

April 2011 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its April 21, 2011 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at www.ferc.gov.

E-5, E-6, News Release

G-1, News Release

E-3 struck

E-4 struck

FERC approves standard for reliable operation of the Bulk Power System

E-7, *Loss of Control Center Functionality Reliability Standard*, Docket No. RD11-4-000. The order approves proposed Reliability Standard EOP-008-1 (Loss of Control Center Functionality). The Reliability Standard is a modification of an existing standard intended to promote reliable operation of the Bulk-Power System in the event that a control center becomes inoperable. Among other things, the Reliability Standard requires applicable entities to have an operating plan and facilities for backup functionality.

FERC approves regional reliability standard developed by WECC

E-8, *North American Electric Reliability Corporation*, Docket No. RM09-14-000. Under section 215 of the Federal Power Act, the order approves regional Reliability Standard TOP-007-WECC-1 (System Operating Limits) developed by the Western Electricity Coordinating Council (WECC) and submitted to the Commission for approval by the North American Electric Reliability Corporation (NERC). The primary purpose of the approved regional Reliability Standard is to ensure that actual flows and associated scheduled flows on major WECC transfer paths do not exceed system operating limits for more than 30 minutes. The order also approves the retirement of WECC regional Reliability Standard TOP-STD-007-0, which is replaced by the regional Reliability Standard approved in this

final rule. Finally, the order approves the regional Reliability Standard filed by NERC in this proceeding as just, reasonable, not unduly discriminatory or preferential, and in the public interest.

FERC approves additional regional reliability standards developed by WECC

E-9, *Version One Regional Reliability Standards for Facilities Design, Connections, and Maintenance; Protection and Control; and Voltage and Reactive*, Docket No. RM09-9-000. The final rule approves four regional Reliability Standards developed by WECC. These regional Reliability Standards have been designated by WECC as FAC-501-WECC-1 – Transmission Maintenance, PRC-004-WECC-1 – Protection System and Remedial Action Scheme Misoperation, VAR-002-WECC-1 – Automatic Voltage Regulators, and VAR-501-WECC-1 – Protection System Stabilizer.

In addition, the final rule approves five new regional definitions applicable within the Western Interconnection. The Commission also directs WECC to remove a regional definition that is no longer in use. Finally, the Commission directs WECC to file, within 60 days of the issuance of the final rule, its criteria for identifying major transmission paths and remedial action scheme listed in tables on its website and revisions or material to support certain violation risk factor and violation severity level assignments.

FERC approves final rule

E-10, *Electric Reliability Organization Interpretations of Interconnection Reliability Operations and Coordination and Transmission Operations Reliability Standards*, Docket No. RM10-8-000. The final rule approves NERC's interpretation of the Commission-approved Reliability Standards, TOP-005-1, Operational Reliability Information, and IRO-005-1, Reliability Coordination – Current-Day Operations, finding that a transmission operator should report a Special Protection System (SPS) that is operating with one of multiple communication channels out of service upon request or if the loss of the communication channel does not result in the failure of an SPS to operate as designed. The final rule does not adopt the Notice of Proposed Rulemaking (NOPR) proposal to require additional reporting.

FERC proposes rule to clarify a reliability standard

E-11, *North American Electric Reliability Corporation*, Docket No. RM10-29-000. The NOPR proposes to approve North American Electric Reliability Corporation's (NERC) interpretation of Reliability Standard TOP-001-1-1,

Requirement R8, to clarify the responsibilities of transmission operators and balancing authorities during system emergencies. The NOPR agrees with NERC's interpretation that the balancing authority is responsible for restoring real power balance during a system emergency and the transmission operator is responsible for restoring reactive power balance during a system emergency. In seeking comments, the NOPR also notes that during a system emergency, communication and coordination between the transmission operator and balancing authority can be essential to restore real and reactive power balance.

FERC approves new reliability standards to update, clarify NERC standards

E-12, *North American Electric Reliability Corporation*, Docket No. RD11-02-000. The order approves the North American Electric Reliability Corporation's (NERC) petition requesting approval of new Reliability Standards IRO-006-5 (Transmission Loading Relief (TLR)) and IRO-006-EAST-1 (TLR Procedure for the Eastern Interconnection) and their associated Violation Risk Factors and Violation Severity Levels; inclusion of the term "Market Flow" in the NERC Glossary of Terms; retirement of Reliability Standard IRO-006-4.1 and its Attachment 1; removal of the term "Reallocation" from the NERC Glossary of Terms; and the implementation schedule proposed by NERC.

E-13 struck

FERC accepts cost assignments for 134 system upgrades contained in PJM's Regional Transmission Expansion Plan

E-14, *PJM Interconnection, L.L.C.*, Docket Nos. ER11-2140-000 and ER11-2140-001.

The Commission accepts PJM Interconnection, L.L.C.'s assignment of cost responsibility for 134 baseline upgrades included in the most recent update to the Regional Transmission Expansion Plan. The order accepts and suspends PJM's revised tariff sheets for facilities that operate at or above 500 kV, to become effective February 15, 2011, subject to refund and subject to the outcome of another proceeding pending on remand from the Seventh Circuit Court of Appeals. The order also accepts without suspension the revised tariff sheets for the facilities that operate below 500 kV, to become effective on February 15, 2011.

FERC accepts joint request to terminate rate schedule, grants motion to withdraw pleadings, but denies, as unnecessary, motion to vacate ALJ's Initial Decision

E-15, *Commonwealth Edison Company, et al.*, Docket No. ER10-209-000, *et al.*

Commonwealth Edison Company (ComEd) filed a notice of termination of rate schedule providing for assignment of transmission credits to the Ameren Companies (Ameren) and, jointly with Ameren, a motion to withdraw their pleadings in the above-referenced dockets. ComEd and Ameren argue that their withdrawal of such filings moots the need for the Initial Decision issued on January 20, 2011, and therefore, they request that the Initial Decision be vacated as moot. The order accepts ComEd's notice of termination, grants the motion to withdraw pleadings, but denies the motion to vacate the Initial Decision as unnecessary given that an Initial Decision is not a Commission decision but merely a recommendation to the Commission.

FERC approves contested settlement establishing transmission rates

E-16, *AEP Appalachian Transmission Company, Inc., et al.*, Docket Nos. ER10-355-000 and ER10-355-001. The order approves a contested settlement filed by American Electric Power Service Corporation (AEP ServiceCo) on behalf of the AEP Transmission Companies and other parties (collectively, Settling Parties). The settlement establishes formula rates for transmission provided by the AEP Transmission Companies. The order finds that the settlement is just and reasonable and provides benefits to consumers (e.g., continuing the pre-existing return on equity, establishing a three-year moratorium on rate increases, and it will facilitate obtaining future financing at better rates), subject to AEP ServiceCo making a compliance filing removing production and distribution line items from the formula rate template because the rates are for transmission and including these line items (even though they are set at zero) may be confusing.

The order also dismisses as moot a joint request filed by Golden Spread Electric Cooperative, Inc. and Arkansas Electric Cooperative Corporation for rehearing of the January 28, 2011 order because the return on equity for SPP agreed upon in the settlement does not exceed 11.2 percent as designated in a previous settlement approved in Docket No. ER07-1069-000.

E-17 struck

FERC approves a settlement

E-18, *San Diego Gas & Electric Co., et al.*, Docket Nos. EL00-95-255, *et al.* The order approves a settlement between the California Parties and Sacramento Municipal Utility District (SMUD), which resolves claims between SMUD and the California Parties for claims arising from events in the western energy markets during the period of January 1, 2000 through June 20, 2001.

FERC addresses waiver requests

E-19, *Black Hills Power, Inc., et al.*, Docket Nos. TS10-2-000, TS10-1-000, OA97-93-001, TS04-178-001, OA11-1-000, OA11-2-000, TS09-7-000, TS09-10-000, OA98-7-001, TS04-282-001, TS09-8-000, OA97-139-001, TS10-4-000, TS09-9-000, EL99-4-001, TS07-3-001, OA08-116-001, TS04-268-000 and TS04-268-001. This order addresses various entities' waiver requests related to the Commission's Standards of Conduct as follows: (1) grants a request for waiver of the Commission's Standards of Conduct requirements; (2) grants three motions for continuance of a waiver of those requirements, notwithstanding changed circumstances; (3) denies continuation of a waiver to two applicants that did not demonstrate compliance with the requirements of section 358.1 of the Commission's regulations; (4) grants two requests for waiver of certain requirements (including Standards of Conduct requirements) including one under the reciprocity obligation; (4) accepts notices from four entities relinquishing previously-granted Standards of Conduct waivers; and (5) denies a request for rehearing of an order denying a Standards of Conduct waiver.

In addition, the order clarifies that, when a public utility transmission owner/operator participates in a Commission-approved Independent System Operator or Regional Transmission Organization, the size of the utility is not relevant to whether the waiver request will be granted or denied. Instead, its eligibility for a waiver depends on whether it meets the criteria of section 358.1 of the Commission's regulations. The order further clarifies that membership in a tight power pool no longer disqualifies an applicant from obtaining a waiver of the Commission's Standards of Conduct if it meets the requirements of section 358.1.

FERC grants in part and denies in part requests for rehearing

E-23, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER06-356-002. Midwest Independent Transmission System Operator (Midwest ISO) and Horizon Wind Energy filed requests for rehearing of the Commission's order that accepted in part and rejected in part Midwest ISO's proposed revisions to its *pro forma* Large Generator Interconnection Agreement pertaining to the interconnection of wind generators. The order grants in part and denies in part these requests for rehearing.

FERC accepts in part and rejects in part compliance filing, and requires further compliance filing

E-24, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER09-411-006. On October 29, 2010, the Midwest Independent Transmission

System Operator, Inc. submitted revisions to its Open Access Transmission, Energy and Operating Reserve Markets Tariff in compliance with the Commission's Revenue Sufficiency Guarantee (RSG) Exemption order. The order conditionally accepts in part the compliance filing, including proposed revisions to exempt from real-time RSG charges resource deviations during contingency reserve deployments, emergencies, and due to failures or malfunctions of the Midwest ISO's systems. The order also rejects in part Midwest ISO's compliance filing and orders Midwest ISO to submit a further compliance filing to remove "or the unavailability thereof during maintenance activities" from section 40.3.3.a.ii(d) of its tariff.

FERC reiterates policy concerning pipeline tariff reservation charge credits

G-2, *Natural Gas Supply Association, et al.*, Docket No. RP11-1538-000. The order addresses a petition filed by five trade associations asking that "the Commission exercise its NGA [Natural Gas Act] section 5 authority to enforce its policy regarding pipeline crediting during outages and order pipelines to amend their tariffs in accordance with Commission policy." The order explains that the Commission has a well-established and longstanding policy concerning reservation charge credits which all interstate pipelines must provide firm shippers, and states that the Commission expects all pipelines to maintain tariffs that conform to Commission's reservation charge crediting policy. Concluding that voluntary action by pipelines to bring their tariffs into compliance is more efficient and less burdensome as opposed to the requested industry-wide NGA section 5 proceeding, the order urges all pipelines to review their tariffs to determine whether their tariffs are in compliance, and, if not, make an appropriate filing to come into compliance. In addition, the order directs that future audits of interstate pipelines conducted by the Commission's Division of Audits should include examining whether their tariffs comply with the Commission's reservation charge crediting policy. Also, the order notes that if individual shippers believe a particular pipeline's tariff is not in compliance, the shippers may file a complaint alleging non-compliance. Two other items on the April 21 agenda, G-3 (Docket No. RP11-60-001) and G-4 (Docket No. RP10-1410-000), address specific reserve charge crediting issues, and are referenced in the order.

FERC accepts, with conditions, revised tariffs including reservation charge credits

G-3, *Southern Natural Gas Company*, Docket No. RP11-60-000 and RP11-60-001. This order accepts Southern's revised tariff, subject to conditions. Noting that the Commission has a well-established policy on pipelines' providing reservation charge credits to firm shippers, the order states that the Commission expects pipelines to maintain tariffs that conform to this policy. The order finds

that Southern's tariff is not in compliance with this policy. Thus, pursuant to Natural Gas Act section 5, Southern is required to revise its tariff to comply with this policy or provide an explanation why it should be permitted to retain its existing tariff provisions notwithstanding this policy, as to: (1) provisions that currently provide that Southern need not make full reservation charge credits for non-*force majeure* events when Southern delivers 98 percent or more of the scheduled volumes and when Southern fails to deliver the scheduled volumes due to seasonal shut-in tests; and (2) provisions that allow Southern to use the last seven days' average usage to calculate the credit rather than, where there has been no advance notice of the unavailability of service, the volumes scheduled which the pipeline was unable to deliver. In addition, Southern is directed to provide clarification in its tariff that shippers that have been curtailed, and that then nominated the curtailed volumes on another pipeline, do not have to re-nominate in a later nomination cycle to receive the reservation charge credit. Two other items on the April 21 agenda, G-2 (Docket No. RP11-1538-000) and G-4 (Docket No. RP10-1410-000), which address reserve charge crediting issues, are referenced in this order.

FERC directs company to file revised tariff records consistent with Commission policy on reservation charge crediting provisions

G-4, *Kern River Gas Transmission Company*, Docket No. RP10-1410-000. Kern River Gas Transmission Company (Kern River) filed to comply with the Commission's order that directed Kern River to revise its Rate Schedule KRF-1 to include reservation charge crediting provisions consistent with Commission policy that requires pipelines to provide full reservation charge credits for scheduled gas not delivered due to a non-*force majeure* event and partial reservation charge credits during *force majeure* events. The order finds that Kern River's proposal is not consistent with Commission policy with respect to both non-*force majeure* outages as well as *force majeure* outages, and directs it to file revised tariff records within 20 days. The order also discusses other issues related to reservation charge crediting, such as required nominations by the curtailed shipper, credits for curtailing at secondary points, and individually negotiated agreements with differing reservation charge crediting provisions. This order will be issued concurrently with two other items on the April 21 agenda, G-2 (Docket No. RP11-1538-000) and G-3 (Docket No. RP11-60-001), and is referenced in G-2.

G-5 struck

G-6 struck

G-7 struck

FERC authorizes an original license to Spearfish Hydroelectric Project in South Dakota

H-1, *City of Spearfish, South Dakota*, Project No. 12775-001. The order issues an original license (major project) for the City of Spearfish, South Dakota's existing, unlicensed 4.0-megawatt Spearfish Hydroelectric Project in Lawrence County, South Dakota.

FERC denies rehearing

H-2, *Grand Coulee Project Hydroelectric Authority*, Project No. 13681-001. The order denies rehearing of the dismissal of the Grand Coulee Project Hydropower Authority's preliminary permit application for the North Dam Pumped Storage Project No. 13681, located on the Columbia River in Washington because the applicant's preliminary permit application would use the same water resources as those already being studied under a preliminary permit held by BPUS Generation Development LLC for the Banks Lake Pumped Storage Project No. 13296. The permit application proposed to use Banks Lake as an upper reservoir for a pumped storage, but Banks Lake is already being studied under a preliminary permit for a pumped storage project proposing to use Banks Lake as its lower reservoir.

FERC acts on rehearing requests

H-3, *PacifiCorp*, Project No. 2342-021. Based on new information filed with the requests for rehearing of the Commission's order accepting the surrender of PacifiCorp's license for the Condit Project on the White River in Washington, the order concludes that water quality certification had been timely issued, and incorporates the conditions of the water quality certification as surrender conditions. In addition, the order clarifies and modifies other surrender conditions, in part to achieve consistency with the conditions of the certification.

FERC grants authority for the Miami Mainline Loop Project in Florida

C-1, *Florida Gas Transmission Company, LLC*, Docket No. CP11-16-000. The order issues a certificate of public convenience and necessity to Florida Gas to construct and operate the Miami Mainline Loop Project, a 2.98-mile-long, 24-inch-diameter pipeline.

The project will allow Florida Gas to provide continuous service to customers while it conducts Department of Transportation-required hydrostatic testing of its 18-inch-diameter mainline in Miami-Dade County, Florida.

FERC denies request to abandon Matagorda Offshore Pipeline System in Texas

C-2, *Northern Natural Gas Company et al.*, Docket No. CP10-82-000. The order denies a request by Northern Natural Gas Company, Southern Natural Gas Company, Florida Gas Transmission Company, LLC, Transcontinental Gas Pipe Line Company, LLC, and Enterprise Field Services, LLC for authorization to abandon their jointly-owned facilities collectively known as the Matagorda Offshore Pipeline System (MOPS) and the services provided on those facilities. These facilities are located offshore in Texas state and federal waters, and onshore in Refugio and Calhoun Counties, Texas.

The order states that, based on the record in this proceeding, the potential detriment to shippers and the general public from loss of the MOPS service outweighs any benefits that would derive from approving the proposed abandonments.

FERC approves accounting proposal and the write-off of costs for lost cushion gas

C-3, *CenterPoint Energy-Mississippi River Transmission Corporation*, Docket No. CP11-51-000. The order authorizes CenterPoint Energy-MRT to write-off the costs associated with 1.2 Bcf of lost cushion gas, and approves MRT's related accounting proposal. The order also authorizes MRT to reclassify the 1.2 Bcf of cushion gas capacity to working gas capacity in the East and West Unionville Storage Fields located in Lincoln Parish, Louisiana. The order concurs that the lost 1.2 Bcf gas was cushion gas, rather than working gas, and that the loss is attributed to surface valve leakage and measurement errors.

FERC authorizes an original license to Spearfish Hydroelectric Project in South Dakota

H-1, *City of Spearfish, South Dakota*, Project No. 12775-001. The order issues an original license for the City of Spearfish, South Dakota's existing, unlicensed 4.0-megawatt Spearfish Hydroelectric Project in Lawrence County, South Dakota.

FERC denies rehearing of order dismissing a preliminary permit for the North Dam Pumped Storage Project in Washington.

H-2, *Grand Coulee Project Hydroelectric Authority*, Project No. P-13681-001. On December 14, 2010, Commission staff dismissed the Grand Coulee Project

Hydropower Authority's preliminary permit application for the North Dam Pumped Storage Project No. 13681. On January 12, 2011, the applicant, Grand Coulee Project Hydroelectric Authority, filed a request for rehearing of the dismissal. The order denies rehearing of the dismissal because the applicant's

preliminary permit application would use the same water resources as those already being studied under a preliminary permit held by BPUS Generation Development LLC for the Banks Lake Pumped Storage Project No. 13296. Specifically, applicant's permit application proposes to utilize Banks Lake as an upper reservoir for a pumped storage, but Banks Lake is already being studied under a preliminary permit for a pumped storage project proposing to use Banks Lake as its lower reservoir. Therefore, the applicant's request for rehearing is denied.

FERC addresses issues on rehearing, denies request for stay and request for time extension

H-3, *PacifiCorp*, Project No. 2342-021. The Commission issued an order on December 16, 2010, accepting the surrender of PacifiCorp's license for the Condit Project in Washington and authorizing the removal of most of the project facilities. Requests for rehearing of that order were filed by PacifiCorp, the Washington Department of Ecology (Washington DOE), and jointly by American Rivers, American Whitewater, and Trout Unlimited. The order on rehearing concludes that, while the December 16, 2010 order correctly found that Washington DOE waived issuance of water quality certification under the Clean Water Act based on the information then before the Commission, materials submitted on rehearing support the conclusion that water quality certification had been timely issued. The order on rehearing incorporates the conditions of the water quality certification as surrender conditions, and it clarifies and modifies other surrender conditions, in part to achieve consistency with the conditions of the certification.