

169 FERC ¶ 61,251
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Doswell Limited Partnership

Docket No. ER20-263-000

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

(Issued December 30, 2019)

1. On October 31, 2019, pursuant to section 205 of the Federal Power Act (FPA)¹ and Part 35 of the Commission's regulations,² Doswell Limited Partnership (Doswell) submitted a proposed rate schedule (Rate Schedule)³ for Reactive Supply and Voltage Control from Generation Sources Service (Reactive Service), as defined in the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff), at Schedule 2.⁴ In this order, we accept Doswell's Rate Schedule for filing and suspend it for a nominal period, to become effective December 1, 2019, as requested, subject to refund, and set the filing for hearing and settlement judge procedures.⁵

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. pt. 35 (2019).

³ Doswell Limited Partnership, Tariffs and Agreements, [Expansion Facility RS, FERC Electric Tariff, Volume No. 3, 0.0.0.](#)

⁴ See PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

⁵ Although Doswell 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 Doswell 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) (finding that the proposed rates for Reactive Power Service "are not initial rates, but are changed rates," where the relevant project had been providing service under an interconnection agreement, albeit without charge).

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.⁶

II. Filing

3. Doswell states that it is wholly-owned direct subsidiary of Gridiron Energy, LLC, a Delaware limited liability company managed and controlled by a subsidiary of LS Power Associates, L.P., which is a Delaware limited partnership managed and controlled by LS Power Development, LLC, its sole general partner.⁷ Doswell states that it is an exempt wholesale generator that has been granted market-based rate authority.⁸ Doswell further states that it owns and operates an approximately 1,237 MW natural gas-fired facility (Facility) in Ashland, Virginia that is interconnected with the Dominion Virginia Power transmission system, within the PJM region. Doswell states that the Facility is comprised of an approximately (i) 673 MW combined-cycle unit generating facility consisting of 4 Siemens combustion turbines and 2 ABB steam turbines in two 2x1 configurations (CC Facility), (ii) 166 MW simple-cycle unit consisting of one GE combustion turbine (CT) generating facility (CT Facility), and (iii) 399 MW GE combustion turbine simple-cycle units CT2 and CT3 (Expansion Facility).⁹ Doswell notes that it already receives compensation for Reactive Service for the CC Facility and CT Facility, and is now seeking compensation for Reactive Service for the Expansion Facility.¹⁰ Doswell states that the Expansion Facility entered commercial operation on June 1, 2018.

4. Doswell states that it calculated the Expansion Facility's Fixed Capability Component by first determining the portion of the generator/excitation systems, accessory electric equipment, and the generator step-up transformers used to produce

⁶ PJM, Intra-PJM Tariffs, OATT, Schedule 2 (4.0.0).

⁷ Transmittal at 2-3.

⁸ *Id.* at 3.

⁹ *Id.*

¹⁰ *Id.* at 1, 3 nn.8-9.

reactive power.¹¹ Doswell states that an allocator is then applied to apportion the costs of the Expansion Facility between real and reactive power components.¹²

5. Doswell states that it uses Dominion Virginia Power's capital structure as a proxy to establish a rate of return.¹³ Based on these inputs, Doswell states that it calculated the total annual revenue requirement for Reactive Service of \$901,038.24, with a monthly revenue requirement of \$75,086.52.¹⁴

6. Doswell requests a waiver of any applicable requirement of Part 35 and any other section of the Commission's regulations, as necessary, in order to allow this filing to become effective December 1, 2019.¹⁵

III. Notice and Responsive Pleadings

7. Notice of Doswell's filing was published in the Federal Register, 84 Fed. Reg. 59,799 (2019), with interventions and protests due on or before November 21, 2019. Dominion Energy Services, Inc. (Dominion), Old Dominion Electric Cooperative, PJM and Monitoring Analytics, LLC, acting in its capacity as PJM's Independent Market Monitor, filed timely motions to intervene. Northern Virginia Electric Cooperative, Inc. (NOVEC) moved to intervene out of time. Dominion, on behalf of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, filed a protest. On December 6, 2019, Doswell filed an answer.

8. Dominion argues that Doswell has not shown the proposed rates to be just and reasonable and the rates may be unjust, unreasonable, unduly discriminatory or preferential, substantially excessive or otherwise unlawful. Therefore, Dominion requests the Commission reject the proposed Rate Schedule or, in the alternative, accept the rate, suspend it for five months, and set it for hearing proceedings.¹⁶ Dominion states that Doswell makes erroneous and unsupported assumptions that lead to a significantly overstated revenue requirement. Specifically, Dominion asserts that cost allocations of

¹¹ *Id.* at 4 (citations omitted).

¹² *Id.* (citations omitted).

¹³ *Id.* at 4-5.

¹⁴ *Id.* at 5; Filing at Attach. A, Doswell Limited Partnership FERC Electric Tariff, Volume No. 3.

¹⁵ Transmittal at 6.

¹⁶ Dominion Protest at 1.

the generator/excitation systems, accessory electric equipment, and the generator step-up transformers used to produce reactive power as required by the *AEP* methodology appear unjust and unreasonable.¹⁷ Dominion further argues that Doswell's proposed 15-year Modified Accelerated Cost Recovery System tax depreciation schedule in combination with a 20-year remaining life that Doswell is using for straight line book depreciation is unjust and unreasonable.¹⁸

9. In its answer, Doswell asserts that Dominion's protest lacks specificity. Doswell states that Dominion merely asserts that certain costs "appear unreasonably high" without providing any basis or evidentiary support for its objections.¹⁹ Doswell argues that, contrary to Dominion's claims that it failed to provide sufficient support, Doswell included the detailed testimony of Dennis W. Bethel, who reviewed cost information related to the Expansion Facility and provided exhibits supporting his analysis.²⁰

10. Doswell argues that Dominion similarly fails to support its claim that 15-year depreciation and 20-year plant depreciation are unjust or unreasonable. Doswell contends that Mr. Bethel's calculations are consistent with guidelines issued by the Internal Revenue Service.²¹

11. Doswell states that the testimony and exhibits included in the filing are consistent with those required under the Commission's *AEP* precedent and are comparable to those provided by Dominion to support its own rates for Reactive Service. Doswell argues that it has satisfied its initial burden to establish a *prima facie* case, and Dominion's vague assertions are not sufficient to meet its burden or even entitle it to a hearing.²² Thus, Doswell argues, the Commission should accept the filing, without suspension or additional proceedings.²³

¹⁷ *Id.* at 2.

¹⁸ *Id.* at 3.

¹⁹ Doswell Answer at 2.

²⁰ *Id.* at 2-3.

²¹ *Id.* at 3 (citations omitted).

²² *Id.* at 3-4 (citations omitted).

²³ *Id.* at 4.

IV. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2019), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.214(d), the Commission will grant NOVEC's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

13. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept Doswell's answer because it has provided information that assisted us in our decision-making process.

B. Substantive Matters

14. Our preliminary analysis indicates that Doswell'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. Doswell's proposed Rate Schedule 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 Doswell's proposed Rate Schedule for filing and suspend it for a nominal period, to be effective December 1, 2019, as requested, subject to refund, and establish hearing and settlement judge procedures.

15. Although we are setting the Rate Schedule for hearing in its entirety, we note that the cash working capital, operations and maintenance costs, administrative and general costs, accessory electric equipment costs, and balance of plant costs may be excessive. We also note a lack of underlying cost support for Doswell's filing.²⁴ Finally, the filing lacks support from the generator manufacturer regarding the nameplate MVARs used in calculating the reactive allocator. It is also unclear from the filing if some balance of plants costs may have already been recovered in the other reactive power rate schedules for this facility.

16. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their disputes 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

²⁴ *Wabash Valley Power Ass'n, Inc.*, 154 FERC ¶ 61,245, at PP 28-29 (2016).

of the Commission's Rules of Practice and Procedure.²⁵ If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding.²⁶ The Chief Judge, however, may not be able to designate the requested settlement judge based on workload requirements which determine judges' availability. 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) Doswell's proposed Rate Schedule is hereby accepted for filing and suspended for a nominal period, to become effective December 1, 2019, subject to refund, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred on the Commission by section 402(a) of the Department of Energy Organization Act and the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of Doswell's proposed Rate Schedule. However, the hearing will 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.

²⁵ 18 C.F.R. § 385.603 (2019).

²⁶ 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>).

(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 parties 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.