

168 FERC ¶ 61,085
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

City Utilities of Springfield, Missouri

Docket No. EL19-62-000

v.

Southwest Power Pool, Inc.

ORDER DENYING COMPLAINT

(Issued August 12, 2019)

1. On April 12, 2019, pursuant to sections 206, 306, and 309 of the Federal Power Act (FPA)¹ and Rule 206 of the Commission's Rules of Practice and Procedure,² City Utilities of Springfield, Missouri (Springfield) filed a complaint (Complaint) against Southwest Power Pool, Inc. (SPP). The allegations in the Complaint are related to SPP's implementation of Section III.D.4 of Attachment J of SPP's Open Access Transmission Tariff (Tariff), which outlines the unintended consequences review for SPP's allocation of the costs of transmission facilities. For the reasons discussed below, we deny the Complaint.

I. Background

2. In 2005, SPP submitted a proposal for base plan funding,³ which included an "unintended consequences" review process for allocated costs for base plan upgrades, contained in Section III.D of Attachment J of the Tariff (Section III.D). The Commission accepted SPP's proposal and found that the unintended consequences review process would provide "a reasonable check on the outcome of the transmission expansion

¹ 16 U.S.C. §§ 824e, 825e, 825h (2012).

² 18 C.F.R. § 385.206 (2018).

³ Base plan funding is SPP's regional cost allocation methodology.

process, as well as an additional level of review regarding the effectiveness of SPP's transmission expansion plan and cost allocation decisions.”⁴

3. In 2010, the Commission accepted SPP's proposals implementing the Highway/Byway cost allocation methodology,⁵ which amended the base plan funding methodology and established the Integrated Transmission Plan regional transmission planning process.⁶ Under the Highway/Byway cost allocation methodology, SPP allocates the costs of transmission facilities on a voltage threshold basis. For facilities at 300 kV or above, SPP allocates costs on a regional, postage stamp basis. For facilities between 100 kV and 300 kV, SPP allocates 33 percent of costs on a regional basis and 67 percent of costs to the SPP pricing zone in which the facilities are located.⁷ For facilities at or below 100 kV, SPP allocates costs on a zonal basis.

4. The Highway/Byway and Integrated Transmission Plan proceedings modified the unintended consequences review process, which is now called the Regional Cost Allocation Review (RCAR) process. As revised, the RCAR process includes requiring review of the Highway/Byway cost allocation methodology and allocation factors at least every three years; authorizing the Regional State Committee⁸ to recommend any adjustments to cost allocations if a review shows an imbalanced cost allocation to one or more pricing zones; requiring that the Markets and Operations Policy Committee⁹ and Regional State Committee define the analytical methods to be used during review; and

⁴ *Sw. Power Pool, Inc.*, 111 FERC ¶ 61,118, at P 61, *order on reh'g*, 112 FERC ¶ 61,319 (2005).

⁵ *Sw. Power Pool, Inc.*, 131 FERC ¶ 61,252 (2010) (Highway/Byway Order), *reh'g denied*, 137 FERC ¶ 61,075 (2011) (Highway/Byway Rehearing Order).

⁶ *Sw. Power Pool, Inc.*, 132 FERC ¶ 61,042 (2010).

⁷ For network upgrades associated with wind, the allocation factors are different. *See* Tariff, Attach, J, §§ III.A.3, III.A.4.

⁸ The Regional State Committee includes a commissioner from each state regulatory commission having jurisdiction over an SPP member. The Regional State Committee provides both direction and input on all matters pertinent to the participation of the members in SPP, including cost allocations. SPP Bylaws, section 7.2.

⁹ The Markets and Operations Policy Committee consists of a representative officer or employee from each SPP member and reports to the SPP Board of Directors. The Markets and Operations Policy Committee's responsibilities include recommending modifications to the Tariff. SPP Bylaws, section 6.1.

enabling member companies, beginning in 2015, that believe they have been allocated an imbalanced portion of costs to seek relief from the Markets and Operations Policy Committee.¹⁰

5. SPP established a Regional Allocation Review Task Force to establish the rules for SPP to perform RCAR studies. The Regional Allocation Review Task Force established a 0.8:1 benefit/cost ratio as indicating that benefits are roughly commensurate with costs. This 0.8:1 benefit/cost ratio was approved by the Markets and Operations Policy Committee in 2012.¹¹ In August 2017, SPP proposed, and the Commission accepted, revisions to Section III.D.1 of the Tariff to change the frequency of the RCAR analysis from at least once every three years to at least once every six years.¹² Under the revisions to Section III.D.1, SPP or the Regional State Committee may initiate an RCAR analysis at any time, and any member company that feels it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee.¹³

II. Complaint

6. Springfield asserts that substantial evidence demonstrates that the Highway/Byway cost allocation methodology has produced unintended consequences in Springfield's pricing zone that violate the cost causation principle and the roughly commensurate standard.¹⁴ Springfield asserts that the cost allocation principle requires that costs be allocated roughly commensurate with the benefits received and "all approved rates reflect to some degree the costs actually caused by the customer who must pay them."¹⁵ Springfield notes that, although the cost causation principle "does not

¹⁰ Tariff, Attach. J, § III.D.

¹¹ See SPP Markets and Operations Policy Committee, Minutes, Agenda Item 11, January 17, 2012, <https://www.spp.org/documents/16408/mopc%20minutes%20&%20attachments%20jan.%202017-18,%202012.pdf>.

¹² *Sw. Power Pool, Inc.*, 160 FERC ¶ 61,138 (2017), *reh'g denied*, 163 FERC ¶ 61,036 (2018).

¹³ Tariff, Attach. J, § III.D.4.

¹⁴ Complaint at 19.

¹⁵ *Id.* at 11 (quoting *KN Energy, Inc. v. FERC*, 968 F.2d 1295, 1300 (D.C. Cir. 1992)).

require exacting precision in a ratemaking allocation decisions,”¹⁶ “[p]roperly designed rates should produce revenues from each class of customers *which match, as closely as practicable, the costs to serve each class or individual customer.*”¹⁷ Springfield asserts that, while it is not possible to match costs and benefits with exacting precision, the Commission may not “approve a pricing scheme that requires a group of utilities to pay for facilities from which its members derive no benefits, or benefits that are trivial in relation to the costs sought to be shifted to its members.”¹⁸

7. Springfield asserts that, although the Highway/Byway cost allocation methodology is designed to allocate costs in a roughly commensurate manner, SPP designed Section III.D to serve as a backstop to “ensure that benefits are at least roughly commensurate with costs”¹⁹ Springfield states that SPP is required to undertake a periodic review of the reasonableness of its cost allocations by conducting an RCAR, which produces a benefit/cost ratio for each of SPP’s pricing zones in order to determine if there have been unintended consequences. Springfield adds that the Tariff provides that stakeholders may seek relief if they believe there is an imbalanced cost allocation.²⁰ Springfield states that the Tariff does not define “imbalanced cost allocation,” but SPP’s stakeholder process established a benefit/cost ratio of 0.8:1 as the minimum threshold for determining whether the Highway/Byway cost allocation methodology produces an unreasonable impact or cumulative inequity in any pricing zone.²¹ According to Springfield, if the Regional State Committee determines that action is necessary, SPP’s Board of Directors must initiate any necessary filings with the Commission, consistent with those recommendations. Additionally, Springfield states that, if SPP declines to

¹⁶ *Id.* at 12 (quoting *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1368 (D.C. Cir. 2004)).

¹⁷ *Id.* (quoting *Ala. Elec. Coop., Inc. v. FERC*, 684 F.2d 20, 27 (D.C. Cir. 1982) (Springfield’s emphasis)).

¹⁸ *Id.* (citing *Ill. Commerce Comm’n v. FERC*, 576 F.3d 470, 476 (7th Cir. 2009)).

¹⁹ *Id.* at 15 (quoting Highway/Byway Order, 131 FERC ¶ 61,252 at P 83).

²⁰ *Id.* at 15-17 (quoting Tariff, Attach. J, § III.D.4.ii).

²¹ *Id.* at 17-18 (citing Regional Allocation Review Task Force Report at 2, 4-5, 20-22).

modify its cost allocation provisions at the request of an adversely-affected party, that party may file a complaint under section 206 of the FPA with the Commission.²²

8. Springfield explains that SPP has performed two RCAR studies since the Commission accepted the process as part of the Highway/Byway cost allocation methodology.²³ Springfield states that the first RCAR study was completed in 2013, and the average region wide benefit/cost ratio was 1.39:1.²⁴ Springfield observes that six pricing zones did not meet SPP's minimum threshold of 0.8:1, including Springfield's pricing zone.²⁵ Springfield states that the second RCAR study was completed in 2016, and the average region-wide benefit/cost ratio rose to 2.45:1. Springfield contends that its pricing zone was the only pricing zone whose benefit/cost ratio remained below 0.8:1, while two pricing zones had benefit/cost ratios between 0.8:1 and 1:1, and all other pricing zones had benefit/cost ratios that exceeded 1:1.²⁶

9. Springfield asserts that the first and second RCARs demonstrate a significant negative impact to Springfield's customers, despite significant average benefits to the entire SPP region.²⁷ Springfield asserts that the second RCAR demonstrates that Springfield's customers will be allocated costs that exceed benefits by \$29 million, while customers in other pricing zones will share in billions of dollars of net benefits.²⁸

10. Springfield states that the RCAR produces forward-looking estimates of the benefits that base plan upgrades produce and that the RCAR does not quantify the actual amount of costs allocated to any pricing zone over a historical period. In order to estimate the costs it was assigned, Springfield used SPP's revenue requirements and rate data, which Springfield contends shows that it was assigned \$18,272,851.65 in costs between the Highway/Byway cost allocation methodology's implementation on June 19,

²² *Id.* at 18 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 83).

²³ *Id.* at 4-5.

²⁴ *Id.* at 5.

²⁵ *Id.* at 21.

²⁶ *Id.* at 22-23.

²⁷ *Id.* at 21-22.

²⁸ *Id.* at 22-24.

2010 and December 31, 2018.²⁹ By applying the 0.59:1 benefit/cost ratio determined by the first and second RCARs to the costs allocated to Springfield, Springfield estimates that the Highway/Byway cost allocation methodology produced \$10,780,982.47 in benefits for Springfield over that same period. Springfield asserts that, assuming a benefit/cost ratio of 1:1 is required to satisfy the roughly commensurate standard, then its costs exceeded benefits by \$7,491,869.18. Springfield also asserts that, assuming a benefit/cost ratio of 0.8:1 satisfied the roughly commensurate standard, then its costs exceeded benefits by \$3,837,298.85.

11. Springfield requests that the Commission enforce the adjustment mechanism in Tariff Section III.D.4 by requiring SPP to: (1) identify the total costs the Highway/Byway cost allocation methodology allocated to Springfield that exceeded benefits between June 19, 2010 and the refund effective date established in this proceeding; (2) calculate 20 percent of the total costs allocated to Springfield; and (3) redistribute that 20 percent to those pricing zones with a benefit/cost ratio above the region-wide average in the second RCAR.³⁰ Springfield states that, under its proposed remedy, SPP will collect the 20 percent from such pricing zones over the course of 12 months, which, in turn, will be credited to Springfield. Springfield claims that its requested relief will have only a *de minimis* effect on the pricing zones to which costs will be redistributed and will ensure that no pricing zone is affirmatively harmed by the Highway/Byway cost allocation methodology.³¹

12. Springfield states that Section III.D.4 overrides the Tariff's generally applicable one-year limitation on billing adjustments in Section I.7.1 of the Tariff. Springfield asserts that Section III is, in essence, a formula rate and argues that the costs allocated under the Highway/Byway cost allocation methodology are "essentially estimates that are subject to change . . . should the results of the [RCAR] analysis show an imbalanced cost allocation in one or more zones."³² Springfield further asserts that Section III.D fits within the exception in Section I.7.1 for replacing estimated data with actual data because Section III.D replaces estimated costs with actual data from the RCAR unintended consequences review.³³ Additionally, Springfield claims that in the Highway/Byway Order the Commission acknowledged, but did not endorse, claims that an adjustment

²⁹ *Id.* at 24.

³⁰ *Id.* at 29-30.

³¹ *Id.* at 30.

³² *Id.* at 28-29.

³³ *Id.* at 31-32.

under Section III.D.4 would violate the filed rate doctrine unless done prospectively.³⁴ Springfield also argues that Section III.D is similar to SPP's Balanced Portfolio Standard, which it states allows for the reallocation of costs to ensure that no pricing zone is disadvantaged, and which has not been subject to Section I.7.1.³⁵

13. Springfield argues that the Commission should find that a material change in circumstances warrants action under section 206 of the FPA. Springfield clarifies that it does not challenge the Highway/Byway cost allocation methodology itself; rather, Springfield argues that the implementation of Section III.D.4 has become unjust and unreasonable and unduly discriminatory.³⁶ Springfield claims that SPP's own analysis shows that the Highway/Byway cost allocation methodology allocates costs to Springfield that vastly exceed benefits and Section III.D should serve as a backstop to correct this unintended consequence.

14. Springfield argues that there are three key deficiencies in SPP's implementation of Section III.D. First, Springfield asserts that when SPP's own analysis shows that the Highway/Byway cost allocation methodology is allocating costs that vastly exceed benefits, it is unjust and unreasonable for the deficient pricing zone to be required to file a complaint under section 206 of the FPA to remedy the deficiency.³⁷ Second, Springfield claims that, if the Commission enforces the adjustment mechanism under Section III.D, that adjustment will not protect Springfield from affirmative harm after the refund effective date established in this proceeding. Springfield asserts that it will continue to be subject to inequitable cost allocation until SPP files under Section III.D.5 to enforce the mechanism or Springfield files another complaint. Third, Springfield asserts that the adjustment mechanism may only mitigate benefits up to SPP's 0.8:1 minimum threshold even though some pricing zones receive benefits of more than 3:1.³⁸ Springfield asserts that given the magnitude of the benefits produced by the Highway/Byway cost allocation methodology on a region-wide basis, the Commission should find that these results are unjust and unreasonable and unduly discriminatory because they violate the cost causation principle and roughly commensurate standard.

³⁴ *Id.* at 34 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at PP 83-84).

³⁵ *Id.* at 35-37.

³⁶ *Id.* at 38.

³⁷ *Id.* at 39.

³⁸ *Id.* at 40.

15. Springfield requests that the Commission require SPP to revise Section III.D.4 to establish a 1:1 benefit/cost ratio as the minimum level at which costs are roughly commensurate with benefits. Springfield argues that a 0.8:1 benefit/cost ratio is too low to ensure that the Highway/Byway cost allocation methodology satisfies the roughly commensurate standard.³⁹ In addition, Springfield proposes that the Commission incorporate a mitigation remedy into Section III.D and exempt from region-wide charges any pricing zone whose benefit/cost ratio, as determined by the most recent RCAR, falls below the 1:1 minimum threshold.⁴⁰ Springfield states that its proposed remedy would remain in place until a subsequent RCAR demonstrates that the benefit-deficient pricing zone has achieved a benefit/cost ratio that equals or exceeds the minimum threshold.

III. Notice and Responsive Pleadings

16. Notice of the Complaint was published in the *Federal Register*, 84 Fed. Reg. 16,482 (2019), with interventions and protests due on or before May 2, 2019. On April 19, 2019, SPP filed a motion requesting that the Commission extend the due date for submitting an answer to the Complaint to May 17, 2019. On April 25, 2019, the Commission's Secretary issued a notice extending the due date to and including May 17, 2019.⁴¹

17. Notices of intervention were filed by Arkansas Public Service Commission, Iowa Utilities Board, Louisiana Public Service Commission, Missouri Public Service Commission (Missouri Commission), and Public Utility Commission of Texas. Timely motions to intervene were filed by: American Electric Power Service Corporation, on behalf of Public Services Company of Oklahoma and Southwestern Electric Power Company; Associated Electric Cooperative, Inc.; Basin Electric Power Cooperative; East Texas Electric Cooperative, Inc.; Empire District Electric Company (Empire); GridLiance High Plains LLC; ITC Great Plains, LLC; Kansas Electric Power Cooperative, Inc.; Lincoln Electric System; Mid-Kansas Electric Company, Inc. (Mid-Kansas); Missouri Joint Municipal Electric Utility Commission (Missouri Municipal); Nebraska Public Power District; Oklahoma Gas & Electric Company; Oklahoma Municipal Power Authority; Sunflower Electric Power Corporation (Sunflower); Westar Energy, Inc., Kansas City Power Light Company, and Kansas City Power & Light Greater Missouri Operations; and Western Area Power Administration.

18. On May 17, 2019, SPP filed its answer to the Complaint. On that same day Missouri Commission, Missouri Municipal, and Sunflower filed comments; and Omaha

³⁹ *Id.* at 41-42.

⁴⁰ *Id.* at 42.

⁴¹ Notice of Extension of Time, Docket No. EL19-62-000 (issued Apr. 25, 2019).

Public Power District (OPPD) and Xcel Energy Services Inc. (Xcel), on behalf of Southwestern Public Service Company, filed motions to intervene and comments. On May 20, 2019, Golden Spread Electric Cooperative, Inc. (Golden Spread) filed a motion to intervene out of time and on May 22, 2019, Western Farmers Electric Cooperative (Western Farmers) filed a motion to intervene out of time. On June 3, 2019, Empire and Springfield filed answers and on June 5, 2019, Springfield filed an additional answer to the answer filed by Empire. On June 18, 2019, Xcel filed an answer. On July 1, 2019, Springfield filed an answer to Xcel's answer. On July 11, 2019, SPP filed an answer. On July 26, 2019, Springfield filed an answer to SPP's answer.

A. SPP Answer to Complaint

19. SPP asserts that the Complaint ultimately distills to two issues: (1) whether Springfield is entitled to retroactive relief under the “unintended consequences” provision of Section III.D.4 of Attachment J of the Tariff, and (2) whether Section III.D.4 should be revised to provide prospective relief in the form of a specified benefit/cost ratio and an automatic adjustment in the event an imbalance is identified in SPP's Highway/Byway cost allocation methodology.⁴² SPP argues that both retroactive and prospective requests for relief violate the FPA, disregard Commission precedent, and are contrary to relevant facts.

20. SPP maintains that, pursuant to section 206 of the FPA, the Commission may only grant retroactive relief in instances involving a violation of the filed rate or in response to judicial correction.⁴³ SPP contends that Springfield has neither demonstrated that SPP has failed to follow any procedures as mandated by the Tariff, nor that Springfield is entitled to retroactive relief. SPP states that, instead, the Complaint alleges that because Section III.D.4 of Attachment J contemplates the prospect of potential relief at the recommendation of the Regional State Committee or the Markets and Operations Policy Committee, the Commission should retroactively adjust zonal allocations to make Springfield whole.⁴⁴ According to SPP, that potential relief is only offered under two circumstances: (1) when the Regional State Committee, having determined that an adjustment is appropriate, makes a recommendation to the SPP Board of Directors to implement such adjustment, or (2) when a member submits a request to the Markets and Operations Policy Committee for examination of an alleged imbalance, upon which the

⁴² SPP Answer to Complaint at 1-2.

⁴³ See *San Diego Gas & Elec. Co. v. Sellers of Energy & Ancillary Servs.*, 96 FERC ¶ 61,120, at 61,504 (2001); *Old Dominion Elec. Coop. v. FERC*, 892 F.3d 1223, 1232 (D.C. Cir. 2018) (*Old Dominion*).

⁴⁴ SPP Answer to Complaint at 21.

Markets and Operations Policy Committee acts and makes a determination for relief.⁴⁵ SPP asserts that, because Springfield did not initiate action under one of those two circumstances, there is no basis for retroactive relief under Section III.D.4.

21. Further, SPP states that Springfield's assertion that any cost imbalance is subject to automatic reallocation is false and is contradicted by the Tariff and the Commission's rejection of proposals to modify the unintended consequences provision to include an adjustment requirement based on the outcome of RCAR review.⁴⁶ SPP notes that, in 2015, it proposed to amend Section III.D by adding a list of potential mitigation measures that SPP could consider in response to any imbalanced cost allocation; however, the Commission rejected those proposals, finding that any changes to cost allocations to address unintended consequences must be filed pursuant to section 205 of the FPA.⁴⁷ SPP reiterates that Section III.D.4 of Attachment J of its Tariff was appropriately administered in accordance with its terms and the filed rate was fully enforced at all times, and therefore, Springfield is not entitled to a retroactive readjustment of previously allocated Highway/Byway costs.

22. SPP refutes Springfield's argument that the Commission has opened the door to retroactive adjustments under Section III.D.4 of Attachment J, noting that, in the Highway/Byway Order, the Commission found that there was no need to explicitly state that any reallocations under Section III.D.4 would be prospective because SPP would be required to submit reallocations for review under section 205 of the FPA.⁴⁸ SPP also argues that Springfield's assertion that its request for retroactive relief is not limited by the one-year billing adjustment limitation in Section I.7.1 of the Tariff should not be addressed by the Commission because SPP fully complied with the Tariff in

⁴⁵ *Id.*; see Tariff, Attach. J, § III.D.4.ii.

⁴⁶ SPP Answer to Complaint at 21-22 (citing Highway/Byway Rehearing Order, 137 FERC ¶ 61,075 at PP 68, 73; Highway/Byway Order, 131 FERC ¶ 61,252 at P 83; *Sw. Power Pool, Inc.*, 151 FERC ¶ 61,076, at PP 18-19 (2015) (RCAR Remedies Order)).

⁴⁷ *Id.* at 24 (citing RCAR Remedies Order, 151 FERC ¶ 61,076 at P 19). SPP states that the Commission specifically rejected the inclusion of specific remedies in the Tariff. See RCAR Remedies Order, 151 FERC ¶ 61,076 at P 19.

⁴⁸ SPP Answer to Complaint at 25 (citing Highway/Byway Rehearing Order, 137 FERC ¶ 61,075 at P 84).

appropriately allocating Highway/Byway costs and following the review procedures in the first and second RCARs.⁴⁹

23. With respect to Springfield's proposed revision, SPP argues that any change to Section III.D.4 is unjustified because Springfield has not shown that the provisions in Attachment J are unjust and unreasonable. SPP contends that just because a pricing zone may fall below the target benefit/cost ratio does not mean that SPP's cost allocation procedures are flawed. SPP further asserts that the RCAR was never meant to capture all relevant benefits for consideration in the assessment of charges under the Highway/Byway cost allocation methodology and that the RCAR is limited when measuring less quantifiable benefits, such as access to the SPP Integrated Marketplace and the SPP transmission system.⁵⁰ SPP contends that Springfield has not demonstrated that SPP's cost allocation, transmission planning, and unintended consequences provisions have resulted in an unjust and unreasonable outcome to Springfield.⁵¹

24. Additionally, according to SPP, Springfield's proposal for a new benefit/cost ratio and automatic cost reallocations is unsupported. SPP states that the RCAR analysis includes assumptions that ultimately may not materialize, and that Springfield's proposed automatic exemption for benefit-deficient pricing zones as a tool to address unintended consequences is similar to a measure that the Commission previously rejected.⁵² SPP contends that the Commission has stated that a pricing zone-by-pricing zone analysis of Highway/Byway costs and benefits is "inconsistent with the regional nature of regional transmission organizations," and that any attempt to "trace the costs and benefits of new transmission facilities . . . to individual entities or zones would eliminate the benefits provided by SPP as an integrated system and would undermine the structure and intended purpose of SPP's operation as an RTO."⁵³

25. SPP states that it has approved two projects, the Morgan Transformer Project and the Brookline Reactor Project, which provide substantial benefits to the Springfield pricing zone. SPP states that its cost allocation working group presented the Morgan Transformer Project to the Regional State Committee as a project that would significantly

⁴⁹ *Id.* at 26.

⁵⁰ *Id.* at 31.

⁵¹ *Id.* at 32.

⁵² *Id.* at 33-34 (citing RCAR Remedies Order, 151 FERC ¶ 61,076 at PP 18-19).

⁵³ *Id.* at 34 (quoting Highway/Byway Rehearing Order, 137 FERC ¶ 61,075 at P 29).

benefit the Springfield pricing zone and have a substantial impact on the RCAR results.⁵⁴ SPP states that the Morgan Transformer Project is not a base plan upgrade subject to cost allocation under the Highway/Byway cost allocation methodology because it is located wholly outside the SPP region. However, SPP notes that the Commission approved region-wide cost allocation for SPP's share of the costs of the Morgan Transformer Project. SPP states that the Brookline Reactor Project was approved through its regional planning process as a Highway facility under the Highway/Byway cost allocation methodology.⁵⁵ SPP asserts that Springfield enjoys significant benefits from the Morgan Transformer Project and the Brookline Reactor Project. SPP notes that it supported regional cost allocation for the Morgan Transformer Project based on regional benefits provided by the project, and, as a result of this project, the benefit/cost ratio in the Springfield pricing zone would be between 0.97:1 and 1.12:1, if the Morgan Transformer Project had been included in the second RCAR. SPP notes that this exceeds the 0.8:1 minimum benefit/cost threshold.⁵⁶ SPP states that it will continue to monitor Springfield's costs and benefits when conducting future RCAR studies, but SPP's planning studies for the Morgan Transformer Project show that Springfield will yield significant net benefits, pushing Springfield above a 1:1 benefit/cost ratio.⁵⁷

B. Comments

26. Xcel asserts that Springfield has not shown that the results of the Highway/Byway cost allocation methodology are unjust or unreasonable, and that Springfield overlooks several benefits that it has received.⁵⁸ According to Xcel, SPP developed the Morgan Transformer Project, which is expected to increase Springfield's benefit/cost ratio to either 0.97:1 or 1.12:1, depending on assumptions used.⁵⁹ Xcel states that SPP clarified that the Morgan Transformer Project will be reflected in future RCAR reports and will remedy the unintended consequences experienced by Springfield, and Springfield's

⁵⁴ *Id.* at 14.

⁵⁵ *Id.* at 14-17.

⁵⁶ *Id.* at 14-15, 36.

⁵⁷ *Id.* at 37.

⁵⁸ Xcel Comments at 11.

⁵⁹ *Id.* at 15-16.

analysis presumes the RCAR process will not address identified deficiencies with projects such as the Morgan Transformer Project.⁶⁰

27. Xcel states that, although the second RCAR report does not monetize benefits of meeting public policy requirements, Springfield has significantly benefited from access to new renewable generation resources. Xcel argues that Springfield has received other benefits not reflected in the second RCAR, such as reduced loss of load probability, more efficient location of new generation capacity, increased effective capacity factor, reduced market price volatility, and increased generation resource diversity.⁶¹

28. Xcel asserts that Springfield relies on the RCAR results in seeking a financial remedy, which is inappropriate because the RCAR process was intended to serve as an input to policy processes rather than as a ratemaking study. Xcel states that the numerous assumptions and estimates used in the RCAR studies are inherently too speculative to form the basis of Springfield's request for relief under section 206 of the FPA.⁶²

29. Xcel also contends that Springfield's proposed automatic mitigation remedy is inconsistent with the cost causation principle and would effectively allow certain pricing zones to reap the benefits of new transmission facilities without paying for those benefits.⁶³ Xcel further argues that such a remedy would give rise to the need for additional remedies for other impacted transmission providers, in turn leaving transmission rates permanently unsettled, and chilling transmission investment.⁶⁴

30. Xcel avers that Springfield's proposed retroactive remedy violates the filed rate doctrine because the allocations under the Highway/Byway cost allocation methodology constitute the filed rate.⁶⁵ Xcel asserts that Springfield's proposed remedy would undermine the Tariff's explicit process for addressing unintended consequences, as well as the Commission's admonition against "utility-by-utility or a zone-by-zone analysis of the costs and benefits for new transmission facilities subject to cost allocation under the

⁶⁰ *Id.* at 17-18.

⁶¹ *Id.* at 19-22.

⁶² *Id.* at 23-26.

⁶³ *Id.* at 27-28.

⁶⁴ *Id.* at 28-29.

⁶⁵ *Id.* at 30-31.

Highway/Byway cost allocation methodology.”⁶⁶ Xcel also contends that Springfield’s remedy would constitute retroactive ratemaking, and rejects the argument that Highway/Byway cost allocation methodology and III.D.4 of Attachment J are “in essence” a formula rate. Xcel states that the RCAR process is merely a reporting process and a mechanism by which SPP can propose remedies to address unintended consequences on a prospective basis.⁶⁷ Xcel also disputes Springfield’s assertion that Section III.D.4 falls within one of the exceptions to Section I.7.1.⁶⁸

31. Missouri Municipal filed comments in support of the Complaint and requests that the Commission grant relief to Springfield. Sunflower and Mid-Kansas state that they do not take a position on the merits of the Complaint, but request that if the Commission determines that any remedies are warranted, the Commission consider that the cost causation and allocation principles apply not only to Springfield but also to Sunflower and Mid-Kansas.⁶⁹ OPPD states that, although it does not oppose a reallocation of costs to address Springfield’s concerns, any reallocation of costs directed as a result of the Complaint should not exacerbate any current benefit deficits or cause an entity to become benefit-deficient.⁷⁰ OPPD notes that it is one of two entities within SPP with a benefit/cost ratio under 1:1 in the first and second RCARs and believes that no entity with a benefit/cost ratio below 1:1 should be made to pay additional amounts.

32. Missouri Commission requests that a third RCAR be conducted immediately to ascertain whether the alleged benefit/cost inequity still exists and/or is expected to exist into the 40-year projection period. Missouri Commission notes that there is nothing in the Tariff that prohibits a Commission order for a third RCAR, which the Commission has previously affirmed.⁷¹ Missouri Commission also notes that SPP is currently working on identifying projects in southwest Missouri, as well as other processes, in order to possibly eliminate or greatly reduce the harm alleged in the Complaint. Missouri Commission explains that the second RCAR led to the Morgan Transformer Project and Brookline Reactor Project, and that these projects are examples of why a third RCAR

⁶⁶ *Id.* at 31 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 62).

⁶⁷ *Id.* at 32.

⁶⁸ *Id.* at 33.

⁶⁹ Sunflower/Mid-Kansas Comments at 3-4.

⁷⁰ OPPD Comments at 4.

⁷¹ Missouri Commission Comments at 3-4 (citing *Sw. Power Pool, Inc.*, 163 FERC ¶ 61,036).

should be conducted soon. Missouri Commission states that it supports the investigation and application of additional remedies if Springfield continues to show a low benefit/cost ratio.⁷²

C. Answers

33. Empire agrees with SPP that the RCAR is an informational tool to aid stakeholder review, and it lacks the precision to determine that costs and benefits are actually unbalanced. Empire argues that the results from the benefit/cost metric produced by the RCAR should be used as an input or consideration to future transmission expansion projects.⁷³ Empire agrees with Missouri Commission that SPP should conduct a third RCAR immediately and use the resulting benefit/cost ratios as an input in the next Integrated Transmission Planning cycle.⁷⁴

34. Empire disagrees with SPP's conclusion that Highway/Byway costs have been allocated commensurate with benefits because there is a 2.45:1 benefit/cost ratio across all pricing zones. Empire alleges that, by assessing the benefit/cost ratios regionally, SPP ignores actual disparities among pricing zones. Empire contends that it should be SPP's goal that all pricing zones be at least above a 1:1 benefit/cost ratio.⁷⁵

35. Springfield argues that SPP's characterization of the RCAR in its answer is inconsistent with the Tariff and positions SPP has long taken.⁷⁶ Springfield asserts that SPP contends, for the first time, that the RCAR "is not itself determinative of whether actual imbalances exist"⁷⁷ and that "individual RCAR assessments themselves cannot form the basis of a determination that the Highway/Byway methodology in general or its impact on an individual pricing Zone specifically is unjust and unreasonable."⁷⁸ Springfield argues that these contentions cannot be reconciled with: (1) Section III.D.2's requirement that SPP "determine the cost allocation impacts of the Base Plan Upgrades

⁷² *Id.* at 4-5.

⁷³ Empire Answer at 3-4.

⁷⁴ *Id.* at 5.

⁷⁵ *Id.* at 4.

⁷⁶ Springfield June 3 Answer at 4-5 (citing Complaint, Exhibit CUS-012 at 24).

⁷⁷ *Id.* at 7 (citing SPP Answer to Complaint at 9).

⁷⁸ *Id.* (citing SPP Answer to Complaint at 9-10).

approved for construction after June 19, 2010 *to each pricing Zone within the SPP Region;*⁷⁹ (2) SPP's decision to establish a benefit/cost ratio of 0.8:1 as the minimum threshold for determining an "unreasonable impact" or "cumulative inequity" in any pricing zone;⁸⁰ or (3) the plain language of Section III.D.4, which states that SPP "shall request the Regional State Committee provide its recommendations, if any, to adjust or change the costs allocated under this Attachment J *if the results of the analysis show an imbalanced cost allocation in one or more Zones.*"⁸¹ Additionally, Springfield avers that, in this proceeding, SPP relies on an "indicative" RCAR to support its conclusion that Springfield's allegations are moot because any perceived benefit deficiency has been addressed.⁸²

36. Moreover, Springfield contests SPP's and Xcel's claims that "the so-called 'benefit deficiency' alleged in the Complaint has been addressed"⁸³ and that the Morgan Transformer Project is the remedy to the deficiency. Springfield notes that SPP estimates the Morgan Transformer Project will not be in service until late 2020; therefore, it would be over a decade before a meaningful remedy takes effect, which cannot satisfy the cost causation principle underlying the Highway/Byway cost allocation methodology.

37. In response to Xcel's statement that a third RCAR is, or will be soon, underway, Springfield states that SPP is not required to perform a third RCAR until 2022. Springfield also argues that there is no basis to assume that a third RCAR will produce the results that Xcel anticipates, and benefits of the Morgan Transformer Project and Brookline Reactor Project are likely to be offset by increased costs of new transmission investment in areas outside of Springfield's pricing zone.

38. Springfield disagrees with SPP's claim that Springfield failed to consider other benefits. In addition, Springfield rejects Xcel's reliance on the public policy metric of the second RCAR.⁸⁴ Springfield states that the public policy metric assumes the benefits are equal to the costs of the policy project; however, according to Springfield, no policy

⁷⁹ *Id.* at 7, 20 (citing Complaint, Exhibit CUS-002 at 10 (emphasis added)).

⁸⁰ *Id.* at 7 (citing Complaint, Exhibit CUS-007 at 2, 4-5, 20-22).

⁸¹ *Id.* (citing Complaint, Exhibit CUS-002 at 11 (emphasis added)).

⁸² *Id.* at 9 (citing SPP Answer to Complaint at 36, 37, Lucas Affidavit at P 25).

⁸³ *Id.* (citing SPP Answer to Complaint, Lucas Affidavit at P 19).

⁸⁴ *Id.* at 15 (citing Xcel Comments at 19-20).

projects were identified in the second RCAR, and therefore, the associated benefits are estimated to be zero dollars for all pricing zones in the SPP footprint.⁸⁵

39. Springfield contests SPP's claim that Springfield's reliance on the RCARs is misplaced because the RCARs simply produce a "snapshot" analysis that will change over time⁸⁶ and that Springfield inappropriately relies "on a single RCAR study to make sweeping assessments about whether cost allocation is just and reasonable."⁸⁷ Springfield states that, contrary to SPP's and Xcel's characterizations that Springfield "perceive[s] a benefit/cost ratio below SPP's 0.8:1 threshold," SPP's RCAR determined that Springfield's benefit/cost ratio was 0.59:1 and SPP concedes that it took steps to work with Springfield to mitigate the imbalance.⁸⁸ In addition, Springfield contends that the two RCARs identify a benefit deficiency over a substantial period and establish a trend line for Springfield based on multiple data points.⁸⁹

40. Springfield argues that, contrary to SPP's argument that Springfield failed to request formal review under Section III.D.4.ii, SPP does not identify any specific procedures Springfield failed to invoke and Section III.D.4.ii does not specify any procedures. Springfield asserts that the record supports a finding that Springfield took reasonable steps to address the benefit deficiency before filing its Complaint.

41. Springfield disputes SPP's argument that Section III.D.4 adjustments are "available only in two circumstances" and states that SPP has stated unequivocally that "the Tariff does not preclude any stakeholder from exercising its section 206 rights should it not agree with cost allocation impacts."⁹⁰ In addition, Springfield observes that the Highway/Byway Order recognized that one element of the unintended consequences review provision is the ability of adversely affected parties to "file an FPA section 206

⁸⁵ *Id.* (citing Complaint, Exhibit CUS-004 at 35, Figure 7.1).

⁸⁶ *Id.* at 17 (citing SPP Answer to Complaint at 11, 31, 33, Lucas Affidavit at P 8).

⁸⁷ *Id.* (citing SPP Answer to Complaint at 11; Xcel Comments at 23-27, 32).

⁸⁸ *Id.* at 18 (citing Complaint, Exhibit CUS-004 at 12; SPP Answer to Complaint at 13 n.42).

⁸⁹ *Id.* at 19.

⁹⁰ *Id.* at 23 (citing Complaint, Exhibit CUS-010 at 37).

complaint with the Commission” should SPP “decline[] to modify its cost allocation provisions”⁹¹

42. Springfield argues that the Commission should reject SPP’s claim that the potential for Section III.D.4 adjustments does not provide sufficient notice that such adjustments will actually be implemented.⁹² Springfield avers that the relevant inquiry is whether parties “had sufficient notice that the approved rate was subject to change”⁹³ and that, in fact, Section III.D.4 put parties on notice of the potential for remedies and that cost allocations were subject to change. Moreover, Springfield states that the Highway/Byway Order discussed the potential for a “reallocation” and found that “there is no need to clarify that any reallocation of costs will be done on a prospective basis.”⁹⁴

43. Springfield alleges that portions of Empire’s motion constitute untimely responses to the Complaint.⁹⁵ Springfield argues that Empire’s claims about the value of RCAR results are belied by its admission that the RCAR identified actual disparities among pricing zones. Springfield contends that Empire’s statements are contrary to the Tariff, SPP’s representations of the RCAR in the Highway/Byway cost allocation methodology proposal and SPP’s establishment of the 0.8:1 benefit/cost ratio in the RCAR.⁹⁶ Springfield further contends that Empire’s requested relief of conducting a third RCAR should be rejected. Springfield reiterates that it does not perceive a benefit deficiency and that the existing RCARs already identified the harm that needed to be rectified. Springfield argues that Empire’s preference for a different form of relief is irrelevant to the question of whether Springfield has met its burden. Springfield alleges that its proposed remedies do not conflict with the third RCAR being performed at a date in the future.⁹⁷

⁹¹ *Id.* (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 83).

⁹² *Id.* at 24 (citing SPP Answer to Complaint at 3 (emphasis in original)).

⁹³ *Id.* at 24 (citing *Pub. Util. Comm’n of Cal. v. FERC*, 988 F.2d 154, 163 (D.C. Cir. 1993)).

⁹⁴ *Id.* at 25 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at PP 83-84).

⁹⁵ Springfield June 5 Answer at 2.

⁹⁶ *Id.* at 3-4.

⁹⁷ *Id.* at 4-5.

44. Xcel contends that Springfield's suggestion that that process obligates SPP to perform retroactive cost allocation adjustments is unsupported and contrary to the language of Section III.D of the Attachment J.⁹⁸ Xcel states that section III.D of Attachment J sets forth a procedural step that may be used to respond to potential cost imbalances, but that a filing under section 205 of the FPA must be made to address prospective changes.

45. Xcel further states that the RCAR has worked as intended, and Springfield's proposed remedies would inappropriately allow for repeated reallocations of past Highway/Byway costs, which is inconsistent with the RCAR process that is intended to respond proactively to gaps in costs and benefits.⁹⁹ Xcel further states that the RCAR process is not intended to reflect all factors that may impact an analysis of benefits and costs over time, nor is the RCAR intended to supplant the Commission's independent consideration of just and reasonable rates.¹⁰⁰

46. Xcel reiterates its arguments that Springfield's proposed remedy to adjust prior cost allocations would violate the filed rate doctrine, and emphasizes that Springfield cannot articulate why its request for retroactive relief is not a violation of the filed rate doctrine or the rule against retroactive ratemaking.¹⁰¹ Xcel also argues that Springfield's proposed relief would set a bad precedent and create adverse consequences for future regional cost allocation within SPP.¹⁰²

47. Springfield argues that the Commission should reject Xcel's answer because Xcel devotes the vast majority of its answer to repeating arguments made in its May 17 comments.¹⁰³ Springfield asserts that Xcel's answer serves to confuse the record. According to Springfield, Xcel's claim that Springfield's proposed adjustment is "at odds with the language in Section III.D, which contains no provision for reallocation of past rates lawfully collected" ignores Springfield's rights under section 206 of the FPA to

⁹⁸ Xcel Answer at 4.

⁹⁹ *Id.* at 5.

¹⁰⁰ *Id.* at 6.

¹⁰¹ *Id.* at 9 (citing *W. Deptford Energy, LLC v. FERC*, 766 F.3d 10, 12 (D.C. Cir. 2014)).

¹⁰² *Id.* at 11.

¹⁰³ Springfield July 1 Answer at 2.

address imbalanced cost allocations identified in the RCAR and contravenes Xcel's prior statements regarding recommendations resulting from the RCAR process.¹⁰⁴

48. SPP reiterates its arguments that RCAR study results are indicative only, and cannot be used to establish a trend to justify a finding that past cost allocations were unjust and unreasonable.¹⁰⁵ SPP maintains that it has adhered to its Tariff obligations, and argues that it is inconsistent for Springfield to dismiss the anticipated impacts of the Morgan Transformer Project yet rely on forward-looking RCAR studies, which included numerous projects not in service at the time, in asserting that it has been subjected to unjust and unreasonable cost allocations.¹⁰⁶ SPP also reiterates that neither the unintended consequences provisions in Attachment J of the Tariff nor the RCAR process is intended to remedy benefit deficiencies on a retroactive basis.¹⁰⁷ SPP further avers that it has never argued that a complaint under section 206 of the FPA is an inappropriate means of seeking potential relief.¹⁰⁸ SPP contends that the Commission should dismiss Springfield's request for SPP to immediately conduct a third RCAR study as unsupported and unnecessary.¹⁰⁹

49. Springfield states that SPP's unwillingness to make a rate adjustment under section III.D.4 is due to a number of misinterpretations by SPP. Springfield asserts that SPP (1) mischaracterizes the filed rate doctrine, (2) conflates changes to Highway/Byway cost allocation methodology with adjustments to imbalanced cost allocation results, and (3) ignores key facts and seeks to impose new burdens on Springfield under section III.D.4(ii).¹¹⁰ Springfield reiterates its arguments that SPP misstates the benefits that Springfield receives and mischaracterizes Springfield's criticisms of the benefits SPP estimated for the Morgan Transformer Project.¹¹¹ Further, Springfield contends that the

¹⁰⁴ *Id.* at 2-3 (citing Xcel Answer at 4, 10-11; Xcel Comments at 13).

¹⁰⁵ SPP July 11 Answer at 3-5.

¹⁰⁶ *Id.* at 8-10, 13-14.

¹⁰⁷ *Id.* at 14-16.

¹⁰⁸ *Id.* at 18-19.

¹⁰⁹ *Id.* at 20.

¹¹⁰ Springfield July 26 Answer at 4-11.

¹¹¹ *Id.* at 12-14.

harm identified in SPP's RCARs is not offset by either the Brookline Reactor Project or Springfield's access to wind generation resources.¹¹²

IV. Discussion

A. Procedural Matters

50. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2018), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2018), we grant Golden Spread's and Western Farmers' late-filed motions to intervene given their interest in the proceeding, the early state of the proceeding, and the absence of undue prejudice or delay.

51. Rule 213(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2018), prohibits an answer to an answer unless otherwise ordered by the decisional authority. We accept Empire's, SPP's, Springfield's, and Xcel's answers because they have provided information that assisted us in our decision-making process.

B. Commission Determination

52. We deny Springfield's Complaint, as discussed below. Specifically, we find that Springfield has not shown that SPP's administration of the unintended consequences process in Section III.D.4 of the Tariff is unjust, unreasonable, unduly discriminatory, or preferential.

1. Request for Retroactive Relief

53. We deny Springfield's request that the Commission order SPP to enforce Section III.D.4 to retroactively adjust costs allocated to Springfield between June 19, 2010 and the refund effective date established in this proceeding. Specifically, we find that Springfield's requested relief constitutes a retroactive adjustment that would be contrary to the filed rate doctrine and rule against retroactive ratemaking.¹¹³

¹¹² *Id.* at 15-19.

¹¹³ The United States Court of Appeals for the District of Columbia Circuit explained that "[t]hose rules [in sections 205 and 206 of the FPA] mandating the open and transparent filing of rates and broadly proscribing their retroactive adjustment are known collectively as the 'filed rate doctrine'", and the Commission generally is not permitted to make a retroactive rate adjustment. *See Old Dominion*, 892 F.3d at 1226-27;

54. As discussed above, Section III.D.4 of the Tariff (i.e., the filed rate) provides the avenues by which SPP addresses alleged imbalanced cost allocations resulting from the Highway/Byway cost allocation methodology that are identified in the RCAR process. As SPP states, potential relief is available in two circumstances: (1) when the Regional State Committee, having first determined that an adjustment is appropriate, makes a recommendation to the SPP Board of Directors to implement such adjustment; or (2) when a member submits a request to SPP's Markets and Operations Policy Committee to examine an alleged imbalance, and the Markets and Operations Policy Committee acts on that request.¹¹⁴ In this instance, the Regional State Committee did not make a recommendation with respect to any adjustment in the second RCAR process, nor did Springfield submit a request to SPP's Markets and Operations Policy Committee regarding any alleged imbalance.¹¹⁵

55. As noted, Section III.D provides SPP a mechanism for granting relief, where appropriate, but does not provide for changes to past allocations.¹¹⁶ In the Highway/Byway Order, the Commission specified that it would review any proposed change in allocation for compliance with the filed rate doctrine and the rule against retroactive ratemaking. The Commission stated that:

[T]here is no need for SPP to clarify that any reallocation of costs will be done on a prospective basis. Any change in allocation will have to be filed under section 205 of the FPA,

Columbia Gas Transmission Corp. v. FERC, 895 F.2d 791, 795-97 (D.C. Cir. 1990); *Consol. Edison Co. of N.Y. v. FERC*, 347 F.3d 964, 969 (D.C. Cir. 2003). The Commission is also prohibited “from imposing a rate increase for [power] already sold.” *Towns of Concord, Norwood, and Wellesley, Mass. v. FERC*, 955 F.2d 67, 75 (D.C. Cir. 1992). This rule against retroactive ratemaking “prohibits the Commission from adjusting current rates to make up for a utility’s over- or under-collection in prior periods.” *Id.* at 71 n.2. In *Old Dominion*, the court referred to these two principles together “as a nearly impenetrable shield for consumers.” *Old Dominion*, 892 F.3d at 1230.

¹¹⁴ SPP Answer to Complaint at 20-21.

¹¹⁵ “[A]ny member company that feels that it has an imbalanced cost allocation may request relief through the Markets and Operations Policy Committee. The Markets and Operations Policy Committee recommendation, if any, may be forwarded with the request for relief to the Regional State Committee and the Board of Directors for review.” Tariff, Attach. J, § III.D.4.ii.

¹¹⁶ *See id.*

as the unintended consequences provisions already provide. Upon such a filing, the Commission will review such proposed change in allocation for compliance with the requirements of section 205 of the FPA, as well as the filed rate doctrine and the rule against retroactive ratemaking.¹¹⁷

Requiring SPP to adjust the costs allocated to Springfield for a retroactive period beginning in 2010 and up to the refund effective date established in this proceeding would be contrary to the filed rate doctrine and rule against retroactive ratemaking.

56. We also do not find persuasive Springfield's argument that Section III.D is a formula rate, and that, therefore, its request to adjust cost allocation per Section III.D.4 comports with the filed rate doctrine. The underlying purpose of the filed rate doctrine and the rule against retroactive ratemaking is to provide adequate notice of the rate that a customer will be charged. Courts have found that "[w]hen the Commission accepts a formula rate as a filed rate, it grants waiver of the filing and notice requirements of [section 205] [, and] [t]he utility's rates, then, can change repeatedly, without notice to the Commission, provided those changes are consistent with the formula."¹¹⁸ Accordingly, formula rates prescribe a methodology, the formula, pursuant to which rates can change without the need for filings under section 205 of the FPA or implication of retroactive ratemaking and filed rate doctrine concerns. Section III.D.4 does not fall squarely within the category of formula rates. Specifically, Section III.D.4 does not prescribe a methodology for changing cost allocations based on the outcome of the RCAR process but simply contemplates that changes to the Highway/Byway cost allocation methodology may be developed and proposed through filings to the Commission. Such changes in cost allocations require changes to the filed rate which would have only prospective effect. Accordingly, we agree with SPP and Xcel that the process under Section III.D.4 is not an automatic adjustment mechanism and is not akin to a formula rate.

57. Moreover, we do not agree with Springfield's related argument that there was actual notice of possible retroactive adjustments and that the Commission endorsed retroactive cost reallocations in the Highway/Byway Order. In the Highway/Byway Order, in response to protests seeking that SPP clarify that any reallocation of costs be done on a prospective basis, the Commission recognized that SPP would be required to

¹¹⁷ Highway/Byway Order, 131 FERC ¶ 61,252 at P 84 & n.115 (citing Tariff, Attach. J, § III.D.5).

¹¹⁸ See, e.g., *Cal. Pub. Utils. Comm'n v. FERC*, 254 F.3d 250, 254 (D.C. Cir. 2001) (citing *Ala. Power Co. v. FERC*, 993 F.2d 1557, 1567-68 (D.C. Cir. 1993); *San Diego Gas & Elec. Co. v. Alamito Co.*, 46 FERC ¶ 61,363, at 62,129-30 (1989)).

submit any reallocations for review under section 205 of the FPA.¹¹⁹ Therefore, we disagree with Springfield that stakeholders have been on notice of, or that the Commission expressly endorsed, possible retroactive adjustments under Section III.D.4.

58. With respect to Springfield's argument that its request for retroactive relief is not limited by Section I.7.1 of the Tariff, we agree with SPP that Section I.7.1 of the Tariff does not apply in this instance.¹²⁰ Section I.7.1 pertains to SPP's ability to correct charges under the Tariff and sets a one-year deadline by which SPP may reissue invoices. Here, we find that we cannot require SPP to make retroactive adjustments at all, without running afoul of the filed rate doctrine; therefore, resettlement under Section I.7.1 is not implicated.

59. In addition, we do not find persuasive Springfield's argument that Section III.D is comparable to the SPP Balanced Portfolio (Attachment J, Section IV) which included provisions to reallocate costs. Section IV of Attachment J of the Tariff expressly requires reallocations to occur to achieve balance and sets forth a detailed process for reconfiguration of a Balanced Portfolio.¹²¹ Section III.D does not contain such mandatory terms; therefore, drawing such parallels is unavailing.

2. Request for Prospective Relief

60. We deny Springfield's request that the Commission find that: (1) the Highway/Byway cost allocation methodology produces unintended consequences and affirmatively harms Springfield by allocating costs that exceed benefits; and (2) changed circumstances have rendered implementation of the adjustment mechanism in Section III.D.4 unjust and unreasonable and unduly discriminatory. Therefore, we need not determine whether Springfield's proposed remedy is just and reasonable. Specifically, we find that Springfield has not shown that SPP's administration of the unintended consequences process in Section III.D.4 is unjust, unreasonable, unduly discriminatory, or preferential. In order to meet its burden under section 206 of the FPA, Springfield must provide substantial evidence supporting its contention that the Highway/Byway cost allocation methodology produces unintended consequences that violate the cost causation principle and that the adjustment mechanism under Section III.D.4 is inadequate for remedying such unintended consequences. It has not done so.

¹¹⁹ SPP Answer to Complaint at 25 (citing Highway/Byway Order, 131 FERC ¶ 61,252 at P 84).

¹²⁰ *Id.* at 26.

¹²¹ *Id.* at 26 n.87.

61. We find that Springfield's assertion that a prospective reallocation of costs is required to make the Highway/Byway cost allocation methodology just and reasonable is not supported by the language of the Tariff, which only requires the Markets and Operations Policy Committee to consider relief at the request of a member company. In addition, in the Highway/Byway Order, the Commission found that SPP's proposed modifications to the unintended consequences provisions were "an added measure to ensure that benefits are at least roughly commensurate with costs under the Highway/Byway Methodology" and "provide[d] a reasonable mechanism for adversely affected parties to raise their concerns through the stakeholder process and for unintended outcomes to be amended" ¹²² The Commission also declined to impose specific cost and benefits parameters, finding that SPP had previously addressed stakeholders' cost allocation concerns. ¹²³ SPP may consider or recommend cost adjustments, as the Commission recognized in the Highway/Byway Order. ¹²⁴

62. We note also that SPP took action to provide relief to Springfield by developing the Morgan Transformer Project and Brookline Reactor Project, which aimed to provide significant benefits to Springfield although the costs of the projects were allocated regionally. ¹²⁵ According to SPP's analysis these projects should raise the benefit/cost ratio to the Springfield pricing zone above the benefit/cost ratio of 0.8:1 established by SPP and its stakeholders. Although Springfield contends that the Morgan Transformer Project and Brookline Reactor Project are insufficient to satisfy the requirements of Section III.D.4.ii, we do not believe that Springfield's analysis conclusively demonstrates that the projects will fail to remedy Springfield's benefit deficit or otherwise support a finding that the Tariff is unjust and unreasonable.

63. Finally, we note that Springfield's Complaint is inconsistent with the Commission's statements in accepting the Highway/Byway cost allocation methodology because it would require finding that it is unjust and unreasonable for a specific pricing zone to fall below a specified benefit/cost ratio for any period of time, regardless of duration. In accepting SPP's revisions to the Tariff to implement the Highway/Byway cost allocation methodology, the Commission recognized that "[t]he fact that individual zones will experience varying effects and uses for particular projects or sets of projects at particular times does not transform this bright-line cost allocation methodology into an

¹²² Highway/Byway Order, 131 FERC ¶ 61,252 at P 83.

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *See* SPP Answer to Complaint at 14 & n.42.

unduly discriminatory Tariff provision.”¹²⁶ The Commission explicitly denied protestors’ requests to require a pricing zone-by-pricing zone analysis of the cost allocations made pursuant to the Highway/Byway cost allocation methodology,¹²⁷ and the Commission found that a region-wide analysis of benefits and costs was appropriate.¹²⁸

The Commission orders:

Springfield’s Complaint is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹²⁶ Highway/Byway Order, 131 FERC ¶ 61,252 at P 52.

¹²⁷ *Id.* at PP 75-81; Highway/Byway Rehearing Order, 137 FERC ¶ 61,075 at P 23.

¹²⁸ Highway/Byway Rehearing Order, 137 FERC ¶ 61,075 at P 29.