

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

City Utilities of Springfield, Missouri

v.

Southwest Power Pool, Inc.

Docket No. EL19-62-001

ORDER ON REHEARING AND CLARIFICATION

(Issued January 23, 2020)

1. On August 12, 2019, the Commission issued an order denying a complaint (Complaint) filed by City Utilities of Springfield, Missouri (Springfield) on April 12, 2019 that challenged the implementation of section III.D.4 of Attachment J of the Southwest Power Pool, Inc. (SPP) Open Access Transmission Tariff (Tariff),<sup>1</sup> which sets forth the unintended consequences review process for SPP's allocation of the costs of transmission facilities. On September 11, 2019, Springfield requested rehearing and clarification of the Complaint Order. For the reasons discussed below, we deny rehearing, deny clarification in part, and grant clarification in part.

**I. Background**

2. In 2010, the Commission accepted SPP's proposal implementing the Highway/Byway cost allocation methodology,<sup>2</sup> whereby SPP allocates the costs of transmission facilities on a voltage threshold basis.<sup>3</sup> The Commission also accepted SPP's revisions to its unintended consequences review process, which is now known as the Regional Cost Allocation Review (RCAR) process, by authorizing the Regional State

---

<sup>1</sup> *City Utils. of Springfield, Mo. v. Sw. Power Pool, Inc.*, 168 FERC ¶ 61,085 (2019) (Complaint Order).

<sup>2</sup> *Sw. Power Pool, Inc.*, 131 FERC ¶ 61,252 (2010) (Highway/Byway Order), *order denying reh'g*, 137 FERC ¶ 61,075 (2011) (Highway/Byway Rehearing Order).

<sup>3</sup> 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 zone in which the facilities are located. For facilities at 100 kV or below, SPP allocates costs on a zonal basis. For network upgrades associated with wind projects, the allocation factors are different. *See* Tariff, Attach. J, §§ III.A.3, III.A.

Committee<sup>4</sup> to recommend any adjustments to cost allocations if a review shows an imbalanced cost allocation to one or more zones. The RCAR process also enables member companies that believe they have been allocated an imbalanced portion of costs to seek relief.<sup>5</sup>

3. 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 an indication that benefits are roughly commensurate with costs. This 0.8:1 benefit/cost ratio was approved by the SPP Markets and Operations Policy Committee in 2012.<sup>6</sup>

4. The first RCAR study (First RCAR) was completed in 2013 and demonstrated a region-wide benefit/cost ratio of 1.39:1, with six zones, including Springfield, falling below the 0.8:1 benefit/cost-ratio. The second RCAR study (Second RCAR) was completed in 2016 and demonstrated a region-wide benefit/cost ratio of 2.45:1. Springfield's pricing zone was the only zone for which the benefit/cost ratio remained below 0.8:1. After the Second RCAR, SPP identified the Morgan Transformer Project and Brookline Reactor Project as projects that could relieve this deficit and be beneficial to Springfield's zone.<sup>7</sup>

5. In its Complaint, Springfield argued that the Highway/Byway cost allocation methodology had produced unintended consequences in Springfield's pricing zone in violation of the cost causation principle. Springfield sought relief in the form of a retroactive cost allocation adjustment for the period between June 19, 2010, the implementation date of the Highway/Byway cost allocation methodology, and the refund effective date established in this proceeding. Springfield also sought prospective relief through the use of a specified benefit/cost ratio of 1:1 and an exemption from region-wide charges for any pricing zone whose benefit/cost ratio falls below the proposed 1:1

---

<sup>4</sup> 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.

<sup>5</sup> Tariff, Attach. J, § III.D.

<sup>6</sup> See Southwest Power Pool, *Markets & Operations Policy Committee Minutes*, Agenda Item 11 (January 17, 2012), <https://www.spp.org/documents/16408/mopc%20minutes%20&%20attachments%20jan.%2017-18,%202012.pdf>.

<sup>7</sup> See Complaint, Exhibit CUS-001 (Stephens Aff.) at 53; SPP May 17 Answer at 14.

threshold, as determined by the most recent RCAR, until a subsequent RCAR demonstrates that a deficient pricing zone has achieved at least a 1:1 ratio.<sup>8</sup>

6. In the Complaint Order, the Commission denied Springfield's request for retroactive relief on the basis that it was contrary to the filed rate doctrine and rule against retroactive ratemaking.<sup>9</sup> The Commission also denied Springfield's request for prospective relief, finding that Springfield had not met its burden under section 206 of the Federal Power Act (FPA)<sup>10</sup> to show that SPP's administration of the unintended consequences process in section III.D.4 is unjust, unreasonable, unduly discriminatory or preferential.

7. On September 11, 2019, Springfield requested rehearing and clarification of the Complaint Order. On September 25, 2019, SPP filed a motion to answer and answer to the rehearing request. On November 26, 2019, Springfield filed a motion to answer and answer to SPP's answer.

## **II. Discussion**

### **A. Procedural Matters**

8. Rule 713(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.713(d)(1) (2019), prohibits an answer to a request for rehearing. Accordingly, we deny the motions to answer and reject the answers filed by SPP and Springfield.

### **B. Retroactive Relief**

#### **1. Rehearing Request**

9. Springfield contends that the Commission erred by failing to interpret the language of section III.D.4 according to its plain and ordinary meaning. In Springfield's view, section III.D.4 unambiguously provides for retroactive adjustments, and the Commission's finding to the contrary is inconsistent with the Tariff's plain language, which Springfield quotes as providing for "adjust[ments] or change[s] [to] the costs allocated under this Attachment J if the results of the analysis show an imbalanced cost allocation in one or more Zones."<sup>11</sup>

---

<sup>8</sup> Complaint at 41-42.

<sup>9</sup> Complaint Order, 168 FERC ¶ 61,085 at P 53.

<sup>10</sup> 16 U.S.C. § 824e (2018).

<sup>11</sup> Rehearing Request at 16-17 (quoting Tariff, Attach. J, § III.D.4).

10. Springfield asserts that the Commission erred by relying on extrinsic evidence, namely the Highway/Byway Order, to support its interpretation of section III.D.4, because, in Springfield's view, the Tariff provision is unambiguous.<sup>12</sup> Springfield adds that, even if such evidence were permitted, paragraph 84 of the Highway/Byway Order does not support the Commission's interpretation but, rather, confirms that Highway/Byway cost allocations are subject to potential adjustment under section III.D.4.<sup>13</sup>

11. Springfield argues that effectuating the retroactive adjustment that it had advocated for in its Complaint would require the same reallocation of costs that the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) found permissible in *Verso Corp. v. FERC*.<sup>14</sup> Quoting language from that opinion, Springfield argues that "the limitations surrounding retroactive rate changes do not come in to play" in a cost allocation case and that "reallocation of . . . costs . . . is well within [the Commission's] remedial authority under section 309, read in harmony with section 206 and the filed rate doctrine."<sup>15</sup>

12. Finally, Springfield challenges the Commission's determination that section III.D.4 is not a formula rate such that an adjustment to past allocations would have comported with the filed rate doctrine.<sup>16</sup> Springfield argues that, contrary to the Commission's finding in the Complaint Order, section III.D does prescribe a methodology for changing cost allocations based on the outcome of the RCAR studies because: (1) sections III.D.1 and 2 require SPP to "review the reasonableness of . . . the zonal allocation methodology;" (2) section III.D.2 requires SPP to determine the cost allocation impacts utilizing a specified analysis; (3) the analytical methods defined pursuant to section III.D.4(i) resulted in a stakeholder process that produced the 0.8:1 minimum benefit/cost ratio; (4) in the event of an imbalanced cost allocation, section III.D.4 requires SPP to request that the Regional State Committee provide

---

<sup>12</sup> *Id.* at 32. The Highway/Byway Order explains that any change in allocation would have to be filed under section 205 of the FPA and would be reviewed by the Commission for compliance with the requirements of the filed rate doctrine and the rule against retroactive ratemaking. *See* Highway/Byway Order, 131 FERC ¶ 61,252 at P 84 & n.115.

<sup>13</sup> Rehearing Request at 33-34.

<sup>14</sup> 898 F.3d 1 (D.C. Cir. 2018) (*Verso*).

<sup>15</sup> Rehearing Request at 11, 17-18 (quoting *Verso*, 898 F.3d at 9, 10-11).

<sup>16</sup> *Id.* at 34 (citing Complaint Order, 168 FERC ¶ 61,085 at P 56).

recommendations to adjust or change allocated costs; and (5) adjustments or changes to the Highway/Byway cost allocation methodology are limited.<sup>17</sup>

## 2. Commission Determination

13. We deny rehearing. As the Commission explained in the Complaint Order, 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.<sup>18</sup> As relevant to Springfield's argument on rehearing, section III.D.4 provides: "The Transmission Provider shall request the Regional State Committee to 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."<sup>19</sup>

14. We disagree with Springfield's contention that this provision unambiguously provides for retroactive adjustments. Instead, this provision is ambiguous because a recommendation to "change the costs allocated" could refer to a prospective adjustment for future allocations. For this reason, we reject Springfield's contention that the Commission improperly relied on extrinsic evidence when citing to the Highway/Byway Order in support of the Commission's Tariff interpretation.<sup>20</sup>

15. The Commission acted reasonably in interpreting section III.D.4. in a manner consistent with prior Commission precedent that is directly on point. The Highway/Byway Order provides:

[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, as the unintended consequences provisions already provide. Upon such a filing, the Commission will review such proposed change in allocation for compliance with the

---

<sup>17</sup> *Id.* at 35.

<sup>18</sup> Complaint Order, 168 FERC ¶ 61,085 at P 54.

<sup>19</sup> Tariff, Attach. J, § III.D.4.

<sup>20</sup> *See Cajun Elec. Power Coop., Inc. v. FERC*, 924 F.2d 1132, 1137 (D.C. Cir. 1991) (finding that the Commission should have considered extrinsic evidence in light of ambiguous contract provision).

requirements of section 205 of the FPA, as well as the filed rate doctrine and the rule against retroactive ratemaking.<sup>21</sup>

16. This excerpt of the Highway/Byway Order is relevant because it refers specifically to the unintended consequences provisions of the Tariff and confirms that those provisions cannot be interpreted as overriding or taking precedence over the filed rate doctrine or the rule against retroactive ratemaking.

17. Moreover, as the Commission stated in the Complaint Order, the Regional State Committee did *not* make a recommendation for any readjustment in the second RCAR process; therefore, no possibility of retroactive adjustment arose in this instance.<sup>22</sup>

18. Springfield's reliance on *Verso* is also unavailing. In *Verso*, the D.C. Circuit upheld the Commission's determination to order cost reallocation after the Commission had already found that the allocation methodology was unjust and unreasonable.<sup>23</sup> The Commission made no analogous finding in this case. Furthermore, the reallocation of costs ordered in *Verso* did not extend prior to the refund effective date established in the section 206 proceeding.<sup>24</sup> Here, however, Springfield seeks a retroactive cost adjustment dating back to the June 19, 2010 implementation date of the Highway/Byway cost allocation provisions, which would be contrary to the rule against retroactive ratemaking.

19. In the Complaint Order, the Commission found unpersuasive Springfield's argument that section III.D is a formula rate and that, therefore, Springfield's request to adjust cost allocations per section III.D.4 comports with the filed rate doctrine.<sup>25</sup> Springfield's argument is no more persuasive on rehearing. As the Commission explained in the Complaint Order, section III.D.4 "does not prescribe a methodology for changing cost allocations based on the outcome of the RCAR process."<sup>26</sup> Springfield has not specified any methodology in the Tariff pursuant to which cost allocations can automatically change (i.e., without an appropriate filing under section 205 of the FPA), as

---

<sup>21</sup> Highway/Byway Order, 131 FERC ¶ 61,252 at P 84 (citation omitted).

<sup>22</sup> Complaint Order, 168 FERC ¶ 61,085 at P 54.

<sup>23</sup> *Verso*, 898 F.3d at 9.

<sup>24</sup> See *Pub. Serv. Comm'n of Wis. v. Midcontinent Indep. Sys. Operator, Inc.*, 156 FERC ¶ 61,205, at PP 6, 12, 40 (2016).

<sup>25</sup> Complaint Order, 168 FERC ¶ 61,085 at P 56.

<sup>26</sup> *Id.*

is the case with inputs to a formula rate.<sup>27</sup> Unlike changing inputs to a formula rate, any changes to cost allocations would require a change to the filed rate, thereby implicating the rule against retroactive ratemaking. For this reason, any changes or adjustments to cost allocations under section III.D can have only a prospective effect.<sup>28</sup>

### C. Prospective Relief

#### 1. Rehearing Request

20. Springfield challenges the Commission’s conclusion that Springfield failed to satisfy its burden, under FPA section 206, to demonstrate that the Highway/Byway cost allocation methodology produces imbalanced results in violation of the cost causation principle.<sup>29</sup> Referring to the Complaint Order, Springfield observes that the Commission makes no reference to the First or Second RCAR, even though Springfield argued in its Complaint that each provided evidence of unintended consequences through a showing of negative “benefits” to Springfield’s zone.<sup>30</sup>

21. Springfield contends that the Commission engaged in unsupported speculation in finding that the Morgan Transformer Project and Brookline Reactor Project “should” raise Springfield’s benefit/cost ratio.<sup>31</sup> Springfield characterizes as “woefully inadequate” the Commission’s finding in the Complaint Order that it “do[es] 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

---

<sup>27</sup> Undercutting its own argument that section III.D.4 operates like a formula rate, Springfield maintains that there is *no* automatic adjustment mechanism for changing cost allocations and believes that the Commission misunderstood Springfield’s argument and requested relief on this point. Rehearing Request at 36. There is no misunderstanding. We agree that there is no automatic adjustment mechanism in section III.D.4, which is why that Tariff provision cannot be analogized to a formula rate.

<sup>28</sup> The Commission succinctly described this point in the Complaint Order. *See* Complaint Order, 168 FERC ¶ 61,085 at P 56 (“changes in cost allocations require changes to the filed rate which would have only prospective effect”). We elaborate here simply to refute Springfield’s characterization of the Commission’s reasoning as circular. *See* Rehearing Request at 36.

<sup>29</sup> Rehearing Request at 21-22.

<sup>30</sup> *Id.* at 22-23 (citing Complaint Order, 168 FERC ¶ 61,085 at PP 61-63).

<sup>31</sup> *Id.* at 24.

unreasonable.”<sup>32</sup> Springfield argues that, even if the new projects do resolve the benefit deficiency, Springfield would still suffer “substantial, affirmative harm” because solutions will not be delivered until 2020 and 2022.<sup>33</sup>

22. Springfield also takes issue with the Commission’s statement 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.”<sup>34</sup> Springfield argues that this statement does not support the conclusion that Springfield failed to meet its burden under FPA section 206 and does nothing more than confirm the “obvious point” that Springfield’s remedy is different than the current remedial processes set forth in section III.D.4.<sup>35</sup>

23. Next, Springfield asserts that the Commission was wrong to conclude that granting its Complaint 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.”<sup>36</sup> In Springfield’s view, granting the Complaint would only require a finding that it is unjust and unreasonable for a specific pricing zone to fall below a specified benefit/cost ratio between RCARs.<sup>37</sup>

24. Springfield also claims that the Commission “appeared to improperly discount the significance of falling below a ‘specified benefit/cost ratio.’”<sup>38</sup> Springfield maintains that the specified benefit/cost ratio is intended to prevent harm to customers by identifying the point at which the Highway/Byway cost allocation methodology produces an “unreasonable impact” or “cumulative inequity” in any zone, as Springfield asserts has happened here.<sup>39</sup>

---

<sup>32</sup> *Id.* at 25 (quoting Complaint Order, 168 FERC ¶ 61,085 at P 62).

<sup>33</sup> *Id.* at 25-26.

<sup>34</sup> Complaint Order, 168 FERC ¶ 61,085 at P 61.

<sup>35</sup> Rehearing Request at 23-24.

<sup>36</sup> *Id.* (quoting Complaint Order, 168 FERC ¶ 61,085 at P 63).

<sup>37</sup> *Id.* at 28.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

25. Finally, Springfield disputes the relevance of portions of the Highway/Byway Order and the Highway/Byway Rehearing Order that the Commission relied upon in the Complaint Order.<sup>40</sup> Springfield argues that those orders “do not, in fact, support the Commission’s conclusion about the impropriety of Zone-by-Zone analyses” but instead concern the threshold issue of whether a region-wide cost allocation methodology is appropriate for extra high voltage facilities.<sup>41</sup>

## 2. Commission Determination

26. We deny rehearing and affirm the Commission’s determination in the Complaint Order that Springfield has not met its burden of proof to show that SPP’s administration of the unintended consequences process in section III.D.4 is unjust, unreasonable, unduly discriminatory or preferential. Under FPA section 206, “the burden of proof to show that any rate, charge, classification, rule, regulation, practice, or contract is unjust, unreasonable, unduly discriminatory, or preferential shall be upon . . . the complainant.”<sup>42</sup> Springfield stated in its Complaint that it was not challenging the Highway/Byway cost allocation methodology itself.<sup>43</sup> Accordingly, it does not bear the burden of showing that the cost allocation methodology is unjust and unreasonable, but rather must show that SPP’s administration of the unintended consequences process in the Tariff is unjust and reasonable. This, in turn, requires a showing that the adjustment mechanism under section III.D.4 is inadequate to remedy any identified unintended consequences.

27. We do not dispute that the First RCAR and Second RCAR analyses have revealed an imbalanced cost allocation to Springfield’s zone, and we do not minimize or discount the significance of this imbalance. However, the existence of an unintended consequence in the form of a cost imbalance does not compel the conclusion that SPP’s administration of section III.D.4 is unjust, unreasonable, or unduly discriminatory or preferential.

28. As the Commission explained in the Complaint Order, Springfield was required to “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 [s]ection III.D.4 is inadequate for*

---

<sup>40</sup> *Id.* at 29 (citing Complaint Order, 168 FERC ¶ 61,085 at P 63).

<sup>41</sup> *Id.*

<sup>42</sup> 16 U.S.C. § 824e(b) (2018); *see, e.g., FirstEnergy Serv. Co. v. FERC*, 758 F.3d 346, 353 (D.C. Cir. 2014).

<sup>43</sup> Complaint at 6, 39.

*remedying such unintended consequences.*”<sup>44</sup> It is in this latter showing where Springfield has failed to meet its burden.

29. In addition to requesting that the Regional State Committee provide any recommendations for prospective cost reallocation, the process in SPP’s Tariff permits member companies to request relief<sup>45</sup> and, in response, SPP can “initiate the appropriate actions.”<sup>46</sup> That is what occurred here.<sup>47</sup> After reviewing the results of the cost allocation analysis from the First RCAR and Second RCAR, SPP initiated appropriate actions to address the imbalanced cost allocation by approving the Brookline Reactor Project as well as identifying and seeking acceptance of region-wide funding for the Morgan Transformer Project. As SPP explained in its testimony, the region-wide funding of the Morgan Transformer Project is expected to result in an improved benefit-to-cost ratio in Springfield’s zone.<sup>48</sup> Springfield has not persuaded us that SPP’s adjustment mechanism is inadequate to address unintended consequences. Springfield likewise has not persuaded us that SPP’s administration of the unintended consequences process is unjust, unreasonable, unduly discriminatory, or preferential such that a prospective Tariff change would be warranted. Accordingly, we affirm the Commission’s determination that additional remedies, beyond that identified through the section III.D.4 process, were unwarranted.

30. In the Complaint Order, the Commission observed that the unintended consequences provisions of the Tariff do not require the prospective reallocation of costs.<sup>49</sup> Although Springfield, on rehearing, characterizes this as an “obvious point,” it

---

<sup>44</sup> Complaint Order, 168 FERC ¶ 61,085 at P 60 (emphasis added).

<sup>45</sup> See Tariff, Attach. J, § III.D.4(ii) (“[A]ny member company that feels 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, will be forwarded with the request for relief to the Regional State Committee and Board of Directors for review.”).

<sup>46</sup> Tariff, Attach. J § III.D.5.

<sup>47</sup> Although there is no evidence that Springfield submitted a formal request for relief to the Markets and Operations and Policy Committee, Springfield submitted testimony stating that it sought relief through the Markets Operations and Policy Committee by “engag[ing] SPP for several years in an attempt to identify mitigation remedies.” Complaint, Exhibit CUS-001 (Stephens Aff.) at 53.

<sup>48</sup> SPP May 17 Answer, Exhibit No. SPP-001 (Lucas Aff.) ¶ 25.

<sup>49</sup> Complaint Order, 168 FERC ¶ 61,085 at P 61.

was one that was necessary to address Springfield's requested relief that the Commission "enforce the adjustment mechanism in current [s]ection III.D.4."<sup>50</sup> The "adjustment mechanism" at issue contemplates "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."<sup>51</sup> The Commission sought to clarify that prospective adjustments are not required.

31. Similarly, we find that the Commission's discussion in paragraph 63 of the Complaint Order accurately and appropriately addressed specific claims from Springfield's Complaint. Although Springfield insisted in its Complaint that it was not challenging the Highway/Byway cost allocation methodology as unjust and unreasonable,<sup>52</sup> it simultaneously argued that Highway/Byway's "voltage-based structure allocates costs to [Springfield] that vastly exceed benefits, in violation of the cost causation principle and the roughly commensurate standard."<sup>53</sup> The Commission rejected this argument by citing to a portion of the Highway/Byway Order that, contrary to Springfield's view, is directly on point.<sup>54</sup> Quoting from the Highway/Byway Order, the Commission explained 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 allocation methodology into an unduly discriminatory Tariff provision."<sup>55</sup> Here, the fact that Springfield's zone experiences an imbalanced cost allocation, as shown by the First RCAR and the Second RCAR, does not require a finding that SPP's administration of section III.D.4 is unjust, unreasonable, or unduly discriminatory or preferential.

32. Springfield alleges that the Commission erred in finding that granting the Complaint would require a 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

---

<sup>50</sup> Complaint at 10, 47.

<sup>51</sup> Tariff, Attach. J, § III.D.4

<sup>52</sup> Complaint at 6 n.19 ("[Springfield] is not challenging the Highway/Byway methodology itself" (citing evidence in Exhibit CUS-001 stating that Springfield "accepts the voltage-based allocations that underly[sic] the Highway/Byway methodology")).

<sup>53</sup> *Id.* at 19.

<sup>54</sup> Complaint Order, 168 FERC ¶ 61,085 at P 63.

<sup>55</sup> *Id.* (quoting Highway/Byway Order, 131 FERC ¶ 61,252 at P 52).

duration.<sup>56</sup> In Springfield's view, the required finding would only be that a specific pricing zone cannot fall below a specified ratio *between RCARs*.<sup>57</sup> Regardless of its validity, this distinction does not affect the Commission's determination. Each RCAR is a snapshot in time analysis that triggers a process under the unintended consequences provision of the Tariff whereby a member in a benefit-deficient pricing zone can seek relief. As discussed above, both RCAR studies ultimately paved the way for the Morgan Transformer Project and Brookline Reactor Project, which are expected to provide relief to Springfield.

#### **D. Clarification Requests**

33. Springfield requests the following clarifications: (1) whether the Highway/Byway cost allocation has become unjust and unreasonable and how long imbalanced cost allocations can persist before the Highway/Byway cost allocation methodology violates the cost causation principle; (2) why the RCAR results do not constitute substantial evidence of an imbalanced cost allocation; (3) whether alleged limitations in the analytical methods SPP developed demonstrate non-compliance with the requirements of sections III.D.1 and III.D.2; (4) whether SPP must take particular action when an entity's benefit/cost ratio falls below the minimum threshold; (5) what remedies are available to address imbalanced cost allocations; (6) whether a benefit/cost ratio of 0.8:1 is a reasonable minimum threshold or whether that threshold should be increased to 1:1; (7) whether the avenues outlined in the Tariff for addressing alleged imbalance cost allocations are exclusive; and (8) whether the Complaint Order changes SPP's obligations under the Tariff. As discussed below, we deny the first six clarification requests and provide clarification on the last two requests.

34. Springfield recites several arguments from SPP's May 17 answer to the Complaint (May 17 Answer) that "raised substantial questions about the RCAR's value, scope, and purpose."<sup>58</sup> Springfield requests that the Commission clarify whether it agrees with SPP's criticism of the RCAR and, if so, whether the Highway/Byway cost allocation methodology has become unjust and unreasonable. Springfield separately asks the Commission to clarify how long imbalanced cost allocations can persist before the Highway/Byway cost allocation methodology violates the cost causation principle.<sup>59</sup> We deny clarification. As discussed above, the results of the RCAR studies alone are not sufficient to show that SPP's administration of *the unintended consequences review*

---

<sup>56</sup> Rehearing Request at 27-28.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* at 40.

<sup>59</sup> *Id.* at 45.

process in the Tariff is unjust and unreasonable. Accordingly, we need not reach the issue of what effect the RCAR studies may have on the justness and reasonableness of the Highway/Byway cost allocation methodology because, as Springfield stated in its Complaint, Springfield did not challenge the Highway/Byway cost allocation methodology itself.<sup>60</sup>

35. Springfield states that its Complaint relied in large part on the RCARs to demonstrate that the Highway/Byway cost allocation methodology produces unintended consequences and claims that “the Commission disagreed that [Springfield] made any such demonstration.”<sup>61</sup> Springfield adds that given this finding, the Commission should clarify why the RCAR results do not constitute substantial evidence of an imbalanced cost allocation. We disagree with Springfield’s characterization of the Complaint Order and deny the requested clarification. In the Complaint Order, the Commission did not dispute that the RCARs demonstrated an imbalanced cost allocation in Springfield’s zone, but an imbalanced cost allocation shows nothing more than the existence of an unintended consequence. As discussed above, to show that SPP’s administration of the unintended consequences review process was unjust and unreasonable, Springfield was required to show (and did not) that the adjustment mechanism under section III.D.4 is inadequate for remedying such unintended consequences.

36. Springfield observes that section III.D.2 requires SPP to “determine the cost allocation impacts using the analysis specified in section III.7.d of Attachment O and the results produced by the analytical methods defined pursuant to section III.D.4(i).”<sup>62</sup> Springfield further notes that SPP, in the May 17 Answer, remarked on limitations of these analytical tools and metrics.<sup>63</sup> Consequently, Springfield asks the Commission to clarify whether limitations in the analytical methods SPP developed demonstrate SPP’s non-compliance with the requirements of sections III.D.1 and III.D.2. We deny clarification. The record demonstrates that SPP has fulfilled its obligation under section III.D.1 to engage in the RCAR review process. Furthermore, SPP performed its review in accordance with the Tariff. Whether the analytical methods could benefit from improvement has no bearing on the issue of SPP’s compliance with such methods.

---

<sup>60</sup> Complaint at 6, 39.

<sup>61</sup> Rehearing Request at 40.

<sup>62</sup> *Id.* at 41 (quoting Tariff, Attach. J, § III.D.2).

<sup>63</sup> *Id.* at 41-42 (citing SPP May 17 Answer at 31).

37. Springfield asks the Commission to clarify SPP's obligations "when an entity's benefit/cost ratio falls below the minimum threshold."<sup>64</sup> In particular, Springfield states that, despite evidence from the First and Second RCARs of a cost allocation imbalance, the Regional State Committee did not provide recommendations to change the cost allocation.<sup>65</sup> We note that the Tariff does not require recommendations from the Regional State Committee but instead allows for "recommendations, if any."<sup>66</sup> We do not believe that it would be appropriate to outline or impose any obligations on SPP or the Regional State Committee that are not already specified in the Tariff. Accordingly, we deny clarification.

38. Springfield acknowledges that the Commission rejected the remedies proposed in its Complaint and also rejected remedies proposed by SPP in another proceeding.<sup>67</sup> In light of these decisions, Springfield requests clarification on what remedies are available to address imbalanced cost allocations. Springfield states that the Commission should also clarify "whether waiting to determine whether the next RCAR identifies a continuing imbalance is an acceptable remedy."<sup>68</sup> We find that the issue of remedies is beyond the scope of this proceeding. The Commission rejected Springfield's proposed remedies in this case because Springfield did not satisfy its initial burden under section 206 of the FPA to show that SPP's administration of its Tariff was unjust and unreasonable. As to what action may suffice to address a cost allocation imbalance, the Commission will continue to take a case-by-case approach on any filings that SPP may make pursuant to the unintended consequences provision.<sup>69</sup>

39. Springfield also asks the Commission to clarify whether a benefit/cost ratio of 0.8:1 is a reasonable minimum threshold or whether that threshold should be increased to 1:1.<sup>70</sup> With this requested clarification, Springfield is restating its requested remedy from its Complaint, which the Commission properly declined to consider, having found that

---

<sup>64</sup> *Id.* at 42.

<sup>65</sup> *Id.*

<sup>66</sup> Tariff, Attach. J, § III.D.4.

<sup>67</sup> Rehearing Request at 44 (citing *Sw. Power Pool, Inc.*, 151 FERC ¶ 61,076 (2015)).

<sup>68</sup> *Id.*

<sup>69</sup> Tariff, Attach. J, § III.D.5.

<sup>70</sup> *Id.* at 46.

Springfield had not satisfied its initial burden under FPA section 206.<sup>71</sup> Therefore, we decline to provide the requested clarification.

40. Springfield perceives an inconsistency in the Complaint Order and seeks clarification on two statements: “Section III.D.4 of the Tariff . . . 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,”<sup>72</sup> and “[the Tariff] only requires the Markets and Operations Policy Committee to consider relief at the request of a member company.”<sup>73</sup> Although we do not view these statements as inconsistent,<sup>74</sup> we hereby clarify that the options for seeking relief, as defined in the Tariff, are not exclusive. Here, relief was provided through the development of the Morgan Transformer Project and Brookline Reactor Project, even though Springfield did not make a formal request to the Markets and Operations Policy Committee. Because we do not believe relief is contingent on an entity making a formal request, we will not opine on the specific questions presented in Springfield’s clarification request.<sup>75</sup>

41. Finally, Springfield requests clarification that the Complaint Order should not be “construed as eliminating SPP’s obligations under Sections III.D.1 and III.D.2.”<sup>76</sup> We fail to see how the Complaint Order can be construed in this way because the unintended

---

<sup>71</sup> Complaint Order, 168 FERC ¶ 61,085 at P 60.

<sup>72</sup> The Commission further explained that relief is available: (1) when the Regional State Committee makes a recommendation; or (2) when a member submits a request to examine an alleged imbalance, and the Markets and Operations Policy Committee acts on that request. *Id.* P 54.

<sup>73</sup> *Id.* PP 54, 61.

<sup>74</sup> When stating that the Tariff “only requires the Markets and Operations Policy to consider relief at the request of a member company,” the Commission intended the word “only” to modify the word “consider” and not to foreclose other avenues of relief available in the Tariff.

<sup>75</sup> Springfield sought clarification on: (1) whether stakeholder conversations with members of the Markets and Operations Policy Committee are sufficient to demonstrate compliance; (2) whether an entity is required to submit a letter to the SPP staff member that serves on the Markets and Operations Policy Committee; and (3) whether an entity that is already engaged in conversations with SPP staff about potential remedies should seek relief through section III.D.5(ii). Rehearing Request at 43-44.

<sup>76</sup> *Id.* at 41.

consequences review provisions of SPP's Tariff are unchanged by the Complaint Order. Therefore, we grant Springfield's request for clarification in this regard.

The Commission orders:

(A) Springfield's request for rehearing is hereby denied, as discussed in the body of this order.

(B) Springfield's request for clarification is hereby granted in part and denied in part, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.