

February 2011 Meeting Summaries

These are summaries of orders voted on by the Federal Energy Regulatory Commission at its February 17, 2011, public meeting. They are produced by the FERC Office of External Affairs and are intended to provide only a general synopsis of the orders. They are not intended as a substitute for the Commission's orders. To determine the specific actions and the Commission's reasoning, please consult the individual orders when they are posted to FERC's eLibrary.

E-2 and E-3, News Release

E-4, News Release

FERC generally affirms credit reform rule while changing corporate family cap on unsecured credit

E-6, *Credit Reforms in Organized Wholesale Electric Markets*, Docket No. RM10-13-001. The Commission addressed rehearing requests of a Final Rule on credit reforms that will balance the need for market liquidity with appropriate risk management while ensuring just and reasonable rates for the nation's electric customers. Specifically, the Commission granted rehearing as to the \$100 million corporate family cap on unsecured credit and concluded that the limit on the use of unsecured credit should be no more than \$50 million per entity, including the corporate family to which an entity belongs, and denied rehearing in all other respects.

FERC addresses rehearing of order on Transmission Relay Loadability Reliability Standard

E-7, *North American Electric Reliability Corporation*, RM08-13-001. The Commission granted in part, requests for rehearing and clarification, and granted an extension of time with respect to an order regarding Transmission Relay Loadability Reliability Standard PRC-023-1. The Commission emphasized and reaffirmed that the Commission did not intend to prohibit the North American Electric Reliability Corporation from exercising its technical expertise to develop a solution to an identified reliability concern that is equally effective and efficient as the one detailed in Order No. 733. In this order, the Commission clearly delineated between the concerns that must be addressed by the Electric Reliability Organization (ERO) and the guidance the Commission is providing so that the ERO understands the underlying concern.

FERC dismisses request for an extension of time to comply with certain Reliability Standards

E-8, *Mandatory Reliability Standards for the Calculation of Available Transfer Capability, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System*, Docket No. RM08-19-004. The Commission dismissed a request for an extension of time to comply with the requirements of certain of the North American Electric Reliability Corporation (NERC) Modeling, Data and Analysis (MOD) Reliability Standards. The Commission directed the WestConnect Utilities to address their concerns with NERC.

FERC conditionally accepts LGIA between SoCal Edison and AV Solar

E-9, *Southern California Edison Company; California Independent System Operator Corporation*, Docket Nos. ER11-2411-000; ER11-2572-000. The Commission conditionally accepted a non-conforming large generator interconnection agreement (LGIA) among Southern California Edison Company (SoCal Edison), AV Solar Ranch 1, LLC (AV Solar), and California Independent System Operator Corporation. The Commission conditionally accepted the LGIA, subject to the outcome of the proceeding in Docket No. EL11-10-000 regarding SoCal Edison's request for incentives and abandoned plant approval, and denied motions to consolidate these proceedings with the proceeding in Docket No. EL11-10-000.

FERC conditionally accepts LGIA for the Palen Solar Project

E-10, *Southern California Edison Company and California Independent System Operator Corporation*, Docket Nos. ER11-2451-000 and ER11-2455-000. The Commission conditionally accepted a non-conforming large generator interconnection agreement (LGIA) among Southern California Edison Company (SoCal Edison), Palen Solar II, LLC (Palen) and California Independent System Operator Corporation with respect to the Palen Solar Project. Among other things, the Commission accepted a non-conforming provision that allows Palen to partially terminate the LGIA where Palen pays a partial termination charge and certain other criteria are met. The Commission conditionally accepted the LGIA, subject to the outcome of the proceeding in Docket No. EL11-10-000 regarding SoCal Edison's request for incentives and abandoned plant approval, and denied motions to consolidate these proceedings with the proceeding in Docket No. EL11-10-000.

FERC addresses remand concerning a reactive power rate schedule

E-11, *Chehalis Power Generating, L.P.*, Docket No. ER05-1056-005. The Commission responded to the request from the U.S. Court of Appeals for the District of Columbia

Circuit, in *TNA Merchant Projects, Inc. v. FERC*, 616 F.3d 588 (2010), to address whether the rate schedule Chehalis Power Generating, L.P. proposed for supplying Reactive Supply and Voltage Control from Generation Sources Service to the Bonneville Power Administration is a changed rate subject to the suspension and refund provisions of section 205(e) of the Federal Power Act (FPA) or an initial rate that is not subject to such provisions. The Commission concluded that the submitted rate schedule is a changed rate rather than an initial rate, and therefore is subject to the suspension and refund provisions of section 205(e) of the FPA.

FERC conditionally accepts revision to Midwest ISO tariff to facilitate exports of generation

E-12, *Midwest Independent Transmission System Operator, Inc.*, Docket No. ER10-2869-000. The Commission accepted a proposed revision to the Midwest Independent Transmission System Operator Inc.'s (Midwest ISO) tariff designed to facilitate exports of generation from Midwest ISO to an external border to serve load outside Midwest ISO, subject to a requirement that Midwest ISO make a compliance filing to provide more information in its tariff concerning its proposal to pre-certify transmission paths to the Midwest ISO border.

FERC accepts in part and rejects in part revisions to the ISO-NE's Peak Energy Rent mechanism

E-13, *ISO New England Inc. and New England Power Pool Participants Committee*, Docket No. ER11-2427-000. The Commission accepted in part and rejected in part proposed tariff revisions submitted by ISO New England Inc. (ISO-NE) and the New England Power Pool Participants Committee, revising the method of calculating ISO-NE's Peak Energy Rent (PER) mechanism. The Commission concluded that the revisions will enable the mechanism to more effectively fulfill the intent of the parties to approximate the operating costs of the marginal generating unit in New England when the region is approaching shortage conditions. The Commission, however, rejected the proposal to shorten the existing 12-month rolling average to a six-month rolling average for purposes of calculating the Average Monthly PER.

FERC grants priority firm transmission rights to Alta Wind

E-14, *Alta Wind I, LLC, et al.*, Docket No. EL10-62-000. The Commission granted the petition for declaratory order requesting that the Commission confirm the petitioners' priority firm transmission rights to the capacity of three transmission lines that would be used to interconnect the petitioners' planned wind and solar generation projects to the integrated transmission grid. The Commission granted the request based on the submitted specific plans and milestones for construction; demonstration of material

progress towards meeting those milestones; and demonstration of future transfer of ownership in Transmission Lines I, II, and III.

FERC addresses proposed rate increase on the Portland Natural Gas Transmission System

G-1, *Portland Natural Gas Transmission System*, Docket No. RP08-306-000. The Commission addressed an order on Initial Decision concerning an April 1, 2008 general rate case filed by Portland Natural Gas Transmission System (Portland) pursuant to section 4 of the Natural Gas Act. The order affirmed and reversed the determinations made by the Administrative Law Judge in the Initial Decision. Specifically, the Commission affirmed the Initial Decision's holdings on Portland's levelized rates and its rejection of Portland's increased depreciation proposals. The order reversed the Initial Decision's ruling permitting Portland to increase its depreciation rate by a lesser amount than Portland proposed. The Commission also reversed the Initial Decision in part with regard to the appropriate return on equity (ROE), resulting in a 12.99 percent ROE instead of the 11.65 percent adopted in the Initial Decision. The Commission also modified several rate design findings in the Initial Decision concerning the treatment of interruptible services and certain bankruptcy proceeds received by the pipeline. In addition, the Commission reversed the Initial Decision's determinations on *ad valorem* taxes and pipeline integrity projects.

FERC addresses Initial Decision on proposed rate increase for SFPP's West Line oil pipeline

G-2, *SFPP, L.P.*, Docket No. IS08-390-002. The Commission issued an order on an Initial Decision regarding the reasonableness of SFPP, L.P.'s (SFPP) proposed rate increase for its West Line oil pipeline as filed on June 30, 2008. The Commission generally affirmed the Initial Decision's conclusions on good-will, affiliate cost allocations and most income tax allowance, capital structure, and cost of capital issues, but required SFPP to provide more supporting data and analysis of the overhead cost allocation issues in its compliance filing. The Commission modified the Initial Decision's findings regarding throughput, purchase accounting adjustments, the allocation of litigation costs, and some rate base and secondary cost of service issues. The Commission directed SFPP to file revised tariffs, and an estimated report on refunds.

H-1, News Release

FERC denies rehearing of notice denying by operation of law a rehearing request of an order denying a boat dock application at the Smith Mountain Pumped Storage Project

H-2, *Appalachian Power Company*, Project No. 2210-209. The Commission denied rehearing of a notice denying by operation of law a rehearing request of staff order that

denied an application by Appalachian Power Company, licensee of the Smith Mountain Pumped Storage Project, seeking authorization to allow an individual to construct a boat dock on Smith Mountain Lake. The Commission further denied the motion for late intervention that accompanied the rehearing request and addressed for clarity the substantive arguments raised concerning the environmental impact of the proposal.

FERC denies rehearing of prior rejection of rehearing request regarding order on licensee's actions to bring boat dock into compliance

H-3, *Appalachian Power Company*, Project No. 2210-206. The Commission denied rehearing of notice rejecting as untimely a rehearing request of a staff order finding that Appalachian Power Company complied with the terms of its license for the Smith Mountain Pumped Storage Project when it determined that a dock was not built to the exact specifications of its permit, and that unauthorized improvements and changes had been made to the dock.

FERC denies rehearing of preliminary permit for the Pine Creek Mine Hydroelectric Project in California

H-4, *Pine Creek Mine, LLC*, Project No. 12532-003, *Bishop Paiute Tribe*, Project No. 13317-001 and *KC, LLC*, Project No. 13689-001. The Commission denied requests for rehearing of an order issuing a preliminary permit to Pine Creek Mine, LLC to develop the Pine Creek Mine Hydroelectric Project in the Inyo National Forest, in Inyo County, California. The Commission found that since neither competing permit application was substantiated by detailed studies or consultations, it was unable to conclude that either applicant's plan was better adapted than the other. Therefore, it issued the permit to the applicant who was first to file its permit application..

FERC grants request to abandon Tennessee Gas lines in Texas

C-1, *Tennessee Gas Pipeline Company*, Docket No. CP10-485-000. The Commission granted Tennessee Gas Pipeline Company's (Tennessee) request to abandon service obligations in certain Texas onshore and offshore supply facilities in the Central Texas Gathering System extending from Transcontinental Gas Pipe Line Corporation's mainline in Wharton County, Texas, to offshore production fields in the Gulf of Mexico. The Commission determined that it would not be appropriate to grant an emergency order requiring Tennessee to continue to provide aggregation service utilizing the subject capacity pending full review of this application.