



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

February 2, 2015

JASON A. JOHNS
Direct (503) 294-9618
jjohns@stoel.com

VIA ETARIFF FILING

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: AltaGas Ripon Energy Inc.
Application for Order Accepting Market-Based Rate Tariff, Granting Requests for
Waivers and Blanket Authority
Docket No. ER15-____-000**

Dear Secretary Bose:

Enclosed for filing is an Application for Order Accepting Market-Based Rate Tariff, Granting Waivers and Blanket Authority (“Application”) submitted by AltaGas Ripon Energy Inc. (“Applicant”). The Application requests acceptance of Applicant’s FERC Electric Tariff, which is attached to the Application as Attachment 1, under which Applicant will engage in wholesale sales of electricity, capacity, and ancillary services at market-based rates. Applicant also requests the granting of certain blanket approvals and certain waivers from Federal Energy Regulatory Commission (“Commission”) regulations. Pursuant to the Commission’s procedures relating to Combined Notice of Filings, a form of notice has not been included in the filing.

Applicant respectfully requests that the Commission accept this Application for filing and implement Applicant’s market-based rate authority effective February 5, 2015, in order to facilitate the commissioning of Applicant’s cogeneration facility. To the extent necessary to permit this effective date, Applicant respectfully requests: (i) waiver of the Commission’s prior notice requirements; (ii) any other waivers of 18 C.F.R. §§ 35.3 and 35.11 and other regulations necessary for its market-based rates to go into effect by February 5, 2015. Applicant submits that good cause for such waivers exists because Applicant raises no market power concerns and the requested effective date is needed for Applicant to maintain its commissioning schedule.

Respectfully submitted,

/s/ Jason Johns

Jason Johns
Counsel for AltaGas Ripon Energy Inc.

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

AltaGas Ripon Energy Inc.

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Docket No. ER15-_____ -000

**APPLICATION FOR ORDER ACCEPTING MARKET-BASED RATE TARIFF,
GRANTING WAIVERS AND BLANKET AUTHORITY,
AND REQUEST FOR WAIVER OF PRIOR NOTICE REQUIREMENT**

Pursuant to Section 205 of the Federal Power Act,¹ Rule 205 of the Rules of Practice and Procedures of the Federal Energy Regulatory Commission (the “Commission”),² and Part 35 of the Commission’s regulations,³ AltaGas Ripon Energy Inc. (“Applicant” or “Seller”) hereby requests that the Commission issue an order that (1) accepts Applicant’s market-based rate schedule, FERC Electric Tariff (“Tariff”) effective February 5, 2015, under which Applicant will sell electric energy, capacity, and ancillary services at market-based rates; (2) determines Applicant qualifies as a Category 1 seller in all regions other than the southwest region; and (3) waives certain Commission regulations and grants certain blanket approvals as set forth below (the “Application”). Applicant respectfully requests the Commission waive the 60-day prior notice requirement such that the Tariff is given an effective date of February 5, 2015, as such waiver will help Applicant maintain its power sales schedule.

I. COMMUNICATIONS

All communications and service with regard to this Application should be directed to the following:

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 385.205.

³ 18 C.F.R. Part 35.

Jason Johns
Attorney
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
Telephone: (503) 294-9618
Fax: (503) 220-2480
Email: jason.johns@stoel.com

Michael Halpen
AltaGas Power Holdings (U.S.) Inc.
c/o AltaGas Ltd.
1700, 355 – 4th Avenue SW
Calgary, Alberta T2P 0J1
Telephone: (403) 691-7575
Fax: (403) 691-7576
Email: michael.halpen@altagas.ca

II. DESCRIPTION OF APPLICANT AND ITS AFFILIATES

Applicant is a Delaware corporation with its principal place of business in Port Huron, Michigan. Applicant owns and operates a qualifying natural gas-fired cogeneration facility with a capacity of approximately 49.5 MW located in Ripon, San Joaquin County, California (the “Ripon Facility”). The Ripon Facility is interconnected with Pacific Gas & Electric Company (“PG&E”) within the California Independent System Operator (“CAISO”) balancing authority area (“BAA”). Applicant’s sole business is owning and operating the Ripon Facility. Currently, Applicant operates the Ripon Facility as a qualifying cogeneration facility⁴ and is committed to sell the entire output of the Ripon Facility to PG&E under a power purchase agreement that was entered into under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). However, beginning in the first quarter of 2015, Applicant will sell the entire output of the Ripon Facility to PG&E under a long-term tolling agreement that will expire on May 31, 2018.⁵ Because Applicant will no longer be selling the Ripon Facility’s output to PG&E pursuant to a PURPA contract, Applicant submits this Application for authorization to make wholesale sales of electric energy, capacity, and ancillary services at market-based rates. Applicant will own no transmission facilities other than limited interconnection facilities needed to connect the Ripon Facility with the transmission system.

⁴ Docket No. QF88-110-007.

⁵ The tolling agreement was a result of a PG&E Combined Heat and Power Request for Offers that came about from the CHP Settlement Agreement dated September 17, 2010, that was approved by the California Public Utilities Commission in Decision 10-12-035.

Applicant is a wholly-owned subsidiary of AltaGas Power Holdings (U.S.) Inc., a Delaware corporation (“AltaGas”).⁶ AltaGas is a wholly-owned subsidiary of AltaGas Services (U.S.) Inc., a Delaware corporation (“AltaGas Services”) and AltaGas Services is a wholly-owned subsidiary of AltaGas Ltd., a Canadian corporation that is publicly traded on the Toronto Stock Exchange with the symbol ALA (“AltaGas Ltd.”). AltaGas Ltd. is an energy infrastructure business that directly, and indirectly through its subsidiaries, focuses on natural gas and power assets, and regulated utilities, primarily located throughout Canada, but with some assets in the United States.

AltaGas Ltd. has three operating businesses: natural gas, power, and utilities. The natural gas business serves producers in the Western Canada Sedimentary Basin and touches more than 2 Bcf/d of natural gas including natural gas gathering and processing, natural gas liquids extraction and fractionation, transmission, storage, and natural gas marketing. Transmission pipelines deliver natural gas and natural gas liquids to distribution systems, end-users or other downstream pipelines. The power business includes 589 MW of generating capacity from gas-fired, coal-fired, wind, and run-of-river assets across Canada. Further generation is in various stages of construction and development. The utilities business is comprised of natural gas distribution utilities and a rate-regulated natural gas storage utility. AltaGas Ltd. owns utility assets that deliver natural gas to end users in Canada (Alberta, British Columbia, Nova Scotia) and the United States (Michigan and Alaska).

Through its subsidiaries, AltaGas Ltd. also develops and owns power generation projects and gas utility companies in the United States. Through its indirect subsidiary, AltaGas Utility Holdings (U.S.) Inc., AltaGas owns SEMCO Energy, Inc. (“SEMCO”), a privately-held regulated natural gas distribution utility located in Port Huron, Michigan, and Anchorage, Alaska. SEMCO holds a regulated natural gas distribution utility in Michigan through SEMCO Energy Gas Company, in Alaska through ENSTAR Natural Gas Company, and an interest in a

⁶ The Commission approved the acquisition of Applicant by AltaGas at 149 FERC ¶ 62,216 (2014).

state-regulated natural gas storage utility, Cook Inlet Natural Gas Storage Alaska, LLC. SEMCO also indirectly holds an interest in an unregulated natural gas storage facility in Michigan. SEMCO does not provide any upstream products to AltaGas or its affiliates.

AltaGas is the direct parent company to AltaGas Decker Energy Inc. (“Decker”). Decker’s wholly-owned subsidiaries, Decker Energy-Craven LP, LLC and Decker Energy-Craven GP, LLC, holds an indirect fifty percent (50%) interest in Craven County Wood Energy Limited Partnership (“Craven”). Craven is a QF that owns a 45 MW biomass-fueled facility located in the Progress Energy-Carolinas balancing authority area. Another Decker wholly-owned subsidiary, Decker Energy-Grayling, Inc., indirectly owns a sixty percent (60%) interest in Grayling Development Partners, which owns a fifty percent (50%) interest in Grayling Generating Station Limited Partnership, owner of a 38 MW net biomass-fueled QF located in Michigan, in the Midcontinent Independent System Operator BAA.

AltaGas is also direct parent company to AltaGas Renewable Energy Colorado LLC (“AltaGas Renewable”), which owns an undivided fifty percent (50%) tenants-in-common interests in an approximately 29.04 MW net windpower generating facility located in Walsenburg, Colorado, within the Public Service Company of Colorado (“PSCo”) BAA (the “Walsenburg Project”). The Walsenburg Project is committed to sell its entire output to Black Hills/Colorado Electric Utility Company, LP, under a long-term contract. AltaGas Renewable has been granted market-based rate authority⁷ and it is also an exempt wholesale generator.⁸

AltaGas also wholly owns AltaGas Brush Energy Inc., f/k/a Brush Cogeneration Partners (“Brush”). Brush, a Delaware corporation, is an EWG that has been granted market-based rate authority.⁹ Brush owns and operates a combined-cycle, natural gas-fired generating facility with

⁷ *AltaGas Renewable Energy Colorado LLC*, 140 FERC ¶ 61,089 (2012).

⁸ *AltaGas Renewable Energy Colorado LLC*, Notice of Effectiveness of Exempt Wholesale Generator Status (issued Sept. 10, 2012).

⁹ *See Rathdrum Power, LLC, et al.*, Notice of Effectiveness of Exempt Wholesale Generator or Foreign Utility Company Status (issued Feb. 6, 2007); *Brush Cogeneration Partners*, Docket No. ER06-1543-000 (Nov. 30, 2006) (letter order).

a capacity of approximately 70 MW, and associated interconnection facilities, located in Brush, Colorado. The Brush Facility is interconnected with the Public Service Company of Colorado, and the output of the Brush Facility is fully committed under a long-term power purchase agreement with a non-affiliate, Tri-State Generation and Transmission Association, Inc. (“Tri-State”) that expires December 31, 2019.

Applicant is affiliated with one market-based rate seller located in the CAISO BAA: Blythe Energy Inc. (“Blythe”). In addition, Applicant is affiliated with AltaGas Pomona Energy Inc. (“Pomona”), which currently operates a qualifying natural gas-fired cogeneration facility in the CAISO BAA and sells its output under California’s implementation of PURPA. None of Applicant’s affiliates owns or controls uncommitted generation capacity in the CAISO BAA or in a first-tier market to CAISO, except as assumed for purposes of this Application.

Blythe, a Delaware corporation, is a wholly-owned subsidiary of AltaGas. Blythe owns and operates a combined-cycle, natural gas-fired generating facility with a capacity of approximately 507 MW near Blythe, California, and a 67-mile, 230 kV interconnection line extending from its generating facility to the CAISO transmission grid. Blythe is an EWG that has been granted market-based rate authority.¹⁰ The output of Blythe’s generating facility is fully committed under a long-term tolling agreement with a non-affiliate, Southern California Edison Company (“SCE”).

Pomona, a Delaware corporation, is a wholly-owned subsidiary of AltaGas. Pomona owns and operates a qualifying natural gas-fired cogeneration facility with a capacity of approximately 44.5 MW, and associated interconnection facilities, located in Pomona, California (the “San Gabriel Facility”).¹¹ The San Gabriel Facility is interconnected with SCE and the entire output of the San Gabriel Facility is committed under an existing PURPA power purchase agreement with SCE that expires in January 2016. Because Pomona’s power purchase

¹⁰ *Blythe Energy, LLC*, 98 FERC ¶ 61,012 (2002) (granting EWG status); *Blythe Energy, LLC*, Docket Nos. ER02-2018-000, *et al.* (Sept. 12, 2002) (unreported) (granting market-based rate authority).

¹¹ QF85-93-007.

agreement expires in fewer than twelve months from the filing of this Application and Pomona has not yet executed a long-term power purchase agreement that will follow, Applicant considers Pomona's capacity as uncommitted for purposes of its horizontal market power screens.

Other than Pomona's capacity which is assumed as being uncommitted for purposes of this Application, Applicant and its affiliates own or control no uncommitted generation capacity in the CAISO market or any first-tier market thereto. The aggregate capacity of the generation owned or controlled by Applicant and its affiliates in the CAISO BAA and first-tier markets is 601 MW, all of which is fully committed to non-affiliate third parties, with the assumed exception of Pomona's 44.5 MW. A table listing the Applicant's energy affiliates and their associated assets is attached hereto as Attachment A. Neither Applicant nor any of its affiliates own or operate any transmission facilities, other than interconnection facilities necessary to connect their generating plants to the grid. In addition, neither Applicant nor any of its affiliates has a franchised utility service area, other than the SEMCO gas distribution utilities that are located in the distant Alaska and Michigan markets.

III. REQUEST FOR BLANKET AUTHORIZATION TO SELL ENERGY, CAPACITY, AND ANCILLARY SERVICES AT MARKET-BASED RATES

In granting market-based rate authority, the Commission examines whether the applicant or its affiliates possess the potential to exercise market power in generation or transmission, whether the seller or its affiliates can erect other barriers to entry, and whether there is evidence of the potential for affiliate abuse or reciprocal dealing.¹² The Commission will grant authority to sell energy and capacity at market-based rates if the seller: (1) does not have (or has adequately mitigated) horizontal market power; and (2) does not have (or has adequately

¹² See *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697 at P 3 & n.2, 119 FERC ¶ 61,295 (2007) ("Order No. 697"); *Order Clarifying Final Rule*, 121 FERC ¶ 61,260 (2007) ("Clarification Order"); *Order on Rehearing and Clarification*, 123 FERC ¶ 61,005 (2008) ("Order No. 697-A"); and *Order on Rehearing and Clarification*, 124 FERC ¶ 61,055 (2008) ("Order No. 697-B").

mitigated) vertical market power.¹³ As set forth below, Applicant satisfies both of these requirements.

Accordingly, Applicant respectfully requests the Commission's authorization to make wholesale sales of electric energy, capacity, and ancillary services at market-based rates under the attached FERC Electric Tariff.

A. Applicant Lacks Horizontal Market Power

The Commission has adopted two indicative screens to determine whether a seller of electricity has horizontal market power: (1) the uncommitted pivotal supplier screen and (2) the uncommitted market share screen.¹⁴ For each screen, the Commission takes into consideration all generation owned or controlled by the applicant and its affiliates in the relevant market. The first indicative screen—the pivotal supplier screen—evaluates the seller's ability to exercise market power “based on uncommitted capacity at the time of the balancing authority area's annual peak demand” by examining whether market demand can be met without the seller during peak hours.¹⁵ A seller is considered “pivotal” if peak demand cannot be met without energy contributions by the seller.¹⁶ The second indicative screen—the market share screen—measures for the four seasons whether a seller has a dominant position in the market using a comparison of the uncommitted capacity owned or controlled by the seller to the uncommitted capacity of the entire relevant market.¹⁷ Those sellers that fail an indicative screen are presumed to have market power. Conversely, a seller that passes the indicative screens creates a rebuttable presumption that the seller lacks horizontal market power.¹⁸

¹³ *Id.*

¹⁴ *AEP Power Marketing, Inc.*, 107 FERC ¶ 61,018 (2004) (“AEP Order”), *order on reh'g*, 108 FERC ¶ 61,026 at PP 38, 72 (2004).

¹⁵ AEP Order at P 35.

¹⁶ *Id.*

¹⁷ Order No. 697 at P 34.

¹⁸ *Id.* P 62.

The Commission has also determined that the owner of a small amount of generation, which is unlikely to possess market power, may submit streamlined applications and may simplify assumptions in its analysis where appropriate, so long as such assumptions do not affect the underlying methodology of the indicative screens.¹⁹ Accordingly, Applicant requests a waiver of the full data requirements and submits the following streamlined Application of the indicative screens for market power.

The Commission has determined that the relevant market for a generator that is interconnected to a non-affiliate owned or controlled transmission system is the balancing authority area in which the generator is located.²⁰ The Ripon Facility is interconnected to PG&E within the CAISO BAA. Accordingly, the relevant market for the purpose of assessing Applicant's generation market power is the CAISO market. On the date of this filing, Applicant and its affiliates do not own or control any uncommitted capacity in the CAISO market or first-tier markets, however Applicant has assumed that Pomona's generation capacity is uncommitted for purposes of this Application due to the coming expiration of Pomona's power purchase agreement. Consequently, assuming Pomona's capacity is uncommitted, Applicant and its affiliates will own or control only 44.5 MW of uncommitted generation capacity in the CAISO market and first-tier markets, and the CAISO market includes nearly 16,514 MW of Net Uncommitted Supply. Furthermore, Applicant's market share in the CAISO market peaks at 0.3% during the Summer season. Accordingly, Applicant clearly lacks horizontal market power in the CAISO market.

¹⁹ *Id.* P 337; AEP Order at PP 38, 69, 85, 113-117.

²⁰ *Id.* P 232 n.217. ("Where a generator is interconnecting to a non-affiliate owned or controlled transmission system, there is only one relevant market (*i.e.*, the balancing authority area in which the generator is locating.)); *see also* AEP Order at P 73 n.64, *order on reh'g*, 108 FERC ¶ 61,026 at P 31 n.25 (2004).

B. Applicant Lacks Vertical Market Power

The Commission's vertical market power prong test consists of an analysis of whether the seller and/or any affiliates possess transmission market power or whether they can erect barriers to entry.

As demonstrated in this Application, none of Applicant or its affiliates owns electric transmission facilities other than those limited, radial facilities that are necessary to interconnect generation facilities. The ownership of such interconnection facilities do not confer an owner with transmission market power.²¹ Furthermore, Applicant has included in this Application a request for open access transmission waivers routinely granted to owners of discrete, radial interconnection facilities. Accordingly, Applicant lacks transmission market power.

With respect to barriers to entry, the Commission requires that a seller describe its ownership of or control over, or affiliation with an entity that owns or controls, inputs to electric power production. The Commission has adopted a rebuttable presumption that market-based rate sellers cannot erect barriers to entry with regard to ownership, control, or affiliation to with any entity that owns or controls intrastate natural gas transportation, intrastate natural gas storage or distribution facilities for generation capacity development, and sources and transportation of coal supplies.²² However, the Commission nevertheless requires sellers to affirmatively state that they have not and will not erect such barriers.

Neither Applicant nor any of its affiliates owns or controls inputs to electricity production in the CAISO BAA or any first-tier market and none of Applicant's affiliates that own natural gas distribution and storage facilities provide upstream products to Applicant. As described in Exhibit A, Applicant is indirectly affiliated with SEMCO, which provides state-regulated gas distribution services in Michigan and Alaska. SEMCO does not operate in the CAISO market where the Ripon Facility is located or in any first-tier market. Neither Applicant nor any of its affiliates owns or controls sources of coal supplies or equipment for transporting coal supplies.

²¹ See, e.g., *Eastern Desert Power, LLC, et al*, 114 FERC ¶ 61,340 (2006).

²² Order No. 697 at P 446.

AltaGas controls three sites that are suitable for generation capacity development within the CAISO BAA, which sites support approximately 1,280 MW of wind and natural gas-fired generation capacity. Such sites, however, do not prevent third parties from accessing the CAISO market. Accordingly, Applicant states that it has not erected, and will not erect, barriers to entry.

Accordingly, Applicant satisfies the Commission's vertical market power standard for the grant of market-based rate authority.

C. Ancillary Services

Applicant also respectfully requests authorization to sell the ancillary services as set forth in the Tariff attached to this Application. Applicant has included in its tariff the Commission's standard tariff provisions for the proposed sales of ancillary services.

IV. REQUEST FOR WAIVERS, BLANKET APPROVALS, AND AUTHORIZATIONS

Applicant respectfully requests the same waivers and blanket authorizations previously afforded to other similarly situated entities authorized to sell at market-based rates,²³ including:

- Waiver of Part 41, regarding accounts, records and memoranda; Part 101, regarding the uniform system of accounts; and Part 141, regarding statements and reports, with the exception of 18 C.F.R. §§ 141.14 and 141.15;
- Waiver of Subparts B and C of Part 35 of the Commission's regulations, regarding the filing of rate schedules, except as to sections 35.12(a), 35.13(b), 35.15, and 35.16;
- Blanket approval under Section 204 of the FPA and Part 34 of the Commission's regulations for all future issuances of securities and assumptions of liability, subject to objection by an interested party; and
- Such other waivers and authorizations as the Commission may deem appropriate and necessary consistent with the authority sought herein.

²³ See, e.g., *Midway Sunset Cogeneration Company*, 115 FERC ¶ 61,184 at PP 20-21 (2006).

V. REPORTING REQUIREMENTS

Applicant agrees to comply with the reporting requirements normally imposed on entities that are permitted to sell power at market-based rates. In particular, Applicant agrees to submit quarterly transaction reports in conformance with Commission requirements set forth in Order No. 2001 and the Commission's regulations, and to comply with the other reporting requirements in compliance with Order No. 697. Applicant agrees to submit such reports even if no transactions occurred during a particular calendar quarter. In accordance with 18 C.F.R. § 35.41(c), Applicant hereby advises the Commission that it does not intend to report transaction data to publishers of electricity or natural gas price indices. Applicant will provide timely notification of any change to its transaction reporting status.

Additionally, pursuant to the requirements set forth in Order No. 652,²⁴ as updated in Order No. 697, Applicant agrees to file timely notices of any departure from the facts relied upon by the Commission in its market analysis, including affiliation with any entity that owns or controls generation or transmission facilities or inputs to electric power production or an electric utility with a franchised service area.²⁵ Applicant also agrees to notify the Commission of any changes in ownership or control of generation or transmission facilities or inputs to electric power production.²⁶ In such notices, Applicant will discuss whether these changed facts affect Applicant's authority to charge market-based rates.²⁷

VI. SELLER CATEGORY

The Commission's regulations identify two categories of sellers. Section 35.36 of the Commission's regulations define Category 1 Sellers as "wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per

²⁴ See *Reporting Requirement for Changes in Status for Public Utilities with Market-Based Authority*, Order No. 652, 110 FERC ¶ 61,097 (2005).

²⁵ 18 C.F.R. § 35.42.

²⁶ *Id.*

²⁷ See *Coastal Electric Services Co.*, 71 FERC ¶ 61,374 (1995).

region; that do not own, operate or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888, FERC Stats. and Regs. ¶ 31,036); that are not affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues.²⁸ Category 2 Sellers are all sellers that are not Category 1 Sellers.²⁹ Category 2 Sellers are required to submit updated market power analyses every three years pursuant to the Regional Market Power Update Schedule adopted in Order No. 697.³⁰ Even before commercial operation for the Ripon Facility, Applicant and its affiliates own and control over 500 MW of generation capacity in the CAISO BAA within the southwest region. Applicant and its affiliates own or control fewer than 500 MW of generation in aggregate in each of the other regions. Furthermore, neither Applicant nor its affiliates (i) own, operate or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid, (ii) are affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets, (iii) are affiliated with a franchised public utility in the same region as the seller's generation assets, and (iv) raise other vertical market power issues. Accordingly, Applicant is a Category 2 Seller in the southwest region and a Category 1 Seller in all other regions. Applicant therefore respectfully requests that the Commission designate Applicant as a Category 1 Seller in all regions other than the southwest region. Applicant and its affiliates will therefore provide the Commission with an updated market power analysis for the southwest region according to the schedule adopted in Order No. 697.

²⁸ 18 C.F.R. § 35.36.

²⁹ *Id.*

³⁰ *See* 18 C.F.R. § 35.37 and Appendix D to Order No. 697.

VII. EFFECTIVE DATE

Applicant respectfully requests that its electric tariff be granted an effective date of February 5, 2015, so that Applicant may maintain Ripon's power sales schedule in the transition away from PURPA. Applicant submits that good cause exists for the requested effective date because Applicant raises no market power concerns.

VIII. CONCLUSION

WHEREFORE, Applicant requests that the Commission issue an order accepting Applicant's FERC Electric Tariff effective February 5, 2015, and granting the waivers and authorizations requested in this Application.

DATED: February 2, 2015.

Respectfully submitted,

/s/ Jason Johns

Jason Johns
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268

Counsel for AltaGas Ripon Energy Inc.

Attachment 1

FERC ELECTRIC TARIFF

1. **Availability.** Seller will make wholesale electric energy, capacity, and ancillary services available under this Tariff to any purchaser, except as prohibited below.
2. **Applicability.** This Tariff is applicable to all sales of energy, capacity, and ancillary services by Seller not otherwise subject to a particular rate schedule of Seller.
3. **Rates.** All sales shall be made at the rates established between the purchaser and Seller.
4. **Other Terms and Conditions.** All other terms and conditions shall be established by agreement between the purchaser and Seller.
5. **Compliance with Commission Regulations.** Seller shall comply with the provisions of 18 CFR Part 35, Subpart H, as applicable, and with any conditions the Commission imposes in its orders concerning seller's market-based rate authority, including orders in which the Commission authorizes seller to engage in affiliate sales under this tariff or otherwise restricts or limits the seller's market-based rate authority. Failure to comply with the applicable provisions of 18 CFR Part 35, Subpart H, and with any orders of the Commission concerning seller's market-based rate authority, will constitute a violation of this tariff.
6. **Limitations and Exemptions Regarding Market Based Rate Authority.** Seller does not have any limitations on its market-based rate authority except as other provided in this Tariff. The Commission granted Seller in Docket No. ER15-____-000 the following waivers and blanket authorization: (a) waiver of Subparts B and C of Part 35 of the Commission's regulations requiring the filing of cost-of-service information, except for sections 35.12(a), 35.13(b), 35.15 and 35.16; (b) waiver of the requirements of Part 41 and Part 101; (c) waiver of Part 141 of the Commission's regulations concerning accounting and reporting requirements, with the exception of 18 C.F.R. §§ 141.14 and 141.15; and (d) blanket approval as to Section 204 of the FPA and Part 34 of the Commission's regulations for all future issuances of securities and debt and assumption of liabilities.
7. **Ancillary Services.**

PJM: Seller offers regulation and frequency response service, energy imbalance service, and operating reserve service (which includes spinning, 10-minute, and 30-minute reserves) for sale into the market administered by PJM Interconnection, L.L.C. ("PJM") and, where the PJM Open Access Transmission Tariff permits, the self-supply of these services to purchasers for a bilateral sale that is used to satisfy the ancillary services requirements of the PJM Office of Interconnection.

New York: Seller offers regulation and frequency response service, and operating reserve service (which include 10-minute non-synchronous, 30-minute operating reserves, 10-minute spinning reserves, and 10-minute non-spinning reserves) for sale to purchasers in the market administered by the New York Independent System Operator, Inc.

New England: Seller offers regulation and frequency response service (automatic generator control), operating reserve service (which includes 10-minute spinning reserve, 10-minute non-spinning reserve, and 30-minute operating reserve service) to purchasers within the markets administered by the ISO New England, Inc.

California: Seller offers regulation service, spinning reserve service, and non-spinning reserve service to the California Independent System Operator Corporation (“CAISO”) and to others that are self-supplying ancillary services to the CAISO.

MISO: Seller offers regulation service and operating reserve service (which include 10-minute spinning reserve and 10-minute supplemental reserve) for sale to the Midcontinent Independent System Operator, Inc. (MISO) and to others that are self-supplying ancillary services to MISO.

Southwest Power Pool: Seller offers regulation service and operating reserve service (which include 10-minute spinning reserve and 10-minute supplemental reserve) for sale to the Southwest Power Pool, Inc. (SPP) and to others that are self-supplying ancillary services to SPP.

Third-party ancillary services: Seller offers Regulation and Frequency Response Service, Reactive Supply and Voltage Control Service, Energy and Generator Imbalance Service, Operating Reserve-Spinning, and Operating Reserve-Supplemental. Sales will not include the following: (1) sales to an RTO or an ISO, *i.e.*, where that entity has no ability to self-supply ancillary services but instead depends on third parties; and (2) sales to a traditional, franchised public utility affiliated with the third-party supplier, or sales where the underlying transmission service is on the system of the public utility affiliated with the third-party supplier. Sales of Operating Reserve-Spinning and Operating Reserve-Supplemental will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except where the Commission has granted authorization. Sales of Regulation and Frequency Response Service and Reactive Supply and Voltage Control Service will not include sales to a public utility that is purchasing ancillary services to satisfy its own open access transmission tariff requirements to offer ancillary services to its own customers, except at rates not to exceed the buying public utility transmission provider’s OATT rate for the same service or where the Commission has granted authorization.

8. **Seller Category.** Seller is a Category 2 Seller, as defined by 18 CFR 35.36(a), in the Southwest region and a Category 1 Seller, as defined by 18 CFR 35.36(a), in all other regions.
9. **Effective Date.** This Tariff is effective on the date specified by the Commission. This Tariff shall continue in effect until terminated or changed in accordance with any applicable regulatory requirements.

Attachment A

AFFILIATES AND ASSETS