

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

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

Kansas City Power and Light Company and  
KCP&L Greater Missouri Operations Company

Docket Nos. ER14-2884-001

Southwest Power Pool, Inc.

ER15-1738-000  
ER15-1739-000

ORDER ON COMPLIANCE FILING

(Issued November 5, 2015)

1. On May 18, 2015, in response to the Commission's March 19, 2015 order,<sup>1</sup> Kansas City Power and Light Company (KCP&L) and KCP&L Greater Missouri Operations Company (GMO) (jointly, KCP&L/GMO) filed proposed revisions to GMO's formula rate protocols. Also on May 18, 2015, Southwest Power Pool, Inc. (SPP) separately filed matching proposed revisions to the formula rate protocols of KCP&L and of GMO.<sup>2</sup> In this order, we conditionally accept the compliance filings, effective March 1, 2015, as requested, subject to further compliance.

**I. Background**

2. In a 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

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<sup>1</sup> *Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co.*, 150 FERC ¶ 61,201 (2015) (March 2015 Order).

<sup>2</sup> As we explained in the March 2015 Order, 150 FERC ¶ 61,201 at n.2, GMO's formula rate and formula rate protocols are included in both GMO's Open Access Transmission Tariff (GMO Tariff) and SPP's Open Access Transmission Tariff (SPP Tariff), whereas KCP&L's formula rate and formula rate protocols are only included in the SPP Tariff.

informational filings of their formula rate updates with the Commission.<sup>3</sup> KCP&L and GMO were two such utilities and the Commission analyzed KCP&L/GMO's formula rate in the GMO Tariff and the SPP Tariff using the standards established in the MISO Investigation Order<sup>4</sup> and the MISO Compliance Order<sup>5</sup> to determine if the KCP&L/GMO formula rate meets the other requirements established in those orders. The Commission found that KCP&L/GMO'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 KCP&L/GMO to propose formula rate protocols addressing all three areas of concern.<sup>6</sup>

3. On September 15, 2014, in compliance with the Commission's July 2014 Order, KCP&L/GMO submitted revised formula rate protocols. On March 19, 2015, the Commission found that KCP&L/GMO's proposed formula rate protocols generally comply with the Commission's directives in its July 2014 Order, but directed KCP&L/GMO to make a number of revisions. Specifically, the Commission found that the provisions in KCP&L/GMO's proposed formula rate protocols relating to transparency and challenge procedures did not fully comply with the requirements of the

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<sup>3</sup> *Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co.*, 148 FERC ¶ 61,034 (2014) (July 2014 Order). As KCP&L and GMO are affiliates with matching formula rate protocols, we will refer to their formula rate protocols collectively as KCP&L/GMO's formula rate protocols.

<sup>4</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 (2013) (MISO Investigation Order), *reh'g denied*, 146 FERC ¶ 61,209 (2014).

<sup>5</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) (evaluating the compliance filing of Northern Indiana Public Service Company).

<sup>6</sup> July 2014 Order, 148 FERC ¶ 61,034 at P 7.

July 2014 Order, and directed KCP&L/GMO to submit a further compliance filing and to take all necessary steps to have SPP make a parallel compliance filing.<sup>7</sup>

4. On May 18, 2015, KCP&L/GMO filed revisions to the GMO Tariff in order to comply with the Commission's March 2015 Order. Also on May 18, 2015, SPP separately filed matching proposed revisions to the formula rate protocols of KCP&L and of GMO in the SPP Tariff.

## **II. Notice and Responsive Filings**

5. Notice of KCP&L/GMO's compliance filing was published in the *Federal Register*, 80 Fed. Reg. 29,697 (2015), with protests and interventions due on or before June 8, 2015. None was filed.

6. Notices of SPP's compliance filings were published in the *Federal Register*, 80 Fed. Reg. 30,234 (2015), with protests and interventions due on or before June 8, 2015. Missouri Public Service Commission filed notices of intervention in Docket Nos. ER15-1738-000 and ER15-1739-000.

## **III. Discussion**

### **A. Procedural Matters**

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the notices of intervention serve to make the Missouri Commission a party to the proceedings in which they were filed.

### **B. Substantive Matters**

#### **1. Transparency**

##### **a. March 19 Order**

8. In the March 2015 Order, the Commission found that KCP&L/GMO's proposed formula rate protocols relating to transparency generally comply with the requirements of the July 2014 Order. However, the Commission directed KCP&L/GMO to modify their formula rate protocols to: (1) allow for at least 60 days in which to make Annual Update information requests; (2) require KCP&L/GMO to 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

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<sup>7</sup> March 2015 Order, 150 FERC ¶ 61,201 at PP 33-42, 55-60.

mechanism and hold joint meetings to enable all interested parties understand how those transmission owners are implementing their formula rates for recovering the costs of such projects; (3) require remote access for participation at Annual Update and True-Up Adjustment meetings; and (4) clarify that the type of information that interested parties may request regarding Annual Updates is the same type of information that interested parties may request regarding True-Up Adjustments.<sup>8</sup>

**b. Compliance Filings**

9. KCP&L/GMO and SPP revised section I.3(g) of their formula rate protocols to provide interested parties 60 days within which to make reasonable requests for information and work papers supporting the Annual Update.

10. In a new section V, KCP&L/GMO and SPP added language stating that KCP&L/GMO shall endeavor to coordinate with other transmission owners in SPP and hold a joint informational meeting. KCP&L/GMO's proposed language in section V states:

Each year [KCP&L/GMO] shall endeavor to coordinate with other Transmission Owners in the SPP 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 a joint informational meeting to enable all Interested Parties to understand how those Transmission Owners are implementing their formula rates for recovering the costs of such project.

11. KCP&L/GMO and SPP revised sections I.3(h) and II.2 of their formula rate protocols to state that “[KCP&L/GMO] shall provide an option for Interested Parties to remotely access this Annual Update Customer Meeting (remote access options may include video conferencing, webinar, internet conferencing, or other appropriate remote access options as determined by [KCP&L/GMO]).”

12. KCP&L/GMO and SPP modified section I.3(g) of their formula rate protocols to clarify that the type of information that interested parties may request regarding Annual Updates is the same type of information that interested parties may request regarding True-Up Adjustments, as listed in sections II.3(a) through II.3(g).

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<sup>8</sup> March 2015 Order, 150 FERC ¶ 61,201 at PP 33, 36-39.

**c. Commission Determination**

13. We find that the revisions proposed by KCP&L/GMO and SPP relating to transparency generally comply with the requirements of the March 2015 Order. We will, therefore, conditionally accept them, subject to further compliance.

14. However, the formula rate protocols fail to explicitly require remote access to be made available for participation at True-Up Adjustment meetings. Section II.2 of their formula rate protocols, which largely discusses the True-Up, requires remote access to be made available for participation at Annual Update meetings. However, section I.3(h) also requires remote access to be made available for participation at Annual Update meetings. We therefore direct KCP&L/GMO and SPP to replace “Annual Update Customer Meeting” with “True-Up Customer Meeting” in section II.2 of their formula rate protocols, which is otherwise specific to the True-Up Adjustment meeting.

15. We find the KCP&L/GMO proposed language 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 SPP transmission owners. We find that this language does not require KCP&L/GMO to coordinate with transmission owners outside of the SPP 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 recovery of the costs of such projects. Therefore, we direct KCP&L/GMO to revise section V in order to not limit the coordination in the joint meetings to only the transmission owners that are members of SPP.

**2. Challenge Procedures**

**a. March 2015 Order**

16. In the March 2015 Order, the Commission found that KCP&L/GMO’s proposed formula rate protocols relating to challenge procedures generally comply with the requirements of the July 2014 Order. However, the Commission directed KCP&L/GMO to modify their formula rate protocols to: (1) replace “file a complaint challenging” with “file a challenge to” to eliminate any confusion between formal challenges and complaints under section 206 of the Federal Power Act (FPA)<sup>9</sup>; (2) clarify that interested parties can make formal challenges by filing a protest or comments to KCP&L/GMO’s annual informational filing; (3) establish a deadline for informal challenges that aligns

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<sup>9</sup> 16 U.S.C. § 824e (2012).

with and follows after the deadline for Annual Update information requests; (4) include a timeframe for formal challenges that aligns with the March 15 deadline by which KCP&L/GMO must file their informational filings with the Commission; and (5) describe the content that interested parties must include in informal and formal challenges.<sup>10</sup>

**b. Compliance Filings**

17. KCP&L/GMO and SPP replaced “complaint challenging the” with “challenge to the” in section III.2(a) of their formula rate protocols to eliminate any confusion between formal challenges and complaints under section 206 of the FPA.

18. KCP&L/GMO and SPP added new section III.2(e) and revised section IV.2, which, taken together, explain that formal challenges can be made by filing protests or comments to KCP&L/GMO’s annual informational filing.

19. KCP&L/GMO and SPP revised section II.6 of their formula rate protocols to include an additional deadline for informal challenges, which is the later of November 24 or 30 days after KCP&L/GMO’s last response to reasonable information requests.

20. KCP&L/GMO and SPP revised section III.2(a) of their formula rate protocols to include a deadline for formal challenges, which is the later of March 1 or 30 days after senior management review.

21. KCP&L/GMO and SPP added new section III.2(c) to describe the content that interested parties must include in informal and formal challenges, and a new section III.2(d) detailing KCP&L/GMO’s contact information.

22. KCP&L/GMO and SPP also propose clean-up edits to section VI.2 of the proposed formula rate protocols to update section numbers, which have been changed by the addition of sections IV and V.

**c. Commission Determination**

23. We find that the revisions proposed by KCP&L/GMO and SPP in the Compliance Filings relating to challenge procedures generally comply with the requirements of the March 2015 Order. We will, therefore, conditionally accept them, subject to further compliance.

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<sup>10</sup> March 2015 Order, 150 FERC ¶ 61,201 at PP 55-60.

24. The formula rate protocols clearly provide interested parties with the later of 150 days after June 1 (i.e., October 29) or 30 days after KCP&L/GMO's last response to reasonable information requests to notify KCP&L/GMO of any informal challenges to the Annual Update or the True-Up Adjustment. While KCP&L/GMO and SPP propose a second deadline for informal challenges (i.e., the later of November 24 or 30 days after KCP&L/GMO's last response to reasonable information requests), the applicability of this second deadline is unclear. Therefore, we find that KCP&L/GMO failed to fully comply with the directive to establish a deadline for informal challenges that aligns with and follows after the deadline for Annual Update information requests, which is November 23.<sup>11</sup> Accordingly, we direct KCP&L/GMO and SPP to revise section II.6 of their formula rate protocols such that the deadline for informal challenges to the True-Up Adjustment is the later of 150 days after June 1 or 30 days after KCP&L/GMO's last response to reasonable information requests, and the deadline for informal challenges to the Annual Update is the later of November 24 or 30 days after KCP&L/GMO's last response to reasonable information requests.

25. As to section VI.2 of the proposed formula rate protocols, the clean-up edits incorrectly refer to sections VI.1 and VI.2 as sections V.1 and V.2, respectively. We direct KCP&L/GMO and SPP to correct these mistakes.

The Commission orders:

(A) KCP&L/GMO's compliance filing is hereby conditionally accepted, effective March 1, 2015, as requested as discussed in the body of this order.

(B) KCP&L/GMO 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.

(C) SPP's compliance filings are hereby conditionally accepted, effective March 1, 2015, as requested, as discussed in the body of this order.

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<sup>11</sup> The deadline for Annual Update information requests is 60 days after the September 24 Annual Update posting date, which is November 23. *See* KCP&L/GMO Revised Protocols §§ I.3.e, I.3.g.

(D) SPP 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.