

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
William L. Massey, and Nora Mead Brownell.

Calpine Construction Finance Company, L.P.                      Docket Nos. ER03-624-001  
ER03-624-002

Calpine Energy Services, L.P.    ER03-1305-000  
(not consolidated)

ORDER ACCEPTING RATE FILING AND TERMINATING PROCEEDING

(Issued October 23, 2003)

1. This order accepts a rate schedule for reactive power filed by Calpine Energy Services, L.P. (CES) in Docket No. ER03-1305-000. Acceptance of the rate schedule resolves the outstanding issues in Docket Nos. ER03-624-001 and ER03-624-002. This order is in the public interest because it provides for the collection of the costs of reactive power to be provided by CES to the PJM Interconnection, L.L.C. (PJM).

**Background**

2. Calpine Construction Finance Company, L.P. (CCFC) filed an initial rate schedule on March 14, 2003 specifying its cost-based revenue requirement for Reactive Supply and Voltage Control from Generation Sources Service (reactive power) from the Ontelaunee Energy Center facility which was to be supplied to PJM. In a Director's letter order issued May 12, 2003, the Commission accepted CCFC's rate schedule to become effective April 1, 2003.

3. On June 11, 2003, PJM filed a late motion to intervene and a request for reconsideration alleging that CCFC was not a member of PJM and that CCFC must be a PJM member before it can collect its revenue requirement for reactive power pursuant to Schedule 2 of the PJM Tariff. PJM asked the Commission to make CCFC's rate schedule effective the later of (1) the first of the month after CCFC became a member of PJM, or (2) the first of the month after the Commission acted on its motion for reconsideration, provided that CCFC had become a PJM member. PJM's request for reconsideration was docketed as Docket No. ER03-624-001. On June 26, 2003, CCFC filed an Answer in Opposition to PJM's filing.

4. Subsequently, on August 7, 2003, PJM filed a letter requesting that the ER03-624 proceeding be held in abeyance which was docketed as Docket No. ER03-624-002. PJM stated that the parties had agreed to a settlement of the disputes and issues raised in their respective filings and attached a settlement agreement executed August 5, 2003 by PJM, CCFC, and CES.

5. In accordance with the settlement agreement, CES filed an initial Rate Schedule No. 2 on September 5, 2003 setting forth the revenue requirements for the provision of reactive power from the Ontelaunee facility to PJM. CES requests a waiver to permit Rate Schedule No. 2 to become effective as of May 1, 2003. CES also states that it has entered a power marketing agreement with CCFC under which it has the right to purchase all products from the Ontelaunee generator, including reactive power. It states that the rates in Rate Schedule No. 2 are identical to the rates that were accepted for CCFC in Docket No. ER03-624-000.

6. CES states in its transmittal letter that PJM does not oppose this requested effective date. No comments or protests were filed.

### **Discussion**

7. The Commission accepts CES's Rate Schedule No. 2 and, pursuant to the terms of the agreement between the parties, establishes an effective date of May 1, 2003 for the rate schedule. The rates are the same as those the Commission has already accepted in Docket No. ER03-624-000. In addition, there are no objections to the filing and the parties have resolved their differences concerning this rate schedule in a settlement agreement.

8. Acceptance of the rate filing in Docket No. ER03-1305-000 resolves all the outstanding issues in the requests for reconsideration and stay in Docket Nos. ER03-624-001 and ER03-624-002.

### The Commission orders:

Rate Schedule No. 2 filed by CES is accepted, effective May 1, 2003.

By the Commission.

( S E A L )

Linda Mitry,  
Acting Secretary.