

157 FERC ¶ 61,086
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 4, 2016

In Reply Refer To:
Xcel Energy Transmission Development
Company, LLC
Docket Nos. ER14-2752-005
EL16-75-000

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. ER14-2752-005, on behalf of Xcel Energy Transmission Development Company, LLC (XETD), revisions to XETD's formula rate template in response to the Commission's June 23, 2016 order, which accepted, subject to condition, a prior compliance filing and also instituted a proceeding under section 206 of the Federal Power Act (FPA)¹ concerning XETD's formula rate protocols.² On August 1, 2016, you filed in Docket No. EL16-75-000, a Response with proposed revisions to XETD's formula rate protocols in response to the June Order. As discussed below, we accept XETD'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, XETD, a wholly owned subsidiary of Xcel Energy Transmission Holding Company, LLC, which in turn is a first tier subsidiary of Xcel Energy, Inc. (Xcel), filed a transmission formula rate template and protocols (collectively, Formula Rate) to recover costs associated with transmission projects that it intends to own and develop as part of Midcontinent Independent System Operator, Inc.'s

¹ 16 U.S.C. § 824e (2012).

² *Xcel Energy Transmission Dev. Co.*, LLC, 155 FERC ¶ 61,301 (2016) (June Order).

(MISO) Order No. 1000³ competitive solicitation process. XETD 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 MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff, consistent with the effective date established in that future proceeding, subject to a further compliance filing.⁵ Since that time, the Commission has acted upon multiple compliance filings containing revisions to XETD's formula rate template. In the June Order, the Commission directed that XETD: (i) add a note to Attachment 8 of its formula rate template to describe how XETD calculates the Principal Payments in Column (F2); (ii) reinsert a numeric example into Attachment 8; and (iii) revise Attachment 4, Note G of the formula rate template to reflect the explanation of unfunded reserves that XETD had provided in its January 21, 2016 compliance filing.⁶

4. In addition, in the June Order, the Commission found that XETD's formula rate protocols may be unjust, unreasonable, or unduly discriminatory or preferential because the protocols do not provide for XETD to include in its annual Formula Rate update and annual informational filings descriptions and justifications for the allocators used to allocate costs between XETD 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. EL16-75-00 pursuant to section 206 of the FPA to examine XETD's formula rate protocols with respect to this issue and stated that XETD might address this issue by revising its formula rate protocols to provide for XETD 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 XETD and its affiliates by service category or function for the applicable rate

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 Transmission Dev. Co. LLC*, 149 FERC ¶ 61,181 (2014).

⁶ Formula Rate Compliance Transmittal at 1 (citing June Order, 155 FERC ¶ 61,301 at PP 13-14).

⁷ June Order, 155 FERC ¶ 61,301 at P 17.

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

5. In its compliance filing in Docket No. ER14-2752-005, XETD revised Attachment 4 and Attachment 8 of its formula rate template to comply with the directives of the June Order. In its August 1, 2016 Response in Docket No. EL16-75-000, XETD revised its formula rate protocols to comply with the directives of the June Order.

6. Notice of XETD's July 25, 2016 compliance filing was published in the *Federal Register*, 81 Fed. Reg. 50,696 (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. 42,697 (2016). Entergy Services, Inc. filed a timely motion to intervene, which, pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2016), serves to make it a party to this proceeding.

8. We find that XETD's filings satisfy the directives in the June Order. Therefore, we accept the Formula Rate, as revised by XETD's filings, and terminate the section 206 proceeding established in Docket No. EL16-75-000.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.