

150 FERC ¶ 61,152
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
Norman C. Bay, and Colette D. Honorable.

Tucson Electric Power Company	Docket Nos. ER10-2564-002
	ER10-2564-003
UniSource Energy Development Company	ER10-2289-002
	ER10-2289-003
UNS Electric, Inc.	ER10-2600-002
	ER10-2600-003

ORDER ON UPDATED MARKET POWER ANALYSIS, SIMULTANEOUS
TRANSMISSION IMPORT LIMIT VALUES AND NOTICES OF CHANGE IN
STATUS

(Issued February 27, 2015)

1. In this order, the Commission accepts an updated market power analysis and notices of change in status filed by Tucson Electric Power Company (Tucson Electric), UniSource Energy Development Company (UniSource) and UNS Electric, Inc. (UNS Electric) (collectively, UNS Companies). The Commission also accepts updated Simultaneous Transmission Import Limit (SIL) values for the Tucson Electric balancing authority area. In this order, the Commission finds that UNS Companies have rebutted the presumption of market power in the Tucson Electric balancing authority area and satisfy the Commission's standards for market-based rate authority.¹

¹ Concurrent with this order, the Commission is instituting a proceeding under section 206 of the Federal Power Act, 16 U.S.C. § 824e (2012), in Docket No. EL15-42-000, to determine whether the UNS Companies' (and others') market-based rate authority in the Tucson Electric balancing authority area remains just and reasonable and to establish a refund effective date. The filing at issue in that case involves a recent notice of change in status reporting additional generation and includes wholesale market share screen failures in the Tucson Electric balancing authority area and a new delivered price test analysis covering a study period different from that in the instant order. *FortisUS Energy Corporation*, 150 FERC ¶ 61,153 (2015). In the concurrently issued order,

(continued...)

I. Background

2. On December 14, 2012, as supplemented on March 21, 2013 and February 2, 2015, and amended on December 9, 2013, UNS Companies filed an updated market power analysis for the Southwest region in compliance with the regional reporting schedule adopted in Order No. 697² and pursuant to the Commission's orders granting UNS Companies authority to sell electric energy, capacity, and ancillary services at market-based rates.³ UNS Companies' December 14, 2012 filing also includes a notice of change in status. On January 21, 2014, as amended on February 7, 2014, June 3, 2014, August 25, 2014, and October 1, 2014, UNS Companies filed an additional notice of change in status.

3. UNS Companies state that they are subsidiaries of UNS Energy Corporation, a publicly traded company. UNS Companies state that UNS Energy Corporation does not engage in any Commission jurisdictional business activities.

4. In their January 21, 2014 filing, UNS Companies represent that Tucson Electric owns or leases approximately 2,490 megawatts (MW) of generating capacity. Tucson Electric also purchases approximately 157 MW from unaffiliated suppliers under

consistent with Order No. 697, the Commission is instituting a section 206 proceeding based on the wholesale market share screen failures to establish refund protection while the Commission evaluates the filed delivered price test analysis and any supplemental information that applicants provide in response to the section 206 order. *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 75, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Mont. Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012); *see also Nevada Power Co.*, 149 FERC ¶ 61,219 (2014); *Arizona Public Serv. Co.*, 149 FERC ¶ 61,013 (2014); *Idaho Power Co.*, 145 FERC ¶ 61,122 (2013).

² See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 848-850.

³ *Tucson Electric Power Company*, 81 FERC ¶ 61,131 (1997); *UniSource Energy Development Company*, Docket No. ER07-1232-000 (October 31, 2007) (delegated letter order); *UNS Electric, Inc.*, Docket No. ER07-964-000 (July 25, 2007) (delegated letter order).

long-term agreements. Additionally, UNS Electric owns and operates 230 MW of generating capacity and purchases approximately 134 MW from unaffiliated suppliers. UNS Companies also represent that UniSource is a public utility that does not presently engage in any activities subject to the Commission's jurisdiction. In their December 14, 2012 notice of change in status, UNS Companies notify the Commission that Tucson Electric's generation capacity increased by 127.9 MW due to the construction of several solar-powered generation facilities as well as a variety of power purchase agreements pursuant to which Tucson Electric purchases the output of certain solar and wind-powered generation facilities located in the Tucson Electric balancing authority area.

5. UNS Companies' December 14, 2012 updated market power analysis included SIL studies prepared by Tucson Electric and/or other utilities in the Southwest region. In their December 14, 2012 updated market power analysis, UNS Companies state that they pass both the market share and pivotal supplier screens in all relevant balancing authority areas that are first tier to the Tucson Electric balancing authority area, namely the Arizona Public Service Company (Arizona Public Service), El Paso Electric Company (El Paso), Public Service Company of New Mexico (Public Service New Mexico), Salt River Project (Salt River), and Western Area Power Administration – Lower Colorado (WALC) balancing authority areas. However, UNS Companies note that in the Tucson Electric balancing authority area they pass the pivotal supplier screen but fail the market share screen in the winter and spring seasons. Thus they submit a delivered price test analysis as part of their updated market power analysis. On March 21, 2013, UNS Companies supplemented their updated market power analysis with additional workpapers to support their SIL study. On December 9, 2013, UNS Companies further amended their updated market power analysis to correct a path rating for the Avra-Marana 115 kilovolt (kV) transmission line reflected in the SIL study and to clarify certain calculations made in the SIL study. The amendment includes a revised delivered price test analysis that reflects imports from first-tier balancing authority areas and other modeling adjustments, as well as a table of suppliers with available capacity to compete in the Tucson Electric balancing authority area and other supporting workpapers.

6. On January 21, 2014, UNS Companies submitted a notice of change in status to inform the Commission that, on December 22, 2013, UNS Electric placed into service the 55-mile, 138-kV Vail-Valencia transmission line, thereby directly connecting the portion of the Tucson Electric balancing authority area that comprises the Tucson Electric service territory with the portion that comprises UNS Electric's southern service territory. As part of this filing, UNS Companies include updated SIL values for the December 2011 – November 2012 study period for the Tucson Electric balancing authority area. UNS Companies state that they pass the indicative screens in the Arizona Public Service, El Paso, Public Service New Mexico, Salt River and WALC balancing authority areas, and submit a revised delivered price test for the Tucson Electric balancing authority area. On February 7, 2014, UNS Companies supplemented the January 21, 2014 notice of change in status to update the asset appendix and correct supporting documents for the

SIL study and the delivered price test analysis. On June 3, 2014, UNS Companies amended the January 21, 2014 notice of change in status to make additional corrections to the SIL study and delivered price test analysis.

7. On July 24, 2014, the Director of the Division of Electric Power Regulation –West issued a request for clarifying information about the SIL study and delivered price test modeling assumptions and explanations. On August 25, 2014, UNS Companies responded, providing an explanation of the modeling assumptions and addressing inconsistencies between the SIL study and the delivered price test analysis. UNS Companies’ response includes a revised SIL study that corrects the ratings of two transmission lines and a revised delivered price test analysis that reflects the SIL study values and individual transmission line limits from the first-tier balancing authority areas into the study area. On October 1, 2014, UNS Companies further responded with a list of suppliers with a non-zero contribution to the available economic capacity, as reported in the delivered price test analysis.

II. Notices and Responsive Pleadings

8. Notices of UNS Companies’ filings were published in the *Federal Register*,⁴ with interventions or protests due on or before October 22, 2014. None was filed.

III. Discussion

A. Market-Based Rate Authorization

9. The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.⁵ As discussed below, we find that UNS Companies have rebutted the presumption of market power in the Tucson Electric balancing authority area and conclude that UNS Companies satisfy the Commission’s standards for market-based rate authority in the Southwest region.

⁴ 77 Fed. Reg. 76,023 (2012); 78 Fed. Reg. 76,607 (2013); 79 Fed. Reg. 4,680 (2014); 79 Fed. Reg. 33,744 (2014); 79 Fed. Reg. 52,315 (2014); 79 Fed. Reg. 61,075 (2014).

⁵ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 62, 399, 408, 440.

B. Horizontal Market Power**1. Indicative Screens**

10. The Commission adopted two indicative screens for assessing horizontal market power: the pivotal supplier screen and the wholesale market share screen.⁶ The Commission has stated that passage of both screens establishes a rebuttable presumption that the applicant does not possess horizontal market power, while failure of either screen creates a rebuttable presumption that the applicant has horizontal market power.⁷

11. UNS Companies prepared the pivotal supplier and wholesale market share screens for the Arizona Public Service Company, El Paso Electric Company, Public Service Company of New Mexico, Salt River Project, and Western Area Power Administration – Lower Colorado balancing authority areas, consistent with the requirements of Order No. 697.⁸

12. We have reviewed UNS Companies' pivotal supplier and wholesale market share screens for the relevant geographic markets. We find that UNS Companies pass the pivotal supplier and wholesale market share screens for the Arizona Public Service Company balancing authority area, with market shares ranging from zero to 0.2 percent, El Paso Electric Company balancing authority area, with market shares ranging from zero to 2.6 percent, Public Service Company of New Mexico balancing authority area, with market shares ranging from zero to 1.4 percent, Salt River Project balancing authority area, with market shares ranging from zero to 0.7 percent, and Western Area Power Administration – Lower Colorado balancing authority area, with market shares ranging from zero to two percent. Accordingly, we find that UNS Companies satisfy the Commission's requirements for market-based rate authority regarding horizontal market power in the Arizona Public Service, El Paso, Public Service New Mexico, Salt River, and WALC balancing authority areas.

13. With respect to the Tucson Electric balancing authority area, UNS Companies pass the pivotal supplier screen, but fail the wholesale market share screen. According to UNS Companies' updated market power analysis, UNS Companies' uncommitted capacity in the Tucson Electric balancing authority area ranges from zero to 749 MW, while the total uncommitted seasonal capacity of all sellers ranges from approximately

⁶ *Id.* P 62.

⁷ *Id.* PP 33, 62-63.

⁸ *Id.* PP 231-232.

1,446 MW to 1,799 MW. UNS Companies also represent that they pass the wholesale market share screen in the Tucson Electric balancing authority area with zero percent market shares in the summer and 9.2 percent in the fall; however, UNS Companies fail the wholesale market share screen in the winter and spring seasons with market shares of 42 percent and 41.6 percent, respectively.

14. The Commission has stated that an applicant that fails one or more of the indicative screens has several procedural options, including the right to challenge the market power presumption by submitting a delivered price test analysis, or, alternatively, sellers can accept the presumption of market power and adopt some form of cost-based mitigation.⁹ Accordingly, UNS Companies submitted a delivered price test analysis for the Tucson Electric balancing authority area.

2. Delivered Price Test

15. The Commission has explained that the delivered price test identifies potential suppliers based on market prices, input costs, and transmission availability, and calculates each supplier's economic capacity and available economic capacity¹⁰ for each season/load period.¹¹ Under the delivered price test, applicants must also calculate market concentration using the Hirschman-Herfindahl Index (HHI).¹² An HHI of less than 2,500 in the relevant market for all season/load periods, in combination with a demonstration that the applicants are not pivotal and do not possess more than a 20 percent market share in any of the season/load periods, would constitute a showing of a lack of horizontal market power, absent compelling contrary evidence from intervenors.

⁹ *Id.* P 63. The results of the delivered price test analysis can be used for pivotal supplier, market share, and market concentration analyses.

¹⁰ "Economic capacity" is the total generation capacity of a potential supplier that can compete in the destination market, given its costs and transmission availability. "Available economic capacity" is derived by subtracting each potential supplier's native load obligation from its total capacity and adjusting transmission availability accordingly. See Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 96 n.78.

¹¹ Super-peak, peak, and off-peak, for winter, shoulder, and summer periods and an additional highest super-peak for the summer.

¹² The HHI is the sum of the squared market shares. For example, in a market with five equal size firms, each would have a 20 percent market share. For that market, $HHI = (20)^2 + (20)^2 + (20)^2 + (20)^2 + (20)^2 = 400 + 400 + 400 + 400 + 400 = 2,000$.

A detailed description of the mechanics of the delivered price test is provided in Order No. 697.¹³

16. As with the indicative screens, applicants and intervenors may present evidence such as historical wholesale sales data, which may be used to calculate market shares and market concentration and to refute or support the results of the delivered price test. In Order No. 697, the Commission encouraged applicants to present the most complete analysis of competitive conditions in the market as the data allows.¹⁴

17. UNS Companies' delivered price test analysis for the Tucson Electric balancing authority area indicates that UNS Companies are not pivotal in any season/load period using either the economic capacity measure or the available economic capacity measure. UNS Companies report market shares above 20 percent in all season/load periods and HHIs above 2,500 in all but two season/load periods when the economic capacity measure is used. When the available economic capacity measure is used, UNS Companies report a high market share in the winter super-peak season/load period of 24.4 percent, and HHIs ranging from 660 to 2,001.

18. For UNS Companies' sensitivity price studies that increase prices by 10 percent, when the available economic capacity measure is used, UNS Companies pass the market share analysis in all seasons/load periods with market shares ranging from zero to 24.4 percent and also pass the market concentration analysis in all seasons/load periods with HHIs ranging from 638 to 1,165. UNS Companies are not pivotal in any season/load period using the available economic capacity measure.

19. For UNS Companies' sensitivity price studies that decrease prices by 10 percent, when the available economic capacity measure is used, UNS Companies pass the market share analysis in all seasons/load periods with market shares ranging from zero to 17.9 percent and also pass the market concentration analysis in all seasons/load periods with HHIs ranging from 660 to 2,393. UNS Companies are not pivotal in any season/load period using the available economic capacity measure.

3. Commission Determination

20. After weighing all of the relevant factors, we find that, on balance, based on the record evidence, UNS Companies have rebutted the presumption of horizontal market power and satisfy the Commission's horizontal market power standard for the grant of

¹³ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 104-117.

¹⁴ *Id.* P 111.

market-based rate authority. UNS Companies' delivered price test analysis for the Tucson Electric balancing authority area varies depending on whether the economic capacity or available economic capacity measure is used.¹⁵ The Commission has stated that the delivered price test does not function like the initial screens – i.e., failure of either the economic capacity or available economic capacity analyses does not result in an automatic failure of the test as a whole. Neither measure is definitive; the Commission weighs the results of both the economic capacity and the available economic capacity analyses and considers the arguments of the parties.¹⁶ In the delivered price test analysis, available economic capacity accounts for native load requirements. As the Commission explained in Order No. 697:

[I]n markets where utilities retain significant native load obligations, an analysis of available economic capacity may more accurately assess an individual seller's competitiveness, as well as the overall competitiveness of a market, because available economic capacity recognizes the native load obligations of the sellers. On the other hand, in markets where the sellers have been predominantly relieved of their native load obligations, an analysis of economic capacity may more accurately reflect market conditions and a seller's relative size in the market.¹⁷

21. Because UNS Companies have native load obligations in the Tucson Electric balancing authority area, we find that the available economic capacity measure of the delivered price test more accurately captures conditions in the relevant market. As noted above, using the available economic capacity measure, UNS Companies' study indicates that they are not pivotal, have less than a 20 percent market share in all but one season/load period, and do not exceed the 2,500 HHI threshold in any of the 10 seasons/load periods.

22. In addition to submitting the delivered price test analysis to the Commission, UNS Companies also provided two sensitivity analyses which separately analyze what effect, if any, an increase of 10 percent or a decrease in 10 percent of the market price would have on the results of its delivered price test analysis. In the sensitivity analyses, market concentration, as measured by the HHI, remains far below the 2,500 threshold in all 10 delivered price test periods using the available economic capacity measure. In

¹⁵ Our determination relies on the revised delivered price test submitted on August 25, 2014.

¹⁶ *Id.* P 112.

¹⁷ *Id.*

addition, UNS Companies are not pivotal in any of the two sensitivities when using the available economic capacity measure. UNS Companies' sensitivity analyses indicate that the overall results from the sensitivity delivered price test analyses are only slightly different than those reported for the base case delivered price test analyses.

23. After weighing all of the relevant evidence, we find that on balance UNS Companies have rebutted the presumption of horizontal market power in the Tucson Electric balancing authority area.

C. Vertical Market Power

24. In cases where a public utility or any of its affiliates owns, operates, or controls transmission facilities, the Commission requires that there be a Commission-approved Open Access Transmission Tariff (OATT) on file or that the seller has received waiver of the OATT requirement before granting a seller market-based rate authorization.¹⁸

25. UNS Companies state that the transmission facilities owned by Tucson Electric and UNS Electric are subject to the terms and conditions of Tucson Electric's and UNS Electric's Commission-approved OATTs.

26. The Commission also considers a seller's ability to erect other barriers to entry as part of the vertical market power analysis.¹⁹ The Commission requires a seller to provide a description of its ownership or control of, or affiliation with an entity that owns or controls, intrastate natural gas transportation, storage, or distribution facilities; sites for generation capacity development; and physical coal supply sources and ownership of or control over who may access transportation of coal supplies (collectively, inputs to electric power production).²⁰ The Commission also requires sellers to make an affirmative statement that they have not erected barriers to entry into the relevant market and will not erect barriers to entry into the relevant market.²¹ The Commission adopted a rebuttable presumption that the ownership or control of, or affiliation with any entity that

¹⁸ *Id.* P 408.

¹⁹ *Id.* P 440.

²⁰ *Id.* P 447; Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 176.

²¹ Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.

owns or controls, inputs to electric power production does not allow a seller to raise entry barriers but will allow intervenors to demonstrate otherwise.²²

27. UNS Companies state that they do not own or control any intrastate natural gas transportation, storage, or distribution facilities. UNS Companies state that UNS Gas is the only affiliate that owns or controls intrastate natural gas transportation, storage, or distribution facilities. UNS Companies state that, other than the ability to add generation at certain UNS Companies' existing generation sites, they do not own any sites for generation capacity development. UNS Companies state that Tucson Electric owns or operates coal-fired generation facilities. UNS Companies state that Tucson Electric purchases coal under various long-term agreements, but does not own any coal mines or coal mineral rights. UNS Companies state that these coal purchase contracts are used exclusively to supply coal to power plants owned and operated by Tucson Electric.

28. UNS Companies state that Tucson Electric leases two sets of railcars, one set for use at its Springerville generation facility and one set for use at its Sundt generation facility. UNS Companies state that Tucson Electric also holds: (i) a 50 percent ownership interest in the Lee Ranch Coal Spur Line that connects the Lee Ranch and El Segundo Mines to railroad lines owned by BNSF Railway Company (BNSF); (ii) an approximately five percent ownership interest and an approximately 45 percent leasehold interest in the Springerville/Coronado Spur Line that connects Salt River Project's Coronado generation station to lines owned by BNSF; and (iii) an approximately 14 percent ownership interest and an approximately 86 percent leasehold interest in the Springerville Spur Line that runs between the Coronado and Springerville generating stations. UNS Companies affirmatively state that they have not and will not erect barriers to entry in the relevant geographic markets.²³

29. Based on UNS Companies' representations, as discussed herein, we find that UNS Companies satisfy the Commission's requirements for market-based rate authority regarding vertical market power.

D. Simultaneous Transmission Import Limit Values

30. The Commission will use the following SIL values when reviewing updated market power analyses for the Tucson Electric balancing authority area for the

²² *Id.* P 446.

²³ We interpret this statement to apply to UNS Companies and their affiliates, and our authorizations herein are predicated on UNS Companies complying with this commitment. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.

December 2010 – November 2011 study period: for the winter season, 879 MW; for the spring season, 1,086 MW; for the summer season, 1,644 MW; for the fall season, 1,545 MW.²⁴ Future sellers submitting screens for the Tucson Electric balancing authority area are encouraged to use these Commission-accepted SIL values. In the alternative, such sellers may propose different SIL values, provided that their SIL studies comply with Commission directives and they explain why the Commission should consider a different SIL value for the Tucson Electric balancing authority area rather than the Commission-accepted SIL values provided herein. In the event the results of a particular seller's wholesale market share and/or pivotal supplier screen differ if the seller-supplied SIL value is used instead of the Commission-accepted SIL value, the order on that particular filing will examine the seller-supplied SIL study and address whether the seller-supplied SIL value is acceptable. However, if the overall results of the screens would be unchanged regardless of which set of SIL values is used, i.e., the seller would pass using either set of SIL values or fail using either set of SIL values, the order will be based on the Commission-accepted SIL values and would not address the seller-supplied SIL values.

E. Reporting Requirements

31. An entity with market-based rate authorization must file an Electric Quarterly Report (EQR) with the Commission, consistent with Order Nos. 2001²⁵ and 768,²⁶ to fulfill its responsibility under section 205(c)²⁷ of the Federal Power Act to have rates on

²⁴ UNS Companies August 25, 2014 Filing, Response to Question 2, Table 1: SIL Comparison, Row 10.

²⁵ *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, FERC Stats. & Regs. ¶ 31,282 (2008).

²⁶ *Electricity Mkt. Transparency Provisions of Section 220 of the Fed. Power Act*, Order No. 768, FERC Stats. & Regs. ¶ 31,336 (2012), *order on reh'g*, Order No. 768-A, 143 FERC ¶ 61,054 (2013).

²⁷ 16 U.S.C. § 824d(c) (2012).

file in a convenient form and place.²⁸ UNS Companies must file EQRs electronically with the Commission consistent with the procedures set forth in Order No. 770.²⁹ Failure to timely and accurately file an EQR is a violation of the Commission's regulations for which UNS Companies may be subject to refund, civil penalties, and/or revocation of market-based rate authority.³⁰

32. UNS Companies must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.³¹

33. Additionally, UNS Companies must file an updated market power analysis for all regions in which they are designated as Category 2 sellers in compliance with the regional reporting schedule adopted in Order No. 697.³² The Commission also reserves the right to require such an analysis at any intervening time.

The Commission orders:

(A) UNS Companies' updated market power analysis is hereby accepted for filing, as discussed in the body of this order.

(B) UNS Companies' notices of change in status are hereby accepted for filing, as discussed in the body of this order.

²⁸ See *Revisions to Electric Quarterly Report Filing Process*, Order No. 770, FERC Stats. & Regs. ¶ 31,338, at P 3 (2012) (citing Order No. 2001, FERC Stats. & Regs. ¶ 31,127 at P 31).

²⁹ Order No. 770, FERC Stats. & Regs. ¶ 31,338.

³⁰ The exact filing dates for these reports are prescribed in 18 C.F.R. § 35.10b (2014). Forfeiture of market-based rate authority may require a new application for market-based rate authority if the applicant wishes to resume making sales at market-based rates.

³¹ *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005); 18 C.F.R. § 35.42 (2014).

³² Order No. 697, FERC Stats. & Regs. ¶ 31,252 at PP 848-850.

(C) UNS Companies are hereby directed to file updated market power analyses according to the regional reporting schedule adopted in Order No. 697, as discussed in the body of this order.

(D) The specific Commission-accepted SIL values identified in this order are hereby adopted for purposes of analyzing updated market power analyses for the Tucson Electric balancing authority area for the December 2010 – November 2011 study period, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.