

Energy, Infrastructure, Project and Asset Finance

Summary of FERC Meeting Agenda

May 2012

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Below are brief summaries of the agenda items for the Federal Energy Regulatory Commission's May 17, 2012 meeting, pursuant to the agenda as issued on May 10, 2012. Agenda items E-2, E-6, E-11, H-2 and H-4 have not been summarized as they were omitted from the agenda.

Administrative Items

A-1: (Docket No. AD02-1-000)

This administrative item will address Agency Business Matters.

A-2: (Docket No. AD02-7-000)

This administrative item will address Customer Matters, Reliability, Security and Market Operations.

A-3: (Docket No. AD05-9-000)

This administrative item is the Summer Energy Market Assessment 2012.

A-4: (Docket No. AD12-15-000)

This administrative item is the Report on Arizona-Southern California Outages on September 8, 2011.

Electric Items

E-1: Transmission Planning and Cost Allocation by Transmission Owning and Operating Utilities (Docket No. RM10-23-001)

On July 21, 2011, FERC issued Order No. 1000, amending the transmission planning and cost allocation requirements established in Order No. 890. Under the Final Rule, each public utility transmission provider is required to participate in a regional transmission planning process and to amend its Open Access Transmission Tariff (OATT) to include public policy requirements in the local and regional transmission planning processes. Order No. 1000 also ordered that the federal right of first refusal for certain new transmission facilities be removed from FERC-approved tariffs and agreements and that coordination between neighboring transmission planning regions for new interregional transmission facilities be improved. All regional transmission planning processes must have a regional cost allocation methodology to cover the costs of new transmission facilities selected in a regional transmission plan for cost allocation. In addition, there



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must be an interregional cost allocation methodology to cover the costs of certain new transmission facilities located in two or more neighboring transmission planning regions. All cost allocation methodologies must satisfy six cost allocation principles detailed in the Final Rule. Numerous parties filed requests for clarification and/or rehearing of Order No. 1000. Agenda item E-1 may be an order on clarification and/or rehearing.

E-3: Midwest Independent Transmission System Operator, Inc.; ALLETE, Inc.; Ameren Illinois Company; Ameren Transmission Company of Illinois; American Transmission Company, LLC; Big Rivers Electric Corporation; Board of Water, Electric and Communications Trustees of the City of Muscatine, Iowa; Central Minnesota Municipal Power Agency; City of Columbia, Missouri, Water & Light Company; City Water, Light & Power (Springfield, Illinois); Dairyland Power Cooperative; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company; ITC Midwest, LLC; Michigan Electric Transmission Company, LLC; Michigan Public Power Agency; Michigan South Central Power Agency; MidAmerican Energy Company; Missouri River Energy Services; Montana-Dakota Utilities Company; Montezuma Municipal Light & Power; Municipal Electric Utility of the City of Cedar Falls, Iowa; Muscatine Power and Water; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota Corporation; Northern States Power Company, a Wisconsin Corporation; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company; Southern Minnesota Municipal Power Agency; Tipton Municipal Utilities; Union Electric Company; Wabash Valley Power Association, Inc.; Wolverine Power Supply Cooperative, Inc. (Docket No. EL12-35-000)

This appears to be a new proceeding. At the time this summary was prepared, there were no documents posted under this docket.

E-4: PJM Interconnection, L.L.C. (Docket No. ER12-1204-000)

On March 5, 2012, PJM Interconnection, L.L.C. (PJM) submitted proposed revisions to its Operating Agreement and OATT in order to establish a two-part compensation methodology for frequency regulation service, pursuant to the requirements established by FERC in Order No. 755 (Frequency Regulation Compensation in the Organized Wholesale Power Markets). As FERC has yet to act on PJM's Order No. 719 (Wholesale Competition in Regions with Organized Electric Markets) compliance filing, PJM proposed two alternate compliance paths (a Market-Based Pricing Option and an Administrative Pricing Option). PJM stated that it needs direction from FERC in order to implement the joint optimization of energy,

regulation and operating reserves during both normal system conditions and reserve shortages. Agenda item E-4 may be an order on PJM's filing.

E-5: The Commission's Role Regarding the Environmental Protection Agency's Mercury and Air Toxics Standards (Docket No. PL12-1-000)

This appears to be a new proceeding. At the time this summary was prepared, there were no documents posted under this docket.

E-7: Public Service Company of New Mexico (Docket Nos. QM12-2-000, -001)

On November 30, 2011, as supplemented on January 26, 2012 and February 22, 2012, Public Service Company of New Mexico (PNM) filed an application to terminate its obligation under the Public Utility Regulatory Policies Act of 1978 (PURPA) to enter into a contract or to purchase electric energy and/or capacity from the proposed Estancia Basin Biomass Power Generating Plant (Estancia Facility), a qualifying small power production facility with a net capacity in excess of 20 MW. PNM argued that the markets in and around PNM's service territory will provide the Estancia Facility with non-discriminatory access to wholesale markets for the sale of capacity and electric energy. Western Water and Power Production Limited, LLC (WWPP), the developer of the Estancia Facility, protested PNM's application and argued that it had already created a legally enforceable obligation for PNM to purchase, at avoided costs, the energy and capacity of the Estancia Facility. Agenda item E-7 may be an order on PNM's application.

E-8: ITC Holdings Corporation (Docket No. PA10-13-000)

On September 30, 2011, FERC's Office of Enforcement issued an order approving an Audit Report that found ITC Holdings Corporation (ITC Holdings) to be noncompliant with certain conditions established in FERC's December 3, 2007 order approving the acquisition of the transmission facilities of Interstate Power and Light Company. On October 31, 2011, ITC Holdings and ITC Midwest LLC requested FERC review of the Audit Report's finding that it used an inappropriate accounting treatment for the tax effects of goodwill. In response to ITC Holdings' request, FERC ordered a paper hearing. Briefs and reply briefs have been filed. Agenda item E-8 may be an order regarding the paper hearing on ITC Holdings' Audit Report.

E-9: ISO New England Inc. (Docket No. ER11-4336-004)

On January 19, 2012, FERC issued an order conditionally accepting ISO New England Inc.'s (ISO-NE) Order No. 745 (Demand Response Compensation in Organized Energy Markets) compliance filing. FERC accepted ISO-NE's proposal to have an interim set of demand

response compensation rules, to be effective June 1, 2012, and then a second set of rules that are designed to fully integrate demand response resources, to be effective June 1, 2016. Several parties filed for rehearing of the January order. Agenda item E-9 may be an order on rehearing.

E-10: CALifornians for Renewable Energy, Inc. (CARE) and Barbara Durkin v. National Grid, Cape Wind, and the Massachusetts Department of Public Utilities (Docket No. EL11-9-001)

On December 7, 2011, CALifornians for Renewable Energy, Inc. and Barbara Durkin (collectively, CARE) filed for rehearing of a November 7, 2011 order dismissing CARE's complaint against National Grid, Cape Wind Associates, Inc., and the Massachusetts Department of Public Utilities (collectively, Respondents). In its complaint, CARE alleged Respondents violated the Federal Power Act and PURPA by approving a contract for the purchase of capacity and energy that exceeds avoided costs and also usurps FERC's jurisdiction over rates for wholesale sales of energy. CARE also alleged that Respondents engaged in manipulative and fraudulent activities and that Cape Wind Associates, Inc. is affiliated with international criminal organizations. In the December order, FERC dismissed the complaint on grounds that it failed to specify the conduct and statutes at issue, the arguments were unsubstantiated and lacked factual support, and the pleading did not meet the filing requirements in FERC's Rule 203. Agenda item E-10 may be an order on rehearing.

E-12: National Grid Transmission Services Corporation and Bangor Hydro Electric Company (Docket No. EL11-49-000)

On July 11, 2011, National Grid Transmission Services Corporation and Bangor Hydro Electric Company (collectively, Petitioners) filed a Petition for Declaratory Order asking FERC to find that a proposed transaction among Petitioners and a subsidiary of First Wind Holdings, Inc. (First Wind) is consistent with FERC policy and precedent. The proposed transaction consists of a bilateral transmission service agreement pursuant to which Petitioners would sell First Wind up to 1,100 MW of transmission service over a new, participant-funded, high voltage direct current transmission line called the "Northeast Energy Link." Petitioners state that the transaction would allow First Wind to deliver energy to purchasers in New England. Agenda item E-12 may be an order on the Petition.

Hydro Items

H-1: Wyco Power and Water, Inc. (Docket No. P-14263-001)

On March 23, 2012, Wyco Power and Water, Inc. (Wyco) filed for rehearing and clarification of a February 23, 2012 FERC order dismissing Wyco's preliminary permit application. Wyco applied for the preliminary permit for a project that would consist of a proposed 501-mile buried water supply pipeline that would run from two points in Wyoming, one at the Flaming Gorge Reservoir and the other at Green River, to a proposed reservoir near Pueblo, Colorado. The project would also include seven hydropower projects that would use water from the pipeline. The project is currently called Regional Watershed Supply Project No. 14263. In the February order, FERC dismissed the application on the basis that it was filed prematurely. FERC stated, "[U]ntil some certainty regarding the authorization of the pipeline is presented, Wyco will not be able to gather and obtain the information required to prepare a license application for a proposed hydropower project." Wyco argued that many aspects of the construction of the pipeline are dependent upon the hydro licenses, and therefore it is not premature to ask for a preliminary permit. Agenda item H-1 may be an order on rehearing and/or clarification.

H-3: Borough of Weatherly, Pennsylvania (Docket No. P-14358-001)

On March 14, 2012, the Borough of Weatherly, Pennsylvania (Borough) filed for rehearing of a February 17, 2012 FERC order denying the Borough's application for a preliminary permit. The proposed project would be located at the existing US Army Corps of Engineers' Francis E. Walter Dam, located on the Lehigh River in Luzerne County, Pennsylvania. The Borough filed the application in response to a November 14, 2011 notice of a preliminary permit application that was filed by Francis Walter Hydro, LLC (FWH) for the same project. FERC denied the Borough's application as an untimely competing application to FWH's application. The Borough argued that it was originally granted a preliminary permit for the project on November 20, 2008, which was good for 36 months and that FWH's application was filed while the Borough's permit was still in effect. Moreover, the Borough argued that it should be granted preference for the permit because it is a municipality. The Borough concluded that because of the facts at issue, the matter should be set for hearing. Agenda item H-3 may be an order on rehearing.

H-5: Public Utility District No. 1 of Chelan County, Washington (Docket No. P-2145-109)

On September 1, 2010, the Public Utility District No. 1 of Chelan County, Washington (Chelan) filed an application to amend its license for the Rocky Beech Hydro Project. Specifically, Chelan requested authorization to grant non-project use of project land to Beebe Ranch LLC for the construction of a 40-slip community boat dock and related facilities. Agenda item H-5 may be an order on Chelan's application.

H-6: Public Utility District No. 2 of Grant County, Washington (Docket No. P-2114-250)

On March 21, 2012, the Public Utility District No. 2 of Grant County, Washington (Grant) filed a Petition for Declaratory Order on Preemption. In the Petition, Grant states that on February 15, 2012, Chelan County, Washington, denied Grant's applications for seven permits or variances required under local and state law to construct, operate, maintain and modify an acclimation facility on the White River in Chelan County for spring Chinook salmon, called the White River Acclimation Facility (WRAF). Grant further states that its inability to complete the WRAF prevents it from complying with its hydro license for the Priest Rapids Project No. 2114. Consequently, Grant asked FERC to issue an expedited declaratory order ruling that the Federal Power Act preempts all local and state regulation of Chelan County and the state of Washington over the mandates in its license and that Grant is not required to obtain the permits and variances that were denied in order to move forward with WRAF. Agenda item H-6 may be an order on the Petition.

Certificate Items

C-1: Natural Gas Pipeline Company of America LLC (Docket No. CP11-547-000)

On September 20, 2011, Natural Gas Pipeline Company of America LLC (NGPCA) filed an abbreviated application under sections 7(b) and 7(c) of the Natural Gas Act (NGA) for a Certificate of Convenience and Necessity to construct and operate certain facilities and to abandon certain other facilities in Iowa and Illinois in what it calls the "2012 NGPL Storage Optimization Project." The Project includes plans to replace aging compressor units with new equipment and contemporaneously improve and optimize NGPCA's market area storage withdrawal and injection capabilities as well as its system flexibility and reliability. Specifically, NGPCA proposes to construct and operate a new compressor unit at its existing Compressor Station No. 205 near Keota in Washington County, Iowa (CS 205), increase the certificated peak day flow at full inventory of its Keota St. Peter Reservoir in Washington County, Iowa, and increase CS 205 station meter capacity;

construct and operate a new "greenfield" compressor station in Effingham County, Illinois; reduce cushion gas inventory at its North Lansing Storage Field in Harrison County, Texas to such capacity required for its own operations; abandon by removal certain meter runs at CS 205; abandon in place two compressor units at its Compressor Station No. 310 in Clinton County, Illinois as well as three compressor units at its Compressor Station No. 311 in Piatt County, Illinois; and obtain a pre-determination that rolled-in rate treatment for the costs of the proposed facilities is appropriate. Agenda item C-1 may be an order on the application.

C-2: Southern LNG Company, L.L.C. (Docket No. CP12-31-000)

On December 11, 2011, Southern LNG Company, L.L.C. (Southern) filed an application under section 3 of the NGA requesting authorization to construct, own, and operate a new 2,500 horsepower electric-driven boil-off gas (BOG) compressor unit and related facilities at its existing liquefied natural gas (LNG) terminal located at Elba Island, Georgia. The purpose of the project is to provide adequate compression to allow BOG generated naturally within the storage tanks to be delivered to the downstream pipelines without the need to regasify additional LNG as is required with the use of recondensers. Agenda item C-2 may be an order on the application.

