

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Southern California Edison Company

Docket Nos. ER06-1189-000
ER06-1189-001
ER02-2119-003
ER02-2119-005

ORDER ACCEPTING COMPLIANCE FILING AND RATE SHEETS TO
INTERCONNECTION FACILITIES AGREEMENT

(Issued October 3, 2006)

1. On June 30, 2006, as amended on August 4, 2006, Southern California Edison Company (SoCal Edison) submitted a revised Interconnection Facilities Agreement (Revised Interconnection Agreement) between itself and Wildflower Energy LP (Wildflower) in compliance with a Commission order issued May 31, 2006.¹ Also on June 30, 2006, as amended on August 4, 2006, SoCal Edison filed revised rate sheets to the Revised Interconnection Agreement, primarily to reflect a change from estimated to actual costs of Interconnection Facilities and System Facilities and to compute the appropriate level of transmission credits.² In this order, the Commission will accept SoCal Edison's Revised Interconnection Agreement and its revised rate sheets to the Revised Interconnection Agreement, as discussed below.

¹ *Southern California Edison Co.*, 115 FERC ¶ 61,277 (2006) (May 31, 2006 Order).

² The Revised Interconnection Agreement filed in compliance with the Commission's May 31, 2006 Order is designated as First Revised Service Agreement No. 10, SoCal Edison, FERC Electric Tariff, Second Revised Vol. No. 6. The revised rate sheets filed in Docket No. ER06-1189-000 are designated as First Revised Sheets Nos. 3-5, 13, 17, 20, and 22-23 (to First Revised Service Agreement No. 10).

Background and Compliance Filing

2. The original Interconnection Agreement here provides the terms and conditions for the interconnection of Wildflower's 135.9 MW generating facility (Indigo Project) to the California Independent System Operator Corporation's (CAISO) Controlled Grid at SoCal Edison's Devers-Garnet 115 kV line. The Commission accepted SoCal Edison's initial filing.³ Wildflower's generating facility was interconnected to the CAISO Controlled Grid and service began. Such service was provided by SoCal Edison on an expedited, interim basis due to the forecasted generation shortage in California during the summer of 2001. At that time, SoCal Edison had not yet completed a Facilities Study to identify any additional equipment and modifications to SoCal Edison's transmission system that would be required to provide interconnection service to Wildflower.

3. SoCal Edison later filed, in Docket No. ER02-2119-000, a revision to the Interconnection Agreement to update the cost estimates for Interconnection Facilities, consistent with the results of a Facilities Study. SoCal Edison said that all necessary facilities were Interconnection Facilities (*i.e.*, those facilities whose costs are directly assignable to Wildflower) and that none of them were System Facilities (*i.e.*, network facilities that would result in transmission credits to Wildflower). The Commission issued an order that made the Interconnection Agreement subject to the outcome of Order No. 2003⁴ and declined to require transmission credits to Wildflower.⁵

4. On rehearing, the Commission partially granted rehearing and directed SoCal Edison to: (1) file a revised Interconnection Agreement properly identifying network upgrades (*i.e.*, System Facilities) and Interconnection Facilities; and (2) provide transmission credits to Wildflower, with interest, for network upgrades funded by Wildflower that are located at or beyond the point of interconnection for transmission service taken since July 18, 2001, for which credits were not otherwise provided.

³ *Southern California Edison Co.*, 97 FERC ¶ 61,148 (2001).

⁴ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 4, 2005), FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, 70 Fed. Reg. 37,661 (June 30, 2005), FERC Stats. & Regs. ¶ 31,190 (2005).

⁵ *Southern California Edison Co.*, 100 FERC ¶ 61,193 (2002) (August 16, 2002 Order).

5. On June 30, 2006, SoCal Edison filed, in Docket No. ER02-2119-003, its compliance with the May 31, 2006 Order. SoCal Edison submitted a revised Interconnection Agreement that provides transmission credits to Wildflower for facilities that are located at or beyond the point of interconnection, as required by Order No. 2003. SoCal Edison also submitted revised rate sheets that include a change in the original estimated Interconnection Facilities costs to reflect estimated costs for both Interconnection Facilities and System Facilities.⁶

SoCal Edison's Proposed Tariff Filing in Docket No. ER06-1189-000

6. SoCal Edison states that its revised rate sheets filed in Docket No. ER06-1189-000 are necessary to:

(1) reflect a change from estimated to actual costs for the facilities which have been installed to interconnect the Indigo Project, (2) reflect the Commission's current policy on transmission credits, (3) reflect the Commission's current policy on which generator pays for necessary upgrades, (4) revise the Customer-financed Monthly Rate, and (5) update Wildflower's contact information.⁷

7. SoCal Edison explains that, under section 13.1 of the original Interconnection Agreement, Wildflower paid to SoCal Edison the estimated costs for the Interconnection Facilities, some of which have now been re-classified as System Facilities. SoCal Edison states that section 14.1.9.2 of the Revised Interconnection Agreement provides that, within twelve months following the Interconnection Facilities In-Service date or the in-service date of any System Facilities, SoCal Edison will determine the actual recorded Interconnection Facilities Cost, System Facilities Cost, and/or actual recorded One-Time Costs, and provide Wildflower with an accounting of such costs. Consistent with this requirement, it has refunded \$674,380.98 to Wildflower, the difference between the amount actually paid by Wildflower based on the estimated cost for the Interconnection Facilities and System Facilities (as shown on the Revised Interconnection Agreement in its compliance filing) and the actual recorded costs for such facilities. Accordingly, SoCal Edison has modified Exhibits A and B of the Revised Interconnection Agreement to show the actual recorded costs for Interconnection Facilities and System Facilities.

⁶ In this order we will refer to these separate filings as the June 30, 2006 Compliance Filing and the June 30, 2006 Tariff Filing, respectively.

⁷ June 30, 2006 Tariff Filing at 3.

8. As a result of the true-up from estimated to actual costs, SoCal Edison explains, the monthly Interconnection Facilities Charge will also change. This monthly charge is based on the cost of the Interconnection Facilities and the rate most recently adopted by the California Public Utilities Commission for application to SoCal Edison's retail electric customers for added facilities. SoCal Edison further states that it has provided cost support for the June 1, 2006 Customer-Financed Monthly Rate in Attachment A to its June 30, 2006 Tariff Filing.

9. Furthermore, SoCal Edison states that in accordance with section 13.6 of the Revised Interconnection Agreement and in compliance with the May 31, 2006 Order, SoCal Edison is paying, concurrently with this filing, \$394,644.58, plus interest, in transmission credits to Wildflower for the cost of the System Facilities funded by Wildflower. In addition, SoCal Edison states that it has modified section 13.6 to specifically include One-Time Costs associated with the System Facilities in the calculation of the transmission credit in accordance with the Commission's policy. According to SoCal Edison, sections 2.8, 4.19, and 13.5 of the Revised Interconnection Agreement have been revised to reflect the Commission's current policy that the entity that triggers a network upgrade must initially fund such upgrade (with transmission credits provided).⁸

Notice and Responsive Pleadings

10. Notices of SoCal Edison's June 30, 2006 Compliance Filing and Tariff Filing were published in the *Federal Register*, 71 Fed. Reg. 40,486 (2006), with interventions and protests due on or before July 21, 2006. A timely motion to intervene and protest was filed in each proceeding by Coral Power, L.L.C. (Coral).⁹ On August 4, 2006, SoCal Edison amended its filing.¹⁰ This supplemental filing was published in the *Federal Register*, 71 Fed. Reg. 47,494 (2006), with interventions and protests due on or before August 25, 2006. None was filed.

⁸ SoCal Edison notes that it has revised sections 15.2 and 26 of the Revised Interconnection Agreement to reflect updates to Wildflower's contact information.

⁹ Coral notes that it has a tolling agreement with Wildflower under which it provides Wildflower with natural gas and is responsible for marketing the output of the facility. Coral also states that it is responsible for funding SoCal Edison's estimate of the costs of System Facilities and Interconnection Facilities.

¹⁰ SoCal Edison's amended filing was designated as Docket Nos. ER02-2119-005 and ER06-1189-001 (August 4, 2006 Supplemental Filing).

11. Coral protests the June 30, 2006 Compliance Filing, alleging that a specific cost item related to a metallic communication cable has been incorrectly treated as an Interconnection Facilities cost rather than a System Facilities cost. Coral also protests SoCal Edison's stated level of transmission credits; Coral asserts that SoCal Edison failed to provide for approximately \$349,186 of transmission credits plus interest for actual funding provided by Wildflower for System Facilities.

12. Coral also alleges that SoCal Edison did not support the revised costs, and that, therefore, SoCal Edison's proposed rate changes must be rejected without prejudice to SoCal Edison refile with full documentation. Coral also states that the actual costs shown on the revised rate sheets are questionable, since they are virtually the same as the estimated costs, but the allocation of the costs has been shifted toward the Interconnection Facilities for which Wildflower is responsible and away from System Facilities for which SoCal Edison is ultimately responsible.

13. SoCal Edison contends, in its supplemental filing, that it had provided worksheets detailing how it arrived at the filed rate.¹¹ Defending its cost accounting, SoCal Edison further provides that

the true-up is performed based on the costs of the entire project, not based on the various components—that is, there is one refund or one bill sent to the customer for the under- or overrun on the entire project. In sum, Wildflower's overall refund would have been identical.¹²

SoCal Edison maintains that if Coral takes issue with the overall reasonableness of SoCal Edison's costs, Wildflower must exercise its audit rights under the Revised Interconnection Agreement.

14. SoCal Edison states that the actual recorded costs for transmission credits are available; namely, \$394,644 plus interest. SoCal Edison contends that the Commission should not order it to refund the estimated costs of the System Facilities (*i.e.*, \$734,830), when the actual costs are now known. SoCal Edison proffers in support a table titled "Wildflower [Interconnection Facilities Agreement] Cost Reconciliation," as well as Interconnection Facilities final invoice documents.

¹¹ August 4, 2006 Supplemental Filing at 6 (referring to June 30, 2006 Tariff Filing, Attachment A).

¹² *Id.* at 7.

Discussion

15. Our review of the June 30, 2006 Compliance Filing, as amended, indicates that SoCal Edison correctly followed the directives of the Commission's May 31, 2006 Order. The June 30, 2006 Compliance Filing reflects the change from the original estimated costs of *only* Interconnection Facilities to the estimated costs of both Interconnection Facilities and System Facilities, consistent with the Commission's findings regarding system upgrades. Specifically, SoCal Edison allocated the original estimate of \$2,773,000 in Interconnection Facilities costs to \$989,500 of estimated System Facilities costs and \$1,783,500 in estimated Interconnection Facilities costs.

16. Coral's protest focuses on two areas: (1) an argument that a \$44,000 cost item, shown as the cost of removal of a metallic communication cable on the Devers-Garnet line, is incorrectly classified as an Interconnection Cost, and (2) the amount of transmission credits, \$394,644, plus interest, is in error. First, with respect to the \$44,000 (\$31,366 actual cost) cost at issue, SoCal Edison, in its August 4, 2006 Supplemental Filing, responds that this cost is not related to the removal of metallic communication cable on the Devers-Garnet line, but rather was for a temporary installation of a metallic communication cable on the tap line between pole 607 and Wildflower's Indigo Project.¹³ As such, SoCal Edison argues that this cost is appropriately allocated to Wildflower as an Interconnection Facilities cost. Our review indicates that SoCal Edison attached a copy of work order invoices to its August 4, 2006 Supplemental Filing, and that the work order for this item is consistent with SoCal Edison's description of the cost at issue. Additionally, Coral did not object to this explanation. Accordingly, we find that Coral's protest of this cost is in error and, therefore, Coral's request for reclassification of this cost as a System Facilities cost is denied.

17. With respect to Coral's protest regarding the amount of the transmission credits, we note that while the May 31, 2006 Order required SoCal Edison to address this issue in its compliance filing, SoCal Edison concurrently made its June 30, 2006 Tariff Filing in Docket No. ER06-1189-000, where it set forth in detail the level of the transmission credits. SoCal Edison's choice of addressing the level of the transmission credits in its June 30, 2006 Tariff Filing appears to be based on the fact that the transmission credits would reflect actual costs of all facilities at issue rather than estimated costs included in the compliance filing. We find this to be reasonable. We will discuss below Coral's protest of the level of transmission credits. Accordingly, SoCal Edison's Revised

¹³ Pole 607 is the point of interconnection where Wildflower's radial line interconnects with SoCal Edison's Devers-Garnet line.

Interconnection Agreement is accepted for filing, effective August 18, 2002, consistent with the effective date assigned to the original Interconnection Agreement in the Commission's August 16, 2002 Order.

18. Our review of the revised rate sheets in SoCal Edison's June 30, 2006 Tariff Filing indicates that the actual costs of the Interconnection Facilities and System Facilities have been adequately supported. The August 4, 2006 Supplemental Filing has a list of work orders that clearly sets forth the specific projects and the actual costs associated with those projects. We agree with SoCal Edison that the Commission has accepted such a level of cost support for similar filings. Additionally, as SoCal Edison notes, if Coral wants a further breakdown of the work orders, it should invoke the audit rights under the Interconnection Agreement. Our review of the other proposed changes included in the rate sheets indicates that they are just and reasonable. Accordingly, we will accept the revised rate sheets for filing, effective June 30, 2006, as proposed.

19. With respect to Coral's argument that the level of the transmission credits calculated by SoCal Edison is incorrect, our review indicates that SoCal Edison has, in its August 4, 2006 Supplemental Filing, adequately explained the source of the numbers and the confusion that may have existed in its original submittal. Specifically, SoCal Edison has demonstrated that the adjustment from estimated to actual was fairly insignificant, *i.e.*, approximately \$41,000. However, the change in estimated to actual for specific work orders was significant, and the transmission credits are calculated based on the actual amounts assigned to System Facilities costs. Accordingly, Coral's concerns regarding the level of the transmission credits with interest, approximately \$516,299, are dismissed.

The Commission orders:

(A) SoCal Edison's Revised Interconnection Agreement is hereby accepted for filing, effective August 18, 2002, as discussed in the body of this order.

(B) SoCal Edison's revised rate sheets to its Revised Interconnection Agreement are accepted for filing effective June 30, 2006, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.