

121 FERC ¶ 61,103  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

TransAlta Centralia Generation L.L.C.

Docket No. ER07-1336-000

ORDER REJECTING PROPOSED TARIFF SHEETS

(Issued October 30, 2007)

1. On August 31, 2007, TransAlta Centralia Generation L.L.C. (TransAlta) filed proposed changes to tariff sheets under its Rate Schedule FERC No. 1 and Rate Schedule FERC No. 2 (collectively, Tariff Sheets) under section 205 of the Federal Power Act.<sup>1</sup> The changes reflect annual updates to TransAlta's revenue requirement for the provision of Reactive Supply and Voltage Control from Generation Sources Service (Reactive Power Service) to Bonneville Power Administration (BPA). In this order, we reject TransAlta's proposed Tariff Sheets, as discussed below.

**I. Background**

2. In 2005, TransAlta and BPA were part of a multi-party settlement agreement, which was approved by the Commission.<sup>2</sup> In the TransAlta Settlement, BPA agreed to pay the independent power producers (IPPs), including TransAlta, for reactive power service pursuant to rate schedules that the IPPs filed with the Commission. The rates agreed to in the TransAlta Settlement require annual updates to the service factor, which is one component of the formula rate. The service factor adjusts the annual revenue requirement for each facility based on the percentage of hours over the previous three years that the generator was producing power. The service factor is calculated pursuant to the terms of the Tariff Sheets.

3. In this filing, TransAlta submits changes to its Tariff Sheets reflecting its calculations for the service factor for its Centralia Steam Electric Generating Plant as 81.1 percent, and the service factor for its Big Hanaford generating plant as 34.0 percent. TransAlta states that, "[BPA] communicated to TransAlta that the service factor has been computed in conformance with the requirements of the settlement agreements and that

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<sup>1</sup> 16 U.S.C. § 824d (2000).

<sup>2</sup> *TransAlta Centralia Generation, L.L.C.*, 111 FERC ¶ 61,087 (2005) (TransAlta Settlement).

[BPA] will not oppose the values submitted in this filing.”<sup>3</sup> Therefore, TransAlta submits its changes and requests waiver of the Commission prior notice requirement, to make the Tariff Sheets effective October 1, 2007. TransAlta states that good cause exists to grant such waiver because the timeline required under the TransAlta Settlement inhibits it from filing its updated Tariff Sheets more than 60 days before the October 1 deadline for the new service factors to go into effect. In addition, TransAlta states that BPA is the only ratepayer affected by the Tariff Sheets and BPA already reviewed the proposed changes.

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

4. Notice of TransAlta’s filing was published in the *Federal Register*, 72 Fed Reg. 54,250 (2007), with protests, interventions, or comments due on or before September 21, 2007. BPA filed a timely motion to intervene and comments.

5. BPA states that on September 4, 2007, after TransAlta submitted its filing, the Commission issued an order in Docket No. EL07-65-000 that set TransAlta’s rate schedules for reactive power services to BPA to zero, effective October 1, 2007.<sup>4</sup> Thus, BPA argues, TransAlta’s filing is moot and should be dismissed.

## **III. Discussion**

6. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure,<sup>5</sup> BPA’s timely, unopposed motion to intervene serves to make it a party to this proceeding.

7. We will reject TransAlta’s proposed Tariff Sheets. As BPA points out, the Commission has already determined that TransAlta’s rates for reactive power are no longer just and reasonable and that the rates are properly reduced to zero, effective October 1, 2007.<sup>6</sup> In the September 4 Order the Commission explained that, because BPA has decided to no longer pay its merchant affiliate for reactive power service within the deadband starting October 1, 2007, BPA is entitled to likewise discontinue paying all its merchants for inside the deadband reactive power service.<sup>7</sup> Accordingly, we will reject TransAlta’s proposed Tariff Sheets.

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<sup>3</sup> TransAlta filing at 2.

<sup>4</sup> *Bonneville Power Admin. v. Puget Sound Energy, Inc.*, 120 FERC ¶ 61,211 (2007) (September 4 Order), *reh’g pending*.

<sup>5</sup> 18 C.F.R. § 385.214 (2007).

<sup>6</sup> September 4 Order, 120 FERC ¶ 61,211 at P 1, 20.

<sup>7</sup> *Id.* P 20. As we noted in the September 4 Order, BPA acknowledged that it “will remain obligated to compensate the IPPs if BPA requests that they provide reactive service outside of the deadband.” *Id.* P 1, n.1 (internal quotation omitted).

The Commission orders:

TransAlta's proposed Tariff Sheets are hereby rejected.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.