

167 FERC ¶ 61,269
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Wind Park Bear Creek, L.L.C.

Docket No. ER19-1730-000

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

(Issued June 27, 2019)

1. On April 30, 2019, pursuant to section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations,² Wind Park Bear Creek, L.L.C. (Bear Creek) submitted a rate schedule (Rate Schedule)³ to begin receiving payment for Reactive Supply and Voltage Control from Generation Sources Service (Reactive Service) as defined in Schedule 2 of PJM Interconnection, L.L.C.'s (PJM) Open Access Transmission Tariff (Tariff).⁴ In this order, we accept Bear Creek's proposed Rate Schedule for filing and suspend it for a nominal period, to become effective June 29, 2019, as requested, subject to refund, and set the filing for hearing and settlement judge procedures.

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

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. pt. 35 (2018).

³ Wind Park Bear Creek, L.L.C., FERC FPA Electric Tariff, Rate Schedule, Rate Schedule FERC No. 1, Reactive Power Compensation, 0.0.0.

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

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.⁵

II. Filing

3. Bear Creek states that it owns and operates a 24 MW wind turbine generating facility (Facility) in Luzerne County, Pennsylvania, which began commercial operation in March 2006. Bear Creek states that the Facility interconnects to the PPL Electric Utilities Corporation (PPL) transmission system, within the PJM region.⁶ Bear Creek states that it, PPL, and PJM are parties to an interconnection service agreement (ISA) that the Commission accepted in July 2005.⁷

4. Bear Creek states that it calculated the Facility's fixed capability component for Reactive Service using the methodology that the Commission adopted in *American Electric Power Service Corp. (AEP Methodology)*.⁸ Bear Creek notes that the *AEP Methodology* considers the costs associated with four groups of plant investments: (1) generators/excitors; (2) generator step-up (GSU) transformer; (3) accessory electric equipment; and (4) remaining production plant investment.⁹

5. Bear Creek states that it calculated a total plant investment attributable to reactive power production at the Facility of \$1,490,858 which consists of: (a) \$1,280,744 (the reactive portions of the generator/exciter and accessory electric equipment); (b) \$70,071 (the reactive portions of the GSU transformers); and (c) \$140,043 (the portion of the remaining total production plant used to support reactive power production).¹⁰ Based on the fixed revenue requirement, Bear Creek calculated the annual Reactive Service

⁵ *Id.*

⁶ Transmittal Letter at 1.

⁷ *Id.*

⁸ *Id.* at 9 (citing *American Elec. Power Serv. Corp.*, 88 FERC ¶ 61,141 (1999), *order on reh'g*, 92 FERC ¶ 61,001 (2000) (*AEP*); *Dynegy Midwest Generation, Inc.*, 121 FERC ¶ 61,025 (2007), *order on reh'g*, 125 FERC ¶ 61,280 (2008)).

⁹ *Id.* at 3-4.

¹⁰ Prepared Direct Testimony of John L. Simpson, Ex. No. BC-1 at 25-26.

revenue requirement to be \$206,502.25. Bear Creek states that this amount is divided by twelve to arrive at its monthly fixed capability component of \$17,208.52.¹¹

III. Notice

6. Notice of the filing was published in the *Federal Register*, 84 Fed. Reg. 19,775 (2019), with interventions and protests due on or before May 21, 2019. PJM and Monitoring Analytics, LLC, acting in its capacity as the Independent Market Monitor for PJM (IMM), each filed timely motions to intervene.

IV. Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), PJM's and the IMM's timely, unopposed motions to intervene serve to make them parties to this proceeding.

B. Substantive Matters

8. Our preliminary analysis indicates that Bear Creek'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. Bear Creek'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 Bear Creek's proposed Rate Schedule for filing and suspend it for a nominal period, to be effective June 29, 2019, subject to refund, and establish hearing and settlement judge procedures.

9. Although we are setting the Rate Schedule for hearing in its entirety, we note that Bear Creek's accessory electric equipment and allocator, generator and exciter costs, and balance of plant allocator may be excessive. Bear Creek has not provided the components of the accessory electric equipment and their associated costs. We also note that Bear Creek has not provided sufficient data which would allow verification of its reactive allocator such as the manufacture's nameplate data and the reactive power capability test reports.¹²

¹¹ Transmittal Letter at 12.

¹² See *Wabash Valley Power Association, Inc.*, 154 FERC ¶ 61,246, at P 28 (2016).

10. 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 of the Commission's Rules of Practice and Procedure.¹³ If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding.¹⁴ 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) Bear Creek's proposed Rate Schedule is hereby accepted for filing and suspended for a nominal period, to become effective June 29, 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 Bear Creek'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 (2018), 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

¹³ 18 C.F.R. § 385.603.

¹⁴ 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 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>).

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.

(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.