

136 FERC ¶ 61,075  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

Peetz Logan Interconnect, LLC

Docket No. ER11-2970-000

ORDER CONDITIONALLY ACCEPTING IN PART AND REJECTING IN PART  
TARIFF FILING AND DIRECTING COMPLIANCE FILING

(Issued August 2, 2011)

1. In this order, the Commission, acting pursuant to section 205 of the Federal Power Act (FPA),<sup>1</sup> addresses an open access transmission tariff (OATT) filed by Peetz Logan Interconnect, LLC (Peetz Logan) in response to a request for third-party interconnection and transmission services over Peetz Logan's existing radial transmission facility. As discussed further below, the Commission will conditionally accept in part and reject in part Peetz Logan's proposed OATT, with certain modifications, to become effective March 1, 2011, and direct a subsequent compliance filing.

**I. Background**

2. Peetz Logan owns and operates an approximately 78.2 mile, 230 kV radial transmission line and related facilities located in northeastern Colorado that connects three affiliated wind generation projects to the Public Service Company of Colorado's (PSC Colorado) transmission system at the Pawnee substation. Peetz Logan provides transmission-only service to three affiliates, all of whom are indirect subsidiaries of NextEra Energy Resources, LLC.<sup>2</sup>

---

<sup>1</sup> 16 U.S.C. § 824d (2006).

<sup>2</sup> The Peetz Logan affiliates are: (1) Logan Wind Energy, LLC (Logan Wind); (2) Peetz Table Wind Energy (Peetz Table); and (3) Northern Colorado Energy Wind, LLC (Northern Colorado Wind) (collectively, NextEra Affiliates).

3. On February 1, 2008,<sup>3</sup> the Commission approved two long-term transmission service agreements, whereby Peetz Logan provides transmission services to two affiliates, Logan Wind and Peetz Table.<sup>4</sup> The February 2008 Order also granted waiver of Order Nos. 888,<sup>5</sup> 889,<sup>6</sup> 890,<sup>7</sup> and Part 358 of the Commission's regulations, along with the Commission's Standards of Conduct. The Commission also directed Peetz Logan to file a *pro forma* OATT within 60 days of receiving a third-party request for transmission service.<sup>8</sup>

4. Similarly, on March 4, 2010, the Commission approved a long-term transmission service agreement between Peetz Logan and its affiliate, Northern Colorado Wind,<sup>9</sup> along with amendments to its transmission service agreements with Logan Wind and Peetz Table.

---

<sup>3</sup> *Peetz Logan Interconnect, LLC*, 122 FERC ¶ 61,086 (2008) (February 2008 Order).

<sup>4</sup> Logan Wind owns and operates a 201 MW wind-generating facility and Peetz Table owns and operates a 199.5 MW wind-generating facility.

<sup>5</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>6</sup> *Open Access Same-Time Information System and Standards of Conduct*, Order No. 889, FERC Stats. & Regs. ¶ 31,035 (1996), *order on reh'g*, Order No. 889-A, FERC Stats & Regs. ¶ 31,049, *reh'g denied*, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

<sup>7</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>8</sup> February 2008 Order, 122 FERC ¶ 61,086, at n.20.

<sup>9</sup> Northern Colorado Wind owns and operates a 174.3 MW facility.

5. On March 16, 2010, Peetz Logan received a third-party request for transmission service from Arion Energy, LLC (Arion).

## **II. Peetz Logan's Filing**

6. On February 28, 2011, Peetz Logan filed its proposed OATT to govern the terms of new interconnection and transmission services on its existing radial line, in accordance with the direction provided by the Commission in its February 2008 Order, which required the filing of a *pro forma* OATT within 60-days of receiving a third-party request for OATT services.<sup>10</sup> Peetz Logan asserts that its proposed OATT follows the Commission's *pro forma* OATT to the extent possible, but contains certain deviations due to the unique nature of its radial line. Specifically, Peetz Logan explains that the proposed OATT includes non-conforming provisions that: (1) limit the applicability of the OATT with respect to the use of the line by the NextEra Affiliates; (2) refer scheduling services to the interconnected Transmission Operator, i.e., PSC Colorado; (3) establish an OATT administrator; and (4) limit the applicability of new requests for transmission services to conditional firm and conditional non-firm point-to-point transmission.<sup>11</sup> In addition, Peetz Logan requests waiver of the *pro forma* OATT provisions related to network service, ancillary services, Open Access Same-Time Information System (OASIS), the methodology for calculating available transfer capability (ATC), and various other OATT requirements which Peetz Logan contends are not necessary given the radial nature and use of its line. Finally, Peetz Logan proposes to modify or eliminate certain schedules and attachments and related definitions in the *pro forma* OATT.

## **III. Notice of Filing and Responsive Pleadings**

7. Notice of Peetz Logan's initial filing was published in the *Federal Register*, 76 Fed. Reg. 12,723 (2011), with protests or motions to intervene due on or before March 21, 2011. On March 21, 2011, Arion filed a protest and, on April 5, 2011, Peetz Logan filed an answer. Commission staff issued a data request directing Peetz Logan to provide additional information related to its submittal on April 29, 2011. Subsequently, on June 3, 2011, as amended on June 17, 2011, Peetz Logan filed its response to the data

---

<sup>10</sup> In its submittal, Peetz Logan concedes that it failed to meet the requirement established in the February 2008 Order by filing its proposed OATT nearly a year after Arion's request for interconnection and transmission services. We remind Peetz Logan that the failure to submit required filings on a timely basis may subject it to possible sanctions by the Commission.

<sup>11</sup> Transmittal Letter at 3-4.

request. Notices of Peetz Logan's data request responses were published in the *Federal Register*, 76 Fed. Reg. 35,210 (2011), with protests or motions to intervene due on or before June 24, 2011. Xcel Energy Services Inc. filed a timely motion to intervene and protest. Arion submitted late-filed comments in response to Peetz Logan's response to the deficiency letter, to which Peetz Logan filed an answer.

**A. Arion's Protest**

8. Arion states that it owns commercial and real property interests in South Platte Wind Farm (South Platte) and that Peetz Logan's existing radial facility bisects Arion's South Platte leasehold area. Arion asserts that its commercial prospects and investments are affected by its ability to interconnect to Peetz Logan's radial facility and procure transmission service to the interconnected grid system in Colorado.<sup>12</sup> For these reasons, Arion has concerns about Peetz Logan's OATT filing. First, Arion takes issue with Peetz Logan's failure to post an interconnection or transmission services queue, which Arion states "has been accompanied by Peetz Logan's apparent position that there is a project in front of Arion [in] the queue that is owned by the parent company of Peetz Logan, NextEra Energy Resources, LLC, or one of its affiliates or subsidiaries."<sup>13</sup> Secondly, Arion expresses concern that the terms of the OATT, including the Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA), may impose discriminatory terms on transmission customers that, (1) place limits on new customers securing firm point-to-point transmission service; (2) removes the *pro forma* language found in section 17.7 (Extensions for Commencement of Service) that allows entities to defer transmission service; and (3) allows existing customers to reserve priority on Peetz Logan's radial line and retain a higher level of transmission service without offering the same service to new users of this line. Arion also claims that Peetz Logan's methodology for calculating ATC has been the source of ongoing negotiations between the parties. In this regard, Arion questions the methodology and assumptions used by Peetz Logan with respect to wind speed and provisions for future interconnection requests.

9. Third, Arion argues that it has process concerns with the OATT filed by Peetz Logan, particularly as it affects Arion's position in an interconnection queue. Arion points out that it made its request to interconnect to Peetz Logan's radial transmission line on March 16, 2010, and has since made good faith efforts to begin the study process that is now outlined in the proposed OATT. Arion notes that Peetz Logan did not file the proposed OATT until nearly a year after it received Arion's request for service. Arion

---

<sup>12</sup> Arion Protest at 2.

<sup>13</sup> *Id.* at 2-3.

contends that Peetz Logan delivered a draft version of the proposed OATT on February 22, 2011, with a communication that Arion would be served an advance copy at the time the documents were filed with the Commission.<sup>14</sup> Arion indicates that it was not served with a copy of the OATT that was filed with the Commission until March 11, 2011. Therefore, Arion requests that the Commission direct Peetz Logan to re-start the interconnection process with Arion once the proposed OATT has been approved by the Commission.

10. Finally, Arion requests that the Commission reject the proposed OATT. Instead, the Commission should require Peetz Logan to include provisions that conform to the *pro forma* OATT, LGIP, and LGIA, with regard to the firm transmission service, the ability to defer or suspend taking transmission service or the construction of interconnection facilities, the calculation of ATC. In addition, it argues that the Commission should address Arion's concerns about Peetz Logan's failure to post an interconnection or transmission services queue. Arion also requests that the Commission direct Peetz Logan to confirm whether any entity was placed in Peetz Logan's interconnection queue before Arion's March 16, 2010 interconnection request.

#### **B. Peetz Logan's Answer**

11. Peetz Logan's answer reiterates its contention that transmission service under its proposed OATT should be limited to conditional firm and conditional non-firm transmission services, because its existing 230 kV line is a single circuit radial tie line. Peetz Logan asserts that pursuant to the Commission's requirements, Total Transfer Capability (TTC) must be calculated using a method that is consistent with NERC Standards MOD-028-1 (Area Interchange Methodology), MOD-029-1a (Rated System Path Methodology) or MOD-030-2 (Flowgate Methodology), and that each of these methodologies require transmission operators to take into account N-1 criteria. As such, in the case of a single circuit radial tie line, Peetz Logan states that the loss of the line itself is the N-1 criteria as there is no redundancy. Thus, according to Peetz Logan, because TTC is equal to zero, ATC, Capacity Benefit Margin and Transmission Reliability Margin are also zero. Therefore, Peetz Logan argues that its proposed OATT is not discriminatory because all that is technically available at any time on its line is conditional firm and conditional non-firm transmission services for both existing and new transmission customers.

12. Peetz Logan also acknowledges that it inadvertently removed Article 17.7 from the *pro forma* OATT. Peetz Logan affirms that once the Commission has issued an order in this proceeding, it will make a compliance filing that restores this provision.

---

<sup>14</sup> *Id.* at 3.

13. With regard to Arion's concerns about certain study assumptions in Peetz Logan's ATC calculation, Peetz Logan explains that technical issues, including wind speed and ambient temperature assumptions, are simply not included in the ATC methodology section, but they have been the subject of discussions with Arion. According to Peetz Logan, the Interconnection Feasibility Study (Feasibility Study) of Arion's request included an assumed wind speed of two feet per second, while Arion believes that a wind speed of four feet per second is appropriate. Peetz Logan explains that its two feet per second wind speed assumption was consistent with the initial line rating study conducted prior to the commissioning of the line. Moreover, Peetz Logan asserts that this wind speed is identical to the wind speed used by one of two adjacent utilities. Peetz Logan further explains that following several months of discussion with Arion, it has agreed to revisit its assumptions, taking into account good utility practice and the technical limitations of the line.<sup>15</sup> Peetz Logan claims that a revised Feasibility Study will be completed and tendered to Arion once Arion reimburses Peetz Logan for the additional costs for work on the initial Feasibility Study and projected costs associated with the revised study. However, Peetz Logan expresses concern over Arion's request that the Commission direct it to "re-start the interconnection process with Arion" following acceptance of the Peetz Logan OATT.<sup>16</sup>

14. Peetz Logan argues that, despite the fact that the proposed OATT was not submitted on a timely basis, Arion's March 16, 2010 service request did not meet the minimum standards for a completed application under section 17.2 of the LGIP.<sup>17</sup> Peetz Logan contends that, in a letter addressed to Peetz Logan and Peetz Table, Arion only stated that it was seeking to interconnect its proposed 200 MW project in "northeast Colorado." Peetz Logan asserts that it sent a request for additional information and on May 13, 2010, Arion submitted information sufficient to determine that the proposed project would be interconnected to Peetz Logan, rather than Peetz Table. Therefore, Peetz Logan contends that the proposed OATT should have been filed on July 12, 2010, the date of Arion's completed application.<sup>18</sup>

---

<sup>15</sup> Peetz Logan states that any future projects constructed by its affiliates will be treated on a comparable basis. Accordingly, the assumptions to by Peetz Logan would apply to all future requests by affiliates of Peetz Logan for additional firm service or for new or expanded generation development will be governed by the OATT.

<sup>16</sup> Answer at 3.

<sup>17</sup> *Id.* at 3-4.

<sup>18</sup> Peetz Logan Answer at 4.

15. Peetz Logan contends that once it received Arion's deposit for the Feasibility Study, it retained an outside consultant to conduct the Feasibility Study and the results were given to Arion on August 24, 2010. As discussed above, Peetz Logan states it had conference calls and agreed to revise certain assumptions to the Feasibility Study. Peetz Logan states that it tendered an Interconnection System Impact Study (System Impact Study) and suggested to Arion that it could simply include the revised assumptions in the System Impact Study. However, Arion requested that Peetz Logan submit a revised Feasibility Study that reflected the changed assumptions. Peetz Logan states that it asked Arion whether it intended to submit a transmission or interconnection request to PSC Colorado or would like Peetz Logan to make such a request on Arion's behalf. According to Peetz Logan, Arion stated that it did not wish to submit such a request to PSC Colorado at this time and, since then, PSC Colorado's Open Access Same Time Information System (OASIS) does not reflect that any such request was submitted. As such, Peetz Logan argues that, given its responsiveness to Arion's requests and Arion's comments in this proceeding, it is clear that the interconnection customer has not been harmed in any way by its delay in submitting the OATT.

16. Contrary to Arion's assertion, Peetz Logan contends that Arion was served with a copy of its proposed OATT on February 22, 2011, which was in advance of Peetz Logan's submission to the Commission.<sup>19</sup>

17. Finally, with respect to Arion's concerns over the Peetz Logan's failure to post an interconnection or transmission service queue, Peetz Logan points out that the Commission granted waiver of this requirement in its February 2008 Order.<sup>20</sup> Peetz Logan contends that the issue here is not whether the customer had enough information to evaluate its transmission needs, but whether a project has priority on Peetz Logan's line. Accordingly, Peetz Logan states that it will file a request for declaratory order to establish the existence of its affiliate's specific, pre-existing generation expansion plans with milestones for construction of generation, showing material progress toward meeting those milestones.<sup>21</sup>

---

<sup>19</sup> *Id.* at 5.

<sup>20</sup> *Id.* at 6.

<sup>21</sup> On June 23, 2011, in Docket No. EL11-46-000, NextEra Energy Resources, Inc. submitted a Petition for Declaratory Order to confirm priority rights with the Commission. The petition is currently pending before the Commission.

#### IV. Discussion

##### A. Procedural Matters

18. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2011), the timely, unopposed motions to intervene serves to make the entities that filed them parties to this proceeding.

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Peetz Logan's answer to Arion's protest because it has provided information that assisted us in our decision-making process.<sup>22</sup>

##### B. Substantive Matters

20. In Order No. 890, the Commission allowed transmission providers to propose non-rate terms and conditions that differ from the *pro forma* OATT established in Order No. 890 if those provisions are consistent with or superior to the *pro forma* OATT.<sup>23</sup> To the extent deviations from the *pro forma* OATT are necessary, we have found that applicant transmission owners must explain and support the deviations sufficiently,<sup>24</sup> and we will evaluate proposed OATT deviations on a case-by-case basis.<sup>25</sup> The Commission will only find that deviations from the *pro forma* OATT are just and reasonable if the filing party explains how the deviations in the proposed OATT are consistent with or superior to the *pro forma* OATT, or fully explains how the *pro forma* provisions are not applicable given the filing party's business model.<sup>26</sup>

---

<sup>22</sup> We will give consideration to Arion's July 26 response to Peetz Logan's response to Staff's deficiency letter in the proceeding at Docket No. EL11-46-000.

<sup>23</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 135, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>24</sup> *Chinook Power Transmission, LLC*, 126 FERC ¶ 61,134, at P 47, *order on reh'g*, 128 FERC ¶ 61,074 (2009).

<sup>25</sup> *Montana Alberta Tie, Ltd.*, 116 FERC ¶ 61,071, at P 55-60 (2006) (*MATL*).

<sup>26</sup> *Id.* P 60.

21. As discussed in greater detail below, we will accept in part and reject in part certain provisions in Peetz Logan's proposed OATT that deviate from the *pro forma* OATT, and direct a subsequent compliance filing.

## V. Peetz Logan's Proposed OATT

### A. Deviations Consistent with the *pro forma* OATT

22. In its response to Commission Staff's deficiency letter, Peetz Logan stated that, following its earlier submission, it "identified a number of items that will require modification in a compliance filing."<sup>27</sup> Specifically, Peetz Logan claims these modifications: (1) replace *pro forma* OATT phrases, sentences, and definitions that were inadvertently deleted from a voluminous number of OATT provisions; or (2) replace certain sections mistakenly deleted or changed with provisions consistent with or superior to the *pro forma* OATT.

23. In addition, Peetz Logan acknowledges a multitude of inadvertent errors (*e.g.*, deletion of the definition for ancillary services; removal of section 17.7 (Extensions for Commencement of Service); and referring to "Montana" instead of "Colorado" in Attachment K) that were made to its proposed OATT. As such, Peetz Logan commits to making a number of revisions to correct these deficiencies and errors in a compliance filing.

24. Below, we address multiple provisions filed by Peetz Logan in its initial filing that deviate from the Commission's *pro forma* OATT. However, on compliance, we will require Peetz Logan to file revised tariff pages to reflect the changes proposed subsequent to its initial filing.

#### 1. Designation of Transmission Provider

25. Peetz Logan states that the functions or duties performed by the Transmission Provider<sup>28</sup> under the *pro forma* OATT will be referred to PSC Colorado, including scheduling services.<sup>29</sup> According to Peetz Logan, all scheduling services and other

---

<sup>27</sup> Response to Data Request at 1.

<sup>28</sup> In its Data Request Response, Peetz Logan states the term "Transmission Operator" should be removed and replaced with "Transmission Provider," and commits to doing so in the compliance filing ordered in this proceeding. (*See* Response to Data Request at 6).

<sup>29</sup> *Id.* at 5. For example, Peetz Logan notes that all scheduling functions for the NextEra Affiliates are currently performed by PSC Colorado.

ancillary services for the NextEra Affiliates are currently provided by PSC Colorado. Peetz Logan notes that Schedule 1 of the *pro forma* OATT specifically states that “[t]his service can be provided only by the operator of the Control Area in which the transmission facilities used for the transmission services are located.”<sup>30</sup> Peetz Logan contends that, because it is not a Control Area Operator and is solely interconnected to PSC Colorado’s system, it makes sense that PSC Colorado would undertake this role.<sup>31</sup> Nevertheless, Peetz Logan suggests that if a transmission customer is unable to reach such arrangements with PSC Colorado, Peetz Logan commits to submit revised schedules at least 60 days in advance of the customer’s in-service dates.<sup>32</sup>

26. Moreover, Peetz Logan proposes to refer to itself as the “Transmitting Utility” under the proposed OATT, which it defines as the entity that “owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.” The proposed OATT Administrator will be designated as the Transmitting Utility’s agent for purposes of implementing the provisions of the Peetz Logan tariff.<sup>33</sup> According to Peetz Logan, this proposed change from the *pro forma* OATT adds clarity for transmission customers by identifying entities rendering specific transmission services under the proposed OATT. Peetz Logan claims that it cannot provide a number of services that must instead be procured from the interconnecting “Transmission Provider” or PSC Colorado.<sup>34</sup>

---

<sup>30</sup> Peetz Logan states that it simply delivers 100 percent of the power generated by the NextEra Affiliates to the point of interconnection with PSC Colorado, the Pawnee substation, in accordance with the power purchase agreements between PSC Colorado and the NextEra Affiliates.

<sup>31</sup> Peetz Logan argues that new customers are likely to enter into contractual agreements with PSC Colorado because there is no general market to which such power can be sold.

<sup>32</sup> Transmittal Letter at 5.

<sup>33</sup> See Proposed OATT at section 1.54.

<sup>34</sup> Data Request Response at 2.

### **Commission's Determination**

27. Peetz Logan asserts that its proposed OATT clarifies that it will not perform the traditional duties of a Transmission Provider. However, as discussed in *Terra-Gen I*,<sup>35</sup> the use of the term "Transmitting Utility" has broader legal ramifications. Specifically, "Transmitting Utility" is a term defined in section 3(23) of the FPA, and is not an OATT term.<sup>36</sup> In *Terra-Gen I*, the Commission also stated that owners of radial facilities would be subject to its jurisdiction under sections 205 and 206 of the FPA.<sup>37</sup> Nevertheless, we agree that a distinction should be made to recognize Peetz Logan's limited role as the owner, but not the operator, of its radial facility. We, therefore, will deny Peetz Logan's use of the term "Transmitting Utility," but will allow Peetz Logan to propose another term (one that that recognizes the Commission's legal concerns) in its compliance filing.

#### **2. OATT Administrator**

28. Peetz Logan proposes to establish an OATT Administrator to serve as the designated agent for purposes of implementing the OATT. According to Peetz Logan, this will allow it to consolidate responsibilities under the OATT with other affiliates of NextEra Energy Resources that also have been required to file an OATT.<sup>38</sup> Peetz Logan states that the OATT Administrator will be responsible for completing system impact studies for individual interconnection and transmission service requests, and it will coordinate interconnection service, operations, maintenance, and expansion of the Peetz Logan Line. However, Peetz Logan indicates that it will remain ultimately responsible for performance of all the transmitting utility's duties under the OATT.

---

<sup>35</sup> *Terra-Gen Dixie Valley, LLC*, 134 FERC ¶ 61,027, at P 35-39 (*Terra-Gen I*), *order on reh'g*, 135 FERC ¶ 61,134 (2011) (*Terra-Gen II*) (collectively, *Terra-Gen*).

<sup>36</sup> 16 U.S.C. § 796(23) (2006).

<sup>37</sup> 134 FERC ¶ 61,027 at P 35.

<sup>38</sup> Peetz Logan explains that an affiliate of NextEra Energy Resource is the OATT Administrator of the Sagebrush line in California. Similarly, Peetz Logan offers that Sky River, LLC, a subsidiary of NextEra Energy Resources, has been directed by the Commission to submit an OATT for the Wilderness line in California. Transmittal Letter at 5 (citing *Sky River, LLC*, 134 FERC ¶ 61,064 (2011)).

### **Commission's Determination**

29. Consistent with our determination in *Sagebrush*,<sup>39</sup> we find Peetz Logan's proposal to establish an OATT Administrator to serve as its agent for purposes of implementing the provisions of the OATT to be acceptable. The proposal will provide Peetz Logan with an opportunity to consolidate the responsibilities under the OATT with other affiliates for purposes of efficiency. Moreover, we find that this provision should help facilities coordinate between multiple entities in their respective locations, as well as in calculating ATC, completing system impact studies for transmission service requests, and coordinating interconnection service, operations, maintenance, and system expansion.

### **3. Network Service and Ancillary Services**

30. Peetz Logan requests waiver of the requirement to provide network service because it is a single transmission line that is unable to provide such service.<sup>40</sup> To that end, Peetz Logan has excluded from its proposed OATT all of the *pro forma* OATT references to native load customers, along with references to third-party sales and wholesale requirements customers, because Peetz Logan claims that it does not make any wholesale or retail power sales.

31. In addition, Peetz Logan requests waiver of the requirement to provide ancillary services to new customers of its radial line. Peetz Logan contends that it is a private transmission line that does not serve load, is not a Control Area and lacks the capability to provide ancillary services. Further, Peetz Logan states these services are such that they must be acquired from the Transmission Provider or performed in compliance with the Transmission Providers requirements.<sup>41</sup>

### **Commission's Determination**

32. Consistent with our decision in *Sagebrush*, we find that Peetz Logan's proposal to remove the above-described provisions from its proposed OATT for network service to be reasonable for the aforementioned reasons. We also find that Peetz Logan's exclusion of all *pro forma* references to native load customers, third-party sales, and wholesale requirements customers is appropriate and in keeping with our determinations in

---

<sup>39</sup> *Sagebrush, a California Partnership*, 130 FERC ¶ 61,093 (2010) (*Sagebrush*).

<sup>40</sup> Transmittal Letter at 5.

<sup>41</sup> Response to Data Request at 7.

*Sagebrush*.<sup>42</sup> Peetz Logan does not have native load customers and it does not make wholesale or retail power sales.

33. Consistent with our decisions in *Terra-Gen I and II*, we find that Peetz Logan has justified that its request for deletion of provisions for ancillary services is reasonable.<sup>43</sup> In prior cases, the Commission stated that waiver of these services was appropriate because transmission customers may either obtain these ancillary services from a third-party participating in an organized market or enter into appropriate agreements for similar service. Additionally, Peetz Logan's lack of native load customers and its limited generation resources provide further justification of its inability to provide such services and its position that it need not provide these services.<sup>44</sup> Therefore, we find that waiver of ancillary service schedules 1 through 6 and 9 is justified and consistent with our finding in *Terra-Gen I and II*, we will grant waiver of these provisions.<sup>45</sup>

#### **4. Transmission Planning Process**

34. Peetz Logan has proposed an Attachment K that describes its transmission planning process, including its planning methodology and criteria for how it will develop a transmission plan. Peetz Logan proposes to adopt the transmission planning process provisions adopted by the Commission in *MATL*,<sup>46</sup> because its project is only capable of providing point-to-point transmission service, and has no native load customers or captive customers from which it can assess planning-related costs.<sup>47</sup> Peetz Logan claims that its Attachment K is similar to those accepted by the Commission in other cases.

#### **Commission's Determination**

35. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is

---

<sup>42</sup> *Sagebrush*, 130 FERC ¶ 61,093 at P 30.

<sup>43</sup> *Terra-Gen I*, 134 FERC ¶ 61,027 at P 32-33.

<sup>44</sup> *Id.* at P 48, Response to Data Request at 7-9.

<sup>45</sup> *Id.* See also *Sagebrush*, 130 FERC ¶ 61,093 at P 29; *MATL*, 116 FERC ¶ 61,071 at P 58.

<sup>46</sup> Response to Data Request at 15 citing (*MATL, LLP*, 126 FERC ¶ 61,192 (2009)(*MATL*)).

<sup>47</sup> *Id.*

provided on a nondiscriminatory basis. One of the Commission's primary reforms was designed to address the lack of specificity regarding how customers and other stakeholders should be treated in the transmission planning process. To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles and to clearly describe that process in a new Attachment K to their OATT.<sup>48</sup>

36. The Commission also directed transmission providers to address the recovery of planning-related costs. The Commission explained that, although Order No. 890 allows for flexibility, each transmission provider has a clear obligation to address each of the nine principles in its transmission planning process, and that all of these principles must be fully addressed in the tariff language filed with the Commission. The Commission emphasized that tariff rules, as supplemented with web-posted business practices when appropriate,<sup>49</sup> must be specific and clear to facilitate compliance by transmission providers and place customers on notice of their rights and obligations.

37. After comparing Peetz Logan's Attachment K to the nine planning principles enacted in Order No. 890, we find that Peetz Logan's Attachment K complies with these principles.

##### **5. Request for Continuation of Waiver of the Commission's Standards of Conduct and OASIS Requirements**

38. Peetz Logan states that the Commission previously granted it waivers of the Commission's Standards of Conduct and OASIS requirements and argues that it continues to qualify for both of these waivers because its radial transmission line: (1) is not an integrated component of any electricity grid; and (2) was designed solely to provide transmission service to the NextEra Affiliates. Additionally, Peetz Logan states that it qualifies as a small utility because it annually transmits fewer than 4 million MWh.

39. Peetz Logan further argues that, due to the nature of a radial line, the information that would otherwise be included on an OASIS site would be of limited use in completing an evaluation. For all these reasons, Peetz Logan argues that the Commission should permit the continuation of its waiver of the OASIS requirements.

---

<sup>48</sup> The nine planning principles enumerated in Order No. 890 are concisely stated in Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 181.

<sup>49</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55.

### **Commission Determination**

40. The Commission will grant Peetz Logan's request for a continuation of its waiver of the Standards of Conduct and of the requirement to establish and maintain an OASIS site. These waivers are granted upon request to a utility that owns, operates, or controls only limited and discrete transmission facilities, rather than an integrated transmission grid. And that is the case here.

41. Moreover, the Commission has held that a waiver of Order No. 889 will remain in effect until the Commission takes action in response to a complaint to the Commission that an entity evaluating its transmission needs could not get the information necessary to complete its evaluation (for OASIS waivers) or an entity complains that the public utility has unfairly used its access to information about transmission to benefit the utility or its affiliate (for Standard of Conduct waivers).<sup>50</sup>

#### **B. Deviations Inconsistent with the *Pro Forma* OATT**

##### **1. Attachment C – Methodology to Access Available Transfer Capability and Conditional Transmission Services**

42. Peetz Logan requests waiver of certain Attachment C requirements, to the extent necessary to accept its proposed Attachment C provisions. In support of this proposal, Peetz Logan states that in establishing a methodology to calculate available transfer capability (ATC) on its radial line, it selected the Rated System Path Methodology (described in MOD-029-1) which was recently adopted by the North American Electric Reliability Corporation and approved by the Commission in Order No. 729.<sup>51</sup> However, Peetz Logan argues that, when applying this standard to a radial transmission line, ATC is not relevant because of the requirement that Total Transfer Capability (TTC) be calculated with consideration of the N-1 criteria. Hence, Peetz Logan alleges that, because the transfer capability on a radial transmission line equals zero under N-1

---

<sup>50</sup> *Entergy Mississippi, Inc. (Entergy)*, 112 FERC ¶ 61,228, at P 23 (2005) citing *Central Minnesota Municipal Power Agency*, 79 FERC ¶ 61,260, at 62,127 (1997); *Easton Utilities Commission*, 83 FERC ¶ 61,334, at 62,343 (1998); *Terra-Gen II*, 134 FERC ¶ 61,021, at P 9-13 (2011).

<sup>51</sup> *Mandatory Reliability Standards for the Calculations of Available Transfer Capability, Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Order No. 729, 129 FERC ¶ 61,155 (2009), *order on reh'g*, Order No. 729-A, 131 FERC ¶ 61,109, *order on reh'g*, Order No. 729-B, 132 FERC ¶ 61,027 (2010).

criteria, then ATC also equals zero.<sup>52</sup> According to Peetz Logan, it is not feasible for it to offer the conventional products of firm and non-firm transmission services, because they require a greater degree of reliable delivery than can be provided by a radial transmission line.<sup>53</sup> Therefore, Peetz Logan proposes to only provide conditional firm and conditional non-firm point-to-point transmission services under its OATT.

### **Commission's Determination**

43. In Order No. 890, the Commission required a Transmission Provider to clearly identify which methodology it employs for calculating available capacity (*e.g.*, contract path, network ATC, or network Available Flowgate Capacity (AFC)). The transmission provider must also describe in detail the specific mathematical algorithms used to calculate firm and non-firm ATC (and AFC, if applicable) for scheduling, operating, and planning horizons.<sup>54</sup> The mathematical algorithms must be posted on the Transmission Provider's website, with the link noted in the Transmission Provider's Attachment C.<sup>55</sup> Further, the Transmission Provider must include a process flow diagram that illustrates the various steps through the ATC/AFC is calculated and a detailed explanation of how each of the ATC components is calculated for both the operating and planning horizons.

44. We find that Peetz Logan's Attachment C fails to comply with the requirements set out in Order No. 890 for calculating ATC. As an initial matter, Peetz Logan's Attachment C does not provide the mathematical algorithms for calculating ATC for the scheduling, operating, and planning horizons. Peetz Logan's Attachment C merely states that the methodology for Attachment C is not applicable to radial transmission lines because TTC and ATC are zero. Additionally, Peetz Logan has not provided a process flow diagram illustrating the steps of its ATC calculation process. Peetz Logan's Attachment C also fails to include a link to its website where the data and the mathematical algorithms can be found. We also find that Peetz Logan has not provided the definitions for the ATC components (*i.e.*, Total Transfer Capability, Existing Transfer Capability, and Capacity Benefit Margin) and therefore Peetz Logan has not complied with the requirements of Order No. 890.<sup>56</sup>

---

<sup>52</sup> Transmittal Letter at 4.

<sup>53</sup> *Id.*

<sup>54</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 323 and *pro forma* OATT, Attachment C.

<sup>55</sup> *Id.* P 325, 328.

<sup>56</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 233-277.

45. With regard to Attachment C-1, we reject Peetz Logan's proposed methodology to assess available conditional transfer capability for firm and non-firm transmission service under the tariff. The proposed modifications replace the requirements of Attachment C with a methodology that assumes service under the tariff is conditional, while existing users would continue to have firm service. Additionally, Attachment C-1 provides service priority based on firm service with the lowest risk of curtailment without explaining how risk of curtailment would be assessed for each customer. In Order No. 890, we stated conditional firm service is subject to pro rata curtailment consistent with curtailment of other long-term firm service during non-conditional periods.<sup>57</sup> Because the system condition of the line not being in service applies to all users of the line, existing users and new customers with conditional firm service should be curtailed on a pro rata basis. Therefore, we find that the proposed modifications are not consistent with or superior to the *pro forma* OATT.

46. In response to the Staff's deficiency letter, Peetz Logan provided information on its radial line's actual capacity. Peetz Logan stated that the available capacity on the line is the difference between existing uses of 575 MW and the Facility Rating of 661 MVA (megavolt amperes).<sup>58</sup> Capacity available for future use could be as little as 33 MW or as much as 86 MW depending on where new generation might interconnect and the characteristics of the new generation. According to Peetz Logan, it would provide conditional firm transmission service through the use of seasonal or ambient air adjusted dynamic ratings to achieve higher line loading. Peetz Logan argues that it must use the N-1 methodology to compute transfer capability.<sup>59</sup> We reject this contention for the same reasons we rejected an identical proposal in *Terra-Gen II*. As we stated in *Terra-Gen II*,<sup>60</sup>

it is illogical for Terra-Gen to state that TTC on the Dixie Valley Line is zero, while simultaneously arguing that there is capacity available to

---

<sup>57</sup> *Id.* P 1074

<sup>58</sup> The Facility Rating of the Peetz Logan Line is the most limiting component of the Line, based on the static summer rating of the transmission line conductor. Assuming a power factor between 95 percent and 100 percent, 661 MVA equates to an available capacity of between 628 and 661 MW.

<sup>59</sup> The N-1 methodology shows what happens to the rest of the system when a line is taken out of service. However, with a single radial line system, there is no rest of the system. Thus, this methodology has no meaning in this context.

<sup>60</sup> 135 FERC ¶ 61,134 at P 51-52.

accommodate any grandfathered service but not service for other potential users. Insofar as Terra-Gen's Attachment C will always yield a TTC value of zero regardless of the line's actual capacity, we find that such methodology is not consistent with or superior to the *pro forma* tariff, and is thus not just and reasonable.

. . . application of the N-1 analysis in computing transfer capability makes little sense because the Dixie Valley Line is a radial tie line, and do not find it to be reasonable. This standard, as applied to the Dixie Valley Line, will always result in zero for ATC and TTC, regardless of whether there may actually be capacity available.

These same findings are equally applicable to Peetz Logan. We will direct Peetz Logan to re-file Attachment C establishing the TTC value for the line in compliance with the requirements of Order No. 890, while taking into consideration the most limiting component of the line, electrical characteristics, or other factors (such as ground clearance) that impact reliable operation, and which is consistent with the fact that an allocation of capacity to existing users implies that TTC on the Peetz Logan line must exceed zero.

47. Arion protests certain assumptions used by Peetz Logan in Arion's Feasibility Study. In its Answer, Peetz Logan responded that it has reconsidered Arion's request and will conduct a revised study at cost. If this resolution is not acceptable to Arion, it may use the dispute resolution procedures under Peetz Logan's tariff or make a section 206 filing with the Commission that contains sufficient details and support to allow for Commission review.

## **2. Proposed Schedule 12**

48. Peetz Logan proposes to include a new Schedule 12, Reliability Requirements for Generation Resources Connected to the Transmitting Utility's Transmission System, which requires generating resources connected to its generation tie line to self-supply frequency response and regulation and generator imbalance to PSC Colorado's bulk electric system.<sup>61</sup>

### **Commission Determination**

49. Peetz Logan contends that its newly proposed Schedule 12 sets forth the applicable requirements to self-supply or arrange for certain ancillary services for

---

<sup>61</sup> Transmittal Letter at 8.

scheduled deliveries on it generation tie line. Peetz Logan also states that the service on a generation tie line is akin to “rent” and no scheduling or dispatch services are provided.<sup>62</sup> The connecting generation resources will need to meet the ancillary service requirements of PSC Colorado but that is requirement outside the scope of Peetz Logan’s OATT. Further, absent scheduled deliveries on the generation tie line, of which there appear to be none, Schedule 12 is inapplicable. The Commission rejects the inclusion of Schedule 12 in the proposed OATT.

### **C. Grandfathering of Existing Transmission Service Agreements**

50. Peetz Logan argues that its previously accepted transmission service agreements with the NextEra Affiliates should be grandfathered. Peetz Logan’s proposed OATT modifies section 2.2 to vest existing transmission service customers, NextEra Affiliates, with the right to continue taking service under the terms of the transmission service agreements that have been previously approved by the Commission, rather than taking service under the proposed OATT.<sup>63</sup> However, Peetz Logan explains that the proposed OATT, which provides conditional firm and non-firm point-to-point transmission service, would govern any future request by the NextEra Affiliates for additional service or for service for new or expanded generation development.

### **Commission Determination**

51. The Commission will not accept section 2 (Priority for Transmission Service) of Peetz Logan’s proposed OATT, as it is the subject of a pending proceeding in Docket No. EL11-46-000. In that proceeding, Peetz Logan has filed a petition for declaratory order requesting a Commission ruling on whether the NextEra Affiliates are entitled to priority transmission capacity rights over the Peetz Logan radial line. At this time, we are unable to accept proposed tariff provisions that pertain to priority transmission rights for existing customers of the Peetz Logan radial facility.

---

<sup>62</sup> Data Request at 7.

<sup>63</sup> We note that Peetz Logan refers to section 2.3, but neglected to file the actual tariff section for the Commission to review. We direct Peetz Logan to include this provision in the compliance filing that it must file with the Commission within 30 days of the date of issuance of this order.

The Commission orders:

(A) Peetz Logan is hereby directed to file, within 30 days of the date of issuance of this order, revisions and certain clarifications to its proposed OATT, as discussed in the body of this order.

(B) Peetz Logan's OATT is hereby conditionally accepted in part and rejected in part, effective March 1, 2011, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.