

135 FERC ¶ 61,190
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Exelon Generating Company, LLC

Docket No. ER10-1418-000

ORDER APPROVING SETTLEMENT

(Issued May 27, 2011)

1. On February 11, 2011, Exelon Generation Company, LLC (Exelon) filed a Settlement (Settlement or Settlement Agreement) establishing a revised Reliability Must-Run Rate Schedule (RMR Rate Schedule).¹ The RMR Rate Schedule sets forth the terms, conditions, and rates under which the two generating units in southeastern Pennsylvania (Cromby Unit No. 2 and Eddystone Unit No. 2, collectively, RMR Units) will operate beyond their planned May 31, 2011 deactivation date to maintain transmission system reliability pending completion of scheduled transmission system upgrades. The Commission will approve the proposed Settlement and the revised RMR Rate Schedule, subject to a compliance filing.

I. Background

2. On June 10, 2010, Exelon filed the proposed RMR Rate Schedule. On September 16, 2010, the Commission accepted the proposed RMR Rate Schedule, suspended it for a nominal period, subject to refund, to be effective on June 1, 2011, and established hearing and settlement judge procedures.² No requests for rehearing were filed.

¹ Exelon Generation Company, LLC, Electric Rate Schedule FERC No. 20.

² See *Exelon Generation Company, LLC*, 132 FERC ¶ 61,219 (2010) (September 16 Order).

3. On February 11, 2011, under Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2010), Exelon filed the Settlement Agreement which, if accepted by the Commission, will resolve all issues set for hearing in this proceeding and eliminate the need for an evidentiary hearing or further proceedings with respect to issues set for hearing. The Settlement Agreement contains, as Settlement Attachment A, a revised RMR Rate Schedule, that is amended pursuant to the terms of the Settlement Agreement.

4. On March 3, 2011, Commission Trial Staff (Trial Staff) filed comments in support of the Settlement. Trial Staff believes that the Settlement is fair, reasonable and in the public interest and does not oppose its prompt certification to and acceptance by the Commission. No other comments were filed. On March 16, 2011, the Chief Judge certified the Settlement as uncontested.

II. Settlement Agreement

5. Exelon will collect a total of \$82 million of fixed costs from ratepayers during the twelve-month RMR operating term of Eddystone Unit No. 2 and the seven-month RMR operating term of Cromby Unit No. 2, including Cromby Diesel. This represents a \$43 million reduction from Exelon's filed RMR fixed cost revenue requirement for the same period of \$125.1 million. At the end of the RMR operating term, the RMR Units are deemed to be fully depreciated under the Settlement.

6. The Settlement places certain restrictions on Exelon's RMR cost recovery. The Settlement includes a contingency that if PJM extends the RMR period for Eddystone Unit No. 2 and Cromby Unit No. 2 beyond the Rate Schedule RMR operating term, the monthly fixed-cost rates for the first year following the end of the RMR operating term will be based on an annual revenue requirement of \$45 million. If PJM extends the RMR period beyond a year, Exelon may file for different fixed-cost rates but cannot recover any further plant investment-related expenses, including depreciation expense and capital return, for the RMR Units and the fixed-cost rates will be based on a fully depreciated RMR plant investment. However, Exelon may seek to recover any new project investment in the RMR Units to maintain their operability.

7. In addition, any revenues from energy sales or market revenues attributable to RMR Units during the RMR period will be credited to the RMR fixed cost-of-service. Finally, if Exelon should operate the RMR Unit(s) after PJM determines that the unit(s) is no longer needed for transmission reliability, Exelon must refund all project investment dollars contributed by ratepayers on the same basis as costs that are allocated under the PJM Tariff.

8. The Settlement also states that consistent with the September 16 Order and pursuant to the Settlement Agreement, the revised RMR Rate Schedule will be made effective June 1, 2011.³

III. Discussion

9. The Commission finds that the proposed Settlement is fair and reasonable and in the public interest. Accordingly, the Commission approves the proposed Settlement. Rate Schedule FERC No. 20, as revised in the February 11, 2011 filing, is accepted to become effective June 1, 2011 subject to Exelon submitting in a compliance filing, within 15 days, the revised Rate Schedule No. 20 in electronic tariff format. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or interest in this proceeding.

The Commission orders:

- (A) The Settlement is approved, as discussed in the body of this order.
- (B) Rate Schedule FERC No. 20, as revised in the February 11, 2011 filing, is accepted, to become effective June 1, 2011, subject to Exelon submitting a compliance filing within 15 days of this order that establishes Rate Schedule No. 20 in electronic tariff format, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

³ Exelon further states in its February 11, 2011 filing that when it files its revised RMR Rate Schedule through the Commission's eTariff filing system, Exelon will request an effective date of June 1, 2011.