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ORIGINAL

July 23, 2010

BY ELECTRONIC TRANSMISSION

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 204426

RE: *Williams Flexible Generation, LLC*
Docket No. ER00-2469-~~005~~-006

FILED
SECRETARY OF THE
COMMISSION
2010 JUL 23 P 3:37
FEDERAL ENERGY
REGULATORY COMMISSION

Dear Ms. Bose:

Transmitted herewith for filing in the above-referenced proceeding on behalf of Williams Flexible Generation, LLC ("Williams Flexible Generation") is an "Amended Application for Finding as a Category 1 Seller in all Regions" (the "Amended Application"). The Amended Application amends the "Application for Finding as a Category 1 Seller" submitted by Williams Flexible Generation on June 30, 2010. Specifically, the Amended Application:

- (i) specifies that Williams Flexible Generation seeks designation as a Category 1 Seller in each of the geographic regions established by the Commission;
- (ii) explains that, while Williams Flexible Generation owns or controls generation assets of less than 500 in the southwest region, Williams Flexible Generation does not own or control generation assets in any other geographic region;
- (iii) identifies and designates the "Southwest" as the geographic region in Appendix B;
- (iv) provides the letter order citation supporting the "Limitation and Exemptions Regarding Market-Based Rate Authority" provision set out in the Williams Flexible Generation Tariff; and
- (v) deletes the "Franchised Affiliate Sales Prohibited" provision set out in the Williams Flexible Generation Tariff.

Ms. Kimberly D. Bose
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Consistent with submission of the initial Application, both "clean" and "redacted" copies of the Williams Flexible Generation Tariff are annexed to the Amended Application.

If you have any questions or need additional information, please do not hesitate to contact me at your earliest convenience. I thank you for your time and attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'E.K. Caldwell', with a long horizontal flourish extending to the right.

Excetral K. Caldwell

Pc: Kimberly Vendryes

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Williams Flexible Generation, LLC) Docket No. ER00-2469-~~005~~ 006

AMENDED APPLICATION FOR FINDING
AS A CATEGORY 1 SELLER IN ALL REGIONS

Williams Flexible Generation, LLC (“Williams Flexible Generation”), pursuant to Section 205 of the Federal Power Act,¹ Rule 205 and Rule 207 of the Commission’s Rules of Practice and Procedure,² Part 35 of the Commission’s “Rate Schedules and Tariffs” regulations³ and Order No. 697,⁴ hereby respectfully submits this Application requesting that the Commission find and designate Williams Flexible Generation a Category 1 Seller under the regulations governing market-based rates for public utilities. Pursuant to Order No. 697, the instant Application is submitted in support of Williams Flexible Generation’s continued authority to sell energy and other services under its FERC Electric Tariff and in place of an updated market power analysis. Specifically, Williams Flexible Generation respectfully requests designation as a Category 1 Seller in each of the geographic regions established by the Commission. Additionally, and as explained below, while Williams Flexible Generation owns or controls generation assets of less than 500 MW in the southwest geographic region, Williams Flexible Generation does not own or control generation assets in any other geographic region.

¹ See 16 U.S.C. § 824d.

² See 18 C.F.R. § 385.205; 18 C.F.R. § 385.207.

³ See 18 C.F.R. Part 35.

⁴ *Market-Based Rates for Wholesale Sale of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, 1119 FERC ¶ 61,295 (2007).

I. SUMMARY

Williams Flexible Generation respectfully requests designation as a Category 1 Seller in all regions. Specifically, and as explained below, Williams Flexible Generation owns, controls and/or operates generation assets (including nameplate or seasonal capacity amounts) of less than 500 megawatts. Williams Flexible Generation also satisfies the remaining categories for designation as a Category 1 Seller. Williams Flexible Generation, accordingly, respectfully requests that the Commission accept the instant Application and extend its market-based rate authorization under a Category 1 designation.

II. COMMUNICATIONS AND CORRESPONDENCE

Williams Flexible Generation respectfully requests that the following names be placed on the service list maintained for this proceeding by the Commission and that all correspondence and communication with respect to this proceeding be addressed to the following:

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III. DESCRIPTION OF THE APPLICANT

Williams Flexible Generation, a Delaware limited liability company, is headquartered in Tulsa, Oklahoma and is an indirect subsidiary of Williams Partners, L.P. ("WPZ"),⁵ which is a

⁵ By "Notice of Non-Material Change In Status," submitted March 19, 2010, Williams Flexible Generation advised the Commission of a then-recent "restructuring" by and between Williams and WPZ and the non-material impact of the restructuring on Williams Flexible Generation. The Non-Material Change In Status submitted by Williams Flexible Generation is *sub judice* before the Commission.

subsidiary of The Williams Companies, Inc. (“Williams”). Williams Flexible Generation is the owner of the Milagro Cogeneration Facility (the “Milagro QF Facility”) and is currently authorized to sell power at market-based rates.⁶ Pursuant to this market-based rate authority, Williams Flexible Generation markets to output of the Milagro QF Facility.⁷

The Milagro QF Facility is a topping-cycle facility associated with a natural gas processing facility (the “Milagro Gas Processing Plant”) owned by another Williams affiliate. The maximum net electric power production capacity of the electric power generated by the Milagro QF Facility is approximately 62 megawatts. Approximately 1.5 megawatts of electric power generated by the Milagro QF Facility is used by the Milagro Gas Processing Plant. The remaining electric power generated by the Milagro QF Facility is currently sold to a third party wholesale marketer under term agreements. The Milagro QF Facility is located in Bloomfield, New Mexico

IV. DISCUSSION

The Commission Should Find That Williams Flexible Generation Is A Category 1 Seller.

By Order No. 697, the Commission codified the terms and conditions governing the receipt of authorization to sell power and related services at market-based rates. Specifically, Order No 697 established, *inter alia*, two categories of market-based rate sellers: Category 1 Sellers, which are exempt from the requirement to automatically submit updated market power analyses and Category 2 Sellers, which are required to file an updated market power analysis in accordance with a Commission-established schedule. With respect to sellers seeking a Category 1 designation, the Commission directed such sellers to “make a filing,” explaining “why the

⁶ See *Williams Power Company*, 112 FERC ¶61,103 (2005); *Williams Flexible Generation, LLC*, Docket No. ER00-2469-000, Letter Order issued June 9, 2000.

⁷ See *Williams Gas Marketing, Inc.*, Docket Nos. ER08-303-004, ER00-2469-004, Delegated Letter Order (March 4, 2009).

seller meets the Category 1 criteria.”⁸ The filing, the Commission continued, “should include a list of all generation assets (including nameplate or seasonal capacity amounts) owned or controlled by the seller and its affiliates grouped by balancing authority area.”⁹ The Category 1 “criteria” were then identified and subsequently codified as follows:

Category 1 Sellers means wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per 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); 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 do not raise other vertical market power issues.¹⁰

Williams Flexible Generation readily satisfies the Commission-established criteria for designation as a Category 1 Seller. More specifically, Williams Flexible Generation: (i) owns or controls generation assets of 500 MW or less; (ii) does not own, operate or control transmission facilities other than the limited equipment necessary to connect individual generating facilities to the transmission grid; (iii) is not affiliated with anyone that owns, operates or controls transmission in the same region as its generation assets; and (iv) is are not affiliated with a franchised public utility in the same region as its generation assets. The limited power marketing activities of Williams Flexible Generation, finally, does not raise any other vertical market power issues. Williams Flexible Generation, accordingly, seeks a Category 1 designation.

⁸ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, 119 FERC ¶ 61,295 at P 849.

⁹ *Id.*

¹⁰ *See* 18 C.F.R. § 35.36(a)(2) (emphasis original).

VI. COMPLIANCE TARIFF AND APPENDIX B

By Order No. 697, the Commission adopted “two standard ‘required provisions that each seller must include in its market-based rate tariff: a provision requiring compliance with the Commission’s regulations and a provision identifying any limitations and exemptions regarding the seller’s market-based rate authority.”¹¹ Order No. 697 further directed that the required standard provisions “as well as any of the standard applicable provisions” be made “the next time the seller proposes a tariff change, makes a change in status filing or submits an updated market power analysis.”¹² Williams Flexible Generation, accordingly, hereby respectfully submits revised tariff pages reflecting the adoption of the required standard tariff provisions.

Similarly, by “Order Revising Market-Based Rate Tariff Authorizations,”¹³ the Commission notified market-based rate sellers that “at such time as sellers make any amendments to their market-based rate tariffs . . . sellers shall at that time remove the market Behavior Rules from their tariffs.”¹⁴ The Market Behavior Rules, accordingly, have been deleted from the Williams Flexible Generation tariff.

As required by Order No. 697, “Appendix B” is annexed hereto as Attachment I. The revised tariff pages are annexed hereto as Attachment II (Clean) and Attachment III (Redacted).

¹¹ *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, 119 FERC ¶ 61,295 at P 914.

¹² *Id.* at P 923.

¹³ *Investigation of Terms and Conditions of Public Utility Market-Based Rate Authorizations*, 114 FERC ¶ 61,165 (2006).

¹⁴ *Id.* at 61,165 (Ordering Paragraph (B)).

V. CONCLUSION

WHEREFORE, in view of the foregoing, Williams Flexible Generation respectfully requests that the Commission accept the instant Application in compliance with the requirements of Order No. 697. Williams Flexible Generation further respectfully requests that the Commission extend the Williams Flexible Generation market-based rate authorization and designate Williams Flexible Generation a Category 1 Seller in all regions.

Respectfully submitted,

WILLIAMS FLEXIBLE GENERATION, LLC



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Dated: July 23, 2010

ATTACHMENT I

Appendix B

Appendix B

Market-Based Rate Authority and Generation Assets

Filing Entity and its Energy Affiliates	Docket # where MBR authority was granted	Generation Name	Owned By	Controlled By	Date Control Transferred	Location		In-service Date	Nameplate and/or Seasonal Rating
						Balancing Authority Area	Geographic Region (per Appendix D)		
Williams Flexible Generation, LLC	ER00-2469	Milagro	Williams Field Services Group, LLC	Same	September 16, 2007	WECC	Southwest	April 1996	62 MW

Electric Transmission Assets and/or Natural Gas Intrastate Pipelines and/or Gas Storage Facilities

Filing Entity and its Energy Affiliates	Asset Name and Use	Owned By	Controlled By	Date Control Transferred	Location		Size
					Balancing Authority Area	Geographic Region (per Appendix D)	
Williams Flexible Generation, LLC	Cardinal Pipeline Company, LLC	TransCardinal Pipeline Company, LLC; PSNC Cardinal Pipeline Company and Piedmont Pipeline Company	N/A	N/A	N/A	Southeast	104 miles of 24-inch pipe

ATTACHMENT II

Williams Flexible Generation, LLC First Revised Electric Rate Schedule (Clean)

WILLIAMS FLEXIBLE GENERATION, LLC

1. **Seller Category.** Williams Flexible Generation, LLC ("WFG") is a Category 1 seller, as defined in 18 CFR 35.36(a).
2. **Availability.** WFG makes electric energy and capacity available under this Rate Schedule for wholesale purchasers with whom WFG has contracted.
3. **Applicability.** This Rate Schedule is applicable to all sales of electric energy or capacity by WFG not otherwise subject to a particular Rate Schedule of WFG.
4. **Rates.** All sales shall be made at rates established by agreement between the purchaser and WFG.
5. **Other Terms and Conditions.** All other terms and conditions of sale shall be established by agreement between purchaser and WFG.
6. **Compliance with the Commission Regulations.** Seller shall comply with the provision 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 sellers 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 authority, will constitute a violation of this tariff.
7. **Limitations and Exemptions Regarding Market-Based Rate Authority.** WFG requested and the Commission granted the following waivers and authorizations: (i) waiver of Parts 41, 45, 101 and 141 of the Commission's regulations; (ii) waiver of blanket approval as to Section 204 of the Federal Power Act and Part 34 of the Commission's regulations; (iii) waiver of Subparts B and C of Part 35 of the Commission's regulations, except for Sections 35.12(a), 35.13(b), 35.15 and 35.16. *See Williams Flexible Generation, LLC, Docket No. ER00-2469-000 (June 9, 2000) (unpublished letter order).*
8. **Effective Date.** This Rate Schedule is effective on the date specified by the Federal Energy Regulatory Commission.

ATTACHMENT III

Williams Flexible Generation, LLC First Revised Electric Rate Schedule (Redacted)

WILLIAMS FLEXIBLE GENERATION, LLC

1. **Seller Category.** Williams Flexible Generation, LLC ("WFG") is a Category 1 seller, as defined in 18 CFR 35.36(a).
2. **Availability.** WFG makes electric energy and capacity available under this Rate Schedule for wholesale purchasers with whom WFG has contracted.
3. **Applicability.** This Rate Schedule is applicable to all sales of electric energy or capacity by WFG not otherwise subject to a particular Rate Schedule of WFG.
4. **Rates.** All sales shall be made at rates established by agreement between the purchaser and WFG.
5. **Other Terms and Conditions.** All other terms and conditions of sale shall be established by agreement between purchaser and WFG.
6. **Compliance with the Commission Regulations.** Seller shall comply with the provision 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 sellers 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 authority, will constitute a violation of this tariff.
7. **Limitations and Exemptions Regarding Market-Based Rate Authority.** WFG requested and the Commission granted the following waivers and authorizations: (i) waiver of Parts 41, 45, 101 and 141 of the Commission's regulations; (ii) waiver of blanket approval as to Section 204 of the Federal Power Act and Part 34 of the Commission's regulations; (iii) waiver of Subparts B and C of Part 35 of the Commission's regulations, except for Sections 35.12(a), 35.13(b), 35.15 and 35.16. See Williams Flexible Generation, LLC, Docket No. ER00-2469-000 (June 9, 2000) (unpublished letter order).
- ~~8. **Franchised Affiliate Sales Prohibited.** No sale may be made pursuant to this Rate Schedule to any entity that is a franchised utility controlled by or under common control with, or controlling WFG.~~
98. **Effective Date.** This Rate Schedule is effective on the date specified by the Federal Energy Regulatory Commission.

CERTIFICATE OF SERVICE

I hereby certify that I have, on this 23rd day of July 2010, served the foregoing document upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.



Excetral K. Caldwell