

116 FERC ¶ 61,315  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

September 29, 2006

In Reply Refer To: Michigan South Central  
Power Agency  
Docket No. EL06-96-000

Jennings, Strouss & Salmon, P.L.C.  
Debra D. Roby, Esquire  
1700 Pennsylvania Avenue, N.W.  
Suite 500  
Washington, D.C. 20006-4725

Reference: Reactive Power Revenue Requirement

Dear Ms. Roby:

1. On August 1, 2006, you submitted for filing on behalf of Michigan South Central Power Agency (MSCPA),<sup>1</sup> a petition requesting that the Commission accept MSCPA's proposed revenue requirement and supportive data for the provision of cost-based Reactive Supply and Voltage Control from Generation Sources Service (reactive power) under Schedule 2 of the Midwest Independent Transmission System Operator Inc.'s (Midwest ISO) Transmission and Energy Markets Tariff. MSCPA's revenue requirement sets forth a cost-based rate that represents MSCPA's fixed cost revenue requirement that provides reactive power capability from its 55 MW Endicott Generating Station located in Litchfield, Michigan. You state that this is in compliance with a Commission order<sup>2</sup> providing that all generators, including non-public utilities, are eligible to receive compensation for reactive power and should file a revenue requirement with the

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<sup>1</sup> The petition states that MSCPA is a municipal entity and thus, not a public utility under the Federal Power Act.

<sup>2</sup> *Midwest Independent Transmission System Operator, Inc.*, 109 FERC ¶ 61,005 (2004), *order on reh'g*, 110 FERC ¶ 61,267 (2005).

Commission. You also state that the methodology MSCPA used to derive its revenue requirement is consistent with the *AEP* methodology and is fully supported.<sup>3</sup> You request that the proposed revenue requirement become effective October 1, 2006.

2. Notice of the filing was published in the *Federal Register*, 71 Fed. Reg. 46,216 (2006), with interventions and protests due on or before August 31, 2006. The Midwest ISO, Michigan Electric Transmission Company, LLC (METC) and Consumers Energy Company (Consumers) filed timely motions to intervene. No protests were filed.

3. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

4. The Commission has provided that all generators seeking to recover a reactive power revenue requirement based on actual cost data should use the methodology employed in *AEP*.<sup>4</sup> Our review of MSCPA's proposed revenue requirement indicates that MSCPA has properly used the *AEP* Methodology and we will accept its proposed revenue requirement for rate recovery purposes, to become effective October 1, 2006.<sup>5</sup>

By the direction of the Commission.

Magalie R. Salas,  
Secretary.

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<sup>3</sup> Citing *American Electric Power*, Opinion No. 440, 88 FERC ¶ 61,141 (1999) (*AEP* Methodology).

<sup>4</sup> *WPS Westwood Generation LLC*, 101 FERC ¶ 61,290, at 62,167 (2002).

<sup>5</sup> Midwest ISO's Schedule 2 provides that "Qualified Generator status is effective on the first day of the month immediately following acceptance of the revenue requirement by the Commission . . . ."