

December 2013 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its December 19, 2013 public meeting. The summaries are produced by FERC's Office of External Affairs and are intended to provide only a general synopsis of the orders. These summaries are not intended as a substitute for the Commission's official orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary found at www.ferc.gov.

E-2, Press Release

E-3, Press Release

FERC conditionally accepts transmission service agreements; establishes hearing and settlement judge procedures

E-1, *Nevada Power Company*, Docket Nos. ER13-1724-000 and ER13-1860-000. This order finds that Nevada Power Company d/b/a NV Energy has failed to satisfy its burden to justify the amount of north-to-south capacity it seeks to reserve on the One Nevada Transmission Line (ON Line) to serve its native load, and sets for hearing and settlement judge procedures the determination of the amount of north-to-south capacity that NV Energy requires on the ON Line to reasonably meet its native load obligations. This order also finds that the assumptions used by NV Energy in studies underlying the ORNI 47, LLC (Ormat) and Cargill Power Markets, LLC (Cargill) Transmission Service Agreements may be flawed, and sets the Transmission Service Agreements for hearing and settlement judge procedures. In addition to the matters set for hearing, this order summarily finds that NV Energy has failed to justify its alleged need to unilaterally terminate service to Ormat and Cargill upon the completion or in-service date of Phase 2 of the ON Line to the extent that NV Energy's ability to accommodate Ormat and Cargill's transmission service requests is dependent upon NV Energy's capacity entitlement under the Transmission Use and Capacity Exchange Agreement. The order therefore directs NV Energy to remove those provisions from the Ormat and Cargill Transmission Service Agreements.

FERC approves a final rule

E-4, *Protection System Maintenance Reliability Standard*, Docket No. RM13-7-000. This final rule approves the North American Electric Reliability Corporation's (NERC) revised Reliability Standard, PRC-005-2 – Protection System Maintenance, which will supersede four existing Reliability Standards, PRC-005-1.1b (Transmission

and Generation Protection System Maintenance and Testing), PRC-008-0 (Underfrequency Load Shedding Equipment Maintenance), PRC-011-0 (Undervoltage Load Shedding Equipment Maintenance) and PRC-017-0 (Special Protection System Maintenance and Testing). The rule directs NERC to submit, within one year of issuance of this final rule, an informational filing on the status of the efforts to improve commissioning testing practices. The rule also directs NERC to modify the violation severity level for certain violations of Requirement R1.

FERC grants request for an incentive rate; conditionally accepts revised tariff

E-6, *Midcontinent Independent System Operator, Inc.*, Docket No. ER13-2468-000. This order grants the request of Central Minnesota Public Power Agency (Central Minnesota) for incentive rate treatment for the project known as the CapX2020 Big Stone South to Brookings County transmission project. Specifically, this order (1) grants Central Minnesota's request for authorization to use a hypothetical capital structure of 50 percent equity and 50 percent debt for the life of the project financing; (2) conditionally grants the request for inclusion of 100 percent of prudently-incurred construction work in progress in rate base; and (3) grants the opportunity for recovery of 100 percent of prudently-incurred costs of transmission facilities that are cancelled or abandoned for reasons beyond Central Minnesota's control. In addition, this order conditionally accepts proposed amendments to Attachments O-CMMPA and MM-CMMPA of Midcontinent Independent System Operator, Inc.'s tariff that allow Central Minnesota to transition to a forward-looking formula rate.

FERC conditionally accepts tariff revisions

E-7, *Midcontinent Independent System Operator, Inc.*, Docket Nos. ER14-106-000 and ER14-106-001. This order conditionally accepts Midcontinent Independent System Operator, Inc.'s proposed revisions to its tariff that are intended to remove gaming opportunities associated with certain make-whole payments.

FERC accepts an agreement

E-8, *Nevada Power Company; Sierra Pacific Power Company; NV Energy, Inc.*, Docket Nos. ER14-146-000, ER14-147-000, and ER14-149-000. This order accepts an Interim Joint Dispatch Agreement for Nevada Power Company and Sierra Pacific Power Company (jointly, Applicants), effective January 1, 2014, as requested, until such time as the Public Utilities Commission of Nevada acts on a proposed internal reorganization under which the Applicants will be merged into a single corporate entity. The order also accepts revisions to the open access transmission tariff of NV Energy, Inc. (the Applicants' parent company), to be effective on the later of January 1, 2014 or the in-service date of the One Nevada Transmission Line, that will directly interconnect the Applicants' systems.

FERC accepts a filing; establishes hearing and settlement judge procedures

E-9, *Entergy Louisiana, LLC, et al.*, Docket No. ER14-108-000. The order accepts an October 16, 2013 filing by Entergy Services, Inc., submitted on behalf of its public utility affiliates, for a proposed rate schedule that specifies their cost-based revenue requirement for providing reactive support and voltage control from generation sources service. The order accepts the proposed rate schedule for filing, suspends it for a nominal period to be effective January 1, 2014, subject to refund, and establishes hearing and settlement judge procedures.

FERC will accept compliance filing and will terminate proceeding if no protests in 30 days

E-10, *PacifiCorp*, Docket No. ER02-653-002. The Commission had earlier deferred acting on a 2002 compliance filing at the applicant's request pending a possible new filing. In this order, given the absence of any subsequent submittals by the parties, the Commission announces that it will accept the compliance filing and terminate this proceeding as moot absent objections from the parties within 30 days.

FERC conditionally accepts a revised tariff

E-12, *California Independent System Operator Corp.*, Docket No. ER13-2452-000. This order conditionally accepts CAISO's proposal to make a number of revisions to its tariff, all of which are designed to encourage the submission of more economic bids in real time: (1) lowering the bid floor from negative \$30/MWh to negative \$150/MWh; (2) separating bid cost recovery calculations for the day-ahead and real-time markets; (3) additional mitigation measures to safeguard against inflated bid cost recovery and residual imbalance payments. The order finds, generally, that these revisions are an improvement over the current tariff that should achieve their stated purpose of encouraging more real-time economic bids. The order rejects CAISO's proposal to include in the revised bid cost recovery rules a provision that would give CAISO too much discretion to re-settle bid cost recovery payments and directs a compliance filing to remove this provision. The order also directs CAISO to take certain measures to provide more transparency on bid cost recovery payments.

FERC grants a limited, one-time request for waiver

E-13, *California Independent System Operator Corp.*, Docket No. ER14-291-000. This order grants CAISO's limited, one-time request for waiver of sections 24.5.2.3(b) and 24.5.2.3(c) of CAISO's former tariff, which continues to be applicable to projects approved in the 2012/2013 CAISO planning cycle. The former tariff provides that where two or more competing transmission developers designate the same siting authority from which they will seek siting approval, CAISO will accept the project sponsor determined

by the authorized governmental authority. In its current planning cycle, CAISO has four project sponsors qualified to seek siting approval from the California Public Utilities Commission (CPUC). Under section 24.5.2.3(b) of CAISO's former tariff, which remains applicable to projects approved in the 2012/2013 planning cycle, the CPUC is the authorized governmental authority responsible for selecting an approved project sponsor. CAISO sought waiver of the former tariff provisions so that CAISO can assume responsibility for selecting the approved project sponsor, consistent with its requirement to do so under its Order No. 1000 compliant regional planning process. For good cause shown, the order grants the limited one-time request for waiver.

FERC grants a petition

E-14, *California Independent System Operator Corp.*, Docket No. ER14-68-000. This order grants CAISO's petition to distribute to eligible market participants penalties that CAISO assessed in Fiscal Year 2012. The penalties total \$1,478,126.68 and were assessed on market participants for various reasons, including the failure to provide accurate information and to comply with reporting requirements for forced outages. The order finds that CAISO's proposal is consistent with the relevant provisions of its tariff.

FERC grants a petition

E-15, *California Independent System Operator Corp.*, Docket No. ER14-84-000. This order grants CAISO's petition to distribute to eligible market participants certain forfeited funds collected from interconnection customers in fiscal years 2011 and 2012. In accordance with CAISO's tariff, interconnection customers are required to make multiple financial deposits throughout the interconnection process. If the interconnection customer withdraws its project after its deposit is non-refundable, the deposit is forfeited. CAISO maintains forfeited deposits in an interest bearing account, the total of which is allocated to market participants on an annual basis in accordance with CAISO's tariff. The order finds that CAISO's proposal is consistent with the relevant provisions of its tariff.

FERC accepts a compliance filing

E-16, *Sky River LLC*, Docket Nos. ER11-3277-002 and ER13-2273-000. This order finds that Sky River LLC's compliance filing satisfies the directives of the Commission's September 6, 2011 order.

FERC grants rehearing; rejects rehearing

E-17, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER12-2706-002. On November 27, 2012, the Commission conditionally accepted MISO's proposal to clarify load serving entities' resource adequacy obligations where load

switches providers. This order grants a request for rehearing filed by Midwest Independent Transmission System Operator, Inc. and rejects a request for rehearing filed by Retail Energy Supply Association.

FERC conditionally accepts compliance filing; directs filing of further compliance filing

E-18, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER09-309-005. The order conditionally accepts Midwest Independent Transmission System Operator, Inc.'s (MISO) filing to comply with the March 30, 2012 order on proposed revisions to its generator interconnection procedures. In particular, the compliance filing concerns MISO's "Net Zero Interconnection Service" that allows an interconnection customer to use interconnection capacity at an existing point of interconnection when that capacity is not being used by the existing generating facility.

FERC accepts tariff revisions

E-19, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER12-2706-001. This order accepts, in part, and dismisses, in part, tariff revisions filed by Midwest Independent Transmission System Operator, Inc. in compliance with the Commission's November 27, 2012 order. The November 27 order conditionally accepted MISO's proposal to clarify load-serving entities' resource adequacy obligations where load switches providers.

FERC accepts tariff revisions

E-20, *ISO New England Inc.*, Docket No. ER14-90-000. The order accepts ISO-NE's CY 2014 Capital Budget, CY 2014 Administrative Budget and tariff revisions reflecting the budget, to become effective January 1, 2014, as requested, finding the projects and costs reflected in the budgets adequately supported.

FERC denies request for enforcement action

E-22, *Gadwall Wind LLC*, Docket Nos. EL13-54-000 and QF11-141-002. On March 18, 2013, Gadwall Wind filed a petition for an enforcement action against the Minnesota Public Utilities Commission, in accordance with section 210(h)(2)(A) of the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, Gadwall Wind asked that the Commission initiate an enforcement action in court to invalidate Minnesota's approach to determining avoided cost; that approach requires utilities to pay renewable-energy qualifying facilities the costs of the utility's least-cost renewable energy facility, or the bid of a competing supplier of a least-cost renewable energy facility, whichever is lower. The notice states that the Commission declines to initiate its own enforcement

action. As a consequence, Gadwall Wind may itself bring an enforcement action against the Minnesota Commission.

FERC denies rehearing; grants, in part, clarification

E-24, *Cargill Power Markets, LLC v. NV Energy, Inc.*, Docket No. EL13-42-001. This order denies rehearing but grants, in part, clarification of the Commission's holdings in *Sierra Pacific Power Co.*, 143 FERC ¶ 61,144 (2013).

FERC holds complaint in abeyance

E-25, *Northern Indiana Public Service Co. v. Midcontinent Independent System Operator, Inc. and PJM Interconnection, L.L.C.*, Docket No. EL13-88-000. The order determines that it is premature to act on the complaint at this time and instead holds the complaint in abeyance pending further Commission action. The order concludes that the complaint raises issues that overlap with the MISO-PJM Order No. 1000 interregional compliance filings and issues that are currently under consideration by the Commission in other proceedings, including Docket No. AD12-16-000 (relating to capacity delivery across the MISO-PJM seam) and Docket No. EL13-75-000 (relating to MISO-PJM JOA market-to-market issues).

FERC denies request for reconsideration

E-27, *Kootenai Electric Cooperative, Inc.*, Docket Nos. EL13-59-001 and QF11-178-003. The order denies Idaho Power Company's request for reconsideration of the Commission's order issued on June 14, 2013 in this proceeding. The June 14 Order was issued in response to a petition for enforcement under section 210(h) of the Public Utility Regulatory Policies Act of 1978 (PURPA) and a petition for a declaratory order filed by Kootenai Electric Cooperative, Inc. (Kootenai). In the June 14 Order, the Commission declined to initiate an enforcement action in accordance with section 210(h) of PURPA; however, the Commission declared that certain statements contained in a February 26, 2012 decision by the Oregon Public Utilities Commission—which concluded that output produced by Kootenai's Fighting Creek Landfill Gas to Energy Station qualifying facility and wheeled to Idaho Power by Avista Corporation, is delivered to Idaho Power at the Lolo substation in Idaho and, therefore, Kootenai is not entitled to sell at Oregon Commission-approved avoided cost rates—were inconsistent with the requirements of PURPA and the Commission's regulations implementing PURPA. The order reaffirms the June 14 Order, and concludes that nothing raised by Idaho Power on reconsideration warrants a change to the June 14 Order.

FERC grants a waiver

E-28, *Smoky Mountain Transmission LLC*, Docket No. ER13-911-002. This order grants waiver of Order No. 1000's requirements to Smoky Mountain Transmission LLC.

FERC grants a waiver

E-29, *Terra-Gen Dixie Valley, LLC*, Docket No. ER13-76-000, *et al.* This order grants waiver of Order No. 1000's regional and interregional requirements to Terra-Gen Dixie Valley, LLC and rejects as unnecessary certain proposed tariff revisions.

FERC grants a waiver

E-30, *Peetz Logan Interconnect, LLC*, Docket No. ER13-109-000, *et al.* This order grants waiver of Order No. 1000's regional and interregional requirements to three entities: Peetz Logan Interconnect, LLC; Sagebrush, a California partnership; and Sky River LLC.

FERC denies rehearing

E-31, *South Louisiana Electric Cooperative Association,,* Docket No. RC13-4-001. This order denies the North American Electric Reliability Corporation's (NERC) request for rehearing of the Commission's July 18, 2013 order granting South Louisiana Electric Cooperative Association's (SLECA) appeal from a compliance registry decision. The order reaffirms that NERC has not adequately demonstrated that SLECA's transmission facilities are directly connected to the bulk electric system, or otherwise supported SLECA's registration as a distribution provider and load-serving entity based on the registry thresholds contained in NERC's Statement of Compliance Registry Criteria.

FERC authorizes the disposition of facilities and acquisition of securities

E-32, *Silver Merger Sub, Inc., et al.*, Docket No. EC13-128-000. The order authorizes the disposition of facilities and acquisition of securities under sections 203(a)(1) and 203(a)(2) of the Federal Power Act as consistent with the public interest. Under the Proposed Transaction, Silver Merger Sub, Inc. will merge with and into NV Energy, Inc., resulting in NV Energy becoming a wholly owned subsidiary of MidAmerican Energy Holding Company.

FERC requires revisions to proposed reservation charge crediting provisions

G-1, *Iroquois Gas Transmission System, L.P.*, Docket No. RP13-1041-000. The order requires Iroquois to revise its proposal for reservation charge crediting provisions to be

consistent with the Commission's existing reservation charge crediting policy by (1) providing credits for the volumes nominated by the shipper that are not delivered unless the outage resulted from an event outside the control of Iroquois or solely due to the conduct of a third party; (2) basing the maximum potential volumes on reasonably representative historical usage; (3) limiting its proposed requirement that negotiated rate agreements expressly require credits to contracts entered into after the effective date of the tariff provision; (4) identifying the specific Pipeline and Hazardous Material Safety Act section 60139(c) order with which it is complying; (5) revising its definition of *force majeure* to either exclude outages that are within its control or are expected, or to only include outages that are outside its control and expected; and (6) removing the authorization to curtail service for routine maintenance from its existing tariff.

FERC approves interstate natural gas pipeline rates

G-2, *High Point Gas Transmission System, LLC*, Docket Nos. RP12-945-000 and AC13-112-000. The order addresses the remaining unresolved issues raised by protests to High Point's compliance filing authorized in a previous order in which the Commission authorized High Point to acquire certain facilities from Southern Natural Gas Company known as the South of Toca facilities and to operate those facilities as jurisdictional transportation facilities, subject to a compliance filing. A subsequent order accepted the compliance filing subject to further review. Today's order finds that High Point has fully complied with the requirements of the Certificate Order concerning the recalculation of its initial rates. Accordingly, the order approves those rates and removes the refund condition. In addition, the order approves High Point's proposed final accounting for its acquisition of the South of Toca facilities.

FERC approves settlement offer

G-3, *Viking Gas Transmission Company*, Docket No. RP13-185-000. The order approves the uncontested Offer of Settlement as fair and reasonable and in the public interest. On November 15, 2012, the Commission initiated a proceeding in accordance with section 5 of the Natural Gas Act into the justness and reasonableness of the existing rates of Viking and established hearing procedures. On August 29, 2013, in accordance with Rule 602 of the Commission's Rules of Practice and Procedure, Viking filed the Settlement to resolve all issues in the captioned proceeding. The Settlement is supported or unopposed by all participants in the proceeding.

FERC grants successive preliminary permit; grants priority to file license

H-1, *FFP Qualified Hydro 14, LLC, Western Minnesota Municipal Power Agency*, Project Nos. 13579-002 and 14491-000. The order issues a successive preliminary permit to FFP to study the feasibility of the Saylorville Dam Water Power Project to be located at the Corps' existing Saylorville Dam and Lake on the Des Moines River, in the

City of Johnston in Polk County, Iowa. It also denies a competing application, which was filed at the same time as FFP's application, by Western Minnesota, a Minnesotan municipality located approximately 400 miles away from the project site in Iowa. The order notes that section 7(a) of the Federal Power Act provides no guidance as to the scope of municipal preference and concludes that the best reading of the statute is that municipalities should be accorded preference only with respect to the development of water resources that are located in their vicinity.

FERC modifies and approves non-project use of hydro project lands and waters

H-2, *Alabama Power Company*, Project No. 2146-139. The order authorizes, with certain modifications and conditions, the licensee for the Coosa River Project No. 2149, to permit Clear Creek Cove, LLC, to construct facilities associated with an existing recreational vehicle park on Lake Logan Martin, one of the project reservoirs. The project is located on the Coosa River in Alabama and Georgia, and Lake Logan Martin is located in Talladega County, Alabama.

FERC authorizes the construction and operation of new natural gas pipeline facilities

C-1, *Columbia Gas Transmission, LLC*, Docket No. CP13-477-000. The order issues a certificate to Columbia, authorizing it to construct and operate the Smithfield III Expansion Project, which consists of constructing a new compressor station in Washington County, PA, installing additional compressor units at Columbia's existing compressor station in Gilmer County, WV, and installing section 2.55(a) (of Commission regulations) auxiliary facilities in Pennsylvania and West Virginia. The project would allow Columbia to provide an additional 444,000 Dth per day of firm transportation service on its system from the Appalachian basin to an interconnection with Columbia Gulf near Leach, KY. The order approves Columbia's request to use its currently-effective rates under its Rate Schedule FTS as its initial recourse rates for service on the project and approves its request for a predetermination favoring rolled-in rate treatment of the project costs in its next general rate case.

FERC denies applications for abandonment authorization

C-2, *Gulf South Pipeline Company, Inc.*, Docket Nos. CP13-91-000, CP13-92-000 and CP13-93-000. The order denies Gulf South's three applications for authority to abandon pipeline facilities in Louisiana, Mississippi, and Texas by sale to Gulf South-affiliated companies, and dismisses as moot Gulf South's requests that the Commission find the subject facilities would be exempt from the Commission's jurisdiction in accordance with section 1(c) of the Natural Gas Act as Hinshaw pipeline facilities.

FERC denies rehearing

C-3, *Transcontinental Gas Pipe Line Company, LLC*, Docket No. CP12-497-001. The order denies Transco's rehearing request, that argued that the Brandywine Creek Replacement Project costs should be rolled into the rates charged to Transco's existing mainline customers instead of the rates charged to its Sentinel Expansion customers. The order finds that the replacement costs amounted to cost overruns related to the construction of Transco's Sentinel Expansion Project and finds that the Brandywine Creek Replacement Project was not designed to improve or maintain existing service to Transco's existing mainline customers. The order concludes that rolling the costs of the replacement project into the rates charged to the Sentinel Expansion customers was appropriate.