

135 FERC ¶ 61,103  
FEDERAL ENERGY REGULATORY COMMISSION  
Washington, D.C. 20426

April 29, 2011

In Reply Refer To:  
Coolidge Power LLC  
Docket Nos. ER11-3013-000, and  
ER11-3013-001

Ms. Jennifer Spina  
Attorney for Coolidge Power LLC  
Andrews Kurth LLP  
1350 I Street, NW  
Suite 1100  
Washington, DC 20005

Reference: Market-Based Rate Authorization

Dear Ms. Spina:

1. In this order, the Commission grants Coolidge Power LLC (Coolidge Power) authority to make wholesale sales of energy, capacity, and ancillary services at market-based rates, effective April 29, 2011, conditioned on the requirement that Coolidge Power's affiliate, TransCanada Maine Wind Development Inc. (TransCanada Wind) file an Open Access Transmission Tariff (OATT), or a request for waiver of the requirement to have an OATT on file, concurrent with TransCanada Wind's market-based rate triennial filing which is due by June 30, 2011.

2. Additionally, based on your representations, we designate Coolidge Power as a Category 2 seller in the Southwest region.<sup>1</sup> Therefore, Coolidge Power must file an

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<sup>1</sup> *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at P 848-50, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010).

updated market power analysis for the Southwest region in compliance with the regional reporting schedule adopted in Order No. 697.<sup>2</sup> Further we designate Coolidge Power as a Category 1 seller in all other regions.

3. On March 3, 2011, pursuant to section 205 of the Federal Power Act,<sup>3</sup> Coolidge Power filed an initial application for market-based rate authority with an accompanying tariff providing for sale of energy, capacity, and ancillary services at market-based rates.<sup>4</sup> Coolidge Power requests that the Commission grant waivers commonly granted to similar market-based rate applicants and further requests waiver of the 60-day prior notice requirement and that the Commission accept its market-based rate tariff, effective on or before April 29, 2011. On April 8, 2011, Coolidge Power amended its initial application.

4. Coolidge Power states that it is an indirect, wholly-owned subsidiary of TransCanada Corporation (TransCanada). TransCanada is a holding company created under a plan approved by the shareholders of TransCanada Pipelines Limited, a wholly-owned subsidiary of TransCanada. Coolidge Power states that TransCanada, through its subsidiaries, owns power marketing companies that sell both at wholesale and retail in the United States and generation companies that engage in the sale of power in the United States exclusively at wholesale. Coolidge Power states that all of TransCanada's generation companies within the United States are located in the Northeast Region, with the exception of Coolidge Power.

5. Coolidge Power states that it will own and operate a 575 megawatt (MW) simple cycle, natural gas-fired peaking generating facility located in the Salt River Project Agricultural Improvement and Power District (Salt River Project) balancing authority area, all of which is committed under a long-term power purchase agreement with Salt River Project. Coolidge Power states that it is not affiliated with entities that own generation facilities in the Salt River Project balancing authority area. Additionally, Coolidge Power represents that Coolidge Power's affiliate, TransCanada Wind, owns a "25-mile radial 115 kV transmission line" located in Maine.<sup>5</sup>

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<sup>2</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 882-93, app. D; Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at apps. D, D-1, D-2.

<sup>3</sup> 16 U.S.C. § 824d (2006).

<sup>4</sup> The application includes a request for authorization to engage in the sale of certain ancillary services as a third-party provider.

<sup>5</sup> Coolidge Power March 3, 2011 Transmittal at p. 9.

6. Notice of Coolidge Power's March 3, 2011 filing was published in the *Federal Register* on March 11, 2011, with interventions or protests due on or before March 24, 2011.<sup>6</sup> None was filed.

7. On March 14, 2011, the Commission issued a supplemental notice explaining that Coolidge Power's application for market-based rate authority includes a request for blanket authorization under Part 34 of the Commission's rules and regulations for the future issuance of securities and assumptions of liability. This supplemental notice was separately published in the *Federal Register*,<sup>7</sup> with interventions or protests due on or before March 28, 2011. None was filed.

8. Notice of Coolidge Power's April 8, 2011 filing was published in the *Federal Register* on April 11, 2011, with interventions or protests due on or before April 22, 2011.<sup>8</sup> None was filed.

9. The Commission allows power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated, horizontal and vertical market power.<sup>9</sup>

10. With regard to horizontal market power, Coolidge Power states that its generation capacity is fully committed to Salt River Project under a long-term power purchase agreement and thus it does not have any uncommitted capacity in the Southwest region. Coolidge Power further states that it is not affiliated with any entity that owns or controls uncommitted capacity in the relevant market. Based on Coolidge Power's representations, we find that Coolidge Power satisfies the Commission's requirements for market-based rate authority regarding horizontal market power.

11. With regard to vertical market power, in cases where a public utility, or any of its affiliates, owns, operates, or controls transmission facilities, the Commission requires that there be a Commission-approved OATT on file before granting a seller market-based rate authorization.<sup>10</sup> Coolidge Power states that its affiliate, TransCanada Wind, owns a "25-mile radial 115 kV transmission line"<sup>11</sup> in the Northeast region. Coolidge Power states

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<sup>6</sup> 76 Fed. Reg. 13,400 (2011).

<sup>7</sup> 76 Fed. Reg. 13,611 (2011).

<sup>8</sup> 76 Fed. Reg. 21,723 (2011). An errata was issued on April 15, 2011.

<sup>9</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 62, 399, 408, 440.

<sup>10</sup> *Id.* P 408.

<sup>11</sup> Coolidge Power March 3, 2011 Transmittal at p. 9.

that TransCanada Wind's generator tie-line is used solely to connect the Kibby Wind Project, owned by TransCanada Wind, to the transmission system owned and operated by Central Maine Power Company and neither currently, nor is anticipated to, provide transmission service to unaffiliated parties.<sup>12</sup> However, TransCanada Wind has neither filed an OATT for that line nor requested waiver of the obligation to file an OATT.

12. The Commission also considers a seller's ability to erect other barriers to entry as part of the vertical market power analysis.<sup>13</sup> The Commission requires a seller to provide a description of its ownership or control of, or affiliation with an entity that owns or controls, intrastate natural gas transportation, storage or distribution facilities; sites for generation capacity development; and sources of coal supplies and equipment for the transportation of coal supplies, such as barges and rail cars (collectively, inputs to electric power production).<sup>14</sup> The Commission also requires sellers to make an affirmative statement that they have not erected barriers to entry into the relevant market and will not erect barriers to entry into the relevant market.<sup>15</sup>

13. Regarding other barriers to entry, Coolidge Power states that it is affiliated with entities that own or control intrastate natural gas transportation, storage or distribution facilities. Specifically, Coolidge Power affiliate ANR Storage Company owns 50 percent of the Eaton Rapids Gas Storage System (Eaton), which ANR Storage Company also operates by contract. Coolidge Power represents that Eaton owns one storage field in South Central Michigan and ANR Pipeline Company owns a 22.67 percent interest in the Litchfield Lateral. ANR Jackson Company owns 25 percent of the Jackson Pipeline Company, an intrastate transportation line that moves gas between the Litchfield Lateral and Eaton. Coolidge Power states that neither it nor any of its affiliates own or control any sites for generation capacity development, or sources and transportation of coal supplies.

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<sup>12</sup> Although Coolidge Power designates the line as a "generator tie-line," such a designation does not alter the fact that this is a transmission facility or render the line exempt from the Commission's regulation of transmission facilities. See *Evergreen Wind Power III, LLC*, 135 FERC ¶ 61,030, at n.18 (2011); *Milford Wind Corridor, LLC*, 129 FERC ¶ 61,149, at P 24 (2009).

<sup>13</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 440.

<sup>14</sup> *Id.* P 447. In Order No. 697-A, the Commission revised the definition of inputs to electric power production to include "physical coal supply sources and ownership of or control over who many access transportation of coal supplies." Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 at P 176.

<sup>15</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 447.

14. Consistent with Order No. 697, Coolidge Power affirmatively states that neither it, nor any of its affiliates, have erected barriers to entry into the relevant market and that neither it, nor any of its affiliates, will erect barriers to entry into the relevant market.

15. Based on Coolidge Power's representations, and conditioned on its affiliate, TransCanada Wind, filing an OATT or a request for waiver of the requirement to have an OATT on file, concurrent with TransCanada Wind's market-based rate triennial filing which is due by June 30, 2011, we find that Coolidge Power satisfies the Commission's requirements for market-based rates regarding vertical market power.

16. Coolidge Power requests a number of waivers and authorizations typically granted by the Commission to market-based rate sellers. In particular, Coolidge Power requests the following waivers and authorizations under the Commission's regulations: (1) waiver of the filing requirements of Subparts B and C of Part 35, except sections 35.12(a), 35.13(b), 35.15, and 35.16; (2) waiver of the accounting and related reporting requirements of Parts 41, 101, and 141, except sections 141.14 and 141.15; and (3) blanket authorization under Part 34 for all future issuances of securities and assumptions of liability.

17. The Commission will grant the requested waivers and authorizations consistent with those granted other entities with market-based rate authorizations.<sup>16</sup> Notwithstanding the waiver of the accounting and reporting requirements, the Commission expects Coolidge Power to keep its accounting records in accordance with generally accepted accounting principles.

18. Blanket authorization under Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability is granted. Coolidge Power is hereby authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object with the corporate purposes of Coolidge Power, compatible with the public interest, and reasonably necessary or appropriate for such purposes. The Commission reserves the right to modify this order to require a further showing that neither the public nor private interests will be adversely affected by continued Commission approval of Coolidge Power's issuances of securities or assumptions of liabilities.

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<sup>16</sup> It should be noted that the Commission has recently examined and approved the continued applicability of the waiver of its accounting and reporting requirements in Parts 41, 101, and 141 of the Commission's regulations, as well as the continued applicability of the blanket authorization for the issuance of securities and the assumption of liabilities. *See* Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 984-985 (regarding waiver of Parts 41, 101, and 141), 999-1000 (regarding blanket approval under Part 34).

19. Consistent with the procedures the Commission adopted in Order No. 2001, an entity with market-based rate authorization must electronically file an Electric Quarterly Report (EQR) with the Commission containing: (1) a summary of the contractual terms and conditions in every effective service agreement for market-based power sales; and (2) transaction information for effective short-term (less than one year) and long-term (one year or longer) market-based power sales during the most recent calendar quarter.<sup>17</sup> Public utilities must file EQRs no later than 30 days after the end of the reporting quarter.<sup>18</sup>

20. Coolidge Power is required to file EQRs in compliance with Order No. 2001. If the effective date of Coolidge Power's market-based rate tariff falls within a quarter of the year that has already expired, Coolidge Power's EQRs for the expired quarter are due within 30 days of the date of this order.

21. Additionally, Coolidge Power must timely report to the Commission any change in status that would reflect a departure from the characteristics the Commission relied upon in granting market-based rate authority.<sup>19</sup>

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<sup>17</sup> *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, 125 FERC ¶ 61,103 (2008). Attachments B and C of Order No. 2001 describe the required data sets for contractual and transaction information. Public utilities must submit EQRs to the Commission using the EQR Submission System Software, which may be downloaded from the Commission's website at <http://www.ferc.gov/docs-filing/eqr.asp>.

<sup>18</sup> The exact filing dates for these reports are prescribed in 18 C.F.R. § 35.10b (2010). Failure to file an EQR (without an appropriate request for extension), or failure to report an agreement in an EQR, may result in forfeiture of market-based rate authority requiring filing of a new application for market-based rate authority if the applicant wishes to resume making sales at market-based rates.

<sup>19</sup> *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, Order No. 652, FERC Stats. & Regs. ¶ 31,175, *order on reh'g*, 111 FERC ¶ 61,413 (2005); 18 C.F.R. § 35.42(a) (2010).

22. In Order No. 697, the Commission created two categories of sellers.<sup>20</sup> Category 1 sellers are not required to file regularly scheduled updated market power analyses. Category 1 sellers are wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate, or control transmission facilities other than limited equipment necessary to connect individual generation facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888); that are not affiliated with anyone that owns, operates, or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues.<sup>21</sup> Sellers that do not fall into Category 1 are designated as Category 2 sellers and are required to file an updated market power analysis.<sup>22</sup>

23. Coolidge Power states that it meets the criteria for Category 1 seller status in all regions except the Southwest region because in all regions where it is seeking Category 1 seller status it: (1) owns, operates, controls or is affiliated with 500 MW or less of generation in aggregate per region; (2) does not own, operate, or control transmission facilities other than the limited equipment necessary to connect individual generating facilities to the transmission grid; and (3) is not affiliated with any entity that owns, operates, or controls transmission facilities. Coolidge Power also represents that it and its affiliates do not have franchised electric utility service territories or captive customers, and that its application for market-based rate authority does not raise any vertical market power issues.

24. Based on Coolidge Power's representations, we grant Coolidge Power Category 1 seller status in all regions except the Southwest region; however, the Commission reserves the right to require an updated market power analysis at any time for those regions.<sup>23</sup> Further, based on its representations, we designate Coolidge Power as a Category 2 seller in the Southwest region; thus, Coolidge Power must file an updated market power analysis in the Southwest region in compliance with the regional reporting schedule adopted in Order No. 697.<sup>24</sup>

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<sup>20</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 848.

<sup>21</sup> 18 C.F.R. § 35.36(a) (2010).

<sup>22</sup> Order No. 697, FERC Stats. & Regs. ¶ 31,252 at P 850.

<sup>23</sup> *Id.* P 853.

<sup>24</sup> *Id.* P 882.

25. Coolidge Power's request for waiver of the prior notice requirement for its market-based rate tariff is hereby granted, with an effective date of April 29, 2011, as requested.

By Direction of the Commission.

Kimberly D. Bose,  
Secretary.