

110 FERC ¶ 61,166
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Buckeye Power, Inc.

Docket Nos. EL05-20-000
EL05-20-001

ORDER ACCEPTING REVENUE REQUIREMENT FOR REACTIVE POWER AND
VOLTAGE CONTROL FOR RECOVERY PURSUANT TO THE PJM TARIFF

(Issued February 16, 2005)

1. On November 3, 2004, as amended on December 20, 2004, Buckeye Power, Inc. (Buckeye) filed a petition for approval of a revenue requirement for Reactive Power and Voltage Control from Generation Sources Service. The Commission accepts the revenue requirement for Reactive Power and Voltage Control from Generation Sources Service for recovery pursuant to Schedule 2 of PJM Interconnection, LLC's (PJM) Open Access Transmission Tariff (OATT). Accepting this filing benefits customers because it ensures an accurate calculation of revenue requirements for reactive power service.

Background

2. The Cardinal Generating Station, which is located in Brilliant, Ohio, is interconnected to the transmission system of American Electric Power Service Corporation (AEP), which was integrated into PJM, a regional transmission organization (RTO) effective October 1, 2004. Due to this integration, owners of generating facilities on the AEP system may now provide reactive power to PJM to assist in maintaining transmission voltages within acceptable limits in the AEP zone of the PJM control area, and are eligible to be compensated for doing so.

3. Buckeye owns two of the three coal-fired generating units in the Cardinal Generating Station: Unit No. 2, with a generating capacity of 585 MW and Unit No. 3, with a generating capacity of 630 MW. Buckeye states that, while it is not subject to the Commission's jurisdiction under the Federal Power Act, Schedule 2 of the PJM OATT requires Buckeye to obtain Commission approval of its revenue requirement before PJM may reflect Buckeye's revenue requirements in the rates charged under Schedule 2.

Notice, Interventions, and Protests

4. Notice of Buckeye's initial filing was published in the *Federal Register*,¹ with protests and interventions due on or before November 24, 2004. On December 1, 2004, PJM filed a motion to intervene out-of-time and comments. Buckeye filed an answer on December 15, 2004. In response to a request for further information, Buckeye amended its filing. Notice of Buckeye's amended filing was published in the *Federal Register*,² with comments due by January 3, 2005. None were filed.

5. PJM opposes Buckeye's requested effective date of October 1, 2004, explaining that PJM's accounting system can accommodate effective dates of the first day of the month in which the Commission accepts a generator's reactive power revenue requirements; however, the accounting system cannot accommodate effective dates before the first of the month without retroactive billing adjustments. Therefore, PJM opposes Buckeye's original requested effective date of October 1, 2004.

6. PJM further explains that, due to an uncertainty over whether AEP or Buckeye controls the operation of the Cardinal Station, the Commission should determine whether AEP or Buckeye should collect the revenues pursuant to Schedule 2 of the PJM Tariff.

7. Buckeye's answer states that it does not object to making its reactive power revenue requirement effective on the first day of the month in which the Commission approves the revenue requirement. Buckeye also explains that AEP should collect the revenues in the first instance.

Discussion

8. We will grant PJM's motion to intervene out-of-time given its interest in this proceeding, the early stage of this proceeding and the absence of any undue prejudice or delay.

9. Buckeye states in its original and amended filings that it followed the method employed by AEP and approved by the Commission in *American Electric Power Service Corporation*³ in developing its proposed revenue requirement for reactive power service. Buckeye further explains that it adopted, as proxies, certain of the allocation factors that

¹ 69 Fed. Reg. 67,342 (2004).

² 70 Fed. Reg. 803 (2005).

³ Opinion No. 440, 88 FERC ¶ 61,141 (1999), *withdrawal of reh'g granted*, 92 FERC ¶ 61,001 (2000).

AEP utilized in calculating the reactive power revenue requirement for its own units (including Cardinal Generating Unit No. 1), because it did not construct Cardinal Unit Nos. 2 and 3 and it did not have in its possession the associated cost data necessary to develop allocation factors specific to those units, and that those proxies support its revenue requirement.

10. Under Schedule 2 of PJM's Tariff, Buckeye can qualify to receive payment for reactive power to the extent that its revenue requirement is accepted or approved by the Commission. Consistent with this provision, and based on the record before us, we will accept Buckeye's revenue requirement for recovery pursuant to Schedule 2 of PJM's Tariff.

The Commission orders:

Buckeye's revenue requirement for reactive power service is hereby accepted for recovery pursuant to Schedule 2 of PJM's Tariff, as explained in the body of the order effective as of the date of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.