

169 FERC ¶ 61,248  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

FPL Energy Illinois Wind, LLC

Docket No. ER20-282-000

ORDER ACCEPTING AND SUSPENDING PROPOSED RATE SCHEDULE AND  
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued December 27, 2019)

1. On November 1, 2019, pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> FPL Energy Illinois Wind, LLC (Lee DeKalb) submitted a proposed rate schedule (Rate Schedule)<sup>3</sup> setting forth the revenue requirements of the Lee DeKalb wind turbine generating facility (Facility) to provide Reactive Supply and Voltage Control from Generation Sources Service (Reactive Service) as defined in Schedule 2 of the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff).<sup>4</sup> We accept for filing Lee DeKalb's proposed Rate Schedule and suspend it for a nominal period, to become effective December 31, 2019, as requested, subject to refund, and establish hearing and settlement judge procedures, as discussed below.<sup>5</sup>

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<sup>1</sup> 16 U.S.C. § 824d (2018).

<sup>2</sup> 18 C.F.R. pt. 35 (2019).

<sup>3</sup> FPL Energy Illinois Wind, LLC, Rate Schedule, [Rate Schedule, Reactive Power Compensation \(0.0.0\)](#).

<sup>4</sup> PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

<sup>5</sup> Although Lee DeKalb has not previously filed for approval of a Reactive Service tariff, we conclude that this is a proposed rate change under section 205(d) of the FPA, rather than an initial rate, because Lee DeKalb has been providing reactive power service to PJM prior to the instant filing. *See Calpine Oneta Power, L.P.*, 103 FERC ¶ 61,338, at P 11 (2003) (stating that, as the Oneta Project has been providing reactive power service under section 3.5 of its Interconnection Agreement, albeit, without charge, "the proposed rates for Reactive Power Service in the instant proceeding are not initial rates, but are changed rates.").

## I. Background

2. Schedule 2 of the PJM Tariff provides that PJM will compensate owners of generation and non-generation resources for the capability to provide reactive power to PJM to maintain transmission voltages. Specifically, Schedule 2 states that, for each month of Reactive Service provided by generation and non-generation resources in the PJM region, PJM shall pay each resource owner an amount equal to the resource owner's monthly revenue requirement, as accepted or approved by the Commission.<sup>6</sup>

## II. Filing

3. Lee DeKalb states that the Facility is located in DeKalb County, Illinois, and has a nameplate capacity rating of 217.5 MW.<sup>7</sup> Lee DeKalb states that the Facility is interconnected with the transmission system of Commonwealth Edison Company (ComEd), within the PJM Region and began commercial operation in December 2009. Lee DeKalb states that it, ComEd, and PJM are parties to an interconnection service agreement (ISA) that became effective in March 2014.<sup>8</sup> Lee DeKalb further states that it is authorized to sell capacity, energy, and ancillary services at market-based rates and that it is an indirect subsidiary of NextEra Energy, Inc.

4. Lee DeKalb states that it calculated the Facility's fixed capability component following the *AEP* Methodology.<sup>9</sup> Lee DeKalb notes that the *AEP* Methodology identifies the costs associated with four groups of plant investments: (1) the generators/exciters; (2) generator step-up (GSU) transformers; (3) accessory electric equipment; and (4) the remaining production plant investment; and then allocates those costs between real and reactive power using an allocation factor.<sup>10</sup> Lee DeKalb states that it calculated a total investment attributable to reactive power production at the facility of \$11,799,024, which consists of: (i) \$10,986,721 (the reactive portion of the generators/exciters and accessory electric equipment); (ii) \$306,278 (the reactive portion of the GSU transformers); and (iii) \$506,024 (for the portion of the remaining total

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<sup>6</sup> PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

<sup>7</sup> Transmittal Letter at 1. Lee DeKalb states that it also owns a small battery energy storage system the cost of which is not included in Lee DeKalb's filing. *Id.* at 1 n.1.

<sup>8</sup> *Id.* at 1-2.

<sup>9</sup> *Id.* at 8.

<sup>10</sup> *Id.* at 3-4 (citing *American Elec. Power Serv. Corp.*, 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (*AEP*); *Dynegy Midwest Generation, Inc.*, 121 FERC ¶ 61,025 (2007), *order on reh'g*, 125 FERC ¶ 61,280 (2009)).

production plant used to support reactive power production).<sup>11</sup> Lee DeKalb states that it used the rate of return and capital structure for ComEd as a proxy to establish a rate of return.<sup>12</sup> Lee DeKalb asserts that it calculated the annual fixed capability component of the fixed revenue requirement to be \$1,439,117.86, and a monthly fixed capability component of \$119,926.49.<sup>13</sup>

5. Lee DeKalb requests an effective date of December 31, 2019.<sup>14</sup>

### **III. Notice and Responsive Pleadings**

6. Notice of Lee DeKalb's November 1, 2019 filing was published in the *Federal Register*, 84 Fed. Reg. 60,077 (2019), with interventions and protests due on or before November 22, 2019. PJM, Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM, Exelon Corporation, and Illinois Municipal Electric Agency filed timely motions to intervene. No protests were filed.

### **IV. Discussion**

#### **A. Procedural Matters**

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### **B. Substantive Matters**

8. Our preliminary analysis indicates that Lee DeKalb's proposed Rate Schedule has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Lee DeKalb's filing raises issues of material fact that cannot be resolved based on the record before us and are more appropriately addressed in the hearing and settlement judge procedures ordered below. Accordingly, we accept for filing Lee DeKalb's proposed Rate Schedule, suspend it for a

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<sup>11</sup> *Id.* at 11. Lee DeKalb states that it received a grant from the United States Department of Treasury and excluded 100 percent of the amount in determining its fixed revenue requirement. *Id.* at 8-9.

<sup>12</sup> *Id.* at 12.

<sup>13</sup> *Id.* at 11-12.

<sup>14</sup> *Id.* at 12.

nominal period to become effective December 31, 2019, as requested, subject to refund, and establish hearing and settlement judge procedures.

9. Although we are setting the Rate Schedule for hearing in its entirety, we note that Lee DeKalb has not provided underlying support for the costs claimed for the Facility. In addition, Lee DeKalb's filing includes accessory electric equipment costs, generator and exciter costs, generator step-up transformer costs, operation and maintenance costs, administrative and general costs, and balance of plant costs that may be excessive.<sup>15</sup> We also note that Lee DeKalb has not provided support from its generator manufacturer to verify its nameplate MVAR and MVA numbers.

10. While we are setting this matter for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their dispute before hearing procedures commence. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.<sup>16</sup> If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding. The Chief Judge, however, may not be able to designate the requested settlement judge based on workload requirements which determine judges' availability.<sup>17</sup> The settlement judge shall report to the Chief Judge and the Commission within thirty (30) days of the date of the appointment of the settlement judge, concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) Lee DeKalb's proposed Rate Schedule is hereby accepted for filing and suspended for a nominal period to become effective, December 31, 2019, as requested, subject to refund, as discussed in the body of this order.

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<sup>15</sup> See *Wabash Valley Power Ass'n, Inc.*, 154 FERC ¶ 61,245, at P 29 (2016).

<sup>16</sup> 18 C.F.R. § 385.603 (2019).

<sup>17</sup> If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five (5) days of this order. The Commission's website contains a list of Commission judges available for settlement proceedings and a summary of their background and experience (<http://www.ferc.gov/legal/adr/avail-judge.asp>).

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Commission by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of Lee DeKalb's Rate Schedule, as discussed in the body of this order. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (C) and (D) below.

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2019), the Chief Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the participants decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(D) Within thirty (30) days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the participants with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

(E) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street NE, Washington, DC 20426. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.