

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

May 31, 2006

In Reply Refer To:
Wabash Valley Power Association, Inc.,
J. Aron & Company,
Docket Nos. ER04-805-002,
ER04-805-003,
ER04-805-004, and
ER02-237-006

Van Ness Feldman, P.C.
Attn: Margaret A. Moore, Esq.
Counsel for Wabash Valley Power Association, Inc. and
J. Aron & Company
1050 Thomas Jefferson St., N.W.
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Dear Ms. Moore:

1. On March 10, 2006, Wabash Valley Power Association, Inc. (Wabash Valley) and J. Aron & Company (J. Aron) (collectively Applicants) jointly filed a notice of change in status that reflects a departure from the characteristics that the Commission relied upon in granting these entities market-based rate authority,¹ pursuant to the reporting requirements of Order No. 652.² For the reasons discussed below, and based on Wabash Valley's and J. Aron's representations, we accept Wabash Valley's and J. Aron's notice of change in status.

¹ *Wabash Valley Power Association, Inc.*, Docket No. ER04-805-000 (July 1, 2004) (unpublished letter order) and *J. Aron & Company*, Docket No. ER02-237-000 (Dec. 31, 2001) (unpublished letter order).

² *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Rate Authority*, *FERC Stats. & Regs., Regulations Preambles III* ¶ 31,175 (Feb. 10, 2005) (Order No. 652), *order on reh'g*, 111 FERC ¶ 61,413 (2005). 18 C.F.R. § 35.27(c) (2005).

2. Additionally, on March 13, 2006, as amended on March 17, 2006, Wabash Valley filed tariff revisions to incorporate the change in status reporting requirement and to remove the market behavior rules,³ as well as other minor changes. As discussed below, the proposed tariff revisions are accepted for filing, effective March 21, 2005 and February 27, 2006, respectively.⁴

3. Applicants state that Wabash Valley is a generation and transmission cooperative with its principal place of business in Indianapolis, Indiana. They further state that prior to the change in status described herein, Wabash Valley had 27 members and a 27 seat Board of Directors, with each member occupying one seat on the Board. Applicants also state that Wabash Valley was formed by its members for the purpose of providing wholesale power to its members for resale to their retail customers. Applicants state that Wabash Valley is subject to the jurisdiction of the Commission because its outstanding debt with the U.S. Department of Agriculture Rural Utilities Service (RUS) has been retired.

4. Applicants state that J. Aron, an indirect subsidiary of The Goldman Sachs Group, is a New York general partnership with its principal place of business in New York. Applicants also state that J. Aron is an international commodities dealer that is primarily engaged in the purchase, sale, processing, storage, and shipment of various commodities, including natural gas, precious metals, base metals, currencies, crude oil, and petroleum products.

5. Applicants state that on February 8, 2006, J. Aron became a member of Wabash Valley by executing a Membership Agreement. Applicants state that as a member of Wabash Valley, J. Aron will be entitled to all of the attributes of a cooperative organization, and sale transactions with J. Aron will be considered member transactions. Applicants state that J. Aron's membership in Wabash Valley will not result in any new affiliation. Applicants state that membership interest in Wabash Valley confers no rights to distributions from Wabash Valley and, as such, is not the equivalent of an equity position in Wabash Valley. Applicants state that even if membership were to nonetheless be deemed to constitute equity, J. Aron will be one of 28 members, will have no control

³ On February 16, 2006, the Commission issued an order rescinding market behavior rules 2 and 6, effective February 27, 2006. *Investigation of Terms and Conditions of Public Utility Market-Based Rate Authorizations*, 114 FERC ¶ 61,165 (2006). Also on February 16, 2006, the Commission adopted a final rule codifying market behavior rules 1, 3, 4 and 5 in the Commission's regulations, effective February 27, 2006. *Conditions for Public Utility Market-Based Rate Authorization Holders*, Order No. 674, 71 Fed. Reg. 9,695 (Feb. 27, 2006), FERC Stats. & Regs. ¶ 31,208 (2006).

⁴ Wabash Valley Power Association, FERC Electric Tariff Original Volume No. 2, Original Sheet No. 1A (Supersedes Original Sheet Nos. 2-3).

over Wabash Valley or its members, and J. Aron would account for approximately 3.6 percent of the votes or “interests” represented by the members, significantly below the Commission’s 10 percent presumptive threshold for affiliation.⁵ Thus, Applicants state that because J. Aron’s membership in Wabash Valley will not result in any new affiliation it does not constitute a material change in the facts and circumstances that the Commission relied upon in granting Wabash Valley and J. Aron market-based rate authorization. Applicants state that because Wabash Valley and J. Aron are both public utilities, J. Aron will not have a seat on Wabash Valley’s Board of Directors without first filing an application and receiving prior Commission authorization under section 305(b) of the Federal Power Act.⁶

Notice of Filings

6. Notice of Applicants’ March 10, 2006 filing was published in the *Federal Register*, 71 Fed. Reg. 14,879 (2006), with protests and motions to intervene due on or before March 31, 2006. None was filed.

7. Notice of Wabash Valley’s March 13, 2006 and March 17, 2006 filings were published in the *Federal Register*, 71 Fed. Reg. 14,879 (2006); 71 Fed. Reg. 16,300 (2006), with protests and motions to intervene due on or before April 7, 2006. None was filed.

Discussion

8. Order No. 652 requires that a seller with market-based rate authority notify the Commission of a change in status that would reflect a departure from the characteristics relied upon by the Commission in granting the seller market-based rate authority. Based on Applicants’ representations, we will accept for filing their notice of change in status informing us of J. Aron’s membership in Wabash Valley.

10. In addition, the Commission will accept for filing Wabash Valley’s proposed tariff revisions incorporating the reporting requirement for changes in status, as required by Order No. 652, removal of the market behavior rules, as well as other minor changes.

By direction of the Commission.

Magalie R. Salas,
Secretary.

⁵ See 18 C.F.R. § 358.3(b), (c) (2005).

⁶ 16 U.S.C. § 825d(b) (2000).