raceway must be replaced, and that this construction work will require engineering design work and might require disposal of the soil displaced during the construction process. The dispute is whether the costs of these upgrades are all the responsibility of the interconnecting generator, or whether they "stem from the subpar condition of the aged Kewanee Substation"¹⁰ and thus ComEd should, in part or in full, pay for the upgrades. Bishop Hill claims that the ISA improperly allocates to Bishop Hill the full cost of: (a) upgrading the circuit breakers and switches, (b) environmental remediation of soil, (c) engineering design work to supplement missing and incomplete drawings of the substation, and (d) installation of a new duct raceway as part of this construction.

32. Section 217.3 of PJM's OATT requires the new service customer be assigned costs that would not have been incurred "but for" its new service request, "net of benefits resulting from the construction of the upgrades ... includ[ing] costs and benefits such as those associated with accelerating, deferring, or eliminating the construction of Local Upgrades and Network Upgrades" included in the RTEP for either reliability or to relieve congestion constraints. We begin by finding that the disputed costs would not have been incurred but for the Bishop Hill project. Next, we examine whether Bishop Hill is entitled to net those costs against any benefits received by ComEd by modernizing the Kewanee Substation, under the PJM OATT. The Commission has previously found, in order to qualify for netting, there must be a "discrete project" that has been accelerated, deferred, or eliminated as a result of the construction of the interconnection facilities.¹¹ Under its RTEP plan, PJM includes the cost of all required construction that it deems

⁹ A duct raceway is a conduit for electrical wiring.

¹⁰ Bishop Hill Protest at 17.

¹¹ *FPL Energy Marcus Hook, L.P.v. PJM Interconnection, L.L.C.*, 118 FERC ¶ 61,169, at P 28 (2007), *reh'g denied*, 123 FERC ¶ 61,289 (2008).

necessary for a 15 year period.¹² There is no showing that there is any upgrade or replacement of these facilities included in either the RTEP or as Local Upgrades.¹³

33. Bishop Hill cites only the CIGRE study in support of its argument that the existing circuit breakers are “deteriorated,” and that ComEd should have already modernized the Kewanee Substation. On the other hand, ComEd notes that its regular preventive maintenance schedules include testing and maintenance activities, and that the existing circuit breakers are rated “good,” that is, adequate for the needs of their location on the ComEd transmission system.¹⁴ Moreover, ComEd states that no reliability standards are violated as a result of the existing equipment present at the Kewanee Substation.¹⁵ Finally, Bishop Hill has presented no evidence that these facilities accelerate, defer, or eliminate a discrete planned project. Therefore, the entire cost of these facilities is properly assigned to Bishop Hill as a “but for” cost pursuant to section 217.3(a) of the PJM OATT.¹⁶

34. Moreover, even if the three circuit breakers were new, they would still need to be replaced because they are 1,200 Amp units and would be inadequate for the proposed Bishop Hill interconnection which requires 3,000 Amp units. Upgrading 1,200 Amp units to the 3,000 Amp units that the Bishop Hill Project requires would still require ComEd to incur design and construction expenses.

¹² PJM Operating Agreement, SCHEDULE 6.1.5, OA SCHEDULE 6.1.5 Procedure for Development of the Regional, 0.0.0, <http://etariff.ferc.gov/TariffSectionDetails.aspx?tid=1731&sid=67346>

¹³ Local Upgrades include state or local requirements for upgrades. PJM OATT, L-M-N, OATT Definitions – L – M - N, 0.0.0.

¹⁴ ComEd September 14, 2011 Answer at 6-7.

¹⁵ The Commission noted recently that transmission owners have an incentive to maintain their systems to avoid reliability violations, because a transmission owner seeking to defer maintenance risks breaching their contractual obligations with PJM, and suffering outages potentially resulting in NERC penalties. *See PJM Interconnection, LLC*, 134 FERC ¶ 61,272 at P 17 (2011); PJM Consolidated Transmission Owners Agreement, Rate Schedule FERC No. 42, 0.0.0., at §4.5.

¹⁶ The Commission reached the same conclusion when faced with similar physical plant conditions in *Florida Power and Light Co.*, 98 FERC ¶ 61,276 (2002). In that case, an oil circuit breaker was inadequate to accommodate a proposed generator interconnection, and was to be replaced with a gas circuit breaker. The Commission found that the cost of replacement was the responsibility of the interconnecting generator.

35. Bishop Hill is also responsible for the cost of replacing the existing manual switches for the circuit breakers with six new motorized switches. ComEd states that its technical standards require use of motor operated disconnects on both sides of an SF₆ gas circuit breakers because they will disconnect the gas circuit breaker from the Bulk Electric System if the gas pressure drops below acceptable levels to maintain insulation. Also, a new duct raceway is a necessary upgrade in light of the changes being made in the substation which will increase the amount of electrical wiring. Since these costs are necessary for the interconnection, but would not have been incurred under the Regional Transmission Expansion Plan, they are Bishop Hill's responsibility.

36. With respect to the disposal of soil, ComEd states that Bishop Hill will only be billed for the actual costs for disposing of soil that cannot be dispersed around the substation. ComEd states that there are no existing leaks in any of the three circuit breakers, nor is there any evidence of past leaks. ComEd states that subsequent analyses indicates that ComEd will be able to re-use a substantial portion or potentially all of the displaced soil at the Kewanee Substation and thus avoid the bulk of the estimated \$87,000 disposal costs, which reduces the allocation to Bishop Hill. Appendix 2 Section 11 to the ISA requires Bishop Hill to pay the actual costs for the attachment facilities and network upgrades. Based on ComEd's statements, it will only charge Bishop Hill for the reasonable costs of the soil that may need disposal as a result of the upgrades. It will not be charging Bishop Hill for any soil disposal that would not have been conducted but for the upgrades. These costs are necessary for the interconnection, but would not have been incurred under the Regional Transmission Expansion Plan, so they are Bishop Hill's responsibility.

37. With regard to additional engineering design work to supplement missing and incomplete drawings of the substation, we find that Bishop Hill is responsible for these costs as "but for" costs. ComEd has stated that the drawings are required only if structural or civil changes are being made to the station. These costs, therefore, are necessary for the interconnection, but would not have been incurred under the Regional Transmission Expansion Plan, so they are Bishop Hill's responsibility.

38. Finally, Bishop Hill argues that ComEd's claimed 72 percent indirect to direct labor cost ratio is excessive and should only be 15 percent. ComEd has shown mathematically that Bishop Hill has not properly calculated either the numerator (the total indirect costs) or the denominator (ComEd's direct labor costs). We find that the correct ratio is approximately 72 percent, as used by ComEd and based on ComEd's 2010 FERC Form No. 1.

The Commission orders:

The ISA is accepted for filing effective June 15, 2011, as discussed in the body of this order.

By the Commission. Commissioner Spitzer is not participating.

(S E A L)

Kimberly D. Bose,
Secretary.