

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Dayton Power & Light Company                      Docket Nos. ER04-77-002 and  
ER04-77-003

ORDER GRANTING REHEARING AND ACCEPTING  
COMPLIANCE FILING

(Issued May 27, 2004)

1. Dayton Power & Light Company (DP&L), Cincinnati Gas & Electric Company (CG&E) and Columbus Southern Power Company (CSP) (collectively, “CCD Companies”) filed a request for rehearing of a Commission Letter Order.<sup>1</sup> On March 12, 2004 the CCD Companies also filed a compliance filing in response to the Letter Order. That Letter Order accepted for filing, subject to revision, the CCD Companies’ interconnection operating agreement (“Agreement”) setting forth the terms, conditions and requirements for interconnection of East Kentucky Power Cooperative’s transmission system with the CCD Companies’ transmission system. In this order, we will grant CCD Companies’ request for rehearing. The Commission also accepts the compliance filing made by the CCD Companies. This order benefits customers because it improves reliability of the transmission grid.

**Background**

2. The CCD Companies are parties to certain agreements under which they share ownership of certain generating and transmission facilities. East Kentucky Power Cooperative (EKPC) is a generation and transmission electric cooperative that generates and transmits electricity to 16 local distribution cooperatives that provide electricity to over 450,000 customers in Eastern Kentucky.

3. On October 24, 2003, DP&L filed the Agreement between the CCD Companies and EKPC. The Agreement is the result of EKPC’s desire for a utility-to-utility transmission network interconnection agreement with the CCD Companies. The

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<sup>1</sup> Commission Letter Order, Docket Nos. ER04-77-000 and ER04-77-001, February 11, 2004 (Letter Order).

Agreement requires EKPC to bear the cost of various new facilities needed for the interconnection.

4. The Letter Order treated the filing as a generator interconnection agreement rather than a utility-to-utility interconnection agreement. It restated the Commission's generator interconnection policy that "network facilities include all facilities at or beyond the point where the customer or generator connects to the grid."<sup>2</sup> Thus it directed the CCD Companies to revise the Agreement to require that EKPC receive credits against its transmission bill for the network upgrades. The Letter Order also required the CCD Companies to be consistent with the Commission's policy that requires the CCD Companies to specifically address the release of confidential information to this Commission.

5. On March 12, 2004, the CCD Companies filed a request for rehearing of the Letter Order. The CCD Companies contend that the Commission made a mistake of fact by treating the Agreement as a generator interconnection agreement. The CCD Companies argue that the Agreement at issue here instead involves the interconnection of the utilities' respective systems and should have been evaluated as a utility-to-utility interconnection agreement.

6. Also on March 12, 2004, the CCD Companies submitted a compliance filing to the Letter Order revising the Agreement to provide for the release of confidential information to this Commission in accordance with the Commission's order in Carolina Power & Light Co., 97 FERC ¶ 61,861 (2001), as the Letter Order had required.

### **Discussion**

7. The Agreement here involves the interconnection of transmission facilities owned by the respective companies, not the interconnection of a generator. Therefore, the Letter Order was incorrect.

8. The Commission therefore, grants the CCD Companies' request for rehearing and clarifies that the CCD Companies do not need to provide credits for network upgrades to EKPC.

9. The Commission accepts the compliance filing and finds that it complies with the requirements of the Letter Order.

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<sup>2</sup> Entergy Gulf States, Inc., 98 FERC ¶ 61,014 reh'g denied, 99 FERC ¶ 61,095 (2002).

10. The Commission further finds that the revised agreement between the CCD Companies and EKPC for interconnection services is just and reasonable and has not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.

The Commission orders:

(A) The CCD Companies' request for rehearing is hereby granted.

(B) The compliance filing of March 12, 2004 is accepted.

By the Commission.

( S E A L )

Linda Mitry,  
Acting Secretary.