

148 FERC ¶ 61,054
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Entergy Services, Inc.
Midcontinent Independent System
Operator, Inc.

Docket No. ER14-2029-000

ORDER ACCEPTING
AMENDED REVENUE ALLOCATION AGREEMENT

(Issued July 22, 2014)

1. On May 23, 2014, pursuant to section 205 of the Federal Power Act (FPA),¹ and Part 35 of the Commission's regulations,² the Midcontinent Independent System Operator, Inc. (MISO) and Entergy Services, Inc. (Entergy Services), on behalf of Entergy Gulf States Louisiana, L.L.C. (Entergy Gulf States Louisiana), Entergy Louisiana, LLC (Entergy Louisiana), and Entergy New Orleans, Inc. (Entergy New Orleans) (together, the Entergy Louisiana Companies), submitted for filing an Amended Joint Pricing Zone Revenue Allocation Agreement between the Entergy Louisiana Companies (Amended Louisiana Revenue Allocation Agreement).³ Entergy Services

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. pt. 35 (2013).

³ Entergy Services explains that MISO is not a party to the Amended Louisiana Revenue Allocation Agreement, but is filing the agreement jointly with Entergy Services as the tariff administrator. Entergy Services notes that because the agreement is between only the Entergy Louisiana Companies, MISO does not have any obligations under the Amended Louisiana Revenue Allocation Agreement and is not responsible for administering the agreement. Amended Joint Pricing Zone Revenue Allocation Agreement, Transmittal Letter at n.1, Docket No. ER14-2029-000 (filed May 23, 2014) (Amended Louisiana Revenue Allocation Agreement Filing). The Amended Louisiana Revenue Allocation Agreement is designated as Rate Schedule 38.

states that the Amended Louisiana Revenue Allocation Agreement Filing is an administrative filing to amend the version of the agreement that was previously filed with and accepted by the Commission in Docket No. ER14-98-000.⁴ As discussed below, we accept the Amended Louisiana Revenue Allocation Agreement for filing, to become effective June 1, 2014, as requested, subject to the outcome of the proceeding in Docket No. ER14-73-000.

I. Background

2. The Louisiana Revenue Allocation Agreement provides for the allocation of revenues that MISO will distribute to the Louisiana joint transmission pricing zone (Louisiana Transmission Pricing Zone) under the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff), which includes the Entergy Louisiana Companies' transmission facilities. Pursuant to the MISO Transmission Owners Agreement, when there is more than one transmission owner in a transmission pricing zone, the transmission owners in the zone must appoint a single transmission owner to receive the revenues allocated to the transmission pricing zone and to further distribute those revenues among the owners. The Louisiana Revenue Allocation Agreement identifies Entergy Louisiana as the host transmission owner that will receive the revenues from MISO for the Louisiana Transmission Pricing Zone and establishes the allocation mechanism for those revenues among the transmission owners in that zone. As the designee for the Louisiana Transmission Pricing Zone, Entergy Louisiana will receive the revenues from MISO, and will then allocate those revenues among itself, Entergy Gulf States Louisiana, and Entergy New Orleans in accordance with the Louisiana Revenue Allocation Agreement.⁵

3. Entergy Services explains that since the Louisiana Revenue Allocation Agreement was filed with and accepted by the Commission, "additional schedules providing for revenues for the Louisiana [Transmission Pricing Zone] have been proposed to be added to the MISO Tariff."⁶ Entergy Services seeks to amend the Louisiana Revenue

⁴ *Entergy Services, Inc.*, 145 FERC ¶ 61,246 (2013) (Louisiana Revenue Allocation Agreement Order).

⁵ *See id.* PP 2-3.

⁶ Amended Louisiana Revenue Allocation Agreement Filing, Transmittal Letter at 2. Entergy Services cites to the following filings: *Entergy Services, Inc.*, Docket No. ER14-1645-000 (filed Apr. 2, 2014) (proposing new Schedule 47 under the MISO Tariff to allow for recovery of the Entergy Operating Companies' costs incurred transitioning into MISO); *Midcontinent Independent System Operator, Inc.*, Docket No. ER14-649-000 (filed Dec. 17, 2013) (proposing new Pro Forma Schedules 41

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Allocation Agreement to provide for the allocation of revenues under those schedules among the Entergy Louisiana Companies. Specifically, the Amended Louisiana Revenue Allocation Agreement provides that revenues for the Louisiana Transmission Pricing Zone under Schedules 41, 42-A, and 47 of the MISO Tariff will be remitted by MISO to Entergy Louisiana, who will continue to serve as the designee for the Louisiana Transmission Pricing Zone. Entergy Services represents that no changes are being made to the allocation methodology in the Amended Louisiana Revenue Allocation Agreement, so that revenues under Schedules 41, 42-A, and 47, and charges under Schedule 42-B, will be allocated based on each party's Responsibility Ratio⁷ for the month. Finally,

(Charges to Recover Costs of Entergy Storm Securitization Charges from Entergy Operating Companies' Pricing Zones), 42-A (Charge to Recover Accrued and Paid Interest Associated with Prepayments from Entergy Operating Companies' Pricing Zones), and 42-B (Credit Associated with Allowance for Funds Used During Construction from Entergy Operating Companies' Pricing Zones) to the MISO Tariff and amending the Entergy Operating Companies' formula rate template in Attachment O of the MISO Tariff.

⁷ Calculation of Responsibility Ratio is defined as:

A Party's Responsibility Ratio for a month shall be the ratio obtained by dividing the Load Responsibility of that Party for that month by the sum of the Load Responsibilities of the Parties for that month. *See* section 3.2 of the Amended Louisiana Revenue Allocation Agreement.

Calculation of Load Responsibility is defined as:

A Party's Load Responsibility for a month shall be calculated as the average of the sum of the Party's twelve monthly hourly loads coincident with the System's monthly peak hour load for the period ended with the current month measured in megawatts. Hourly load shall be defined as the sum of the hourly MW values for each of the Load Zones associated with a Party plus Behind the Meter Generation injections and necessary adjustments due to Financial Schedules. To the extent that a Party has engaged in a partial or full requirements sale to a third party, the load associated with that sale will be included in that Party's hourly load if it is not included in the Load Zone associated with that Operating

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Entergy Services notes that the agreement continues to provide that Entergy Louisiana will be the designee for the Louisiana Transmission Pricing Zone.

4. Entergy Services requests waiver of the Commission's prior notice requirements to make the Amended Louisiana Revenue Allocation Agreement effective on June 1, 2014, which is consistent with the annual update of its Attachment O rate under the MISO Tariff.

II. Notice of Filing and Responsive Pleadings

5. Notice of the Amended Louisiana Revenue Allocation Agreement Filing was published in the *Federal Register*, 79 Fed. Reg. 62,267 (2014), with interventions and protests due on or before June 13, 2014.

6. A notice of intervention was filed by the Council of the City of New Orleans (Council of New Orleans). The Council of New Orleans also filed comments on the Amended Louisiana Revenue Allocation Agreement Filing. On June 25, 2014, Entergy Services, on behalf of the Entergy Operating Companies, filed a response to the Council of New Orleans' comments.

III. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁸ the notice of intervention serves to make the Council of New Orleans a party to this proceeding.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure⁹ prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Entergy Services' answer filed in this proceeding because it has provided information that assisted us in our decision-making process.

Company. See section 3.3 of the Amended Louisiana Revenue Allocation Agreement.

⁸ 18 C.F.R. § 385.214 (2013).

⁹ 18 C.F.R. § 385.213(a)(2) (2013).

B. Substantive Matters**1. Comments of the Council of New Orleans**

9. The Council of New Orleans requests that the Commission condition any approval of the Amended Louisiana Revenue Allocation Agreement on the outcome of the proceeding in Docket No. ER14-73-000, where certain defined terms used in the Amended Louisiana Revenue Allocation Agreement are being litigated.¹⁰ According to the Council of New Orleans, Entergy Services filed amendments to, among other things, the definitions of Responsibility Ratio and Load Responsibility as used in the Entergy System Agreement in Docket No. ER13-432-000, and then proposed additional amendments to these terms in Docket No. ER14-73-000. The Council of New Orleans states that in Docket No. ER13-432-000, the Commission conditioned acceptance of Entergy Services' proposed revisions to the definitions of Responsibility Ratio and Load Responsibility on the pending proceeding in Docket No. ER14-73-000, but the Commission has not issued an order on Entergy Services' proposed changes in Docket No. ER14-73-000.

10. Since the terms Responsibility Ratio and Load Responsibility are used in the Amended Louisiana Revenue Allocation Agreement, the Council of New Orleans requests that, consistent with the Louisiana Revenue Allocation Agreement Order, the Commission condition acceptance of the Amended Louisiana Revenue Allocation Agreement on the outcome of Docket No. ER14-73-000.¹¹

11. Also, the Council of New Orleans objects to the premise of a single, Louisiana-wide transmission pricing zone, consistent with the arguments the Council of New Orleans raised when the Louisiana Revenue Allocation Agreement was first filed with the Commission. The Council of New Orleans explains that the Commission has ruled that the Louisiana Transmission Pricing Zone is just and reasonable, but did so without prejudice to a future proposal that establishes a separate transmission pricing zone for Entergy New Orleans. The Council of New Orleans states that it expects that the Louisiana Revenue Allocation Agreement would be revised in the event that a proposal for a separate Entergy New Orleans transmission pricing zone is filed with and approved by the Commission.

¹⁰ Comments of the Council of the City of New Orleans at 1, Docket No. ER14-2029-000 (filed Jun. 13, 2014) (Council of New Orleans Comments).

¹¹ *Id.* at 5.

2. Entergy Services' Response to the Council of New Orleans

12. Entergy Services asserts that the Council of New Orleans' comments are outside the scope of this proceeding and address matters related to other dockets pending before the Commission. With respect to the Council of New Orleans' request that the Commission condition acceptance of the Amended Louisiana Revenue Allocation Agreement on the outcome of Docket No. ER14-73-000, Entergy Services states that the Commission already conditioned acceptance of the Louisiana Revenue Allocation Agreement on the outcome of Docket No. ER14-73-000, and that it has not proposed any changes to any defined terms in this proceeding. Entergy Services concludes that the requested condition is unnecessary, and that the Council of New Orleans' comments regarding the meanings of certain defined terms are outside the scope of this proceeding.¹²

13. Entergy Services also contends that although the Council of New Orleans correctly notes that the Commission has ruled that the single, Louisiana-wide transmission pricing zone is just and reasonable, the Commission did so without prejudice to the filing of a proposal to create another transmission pricing zone. Since no such proposal has been filed in this docket, Entergy Services argues that the Council of New Orleans' comments on that issue are not relevant to this proceeding. Entergy Services nevertheless agrees, however, that should a different transmission pricing zone structure be accepted by the Commission in the future, additional amendments to the Amended Louisiana Revenue Allocation Agreement would be required.¹³

3. Commission Determination

14. We accept the Amended Louisiana Revenue Allocation Agreement for filing and grant, to the extent necessary, Entergy Services' request for waiver to allow the agreement to become effective June 1, 2014.

15. When the Commission accepted the Louisiana Revenue Allocation Agreement in Docket No. ER14-98-000, it did so subject to the outcome of the proceedings in Docket Nos. ER13-432-000 and ER14-73-000.¹⁴ The Commission's determination was based on

¹² Response of Entergy Services, Inc. to Comments of the Council of the City of New Orleans at 2, Docket No. ER14-2029-000 (filed June 25, 2014).

¹³ *Id.* at 2-3.

¹⁴ *See* Louisiana Revenue Allocation Agreement Order, 145 FERC ¶ 61,246 at P 23.

the fact that some of the defined terms included in the Louisiana Revenue Allocation Agreement were at issue in Docket Nos. ER13-432-000 and ER14-73-000. As the Council of New Orleans notes, however, in Docket No. ER13-432-000 the Commission conditioned acceptance of Entergy Services' proposed revisions to the definitions of Responsibility Ratio and Load Responsibility on the pending proceeding in Docket No. ER14-73-000, but the Commission has not yet issued an order on Entergy Services' proposed changes in Docket No. ER14-73-000. Accordingly, and consistent with our previous decision accepting the Louisiana Revenue Allocation Agreement, we accept the Amended Louisiana Allocation Agreement subject to the outcome of Docket No. ER14-73-000.

16. In addition, in accepting the Louisiana Revenue Allocation Agreement subject to the outcome of Docket Nos. ER13-432-000 and ER14-73-000, the Commission accepted certain commitments offered by the Entergy Louisiana Companies. Specifically, the Commission accepted a commitment offered by the Entergy Louisiana Companies

to make, following a Commission order in those dockets, a future compliance filing to either (a) notify the Commission that no changes to the Louisiana Revenue Allocation Agreement are required or (b) to amend the Louisiana Revenue Allocation Agreement consistent with orders in those dockets.¹⁵

17. The Commission also accepted the Entergy Louisiana Companies' commitment to true-up any payments made prior to resolution of Docket Nos. ER13-432-000 and ER14-73-000, consistent with any changes to the terms Responsibility Ratio and Load Responsibility that might be required.

18. We will continue to hold the Entergy Louisiana Companies to the commitments they made in Docket No. ER14-98-000, which the Commission accepted in the Louisiana Revenue Allocation Agreement Order.¹⁶ As Entergy Services notes, it has not proposed any changes to the terms Responsibility Ratio and Load Responsibility in the Louisiana Revenue Allocation Agreement in this proceeding, and we are accepting the Amended Louisiana Revenue Allocation Agreement subject to the outcome of Docket No. ER14-73-000. Accordingly, we will require the Entergy Louisiana Companies to abide by the commitments the Commission accepted in its previous order on the Louisiana Revenue Allocation Agreement.

¹⁵ *Id.*

¹⁶ *See id.* P 18.

19. Finally, as both the Council of New Orleans and Entergy acknowledge, revisions to the Louisiana Revenue Allocation Agreement will be necessary in the event that Entergy New Orleans is no longer part of the Louisiana Transmission Pricing Zone.

The Commission orders:

The Amended Louisiana Revenue Allocation Agreement is accepted for filing, to become effective June 1, 2014, as requested, subject to the outcome of the proceeding in Docket No. ER14-73-000, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.