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## FERC Approves Transmission Rate Incentives for Atlantic Wind Connection

The Federal Energy Regulatory Commission (FERC) today granted incentive rate treatment for several proposed transmission projects, including the 250-mile Atlantic Wind Connection project that plans to interconnect up to 6,000 MW of offshore wind power.

FERC conditioned its approval of incentives for Atlantic Wind on that project being included in PJM Interconnection's regional transmission expansion plan. Subject to that condition, FERC granted an overall return on equity (ROE) of 12.59 percent, which includes 250 basis points in incentive ROE adders. Atlantic Wind had requested 300 basis points.

FERC also granted Atlantic Wind's requests for several other incentives, such as inclusion of 100 percent of construction work in progress (CWIP) in rate base, the opportunity to recover 100 percent of prudently incurred costs if the project is abandoned for reasons outside the company's control and a hypothetical capital structure based on 60 percent equity and 40 percent debt.

Also today, FERC approved rate incentives for Desert Southwest Power's proposed 118-mile, 500-kV transmission line to move power from resources such as wind generation to Southern California. The order grants a combined incentive ROE adder of 150 basis points, rather than the 200 basis points that Desert Southwest requested. The order also grants Desert Southwest's requests for inclusion of 100 percent CWIP in rate base, the opportunity to recover 100 percent of prudently incurred costs if the project is abandoned for reasons outside the company's control and a hypothetical capital structure of 50 percent equity and 50 percent debt.

In other orders, FERC:

- Granted incentives for Ameren Services' proposed 331-mile Illinois Rivers and 185-mile Big Muddy River projects, subject to the Midwest Independent Transmission System Operator approving those projects in its regional system plan, but denied incentives for the Spoon River and Wabash River proposals.
- Granted and denied, in part, incentives for Central Transmission's 345-kV Valley Project in Illinois, contingent on PJM including it as an economic enhancement in its regional system plan.
- Denied rehearing of a September 2008 order that rejected a complaint seeking to prevent New England transmission owners from applying an incentive ROE adder to project costs in excess of those estimated at the time the incentive was approved.
- Denied rehearing of an October 2008 order that authorized transmission rate incentives for Central Maine Power Co.'s Maine Power Reliability Program Project subject to ISO New England approving the project in its regional system plan.
- Denied rehearing of an April 2009 order that granted incentives for Green Power Express' proposal to build approximately 3,000 miles of 765 kV transmission lines in the Midwest to facilitate the interconnection of nearly 12,000 MW of new wind generation.

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