

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Department of Energy,

Portsmouth/Paducah Project Office

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Docket No. RC08-5-000

**COMMENTS
OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

The United States Department of Energy (“DOE”) owns the Portsmouth Gaseous Diffusion Plant near Piketon, Ohio. A portion of these facilities are leased to the United States Enrichment Corporation (“USEC”) which includes two, DOE owned, 345 kV transmission switchyards, X-530 and X-533. The North American Electric Reliability Corporation (“NERC”) recently listed the DOE facilities on the NERC Compliance Registry which identifies owners, operators, and users of the bulk power system. This listing will require DOE to comply with the approved reliability standards. These comments pertain to the appeal and requested stay of the April 22, 2008 decision by NERC that the DOE Portsmouth/Paducah Project Office (“PPPO”) has been registered as a Transmission Owner, Transmission Operator, Load Serving Entity, and Distribution Provider.

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission, 18 C.F.R. 385.21, the Public Utilities Commission of Ohio (“PUCO” or “Ohio” or “Ohio Commission”) respectfully submits the following comments in the above-captioned docket for the Commission’s consideration.

BACKGROUND

The United States Department of Energy owns the Portsmouth Gaseous Diffusion Plant. The USEC currently leases and operates the enrichment facilities, including the X-530 and X-533 switchyards. These two switchyards have approximately 2,200 MW of capacity and provide a point of connection to the enrichment project with OVEC's transmission system and other portions of the interstate power grid. Ownership of the switchyards and related transmission facilities rests with DOE.

On August 31, 2007, NERC provided notice to DOE that it intended to list the PPPO in the Compliance Registry, effective August 30, 2007. The Compliance Registry identifies owners, operators, and users of the bulk power system that are responsible for complying with the approved reliability standards applicable to the function for which each entity is registered. They were listed as an entity in the ReliabilityFirst ("RFC") region and would be listed as providing the function of a Transmission Owner, Transmission Operator, Load Serving Entity, and Distribution Provider. Effective October 31, 2007, NERC changed DOE functions to Load Serving Entity and Purchasing-Selling Entity.

On October 16, 2007, DOE challenged its listing in the Compliance Registry, stating that the Energy Policy Act of 2005 was not properly applied, and that the switchyards and ancillary systems do not have material impact on the bulk power system. They also state that flow is considerably less than the 1900 MW that was studied in 1976.

On April 22, 2008, NERC's Board of Trustees Compliance Committee made a ruling on the appeal. The Board found that DOE/PPPO did not meet the registry criteria for registration as a Purchasing-Selling Entity, but did meet the criteria to be registered as

a Transmission Owner, Transmission Operator, Load Serving Entity, and Distribution Provider. DOE has filed an appeal of that ruling with the FERC.

DISCUSSION

The Ohio Commission closely monitors issues that may affect reliability of the local and regional electric grid. In our most recent filing concerning this DOE facility¹, Ohio filed comments urging FERC to accept an Interconnection Agreement as filed by Ohio Valley Electric Corporation (“OVEC”). DOE failed to come to an agreement with OVEC for over one year, leaving energy users of the local and regional grids at risk. With Ohio’s intervention and the FERC mediation process, OVEC and DOE were able to reach an agreement which is currently pending at FERC. The signing of the Interconnection Agreement between OVEC and DOE will help ensure reliability in Southern Ohio, but without requiring DOE to follow the NERC approved reliability standards and allowing RFC to monitor for compliance allows maintenance to be further neglected and would permit non-certified operators to control the system. DOE needs to be registered with the Electric Reliability Organization, currently NERC, to ensure reliability.

The DOE owns two 345 kV substations and two 345 kV transmission lines. These transmission facilities are connected to OVEC and the transmission systems of Columbus Southern Power, Dayton Power & Light, Duke Energy - Ohio, and Ohio Power Company. As such, they are an integral part of the interconnected power grid in Ohio and the larger regional grids of the Midwest ISO and PJM. By not being NERC

¹ Federal Energy Regulatory Commission, Docket No. ER08-5-000, Ohio Valley Electric Corporation, Comments of The Public Utilities Commission of Ohio.

registered, DOE has put energy consumers at risk. In the absence of not following reliability standards, we fear the condition of the system could decline and affect consumers. For example, an error by a non-certified operator, coupled with an unforeseen reliability event, could result in an outage(s), negatively impacting many energy consumers throughout the eastern bulk electric system. Following reliability standards is necessary to protect energy users from undue risk.

DOE should be listed in the NERC Compliance Registry. Section 39.2 of the Commission's regulations, 18 C.F.R. § 39.2 (2007), requires each owner, operator, and user of the bulk power system to register with NERC and to comply with approved reliability standards. DOE itself states that it is the owner of the Portsmouth Gaseous Diffusion Plant², in which the 345 kV X-530 and X-533 switching stations and transmission lines are located. This admission alone is enough for DOE to be added to the NERC Compliance Registry and be held responsible to follow the approved reliability standards.

CONCLUSION

Ohio has real concerns about local and regional reliability. DOE and OVEC reached an agreement on an Interconnection Agreement relating to these two switchyards, but as long as DOE is non-compliant and operating out of the bounds of NERC and RFC, system reliability remains a concern.

² United State Department of Energy, Federal Energy Regulatory Commission Docket No. RC08-5-000, Appeal and Request for Stay of North American Electric Reliability Corporations "Board of Trustees Compliance Committee Decision on Appeal of Compliance Registry Determination (Issued April 22, 2008)", p 2.

Ohio believes that the Energy Policy Act of 2005 is clear. It states that all users, owners, and operators of the bulk-power system shall comply with reliability standards.³ DOE is the owner of the X-530 and X-533 switchyards and two 345 kV transmission lines. Since DOE is an owner of transmission facilities, they should be required to follow the adopted reliability standards.

Ohio requests that the FERC deny DOE's appeal and affirm NERC's ruling that the DOE remain on the Compliance Registry and be registered as a Transmission Owner, Transmission Operator, Load Serving Entity, and/or Distribution Provider.

Respectfully submitted,

/s/ Thomas G. Lindgren

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**Attorney for the
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³ The Energy Policy Act of 2005. Section 215(b).

CERTIFICATE OF SERVICE

I hereby certify that the foregoing have been served in accordance with 18 C.F.R. Sec. 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Thomas G. Lindgren

Thomas G. Lindgren
Assistant Attorney General

Dated at Columbus, Ohio this June 11, 2008.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/19/2008 4:05:12 PM

in

Case No(s). 93-7000-EL-FAD

Summary: Comments Comments of the PUblic Utilities Commission of Ohio in FERC Docket No. RC08-5-000, Portsmouth/Paducah Project electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio