

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Perryville Energy Partners, L.L.C.

Docket No. TS06-12-000

ORDER ON REQUEST FOR WAIVER FROM THE STANDARDS OF CONDUCT

(Issued February 21, 2007)

1. This order grants Perryville Energy Partners, L.L.C. (PEP) a waiver of the standards of conduct under Part 358 of the Commission's regulations¹ because of the limited and discrete nature of its interconnection facilities and the nature of the interconnection services to be provided by PEP.

Background

2. Currently, PEP is an indirect, wholly-owned subsidiary of Cleco Midstream Resources, L.L.C. (CMR), a Louisiana limited liability company that is, in turn, a wholly-owned subsidiary of Cleco Corporation (Cleco). CMR is an intermediary holding

¹ 18 C.F.R. Part 358 (2006). *See Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs., Regulations Preambles ¶ 31,155 (2003), *order on reh'g*, Order No. 2004-A, 107 FERC ¶ 61,032, *order on reh'g*, Order No. 2004-B, 108 FERC ¶ 61,118 (2004), *order on reh'g*, Order No. 2004-C, FERC Stats. & Regs., Regulations Preambles ¶ 31,172; *order on reh'g*, Order No. 2004-D, 110 FERC ¶ 61,320 (2005), *remanded as it applies to natural gas pipelines National Gas Fuel Supply Corp. v. FERC*, 468 F.3d 831, (D.C. Cir. November 17, 2006). *See also Standards of Conduct for Transmission Providers*, Interim Rule, Order No. 690, 72 Fed.Reg. 2427 (Jan. 19, 2007), FERC Stats. & Regs. ¶ 31,327 (2007); *Standards of Conduct for Transmission Providers*, Notice of Proposed Rulemaking, 72 Fed.Reg. 3958 (Jan. 29, 2007), FERC Stats. & Regs. ¶ 32,611 (2007).

company and does not own or operate facilities for the generation, transmission, or distribution of electric or natural gas energy for sale. On November 27, 2006, CMR requested that the Commission authorize an internal corporate reorganization in which CMR would transfer to Cleco all of Perryville Energy Holdings, L.L.C.'s membership in PEP.²

3. PEP states that its interconnection facilities are limited and discrete and do not form an integrated transmission system. PEP states that it has limited interconnection facilities located in and around the substation adjacent to the Perryville Generating Facility that provide merely a support function for generation. PEP states that it provides interconnection to a single customer, Energy Louisiana, Inc. (ELI). PEP summarizes that the Interconnection Facilities it owns interconnect only the Perryville Generating Facility to ELI's transmission system and transform the output of the Perryville Generating Facility by raising the voltage.

4. PEP states that it has neither the economic incentive nor the ability to favor its Energy Affiliates because PEP can provide interconnection service to only one customer, ELI, which wholly owns the Perryville Generating Facility, and which is not an affiliate of PEP.

5. PEP requests a waiver of the Standards of Conduct requirements in Part 358 of the Commission's regulations, arguing that PEP does not have the potential to inflict the harm that the Commission seeks to avoid through the Standards of Conduct.

Notice and Pleadings

6. Notice of the request for waiver of the standards of conduct was published in the *Federal Register*, 71 Fed. Reg. 51,596 (2006), with protests and interventions due on September 6, 2006. None was filed.

Discussion

7. Waivers of Order No. 2004 are granted, upon request, to: (1) a utility that owns, operates, or controls only limited and discrete transmission facilities (rather than an integrated transmission grid); or (2) a small public utility that owns, operates, or controls

² The proposed reorganization would make PEP a direct, wholly-owned subsidiary of Cleco. *Cleco Midstream Resources, L.L.C.*, November 27, 2006 Application, Docket No. EC07-28-000.

an integrated transmission grid unless it is a part of a tight power pool, or unwarranted by other circumstances.³

8. As set forth in detail above, PEP owns only a limited and discrete transmission facility that serves as a single, non-affiliated customer. Consequently, we find good cause to grant PEP's request for an exemption from the requirements of Part 358 of the Commission's regulations, as long as the circumstances warranting the waiver remain unchanged. The waiver will remain in effect unless and until the Commission takes action on any complaint by an entity that PEP has used its access to transmission information to unfairly benefit its affiliates' sales. If material circumstances change that would affect PEP's continued qualification for a waiver, PEP must report this to the Commission.

The Commission orders:

PEP's request for waiver of the requirements of Part 358 of the Commission's regulations is hereby granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

³ *Black Creek Hydro, Inc.*, 77 FERC ¶ 61,232 (1996). *See also* *Elkem Metals Company - Alloy, L.P.*, 114 FERC ¶ 61,181 (2006).