

153 FERC ¶ 61,346  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Southwest Power Pool, Inc.

Docket No. ER16-228-000

ORDER ACCEPTING PSEUDO-TIE AGREEMENT, SUBJECT TO CONDITION

(Issued December 29, 2015)

1. On November 2, 2015, Southwest Power Pool, Inc. (SPP) submitted, pursuant to section 205 of the Federal Power Act<sup>1</sup> and section 35.13 of the Commission's regulations,<sup>2</sup> an executed agreement establishing a pseudo-tie electrical interconnection point (Basin Electric Agreement). The Basin Electric Agreement is among SPP, Basin Electric Power Cooperative (Basin Electric), as the market participant, and Montana-Dakota Utilities Co. (Montana-Dakota Utilities), as the external local balancing authority.<sup>3</sup> In this order, we accept the Basin Electric Agreement, effective October 1, 2015, subject to condition, as discussed below.

**I. Background and SPP's Filing**

2. On September 11, 2014, SPP submitted proposed revisions to its Open Access Transmission Tariff (Tariff), Bylaws, and Membership Agreement to facilitate the decision of the U.S. Department of Energy, Western Area Power Administration – Upper Great Plains Region (Western-UGP), Basin Electric, and Heartland Consumers Power District (Heartland),<sup>4</sup> to integrate into SPP. On November 10, 2014, the Commission

---

<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> 18 C.F.R. § 35.13 (2015).

<sup>3</sup> The Basin Electric Agreement is designated as Original Service Agreement No. 3113.

<sup>4</sup> Western-UGP, Basin Electric, and Heartland together jointly own and operate a significant portion of the bulk electric transmission system in the Upper Great Plains region of the United States.

conditionally accepted in part, rejected in part, and established hearing and settlement judge procedures with regard to SPP's proposed revisions.<sup>5</sup> On October 15, 2015, the Commission issued a rehearing order affirming the issues set for hearing and settlement judge procedures, which are pending in Docket Nos. ER14-2850-000 and ER14-2851-000.<sup>6</sup>

3. In the instant filing, SPP states that the parties entered into the Basin Electric Agreement in order to establish a new pseudo-tie electrical interconnection point between Basin Electric's load located in the Montana-Dakota Utilities local balancing authority area and the SPP balancing authority. SPP states that the Basin Electric Agreement provides that any energy delivered from, or consumed by, the load in the Montana-Dakota Utilities local balancing authority at the SPP balancing authority shall be treated as a balancing authority interchange between the Montana-Dakota Utilities local balancing authority and the SPP balancing authority. According to SPP, the Basin Electric Agreement conforms to the *pro forma* agreement in its Tariff, except as described below.<sup>7</sup>

4. SPP states that the Midcontinent Independent System Operator, Inc. (MISO) utilizes local balancing authorities to perform tasks within the MISO balancing authority. SPP notes that Montana-Dakota Utilities is a local balancing authority within the MISO Balancing Authority. SPP contends that, to reflect this distinction, the parties added a new "Whereas" clause to clarify that Montana-Dakota Utilities is the local balancing authority "meaning the operational entity which is responsible for compliance to [the North American Electric Reliability Corporation (NERC)] for the subset of NERC Balancing Authority Reliability Standards defined in the Amended Balancing Authority Agreement of [MISO], for the Montana-Dakota Utilities [local balancing authority] Area within the MISO Balancing Authority Area."<sup>8</sup> SPP asserts that the parties also added "local" to the term external balancing authority throughout the Basin Electric Agreement to clarify the local balancing authority function within MISO.<sup>9</sup>

---

<sup>5</sup> *Sw. Power Pool, Inc.*, 149 FERC ¶ 61,113 (2014), *order denying reh'g*, 153 FERC ¶ 61,051 (2015) (Rehearing Order).

<sup>6</sup> *See* Rehearing Order, 153 FERC ¶ 61,051. On December 10, 2015, the Settlement Judge certified partial offers of settlement to the Commission.

<sup>7</sup> Transmittal at 2.

<sup>8</sup> Basin Electric Agreement at 1.

<sup>9</sup> Transmittal at 2.

5. SPP states that the parties also added provisions to the Basin Electric Agreement to clarify the coordination between the external local balancing authority, the SPP balancing authority and MISO. According to SPP, in section 1, the parties specified that they “will work cooperatively with MISO to cause any energy delivered from or consumed by the Facility at the Pseudo-Tie Point to be treated as a balancing authority interchange between the MISO Balancing Authority and the SPP Balancing Authority.”<sup>10</sup> SPP further states that, in section 2, the parties added that the external local balancing authority “will use commercially reasonable efforts to cause MISO to recognize the Pseudo-Tie Point.”<sup>11</sup> In addition, SPP asserts that, in section 2(m), the parties added language to require the SPP balancing authority and/or the external local balancing authority to request MISO to include the real-time pseudo-tie value in its calculations of net actual interchange and area control error. According to SPP, in section 2(p), the parties added language to clarify that the external local balancing authority and the SPP balancing authority shall “integrate the real time pseudo-tie value on an hourly basis and maintain this information for balancing authority checkout, inadvertent calculations and payback purposes in accordance with the applicable NERC standards”<sup>12</sup> and the external local balancing authority and/or the SPP balancing authority will request MISO to do the same. SPP contends that these provisions are necessary to reflect the distinction between the local balancing authority, the external local balancing authority and MISO balancing authority.<sup>13</sup>

6. Finally, SPP states that the parties added the phrase “as among the Parties” to section 1 of the Basin Electric Agreement to clarify that the agreement to treat any energy delivered from or consumed in the Montana-Dakota Utilities local balancing authority at the pseudo-tie point as a balancing authority interchange between the external local balancing authority and the SPP balancing authority is an agreement among the parties to the Basin Electric Agreement. SPP avers that the parties agreed to non-conforming changes to the Basin Electric Agreement to further clarify the agreement related to the Montana-Dakota Utilities local balancing authority.<sup>14</sup>

---

<sup>10</sup> Basin Electric Agreement at section 1.

<sup>11</sup> *Id.* at section 2.

<sup>12</sup> *Id.* at section 2(p).

<sup>13</sup> Transmittal at 2-3.

<sup>14</sup> *Id.* at 3.

7. SPP also requests waiver of the Commission's 60-day notice requirement set forth in section 35.3 of the Commission's regulations to allow an effective date of October 1, 2015 for the Basin Electric Agreement. SPP asserts that waiver is appropriate because the Basin Electric Agreement is being filed within 30 days of the commencement of service.<sup>15</sup>

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

8. Notice of SPP's filing was published in the *Federal Register*, 80 Fed. Reg. 69,205 (2015), with interventions and protests due on or before November 23, 2015. Missouri River Energy Services (Missouri River) filed a timely motion to intervene and comment. On December 11, 2015, SPP filed an answer.

### **A. Comments**

9. Missouri River states that it purchases network integrated transmission service from SPP for that portion of its load located in the Upper Missouri Zone as well as for delivery to an adjoining utility for delivery to two other members in MISO in order to deliver its power supply to its members. Missouri River explains that the Basin Electric Agreement has the potential to affect the allocation of SPP transmission costs to load in the Upper Missouri Zone, including to Missouri River load, and asserts that it could impact the overall transmission costs paid by Missouri River in SPP.<sup>16</sup>

10. Missouri River questions how SPP has calculated the load for the parties to the agreement, and asserts that SPP should share the details of those calculations because there have been substantial changes to the Upper Missouri Zone network integrated transmission service load. Missouri River further questions whether the Basin Electric load is included in the SPP-Upper Missouri Zone or the MISO-Montana-Dakota Utilities Zone. Missouri River also questions what transmission contract path Basin Electric has to the load in the Basin Electric Agreement. Missouri River asserts that Exhibit A (one-line diagram) and Exhibit B (block diagram) are illegible, and argues that legible versions must be provided.<sup>17</sup>

---

<sup>15</sup> *Id.* (citing *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,983-84, *order on reh'g*, 65 FERC ¶ 61,081 (1993); 18 C.F.R. § 35.3(a)(2) (2015)).

<sup>16</sup> Missouri River Comment at 3.

<sup>17</sup> *Id.*

**B. Answer**

11. SPP states that it does not calculate load amounts. SPP explains that the Tariff requires that load amounts be reported by network customers, market participants and transmission owners.<sup>18</sup> Further, SPP notes that Schedule 9 of the SPP Tariff specifies that a transmission customer taking network integration transmission service shall pay a monthly demand charge for the zone where the load is located,<sup>19</sup> and that section 34.1 of the Tariff provides how the monthly demand charges are determined.<sup>20</sup>

12. SPP also responds that the load identified in the Basin Electric Agreement is physically located in MISO, but is being pseudo-tied into the SPP balancing authority. Moreover, SPP states that the load will be reported in the Upper Missouri Zone.<sup>21</sup>

13. With respect to Missouri River's request for information on the transmission contract path Basin Electric has to load, SPP asserts that Basin Electric has SPP network integration transmission service for its designated network load within the SPP balancing authority, and SPP filed an agreement for this service in Docket No. ER16-241-000.<sup>22</sup> SPP notes that the contract paths are SPP's interconnection with MISO.

**III. Discussion****A. Procedural Matters**

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), the timely, unopposed motion to intervene serves to make Missouri River a party to this proceeding.

15. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest unless otherwise ordered by the

---

<sup>18</sup> SPP Answer at 2 (citing FERC Open Access Transmission Tariff, Sixth Revised Volume No. 1).

<sup>19</sup> *Id.* (citing SPP Tariff at Schedule 9).

<sup>20</sup> *Id.* (citing SPP Tariff at Part III, section 34.1).

<sup>21</sup> *Id.* at 2-3.

<sup>22</sup> *Id.* at 3 (citing Submission of Network Integration Transmission Service Agreement and Network Operating Agreement of Southwest Power Pool, Inc., Docket No. ER16-241-000 (Nov. 2, 2015)).

decisional authority. We will accept SPP's answer because it has provided information that assisted us in our decision-making process.

**B. Commission Determination**

16. As discussed below, we accept the Basin Electric Agreement for filing subject to condition.<sup>23</sup> We also grant waiver of the Commission's 60-day notice requirement because SPP filed the Basin Electric Agreement within 30 days of commencement of service.<sup>24</sup>

17. We find that SPP's answer addresses Missouri River's request for more information concerning how SPP has calculated load. Specifically, SPP points to provisions in its Tariff that demonstrate that SPP does not calculate the load itself, but rather obtains the load data from network customers. We also accept SPP's explanation regarding the transmission contract path that Basin Electric has reserved to serve its load.<sup>25</sup> With respect to the zone in which Basin Electric's load is located, SPP's transmittal and answer state that the load is physically located in the MISO-Montana-Dakota Utilities local balancing authority but is being pseudo-tied into the SPP Upper Missouri Zone.<sup>26</sup>

18. We agree with Missouri River that SPP should be required to submit legible versions of Exhibit A, one-line diagram, and Exhibit B, block diagram. Accordingly, we direct SPP to submit a compliance filing within 30 days of the date of this order that includes a legible Exhibit A and Exhibit B.

---

<sup>23</sup> The Commission can revise a proposal filed under section 205 of the FPA as long as the filing utility accepts the change. *See City of Winnfield v. FERC*, 744 F.2d 871, 875-77 (D.C. Cir. 1984). The filing utility is free to indicate that it is unwilling to accede to the Commission's conditions by withdrawing its filing.

<sup>24</sup> 18 C.F.R. § 35.3(a)(2) (2015); *Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC at 61,983-84 (“[W]aiver of notice will be granted if service agreements are filed within 30 days after service commences.”).

<sup>25</sup> As noted above, SPP has filed a service agreement for the requisite transmission service for its load in Docket No. ER16-241-000. SPP Answer at 3.

<sup>26</sup> Transmittal at 1; SPP Answer at 2-3.

The Commission orders:

(A) The Basin Electric Agreement is hereby accepted, subject to condition, effective October 1, 2015, as discussed in the body of this order.

(B) SPP is hereby directed to submit a compliance filing within 30 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.