

145 FERC ¶ 61,072  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Owensboro Municipal Utilities

v.

Docket No. EL13-79-000

Louisville Gas and Electric Company and Kentucky  
Utilities Company

ORDER ON COMPLAINT

(Issued October 25, 2013)

1. On July 23, 2013, pursuant to section 206 of the Federal Power Act (FPA)<sup>1</sup> and Rule 206 of the Commission's Rules of Practice and Procedure,<sup>2</sup> Owensboro Municipal Utilities (Owensboro) filed a complaint against Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU, and collectively, LG&E/KU). Owensboro alleges that LG&E/KU has, in violation of section 22.1 of LG&E/KU's Open Access Transmission Tariff (OATT), imposed additional charges against Owensboro when Owensboro has redirected its firm point-to-point transmission service on a non-firm basis.<sup>3</sup> As discussed below, we grant the relief requested by Owensboro and order refunds.

**I. Background**

2. In approving the proposed merger of LG&E and KU, the Commission found that the proposed merger raised potential competitive concerns with respect to certain

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<sup>1</sup> 16 U.S.C. § 824e (2006).

<sup>2</sup> 18 C.F.R. § 385.206 (2013).

<sup>3</sup> Owensboro Complaint at 1.

customers.<sup>4</sup> Consequently, the Commission conditioned its approval of the merger on LG&E/KU's continued participation in Midwest Independent Transmission System Operator, Inc. (MISO).<sup>5</sup>

3. In October 2005, LG&E/KU sought the Commission's authorization to withdraw from MISO.<sup>6</sup> The Commission approved the proposed withdrawal subject to the condition that LG&E/KU shield certain customers from the re-pancaking of rates for transmission service between LG&E/KU's transmission system and the remaining members of MISO.<sup>7</sup>

4. On July 26, 2006, LG&E/KU filed Rate Schedule 402, which was an agreement among LG&E/KU and specified customers, including Owensboro, that outlines the requirement that LG&E/KU waive charges for transmission service between the LG&E/KU and MISO service territories.<sup>8</sup> Specifically, pursuant to section 1(a) of Rate Schedule 402, LG&E/KU committed to shield the parties to Rate Schedule 402 from any re-pancaking of rates for a Merger Mitigation De-pancaking (MMD) Transaction, which is defined to mean "any transaction that: (a) sources in the [MISO] and sinks in [the LG&E/KU] control area; or (b) sources in [the LG&E/KU] control area and sinks in the [MISO]."<sup>9</sup> As relevant here, LG&E/KU agreed to waive its transmission and ancillary services charges that the customers such as Owensboro would have otherwise incurred to

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<sup>4</sup> See *Louisville Gas & Elec. Co.*, 82 FERC ¶ 61,308, at 62,222-223 (1998). (Merger Order) ("Our approval of the merger is based on LG&E and KU's continued participation in the Midwest ISO.").

<sup>5</sup> *Id.* Effective April 26, 2013, MISO changed its name from "Midwest Independent Transmission System Operator, Inc." to "Midcontinent Independent System Operator, Inc."

<sup>6</sup> LG&E Energy LLC, Application, Docket Nos. ER06-20-000 and EC06-4-000 (filed Oct. 7, 2005).

<sup>7</sup> *Louisville Gas & Elec. Co.*, 114 FERC ¶ 61,282, at P 112 (2006) (Withdrawal Order).

<sup>8</sup> E.ON U.S., LLC, Application, Docket No. ER06-1279-000, att. 1 (filed July 26, 2006), Owensboro Complaint Att. B (Rate Schedule 402), *accepted by E.ON U.S., LLC*, Docket No. ER06-1279-000 (Aug. 28, 2006) (delegated letter order); *see also* LG&E/KU Answer at 6.

<sup>9</sup> *See* Rate Schedule 402 at 1-2.

transmit electricity to or from the MISO region.<sup>10</sup> Section 1(a) of Rate Schedule 402 also specifies that transmission service for any MMD Transaction is to be provided at the rates, terms and conditions of LG&E/KU's OATT.<sup>11</sup> Additionally, section 1(b) of Rate Schedule 402 sets forth specific terms for transmission service associated with "SEPA Power Transactions."<sup>12</sup>

5. According to Owensboro, it holds a five-year firm point-to-point transmission service reservation from its generating station in LG&E/KU's service territory to MISO.<sup>13</sup> On various occasions, Owensboro has requested that its firm transmission service to the MISO region be redirected to the PJM region, for which LG&E/KU charged Owensboro rates for peak and off-peak non-firm point-to-point transmission service and ancillary services under the OATT.<sup>14</sup>

## II. Complaint

6. In its complaint, Owensboro disputes the charges assessed by LG&E/KU on those occasions that Owensboro has redirected its firm point-to-point transmission service from MISO delivery points to secondary delivery points in PJM.<sup>15</sup> Owensboro argues that LG&E/KU's assessment of the peak and off-peak rates for non-firm transmission service in this case violates the plain language of section 22.1 of the OATT and conflicts with the

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<sup>10</sup> *Id.* at 2; LG&E/KU Answer at 7-8.

<sup>11</sup> Rate Schedule 402 at 2; LG&E/KU Answer at 7.

<sup>12</sup> Rate Schedule 402 at 4-5. Section 1(b) of Rate Schedule 402 is different from section 1(a) in that it specifies a "\$0" charge for wheels that source in the LG&E/KU control area and sink in the MISO region. Section 1(b)(i) permitted "SEPA Municipals" and their designees to make a one-time election to use "discounted transmission service" to the Tennessee Valley Authority (TVA) interface for the remainder of 2006. In the event that such an election was made, and "if a reservation at TVA is accepted, but TLRs cause curtailment at the TVA interface," section 1(b)(ii) permitted "SEPA Municipals" and their designees to redirect transactions to MISO at no charge. Rate Schedule 402 at 4-5.

<sup>13</sup> Owensboro Complaint at 3-4. Owensboro also has three five-year firm point-to-point reservations to PJM Interconnection, L.L.C. (PJM), and has purchased monthly firm point-to-point transmission service to both PJM and MISO. *Id.*

<sup>14</sup> *See id.* at 5-6.

<sup>15</sup> *Id.* at 5. Owensboro avers that since 2010, LG&E/KU has shown "little or no interest in purchasing" Owensboro's surplus capacity and energy. *Id.* at 3 n.3.

Commission's precedent.<sup>16</sup> According to Owensboro, section 22.1 provides that service may be redirected without incurring an additional non-firm point-to-point transmission service charge.<sup>17</sup> Moreover, Owensboro contends that the Commission has previously interpreted essentially identical tariff provisions to prohibit the additional charges that LG&E/KU has imposed.<sup>18</sup>

7. Owensboro also argues that the waiver of charges for transmission and ancillary services under Rate Schedule 402 does not alter Owensboro's rights under section 22.1 of the OATT.<sup>19</sup> Regardless of the fact that LG&E/KU has waived the applicable rate for its firm transmission service reservation, Owensboro maintains that the firm point-to-point transmission service Owensboro has acquired entitles it to redirect that service on a non-firm basis without incurring a separate charge for non-firm transmission service.<sup>20</sup> Moreover, Owensboro asserts that it does not receive free service under Rate Schedule 402.<sup>21</sup> Rather, Owensboro contends that it bargained for the waiver provided under Rate Schedule 402 in exchange for its commitment not to contest LG&E/KU's withdrawal from the MISO membership.<sup>22</sup>

8. Owensboro asserts that the non-firm charges assessed by LG&E/KU violate the filed rate and, therefore, must be refunded.<sup>23</sup> Owensboro observes that the Commission

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<sup>16</sup> *Id.* at 9-13.

<sup>17</sup> *Id.* at 9.

<sup>18</sup> *Id.* at 9-13 (citing *City of Holland v. Midwest Indep. Transmission Sys. Operator, Inc.*, 111 FERC ¶ 61,105, at P 11 (2005) (*City of Holland*); *DTE Energy Trading, Inc. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 111 FERC ¶ 61,062 (2005) (*DTE Energy*)).

<sup>19</sup> *Id.* at 13-16.

<sup>20</sup> *Id.* at 15.

<sup>21</sup> *Id.* at 13-14.

<sup>22</sup> *Id.* at 14. Owensboro draws an analogy between LG&E/KU's assessment of non-firm transmission service charges in this case to an airline imposing a substantial fee when a customer attempts to redeem his or her frequent flyer miles. *Id.* at 16.

<sup>23</sup> *Id.* at 16-20.

has ample authority to order refunds for prior periods where the rates assessed were contrary to the filed rate.<sup>24</sup>

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

9. Notice of Owensboro's complaint was published in the *Federal Register*, 48 Fed. Reg. 45,922 (2013), with interventions, protests, and LG&E/KU's answer due on or before August 12, 2013. LG&E/KU filed an answer to Owensboro's complaint. Owensboro filed an answer in response to LG&E/KU's answer.

10. LG&E/KU argues that Rate Schedule 402 does not require the waiver of charges for transmission and ancillary services with respect to Owensboro's redirect service to PJM.<sup>25</sup> LG&E/KU explains that Rate Schedule 402 only requires the waiver of charges for transmission and ancillary services for "MMD Transactions," which, as defined, include sales of electricity that is generated in the LG&E/KU service territory and sinks in the MISO region.<sup>26</sup> LG&E/KU reasons that Rate Schedule 402 does not afford a waiver for transactions that sink in PJM.<sup>27</sup> Thus, LG&E/KU posits that Owensboro's arguments conflict with the plain language of Rate Schedule 402.<sup>28</sup>

11. LG&E/KU additionally emphasizes that nothing in Rate Schedule 402 states that the waiver applicable to transactions that sink in MISO may be redirected, or that LG&E/KU is required to reduce its transmission charges when any party to Rate Schedule 402 requests transmission service sinking anywhere but MISO.<sup>29</sup> LG&E/KU argues that section 1(b)(ii) of Rate Schedule 402 specifically provides for no-charge redirects for "SEPA Power Transactions" if their as-available transmission to the interface between LG&E/KU and TVA, provided at \$0, is curtailed by TVA.<sup>30</sup>

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<sup>24</sup> *Id.* at 17-18.

<sup>25</sup> LG&E/KU Answer at 10-13.

<sup>26</sup> *Id.* at 9-10.

<sup>27</sup> *Id.* at 10.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 12.

According to LG&E/KU, the absence of such specific redirect language for MMD Transactions indicates that redirects were not intended for MMD Transactions.<sup>31</sup>

12. LG&E/KU argues that where the terms of a contract are clear and unambiguous, the Commission has found that the terms of the contract are controlling.<sup>32</sup> LG&E/KU, therefore, suggests that the Commission need look no further than the text of Rate Schedule 402 to deny the relief requested by Owensboro.<sup>33</sup> LG&E/KU points out, however, that even assuming that further evidence is required to determine the intended scope of Rate Schedule 402, the Withdrawal Order did not require LG&E/KU to shield customers such as Owensboro from re-pancaking of transmission rates to PJM.<sup>34</sup>

13. LG&E/KU contends that Owensboro was billed correctly for its redirected service to PJM because LG&E/KU did not assess an “additional” charge in violation of section 22.1.<sup>35</sup> Rather, LG&E/KU claims that it merely ceased to apply the waiver established in Rate Schedule 402 because that waiver only applies to transmission service to MISO. According to LG&E/KU, prior to filing its complaint, Owensboro advocated that the appropriate charge for the redirected service in question should be a prorated version of LG&E/KU’s annual firm point-to-point transmission service charge; however, LG&E/KU states that no such rate exists under the OATT.<sup>36</sup> Thus, LG&E/KU argues that the hourly rate for non-firm transmission service provided in the OATT was the appropriate charge in those instances that Owensboro redirected service to PJM. LG&E/KU adds that such a rate is consistent with the service being provided.<sup>37</sup>

14. According to LG&E/KU, Owensboro’s position in this proceeding prioritizes the general terms of the OATT over the specific terms of Rate Schedule 402.<sup>38</sup> LG&E/KU contends that such a reading is at odds with contract interpretation principles, which

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<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 10 (citing *Duquesne Light Co.*, 138 FERC ¶ 61,111, at P 25 (2012)).

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 13 (citing Withdrawal Order, 114 FERC ¶ 61,282 at P 112).

<sup>35</sup> *Id.* at 13-18.

<sup>36</sup> *Id.* at 17.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 13-14.

provide greater weight to specific or specifically negotiated terms. LG&E/KU also states that its interpretation of Rate Schedule 402 and the OATT is consistent with LG&E/KU's business practices manual, which limits redirect service without charge to customers paying a non-discounted rate.<sup>39</sup>

15. LG&E/KU further asserts that Owensboro did not bargain for depancaked transmission charges against any and all transmission service.<sup>40</sup> Rather, LG&E/KU contends that the parties only agreed to depancaked transmission rates over a defined path.<sup>41</sup>

16. LG&E/KU additionally argues that the authorities on which Owensboro relies in its complaint—namely *City of Holland* and *DTE Energy*—do not apply in this case.<sup>42</sup> LG&E/KU claims that the transmission customers in those cases, unlike Owensboro, received transmission service governed only by the applicable tariff. Further, LG&E/KU contends that those customers paid the full price for firm point-to-point transmission service and sought to redirect their service on a non-firm basis within the same pricing zone.

17. LG&E/KU also argues that Owensboro should not be permitted to expand the scope of Rate Schedule 402.<sup>43</sup> LG&E/KU points out that neither the Merger Order nor the Withdrawal Order requires LG&E/KU to provide depancaked rates for transactions that sink in PJM. Moreover, LG&E/KU warns that if the Commission grants the relief sought by Owensboro, Owensboro would not need to make its reservations into PJM, but would merely make a single, comprehensive reservation to MISO that could be redirected at no cost, at any time. Further, LG&E/KU claims that other customers subject to Rate Schedule 402 would be incentivized to reserve firm transmission service to MISO with the intent of redirecting that service in order to obtain free transmission service to other delivery points, in contrast with the spirit and intent of Rate Schedule 402.<sup>44</sup>

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<sup>39</sup> *Id.* at 15.

<sup>40</sup> *Id.* at 16.

<sup>41</sup> *Id.* LG&E/KU also refutes Owensboro's effort to draw an analogy to frequent flier miles commonly offered by airlines. LG&E/KU argues that airlines frequently restrict how customers may redeem such benefits. *Id.*

<sup>42</sup> *Id.* at 17-18.

<sup>43</sup> *Id.* at 18-20.

<sup>44</sup> *Id.* at 19.

18. LG&E/KU also contends that such activities could lead to hoarding of the transmission system.<sup>45</sup> According to LG&E/KU, granting the relief requested by Owensboro could damage competition in the region because the transmission customers that are a party to Rate Schedule 402 could reserve transmission service to MISO free of charge with no intent of using that reservation to deliver energy to MISO. LG&E/KU reasons that other transmission customers may be prevented from transmitting energy to the MISO region. LG&E/KU adds that Owensboro could obtain an advantage over competitors in the PJM non-firm hourly market, among others, by obtaining free transmission service to PJM, which is unavailable to other customers.

#### **IV. Discussion**

##### **A. Procedural Matters**

19. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to an answer unless otherwise ordered by the decisional authority. We are not persuaded to accept Owensboro's answer and will, therefore, reject it.

##### **B. Substantive Matters**

20. As discussed further below, we find that LG&E/KU's assessment of the peak and off-peak rate for non-firm point-to-point transmission service on those occasions that Owensboro redirected its firm transmission service to the PJM interface violated section 22.1 of the OATT with respect to the firm point-to-point reservation that LG&E/KU offered to Owensboro to implement Rate Schedule 402.

21. There appears to be no dispute that LG&E/KU granted Owensboro a five-year firm point-to-point transmission service reservation to the MISO interface, that LG&E/KU has not assessed charges for it, and that it is to be used to implement Rate Schedule 402. As LG&E/KU points out, Owensboro's transmission service reservation is governed by the terms of Rate Schedule 402.<sup>46</sup> It is true, as argued by LG&E/KU, that Rate Schedule 402 specifically provides a waiver of transmission service charges only where Owensboro's electricity sales sink in the MISO region.

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<sup>45</sup> *Id.* at 19-20. LG&E/KU additionally argues that Owensboro's assertion that LG&E/KU has shown little or no interest in purchasing Owensboro's surplus energy and capacity is misleading and Owensboro is free to join MISO. *Id.* at 20-22.

<sup>46</sup> *See* LG&E/KU Answer at 13 (“[Owensboro] fails to recognize that the price it pays for its reservation to MISO is governed by the terms of Rate Schedule 402.”).

22. However, Rate Schedule 402 also broadly states that “For any MMD Transaction . . . transmission service on the [t]ransmission [s]ystem shall be provided at the rates, terms and conditions under [the] OATT.”<sup>47</sup> The principles of contract interpretation require that this provision be given meaning and not be disregarded as superfluous.<sup>48</sup>

23. Section 22.1 of the OATT states that a transmission customer taking firm transmission service, such as Owensboro, may request redirect service on a non-firm basis without incurring an additional non-firm point-to-point transmission service charge. The Commission has previously prohibited transmission providers from subjecting customers to additional charges for redirect service in violation of section 22.1 of the OATT where such a charge has not been otherwise permitted by the applicable tariff.<sup>49</sup> In *City of Holland* and *DTE Energy*, the Commission addressed allegations similar to those raised by Owensboro in this proceeding. In those cases, the Commission held that the transmission provider violated its tariff by assessing the higher hourly non-firm rate to a customer’s request to redirect its firm transmission service on a non-firm basis. Noting that the transmission provider’s tariff permitted an additional charge only in specific circumstances, the Commission concluded that those circumstances were not present. As a result, the Commission concluded that the additional charges assessed by the transmission provider violated the tariff. In this case, while LG&E/KU argues that it did not assess an additional charge it concedes that it has charged Owensboro the peak and off-peak non-firm rate for redirected transmission service. Thus, LG&E/KU did impose an additional charge for non-firm transmission service in violation of section 22.1 of the OATT.

24. LG&E/KU’s attempts to distinguish between this case and the Commission’s decisions in *City of Holland* and *DTE Energy* are not probative. For instance, LG&E/KU asserts that, unlike the customers at issue in *City of Holland* and *DTE Energy*, Owensboro has not been charged for both its firm reservation and its non-firm redirect service because, under Rate Schedule 402, the rate for Owensboro’s primary reservation has been waived.<sup>50</sup> However, the Commission’s discussion in those cases did not rely on the fact

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<sup>47</sup> Rate Schedule 402 at 1-2; *see* LG&E/KU Answer at 10 (“Rate Schedule 402 further provides that the transmission service for an MMD Transaction will be provided under the OATT.”).

<sup>48</sup> Restatement (Second) of Contracts § 203 cmt. b (1981).

<sup>49</sup> *See City of Holland*, 111 FERC ¶ 61,076 at PP 19-21; *DTE Energy*, 111 FERC ¶ 61,062 at PP 24-26.

<sup>50</sup> LG&E/KU Answer at 17. LG&E/KU also contends that the transmission service addressed in *City of Holland* and *DTE Energy* “fell completely under the applicable tariff.” *Id.* As noted above, however, like *City of Holland* and *DTE Energy*,  
(continued...)

that the rates at issue were standard rates that did not reflect a waiver or discount.<sup>51</sup> Rather, the Commission evaluated whether the transmission provider imposed an additional charge on top of the rate provided in the customers' firm reservations. Thus, regardless of whether Owensboro's rate reflects the waiver provided under Rate Schedule 402 or Owensboro pays "full freight" for firm point-to-point service,<sup>52</sup> *City of Holland* and *DTE Energy* support the proposition that section 22.1 of the OATT prohibits charging a rate for non-firm transmission service where a customer taking firm transmission service requests that service be redirected to secondary receipt or delivery points on a non-firm basis.<sup>53</sup> In this respect, LG&E/KU's argument that it "cease[d] to apply"<sup>54</sup> the waiver afforded by Rate Schedule 402 does not negate the fact that it granted a five-year firm reservation to Owensboro, which is governed by the OATT.

25. We do not find persuasive LG&E/KU's argument that section 1(b)(ii) of Rate Schedule 402, which specifically allows a redirect for certain "SEPA Power Transactions," demonstrates that the parties did not intend to allow MMD Transactions to be redirected at no charge. Section 1(a) of Rate Schedule 402 specifically links MMD Transactions such as Owensboro's to service under the OATT. However, section 1(b) of Rate Schedule 402, which addresses "SEPA Power Transactions," includes no comparable provision.<sup>55</sup> This distinction undermines the relevance of section 1(b) language to the MMD Transactions under section 1(a).

26. The fact that LG&E/KU's business practices manual is inconsistent with the OATT to the extent that the business practices manual only permits a customer paying a non-discounted rate to redirect its firm transmission service does not militate against our

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Rate Schedule 402 unequivocally requires LG&E/KU to provide transmission service pursuant to the rates, terms, and conditions under the OATT.

<sup>51</sup> See *City of Holland*, 111 FERC ¶ 61,076 at PP 19-23; *DTE Energy*, 111 FERC ¶ 61,062 at PP 24-27.

<sup>52</sup> LG&E/KU Answer at 17.

<sup>53</sup> See *City of Holland*, 111 FERC ¶ 61,076 at P 21; *DTE Energy*, 111 FERC ¶ 61,062 at P 25.

<sup>54</sup> LG&E/KU Answer at 13.

<sup>55</sup> Compare Rate Schedule 402 at 2-3, with Rate Schedule 402 at 4-5.

conclusion in this case. As the Commission has consistently explained, “business practices manuals should comply with the terms of the tariff, not the other way around.”<sup>56</sup>

27. Further, granting the relief requested by Owensboro does not expand the scope of Rate Schedule 402. We are not interpreting the Withdrawal Order or Rate Schedule 402 as requiring LG&E/KU to waive the charges associated with transmission service from the LG&E/KU service territory to PJM in every instance. However, LG&E/KU granted Owensboro a firm point-to-point reservation as its means of implementing Rate Schedule 402 without distinguishing this reservation from any other firm service to which section 22.1 would apply, and Rate Schedule 402 provides that the transmission service for MMD Transactions would be provided in accordance with the rates, terms and condition of the OATT.<sup>57</sup> In this light, granting the relief requested by Owensboro merely applies the terms of the OATT to the firm point-to-point service that LG&E/KU offered.

28. LG&E/KU’s concerns regarding the potential for adverse effects on competition are largely speculative and find no evidentiary basis in this proceeding. Owensboro currently holds four similar five-year reservations for firm point-to-point transmission service on the LG&E/KU system, three of which provide transmission service to PJM and only one of which provides service to MISO. In addition, transmission customers that redirect firm reservations on a non-firm basis are subject to a lower priority of service than other forms of transmission service.<sup>58</sup> Thus, transmission customers such as Owensboro could only obtain free transmission service to PJM by accepting a lower priority of service. Furthermore, Rate Schedule 402 authorizes LG&E/KU to take steps to prevent transmission hoarding.<sup>59</sup>

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<sup>56</sup> See, e.g., *Midwest Indep. Transmission Sys. Operator, Inc.*, 115 FERC ¶ 61,108, at P 30 (2006) (citing *Dynegy Midwest Generation, Inc. v. Commonwealth Edison Co.*, 101 FERC ¶ 61,295 (2002)); see also *Midwest Indep. Transmission Sys. Operator, Inc.*, 132 FERC ¶ 61,192, at P 6 (2010) (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 115 FERC ¶ 61,108).

<sup>57</sup> We offer no opinion as to whether LG&E/KU could have chosen to implement Rate Schedule 402 in a manner that would have prevented Owensboro from receiving no-charge redirect service to PJM.

<sup>58</sup> As just noted, our conclusion in this proceeding bestows Owensboro or any party to Rate Schedule 402 with no benefit that the parties have not themselves freely negotiated.

<sup>59</sup> LG&E/KU Answer at 19-20; Rate Schedule 402 at 5.

29. For the reasons discussed above, LG&E/KU's assessment of the peak and off-peak rates for non-firm point-to-point transmission service was prohibited. The Commission may order refunds for past periods where a public utility has either misapplied a rate or otherwise charged rates contrary to the filed rate.<sup>60</sup> In accordance with our finding that LG&E/KU improperly charged Owensboro the peak and off-peak rate for non-firm point-to-point transmission service, we direct LG&E/KU to refund to Owensboro, with interest,<sup>61</sup> the charges assessed to Owensboro for redirect service.

The Commission orders:

(A) The relief requested in Owensboro's complaint is hereby granted, as discussed in the body of this order.

(B) LG&E/KU is hereby ordered to make refunds to Owensboro within 30 days of the date of this order, as discussed in the body of this order.

(C) LG&E/KU is hereby directed to submit a refund report no later than 15 days after the date on which refunds are made.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>60</sup> See, e.g., *City of Holland*, 111 FERC ¶ 61,076 at P 24 (citing *San Diego Gas & Elec. Co. v. Sellers of Energy & Ancillary Servs. Into Markets Operated by the Cal. Indep. Sys. Operator & the Cal. Power Exchange*, 93 FERC ¶ 61,121 (2000)).

<sup>61</sup> Interest should be calculated pursuant to 18 C.F.R. § 35.19a (2013).