

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

TransAlta Centralia Generation L.L.C.                      Docket Nos. ER05-1023-000  
ER05-1023-001

ORDER APPROVING UNCONTESTED SETTLEMENT AGREEMENT

(Issued December 29, 2005)

1. On October 26, 2005, TransAlta Centralia Generation L.L.C. (TransAlta) filed a joint offer of settlement on behalf of TransAlta and Bonneville Power Administration (BPA), proposing to resolve all outstanding issues between the enumerated parties in the above referenced proceeding.
2. On May 26, 2005, as amended on June 14, 2005, TransAlta filed Rate Schedule FERC No. 2 for Reactive Supply and Voltage Control from Generation Sources Service (reactive power) in FERC Docket No. ER05-1023-000, seeking compensation from BPA for reactive power provided by TransAlta's Big Hanaford Plant. TransAlta requested October 1, 2005 as the effective date. BPA filed a protest in this docket on July 5, 2005.
3. The Commission issued an order accepting TransAlta's rate for filing and suspended it for a nominal period, to become effective October 1, 2005, subject to refund.<sup>1</sup> The Commission's order established hearing and settlement judge procedures.
4. On November 9, 2005, the Settlement Judge certified the settlement as uncontested.<sup>2</sup> As discussed below, the settlement presents no genuine issue of material fact and can be found by the Commission to be fair and reasonable and in the public interest.
5. The subject settlement is in the public interest and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent

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<sup>1</sup> *TransAlta Centralia Generation L.L.C.*, 112 FERC ¶ 61,162 (2005).

<sup>2</sup> *TransAlta Centralia Generation L.L.C.*, 113 FERC ¶ 63,020 (2005).

regarding, any principle or issue in this proceeding. Refunds shall be provided pursuant to the terms of the settlement agreement.

6. This order terminates Docket Nos. ER05-1023-000 and ER05-1023-001. The Commission will attach a new subdocket to the compliance report.

The Commission orders:

The Commission hereby approves the uncontested settlement agreement.

By the Commission. Commissioner Kelly dissenting in part with a separate statement attached.

( S E A L )

Magalie R. Salas,  
Secretary.

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TransAlta Centralia Generation, L.L.C.

Docket No. ER05-1023-000  
ER05-1023-001

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KELLY, Commissioner, *dissenting in part*:

For the reasons I have previously set forth in *Wisconsin Power & Light Co.*, 106 FERC ¶ 61,112 (2004), I do not believe that the Commission should depart from its precedent of not approving settlement provisions that preclude the Commission, acting *sua sponte* on behalf of a non-party, or pursuant to a complaint by a non-party, from investigating rates, terms and conditions under the “just and reasonable” standard of section 206 of the Federal Power Act at such times and under such circumstances as the Commission deems appropriate.

Therefore, I disagree with this order to the extent it accepts for filing an agreement with an Explanatory Statement that provides, in relevant part: “The standard for review for changes to the Settlement Agreement proposed by a Party, a non-Party, or the Commission acting *sua sponte*, shall be the *Mobile-Sierra* ‘public interest’ standard of review...”

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Suedeen G. Kelly