

141 FERC ¶ 61,073
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony T. Clark.

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| American Municipal Power, Inc. | Docket Nos. EL13-1-000 |
| Illinois Municipal Electric Agency | EL13-2-000 |
| Kentucky Municipal Power Agency | EL13-3-000 |
| Southern Illinois Power Cooperative | EL13-4-000 |
| Northern Illinois Municipal Power Agency | EL13-5-000 |
| Missouri Joint Municipal Electric Utility Commission | EL13-6-000 |
| Indiana Municipal Power Agency | EL13-7-000 |
| Prairie Power, Inc. | EL13-8-000 |
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| Lively Grove Energy Partners, LLC | ER12-2353-000 |
| Prairie Power, Inc. | EL12-90-000 |
| American Municipal Power, Inc. | EL12-91-000 |
| Southern Illinois Power Cooperative | EL12-92-000 |
| Illinois Municipal Electric Agency | EL12-93-000 |
| Kentucky Municipal Power Agency | EL12-94-000 |
| Missouri Joint Municipal Electric Utility Commission | EL12-95-000 |
| Northern Illinois Municipal Power Agency | EL12-96-000 |
| Indiana Municipal Power Agency | EL12-97-000 (Consolidated) |

ORDER ACCEPTING REVISED AND SUPERSEDING PROPOSED REVENUE
REQUIREMENTS AND CONSOLIDATING PROCEEDINGS

(Issued October 31, 2012)

1. In this order, we accept for rate recovery purposes the revised and superseding proposed revenue requirements for Reactive Supply and Voltage Control from Generation and Other Sources Service (reactive power) for the Prairie State Energy Campus¹ submitted by Prairie Power, Inc. (Prairie Power), American Municipal Power,

¹ The Prairie State Energy Campus consists of two coal-fired electric generating units (Unit 1 and Unit 2) and is located in Washington County, Illinois.

Inc. (American Municipal), Southern Illinois Power Cooperative (Southern Illinois), Illinois Municipal Electric Agency (Illinois Municipal), Kentucky Municipal Power Agency (Kentucky Municipal), Missouri Joint Municipal Electric Utility Commission (Missouri Municipal), Northern Illinois Municipal Power Agency (Northern Illinois), and Indiana Municipal Power Agency (Indiana Municipal) (collectively, the Filing Parties), with the revenue requirement applicable to Unit 1 to become effective October 1, 2012, subject to refund, and with the revenue requirement applicable to Unit 2 to become effective December 1, 2012, subject to refund, and conditioned on the approval of Unit 2 as a Qualified Generator.² We also set these proposed revenue requirements for hearing and consolidate these proceedings with the dockets consolidated and set for hearing in *Lively Grove Energy Partners, LLC*.³

I. Background

2. On July 30, 2012, pursuant to section 205 of the Federal Power Act (FPA),⁴ Lively Grove Energy Partners, LLC (Lively Grove) filed proposed rate schedules for reactive power⁵ and the Filing Parties submitted proposed revenue requirements for reactive power for rate recovery purposes for their investment in the Prairie State Energy Campus. On September 28, 2012, the Commission accepted Lively Grove's proposed rate schedules for filing, suspended them for a nominal period, with the revenue requirement applicable to Unit 1 to become effective October 1, 2012, subject to refund, and with the revenue requirement applicable to Unit 2 to become effective December 1, 2012, subject to refund, and conditioned on the approval of Unit 2 as a Qualified Generator under Schedule 2 of the Tariff, and set them for hearing and settlement judge procedures. With respect to the Filing Parties' proposed revenue requirements, the

² A Qualified Generator is defined in the Midwest Independent Transmission System Operator, Inc. (MISO) Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) as "The Generation Resource(s) having the technical capability of providing reactive supply and voltage control as determined by the Transmission Provider in accordance with the provisions specified in Schedule 2 of this Tariff." MISO, FERC Electric Tariff, section 1.528.

³ See *Lively Grove Energy Partners, LLC*, 140 FERC ¶ 61,252 (2012) (*Lively Grove*).

⁴ 16 U.S.C. § 824d (2006).

⁵ Lively Grove Energy Partners, LLC, FERC Electric Tariff, Reactive Power Revenue, LGE Reactive Power Rate Schedule, 1.0.0; Lively Grove Energy Partners, LLC, FERC Electric Tariff, Reactive Power Revenue, LGE Reactive Power Rate Schedule, 2.0.0.

Commission instituted, under section 206 of the FPA,⁶ a proceeding concerning the justness and reasonableness of the proposed revenue requirements and also established hearing and settlement judge procedures. The Commission stated that the effective date for any revenue requirement of the Filing Parties will be the date the Commission makes a revenue requirement effective when it issues an order approving a revenue requirement following the hearing and settlement judge procedures. The Commission noted that the Filing Parties retained the opportunity to file a new, superseding filing with a commitment to provide refunds in order to establish a different effective date.⁷

3. On October 1, 2012, the Filing Parties submitted revised and superseding proposed revenue requirements in order to make explicit their commitment to provide refunds with interest for any difference between: (1) the reactive power revenue requirement that each filing party proposes for its share of the Prairie State Energy Campus; and (2) the revenue requirement ultimately approved by the Commission following the hearing and settlement judge procedures established in *Lively Grove*. The Filing Parties state that their revised filings make no other changes to their July 30, 2012 submittals.

II. Notices of Filings and Responsive Pleadings

4. Notice of American Municipal's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,596 (2012), with interventions and protests due on or before October 11, 2012.

5. Notice of Illinois Municipal's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,595 (2012), with interventions and protests due on or before October 11, 2012.

6. Notice of Kentucky Municipal's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,595 (2012), with interventions and protests due on or before October 11, 2012.

7. Notice of Southern Illinois' Filing was published in the *Federal Register*, 77 Fed. Reg. 61,595 (2012), with interventions and protests due on or before October 11, 2012.

8. Notice of Northern Illinois' Filing was published in the *Federal Register*, 77 Fed. Reg. 61,595 (2012), with interventions and protests due on or before October 11, 2012.

⁶ 16 U.S.C. § 825e (2006).

⁷ *Lively Grove*, 140 FERC ¶ 61,252 at P 47 and n.59.

9. Notice of Missouri Municipal's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,594 (2012), with interventions and protests due on or before October 11, 2012.
10. Notice of Indiana Municipal's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,594 (2012), with interventions and protests due on or before October 11, 2012.
11. Notice of Prairie Power's Filing was published in the *Federal Register*, 77 Fed. Reg. 61,594 (2012), with interventions and protests due on or before October 11, 2012.
12. Timely motions to intervene were filed by MISO in all dockets. Ameren Services Company, on behalf of its public utility affiliates Ameren Illinois Company and Ameren Energy Marketing (collectively, Ameren), filed timely motions to intervene and protests in Docket Nos. EL13-2-000, EL13-4-000, and EL13-8-000. Ameren filed timely motions to intervene in Docket Nos. EL13-1-000, EL13-3-000, EL13-5-000, EL13-6-000, and EL13-7-000.

III. Discussion

A. Procedural Matters

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the timely, unopposed motions to intervene serve to make MISO and Ameren parties to this proceeding.

B. Substantive Matters

1. Protests

14. Ameren reiterates the protests it filed in the *Lively Grove* proceeding, claiming that Prairie Power, Southern Illinois, and Illinois Municipal have failed to demonstrate that their proposed rates are just and reasonable. In addition, Ameren contends that because, to its knowledge, Prairie State Generating Company, Prairie Power, and Southern Illinois all do not use the Commission's Uniform System of Accounts, no opportunity has been given to ensure the proposed rates only include appropriately allocated costs.⁸

⁸ Ameren Protest in Docket Nos. EL13-4-000 and EL13-8-000 at 5.

2. Commission Determination

15. As we found in *Lively Grove*, the Filing Parties' proposed revenue requirements raise issues of material fact that cannot be resolved based on the record before us and are more appropriately addressed in the hearing and settlement judge procedures ordered below. Because the issues in these eight dockets raise common issues of fact and law that are identical to those raised by the filings in the *Lively Grove* proceeding, we will consolidate the instant filings with the dockets consolidated for the purposes of hearing and decision and settlement judge procedures in *Lively Grove*.

16. As stated in *Lively Grove*, our preliminary analysis of the submittals indicates that the Filing Parties' proposed revenue requirements have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Accordingly, we will set them for hearing and settlement judge procedures. While Ameren has only raised issues of material fact specific to revenue requirements proposed by Prairie Power, Southern Illinois, and Illinois Municipal, the disputed issues raised by Ameren are applicable to the proposed revenue requirements of all of the Filing Parties because the revenue requirements share similar costs, rates of return, and scheduled implementation.

17. In addition, we note that the Filing Parties have committed to making refunds with interest for any difference between the reactive power revenue requirements proposed and the revenue requirements ultimately approved by the Commission following the hearing and settlement judge procedures established in *Lively Grove*. We will therefore accept the Filing Parties' proposed revenue requirements for rate recovery purposes, with the revenue requirement applicable to Unit 1 to become effective October 1, 2012, subject to refund, and with the revenue requirement applicable to Unit 2 to become effective December 1, 2012, subject to refund, and conditioned on approval of Unit 2 as a Qualified Generator under Schedule 2 of the Tariff.

The Commission orders:

(A) The Filing Parties' proposed revenue requirements are hereby accepted for rate recovery purposes, with the revenue requirement applicable to Unit 1 to become effective October 1, 2012, subject to refund, and with the revenue requirement applicable to Unit 2 to become effective December 1, 2012, subject to refund, and conditioned on approval of Unit 2 as a Qualified Generator under Schedule 2 of the Tariff, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), a

public hearing shall be held concerning the Filing Parties' proposed revenue requirements. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraph (C) and (D) below.

(C) The Filing Parties' submittals are hereby consolidated with the dockets consolidated and set for hearing and settlement judge procedures in *Lively Grove* for the purpose of hearing and decision and settlement judge procedures, as discussed in the body of this order.

(D) The settlement judge or presiding judge, as appropriate, designated in the dockets consolidated and set for hearing and settlement judge procedures in *Lively Grove* and in this order shall determine the procedures best suited to accommodate the consolidation ordered herein.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.