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FERC Partially Accepts Order No. 1000 Filings for SPP, Southeast Region

The Federal Energy Regulatory Commission (FERC) today found that Southwest Power Pool (SPP) and participants in the Southeastern Regional Transmission Planning Process (SERTP) have partially complied with Order No. 1000, but directed them to make certain changes. FERC also granted Electric Energy Inc.'s request for a waiver of Order No. 1000 requirements because the company controls limited and discrete transmission facilities that do not form an integrated transmission grid.

SERTP is the regional transmission planning process for a number of public and non-public utility transmission providers in the Southeast. While accepting Order No. 1000 filings by Louisville Gas and Electric Co. and Kentucky Utilities Co., Southern Company subsidiaries and Ohio Valley Electric Corporation, FERC directed them to file a revised cost-allocation method.

As in other Order No. 1000 compliance orders, the Commission said an avoided-cost method may be appropriate to measure benefits for transmission projects driven by reliability concerns, but it does not account for other benefits associated with projects addressing economic or public policy-related transmission needs. Thus, the use of this single method for all projects in the SERTP region fails to meet Order No. 1000's requirement that costs must be allocated in a way that is at least roughly commensurate with estimated benefits.

In the SPP order, FERC said the compliance filing includes a cost allocation method that allocates costs in a manner that is at least roughly commensurate with estimated benefits and does not involuntarily allocate costs to those who receive no benefits. However, SPP must provide greater detail about procedures for identifying regional transmission needs driven by public policy requirements. FERC also found that SPP complied in part with the requirement to eliminate from its jurisdictional tariffs and agreements provisions that establish a federal right of first refusal for an incumbent transmission provider.

The further compliance filings are due within 120 days of today's orders.

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