

153 FERC ¶ 61,132  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

UNS Electric, Inc.

Docket No. ER14-2875-001

ORDER ON COMPLIANCE FILING

(Issued November 2, 2015)

1. On May 18, 2015, UNS Electric, Inc. (UNS Electric) submitted revisions to its formula rate protocols in Attachment F of its Open Access Transmission Tariff (Tariff) in compliance with the Commission's March 19, 2015 order.<sup>1</sup> In this order, we accept UNS Electric's revised formula rate protocols, to be effective November 14, 2014, as requested, subject to further compliance.

**I. Background**

2. In the July 17, 2014 order, the Commission explained that it had undertaken a review of the transmission formula rates and formula rate protocols of jurisdictional public utilities to identify utilities that currently are not required to make annual informational filings of their formula rate updates with the Commission.<sup>2</sup> UNS Electric was one such utility and the Commission analyzed the formula rate in its Tariff using the standards established in the MISO Investigation Order<sup>3</sup> and MISO Compliance Order<sup>4</sup> to

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<sup>1</sup> *UNS Electric, Inc.*, 150 FERC ¶ 61,199 (2015) (March 2015 Order).

<sup>2</sup> *UNS Electric, Inc.*, 148 FERC ¶ 61,032, at P 8 (2014) (July 2014 Order).

<sup>3</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 (2013) (MISO Investigation Order), *reh'g denied*, 146 FERC ¶ 61,209 (2014).

<sup>4</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,212 (2014) (MISO Compliance Order). The Commission also separately evaluated the compliance filings of two MISO transmission owners. *See Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,210 (2014) (evaluating the compliance filing of Southern Indiana Electric & Gas Company); *Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,211 (2014)

(continued...)

determine if the UNS Electric formula rate meets the other requirements established in those orders. The Commission found that UNS Electric's proposed formula rate protocols did not conform to the requirements of the MISO Investigation Order and the MISO Compliance Order, which specifically identified three areas of concern: (1) scope of participation (i.e., who can participate in the information exchange); (2) the transparency of the information exchange (i.e., what information is exchanged); and (3) the ability of customers to challenge transmission owners' implementation of the formula rate as a result of the information exchange (i.e., how the parties may resolve their potential disputes). The Commission therefore directed UNS Electric to propose formula rate protocols addressing all three areas of concern.<sup>5</sup>

3. On September 15, 2014, in compliance with the Commission's July 2014 Order, UNS Electric submitted revised formula rate protocols to be included in its Tariff. On March 19, 2015, the Commission found that UNS Electric's proposed formula rate protocols generally comply with the Commission's directives in its July 2014 Order, but directed UNS Electric to make a number of revisions. Specifically, the Commission directed UNS Electric to revise its protocols to include a requirement that it endeavor to coordinate with other transmission owners using formula rates to establish revenue requirements for recovery of the costs of transmission projects that utilize the same regional cost sharing mechanism and hold joint meetings to enable all interested parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects.<sup>6</sup>

4. The Commission also directed UNS Electric to make a number of other revisions to its proposed protocols. First, the Commission directed UNS Electric to specify a date for filing its annual informational filing in a new docket each year, to be after Interested Parties have reviewed the annual update and UNS Electric has responded to information and document requests, and include any corrections or adjustments made during that period.<sup>7</sup> Next, the Commission directed UNS Electric to modify its formula rate protocols to explicitly require remote access for participation at annual update meetings.<sup>8</sup> The Commission also directed UNS Electric to disclose any accounting changes or

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(evaluating the compliance filing of Northern Indiana Public Service Company).

<sup>5</sup> July 2014 Order, 148 FERC ¶ 61,032 at P 8.

<sup>6</sup> March 2015 Order, 150 FERC ¶ 61,199 at P 22.

<sup>7</sup> *Id.* PP 19, 23.

<sup>8</sup> *Id.* P 20.

adjustments as part of its annual update that affect inputs to the formula rate, and remove the word “material” from all instances of the phrase “material accounting changes.”<sup>9</sup>

5. In addition, the Commission directed UNS Electric to provide that all information requests and preliminary challenges from Interested Parties and UNS Electric’s responses will be posted on the OASIS,<sup>10</sup> and to specify a date by which UNS Electric must respond to a preliminary challenge.<sup>11</sup> Finally, the Commission directed UNS Electric to clarify the deadline for an Interested Party to file a Formal Challenge.<sup>12</sup> The Commission stated that the date should be after an adequate amount of time after any preliminary challenges and UNS Electric’s responses, and after the annual informational filing has been filed with the Commission.

6. On May 18, 2015, UNS Electric filed revisions to Attachment F to its Tariff, which it states are consistent with the directives set forth in the March 2015 Order.

## **II. Notice of Filing and Responsive Pleadings**

7. Notice of UNS Electric’s compliance filing was published in the *Federal Register*, 80 Fed. Reg. 29,697 (2015), with interventions and protests due on or before June 8, 2015. None was filed.

## **III. Discussion**

### **A. UNS Electric Compliance Filing**

8. As discussed above, the Commission required UNS Electric to revise the provision in section 2(b) of the protocols that addresses joint meetings on regional transmission projects. UNS Electric’s proposed language in section 2(b) states:

In such years where UNS is in the development of a regional transmission project that has been selected for regional cost allocation pursuant to the regional transmission planning process described in Attachment K of the [Tariff], UNS shall endeavor to coordinate with other transmission owners that are members of the WestConnect Planning Region (“WestConnect”) and use formula rates to establish revenue requirements for recovery of the

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<sup>9</sup> *Id.* P 21.

<sup>10</sup> *Id.* PP 24, 33.

<sup>11</sup> *Id.* P 34.

<sup>12</sup> *Id.* P 35.

costs of transmission projects that utilize the same regional cost sharing mechanism (“Applicable WestConnect Members”). In such years, UNS will also endeavor to coordinate with Applicable WestConnect Members to hold joint meeting(s) to enable all Interested Parties to understand how UNS and the Applicable WestConnect Members are implementing their formula rates for recovering the costs of such projects. UNS will endeavor to hold such joint meeting(s) in conjunction with its 4th Quarter public planning meeting, held during the fourth calendar quarter of the year.

9. Also as discussed above, the Commission directed UNS Electric to make a number of other revisions. In response, UNS Electric proposes revisions to section 1.d of its protocols to provide for its annual informational filing to be filed by March 15 of the year following the annual update,<sup>13</sup> in a new docket, which is after Interested Parties have reviewed the annual update and UNS Electric has responded to information and document requests. Section 1(d) also provides that the annual update will include any corrections or adjustments made during that period. UNS Electric proposes a revision to section 2(a) to provide for remote access for participation at the customer meeting. UNS Electric proposes a revision to section 1(f)iii to disclose any accounting changes or adjustments as part of its annual update that affect inputs to the formula rate. In addition, UNS Electric removed the word “material” from all instances of the phrase “material accounting changes” throughout its protocols.

10. UNS Electric proposes revisions to section 2(f) of its protocols to provide that all information requests and UNS Electric’s responses be posted on the OASIS. UNS Electric also proposes revisions to section 3(a) to provide that preliminary challenges from Interested Parties and UNS Electric’s responses will be posted on the OASIS, and to specify that UNS Electric must respond to a preliminary challenge by February 15, which is 30 days after an Interested Party must submit a preliminary challenge. Finally, UNS Electric proposes revisions to sections 3(b) to clarify the deadline for an Interested Party to file a Formal Challenge with the Commission. Specifically, UNS Electric proposes a deadline of April 15, which is 30 days after the informational filing and two months after the deadline for UNS Electric to respond to preliminary challenges.

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<sup>13</sup> The annual update is filed on May 15 of each year.

11. UNS Electric also proposes revisions to the timelines in its protocols in order to make the deadlines more clear and to allow adequate time between each deadline.

**B. Commission Determination**

12. We find that UNS Electric's proposed language with respect to joint meetings does not comply with the Commission's directives because it appears to limit coordination to only other transmission owners that are members of the same planning region, in this case WestConnect. We find that this language does not require UNS to coordinate with transmission owners outside of the WestConnect planning region that own inter-regional projects whose costs are allocated using the same cost sharing mechanism to hold joint meetings to enable all interested parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects. Therefore, we will direct UNS Electric to revise section 2(b) in order to not limit the coordination in the joint meetings to only the transmission owners that are members of WestConnect. In addition, such coordination for joint meetings should apply for any year in which the formula rate is used to recover the costs of such projects, and we direct UNS Electric to revise section 2(b) accordingly.

13. We find that the remaining revisions proposed by UNS Electric comply with the directives in the March 2015 Order. In addition, we find that the timelines in the protocols are reasonable. Accordingly, we will conditionally accept UNS Electric's revised formula rate protocols, to be effective November 14, 2014, as requested, subject to the compliance filing discussed above.

The Commission orders:

(A) UNS Electric's compliance filing is hereby conditionally accepted, to become effective November 14, 2014, as requested, as discussed in the body of this order.

(B) UNS Electric is hereby directed to submit a further compliance filing within 60 days of the date of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.