

119 FERC ¶ 61,147
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Boston Generating, LLC
Mystic I, LLC
Mystic Development, LLC
Fore River Development, LLC
EBG Holdings, LLC

Docket No. EC07-53-000

ORDER GRANTING IN PART AND DENYING IN PART AMENDMENT OF
BLANKET AUTHORIZATION FOR DISPOSITION OF JURISDICTIONAL
FACILITIES

(Issued May 17, 2007)

1. On January 26, 2007, Boston Generating, LLC (Boston Generating); its three wholly-owned jurisdictional subsidiaries, Mystic I, LLC (Mystic I), Mystic Development, LLC (Mystic Development), and Fore River Development, LLC (Fore River) (together, Project Companies); and Boston Generating's parent company, EBG Holdings, LLC (EBG Holdings) (collectively, Applicants) asked the Commission to amend their blanket authorization¹ for certain future transfers and acquisitions of Class A (voting)² equity interests in EBG Holdings pursuant to section 203 of the Federal Power Act (FPA).³ Applicants' jurisdictional facilities consist of a market-rate based tariff, related books and records, interconnection facilities and power sales contracts associated with generating facilities owned and operated by the Project Companies.

¹ *Boston Generating, LLC*, 113 FERC ¶ 61,109 (2005) (*Original Blanket Authorization Order*).

² The Class A Unit holders are active investors with full voting rights, while Class B Unit holders are passive investors with few voting rights. *Original Blanket Authorization Order* at P 4.

³ 16 U.S.C. § 824b (2000), *amended by* Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005) (EPAct 2005).

2. Under the *Original Blanket Authorization Order*, an acquirer of interests in EBG Holdings may not own five percent or more of the voting interests in any other public utility that has interests in generating facilities or engages in jurisdictional activities within the ISO New England, Inc. (ISO-NE), where the Project Companies are located. This is designed to ensure that the blanket authorization does not allow transactions that would harm competition. Applicants request that the Commission: (1) increase from five percent to ten percent the level of public utility voting interests (“cap”) that acquirers of interests in EBG Holdings may own in generating facilities or in entities that engage in jurisdictional activities within the ISO-NE and (2) clarify that these interests in public utilities that are subject to the cap do not include public utilities (such as power marketers) that do not own or control generation or transmission facilities (the Power Marketer Affiliation Exception). Applicants request permission to make transfers pursuant to the blanket authorization, including the aforementioned modifications, for two years following the issuance of this order. In addition, Applicants propose to insert into the current blanket authorization conditions the proviso that the acquiring party shall not be affiliated with a traditional utility with captive customers.⁴ For the reasons discussed below, we grant in part, and deny in part, Applicants’ proposed modifications to the *Original Blanket Authorization Order*.

I. Background

3. The underlying *Original Blanket Authorization Order* contains a detailed background of the instant case; therefore, we provide a brief summary here.

A. Description of Applicants

4. Boston Generating is a wholly-owned subsidiary of EBG Holdings with market-based rate authorization under section 205 of the FPA.⁵ It purchases the electrical output of each of the Project Companies and resells that output. Boston Generating also owns non-jurisdictional companies providing operational services to the Project Companies.

⁴ Application at 3. Applicants note that this proviso has been included in other blanket authorizations the Commission granted after the enactment of the Energy Policy Act of 2005.

⁵ *Boston Generating, LLC*, Docket No. ER04-994-000 (July 30, 2004) (unpublished letter order).

The Project Companies, Mystic I,⁶ Mystic Development,⁷ and Fore River⁸ are all authorized to sell electric power at market-based rates.

5. EBG Holdings was created to own the membership interests of Boston Generating when the prior owner transferred those membership interests to a group of lenders as part of a settlement in lieu of foreclosure. EBG Holdings is active in the management of Boston Generating and the Project Companies. With the exception of K Road BG LLC (K Road), which holds an approximate ten percent Class A (voting) interest in EBG Holdings and manages Boston Generating,⁹ Applicants state that the other entities that hold voting equity interests in EBG Holdings are financial institutions, banks, institutional investors, investment companies or related entities that are not primarily engaged in energy-related business activities. Applicants also state that with the exception of K Road's interest in EBG Holdings, neither K Road nor its affiliates own, control or operate any generating or electric transmission assets, fuel transportation or related facilities that are inputs to power generation.

⁶ Mystic I owns Mystic Jet and Mystic Units 4, 5, 6 and 7, located in Everett, Massachusetts. Although Mystic Units 4, 5 and 6 have been retired from service, Mystic Jet and Mystic Unit 7 are operational. Mystic Jet has an installed capacity of approximately 14 MW and runs on distillate fuel oil. Mystic Unit 7 has an installed capacity of approximately 565 MW and can run on natural gas or oil.

⁷ Mystic Development owns Mystic Units 8 and 9; gas-fired units located in Everett, Massachusetts, each with a nominal installed capacity of approximately 800 MW.

⁸ Fore River owns and operates the Fore River plant, a dual gas and oil-fired plant with a nominal installed capacity of approximately 800 MW in Weymouth, Massachusetts.

⁹ Application at 8 n.15 (stating, “[t]he Commission approved K Road’s acquisition of [ten] percent of the Class A (voting) units in EBG Holdings by order issued on October 7, 2005. *Boston Generating, LLC*, 113 FERC ¶ 61,016 (2005) (October 7 Order). In addition, officers, directors and employees of K Road own approximately 5.5 [percent] of the Class A (voting) Units pursuant to the assignment and subsequent exercise of the warrants held by K Road. The October 7 Order authorized K Road, without further Commission approval, to “exercise the rights granted by the warrant,” which included assignment of the warrants from K Road to its officers, directors and employees.”).

B. Prior Orders

6. The *Original Blanket Authorization Order* granted section 203 authorization for transactions relating to the internal restructuring of EBG Holdings. Existing membership interests in EBG Holdings were re-characterized as Units, and two new classes of Unit holders were created – Class A Unit holders (voting) and Class B Unit Holders (passive); both are equity interests. The Commission also conditionally granted blanket authorization for future transfers of Class A Units in EBG Holdings from current owners to other existing owners or yet-to-be-determined new buyers for a two-year period. There were various conditions on the blanket approval, including: (1) the acquiring entities must be financial institutions or related entities that are not primarily engaged in energy-related activities; (2) no new buyer may have more than twenty percent of the equity interests in EBG Holdings; and (3) the cap -- the new buyer and its affiliates must not collectively own or control five percent or more voting interests in any public utility that has interests in any generation facilities or is engaged in jurisdictional activities within ISO-NE, where the Project Companies' generating plants are located.

7. The Commission later expanded that authorization to allow Morgan Stanley & Co., Inc. (Morgan Stanley) to acquire equity interests in EBG Holdings.¹⁰ Morgan Stanley did not qualify under the *Original Blanket Authorization Order* due to its affiliation with a power marketer operating in the ISO-NE control area; in other words, it would violate the cap. The Commission found that the “affiliation of [Morgan Stanley] with such power marketers ... does not pose competitive concerns.”¹¹ Thus, Morgan Stanley's interests in a power marketer did not count against the cap. The October 26 Order did not, however, state that this would apply to any other owner of EBG Holdings.

C. Proposed Modifications

8. Applicants propose several modifications to the *Original Blanket Authorization Order*.¹² Applicants first request that the Commission extend the Power Marketer Affiliation Exception to other entities buying equity interests in EBG Holdings. Second, Applicants request that the five percent cap be raised to ten percent.

¹⁰ *Morgan Stanley & Co., Inc.*, 117 FERC ¶ 61,111, at P 27 (2006) (October 26 Order).

¹¹ *Id.*

¹² Application at 12-13.

9. In proposing the first modification, a generally applicable Power Marketer Affiliation Exception, Applicants argue that there is no reason why only Morgan Stanley should receive the benefit of broader blanket authority. Applicants assert that not granting blanket authorization to other entities would unnecessarily and unfairly discriminate against current and potential investors in EBG Holdings. They argue that granting this request would provide the flexibility needed to permit transfers of EBG Holdings' equity to occur without the delay of a case-specific authorization. Applicants argue that this will meet investor needs and allow efficient use of Commission resources where there are no market power issues.¹³ Applicants also assert that the Power Marketer Affiliation Exception is consistent with the Commission's position that a power marketer who buys and sells power without owning or controlling physical assets has no market power.¹⁴

10. With regard to the second Proposed Modification, as explained more fully below, Applicants state that raising the cap from five to ten percent will not lessen the force of the other conditions in the *Original Blanket Authorization Order*. Applicants also state that raising the cap to ten percent will reduce the regulatory burdens associated with transfers of EBG Holdings, thereby enhancing liquidity and regulatory certainty without harming the public interest.¹⁵

11. In addition, if the Commission approves the proposed clarification and amendments to the *Original Blanket Authorization Order*, Applicants propose to include in the blanket authorization a proviso that the acquiring party shall not be affiliated with a traditional utility with captive customers. This will insure that a transaction will not result in cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company. Applicants state that this condition will provide additional assurance that no vertical market power issues will arise as a result of a transaction under the Proposed Modifications.¹⁶

D. Notice

12. Notice of the filing was published in the *Federal Register*, 72 Fed. Reg. 6554 (2007), with interventions, comments or protests due on or before February 16, 2007. None were received.

¹³ *Id.*

¹⁴ Application at 13.

¹⁵ Application at 15.

¹⁶ Application at 16.

II. Discussion

A. Standard of Review

13. Section 203(a) of the FPA provides that the Commission must approve a transaction if it finds that the transaction “will be consistent with the public interest.”¹⁷ The Commission’s analysis of whether a transaction is consistent with the public interest generally involves consideration of three factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.¹⁸ In addition, EPAct 2005 amended section 203 to specifically require that the Commission also determine that the transaction will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company, unless the Commission determines that the cross-subsidization, pledge, or encumbrance will be consistent with the public interest.¹⁹

14. As discussed below, we will adopt the requested broad Power Marketer Affiliation Exception. However, we will deny Applicants’ request to raise the cap from five to ten percent because Applicants have not demonstrated that increasing the cap will ensure that the transactions do not undermine competition by consolidating generating facilities that now compete with one another.

B. Power Marketer Affiliation Exception

15. Applicants argue that applying the Power Marketer Affiliation Exception generally will not harm competition. Applicants argue that as a policy matter, and

¹⁷ 16 U.S.C. § 824b (2000).

¹⁸ See *Inquiry Concerning the Commission’s Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, 61 Fed. Reg. 68,595 (1996), FERC Stats. & Regs. ¶ 31,044 (1996), *reconsideration denied*, Order No. 592-A, 62 Fed. Reg. 33,341 (1997), 79 FERC ¶ 61,321 (1997) (*Merger Policy Statement*); see also *Revised Filing Requirements Under Part 33 of the Commission’s Regulations*, Order No. 642, 65 Fed. Reg. 70,983 (2000), FERC Stats. & Regs., Regulations Preambles July 1996-Dec. 2000 ¶ 31,111 (2000), *order on reh’g*, Order No. 642-A, 66 Fed. Reg. 16,121 (2001), 94 FERC ¶ 61,289 (2001); see also *Transactions Subject to Federal Power Act Section 203*, Order No. 669, 71 Fed. Reg. 1348 (2006), FERC Stats. & Regs. ¶ 31,200 (2006), *order on reh’g*, Order No. 669-A, 71 Fed. Reg. 28,422 (2006), FERC Stats. & Regs. ¶ 31,214 (2006) (*Order No. 669-A*), *order on reh’g*, Order No. 669-B, 71 Fed. Reg. 42,579 (2006).

¹⁹ EPAct 2005 § 1289, 119 Stat. 982-83, to be codified at 16 U.S.C. § 824b(a)(4).

consistent with the October 26 Order and *Entegra I*,²⁰ affiliation with power marketers does not raise competitive issues because, without control of capacity, competition in wholesale energy markets cannot be harmed.²¹ Accordingly, in *Entegra I*, the Commission found that such affiliations should not count against the cap.²²

16. The Commission finds, as we did in *Entegra II*,²³ that an acquiring firm's affiliation with a power marketer that does not own or control generation or transmission facilities in the relevant geographic area does not present competitive concerns.

17. For the same reasons as in *Entegra II*, we find Applicants' proposed language to be too vague and, instead, revise the blanket authorization²⁴ so that it will now read: "the transfers would be limited to buyers and their affiliates that do not collectively own or control five percent or more voting interests in any public utility that has interests in any generation facilities or engages in jurisdictional activities within the ISO-NE, where the Project Companies' generating plants are located, provided that such restriction on jurisdictional activities does not apply to a power marketing affiliate that does not own or control generation or transmission facilities." This will ensure that transactions under the blanket authorization will not affect competition.

18. We also find that transactions under the criteria as amended above for the Power Marketer Affiliation Exception will not adversely affect rates or regulation.

C. Raising the Cap on Voting Interests in Certain Other Public Utilities

19. Applicants contend that raising the cap to ten percent would still ensure that the transactions are consistent with the public interest. They say that the transactions would not raise horizontal market power issues because none of the investors or any of their affiliates would have controlling interests in other generation in the same control area; in other words, they argue that a ten percent voting interest does not confer control. Moreover, due to the twenty percent limitation on their ownership of EBG Holdings Class A (voting) Units, Applicants argue that no investors or their affiliates would be able

²⁰ *Entegra Power Group LLC*, 117 FERC ¶ 61,085 (2006) (*Entegra I*).

²¹ Application at 12.

²² *Entegra I*, 117 FERC ¶ 61,085 at P 15.

²³ *Entegra Power Group LLC*, 118 FERC ¶ 61,181 (2007) (*Entegra II*).

²⁴ *Original Blanket Authorization Order* at P 7.

to obtain any operational control over the Project Companies' facilities or any output of those facilities.²⁵ Applicants note the Commission's statement in a rulemaking that "... in other contexts, [the Commission] ha[s] determined that holding [ten] percent of a company's voting stock was the level at which a rebuttable presumption of control applied for the purposes of determining whether a company was an affiliate."²⁶ Applicants also state that raising the cap to ten percent "... adopts the 18 C.F.R. § 358.3(b)(1) definition of 'affiliate' (*i.e.*, a rebuttable presumption of control based on a 'voting interest of ten percent or more')."²⁷

20. Applicants explain that, similar to the Commission's finding in Order No. 669-A (in the context of blanket authorizations under section 203(a)(2) of the FPA), the commonly applied ten percent threshold will provide confidence that control has not been transferred to the acquirer. Applicants note that in Order No. 669-A, the Commission denied the request for rehearing that advocated lowering the section 203(a)(2) blanket authorization threshold from ten percent to five percent.²⁸

21. According to the Applicants, no vertical market power issues exist here because the proposed conditions limit the ownership or control of voting interests in public utilities that are engaged in jurisdictional activities, including those that own transmission. Also, Applicants argue that their proposed condition that the acquiring party shall not be affiliated with a traditional utility with captive customers provides additional assurance that raising the cap to ten percent will not allow vertical market power.²⁹

22. Applicants also argue that a twenty percent interest in Class A (voting) Units is not sufficient to confer control over EBG Holdings. To support this, they point to several

²⁵ Application at 20.

²⁶ Application at 14, *citing* Order 669-A at P 101; Application at n.36 ("see, e.g., 18 CFR § 358.3(c)(2006)('[a] voting interest of 10 percent or more creates a rebuttable presumption of control.>'); *New England Power Pool*, 79 FERC ¶ 61,374 at 62,585 (1997) (ordering revision of the restated New England Power Pool agreement to limit the permitted ownership percentage of a 'Related Person' to ten percent. '*The Commission generally uses 10 percent as an indicator of an affiliate relationship...*' (emphasis added and citations omitted)), *order on reh'g*, 85 FERC ¶ 61,242 (1998).")

²⁷ *Id.*

²⁸ Application at 13-14, *citing* Order 669-A at P 102.

²⁹ Application at 20-21.

aspects of the ownership and governing structure of EBG Holdings. They state that EBG Holdings' Class A (voting) Units are widely held among approximately fifty to sixty holders, with only one such holder, other than K Road,³⁰ having more than ten percent. EBG Holdings is managed by a seven person board of directors. K Road has the right to designate two of these directors. The remaining five are independent directors elected by the holders of the Class A (voting) Units but are not affiliated with any of the Class A (voting) Unit holders. Additionally, actions under the Restated LLC Agreement³¹ require approval of at least a greater than fifty percent majority of Class A (voting) Units or a super-majority of seventy-five percent.³²

23. Applicants have not demonstrated that raising the cap from five percent to ten percent will not harm competition.³³ When we granted one of the first blanket authorizations for financial institutions to acquire up to twenty percent of a distressed asset in *La Paloma*,³⁴ we imposed the restriction that an entity would not qualify for the blanket authorization if it owned five percent or more of any public utility in the same market area, or if it was primarily engaged in energy-related market activities. The Commission noted that the five percent cap ensured that transactions would not “consolidate unknown amounts of generating and transmission assets owned by acquiring entities with their partial ownership interest” in the facility at issue there.³⁵

³⁰ K Road holds an approximate ten percent Class A (voting) interest in EBG Holdings and manages Boston Generating.

³¹ The Restated LLC Agreement was included in the application for blanket authorization filed with the Commission as Confidential Exhibit I in Docket No. EC05-119-000 (resulting in the *Original Blanket Authorization Order*).

³² Application at 14-15.

³³ The Commission made a similar finding in a recent order denying the request to raise the cap from five to ten percent. *Entegra Power Group LLC*, 119 FERC ¶ 61,022 (2007).

³⁴ *La Paloma Holding Co., LLC*, 112 FERC ¶ 61,052 (2005) (*La Paloma*); see also *Lake Road Holding Co., LLC*, 112 FERC ¶ 61,051 (2005) (*Lake Road*).

³⁵ *La Paloma*, 112 FERC ¶ 61,052 at P 17.

24. Boston Generating's application for the *Original Blanket Authorization Order* requested the same five percent cap that was applied in *La Paloma* and *Lake Road*.³⁶ Applicants have not presented sufficient justification here to dilute this measure of protection, which helps to ensure that entities exercising the blanket authorization do not acquire market power. In addition, Applicants have not shown that the circumstances under which their original blanket authorization was granted have changed in such a way as to require reexamination of the reasons for the five percent cap.

25. While we recognize that the Order No. 669-A precedent cited by Applicants with respect to control of a public utility supports a general proposition that control is not likely to be present if an entity has less than ten percent of the voting shares of a public utility, the situation before us is different. As we explained in a recent order denying the same authorization requested by Applicants here, we are presented not only with a request to allow an entity to own up to ten percent voting interests in a public utility, but to also allow that entity to own up to twenty percent of voting interests in EBG Holdings, which indirectly owns generation and jurisdictional facilities.³⁷ The financial entities not primarily engaged in energy-related activities and that do not hold more than five percent of the voting interests in a public utility within ISO-NE areas are *already authorized* to hold up to twenty percent of EBG Holdings. Increasing the cap on ownership of a public utility in the same control area would increase the incentive and ability for the acquirer to operate the various jurisdictional facilities in a manner that could undermine competition in that market area. The situation addressed in Order No. 669-A did not involve entities receiving blanket authorization to acquire twenty percent of an entity that indirectly owns generation *in addition* to ten percent ownership of a public utility with jurisdictional facilities. Where, as here, a twenty percent ownership interest has already been authorized, increasing the cap on that entity's interest in other generating facilities in the same market is not required by Order No. 669 precedent.

26. Applicants also argue that an entity with a twenty percent interest in Class A (voting) Units in EBG Holdings does not thereby have control over EBG Holdings. The Commission finds unconvincing the Applicants' argument that twenty percent ownership is not sufficient to exercise control.³⁸ The fact that EBG Holding's voting stock is

³⁶ Boston Generating, LLC, *et al.*, August 5, 2005 Application at 22 (Docket No. EC05-119-000) (*citing MACH Gen, LLC*, 113 FERC ¶ 61,138, at P 40 (2005)). *See also, Lake Road.*

³⁷ *Entegra Power Group LLC*, 119 FERC ¶ 61,022.

³⁸ The Commission's evaluation of control must take into consideration that Congress was "concerned with the substantive decision-making authority and control over jurisdictional facilities." *Enova Corporation*, 79 FERC ¶ 61,107, at 61,491 (1997).

currently widely held among numerous shareholders, with only two parties holding more than a ten percent interest, if acquired, appears to make it more likely, not less likely, that a twenty percent interest could confer control. Applicants say that K Road (which now controls Boston Generating) has the right to appoint two of the directors of EBG Holdings' board, but do not explain the importance of this right, how it relates to the control of the board of directors, or why K Road would retain this right if another entity purchased twenty percent ownership.³⁹ Applicants point to the requirement that the remaining five directors be appointed by, but not be affiliated with, the holders of the voting units, but do not show the importance of this requirement with respect to their argument about control. Similarly, they do not explain how a majority or super-majority vote under the Restated LLC Agreement will ensure that an entity with a twenty percent interest in Class A (voting) Units in EBG Holdings cannot exercise control.⁴⁰

27. While it is possible that raising the cap on public utility ownership to ten percent would not result in the exercise of control under the circumstances presented, neither the record here nor our experience under newly amended section 203 gives us sufficient confidence that competition would not be harmed if Applicants' blanket request to raise the cap to ten percent were granted. We conclude that the more conservative cap of five percent, in combination with the twenty percent limit on ownership interests in EBG Holdings, is appropriate at this time for purposes of this blanket authorization. If an entity with up to ten percent voting interest in a public utility that would be covered by the cap seeks to acquire more than twenty percent equity interest in EBG Holdings, it may seek approval under section 203 for that specific transaction.

28. Because we conclude that the requested blanket authorization does not satisfy our "effect on competition" factor, we do not address Applicants' claims that a ten percent cap will not have an adverse effect on rates or on regulation and will not result in cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company.

³⁹ K Road plus the officers, directors and employees of K Road own approximately 15.5 percent of the Class A (voting) Units. *See supra* n.8.

⁴⁰ The Commission determined that a supermajority consent provision did not prevent applicants from having control under section 203 where the applicants could *influence* all significant decisions, including decisions about the sale of power. *PDI Stoneman, Inc.*, 104 FERC ¶ 61,270, at P 17 (2003).

D. Cross-Subsidization

29. Applicants state that if the Commission approves the revision to their blanket authorization, they agree to include in their blanket authorization an added proviso that no acquiring entity will be affiliated with a traditional public utility with captive customers. As discussed above, we will not approve one of the revisions Applicants have proposed. However, as Applicants recognize,⁴¹ the Commission has required that proviso in other cases. Applicants' original application pre-dated Order No. 669, which implemented the EAct 2005 cross-subsidization requirement; however, Order No. 669 applies now, and we will amend the blanket authorization accordingly to ensure that the cross-subsidization standard is met.

E. Authorization Period

30. Applicants request that the blanket authorization extend for a two-year period following the issuance of this order. Applicants, in effect, ask the Commission to modify and extend the original blanket authorization. Putting aside the modification request, which we have partially granted and partially denied as set forth above, Applicants have provided no justification for a two-year extension of the existing blanket authorization. Thus, we will deny the request for permission to make transfers under the criteria as amended here for a two-year period following the issuance of this order. This denial is without prejudice to Applicants' submission of an extension request that is supported, such as by a demonstration that the original circumstances justifying the blanket continue to be present. Applicants have permission to make transfers pursuant to the criteria as stated in the *Original Blanket Authorization Order*, as amended herein, until October 31, 2007.

The Commission orders:

(A) Applicants' proposed transactions under the Power Marketer Affiliation Exception, with the alterations to the conditions in the *Original Blanket Authorization Order*, as discussed in the body of this order, are authorized, effective until October 31, 2007, subject to the other conditions in the *Original Blanket Authorization Order*.

(B) Applicants' blanket authorization is modified to include the proviso that "no acquiring entity will be affiliated with a traditional public utility with captive customers" to comply with EAct 2005 cross-subsidization requirements and Order No. 669, as discussed in the body of this order.

⁴¹ Application at 3, 16.

(C) Applicants' request to increase the level of the public utility voting interests ("cap") from five percent to ten percent is denied, as discussed in this order.

(D) Applicants' request to extend the blanket authorization for an additional two years is denied, without prejudice to the filing of a supported request in a subsequent application.

(E) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission.

(F) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

(G) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate.

(H) Applicants shall make appropriate filings under section 205 of the FPA, as necessary, to implement the transaction.

(I) Applicants shall notify the Commission of transactions consummated under this order in accordance with the notification requirements in the *Original Blanket Authorization Order*.

By the Commission.

(S E A L)

Philis J. Posey,
Deputy Secretary.