179 FERC ¶ 62,096
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PJM Settlement, Inc.   Docket No. ES22-32-000

ORDER AUTHORIZING ISSUANCES OF SECURITIES

(Issued May 19, 2022)

On March 25, 2022, PJM Settlement, Inc. (Applicant) filed an application pursuant to section 204 of the Federal Power Act[1] requesting authorization to issue guarantee obligations in an amount not to exceed $220.6 million at any one time and provide a line of credit in an amount not to exceed $170 million. Applicant states that it was created by PJM Interconnection, L.L.C. (PJM) to be the counterparty to market participants and facilitate efficient cash flow management for PJM and its customers.

Applicant also requests waiver from the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2(a) (2021).

The filing was noticed on March 28, 2022, with comments, protests, or interventions due on or before April 15, 2022. The Independent Market Monitor for PJM filed a timely motion to intervene. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2021)).

On February 21, 2003, the Commission issued an order announcing four restrictions on all future public utility issuances of secured and unsecured debt.[2] First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested, the debt must follow the asset and also be divested. Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested, then a proportionate share of the debt must follow the divested non-utility asset. Finally, if utility assets financed by unsecured debt are divested to another entity, then a proportionate share of the debt must also be divested.

Applicant is authorized to issue the securities subject to the interest rates as stated

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[1] 16 U.S.C. § 824c (2012).

[2] *Westar Energy, Inc.*, 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003) (*Westar*).

in the application. Applicant satisfies the two times interest coverage ratio; therefore, it can be reasonably expected that the proposed issuances of securities will not impair Applicant's ability to perform service as a public utility.

This authorization is based upon the terms and conditions and for the purposes specified in the application subject to the following conditions:

(1) This authorization is effective from May 26, 2022 through May 25, 2024;

(2) The securities are subject to the Commission's restrictions on secured and unsecured debt as outlined above and in *Westar*;

(3) The requested waiver for the securities from the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2 (2021) is granted;

(4) This authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission; and

(5) Nothing in this letter order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this letter order relates.

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation - West, under 18 C.F.R. § 375.307 (2021). This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2021).

Steven T. Wellner, Director
Division of Electric Power
Regulation - West

Document Content(s)