

143 FERC ¶ 61,166
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 23, 2013

In Reply Refer To:
Calpine Mid Merit, LLC
Docket Nos. ER12-954-000
ER12-954-001

King & Spalding LLP
Attn: Mr. Neil L. Levy, Esq.
Attorney for Calpine Mid Merit, LLC
1700 Pennsylvania Avenue, NW
Washington, DC 20006

Dear Mr. Levy:

1. On January 31, 2012, you filed with the Commission, on behalf of Calpine Mid Merit, LLC (Calpine Mid Merit), a proposed Rate Schedule FERC No. 1 (Rate Schedule) setting forth the cost-based revenue requirement (Filed Annual Revenue Requirement) for supplying reactive power, under Schedule 2 of the PJM Interconnection, LLC (PJM) Open Access Transmission Tariff (OATT), from a 575 MW dual fuel combined cycle electric generation facility in Peach Bottom Township, Pennsylvania. On March 30, 2012, the Commission issued an order accepting and suspending the proposed Rate Schedule effective March 1, 2012, subject to refund, and establishing hearing and settlement judge procedures.¹

2. On February 7, 2013, you filed, on behalf of Calpine Mid Merit and Exelon Corporation, a Settlement agreement (Settlement), including a revised Rate Schedule FERC Form 1 (Revised Rate Schedule) in Docket No. ER12-954-001. On February 27, 2013, Commission Trial Staff filed comments in support of the Settlement. No other comments were filed. On February 28, 2013, the Presiding Administrative Law Judge certified the Settlement to the Commission as uncontested.²

¹ *Calpine Mid Merit, LLC*, 138 FERC ¶ 61,232 (2012).

² *Calpine Mid Merit, LLC*, 142 FERC ¶ 63,013 (2013).

3. The Settlement reflects a comprehensive settlement of all issues in Docket Nos. ER12-954-000 and ER12-954-001, including all issues concerning the proposed Rate Schedule that Calpine Mid Merit filed on January 31, 2012 in Docket No. ER12-954-000 and the Commission set for hearing on March 30, 2012.

4. The Settlement provides for a reduction in Calpine Mid Merit's Filed Annual Revenue Requirement from \$2,405,031.80 to an annual amount of \$1,544,000 (Revised Annual Revenue Requirement) effective March 1, 2012. The Settlement explains that, since the Revised Annual Revenue Requirement is less than the Filed Annual Revenue Requirement, Calpine Mid Merit will be required to refund the difference between the rates in the Rate Schedule and the Revised Rate Schedule, with interest, for the period between the time payment is made to Calpine Mid Merit and Calpine Mid Merit makes a refund payment to PJM. Calpine Mid Merit will file a refund report with the Commission within thirty (30) days of making the refund payment.

5. Paragraph 18 of the Settlement specifies that the standard of review for any proposed changes sought by a Party to the Settlement will be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corporation*³ and *Federal Power Commission v. Sierra Pacific Power Company*.⁴ Any modifications to the Settlement requested by a non-party to the Settlement or initiated by the Commission will be the most stringent standard permissible under applicable law.

6. The Settlement appears to be fair and reasonable and in the public interest and is hereby approved. Calpine Mid Merit has complied with *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008) (cross-referenced at (124 FERC ¶ 61,270 (2008)) and the tariff provisions are accepted. The Revised Rate Schedule submitted as part of the Settlement is properly designated, accepted for filing, and made effective March 1, 2012, as set forth in the Settlement. This action does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. This order terminates Docket Nos. ER12-954-000 and ER12-954-001.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

³ 350 U.S. 332 (1956).

⁴ 350 U.S. 348 (1956).