

157 FERC ¶ 61,084
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 4, 2016

In Reply Refer To:
Xcel Energy Southwest
Transmission Company, LLC
Docket Nos. ER14-2751-004
EL16-73-000

Jones Day
51 Louisiana Ave, NW
Washington, DC 20001

Attention: Kenneth B. Driver

Dear Mr. Driver:

1. On July 25, 2016, you filed in Docket No. ER14-2751-004, on behalf of Xcel Energy Southwest Transmission Company, LLC (XEST), revisions to XEST's formula rate protocols in response to the Commission's June 23, 2016 order, which accepted, subject to condition, XEST's March 9, 2015 compliance filing and also instituted a proceeding in Docket No. EL16-73-000 under section 206 of the Federal Power Act (FPA)¹ concerning XEST's formula rate protocols.² On August 1, 2016, you filed in Docket No. EL16-73-000, a Response with proposed revisions to XEST's formula rate protocols in response to the June Order. As discussed below, we accept XEST's July 25, 2016 and August 1, 2016 filings and terminate the section 206 proceeding that was instituted in the June Order.

2. On August 29, 2014, XEST, a wholly-owned subsidiary of Xcel Energy Transmission Holding Company, LLC, which, in turn, is a first-tier subsidiary of Xcel Energy, Inc., filed a transmission formula rate template and protocols (collectively, Formula Rate) to recover costs associated with transmission projects that it intends to

¹ 16 U.S.C. § 824e (2012).

² *Xcel Energy Sw. Transmission Co., LLC*, 155 FERC ¶ 61,300 (2016) (June Order).

own and develop as part of Southwest Power Pool, Inc.'s (SPP) Order No. 1000³ competitive solicitation process. XEST also requested, pursuant to section 205 of the FPA,⁴ certain transmission rate incentives.

3. On November 26, 2014, the Commission accepted the Formula Rate to be effective once filed with the Commission to become part of SPP's Open Access Transmission Tariff, consistent with the effective date established in that future proceeding, subject to a further compliance filing.⁵ On May 9, 2015 and January 8, 2015, XEST submitted compliance filings containing revisions to its formula rate template and protocols. In the June Order, the Commission accepted XEST's compliance filings and directed XEST to include language in its protocols regarding joint meetings with other transmission owners using formula rates to establish the revenue requirements for recovery of the costs of projects subject to the same regional cost allocation.⁶

4. In addition, in the June Order, the Commission found that XEST's formula rate protocols may be unjust, unreasonable, or unduly discriminatory or preferential because the protocols do not provide for XEST to include in its annual Formula Rate update and annual informational filings descriptions and justifications for the allocators used to allocate costs between XEST and its affiliates, and information indicating the magnitude of such cost allocations by service category or function.⁷ Accordingly, the Commission instituted a proceeding in Docket No. EL16-73-00 pursuant to section 206 of the FPA to examine XEST's formula rate protocols with respect to this issue and stated that XEST might address this issue by revising its formula rate protocols to provide for XEST to include in its annual formula rate updates and annual informational filings the following: (1) a detailed description of the methodologies used to allocate and directly assign costs between XEST and its affiliates by service category or function for the applicable rate year, including any changes to such cost allocation methodologies from the prior year, and the reasons and justification for those changes; and (2) the magnitude of such costs

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁴ 16 U.S.C. § 824d (2012).

⁵ *Xcel Energy Sw. Transmission Co., LLC*, 149 FERC ¶ 61,182 (2014).

⁶ June Order, 155 FERC ¶ 61,300 at P 10.

⁷ *Id.* P 13.

that have been allocated or directly assigned between XEST and each affiliate by service category or function for the applicable period.

5. In its July 25, 2016 compliance filing in Docket No. ER14-2751-004, XEST revised its formula rate protocols to include language regarding joint meetings with other transmission owners using formula rates to establish the revenue requirements for recovery of the costs of projects subject to the same regional cost allocation. In its August 1, 2016 Response in Docket No. EL16-73-000, XEST revised its formula rate protocols to comply with the directives of the June Order.

6. Notice of XEST's July 25, 2016 compliance filing was published in the *Federal Register*, 81 Fed. Reg. 50,696-97 (2016), with interventions and protests due on or before August 15, 2016. None was filed.

7. Notice of institution of the section 206 proceeding and refund effective date was published in the *Federal Register*, 81 Fed. Reg. 42,702 (2016). Central Valley Electric Cooperative, Inc., Farmers Electric Cooperative, Inc., Lea County Electric Cooperative, Inc., and Roosevelt County Electric Cooperative, Inc. (collectively, New Mexico Cooperatives) filed a timely motion to intervene in Docket No. EL16-73-000. On July 18, 2016, Mid-Kansas Electric Company, LLC (Mid-Kansas Electric) and Sunflower Electric Power Corporation (Sunflower Electric) filed motions to intervene out of time in Docket No. EL16-73-000. On July 26, 2016, Golden Spread Electric Cooperative, Inc. (Golden Spread) filed a motion to intervene out of time in Docket No. EL16-73-000. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2016), the timely, unopposed motion to intervene serves to make New Mexico Cooperatives parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2016), the Commission will grant Mid-Kansas Electric's, Sunflower Electric's and Golden Spread's late-filed motions to intervene given their interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay. On August 1, 2016, Golden Spread filed an initial brief in Docket No. EL16-73-000 arguing that XEST's current protocols are not just and reasonable and contending that XEST should be required to include detailed information for the allocators used to allocate costs between XEST and its affiliate. Golden Spread did not propose alternative formula rate language of its own, but instead stated that it would review XEST's submission and respond accordingly. Reply briefs were due within 21 days of the due date of initial briefs. None was filed.

8. We find that XEST's filings satisfy the directives in the June Order and address Golden Spread's concern. Therefore, we accept the Formula Rate, as revised by XEST's filings, and terminate the section 206 proceeding established in Docket No. EL16-73-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.