

SUBMITTED VIA E-TARIFF FILING

February 16, 2018

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: *PJM Interconnection, L.L.C.*
Docket Nos. **ER17-419-000**
ER17-419-003
ER17-419-004**

Dear Ms. Bose:

Pursuant to the January 18, 2018 letter order issued by the Federal Energy Regulatory Commission (“Commission” or “FERC”) in the above-captioned proceeding,¹ Transource Pennsylvania, LLC (“Transource Pennsylvania”) and Transource Maryland, LLC (“Transource Maryland”) (each a “Company” and together the “Companies”) submit this filing in compliance with the directives of the January 18 Order.² Specifically, each Company submits compliance revisions to its transmission Formula Rate Template (“Template”) in response to the Commission’s directives in the January 18 Order.

I. DOCUMENTS INCLUDED WITH THIS FILING

In addition to this transmittal letter and associated records for the eTariff database, this filing includes the following components, each reflecting revisions consistent with the January 18 Order and in Excel format:

¹ *PJM Interconnection, L.L.C.*, 162 FERC ¶ 61,032 (2018) (“January 18 Order”).

² For the purposes of cost recovery in PJM Interconnection, L.L.C. (“PJM”), each Company meets the definition of Transmission Owner as defined by Schedule 12.a.iv of PJM’s Open Access Transmission Tariff, <http://www.pjm.com/~media/documents/agreements/tariff.ashx> (“PJM Tariff”). Pursuant to Order No. 714, this filing is submitted by PJM on behalf of Transource Pennsylvania and Transource Maryland as part of an XML filing package that conforms with the Commission’s regulations and the December 1, 2016 Notice of Additional eTariff Type of Filing Codes in Docket No. RM01-5-000. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, the Companies have requested PJM submit this filing in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

- Exhibit A: A clean version of the revised Transource Pennsylvania Template;
- Exhibit B: A clean version of the revised Transource Maryland Template;
- Exhibit C: A red-lined version of the revised Transource Pennsylvania Template; and
- Exhibit D: A red-lined version of the revised Transource Maryland Template.

II. COMPLIANCE FILING

In the January 18 Order, the Commission conditionally approved an uncontested settlement filed on behalf of the Companies to resolve the base return on equity (“ROE”) used in each Company’s Template.³ The Commission’s approval of the Settlement was conditioned on the removal of Attachment 2, entitled “Incentive ROE,” from each Company’s respective Template in a compliance filing to be submitted within 30 days of the January 18 Order.⁴ The Commission interpreted the Settlement as rendering Attachment 2 unnecessary. In particular, the Commission found that the Companies “will not have an incentive ROE other than the agreed-upon 9.9 percent base ROE, plus the 50 basis point ROE adder authorized by the Commission,” and the Companies “agreed not to renew, reapply for, or re-file their request for a risk-based adder for the Project.”⁵

In directing the Companies to remove Attachment 2 from each Company’s Template, the January 18 Order sweeps more broadly than is consistent with the terms of the Settlement. The Settling Parties⁶ agreed that the Companies would not seek additional risk-based ROE incentives for the competitive elements of a particular project known as PJM Market Efficiency Project 9A (referred to in the Settlement and herein as the “Project”).⁷ However, the Settlement does not contemplate or include a similar commitment with respect to any other future projects that the Companies may construct in PJM. The Companies’ Formula Rates are available to recover the costs of future projects in PJM, and the Settlement does not restrict the Companies from seeking risk-based ROE incentives for such other projects.

³ See Offer of Settlement, Docket No. ER17-419-003 (filed Oct. 2, 2017) (“Settlement”).

⁴ January 18 Order at PP 4-5.

⁵ *Id.* at P 4 (*quoting* Settlement at Article III.C).

⁶ The following parties intervened in this proceeding, did not oppose the Settlement, and together with the Companies constitute the “Settling Parties”: the Delaware Public Service Commission, the Maryland Public Service Commission, Old Dominion Electric Cooperative, Mid-Atlantic MCN LLC, the New Jersey Division of Rate Counsel, the Maryland Office of People’s Counsel, American Municipal Power, Inc., and the Pennsylvania Office of Consumer Advocate.

⁷ Settlement at Article III.C (“[T]he Companies will withdraw the components of their timely Request for Rehearing concerning their request for a risk-based ROE adder *for the Project*. The Companies further agree not to renew, reapply for, or re-file their request for a risk-based ROE adder *for the Project*”) (emphasis added); *id.* at Article I (defining “Project” as “the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A”); *id.* at Article I, n.3 (“Market Efficiency Project 9A is identified by PJM as baseline projects b2743 and b2752, and includes the competitive components to be developed by the Companies, as well as several transmission upgrades that will be built by the incumbent utilities.”).

Consistent with the apparent intent of the January 18 Order to clarify the Template by incorporating the restrictions contained in Article III.C of the Settlement, this compliance filing would add a new Note C to Attachment 2 in each of the Templates to clarify, consistent with the Settlement, that Attachment 2 will not be used for the competitive elements of PJM Market Efficiency Project 9A. This addition to Attachment 2 clarifies the Template to explicitly incorporate the restriction agreed to in the Settlement.

The Companies note that the Settlement includes typical language providing that

[i]f the Commission by order conditions its approval of the Settlement . . . the Settlement shall be deemed withdrawn, shall not be considered to be part of the record in this proceeding, shall not become effective and shall be null and void, unless all of the Settling Parties, within ten (10) business days of the issuance of the Commission order, subject to extension by agreement of all the Settling Parties, either (i) accept the Commission's modifications and conditions, or (ii) modify the Settlement to address or obviate the Commission's concerns.⁸

The Companies consulted with the other Settling Parties within 10 business days of the January 18 Order and they have each authorized the Companies to represent that they consent to the changes to the Templates reflected in this filing. Accordingly, Article VII.7 of the Settlement would only need to be revisited if this compliance filing is not accepted or is accepted by the Commission subject to further conditions.

III. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,⁹ PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region¹⁰ alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

⁸ Settlement at Article VII.7.

⁹ See 18 C.F.R. §§ 35.2(e) & 385.2010(f)(3) (2017).

¹⁰ PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected state commissions.

IV. CONCLUSION

For the reasons set forth above, the Companies request that the Commission accept this filing in compliance with the January 18 Order, and accept for filing the Companies' revised Formula Rate Templates included in Exhibits A and B without condition or modification.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Douglas W. Smith _____

Douglas W. Smith

Justin P. Moeller

Van F. Smith

Van Ness Feldman, LLP

1050 Thomas Jefferson Street, NW

Seventh Floor

Washington, DC 20007

(202) 298-1800

*Attorneys for Transource Pennsylvania, LLC
and Transource Maryland, LLC*

Attachments: Exhibits A-D

Appendix A

Clean version of revised
Transource Pennsylvania
Formula Rate Template

(filed as stand-alone Excel worksheet)

Appendix B

Clean version of revised
Transource Maryland
Formula Rate Template

(filed as stand-alone Excel worksheet)

Appendix C

Red-lined version of revised
Transource Pennsylvania
Formula Rate Template

(filed as stand-alone Excel worksheet)

Appendix D

Red-lined version of revised
Transource Maryland
Formula Rate Template

(filed as stand-alone Excel worksheet)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2017).

Dated at Washington, D.C. this 16th day of February, 2018.

/s/ Justin P. Moeller

Justin P. Moeller
Van Ness Feldman, LLP
1050 Thomas Jefferson Street, NW
Seventh Floor
Washington, DC 20007
(202) 298-1800