

137 FERC ¶ 61,261
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Portland General Electric Company	Docket Nos. ER11-4636-001
NorthWestern Corporation	ER11-4637-000
PacifiCorp	ER11-4639-000
Puget Sound Energy, Inc.	ER11-4642-000
Avista Corporation	ER11-4645-000

ORDER CONDITIONALLY ACCEPTING REVISED AGREEMENT, SUBJECT TO
FURTHER CLARIFICATION AND COMPLIANCE FILING

(Issued December 30, 2011)

1. On September 26, 2011, as amended October 7, 2011, Portland General Electric Company (Portland), NorthWestern Corporation (NorthWestern), PacifiCorp, Puget Sound Energy, Inc. (Puget), and Avista Corporation (Avista) (collectively, Owners), submitted revisions to the Colstrip Project Transmission Agreement (Revised Agreement) for filing with the Commission.¹ In this order, we conditionally accept the Revised Agreement, subject to clarification and a compliance filing to be submitted within ninety (90) days from the date of this order.

¹ Portland (the designated filing party for the Revised Agreement) has submitted the filing and, in accordance with Order No. 714, NorthWestern, PacifiCorp, Puget and Avista submitted certificates of concurrence, respectively, to adopt the Revised Agreement submitted by Portland. Portland amended its filing to accurately reflect the Revised Agreement in the Commission's E-tariff viewer.

I. Background

2. The Colstrip Transmission System (System) was built in the early 1980s to move power across the State of Montana between the Colstrip generating facilities in the east to NorthWestern and Bonneville Power Administration's transmission systems in the west, near Townsend, Montana.² The original Colstrip agreement (Existing Agreement) established the terms and conditions relating to the ownership, planning, financing, construction, operation, and maintenance of the System and related facilities.³ The Existing Agreement reflects the capacity entitlements of each transmission owner over each 500 kV segment of the System (Colstrip-Broadview and Broadview-Townsend) and provides for scheduling of capacity and losses.⁴

3. According to the filing, the Existing Agreement allocates a quantity of the System's capacity and costs to each Owner.⁵ Each Owner maintains its capacity allocation on its OASIS pursuant to its open access transmission tariff (OATT) and the Existing Agreement.⁶ At the time the System was built, the Owners state that they did not anticipate the need to integrate non-Colstrip generators to the System; thus, according to the Owners, the Existing Agreement lacks detail about the processes for addressing transmission and interconnection requests.⁷ Under the Existing Agreement, the Owners own the System as tenants in common without a right of partition. According to the

² The System is comprised of twin 500 kV segments, the Colstrip-Broadview segment, which is approximately 115 miles long with 2,260 MW of capacity, and the Broadview-Townsend segment, which is approximately 133 miles long with 1,930 MW of capacity.

³ The Existing Agreement was executed on May 6, 1981, and has been amended several times. Transmittal Letter at 3-4.

⁴ The transmission capacity share of each owner on the Colstrip-Broadview segment is as follows: Northwestern 822.8 MW, Puget 746.0 MW, Portland 307.2 MW, Avista 230.4 MW, and PacifiCorp 153.6 MW. Transmission capacity entitlements on the Broadview-Townsend segment are: Northwestern 468.5 MW, Puget 758.6 MW, Portland 312.4 MW, Avista 234.3 MW, and PacifiCorp 156.2 MW.

⁵ Transmittal Letter at 2, n.4.

⁶ *Id.*

⁷ The Owners note that, with open access and growth in renewable energy development in Montana, they anticipate requests for interconnection to or transmission service on the System. *Id.* at 2.

filing, the unintended consequence of the ownership structure of the System as tenants in common is that no Owner has the unilateral authority to grant an interconnection request to the System or to expand or upgrade the System in response to an interconnection or transmission service request.⁸ In addition, the Owners note that the Commission's *pro forma* tariff, section 15.4, states that "[t]he obligation [to expand or modify the transmission system] applies only to those facilities that the Transmission Provider has the right to expand or modify."⁹ Thus, the Owners state that the Revised Agreement is necessary to enable each Owner to respond to certain transmission service and all interconnection requests on various parts of the System.

4. In addition, the Owners note that the Existing Agreement pre-dates Order No. 888;¹⁰ as such, it is a grandfathered agreement, which is "permitted to continue in effect" as an agreement for pre-existing "non-economy energy bilateral coordination contracts."¹¹ While the Owners recognize that any modifications to a grandfathered agreement require all service to be provided under an OATT, the Owners argue that the Commission has allowed the modification of non-rate terms and conditions of service when the modifications were not inconsistent with the terms of the transmission provider's OATT.¹² The Owners assert that the Revised Agreement provides a clearly defined process for certain transmission service and interconnection requests, transmission service and interconnection requests with associated upgrades, and elective System upgrades. Therefore, the Owners assert that the Revised Agreement should be accepted for filing.

⁸ *Id.*

⁹ *Id.*

¹⁰ *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 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *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).

¹¹ Transmittal Letter at 3, n.10 (citing Order No. 888, 61 Fed. Reg. 21,540 at 21,595 (May 10, 1996)).

¹² *Id.* at 2-3, n.5.

A. Revised Agreement

5. The Owners propose four types of revisions to the Existing Agreement to clarify the processes by which they will address requests for service. First, the Owners propose to revise the Existing Agreement's provisions for transmission service requests that a single Owner can fulfill. Second, the Owners propose revisions to the Existing Agreement to provide for improvements to the System when necessary to satisfy transmission service requests that exceed existing capacity on the System and interconnection requests. Third, the Owners propose to revise the Existing Agreement to provide for elective improvements to the System that are not related to transmission service or interconnection requests (elective capital additions). Fourth, the Owners propose revisions to the Existing Agreement to reflect new definitions, current owners, an updated procedural history of the Existing Agreement, and other ministerial changes.¹³ Finally, the Owners request that the Revised Agreement become effective on January 1, 2012.¹⁴

1. Processing Requests for Transmission Service

6. Under the Revised Agreement, a customer seeking transmission service from an Owner that has available transmission capacity (ATC) over a segment of the System must submit a transmission service request to that Owner, pursuant to that Owner's OATT. Each Owner must respond to a request for transmission service from its posted ATC, consistent with applicable terms and conditions of its OATT.¹⁵ If an Owner can fulfill the transmission service request from its capacity allocation on the transmission system, the transmission service request will be fulfilled under the Owner's OATT.

7. If a transmission service request exceeds that Owner's ATC, the customer may request additional capacity from one or more of the other Owners to satisfy the transmission service request. If the transmission system has insufficient ATC in the aggregate to satisfy the request for transmission service, the customer must submit a transmission service request to each of the five Owners.¹⁶

8. Under the Revised Agreement, the Transmission Operator (whom the Owners designate as NorthWestern) will perform any required studies and coordinate the offering of study agreements after: (1) a completed application for long-term firm transmission

¹³ *Id.* at 5-6.

¹⁴ *Id.* at 14.

¹⁵ See Revised Agreement section 32(b).

¹⁶ Transmittal Letter at 5.

service has been received by each transmission owner; and (2) the Transmission Operator determines that the System has insufficient ATC in the aggregate to satisfy the transmission service request.¹⁷ In addition, the Transmission Operator, in consultation with the other Owners, will collect a study deposit in an amount equal to a single deposit from the transmission customer and will establish timelines for the issuance of study agreements and the completion of studies. The Owners will use due diligence to comply with established timelines and processes in connection with transmission service requests.¹⁸

9. The Owners will begin and complete transmission system additions, upgrades and replacements (defined as capital additions) only after the requesting party executes a long-term firm service agreement with each Owner. Any increase in capacity of a segment that results from such capital addition will be allocated among the Owners in proportion to each Owner's payment of costs for the upgrade.¹⁹ Capital additions include all transmission system additions, upgrades, and replacements that are necessary to: (1) ensure reliability; (2) transmit generation from the Colstrip units; (3) respond to transmission service requests; (4) respond to generation interconnection or transmission-to-transmission interconnection requests; or (5) are required by governmental agencies.²⁰

2. Processing Requests for Interconnection

10. Under the Revised Agreement, a customer seeking a generation interconnection or transmission-to-transmission interconnection must submit a request to each of the Owners.²¹ Each Owner will respond to such request by: (1) notifying the customer to submit a request to each Owner; and (2) requesting the customer to consent to the sharing of its request with the other Owners, to the extent such consent is necessary. The Owners must notify each other of the receipt of a valid request, but not before receipt of the customer's consent to the sharing of the request. The Transmission Operator must begin

¹⁷ *Id.* at 8. With respect to each request for transmission service, the Transmission Operator will perform studies in chronological sequence according to the date that a completed application has been received by all Owners.

¹⁸ Revised Colstrip Agreement, section 4(c).

¹⁹ Transmittal Letter at 5.

²⁰ *Id.* at 7. The construction of a new transmission line in response to a transmission service request or a generation interconnection or transmission-to-transmission interconnection request is specifically excluded from the definition.

²¹ *Id.*

processing a generation interconnection request²² or a transmission-to-transmission interconnection request,²³ including the performance of any required studies, as of the date by which the last Owner has received an interconnection request that is considered a valid request.²⁴ The Owners will offer a single, multi-party interconnection agreement in response to a valid interconnection request.

3. Elective Capital Additions

11. Under the Revised Agreement, one or more of the Owners may undertake elective capital additions, including improvements and replacements to the System. Any proposal for an elective capital addition must be submitted to the Transmission Committee for consideration.²⁵ If the Transmission Committee approves the study work,²⁶ the costs will be shared by all of the Owners; otherwise, the study costs will be borne by those Owners proposing the elective capital addition. Owners that do not participate in the elective capital addition will not have any share in the increased capacity or bear any of the expansion costs other than the costs of the study work requested and approved by the Transmission Committee. The Owners will have 120 days to determine whether to participate in the elective improvement.²⁷ Allocation of costs will be determined based upon the respective capacity owned by the Owners in each segment in which an

²² Each Owner will respond to a request for generator interconnection consistent with the applicable terms and conditions of its OATT and the Revised Agreement.

²³ Each Owner will respond to a request for transmission-to-transmission interconnection consistent with the applicable terms and conditions of the orders and regulations of the Commission and the Revised Agreement. Revised Colstrip Agreement, section 32(d).

²⁴ Transmittal Letter at 5.

²⁵ *Id.* at 9-10. The Transmission Committee is established in the Existing Agreement to manage the System. *Id.* at 5. The Transmission Committee facilitates effective cooperation, interchange of information, and efficient management of the transmission system. Each Owner has a representative on the Committee. Revised Colstrip Agreement, section 22(a).

²⁶ Transmittal Letter at 9-10. The Owners will share the costs of study work for elective capital additions that are approved by a vote of transmission committee members representing 85 percent of the total shares of the segment to which the elective capital addition is made.

²⁷ The default election is not to participate in the proposed elective addition.

improvement will be made, unless the participating Owners mutually agree on a different allocation within 120 days.

4. Ministerial Revisions to the Existing Agreement

12. The Owners propose additional revisions to update the Existing Agreement including: (1) incorporating new definitions; (2) reflecting the names of current owners; (3) updating the procedural history of the Existing Agreement; (4) updating signature blocks; and (5) other minor edits.²⁸

II. Notice, Intervention, and Responsive Pleadings

13. Notice of the filing was published in the *Federal Register*, 76 Fed. Reg. 61,684 (2011), and notice of the amended filing was published in the *Federal Register*, 76 Fed. Reg. 64,937 (2011), with interventions, comments, and protests due on or before November 1, 2011. Timely motions to intervene and comments were filed by PPL Energy Plus, LLC and PPL Montana, LLC (collectively, PPL Companies).²⁹ On November 1, 2011, the Owners filed an answer or, in the alternative, motion for leave to answer and answer.

III. Discussion

A. Procedural Matters

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the timely, unopposed motion to intervene serve to make the entity that filed it party to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits an answer to a protest or comments unless otherwise ordered by the decisional authority. We will accept the answer filed by the Owners because it has provided information that assisted us in our decision-making process.

B. Issues Raised by PPL Companies and Owners' Response

15. PPL Companies strongly support the Owners' efforts to amend the Existing Agreement to provide a more open process by which customers can request

²⁸ Transmittal Letter at 6.

²⁹ PPL Companies includes PPL Energy Plus, an authorized seller of electricity at market-based rates, and PPL Montana, an exempt wholesale generator that is also authorized to sell electricity at market-based rates. PPL Montana owns shares of Colstrip Units 1, 2 and 3 and is the operator for all four Colstrip generators.

interconnection and transmission service on the System.³⁰ However, PPL Companies express concern that the proposed procedures are burdensome to customers and lack important details regarding how transmission service and interconnection requests will be processed. Specifically, PPL Companies argue that the Revised Agreement does not contain a *pro forma* request form, so presumably an applicant must obtain a different interconnection application from each of the five different Owners, which: (1) places an unnecessary burden on the interconnection customer; (2) significantly increases the likelihood of mistakes; and (3) delays the process because only after the last transmission owner receives a valid application will the Owners commence processing an interconnection request. PPL Companies argue that a *pro forma* application should be included in the Revised Agreement that can be completed and distributed to each Owner.³¹

16. In addition, PPL Companies argue that the proposed procedures lack important details regarding how interconnection requests will be processed, how the interconnection queue will be maintained, and how interconnection customers may seek to resolve disputes regarding the processing of their requests.³² Specifically, the Revised Agreement does not explicitly identify the specific studies and study agreements that will be required, fails to include timelines so that the Commission can ensure they are consistent with the timelines set forth in the *pro forma* OATT, fails to indicate the amount of the study deposit required, and how that amount will be calculated. PPL Companies assert that the proposed procedures to request transmission service suffer from similar deficiencies. PPL Companies argue that while it is presumed that the Owners will follow OATT procedures, more specificity and clarity is needed in the Revised Agreement.³³

17. PPL Companies also argue that the Revised Agreement does not contain a mechanism for interconnection or transmission customers to raise a dispute.³⁴ It is

³⁰ PPL Companies Comments at 2.

³¹ *Id.* at 2-3, 8.

³² PPL Companies state that, under proposed section 4(c), an Owner may refer an issue regarding transmission service or interconnection studies or timelines to the Transmission Committee for resolution, but that process is not available to transmission service or interconnection customers.

³³ *Id.* at 10.

³⁴ *Id.* at 12. According to PPL Companies, the dispute resolution procedures set forth in section 23 of the Revised Agreement apply only to the Owners.

therefore unclear how, or whether, transmission service or interconnection customers may raise disputes under the Revised Agreement. PPL Companies also state that it is unclear how the Owners plan to develop rates for upgrades that must be constructed to accommodate requests exceeding the combined ATC on the System.³⁵

18. PPL Companies state that the proposed procedures pose a threat that non-owners may not receive comparable service and may be the victims of undue discrimination, even if unintended by the Owners.³⁶ PPL Companies support the adoption of a single *pro forma* OATT to govern interconnection and transmission service on the System and propose the appointment of an independent tariff administrator to oversee the processing of transmission service and interconnection requests.³⁷ Accordingly, PPL Companies state that a single OATT would cure the deficiencies they identify above and would ensure that all customers receive service under comparable terms and conditions that are not discriminatory. Adopting the *pro forma* OATT would also allow transmission service customers to execute one agreement, which would presumably include a blended cost-of-service rate for each Owner's portion of the System, ensuring that each Owner is able to properly recover its costs for its portion of the System. PPL Companies state that an independent tariff administrator would provide a fair and transparent mechanism for administration of interconnection and transmission service requests on the jointly-owned line.³⁸

19. In response, the Owners argue that PPL Companies' call for a single tariff and independent tariff administrator is "unprecedented and extreme." The Owners argue that PPL Companies' assertions are unfounded and are based upon a misunderstanding of the relationship between the Revised Agreement and each Owner's OATT. The Owners explain that the Existing and Revised Agreements define the relationship among the Owners and provide the processes by which decisions are made regarding the ownership and operation of the System. They explain that the Revised Agreement, in conjunction with the individual Companies' respective OATTs, provides the process for responding to transmission service and interconnection requests.³⁹

³⁵ *Id.* at 11.

³⁶ Owners Answer at 3.

³⁷ *Id.* at 13-16.

³⁸ *Id.*

³⁹ *Id.* at 4.

20. The Owners add that, with regard to requests for transmission service, if an Owner has ATC on the System to satisfy the request, the Owner responds to that request in accordance with its OATT.⁴⁰ Each Owner sells its ATC under its rates, and on its OASIS pursuant to its OATT. Only a single request to an Owner is required to purchase that Owners' existing ATC. However, if the System must be upgraded to satisfy a transmission service request, a customer must make a request to all Owners.⁴¹ The Owners further explain that if all the Owners, in the aggregate, have insufficient ATC on their shares of the System, or if generation interconnection with the System is requested, then an upgrade would be necessary and sections 32(b) and (c) of the Revised Agreement describe how responses to those requests should be made, consistent with the provisions of the Owners' OATTs. In addition, section 32 of the Revised Agreement addresses queue positions for transmission service and generator interconnection requests that cannot be granted without upgrades.⁴²

21. The Owners explain that the Revised Agreement facilitates responses to requests for transmission service and generator interconnection requests by providing a single study deposit,⁴³ and consistent with each Owner's OATT, section 4 of the Revised Agreement states that the "[O]wners shall use due diligence to comply with the established timelines and processes in connection with transmission service requests and shall use reasonable efforts to comply with the established timelines and processes in connection with [generator] interconnection requests."⁴⁴ The Revised Agreement, according to the Owners, also provides for coordination of studies and a single multi-party generation interconnection agreement with all Owners, which facilitates the implementation of any such interconnections. The Owners state that while the dispute resolution provisions under the Revised Agreement apply to disputes among the Owners (concerning the ownership and operation of the System), disputes between a customer and an Owner under its OATT are subject to resolution in accordance with the dispute resolution provisions of such OATT.⁴⁵

⁴⁰ See Revised Agreement, section 4.

⁴¹ Owners Answer at 5.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.* at 5-6.

22. The Owners also note that PPL Companies fail to acknowledge numerous and significant legal and policy issues that would need to be overcome to implement PPL Companies' suggested remedies. For example, the Owners would have to address: (1) conversion of existing rates into a single rate structure; (2) the relationship between the transmission service each Owner currently provides over the System with the service offered under a single OATT; and (3) the provision of ancillary services by the Owners under a single OATT.⁴⁶

C. Commission Determination

23. The Existing Agreement addresses the planning, financing, and construction of the System and establishes the terms and conditions for the operation and maintenance of the System. The jointly owned, 500 kV lines that comprise the System have historically been used to move power from the Colstrip generating units to load. As noted above, with open access and growth in renewable generation, the Owners anticipate new transmission service and interconnection requests and therefore have revised the Existing Agreement to simplify third party requests for service. As discussed below, we will accept the Revised Agreement, subject to further modifications to address third-party requests for transmission service and interconnection to be submitted within ninety (90) days of the date of this order.

24. With regard to requests for transmission service, the Revised Agreement states that "[e]ach Transmission Owner will respond to a request it receives for transmission service . . . consistent with the terms and conditions of its OATT. . . ."⁴⁷ However, if a transmission service request exceeds that Owner's ATC, the customer must request additional capacity from one or more of the other Owners, potentially serially. This procedure is unnecessarily burdensome to transmission service customers. Therefore, we direct the Owners to revise the Revised Agreement to provide that when a transmission customer cannot obtain all the ATC in its request from one Owner, it may submit its entire request to the Transmission Operator, as discussed below.

25. In the event that requested transmission service cannot be provided without constructing new facilities, the Revised Agreement provides that the customer must submit a transmission service request to each of the five Owners before the Transmission Operator will undertake the study process. In addition, proposed section 32(b) states that the Transmission Operator will perform required studies and coordinate the offering of study agreements for transmission requests that require construction of new facilities only after a completed application for long-term firm transmission service (as defined in the

⁴⁶ *Id.* at 4.

⁴⁷ *See* Revised Colstrip Agreement, section 32(b).

pro forma OATT) has been received by each Owner. Likewise, proposed section 32(c) states that the performance of any required studies in response to an interconnection request will be undertaken as of the date when the last Owner has received a request that is considered to be a valid request for interconnection and the customer has consented to sharing the request with the other Owners to the extent that such consent is necessary.⁴⁸

26. We agree with PPL Companies that obtaining applications from five different Owners and submitting five separate requests may be redundant, burdensome, and likely to cause delay. A streamlined process for requesting transmission service and interconnection under the Colstrip Agreement, using standard forms for collecting information, would provide administrative convenience and efficiency in allowing a customer to complete a single application for submission to each Owner. We therefore direct the Owners to modify the Revised Agreement to include streamlined procedures for requesting transmission service (when a single Owner's ATC is insufficient to provide the transmission service requested), generator interconnection, and transmission-to-transmission interconnection over the System. The streamlined procedures should include, but not be limited to: (1) a single application form, consistent with or superior to the *pro forma* OATT, to request transmission service over the Colstrip transmission system (when a single owner's ATC is insufficient to provide the transmission service requested); (2) a single application form, consistent with or superior to the *pro forma* Large Generator Interconnection Procedures (LGIP), to request generator interconnection to the Colstrip transmission system; and (3) a single application form to request transmission-to-transmission interconnection, reflecting deviations from the *pro forma* LGIP to the Colstrip transmission system.⁴⁹ Each application should include a standard form authorizing the sharing of information between and among the Owners in the event that such authorization is necessary. We note that each Owner will consider such transmission service requests under its applicable OATT and the Colstrip Agreement, and transmission service will be provided pursuant to a transmission service agreement between the customer and each of the Owners that is providing service.⁵⁰ Applicants

⁴⁸ *See id.*, section 32(c).

⁴⁹ The Owners should make conforming changes throughout their Agreement. *See, e.g.*, section 32(b), which provides that the Transmission Operator will not perform any studies or conduct any study agreements until each Transmission Owner has received a completed application for long-term firm transmission service.

⁵⁰ We further note that Transmission System Capital Additions will only be built after the requesting party executes a long-term firm service agreement with each Transmission Owner. We encourage the Owners to consider other ways of streamlining their interaction with transmission customers, including the use of provisions of other existing agreements or tariffs.

state that the Owners will offer a single, multi-party interconnection agreement in response to a valid interconnection request.

27. We agree with PPL Companies' assertion that the proposed procedures regarding the system study process lack specific details. Accordingly, we find that additional revisions are needed under proposed sections 4 and 32 to clarify the provisions that govern actions by the Transmission Operator during the system study process. Specifically, proposed section 4, which addresses actions by the Transmission Operator in response to interconnection requests, states that the Transmission Operator, in consultation with the Owners, shall engage in reasonable efforts to "establish timelines that are consistent with the *pro forma* OATT." The Revised Agreement further states that the Owners will use "due diligence to comply with established timelines and processes in connection with transmission service requests and shall use reasonable efforts to comply with established timelines and processes in connection with interconnection requests." In addition, proposed section 32 states that each Transmission Owner shall respond to requests for generator interconnection and requests for transmission service consistent with "applicable terms and conditions of its OATT and section 32 of the Colstrip Agreement." Sections 32(b) and (c) of the Revised Agreement refer to section 4(c) of the Revised Agreement with regard to the performance of any required studies by the Transmission Operator. Section 4(c) in turn refers to unspecified terms in the *pro forma* OATT.

28. Thus, we agree with PPL Companies that sections 4(c), 32(b), and 32(c) do not provide specific details about the studies to be undertaken, nor do they establish deposit amounts and timelines for completion of the studies. We also agree that it is unclear which terms and conditions of each Owner's OATT, the Revised Agreement and the *pro forma* OATT are applicable to transmission service and generator interconnection requests and whether generation interconnection requests will be maintained in the same queue with transmission-to-transmission requests. It is also unclear how disputes regarding transmission service or interconnection will be resolved. To provide potential customers with required transparency, the Owners are directed to modify sections 4 and 32 to reflect a system study process in the Revised Agreement that is consistent with or superior to the *pro forma* OATT so that a standard process is established. Likewise, the Revised Agreement must reflect a transparent process to resolve disputes over transmission and generator interconnection service for such dispute resolution.

29. The Owners have revised the Existing Agreement to include a process by which they will upgrade or modify the transmission system on a voluntary basis (elective capital additions). We will accept these revisions, which address the process by which the Owners may propose upgrades and system modifications to the Transmission Committee, construct the upgrades, share study costs, decide whether or not to participate in the

upgrade, and determine the allocation upgrade costs.⁵¹ In addition, we accept the proposed ministerial revisions to the Existing Agreement described above.

30. Finally, we deny PPL Companies request for the Owners to file a single OATT to govern the System, and deny their request for appointment of an independent tariff administrator. PPL Companies have not identified any conduct necessitating the use of a single OATT or any discriminatory practices in the administration of the system that demonstrate the need for an independent administrator at this time. For these reasons, we find that PPL Companies' assertion that the proposed procedures for requesting transmission and interconnection service outside of a single OATT or without an independent tariff administrator may result in undue discrimination is speculative, and we deny these requests.

The Commission orders:

(A) The Revised Agreement is conditionally accepted for filing effective January 1, 2012, as discussed in the body of this order.

(B) The Owners are directed to submit a compliance filing, as discussed above, within ninety (90) days of the date of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵¹ The cost allocation will be determined and paid for by the participating Owners in proportion to the respective shares of the participating Owners in each segment to which the addition is made, unless the participating owners mutually agree on a different allocation within 120 days.