

**DECEMBER 20, 2007
MEETING SUMMARIES**

E-1, News Release

E-3 and E-4, News Release

E-5, News Release

FERC addresses rehearing of EQR data dictionary

E-6, *Revised Public Utility Filing Requirements for Electric Quarterly Reports*, Docket No. RM01-8-007. The Commission granted rehearing in part and clarified an order adopting an Electric Quarterly Report (EQR) Data Dictionary, which collected in one document the definitions of certain terms and values used in filing EQR data.

FERC sets Mississippi's Power's proposed depreciation rates for hearing

E-7, *Mississippi Power*, Docket No. ER08-91-000. The Commission set for hearing Mississippi Power's request for authorization to update its depreciation rates in the calculation of charges for services provided pursuant to certain jurisdictional contracts and rate schedules. Since a preliminary review indicated that Mississippi Power's proposed depreciation rates may be excessive, the Commission initiated an investigation into the proposal under section 206 of the Federal Power Act.

FERC establishes hearing and settlement judge proceedings for Allegheny's Amended Power Sales Agreement

E-8, *Allegheny Generating Co.*, Docket Nos. ER07-1402-000 and ER07-1402-001. The Commission accepted Allegheny Generating Co.'s (Allegheny) Amended Power Sales Agreement, suspended it for a nominal period, subject to refund, and established hearing and settlement judge procedures. Allegheny seeks to change the allocation of their ownership responsibilities associated with existing and future capacity upgrades at the Bath County Pumped-Storage Hydroelectric Generation Station between its two shareholders, AE Supply and Monongahela.

FERC approves Midwest ISO proposal to accelerate the financial transmission right auctions

E-10, *Midwest Independent Transmission System Operator*, Docket No. ER08-109-000. The Commission determined that the Midwest Independent Transmission System Operator's proposal to perform the February through May 2008 monthly financial

transmission right (FTR) true-up allocations and auctions in January 2008 is reasonable. The Commission approved the proposal because it allows for the implementation of long-term transmission rights (LTTRs) while minimizing: (1) costs of additional software, hardware and other resources; (2) the impact on the existing FTR system; and (3) delays in implementing the Auction Revenue Rights-LTTR system.

FERC accepts CAISO's location constrained resource interconnection amendments

E-11, *California Independent System Operator Corp.*, Docket No. ER08-140-000. The Commission accepted the California Independent System Operator Corp.'s (CAISO) proposed tariff amendments implementing its location constrained resource interconnection (LCRI) proposal, subject to the CAISO filing certain revisions. The LCRI provisions provide a new mechanism to facilitate the financing and development of certain interconnection facilities.

FERC approves settlement of California-Oregon Intertie proceedings

E-12, *PacifiCorp, Pacific Gas and Electric Co., California Independent System Operator Corp.*, Docket Nos. EL07-84-000, *et al.* The Commission approved an Offer of Settlement that will resolve all of the issues in the California-Oregon Intertie proceedings and terminate the Commission's investigation under section 206 of the Federal Power Act into PacifiCorp's system-wide transmission rates. The Settlement provides for the shared usage, coordinated operation, maintenance and planning of the California-Oregon Intertie.

FERC addresses National Grid's affiliate market-based rate filing

E-14, *Niagara Mohawk Power Corp., et al.*, Docket Nos. ER96-2585-006, *et al.* The Commission addressed a compliance filing from National Grid USA, on behalf of its affiliates, to bring all the affiliates' tariffs into compliance with Order No. 697, the Market-Based Rate rule. The Commission provided clarification and guidance on certain tariff provisions that are required to be in a seller's market-based rate tariff, including ancillary service provisions and the limitations and exemptions provision, as well as provisions that should not be included in the market-based rate tariff. The Commission clarified the types of provisions that would constitute seller specific terms and conditions. The Commission also instituted a proceeding under section 206 of the Federal Power Act concerning additional provisions in Ravenswood's, Glenwood's, and Port Jefferson's existing market-based rate tariffs that are not consistent with the ancillary services provisions in the Market Based Rate rule.

FERC initiates an investigation into temporarily extending the CAISO's mechanism for compensating certain generators with must offer obligations

E-15, *Independent Energy Producers Association*, Docket Nos. ER06-615-003, *et al.* The Commission instituted a proceeding pursuant to section 206 of the Federal Power Act to investigate the justness and reasonableness of extending the California Independent System Operator Corporation's Reliability Capacity Services Tariff until the earlier of the implementation of the Market Redesign and Technology Upgrade or the implementation of an alternative interim backstop capacity procurement mechanism. This action is designed to ensure that generators operating without capacity contracts are adequately compensated for providing reliability services pursuant to the must-offer obligation.

FERC revokes QF status for two Alaska facilities

E-18, *Chugach Electric Association, et al.*, Docket Nos. EL07-97-000, *et al.* The Commission approved a request by Chugach Electric Association (Chugach) and Matanuska Electric Association (Matanuska) to revoke the qualifying facility (QF) status of the proposed Knik Arm Power Plant and the proposed Pioneer Energy Project. The Commission determined that neither facility meets the requirements of the Public Utility Regulatory Policies Act of 1978.

FERC addresses rehearing of an order approving, with modifications, a settlement of must-offer obligations under the CAISO tariff

E-20, *Independent Energy Producers Association v. California Independent System Operator Corp.*, Docket No. EL05-146-004. The Commission denied rehearing of an order which approved, with modifications, an Offer of Settlement, which settled a dispute with respect to the then-existing must-offer obligation under the California Independent System Operator Corp. tariff. The Commission also denied in part and granted in part requests to clarify the order.

FERC addresses South Carolina Electric and Gas's market-based rate tariff revisions

E-22, *South Carolina Electric and Gas Co.*, Docket Nos. ER96-1085-010 and EL05-122-000. The Commission accepted market-based rate tariff revisions submitted by South Carolina Electric and Gas Co. (SCE&G) and terminated a proceeding under section 206 of the Federal Power Act concerning SCE&G's market-based rate authorization. The Commission also concluded that SCE&G's tariff language is not consistent with the Commission's current policy as set forth in the Market Based Rate rule and that SCE&G

may not limit its mitigation to sales that “sink” in SCE&G’s balancing authority area. Accordingly, the Commission directed SCE&G to revise its market-based rate tariff in compliance with rule within 30 days.

FERC approves ancillary services agreement between Avista and Northwestern

E-23, *Avista Corp. and NorthWestern Corp.*, Docket Nos. ER08-56-000 and ER08-66-000. The Commission accepted an executed agreement, pursuant to which Avista Corp. proposes to provide Dynamic Capacity and Energy Service to NorthWestern Corp., in order for NorthWestern Corp. to fulfill its obligation under its Open Access Transmission Tariff (OATT) to provide Regulation and Frequency Response Service to its OATT customers. The agreement provides for Avista Corp. to sell the Dynamic Capacity and Energy Service pursuant to its cost-based tariff and settle the net energy between the parties under its market-based rate tariff.

FERC denies request for rehearing of capacity release transaction regulations

M-2, *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Docket Nos. RM96-1-028 and RM05-5-004. The Commission denied a request for rehearing or clarification that would have delayed pipelines’ obligations to comply with regulations permitting releasing shippers to use price indices or formula rates until the North American Energy Standards Board (NAESB) has developed standards concerning index release transactions. While the Commission encouraged the industry to develop standards to make such index release transactions more efficient in the future, it found no basis to impose a delay on the ability to use index releases that are permitted under its regulations that pre-dated this rulemaking. The Commission explained that since Order No. 636, releasing shippers have been permitted to include non-standard release conditions, so long as the releasing shipper provides the pipeline with clear, objective means of determining the best bid. In this regard, the Commission further explained that the releasing shipper has the burden of ensuring that the bid evaluation method is clear enough for the pipeline to administer and that the standard NAESB capacity release processing timelines do not apply to bid evaluation methods that are out of the ordinary or difficult to apply. The Commission also clarified that if after experience with index releases, a pipeline believes that the volume of such releases or other conditions warrants revisions in the method used to bill for index releases, the pipeline may file under section 4 of the Natural Gas Act to propose such revisions, and the Commission will consider those changes after evaluating the position of the pipeline’s shippers.

G-1 and G-2, News Release

G-3, News Release

FERC rejects El Paso's penalty filing

G-4, *El Paso Natural Gas Co.*, Docket No. RP07-511-000. The Commission rejected El Paso Natural Gas Co.'s (El Paso) proposed provisions for a non-critical condition daily scheduling penalty to apply against "packs" and "drafts" of El Paso's system. The Commission rejected the filing because it concluded that the addition of a non-critical daily scheduling penalty would prevent shippers from minimizing or avoiding the incurrence of penalties.

FERC denies rehearing of El Paso's general rate case

G-7, *El Paso Natural Gas Co.*, Docket Nos. RP05-422-009, RP05-422-014, RP05-422-015, RP05-422-017. The Commission determined that the requests for rehearing in El Paso Natural Gas Co.'s general rate case proceeding are largely moot, due to the parties' settlement, and dismissed them, with the exception of those concerning maximum delivery obligations, which were denied on the merits.

FERC addresses rehearing of order establishing gas quality standards on the Florida Gas Transmission system

G-8, *AES Ocean Express v. Florida Gas Transmission Co.*, Docket No. RP04-249-006. The Commission generally denied rehearing of an order that addressed issues related to the establishment of gas quality and interchangeability standards on the Florida Gas Transmission Co. system to accommodate the introduction of regasified liquefied natural gas (LNG) into the system. The Commission affirmed its prior holding that it would not adopt a mechanism for gas users to recover any costs they may incur as a result of the introduction onto the system of LNG that meets approved standards for gas quality and interchangeability. The Commission denied rehearing on all issues except the issue of the appropriate maximum sulfur content of the gas.

FERC grants rehearing concerning the appropriate method for pooling in Transco's Rate Zone 4

G-9, *Transcontinental Gas Pipe Line Corp.*, Docket No. RP01-245-016. The Commission addressed comments filed after a technical conference regarding the appropriate method of conducting pooling in Transcontinental Gas Pipe Line Corporation's (Transco) Rate Zone 4. Upon further consideration, the Commission granted Transco's rehearing request and determined that BP Energy Co. has not satisfied its burden under section 5 of the Natural Gas Act of showing that its proposal to require

Transco to adopt paper pooling in Zone 4 is just and reasonable.

FERC addresses request for MBR rates for Mobil Pipe Line's Pegasus oil pipeline system

G-10, *Mobil Pipe Line Co.*, Docket No. OR07-21-000. The Commission addressed Mobil Pipe Line Co.'s (MPLCO) application for a market power determination seeking authority to charge market-based rates on its existing Pegasus pipeline system (Pegasus) for the transportation of crude oil from Pegasus' origin at Patoka, Illinois, to its destination at Nederland, Texas. The Commission permitted MPLCO to implement market-based rates in the Nederland, Texas destination market, but due to factual disputes, it established a hearing to determine whether MPLCO has the ability to exercise market power in the challenged origin market of Patoka, Illinois.

H-1, News Release

FERC concludes that City of Everett does not need to be a co-licensee of the Henry Jackson Project in Snohomish County, Washington

H-2, *Public Utility District No. 1 of Snohomish County, Washington and the City of Everett, Washington*, Project No. 2157-000. The Commission concluded that the City of Everett need not be a co-licensee for the next license for the Henry M. Jackson Hydroelectric Project, which is located on the Sultan River in Snohomish County, Washington. The Commission concluded that, with certain changes to its agreements with the City of Everett, Washington, the Public Utility District No. 1 of Snohomish County, Washington could have sufficient rights to use those properties and facilities owned by the Everett that are necessary for project purposes.

FERC dismisses rehearing request for discovery in Yadkin licensing proceeding in North Carolina

H-3, *Alcoa Power Gathering*, Project No. 2197-079. The Commission dismissed a request for rehearing of a staff letter regarding a request for discovery in the relicensing proceeding for the Yadkin Project, which is located on the Yadkin River, in Davie, Davidson, Montgomery, Rowan, and Stanley Counties, North Carolina. The Commission concluded that the staff letter does not represent a final determination with respect to any part of the record.

FERC denies rehearing of order authorizing reconstruction at Taum Sauk

Reservoir in Missouri

H-4, *AmerenUE*, Project No. 2277-005. The Commission granted intervention and denied a request for rehearing an order authorizing AmerenUE, licensee for the Taum Sauk Project, to reconstruct and repair the project's upper reservoir. The project is located atop Proffit Mountain and on the East Fork Black River in Reynolds County, Missouri. The Commission determined that Commission staff properly limited the scope of the environmental assessment to the immediate impacts of the proposed reconstruction, and was not required to consider the environmental impacts of future project operation that may result from relicensing the Taum Sauk Project.

FERC denies rehearing of order dismissing request to approve headwater benefits settlement agreement

H-5, *Bangor Hydro-Electric Co.*, Docket No. HB131-04-001. The Commission denied rehearing of a staff letter that dismissed Bangor Hydro-Electric Co.'s (Bangor) request for approval of a memorandum of agreement (MOU) signed by it and Great Northern Paper, as a headwater benefits settlement agreement. The rehearing order affirmed staff's dismissal of the request for approval and clarified other matters relating to the MOU, which Bangor argued limited its liability and that of its successor licensees for headwater benefits incurred prior to the MOU's execution.

FERC approves storage project in Monroe County, Mississippi

C-1, *Monroe Gas Storage Co.*, Docket Nos. CP07-406-000, CP07-407-000, and CP07-408-000. The Commission issued a certificate to Monroe Gas Co. to construct, own and operate a high deliverability natural gas reservoir storage facility and related compression and appurtenant facilities in Monroe County, Mississippi. The Commission issued the certificate because the proposed project will enhance storage options available to pipelines and their customers with a minimal impact on landowners and surrounding communities.

FERC approves Copiah expansion in Copiah County, Mississippi

C-2, *Copiah Storage*, Docket No. CP02-25-001. The Commission amended Copiah Storage's certificate to expand the authorized salt dome storage cavern, to construct an additional cavern, compression facilities, wells, and pipeline facilities interconnecting with interstate pipelines, and to provide firm and interruptible hub storage services at market-based rates. The project is located in Copiah County, Mississippi. The Commission authorized the project because it will facilitate the additional development of growing market demand for natural gas in the Southeast United States without any

identified adverse effect on existing customers, other pipelines, landowners, or communities.

FERC approves construction of compressor station in Yuma County, Colorado

C-5, *Cheyenne Plains Gas Pipeline Co.*, Docket No. CP07-128-000. The Commission issued a certificate to Cheyenne Plains Gas Pipeline Co. to construct and operate a new compression facility, the Kirk Compressor Station, comprised of one 10,310 horsepower compressor unit, to be located in Yuma County, Colorado. The Commission concluded that since the proposal will have minimal impacts on landowners and the environment, the compressor addition is required by the public convenience and necessity.