

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 Company Services, Inc.

Docket No. ER06-1259-001

ORDER DENYING REHEARING

(Issued April 6, 2007)

1. On October 13, 2006, Alabama Municipal Electric Authority (AMEA) requested rehearing of our September 15, 2006 Order in this proceeding.¹ In that order, we accepted for filing an unexecuted amendment (Amendment) to the network integration transmission service agreement (NITSA) between AMEA and Southern Company Services, Inc. (Southern).² The Amendment directly assigned AMEA the construction and interconnection costs of a 115 kV radial line (Tuskegee Line)³ with payment due in one lump sum. In this order, we deny rehearing for the reasons discussed below.

Background

2. The Tuskegee Line is a 1.2 mile radial line connecting Southern's transmission system to a delivery point (Shorter Delivery Point) in Macon County, Alabama.⁴ The

¹ *Southern Company Services, Inc.*, 116 FERC ¶ 61,247 (2006) (*September Order*).

² Southern entered into the NITSA as agent for Alabama Power Company (Alabama Power), Georgia Power Company, Gulf Power Company and Mississippi Power Company.

³ In the *September Order*, we referred to the Tuskegee Line as the new 1.2 mile radial line running to the Shorter Delivery Point.

⁴ For a more complete background, see *September Order*, 116 FERC ¶ 61,247 at P 2-6.

Tuskegee Line and the Shorter Delivery Point were constructed for the Utilities Board of the City of Tuskegee, one of AMEA's participating municipalities. In November 2005, Southern informed AMEA that, under Southern's open access transmission tariff (OATT), AMEA would be directly assigned the costs of the Tuskegee Line for payment in one lump sum.

3. On June 2, 2006, AMEA informed Southern in writing that it refused to bear the costs of the Tuskegee Line. AMEA claimed that Southern's treatment of the Tuskegee Line was not comparable to Southern's treatment of the line running to Halla Climate Control (Halla Line), an industrial retail customer of Southern's affiliate Alabama Power Company. Specifically, AMEA alleged that Southern was unduly discriminating in favor of its affiliate by rolling the cost of the Halla Line into its system wide charge, while directly assigning the cost of the Tuskegee Line to AMEA. AMEA asserted that the costs of both lines should be allocated in the same way because the Tuskegee Line was built off of the Halla Line.

4. On June 15, 2006, Southern and AMEA signed a letter agreement stating that they would submit the Amendment to the Commission and accept the Commission's resolution of their dispute. Southern submitted the Amendment for filing on July 17, 2006. AMEA protested that direct assignment of the cost of the Tuskegee Line would violate the principle of comparability because Southern rolled-in the cost of the Halla Line. In AMEA's view, comparability required the Commission to modify the Amendment so that the costs of the Tuskegee Line were "not charged solely to AMEA, but rather rolled into the system-wide OATT rate."⁵ AMEA further argued that if the Commission approved the direct assignment it should reject the requirement of payment in one lump sum as unjust and unreasonable.⁶

September Order

5. In the *September Order*, the Commission rejected AMEA's comparability argument and accepted the Amendment for filing. The Commission concluded that comparability does not trump the Commission's longstanding rule that the costs of radial lines, like the Tuskegee Line, must be directly assigned. The Commission explained that rolled-in pricing is only appropriate for facilities that are integrated into the transmission network, since only those facilities benefit all network users.⁷ In contrast, the Commission stated that rolling in facilities not integrated with the network

⁵ See AMEA's August 7 Protest at 21.

⁶ *Id.* at 20-21.

⁷ See *September Order*, 116 FERC ¶ 61,247 at P 17.

inappropriately forces all users to subsidize facilities that benefit only one user.⁸ The Commission also pointed to its longstanding rule that a showing of any degree of integration suffices for a facility to be a network facility, and that direct assignment of costs is only allowed for non-network facilities, such as radial lines.⁹

6. With these principles in mind, the Commission concluded that whether the Tuskegee Line should be rolled-in “rests on its individual function and characteristics, not on Southern’s treatment of other lines on its system.”¹⁰ The Commission explained that “a finding of undue discrimination would not automatically justify rolled-in cost allocation” because “rolled-in pricing for specific facilities also requires a finding that those facilities are integrated.”¹¹ The Commission further explained that “[t]o hold otherwise would frustrate the rationale behind allowing rolled-in pricing, and, indeed, undermine the comparability standard by converting it into a tool to unfairly spread the cost of non-integrated facilities to all users, including users who cannot use the particular facilities at issue.”¹² The Commission held, therefore, that since the Tuskegee Line is a radial line, which AMEA acknowledged,¹³ its costs cannot be rolled-in.

7. Next, the Commission explained that, even if AMEA was able to show that Southern was engaging in undue discrimination by rolling in the cost of the Halla Line, it would still be improper to roll-in the cost of the Tuskegee Line.¹⁴ The Commission explained that if there was undue discrimination it would not be remedied by inappropriately rolling in another radial line. Instead, that would compound the error by forcing network users to unfairly subsidize an additional facility. The Commission also noted that AMEA’s reliance on *Florida Power & Light Co.*¹⁵ was misplaced. The Commission pointed out that, contrary to the result in *Florida Power & Light*, AMEA

⁸ *Id.*

⁹ *Id.* at P 18.

¹⁰ *Id.* at P 20.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at P 20 & n.9.

¹⁴ *Id.* at P 21.

¹⁵ *Florida Power & Light Co.*, 113 FERC ¶ 61,263 (2005), *reh’g denied*, 116 FERC ¶ 61,013 (2006) (*Florida Power & Light*).

was seeking to have the Commission remedy its claim of undue discrimination by rolling in the type of radial lines the Commission faulted Florida Power and Light Company (FP&L) for including in its rolled-in rate.¹⁶ The Commission explained that in *Florida Power & Light* it ordered FP&L to exclude improperly rolled-in costs, not improperly roll-in the cost of non-integrated facilities. The Commission stated that *Florida Power & Light* supported the proposition that when a potential comparability issue exists because a facility has been improperly rolled-in, the proper remedy is to exclude that facility, not improperly include a non-integrated facility.¹⁷ The Commission further explained, however, that Southern's treatment of its affiliates' radial lines was not pending before the Commission.¹⁸

8. The Commission also addressed AMEA's generalized claim that Southern books the costs of its affiliates' transmission lines to "transmission," an account rolled into Southern's system-wide transmission charge. The Commission explained that accounting does not control ratemaking, and stated that where Southern books its facilities does not dictate how the costs should be treated for ratemaking purposes.¹⁹ The Commission clarified that, for ratemaking purposes, the physical fact of integration controls cost allocation.²⁰ The Commission further stated that the way Southern books the costs to transmission does not result in rolling in the costs because they are booked at \$0.00.²¹

9. Finally, the Commission approved collecting payment in one lump sum because AMEA had presented no reason why a lump sum payment would be unjust or unreasonable, lump sum payments are not inherently suspect, and Southern had presented several other examples of direct assignment charges it collected in a lump sum.²²

¹⁶ *September Order*, 116 FERC ¶ 61,247 at P 22.

¹⁷ *Id.* at P 22.

¹⁸ *See id.* at P 21& n.12.

¹⁹ *Id.* at P 23; *Alabama-Tennessee Natural Gas Co. v. FPC*, 359 F.2d 318, 336 (5th Cir. 1966), *cert. denied*, 385 U.S. 847 (1966).

²⁰ *September Order*, 116 FERC ¶ 61,247 at P 23.

²¹ *Id.*

²² *Id.* at P 25.

AMEA's Arguments on Rehearing

10. AMEA makes four arguments on rehearing.²³ AMEA leads with a challenge to the Commission's statement that Southern's booking the costs of its affiliates' lines to transmission does not result in rolling in those costs because they are booked at \$0.00.²⁴ AMEA characterizes this statement as a Commission finding that Southern never rolls-in the costs of its affiliates' radial lines.²⁵ AMEA states that Southern never made or supported this claim.²⁶ AMEA argues that Southern only claimed to book these costs at \$0.00 *if* it directly assigns these costs and *if* the customer pays these costs.²⁷ AMEA argues that this conditional statement implies that there are instances where Southern books the costs of its affiliates' radial lines to transmission at a positive dollar amount, consequently rolling them into its OATT.²⁸ AMEA cites the Halla Line as an example.²⁹ AMEA points out that Southern never explicitly claimed to book the costs of the Halla Line at \$0.00; instead it stated that the costs of the Halla Line were booked to a transmission account and recovered under the formula rate in accordance with Southern's OATT.³⁰ AMEA faults the *September Order* for failing to acknowledge this point.

11. Second, AMEA disagrees with what it characterizes as the Commission's determination that the Commission has no jurisdiction over Southern's transmission service to Halla.³¹ AMEA argues that since Southern "apparently rolls in the costs of the Halla transmission line in Southern Companies' OATT rates, the Commission has jurisdiction over the charges for transmission service over the Halla transmission line,

²³ None of AMEA's arguments, we note, address the issue of Southern collecting payment in one lump sum.

²⁴ *See id.* at P 23.

²⁵ *See* AMEA's Rehearing Request at 10-11.

²⁶ *See id.* at 11.

²⁷ *See id.* (emphasis in original).

²⁸ *See id.*

²⁹ *See id.*

³⁰ *See id.* at 12.

³¹ *See id.* at 12-13.

irrespective of any state-jurisdictional retail charges Halla Climate Control may also be paying to Alabama Power.”³²

12. Third, AMEA disagrees with what it characterizes as the Commission’s determination that “the Commission lacks jurisdiction to grant relief in this case by rolling out the costs of the Halla transmission line.”³³ AMEA argues that the Commission has jurisdiction because it has authority over transmission service to Halla.³⁴ AMEA asserts, moreover, that the Commission has authority to remedy Southern’s undue preference for the Halla Line regardless of whether it has jurisdiction over transmission service to Halla.³⁵ In AMEA’s view, “the Commission’s authority to review or fix the rates for Commission-jurisdictional transmission service under Southern Companies’ OATT necessarily includes the authority to ‘roll out’ the costs allocable to state-jurisdictional service to Halla—in effect, to directly assign the costs of the Halla transmission line and other similar radial transmission lines to Southern’s retail jurisdiction.”³⁶ Similarly, AMEA disagrees with what it characterizes as a Commission conclusion that the Commission could not sustain a finding of undue discrimination in this case unless it has jurisdiction over transmission service to Halla.³⁷ AMEA claims that if the alleged undue discrimination “is traceable to the Commission-jurisdictional direct assignment facilities charge to AMEA—and the lack of a comparable allocation of costs of similarly situated transmission lines to Southern Companies’ retail jurisdiction—then the Commission has authority and obligations to consider that allegation.”³⁸

13. Finally, AMEA argues that the *September Order* violates section 205 of the Federal Power Act (FPA)³⁹ by accepting the Amendment without addressing Southern’s alleged discrimination or instituting another proceeding where it might be addressed.⁴⁰

³² *Id.* at 12-13.

³³ *Id.* at 13.

³⁴ *See id.* at 13-14.

³⁵ *See id.* at 14.

³⁶ *Id.* at 14.

³⁷ *Id.* at 15.

³⁸ *Id.* at 15.

³⁹ 16 U.S.C. § 824d(a) (2000).

⁴⁰ *See* AMEA’s Rehearing Request at 18.

AMEA argues that the Commission must act to remedy Southern's alleged discrimination in this or another proceeding.⁴¹ AMEA states that the Commission's citation of *Florida Power & Light* "provides no support for the Commission to simply ignore the undue discrimination inherent in Southern's non-comparable treatment of AMEA under Southern Companies' OATT."⁴² AMEA also states that the *September Order* is inconsistent with the Commission's treatment of the comparability issue in *Calpine Oneta, L.P.*,⁴³ because in *Calpine Oneta* the Commission simultaneously concluded that Calpine Oneta's reactive power rate schedule was just and reasonable and that Schedule 2 of Southwest Power Pool's (SPP) OATT was unduly discriminatory because it compensated transmission owners' own generators for reactive power service without similarly compensating independent power producers (IPP).⁴⁴ Lastly, AMEA acknowledges that it is free to file a complaint challenging Southern's alleged undue discrimination, but states that the burden of proof would be unfairly shifted to AMEA if it was forced to file.⁴⁵

Discussion

A. Matters at issue in the September Order

14. We deny rehearing. None of AMEA's arguments challenge our central holding in the *September Order*; that is, AMEA does not dispute our conclusion that rolled-in pricing is only appropriate where the relevant facilities are integrated with the network, that to warrant rolled-in pricing transmission lines must exhibit some degree of integration with the network, and that the Tuskegee Line does not meet this requirement.⁴⁶

⁴¹ *See id.* at 19.

⁴² AMEA's Rehearing Request at 19-20.

⁴³ *Calpine Oneta, L.P.*, 116 FERC 61,282 (2006) (*Calpine Oneta*).

⁴⁴ AMEA's Rehearing Request at 21-22.

⁴⁵ *See id.* at 23. We note that, in fact, AMEA has since filed a complaint in Docket No. EL06-93-000.

⁴⁶ *See September Order*, 116 FERC ¶ 61,247 at P 17-20. Indeed, AMEA acknowledges that this was the critical rationale behind our decision in the *September Order* in several places. *See* AMEA's Rehearing Request at 2, 10, 17.

15. All of AMEA's arguments on rehearing are directed to a question that is not before the Commission in this proceeding; namely, Southern's rolling in the costs of other lines, specifically certain affiliate radial lines. AMEA itself has recognized, however, that what is at issue in this proceeding is the proper allocation of costs for the Tuskegee Line.⁴⁷ AMEA's allegation that Southern improperly allocates the costs of certain affiliate radial lines, and its insistence that the Commission remedy the resulting undue discrimination, are thus outside the scope of this proceeding. Here, the only issues raised by the Amendment are whether the costs of the Tuskegee Line should be directly assigned to AMEA, and, if they are directly assigned to AMEA, whether AMEA should have to pay in one lump sum. On rehearing, AMEA has not challenged our resolution of these issues. Instead, it has faulted us for not using the *September Order* to adjudicate its allegations that Southern improperly allocates the costs of certain affiliate radial lines. That, however, is not relevant to the disposition of this case, and is not before us in this proceeding.⁴⁸

16. AMEA has changed its comparability argument in a way that illustrates its attempt to shift the focus of this proceeding away from the actual issues raised by the Amendment. Initially, recognizing that the issue presented by the Amendment was the proper allocation of costs for the Tuskegee Line, AMEA argued that comparability required the Commission to modify the Amendment "by deleting the direct assignment charge"⁴⁹ so that the costs of the Tuskegee Line would not be "charged solely to AMEA, but rather, rolled into the system-wide OATT."⁵⁰ On rehearing, however, AMEA has seemingly abandoned this argument and replaced it with the entirely new claim that comparability forbids the Commission from accepting the Amendment unless it simultaneously takes steps to adjudicate AMEA's allegations; that is, unless the Commission initiates proceedings to roll-out the costs of radial lines that AMEA has argued Southern improperly rolled-in. On rehearing, AMEA has attempted to change the subject by making this proceeding about Southern's treatment of its affiliates' radial lines instead of the proper allocation of costs for the Tuskegee Line.

17. Additionally, we disagree with AMEA's assertion that rehearing is warranted because the *September Order* did not roll-out the costs of the radial lines, if any, that Southern has improperly rolled-in to its OATT. It is well established that the Commission has broad discretion in deciding how best to organize and manage its

⁴⁷ See AMEA's September 11, 2006 Answer to Southern's Answer at 4, 12.

⁴⁸ See *September Order*, 116 FERC ¶ 61,247 at P 21 & n.12.

⁴⁹ AMEA's August 7 Protest at 5.

⁵⁰ *Id.* at 21.

proceedings.⁵¹ Here, we exercised this discretion to confine the *September Order* to the issues presented by the Amendment—the proper allocation of the Tuskegee Line’s costs and the timing of payment. AMEA’s allegations are unrelated to these issues. Using this proceeding to address other lines’ costs would be an inefficient use of Commission resources because it would have no bearing on whether we should have accepted the Amendment for filing. Besides, as AMEA expressly acknowledged, it is perfectly free to initiate a separate complaint proceeding challenging Southern’s treatment of its other lines.⁵²

B. Other Matters

18. AMEA focuses on the fact that, according to AMEA, Southern accounts for the cost of delivery points built for its affiliates by assigning them to “transmission.”⁵³ As we noted in the *September Order*, however, how Southern accounts for its costs does not control how Southern’s rates should be determined.⁵⁴ Moreover, and more importantly, Southern’s accounting does not make the Tuskegee Line an integrated facility, and it is integration with the network that is the critical determinant.⁵⁵ AMEA, as noted above, does not challenge either of these findings. Rather, AMEA focuses on a single sentence—the very last sentence in the Commission’s three page discussion of whether the cost of the Tuskegee Line should be rolled-in or directly assigned. In this regard, that single “[i]n any event” sentence says “[i]n any event, the way Southern books the costs to transmission does not result in rolling in the costs; that is, they are booked at \$0.00.”⁵⁶

⁵¹ See, e.g., *Domtar Me. Corp. v. FERC*, 347 F.3d 304, 314 (D.C. Cir. 2003); *Michigan Public Power Agency v. FERC*, 963 F.2d 1574, 1579 (D.C. Cir. 1992). Even AMEA recognizes this discretion. See AMEA’s Rehearing Request at 18-19.

⁵² AMEA’s Rehearing Request at 23; See 16 U.S.C. § 824e (2000); 18 C.F.R. § 385.206 (2006). While AMEA expresses concern that if it were to file a complaint it would bear the burden of proof, the Commission-initiated proceeding that AMEA seeks here would leave AMEA no better off as the burden of proof would still rest on the moving party. The Commission does not have the authority to change who bears the burden of proof. See 16 U.S.C. § 824e (2000); accord 5 U.S.C. § 556(d) (2000). We note that AMEA has since filed a complaint in Docket No. EL06-93-000.

⁵³ See AMEA’s Rehearing Request at 10-12.

⁵⁴ *September Order*, 116 FERC ¶ 61,247 at P 23.

⁵⁵ See *id.*; accord *id.* at P 17-20.

⁵⁶ *September Order*, 116 FERC ¶ 61,247 at P 23.

That sentence was merely describing that, when a Southern customer pays for the actual costs of the facilities, *i.e.*, when the costs of the facilities are directly assigned, the net amount is booked to transmission but is booked at \$0.00.⁵⁷ In fact, our summary of Southern's statement on this point earlier in the order was more precise.⁵⁸ So while that sentence could have been more precise, the phrasing is hardly the fatal flaw that AMEA makes it out to be.

19. We further note that AMEA mischaracterizes the *September Order*. AMEA claims that the Commission held that it has no jurisdiction over Southern's transmission service to Halla Climate Control.⁵⁹ This is incorrect. The Commission made no determination on the question. Rather, we recognized that this issue was not before us. We stated only that "[e]ven if the Commission had authority over transmission service to Halla, and undue discrimination were to be found in this case, it would still be improper to roll in the line running to the Shorter Delivery Point,"⁶⁰ acknowledging in a footnote the simple fact that "rates charged to Halla would be state-jurisdictional rates; the Commission does not set rates for service to Halla."⁶¹ When we used this language, we communicated that Southern's rates to Halla and its treatment of the Halla Line have no bearing on whether the costs of the Tuskegee Line should be directly assigned to AMEA, because *even if* the Commission were to examine the question and determine that it has jurisdiction over Southern's transmission service to Halla, and *even if* the Commission were to find undue discrimination, the Tuskegee Line remains a radial line and cannot be rolled-in.

20. AMEA next states that the Commission "essentially" concluded that it lacks jurisdiction to roll-out the costs of the Halla transmission line.⁶² AMEA then argues that the Commission does indeed have the authority to roll-out costs where necessary,⁶³ as well as to remedy undue discrimination if it is traceable to a Commission supervised

⁵⁷ Southern's August 30 Answer at 7.

⁵⁸ See *September Order*, 116 FERC ¶ 61,247 at P 13.

⁵⁹ See AMEA's Rehearing Request at 12-13.

⁶⁰ See *September Order*, 116 FERC ¶ 61,247 at P 21.

⁶¹ See *id.* at P 21 & n.11. We note that AMEA does not deny that rates charged to Halla are state-jurisdictional rates.

⁶² See AMEA's Rehearing Request at 13.

⁶³ See *id.* at 13-14.

charge.⁶⁴ AMEA has again mischaracterized the Commission's statements. There is no language in the *September Order* that can reasonably be read to reach AMEA's conclusion that the Commission determined that it lacks the jurisdiction to roll-out the costs of the Halla Line. In fact, AMEA reaches its conclusion only after truncating three sentences in the *September Order*, cutting out two phrases and a footnote. The Commission stated that "[e]ven if the Commission had authority over transmission service to Halla, and undue discrimination were to be found in this case, *it would still be improper to roll in the line running to the Shorter Delivery Point.*"⁶⁵ The Commission went on to explain that "[i]f the line running to Halla is improperly being rolled-in, the remedy is to roll that line out; that is, to directly assign it, *and not to compound the problem by rolling in the non-network radial line running to the Shorter Delivery Point.*"⁶⁶ In a footnote to the phrase "the remedy is to roll that line out," we expressly noted that "[t]his issue is not before the Commission."⁶⁷ AMEA's truncated sentence, in contrast, reads:

The Commission states in the September 15 Order that "AMEA's comparability argument must fail" because, "[e]ven if the Commission had authority over transmission service to Halla, and undue discrimination were to be found in this case," the remedy is to "roll out" or "directly assign" the costs of the Halla transmission line."⁶⁸

⁶⁴ *See id.* at 15-16. AMEA's reference to *FPC v. Conway Corporation*, 426 U.S. 271 (1976), is no more appropriate than its reference to *Florida Power & Light* discussed below. The Supreme Court's decision there did not countenance the Commission going beyond the just and reasonable wholesale rate to address the alleged undue discrimination at issue; in fact, AMEA concedes that the Commission is thus constrained by noting that the Supreme Court concluded that the Commission "must arrive at a rate level deemed by it to be just and reasonable." AMEA's Rehearing Request at 15 (quoting 426 U.S. at 279). Likewise here the Commission cannot roll in the costs of the Tuskegee Line, which AMEA has admitted is a non-integrated radial line, simply because Southern, in AMEA's view, improperly rolls in the costs of the Halla Line. *See September Order*, 116 FERC 61,247 at P 20 & nn.9-10.

⁶⁵ *See id.* at P 21.

⁶⁶ *Id.*

⁶⁷ *Id.* at P 21 & n 12.

⁶⁸ *See* AMEA's Rehearing Request at 13.

Notwithstanding AMEA's attempt to shift attention away from the fact that the Tuskegee Line is a radial line, when the sentences AMEA truncated are read to include the two phrases and footnote AMEA deleted, our meaning is clear: even if AMEA were correct and Southern indeed improperly rolls in the costs of the Halla Line, the remedy is not to compound an error by modifying the Amendment to roll-in the costs of the Tuskegee Line, which is what is at issue in this proceeding; rolling out the costs of the Halla Line, though, is not an issue before us in this proceeding.

21. In its effort to shift the focus of this proceeding away from the proper allocation of the cost of the Tuskegee Line, AMEA also has mischaracterized our discussion of *Florida Power & Light*. AMEA claims *Florida Power & Light* "provides no support for the Commission to simply ignore the undue discrimination inherent in Southern's non-comparable treatment of AMEA under Southern Companies' OATT."⁶⁹ Initially we note that it was AMEA that first raised *Florida Power & Light*, and so we discussed *Florida Power & Light* in response.⁷⁰ As we have said, the only issue in the *September Order* was the proper allocation of the costs of the Tuskegee Line. In discussing *Florida Power & Light*, we merely pointed out that AMEA's claim that *Florida Power & Light* supported rolling in the Tuskegee Line was wrong. As we explained in the *September Order*:

Florida Power and Light Company (FP&L) was improperly rolling in the costs of facilities that would have been excluded under the same test it applied to Florida Municipal Power Agency's (FMPA) facilities. As a remedy, the Commission ordered FP&L to revise its proposed rate schedules to exclude the cost of those facilities that would have been excluded under the same test applied to FMPA's facilities. Contrary to *Florida Power & Light*, AMEA would have us remedy its claim of undue discrimination here by rolling in the radial lines we faulted FP&L for including in its rolled-in rate; AMEA misses that we ordered FP&L to exclude improperly rolled-in costs, not improperly roll-in the cost of non-integrated FMPA facilities.⁷¹

22. Finally, we reject AMEA's attempt to liken this case to *Calpine Oneta*. The circumstances in *Calpine Oneta* were, put simply, different than the circumstances here. In *Calpine Oneta* the Commission determined that SPP's Schedule 2 was unduly discriminatory because it compensated transmission owners' own generators for reactive

⁶⁹ See *id.* at 19-20.

⁷⁰ See *September Order*, 116 FERC 61,247 at P 22.

⁷¹ See *id.*

power service but did not compensate IPPs.⁷² The Commission made this determination when evaluating a rate schedule filed by an IPP seeking reactive power compensation pursuant to SPP's Schedule 2. SPP's Schedule 2 was relevant to evaluating the propriety of the rate schedule at issue in that case. Here, however, Southern's treatment of other radial lines such as the Halla Line has entirely no bearing on whether the cost of the Tuskegee Line should be rolled-in or directly assigned; the answer to that question depends on whether the Tuskegee Line is or is not integrated with the network. Southern's treatment of other radial lines such as the Halla Line does not make the Tuskegee Line an integrated facility, and, as we have explained, it is integration with the network that determines whether a facility is rolled-in or directly assigned. It was neither inconsistent, nor beyond the Commission's discretion, therefore, for the Commission to determine that SPP's Schedule 2 was within the scope of the proceeding in *Calpine Oneta*, but that Southern's treatment of other radial lines such as the Halla Line is outside the scope of this proceeding.

The Commission orders:

AMEA's request for rehearing is hereby denied.

By the Commission.

(S E A L)

Philis J. Posey,
Acting Secretary.

⁷² *Calpine Oneta*, 116 FERC 61,282 at P 27.