UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Mankato Energy Center, LLC Docket No. EL21-36

Mankato Energy Center II, LLC

**Public Citizen Motion For Expedited Action To Determine That J.P. Morgan Chase Is Affiliated With IIF**

A recent Commission order clarifying affiliation of investors that have officers on a utility’s board of directors is a precedent requiring FERC to expeditiously order JP Morgan to be affiliated with IIF and all of IIF’s entities with market based rates.

The Commission’s October 20, 2022 *Order on Notice of Change In Status re Evergy Kansas Central, Inc. et al* determined that a hedge fund that owns less than 10% of the utility’s voting shares is deemed affiliated with the utility because the “investor’s own officer or director” serves on the utility’s board of directors.[[1]](#footnote-1)

JP Morgan Chase is one of many institutional investors in IIF with holdings under 10%. JP Morgan’s financial investment in IIF includes a management and incentive fee that “is intended to align J.P. Morgan Investment’s interests with those of IIF US Holding 2’s investors.”[[2]](#footnote-2) But unlike all of IIF’s other institutional investors that hold only limited partner rights with no ability to influence or control IIF management (regardless of the size of their financial stake), JP Morgan is the exclusive investment manager of IIF, and IIF’s three “owners” have delegated IIF’s day-to-day management to JP Morgan’s team of executives operating out of JP Morgan’s Manhattan office tower and are solely dedicated to managing IIF (which is necessary, as IIF has zero employees, and no office space outside of JP Morgan's). Even if JP Morgan had no financial investment in IIF, the particulars of its role as IIF’s investment manager should render JP Morgan to be affiliated with IIF.

Compounding this legal arrangement that conveys upon JP Morgan the clear ability to control IIF’s day-to-day operations, JP Morgan's executives serve on the board of directors of several of the IIF companies, including El Paso Electric (a franchise utility with captive customers). JP Morgan executives Andrew “Landy” Gilbert and Preston T. Scherer both serve on the board of El Paso Electric.[[3]](#footnote-3)

When the Commission’s *Evergy* precedent is applied here, it is plain that JP Morgan Chase must be deemed an affiliate of IIF and all of the IIF companies, including Mankato and El Paso Electric. Public Citizen therefore moves that the Commission immediately designate JP Morgan Chase & Co to be an affiliate of IIF and all IIF-controlled companies with market based rates.

Respectfully submitted,

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1. At 44 and 45, 181 FERC ¶ 61,044, Docket Nos. ER20-67-001, ER20-113-001 and ER20-116-001, https://elibrary.ferc.gov/eLibrary/filelist?accession\_num=20221020-3091 [↑](#footnote-ref-1)
2. January 6, 2020 *Response to Deficiency Letter*, FERC Docket No. EC19-120, at page 7. [↑](#footnote-ref-2)
3. www.epelectric.com/company/about-epe/board-of-directors [↑](#footnote-ref-3)