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March 18, 2011

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Electricity Delivery and
Energy Reliability

US Department of Energy

VIA FIRST CLASS MAIL

MAR 19 2011

Anthony J. Como, Director, Siting and Permitting
Office of Electricity Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Electricity Delivery and
Energy Reliability

RE: Petition to Intervene and Request for Opportunity to Comment, OE Docket No. PP-230-4

Dear Mr. Como:

Enclosed please find fifteen copies of the "Petition to Intervene and Request for Opportunity to Comment by American Municipal Power, Inc. and Old Dominion Electric Cooperative" for filing in Docket No. PP-230-4.

Please contact the undersigned if you have any questions concerning this matter.

Very truly yours,

Thompson Coburn LLP

By
Gary J. Newell

Enclosures

cc: James Frankowski
John R. Staffier

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

International Transmission Company d/b/a/ ITC*Transmission*	))	**Docket No. PP-230-4**

PETITION TO INTERVENE AND REQUEST FOR OPPORTUNITY TO COMMENT BY AMERICAN MUNICIPAL POWER, INC. AND OLD DOMINION ELECTRIC COOPERATIVE

This docket involves a pending request by International Transmission Company d/b/a/ ITC*Transmission* ("ITC") to amend Presidential Permit PP-230-3. ITC filed its request on January 5, 2009 (hereinafter, "Amendment Request") for the purpose of modifying the existing Presidential Permit pursuant to which ITC owns and operates certain electric transmission facilities proximate to the border between Michigan and the Canadian Province of Ontario. Under the existing Permit, ITC is authorized to own and operate (among other facilities) a 675 MVA phase-angle regulating transformer ("PAR") at its Bunce Creek substation in Marysville, Michigan. That PAR failed while in service in March 2003. ITC since has purchased and installed replacement equipment in the form of two 700 MVA PARs connected in series. ITC now seeks to amend the Presidential Permit to reflect the installation of the replacement PARs.

By this submittal, American Municipal Power, Inc. ("AMP"), on behalf of itself and its members, and Old Dominion Electric Cooperative ("ODEC") hereby petition to intervene in this proceeding and request an opportunity to comment on the Amendment Request when the request is updated, as explained more fully below.

I. PETITION TO INTERVENE

A. Communications

Communications regarding this matter should be addressed to the following persons, who also should be designated for service on the Commission's official list for this proceeding:

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B. Description of Petitioners

1. AMP

AMP is a nonprofit Ohio corporation organized in 1971. The members of AMP are all political subdivisions of their respective domicile states that own and operate municipal electric utility systems, some of which also operate electric generating and distribution facilities. AMP's primary purpose is to assist its member communities in meeting their electric and energy needs, and AMP is a full or partial requirements supplier for many of its members. This purpose is served in a number of ways, including ownership of electric generation, scheduling and dispatch of member-owned generation, and through power supply and transmission arrangements that AMP makes with third parties at the request of and on behalf of its members. Currently, eighty-two of Ohio's eighty-six municipal electric systems are AMP members, as are two municipal electric systems in West Virginia, thirty in Pennsylvania, six in Michigan, five in Virginia and three in Kentucky.

AMP's members own and operate municipal electric utility facilities (including generating stations and distribution facilities) for the purpose of providing service to the public. Most of AMP's members are located in the geographic areas served by two FERC-certified RTOs: PJM and the Midwest Independent Transmission System Operator, Inc. ("MISO"). AMP and certain of its members purchase and receive transmission service from PJM and/or MISO under the RTOs' respective open access transmission tariffs. AMP and its members therefore would be directly affected by changes in system conditions that affect the economy and/or the reliability of bulk power transmission service on the systems operated by PJM and MISO.

2. ODEC

ODEC is a not-for-profit power supply electric cooperative, organized and operating under the laws of Virginia and subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC" or "Commission"). ODEC supplies capacity and energy to its eleven electric distribution cooperative members, all of which are located within the control area of PJM, a FERC-approved regional transmission organization ("RTO"). ODEC is a network transmission customer of PJM. ODEC is also a PJM Transmission Owner. ODEC is a generation-owning utility, dependent upon use of the transmission facilities under PJM's operational control to deliver the output of ODEC's generation facilities located within PJM and to deliver periodic power purchases from third party sellers to the load of its member systems in PJM's footprint. As PJM transmission customer, ODEC stands to be directly affected by the operation of the replacement PARs at issue in this proceeding, as such operation could affect the reliability and/or economy of operations of the PJM-operated transmission system.

C. Petitioners' Interests in This Proceeding

As detailed below, AMP and ODEC recently became aware of the pending ITC Amendment Request and the manner in which operation of the new PARs could, under certain circumstances, affect the cost and/or reliability of transmission service in PJM and MISO. In consideration of those potential impacts, ODEC and AMP have concluded that they (and, as to AMP, its members) have direct and substantial interests in the outcome of this proceeding. Those interests cannot be adequately represented by any other party, and, for these reasons, intervention by AMP, its members, and ODEC is justified and consistent with the public interest.

D. Grounds for Late Intervention

AMP and ODEC are intervenors in Docket No. ER11-1844 now pending before the FERC. That proceeding involves a proposal filed by MISO and ITC to allocate the costs of the

Bunce Creek PARs among themselves, the New York Independent System Operator, Inc. ("NYISO") and PJM. Through the referenced FERC proceeding, AMP and ODEC recently became aware of a disagreement as to how the costs of the PARs should be allocated and recovered. Likewise, AMP and ODEC only recently became aware of the instant DOE proceeding.

AMP and ODEC expect that the Operating Agreement that will govern the operation of the Bunce Creek PARs will be submitted to DOE as a supplement to ITC's application in the instant docket. AMP and ODEC also expect that the Operating Agreement will (or should) include provisions that address operational matters that are the source of unresolved concerns about the impacts that operation of the PARs could have on other systems, including the transmission systems operated by PJM and NYISO, if not properly coordinated.

In sum, AMP and ODEC only recently learned that the proposed amendment of Presidential Permit 230-3 implicates issues that could directly affect their interests. AMP and ODEC have acted to intervene promptly upon learning of these matters. AMP and ODEC do not request any procedural accommodations, accept the record of this proceeding as it stands, and seek only the opportunity to comment on the PARs Operating Agreement when that document is submitted to DOE as a supplement to ITC's pending Amendment Request. Accordingly, AMP and ODEC submit that no party would be prejudiced by a grant of late intervention. AMP and ODEC therefore should be permitted to intervene.

II. REQUEST FOR OPPORTUNITY TO COMMENT

As noted, AMP and ODEC seek the opportunity to comment on the Operating Agreement for the Bunce Creek PARs when it is submitted to DOE as a supplement to ITC's pending application to amend Presidential Permit 230-3. The basis for this request is as follows.

The construction, operation, maintenance, and connection of facilities at the international border of the United States for the transmission of electric energy between the U.S. and a foreign country is prohibited in the absence of a Presidential Permit issued pursuant to Executive Order (EO) 10485, as amended by EO 12038. Before a Presidential Permit may be issued or amended, DOE must determine that the proposed action is in the public interest. DOE has stated that, in making that determination, it considers: (1) the environmental impacts of the proposed project pursuant to the National Environmental Policy Act of 1969; (2) the project's impact on electric reliability by ascertaining whether the proposed project would adversely affect the operation of the U.S. electric power supply system under normal and contingency conditions: and (3) any other factors that DOE deems relevant to the public interest.[1]

The requested amendment to Presidential Permit 230-3 would authorize ITC to operate two 700 MVA PARs to replace the currently authorized 675 MVA PAR at ITC's Bunce Creek substation. The new PARs would provide a greater capability to redirect power flows around the southern side of Lake Erie than the PAR they replace.[2] It therefore is important to evaluate the potential impacts of the new PARs on other interconnected transmission systems. Potentially affected parties should be permitted to submit information and comments germane to that issue.

In more detail, although the new PARs will provide system operators with a greater ability to redirect power flows around Lake Erie, there is reason to be concerned that the operation of the PARs might not be an unqualified boon for all concerned. In this respect, there appear to be two main areas of concern.

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[1] *See* Record of Decision, *Montana-Alberta Tie Ltd.*, Docket No. PP-305, 73 Fed. Reg. 67860 (2008).

[2] In a January 27, 2010 filing by ITC in FERC Docket No. ER08-1281, ITC stated that the new PARs will be capable of redirecting up to approximately 600 MW of power flow in either direction.

First, by redirecting power flows around Lake Erie, operation of the PARs at the ITC-IESO interface will affect the loading on other transmission systems that are in the electrical path of the redirected flows.[3] Depending on conditions at the time, the resulting pattern of power flows actually could degrade the reliability and/or economy of operations on the U.S. power system. It therefore is essential that ITC and IESO coordinate the operation of the Bunce Creek PARs with neighboring transmission operators, especially PJM and NYISO. An IESO representative made this point in an October 2009 presentation to NYISO, PJM, MISO and IESO stakeholders. In reference to the full set of control devices that affect Lake Erie flows, his presentation stated:

> - All physical controls will play a complementary role in any comprehensive loop flow solution.
> - Since uncoordinated operation of physical devices could increase circulation flows, it is important that the operation of such devices by the four markets around Lake Erie be coordinated *to avoid detrimental impacts.*

Presentation by Peter Sergejewich – IESO entitled "Physical Solution," delivered at October 29, 2009 Joint Technical Conference (emphasis added).[4]

A second concern is that the mode of PARs operation that ITC contemplates (at least, as outlined in the information disclosed to date) may not be entirely practicable. ITC has stated that the purpose of the new PARs is the same as the original (but failed) unit -- namely, "to control

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[3] As the NYISO correctly pointed out in a 2009 filing with the FERC, "[t]he operation of the [Ontario-Michigan] PARs will have a profound and lasting impact on several Commission-jurisdictional markets." "Request for Clarification or, in the Alternative, Rehearing of the New York Independent System Operator, Inc.," filed August 14, 2009 in FERC Docket No. ER08-1281 (posted at http://www.nyiso.com/public/webdocs/documents/regulatory/filings/2009/08/NYISO_Rqst_CLrfctn_Rhrng_Ordr_Dsclsr_Lk_Erie_Lp_Flw_Rprt_8_14_09.pdf), at 7.

[4] The presentation is appended to the report by the NYISO filed January 12, 2010 in FERC Docket No. ER08-1281, and available on FERC's eLibrary at Accession No. 20100112-5141. The Sergejewich presentation appears at PDF pages 157 -161 of 278.

unscheduled flows so that actual flow matches scheduled flow, to the maximum extent possible." (Amendment Request at 6.) Obviously, regulating actual power flows so that they match scheduled flows on a continuous basis would require near-constant adjustments in the phase-angle shift produced by the PARs. That mode of operation, however, necessarily is subject to limitations that are inherent in the operation of phase-angle regulating devices within interconnected systems. Those limitations arise from the character of the devices themselves (*e.g.*, the precision with which phase angles can be shifted, and the frequency of tap changes that is consistent with good utility practice) as well as the interaction between the operation of the devices and the rest of the interconnection (*e.g.*, automatic generator responses triggered by the changes in flow caused by phase angle shifts). As a result, there are practical constraints on the degree to which the Bunce Creek PARs can be operated so as to achieve and maintain equality between actual power flows and scheduled power flows.

AMP and ODEC anticipate that the Operating Agreement for the new Bunce Creek PARs will reflect the extent to which the operators expect to be able to minimize unscheduled flows on a real-time basis, and how they will reconcile their planned operations to the practical operating limitations of the PARs. We expect that the Operating Agreement will spell out the details of how the PARs will be operated, including any limitations on the number of times each day the PARs may be operated, the maximum amount of allowable phase-angle shift, and contingency plans to be triggered if one or more of the PARs is overloaded or disabled. These details, in turn, will determine the extent to which the use of the Bunce Creek PARs affects the economy and reliability of operations on interconnected transmission systems.

It is for this reason that the Operating Agreement for the Bunce Creek PARs should be made available for review and comment by potentially affected parties as soon as it is submitted

by ITC as a supplement to the Amendment Request. AMP and ODEC believe that the views of potentially impacted parties should be considered in determining whether approving ITC's Amendment Request "would adversely affect the operation of the U.S. electric power supply system under normal and contingency conditions."

III. SPECIFIC RELIEF REQUESTED

Basic fairness and due process counsel strongly in favor of giving potentially affected parties an opportunity to comment on the PARs Operating Agreement. The comments of affected parties also will provide a more complete record on which DOE may base its decision on the Amendment Request.

At the same time, issues relating to the potential impacts of the Bunce Creek PARs on interconnected transmission systems are distinctly within the realm of matters that the FERC routinely addresses, and that involve technical areas that call upon the application of FERC's special expertise. It therefore would make sense for DOE to delegate to FERC the task of evaluating the potential impacts of the Bunce Creek PARs as they would be operated in accordance with the forthcoming Operating Agreement. If FERC determines that use of the PARs in accordance with the Operating Agreement would adversely affect the reliability or economy of operations on interconnected systems (*e.g.*, PJM or NYISO), it may require modifications in order to mitigate those impacts. Either way, FERC's findings in this area would be an important element in DOE's consideration of whether amending the existing Presidential Permit as requested by ITC "would adversely affect the operation of the U.S. electric power supply system under normal and contingency conditions."

Accordingly, AMP and ODEC request that DOE take the following further actions in this docket: (i) direct ITC to serve all parties to this docket with a copy of the Operating Agreement

for the Bunce Creek PARs on the same date that ITC submits the agreement as a supplement to the Amendment Request; (ii) delegate to FERC the task of evaluating the potential impacts of the Bunce Creek PARs as they would be operated in accordance with the forthcoming Operating Agreement; (iii) publish a notice in the Federal Register advising interested parties of the submission of the Bunce Creek PARs Operating Agreement and the delegation to FERC; (iv) consider and be guided by FERC's determinations in making the findings DOE is required to make pursuant to EO 10485 (as amended by EO 12038), including the finding that operation of the PARs will not adversely affect the reliability of the U.S. supply system; and (v) if and as necessary, condition a grant of the Amendment Request on modification of the Operating Agreement to eliminate or minimize adverse impacts on interconnected transmission systems.

Respectfully submitted,

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March 18, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have, on this 18th day of March, 2011, caused a copy of the foregoing document to be sent to all parties of record in this proceeding.

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