



January 31, 2018

BY ELECTRONIC FILING

The Honorable Kimberly D. Bose, Secretary
Mr. Nathaniel J. Davis, Sr., Deputy Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**RE: Docket No. ER10-203-000
Informational Filing under Southern Companies' Open Access Transmission
Tariff**

Dear Secretary Bose:

Southern Company Services, Inc., acting as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company (collectively, "Southern Companies"), hereby provides this additional informational filing regarding Southern Companies' OATT charges for rate year 2018. As discussed further below, consistent with the informal review procedures in Attachment N to Southern Companies' Open Access Transmission Tariff (Tariff Volume No. 5) ("Tariff" or "OATT"),¹ Southern Companies have committed to implement for rate year 2018 the revised corporate tax rate that was adopted in the recently enacted, *Law to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018*, Pub. L. No. 115-97 (short titled, "Tax Cuts and Jobs Act"), in Southern Companies' charges for transmission services under their OATT.

I. Background

Southern Companies use a formula rate to calculate their OATT transmission charges, which formula rate is provided at Attachment M to their OATT. The data inputs to the formula rate are updated in accordance with the annual filing and review procedures set forth in Southern Companies' OATT, Attachment N. In accordance with those procedures, Southern Companies update those data inputs by making informational filings on or before November 1 preceding the rate year based upon budget data.² Those charges predicated upon budget data are then trued-up based upon actual data on or before May 1 of the year immediately subsequent to the rate year, with refunds or surcharges (with interest) then provided for OATT service provided during the

¹ Southern Companies' OATT is identified as the following in FERC's eTariff data base: "Alabama Power Company, OATT and Associated Service Agreements, Tariff Volume No. 5, Southern Companies OATT."

² Southern Companies' OATT, Att. N, Section 1.

rate year.³ Following the submission of each such informational and true-up filings, those procedures provide a three month “Informal Review Period” during which Southern Companies’ OATT customers may make reasonable inquiries regarding the data inputs and then have the right to file a “Formal Challenge” with the Commission should the OATT customers intend to proceed with a challenge pertaining to such matters.⁴ Southern Companies’ OATT further provides that “[c]hanges to the data inputs to the Formula Rate ... resulting from these informal ... procedures shall be incorporated into the charges produced through the operation of the Formula Rate ... as soon as reasonably practicable.”⁵

In accordance with this OATT-prescribed process, on November 1, 2018, Southern Companies made their informational filing in this docket to update their OATT transmission charges that will apply for rate year 2018 (“2018 OATT Informational Filing”). Since that informational filing was made, the Tax Cuts and Jobs Act was signed into law on December 22, 2017. This Act is expected to reduce the federal tax liability for U.S. corporations, including public utilities. Among other things, the Tax Cuts and Jobs Act reduces the corporate income tax rate from 35% to 21% effective January 1, 2018. Importantly, the informal review period for the 2018 Informational Filing closes on February 1, 2018.

II. Commitment to Reduce the Corporate Tax Rate to Calculate OATT Attachment M Charges for Rate Year 2018 Effective for Service Beginning January 1, 2018

Certain of the OATT customers have recently contacted Southern Companies about implementing the reduced corporate tax rate for purposes of calculating Southern Companies’ OATT transmission charges for rate year 2018 before the true-up filing for the 2018 rate year, which true-up filing is to be made on or before May 1, 2019 (“2018 OATT True-Up Filing”). After review and negotiations, Southern Companies have committed to do so. Counsel for these OATT customers⁶ have authorized Southern Companies to state herein that those customers support this informational filing and Southern Companies taking immediate action to so reduce their corporate tax rate.⁷

Specifically, and in accordance with Southern Companies’ OATT provision providing that changes to the OATT charges resulting from the informal review process will be made “as

³ Southern Companies’ OATT, Att. N, Section 2. In accordance with Attachment N, such refunds or surcharges are provided to Southern Companies’ transmission customers taking long-term, but not short-term, transmission service. *Id.* at Section 2(i) and n. 6 and n. 7.

⁴ Southern Companies’ OATT, Att. N, Sections 1.(g)-(l); 2.(c)-(i).

⁵ Southern Companies’ OATT, Att. N, Section 1(l).

⁶ Specifically, counsel for each of the following have provided this authorization: Alabama Municipal Electric Authority, Cooperative Energy, PowerSouth Energy Cooperative, and Southeastern Federal Power Customers, Inc. (“SFPC”). While SFPC is not technically a customer under Southern Companies’ OATT, several of SFPC’s members are.

⁷ Nothing herein limits the OATT customers’ informal review and formal challenge rights set forth in Attachment N as to be applied to the 2018 OATT True-Up Filing.

soon as reasonably practicable,” Southern Companies have committed to reduce their corporate tax rate from 35% to 21% for purposes of calculating charges for rate year 2018 under their OATT Attachment M formula rate for service commencing on January 1, 2018.

For purposes of clarification, and as recognized by these OATT customers, Southern Companies are not implementing any of the other aspects of Tax Cuts and Jobs Act at this time. Instead, all applicable aspects of the Tax Cuts and Jobs Act will be implemented for rate year 2018 for OATT purposes as part of Southern Companies’ 2018 OATT True-Up Filing, to be made on or before May 1, 2019, with refund or surcharge, as applicable, plus interest.⁸ In addition, from January 1, 2018 through January 31, 2018, Southern Companies have been offering OATT service based upon the charges posted on Southern Companies’ OASIS and filed with the Commission in this docket on November 1, 2017 in the 2018 OATT Informational Filing. On February 1, 2018, Southern Companies will revise those OASIS postings to provide the revised OATT charges that incorporate the reduction of the corporate tax rate from 35% to 21%, with offerings effective on that date and for the remainder of rate year 2018 to be predicated upon those revised charges. As part of the commitment described herein, Southern Companies will calculate January OATT billings commencing January 1, 2018 based upon these revised charges.

In addition to this transmittal letter, Southern Companies are submitting revised OATT informational schedules showing the revised OATT charges for rate year 2018 resulting from the incorporation of this change in the corporate tax rate. Specifically, the following documents are also included: (i) Informational Schedule A, which provides Southern Companies’ charges for Long-Term and Short-Term Firm Point-to-Point Transmission Service for the period of January 1, 2018,⁹ through December 31, 2018; (ii) Informational Schedule B, which lists Southern Companies’ charges for Non-Firm Point-to-Point Transmission Service for the period of January 1, 2018, through December 31, 2018; and (iii) Informational Schedule C, which shows Southern Companies’ charges for Network Integration Transmission Service for the period of January 1, 2018, through December 31, 2018.

⁸ Southern Companies’ direct assignment facilities annual charges calculated under the formula rate provided in Attachment U are not being revised at this time to reflect the impacts of the Tax Cuts and Jobs Act. These direct assignment facilities charges are also updated in accordance with the informational filing and true-up filing processes set forth in Attachment N to Southern Companies’ OATT. Accordingly, the impacts of the Tax Cuts and Jobs Act upon the calculation of such direct assignment facilities charges will be implemented for rate year 2018 as part of Southern Companies’ 2018 Attachment U true-up filing, to be made on or before May 1, 2019 in Docket No. ER14-268, with refunds or surcharges, as applicable, to be provided with interest. Importantly, the annual amounts collected through these direct assignment facilities annual charges are significantly less than those collected annually for the transmission delivery charges calculated under Southern Companies’ Attachment M formula rate.

⁹ As explained above, Southern Companies have offered OATT transmission service from January 1, 2018 through January 31, 2018 based upon the charges provided in their 2018 OATT Informational Filing on November 1, 2017 and filed in this docket. In accordance with the commitments described herein, Southern Companies will offer OATT transmission service based upon the revised charges filed herein commencing February 1, 2018, and Southern Companies will calculate 2018 OATT billings commencing January 1, 2018 based upon these revised charges.

III. LIST OF ENCLOSED MATERIALS

The following is a list of materials submitted with this filing:

- (a) Informational Schedule A: Southern Companies' Charges for Long-Term and Short-Term Firm Point-to-Point Transmission Service for Rate Year 2018;
- (b) Informational Schedule B: Southern Companies' Charges for Non-Firm Point-to-Point Transmission Service for Rate Year 2018; and
- (c) Informational Schedule C: Southern Companies' Charges for Network Integration Transmission Service for Rate Year 2018.

IV. REQUEST FOR WAIVER AND MISCELLANEOUS

Southern Companies are making this informational filing in accordance with the procedures adopted in Attachment N to Southern Companies' OATT and pursuant to the request of the OATT Customers so as to provide them immediate benefits under the OATT from the Tax Cuts and Jobs Act. In addition, Southern Companies' OATT provides that annual informational filings do not constitute rate-change filings subject to the requirements of Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2012).¹⁰ Thus, the Commission's filing regulations are not applicable.¹¹ Among other things, and as explained in the Commission's order accepting the settlement that adopted Southern Companies' OATT formula rate, the Commission stated, "[w]e **do not intend to issue public notices of [such informational] filings in the future.**"¹² Instead, and consistent with that settlement, Southern Companies will provide a copy of this filing to their OATT customers, and the revised OATT charges will be posted on OASIS.

To the extent that any of the Commission's regulations or requirements are found to apply that are not otherwise satisfied by this filing, Southern Companies respectfully request waiver.

¹⁰ See Tariff, Attachment N, Section 1(e).

¹¹ See, e.g., *United States Department of Energy*, 66 FERC ¶ 61,091, 61,128 n.10 (1994) ("Indeed, under the FPA, while rates must be submitted to the Commission for review, for formula rates the formula is the rate, and monthly and annual changes in the charge produced by the formula need not be and typically are not submitted to the Commission for review.").

¹² *Southern Company Services, Inc.*, 105 FERC ¶ 61,019 P 26 (2003) (emphasis added).

Southern Company Services, Inc. is authorized to act as agent on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company under the Tariff. Should additional information be required, please contact the undersigned attorney at the earliest possible date so that such information can be supplied expeditiously.

Sincerely,

/s/ Andrew W. Tunnell
Andrew W. Tunnell
Attorney for Southern Company Services, Inc.

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Enclosures (as stated)

cc:¹³ Long-Term Firm Point-to-Point Transmission Customers (by electronic mail)
Conditional Long-Term Firm Point-to-Point Transmission Customers (by electronic mail)
Network Integration Transmission Service Customers (by electronic mail)

¹³ The Informational Schedules included herein will be posted on OASIS on February 1, 2018, and copies of this Informational Filing will be provided to interested parties upon request.

SOUTHERN COMPANIES'

2018 OATT ANNUAL INFORMATIONAL FILING



INFORMATIONAL SCHEDULES A THROUGH C

EXHIBIT A

INFORMATIONAL SCHEDULE A

Charges for Long-Term and Short-Term Firm Point-To-Point Transmission Service

A. Charges for Bulk Transmission Service: For Firm Point-to-Point Transmission service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the sum of the applicable charges set forth below:

Bulk Transmission (voltage levels above 44/46 kV)

- | | | |
|-----|---------------------------------|--|
| (1) | Yearly delivery: | \$ 34.07590 /kW of Reserved Capacity per year. |
| (2) | Monthly delivery: | \$ 2.83966 /kW of Reserved Capacity per month. |
| (3) | Weekly delivery: | \$ 0.65531 /kW of Reserved Capacity per week. |
| (4) | On-Peak Daily delivery: | \$ 0.13106 /kW of Reserved Capacity per day. |
| (5) | Off-Peak Daily delivery: | \$ 0.09362 /kW of Reserved Capacity per day. |

B. Charges for Subtransmission Service: For Firm Point-to-Point Transmission service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the sum of the applicable charges set forth below:

Subtransmission
(voltage levels at 44/46 kV)

- | | | |
|-----|---------------------------------|--|
| (1) | Yearly delivery: | \$ 27.20732 /kW of Reserved Capacity per year. |
| (2) | Monthly delivery: | \$ 2.26728 /kW of Reserved Capacity per month. |
| (3) | Weekly delivery: | \$ 0.52322 /kW of Reserved Capacity per week. |
| (4) | On-Peak Daily delivery: | \$ 0.10464 /kW of Reserved Capacity per day. |
| (5) | Off-Peak Daily delivery: | \$ 0.07475 /kW of Reserved Capacity per day. |

C. Description of On-Peak and Off-Peak Daily delivery periods: The on-peak daily delivery charge is applicable to daily service provided on a Monday through Friday of any given week, except for the six (6) holidays recognized by NERC. The off-peak daily delivery charge is applicable to service provided on a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level on any given day during such week. In addition, for service at the subtransmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level on any given day during such week.

D. Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by any customer's wholesale merchant or an affiliate) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

EXHIBIT B

INFORMATIONAL SCHEDULE B

Charges for Non-Firm Point-To-Point Transmission Service

A. Charges for Bulk Transmission Service: For Non-Firm Point-To-Point Transmission Service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the sum of the applicable bulk charges set forth below:

Bulk Transmission
(voltage levels above 44/46 kV)

- | | | |
|-----|----------------------------------|--|
| (1) | Monthly delivery: | \$ 2.93572 /kW of Reserved Capacity per month. |
| (2) | Weekly delivery: | \$ 0.67747 /kW of Reserved Capacity per week. |
| (3) | On-Peak Daily delivery: | \$ 0.13549 /kW of Reserved Capacity per day. |
| (4) | Off-Peak Daily delivery: | \$ 0.09678 /kW of Reserved Capacity per day. |
| (5) | On-Peak Hourly delivery: | \$ 8.47 /MW of Reserved Capacity per hour. |
| (6) | Off-Peak Hourly delivery: | \$ 4.03 /MW of Reserved Capacity per hour. |

B. Charges for Subtransmission Service: For Non-Firm Point-To-Point Transmission Service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the sum of the applicable bulk charges set forth below:

Subtransmission
(voltage levels at 44/46 kV)

- (1) **Monthly delivery:** \$ 2.26728 /kW of Reserved Capacity per month.
- (2) **Weekly delivery:** \$ 0.52322 /kW of Reserved Capacity per week.
- (3) **On-Peak Daily delivery:** \$ 0.10464 /kW of Reserved Capacity per day.
- (4) **Off-Peak Daily delivery:** \$ 0.07475 /kW of Reserved Capacity per day.
- (5) **On-Peak Hourly delivery:** \$ 6.54 /MW of Reserved Capacity per hour.
- (6) **Off-Peak Hourly delivery:** \$ 3.11 /MW of Reserved Capacity per hour.

C. Description of On-Peak and Off-Peak Daily delivery periods: The on-peak daily delivery charge is applicable to daily service provided on a Monday through Friday of any given week, except for the six (6) holidays recognized by NERC. The off-peak daily delivery charge is applicable to service provided on a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level on any given day during such week. In addition, for service at the subtransmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level on any given day during such week.

D. Description of On-Peak and Off-Peak Hourly delivery periods: The on-peak hourly delivery charge is applicable to hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (Prevailing Central Time), on a Monday through Friday, except on the six (6) holidays recognized by NERC. The off-peak hourly charge is applicable to service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (Prevailing Central Time) and during all hours of a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any day, pursuant to reservation(s) for hourly service, shall not exceed the daily delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level in any given hour during such day. In addition, for service at the subtransmission level, the total demand charge in any day, pursuant to reservation(s) for hourly

service, shall not exceed the daily delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level in any given hour during such day.

E. Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by any customer's wholesale merchant or an affiliate) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

EXHIBIT C

INFORMATIONAL SCHEDULE C

Charges for Network Integration Transmission Service

A. Charges for Bulk Transmission Service: For Network Integration Transmission Service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the applicable charges set forth below:

- 1) **Yearly delivery:** \$ 35.22869 /kW-year.
- 2) **Monthly delivery:** \$ 2.93572 /kW-month.

B. Charges for Subtransmission Service: For Network Integration Transmission Service provided during the period January 1, 2018, through December 31, 2018, the Transmission Customer shall compensate the Transmission Provider each month for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the applicable charges set forth below:

- 1) **Yearly delivery:** \$ 27.20732 /kW-year.
- 2) **Monthly delivery:** \$ 2.26728 /kW-month.