

July 2014 Meeting Summaries

These are summaries of orders voted by the Federal Energy Regulatory Commission at its July 17, 2014 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 through E-7 - Press Release

E-8 - Press Release

FERC denies, in part, and grants, in part, requests for rehearing and clarification, and conditionally accepts compliance filing

E-1, *New York Independent System Operator, Inc.*, Docket No. ER13-102-001, *et al.* This order addresses the NYISO second-round Order No. 1000 regional compliance filing, requests for rehearing and clarification of the initial compliance order. The order denies, in part, and grants, in part, the requests for rehearing and clarification, and conditionally accepts for filing, subject to further modification, the second compliance filing.

FERC proposes a rule

E-9, *Protection System Maintenance Reliability Standard*, Docket No. RM14-8-000. This Notice of Proposed Rulemaking proposes to approve a revised Reliability Standard (PRC-005-3 – Protection System and Automatic Reclosing Maintenance), that adds certain autoreclosing relays to the currently approved standard (PRC-005-2). The order also proposes to direct the North American Electric Reliability Corporation (NERC) to submit a report based on actual performance data or simulated system conditions from planning assessments, two years after the effective date of the proposed standard, addressing whether the proposed Reliability Standard applies to an appropriate set of autoreclosing relays. In addition, the order proposes to direct NERC to modify the proposed Reliability Standard to include maintenance of supervisory relays.

FERC approves final reliability rule

E-10, *Generator Relay Loadability and Revised Transmission Relay Loadability Reliability Standards*, Docket Nos. RM13-19-000 and RM14-3-000. The final rule approves (1) new Reliability Standard PRC-025-1, pertaining to generator relay loadability; and (2) the North American Electric Reliability Corporation's modifications to existing Reliability Standard PRC-023-2, pertaining to transmission relay loadability.

FERC approves a policy statement

E-11, *Payment of Dividends from Funds Included in Capital Account*, Docket No. PL14-1-000. This policy statement provides guidance that section 305(a) of the Federal Power Act (FPA) should be interpreted as not prohibiting the payment of dividends from funds included in capital account by any public utility that has a market-based rate tariff on file with the Commission, does not have captive customers, and does not provide transmission or local distribution services. The policy statement explains that the Commission has concluded that the payment of dividends from funds included in capital account by such public utilities does not implicate the concerns underlying the enactment of FPA section 305(a). Thus, it is unnecessary for any public utility that meets the criteria identified in this policy statement to file a petition for declaratory order in order to be assured that dividends paid from capital account are not unlawful under FPA section 305(a).

FERC denies for rehearing

E-12, *Southwest Power Pool, Inc.*, Docket No. ER14-1175-000. This order denies Sunflower Electric Power Corporation's (Sunflower) request for rehearing of the Commission's delegated letter order accepting Southwest Power Pool, Inc.'s (SPP) filing of a Network Integration Transmission Service Agreement between SPP and Kansas Municipal Energy Agency (Kansas Municipal), and a Network Operating Agreement among SPP, Kansas Municipal, and Sunflower.

FERC denies a complaint

E-13, *Sunflower Electric Power Corporation v. Kansas Municipal Energy Agency and Southwest Power Pool, Inc.*, Docket No. EL14-38-000. This order denies Sunflower's complaint against Kansas Municipal Energy Agency (Kansas Municipal) and Southwest Power Pool, Inc. (SPP). The complaint alleged that a power supply arrangement between Kansas Municipal and the City of Garden City, Kansas, is unjust, unreasonable, and unduly discriminatory and preferential, or otherwise in violation of the Commission's and SPP's rules, including SPP's Open Access Transmission Tariff and the reliability requirements of the North American Electric Reliability Corporation.

FERC conditionally accepts tariff revisions

E-14, *California Independent System Operator Corp.*, Docket No. ER14-480-001. This order conditionally accepts CAISO's proposed tariff revisions filed in compliance with the Commission's March 20, 2014 order on CAISO's proposal to align its market structure with certain reforms mandated in the Commission's Order No. 764 and implement additional market enhancements. The proposed revisions include language to clarify the use of the term, "Instructed Imbalance Energy"; deletion of a clause on self-forecasting privileges; and language to set forth a process for distribution of refunds if a variable energy resource (VER) subject to CAISO's protective measures is later found ineligible for such protective measures. The order proposes to accept these changes subject to CAISO submitting a compliance filing within 30 days. CAISO is directed to modify its proposed protective measures provision to eliminate the need for a joint statement following a determination that a VER is ineligible for the protective measures.

FERC proposes a rule

G-1, *Natural Gas Act Pipeline Maps*, Docket No. RM14-21-000. This Notice of Proposed Rulemaking (NOPR) proposes to modify the regulations for natural gas pipeline maps by eliminating the requirement that pipelines file system maps as records in eTariff but retaining the requirement that pipelines post system maps on their corporate websites. This proposal also essentially eliminates the April 30 annual deadline for filing map updates as a result of major changes to a pipeline's system. The NOPR also proposes to implement a new quarterly deadline for updating such that, if a pipeline engages in a major change of its system, it must update its maps no later than the end of the same calendar quarter.

FERC rejects request for a declaratory order; grants shippers' complaint

G-2, *El Paso Natural Gas Company, L.L.C.; City of Las Cruces, New Mexico; City of Mesa, Arizona; ConocoPhillips Company, Freeport-McMoRan Corporation, Navajo Tribal Utility Authority, New Mexico Gas Company, Inc., and Southwest Gas Corporation v. El Paso Natural Gas Company, L.L.C.* Docket Nos. RP14-728-000 and RP14-773-000. The order addresses both a petition for a declaratory order from El Paso Natural Gas Company and a complaint from certain of its shippers against El Paso. Both filings raise the same issue: the interpretation of Article 11.2 of a 1996 Settlement in the context of the Right of First Refusal (ROFR) provisions in El Paso's tariff. The order rejects El Paso's request for a declaratory order to utilize its interpretation of what rate it may apply under its ROFR provisions after it terminated certain shippers' service agreements. The order finds El Paso's proposal inconsistent with Article 11.2 of the 1996 Settlement, which establishes rates until a shipper (not El Paso) terminates its transportation service agreements (TSAs) governed by the 1996 Settlement. The order finds that Article 11.2 of the 1996 Settlement establishes rate and termination provisions that supersede the ROFR procedures, and upholds the shippers' interpretation of the settlement as set forth in the shippers' complaint. Because El Paso did not otherwise

justify its termination of the subject TSAs, the order grants the shippers' complaint and directs El Paso to charge the Article 11.2 settlement rates and withdraw termination as to any shipper that declined to enter into the ROFR process as structured by El Paso.

FERC denies rehearing

G-3, *Panhandle Eastern Pipe Line Company, LP*, Docket No. RP12-455-002. This order denies rehearing of the Commission's April 17, 2013 order that required Panhandle to comply with the Commission's reservation charge crediting policy. In the April 2013 order, the Commission denied Panhandle's request for rehearing of a March 2012 order and directed Panhandle to file revised tariff records providing reservation charge credits when firm service is curtailed, consistent with Commission policy, and also to revise its tariff's definition of *force majeure*. In its May 17, 2013 request for rehearing, Panhandle alleged that (1) the Commission had converted a policy statement on reservation charge credits into a rule without making any findings of fact as to Panhandle or following rulemaking procedures; (2) the Commission had failed to carry its burden of proof under section 5 of the NGA; and (3) the Commission failed to give effect to the entirety of Panhandle's settlement rates and tariff. In denying rehearing, the order explains that the Commission has properly established its rule concerning reservation charge crediting through individual adjudications and has properly applied it to Panhandle. The order reaffirms the April 2013 order's finding that the Commission has satisfied its burden of persuasion under NGA section 5 to show that the lack of any provisions for reservation charge crediting in Panhandle's existing tariff is unjust and unreasonable. The order also finds that Panhandle's settlement does not preclude the Commission or any party from seeking a change to its reservation charge crediting tariff provisions. Finally, the order requires Panhandle to make two modifications to certain tariff records filed in compliance with the April 2013 order.

FERC approves a final rule

H-1, *Format and Dimensions of Maps and Drawings Required by the Commission's Hydropower Program*, Docket No. RM14-20-000. This final rule amends the Commission's regulations pertaining to the format and dimensions of maps and drawings submitted by applicants and licensees in the Commission's hydropower program. Specifically, the amendments: (1) remove the requirement that applicants and licensees submit copies of certain project maps and drawings in microfilm format on aperture cards; and (2) change the minimum and maximum dimensions applicable to submitted maps and drawings.

FERC denies rehearing

H-2, *Appalachian Power Company*, Project No. P 2210-244. In this order, the Commission denies the request for reconsideration and rejects the request for rehearing by manufacturers of "automatic boat covers" that object to the Commission's approval of

a Shoreline Management Plan that defined regulated “structures” to include “automatic boat covers.” The Commission finds that the manufacturers’ arguments lack merit.

FERC denies rehearing

H-3, *Pine Creek Mine, LLC*, Project No. 12532-005. This order denies Pine Creek’s request for rehearing of a March 20, 2014 FERC staff order denying Pine Creek’s application for a two-year extension of its third preliminary permit for the proposed Pine Creek Mine Hydroelectric Project No. 12532, finding that the applicant did not demonstrate extraordinary circumstances to support its extension request. The proposed project would be located in a mine that lies within the Inyo National Forest in Inyo County, California, partially on lands managed by the U.S. Forest Service.

FERC proposes revocation of license

H-4, *Eastern Hydroelectric Corporation*, Project No. 7019-061. In accordance with section 31(b) of the Federal Power Act, this order revokes the license for the 643-kilowatt East Juliette Project No. 7019 located on the Ocmulgee River in East Juliette, Georgia. The order finds that the licensee failed to construct fish passage facilities required by Article 401 of its license, Condition No. 4 of the water quality certification issued by the Georgia Department of Natural Resources, an order amending its license to approve fish passage facilities issued December 7, 2012, and the Commission’s September 5, 2013 compliance order. As required by section 31(b), the order provides the licensee with an opportunity to request an evidentiary hearing before an FERC administrative law judge.

FERC grants request for declaratory order

C-1, *Gulf Oil Limited Partnership*, Docket No. CP14-132-0000. The order grants Gulf Oil’s request and declares that its planned construction and operation of a liquefied natural gas (LNG) production facility will not be subject to the Commission’s Natural Gas Act (NGA) section 7 jurisdiction and will not make the owner or operator of that LNG facility a “natural-gas company” as defined by the NGA. The project would convert domestic natural gas into LNG and transport it by truck to be marketed as vehicular fuel, high horsepower engine fuel, and as a source of supply for local distribution companies’ peak shaving facilities.