



Introduction to Jurisdictional and Legal Considerations Related to Connect and Manage

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PJM previously presented on different but related [jurisdictional considerations](#) at the September 15, 2025 CIFP meeting, and PJM will re-review those materials.

The Federal Power Act prohibits FERC from giving “any **undue** preference or advantage to any person or subject[ing] any person to any **undue** prejudice or disadvantage.” 16 U.S.C. § 824e(a) (emphasis added).

- Not all discrimination is prohibited: only *undue* discrimination and *unreasonable* differences in rates among similarly situated customers are barred.
- Rates are not unduly preferential or unreasonably discriminatory if the utility can justify the disparate effects.

There can be undue discrimination under the FPA only when a utility treats two *similarly situated* customers differently *without a justification based on some legitimate factor* for the different treatment.

- “[D]ifferential treatment does not necessarily amount to undue preference where the difference in treatment can be explained by some factor deemed acceptable by the regulators (and the courts).” *Town of Norwood v. FERC*, 202 F.3d 392, 402 (1st Cir. 2000).
- Facts must justify differing treatment in rates. *See, e.g., Pub. Serv. Co. of Ind., Inc. v. FERC*, 575 F.2d 1204, 1211 (4th Cir. 1978).

“FERC may properly grant the utilities reasonable latitude in setting rate classifications based on general characteristics of customer groups.” *Cities of Bethany, et. al. v. FERC*, 727 F.2d 1131, 1138 (D.C. Cir. 1984) (accepting customer classifications because “Cities and the Coops have different customer profiles and load characteristics”).

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Member Hotline

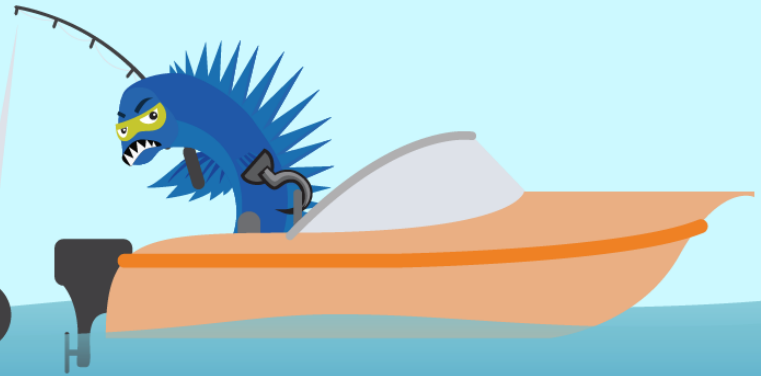
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