

148 FERC ¶ 61,094
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Midcontinent Independent System
Operator, Inc.

Docket No. ER14-107-002

ORDER DENYING REHEARING

(Issued August 1, 2014)

1. On October 16, 2013, the Midcontinent Independent System Operator, Inc. (MISO) submitted for filing proposed revisions to Schedule 7 (Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service); Schedule 8 (Non-Firm Point-to-Point Transmission Service); Schedule 9 (Network Integration Transmission Service); and Schedule 26 (Network Upgrade Charge from Transmission Expansion Plan) of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (MISO Tariff).¹ The revisions amended the MISO Tariff to reference four transmission pricing zones for the Entergy Operating Companies,² transmission pricing zones for the South Mississippi Electric Power Association (South Mississippi Electric) and the Lafayette City-Parish Consolidated Government (Lafayette City-Parish), and the Transmission Owners in those zones. The Commission accepted the proposed tariff revisions.³

2. On January 17, 2014, Kansas City Power & Light Company (Kansas City Power & Light) and KCP&L Greater Missouri Operations Company (KCP&L GMO) (together, the Kansas City Power & Light Companies) and the Arkansas Electric Cooperative Corporation (Arkansas Electric Cooperative) (collectively, the Rehearing Parties)

¹ Proposed Revisions to Schedules 7, 8, 9, and 26 of the MISO Tariff, Docket No. ER14-107-000 (filed Oct. 16, 2013) (Schedule Revisions Filing).

² The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

³ *Midcontinent Indep. Sys. Operator, Inc.*, 145 FERC ¶ 61,244 (2013) (Schedule Revisions Order).

requested rehearing of the Schedule Revisions Order. As discussed below, we deny rehearing.

I. Background

A. The Schedule Revisions Filing

3. At the time the Schedule Revisions Filing was made, the Entergy Operating Companies were in the process of integrating into MISO;⁴ as part of that process, both MISO and the Entergy Operating Companies made various filings with the Commission to effectuate the integration.

4. In an order issued on June 20, 2013, the Commission addressed several of those filings, setting for hearing and establishing settlement judge procedures certain aspects of the Entergy Operating Companies' proposed Attachment O formula rates under the MISO Tariff.⁵ As relevant to this proceeding, the Commission addressed the *pro forma* tariff sheets filed by MISO and Entergy which included revisions to establish transmission pricing zones for the Entergy Operating Companies in the Entergy-ITC Rates Order. In the Schedule Revisions Filing, MISO submitted revisions to Schedules 7, 8, 9, and 26 of the MISO Tariff to reflect the Entergy transmission pricing zones; the

⁴ Schedule Revisions Filing, Transmittal Letter at 2.

⁵ *ITC Holdings Corp.*, 143 FERC ¶ 61,257 (2013) (Entergy-ITC Rates Order), *order on reh'g*, 143 FERC ¶ 61,111 (2014) (Entergy-ITC Rates Rehearing Order). In the Entergy-ITC Rates Order, the Commission addressed two separate proposals regarding the integration of the Entergy Operating Companies' transmission facilities into MISO: (1) Docket No. ER13-948-000, which addressed the integration of the Entergy Operating Companies into MISO; and (2) Docket Nos. ER12-2681-000 and ER13-782-000, which addressed the issues raised by a proposed transaction in Docket No. EC12-145-000 pursuant to which the transmission assets of the Entergy Operating Companies would be transferred to certain subsidiaries of ITC Holdings Corp. (ITC) (New ITC Operating Companies) (Entergy-ITC Transaction) prior to the integration of those transmission assets into MISO. We refer to the consolidated proceedings as the Entergy-ITC Rates Proceeding. On December 13, 2013, the New ITC Operating Companies filed a motion to withdraw the filings in Docket Nos. ER12-2681-00 and ER13-782-000. Further, on December 13, 2013, ITC and Entergy filed a Notice of Termination of Transaction in Docket No. EC12-145-000, notifying the Commission that the Entergy-ITC Transaction would not occur.

South Mississippi Electric and Lafayette City-Parish transmission pricing zones; and the Transmission Owners in those zones.⁶

B. The Schedule Revisions Order

5. The Schedule Revisions Order rejected protests of the Schedule Revisions Filing. The Commission explained that, generally speaking, the protests filed in the proceeding raised two issues: (1) whether the MISO regional-through-and-out rate (RTOR) under Schedule 7 of the MISO Tariff was just and reasonable as applied to existing transmission customers of the Entergy Operating Companies that would take transmission service under the MISO Tariff after their integration; and (2) whether the integration of the Entergy Operating Companies into MISO comports with the Commission's scope and configuration requirements for Regional Transmission Organizations under Order No. 2000.⁷ With respect to both issues, the Commission found that the arguments raised by the Kansas City Power & Light Companies and the Arkansas Electric Cooperative were currently pending on rehearing in the Entergy-ITC Rates Proceeding, and that the Commission would address the arguments on those issues in that proceeding, rather than in this proceeding.

II. Request for Rehearing of the Schedule Revisions Order

6. On rehearing, the Kansas City Power & Light Companies and the Arkansas Electric Cooperative raise many of the same arguments they advanced in protesting the Schedule Revisions Filing.

7. With respect to the Commission's finding that the RTOR issue was pending in the Entergy-ITC Rates Proceeding, the Kansas City Power & Light Companies argue that the Commission erred by accepting revisions to the MISO Tariff that result in a substantial rate increase without any finding that the rate increase is just, reasonable, and not unduly discriminatory.⁸ The Kansas City Power & Light Companies contend that the

⁶ On October 21, 2013, MISO filed corrections to the Schedule Revisions Filing. *See* Correction to MISO Tariff Revisions Filing, Transmittal Letter at 1, Docket No. ER14-107-001 (filed Oct. 21, 2013).

⁷ *Regional Transmission Organizations*, Order No. 2000, FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No.2000-A, FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd sub nom. Pub. Util. Dist. No. 1, v. FERC*, 272 F.3d 607 (D.C. Cir. 2001). Schedule Revisions Order, 145 FERC ¶ 61,244 at P 16.

⁸ Request for Rehearing of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company at 17, Docket Nos. ER14-107-000 and ER14-107-001 (filed Jan. 17, 2014) (Kansas City Power & Light Companies Request for Rehearing).

Commission provides no basis for allowing the rate increase, other than to find that the RTOR issues will be addressed in a separate proceeding.⁹ According to the Kansas City Power & Light Companies, the Commission did not offer a reason for finding the rate increase to be just and reasonable, but instead offered something in the nature of a promise to protestors that they would get their day in court. The Kansas City Power & Light Companies assert that this promise does not put to rest their concerns that their rates will increase.¹⁰

8. The Kansas City Power & Light Companies further claim that the Schedule Revisions Order was not the result of reasoned and principled decision-making;¹¹ that because the Commission did not find the rate increase to be just, reasonable, and not unduly discriminatory the Commission violated the Federal Power Act and the Administrative Procedure Act by accepting the proposed tariff revisions and applying the rate increase to the Kansas City Power & Light Companies;¹² and that the Commission failed to explain why the Entergy-ITC Rates Proceeding is the only proper proceeding in which to address the rate increase. With respect to the latter point, the Kansas City Power & Light Companies question whether the Commission actually addressed the rate increase due to the RTOR in any other proceeding.¹³

9. The Arkansas Electric Cooperative argues that the Commission erred in accepting the proposed tariff revisions to the extent that those revisions would impose the RTOR on transactions sourcing in MISO South and sinking outside of the MISO footprint;¹⁴ that the Commission erred in stating that it had addressed the justness and reasonableness of the RTOR; and that the tariff revisions filed in Docket No. ER13-948-000 never took effect, and therefore the Commission never accepted the “illustrative” revisions filed by the Entergy Operating Companies.¹⁵

⁹ *Id.*

¹⁰ *Id.* at 17-18.

¹¹ *Id.* at 19.

¹² *Id.* at 20.

¹³ *Id.* at 23

¹⁴ Request for Rehearing of Arkansas Electric Cooperative Cooperation at 4, Docket Nos. ER14-107-000 and ER14-107-001 (Jan. 17, 2014) (Arkansas Electric Cooperative Request for Rehearing).

¹⁵ *Id.* at 9-10.

10. The Rehearing Parties also argue that the Commission erred by accepting the proposed tariff revisions without analyzing whether MISO's new configuration would satisfy the requirements of Order No. 2000.¹⁶ The Kansas City Power & Light Companies claim that the only determination in the Schedule Revisions Order regarding scope and configuration issues is that issues relating to parallel flows will be addressed in the Entergy-ITC Rates Proceeding.¹⁷ According to the Kansas City Power & Light Companies, the Commission has not offered a satisfactory reason for not addressing arguments regarding MISO's scope and configuration, but instead again offers something in the nature of a promise that protestors will get their day in court.¹⁸

11. The Arkansas Electric Cooperative questions the Commission's conclusion that addressing loop and parallel flow issues disposes of the issue of the appropriateness of MISO's scope and configuration.¹⁹ The Arkansas Electric Cooperative adds that an examination of the sufficiency of a Regional Transmission Organization's (RTO) scope and configuration requires a determination of whether the RTO is able to provide "[c]ompetitive benefits result[ing] from eliminating pancaked transmission rates within the broadest possible energy trading area,"²⁰ and that the Entergy-ITC Rates Order did not address any of these considerations. The Arkansas Electric Cooperative claims that the Commission has failed to follow its own precedent regarding the standards for judging scope and configuration, and that therefore the Commission should grant rehearing and direct MISO to implement rate revisions to remove the effect of the rate pancaking which an RTO of proper scope and configuration would have prevented.²¹

III. Commission Determination

12. We deny rehearing. The issues raised by the Rehearing Parties have been addressed by the Commission in the orders issued in the Entergy-ITC Rates Proceeding. Specifically, the Commission addressed issues regarding scope and configuration and parallel flows in the Entergy-ITC Rates Order,²² and in the Entergy-ITC Rates Rehearing

¹⁶ See, e.g., Kansas City Power & Light Companies Request for Rehearing at 26.

¹⁷ *Id.* at 26-27.

¹⁸ *Id.* at 27-29.

¹⁹ Arkansas Electric Cooperative Request for Rehearing at 5.

²⁰ *Id.* (quoting Order No. 2000, FERC Stats. & Regs. ¶ 31,089 at 31,082).

²¹ *Id.* at 6.

²² See, e.g., Entergy-ITC Rates Order, 143 FERC ¶ 61,257 at PP 128-153.

Order.²³ The Commission further addressed parallel flow issues between MISO and Southwest Power Pool, Inc. in a separate order.²⁴ With respect to the RTOR, in the Entergy-ITC Rates Rehearing Order the Commission established hearing and settlement judge procedures as to the issue of “MISO’s proposed RTOR for service over the transmission system in the MISO South region.”²⁵ Given that the issues raised by the Rehearing Parties have been addressed or are in the process of being addressed in the Entergy-ITC Rates Proceeding, we affirm the Schedule Revisions Order and, accordingly, deny the Rehearing Parties’ requests for rehearing.

The Commission orders:

The Rehearing Parties’ requests for rehearing of the Schedule Revisions Order are hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

²³ See, e.g., Entergy-ITC Rates Rehearing Order, 146 FERC ¶ 61,111 at PP 45-65.

²⁴ See *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,231 (2014).

²⁵ *Id.* PP 75-79.