

145 FERC ¶ 61,102
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.

Big Rivers Electric Corporation

Docket No. EL13-85-000

ORDER ACCEPTING REACTIVE POWER REVENUE REQUIREMENT

(Issued November 1, 2013)

1. In this order, we accept, for rate recovery purposes, Big Rivers Electric Corporation's (Big Rivers) proposed revenue requirement for providing Reactive Supply and Voltage Control from Generation Sources Service (reactive power) to Midcontinent Independent System Operator, Inc. (MISO), to become effective November 1, 2013.

I. Background

2. On August 16, 2013, Big Rivers filed a proposed cost-based revenue requirement and supporting testimony and cost data for providing reactive power to MISO from Big Rivers' generating units and from the capacity supplied by units that are controlled but not owned by Big Rivers. Big Rivers, a MISO Transmission Owner, seeks compensation under Schedule 2 of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) for providing reactive power from 10 generating units (Generating Facilities). Big Rivers states that it owns and operates: three steam-electric generating units at its Kenneth C. Coleman Station; two steam-electric generating units at its Robert D. Green Station; one steam-electric generating unit at its D.B. Wilson Station; and one steam-electric unit and one combustion turbine unit at its Robert D. Reid Station. In addition, Big Rivers has rights to the capacity of two steam-electric generating units at Henderson Municipal Power & Light Station Two.

3. Big Rivers asserts that each Generating Facility is able to provide reactive supply and voltage control services, as required by the Tariff,¹ and states that it developed its revenue requirement for the Generating Facilities based upon the total installed costs and actual operating expenses, comprised of the following four components: (1) generators and exciters; (2) the generator step-up transformers; (3) accessory electrical equipment; and (4) balance of plant, which is the remaining production plant investment not covered

¹ Big Rivers Transmittal at 6.

by the preceding three categories.² Big Rivers proposes an annual revenue requirement of \$1,889,029 for the units it owns and an annual revenue requirement of \$124,452 for the units for which it has the rights to capacity.³ Big Rivers states that it developed its reactive power revenue requirement based on the methodology set forth in *American Electric Power Service Corp.*,⁴ and upheld in *Dynegy Midwest Generation, Inc.*⁵ Big Rivers states that it is using an overall rate of return of 7.15 percent,⁶ which is calculated consistent with its Attachment O transmission revenue requirement and 12.38 percent return on equity. Big Rivers states that it is not seeking to recover heating losses or opportunity costs in its revenue requirement for reactive power service at this time.⁷

4. Big Rivers is a not-for-profit electric cooperative in the Commonwealth of Kentucky. Big Rivers states that, as a member-owned generation and transmission cooperative with financing from United States Department of Agriculture Rural Utilities Service program, it is not classified as a public utility under section 201(f) of the Federal Power Act⁸ and is not subject to the Commission's jurisdiction. Big Rivers states that it is submitting its proposed revenue requirements in accordance with the Commission's directives in its orders accepting Schedule 2 of the MISO Tariff, where the Commission explained that "to qualify to receive payment for reactive power service . . . a non-public utility must submit its revenue requirement for acceptance by the Commission."⁹

² *Id.* at 7.

³ *Id.* at 9-10; Ex. BREC-1 at 11.

⁴ *Id.* at 2 (citing *American Electric Power Service Corp.*, Opinion No. 440, 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (*AEP*)).

⁵ *Id.* (citing *Dynegy Midwest Generation, Inc.*, Opinion No. 498, 121 FERC ¶ 61,025 (2007), *order on reh'g*, 125 FERC ¶ 61,280 (2008) (*Dynegy*)).

⁶ *Id.* at 8; Ex. BREC-3 at 8.

⁷ Big Rivers states that it reserves the rights to file for recovery of said costs at a future date.

⁸ Big Rivers Transmittal at n.10 (citing 16 U.S.C. § 824(f) (2006)).

⁹ *Id.* at 5.

II. Notice and Responsive Filings

5. Notice of Big Rivers' filing was published in the *Federal Register*, 78 Fed. Reg. 52,523 (2013), with interventions and protests due on or before September 6, 2013. MISO and Central Aluminum of Kentucky General Partnership (Central Aluminum) filed timely motions to intervene. No comments or protests were filed.

III. Discussion

A. Procedural Matters

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), MISO's and Central Aluminum's timely, unopposed motions to intervene serve to make them parties to this proceeding.

B. Substantive Matters

7. The Commission has stated that all generators seeking to recover a reactive power revenue requirement based on actual cost data must use the methodology employed in *AEP*.¹⁰

8. Our review of Big Rivers' proposed reactive power revenue requirement indicates that Big Rivers has properly used the *AEP* methodology and that its proposed reactive power revenue requirement is consistent with *Dynegy*. Accordingly, we will accept its proposed reactive power revenue requirement for rate recovery purposes, to become effective on November 1, 2013, the earliest date permitted under Schedule 2 of the MISO Tariff.¹¹

¹⁰ *FPL Energy Marcus Hook, L.P.*, 110 FERC ¶ 61,087, at P 16, *order on reh'g*, 111 FERC ¶ 61,168 (2005); *see also WPS Westwood Generation, L.L.C.*, 101 FERC ¶ 61,290, at P 14 (2002).

¹¹ Schedule 2 of the Tariff provides that "[q]ualified Generator status is effective on the first day of the month immediately following acceptance of the revenue requirement by the Commission or the first day of the month if Commission acceptance of such revenue requirement is on the first day of the month." MISO, FERC Electric Tariff, Fourth Revised Vol. No. 1, Original Sheet No. 1765, Schedule 2, § II.C.

The Commission orders:

Big Rivers' proposed reactive power revenue requirement is hereby accepted for rate recovery purposes, to become effective on November 1, 2013, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.