

158 FERC ¶ 61,062
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

January 26, 2017

In Reply Refer To:
PJM Interconnection, L.L.C.
Mid-Atlantic Interstate
Transmission, LLC
Docket Nos. ER17-214-001
ER17-216-001
(not consolidated)

PJM Interconnection, L.L.C.
2750 Monroe Boulevard
Audubon, PA 19403

Attention: Steven R. Pincus

Alston & Bird, LLP
950 F Street, NW
Washington, DC 20004

Attention: Kenneth G. Jaffe

Dear Mr. Pincus and Mr. Jaffe:

1. On October 28, 2016, PJM Interconnection, L.L.C (PJM) and Mid-Atlantic Interstate Transmission, LLC (MAIT) jointly submitted two filings pursuant to section 205 of the Federal Power Act (FPA)¹ to facilitate the integration of MAIT into PJM, with a requested effective date of January 1, 2017. The first filing, submitted in Docket No. ER17-214-000, includes proposed revisions to PJM's Open Access Transmission Tariff (Tariff) and the Amended and Restated Operating Agreement

¹ 16 U.S.C. § 824d (2012).

of PJM (Operating Agreement). The second filing, in Docket No. ER17-216-000, contains proposed revisions to the Consolidated Transmission Owners Agreement (Transmission Owners Agreement).²

2. On December 28, 2016, the Commission issued a deficiency letter requesting additional information regarding the filings in Docket Nos. ER17-211-000,³ ER17-214-000, and ER17-216-000 (Deficiency Letter). On January 6, 2017, MAIT submitted a response in Docket Nos. ER17-214-001 and ER17-216-001 that is limited to question 8 in the Deficiency Letter, which sought information regarding the retention of the existing Metropolitan Edison Company (Met-Ed) and Pennsylvania Electric Company (Penelec) rate zones as opposed to creating a new MAIT zone (Deficiency Letter Response).⁴ The Deficiency Letter Response also amends the requested effective date for the proposed revisions to the PJM Agreements from January 1, 2017 to February 1, 2017.⁵

3. In its response, MAIT states that the purpose of the proposed revisions is to reflect MAIT's acquisition of the transmission facilities of Met-Ed and Penelec. MAIT explains that its proposal to maintain separate Met-Ed and Penelec Zones is consistent with Commission precedent that "has held on numerous occasions that it is just and reasonable for a transmission owner to employ more than one zone for transmission service in an [regional transmission organization], including PJM, which applies license plate rates for

² PJM states that the Transmission Owners Agreement revisions are filed by PJM on behalf of the PJM Transmission Owners Agreement Administrative Committee. The Tariff, Operating Agreement and Transmission Owners Agreements that are at issue in the instant proceedings will be referred to as the "PJM Agreements."

³ In Docket No. ER17-211-000, PJM submitted a proposed formula rate template and formula rate protocols that would be applicable to MAIT (MAIT Formula Rate Filing).

⁴ Deficiency Letter at 10.

⁵ See Appendix.

transmission service.”⁶ MAIT further asserts that combining the Met-Ed and Penelec zones would result in negative market impacts and would change the existing transmission cost allocations in PJM, which would result in an unintended and unexpected cost shifts to customers.⁷

4. According to MAIT, the proposed revisions to the PJM Agreements are a precondition of MAIT’s acquisition of Met-Ed and Penelec’s transmission facilities. Thus, MAIT requests that the Commission approve the PJM Agreements effective February 1, 2017, in order to allow it to begin providing transmission service as of that date.⁸ If, by February 1, 2017, the Commission has not yet approved the Formula Rate Filing in Docket No. ER17-211-000, MAIT intends to file a notice of succession to the existing transmission rates of Met-Ed and Penelec and provide transmission service at those rates during the period between February 1, 2017 and the date when the Commission allows MAIT’s formula rate to go into effect.⁹

5. Notice of PJM’s initial filings in Docket Nos. ER17-214-000 and ER17-216-000 was published in the *Federal Register*, 81 Fed. Reg. 76,575 (2016), with protests and interventions due on or before November 18, 2016. Timely motions to intervene in both proceedings were filed by American Municipal Power, Inc., Mehoopany Wind Energy LLC, New Jersey Division of Rate Counsel, Pennsylvania Office of Consumer Advocate, and PPL Electric Utilities Corporation. Exelon Corporation filed a timely motion to intervene in Docket No. ER17-214-000. Met-Ed Industrial Consumer Group and Penelec Industrial Customer Alliance filed timely motions to intervene in Docket No. ER17-216-000. Notices of intervention were filed in both proceedings by the New

⁶ Deficiency Response at 4-5 (referencing *ITC Holdings Corp.*, 143 FERC ¶ 61,257, at P 124 (2013), *reh’g denied*, 146 FERC ¶ 61,111 (2014) (“the Commission has become more flexible with respect to license plate pricing, and has accepted its continued use for existing and new local facilities on a long-term basis....”). *See also Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,081 (2008); *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,063 (2007), *order on reh’g and compliance filing*, 122 FERC ¶ 61,082, *order denying reh’g*, 124 FERC ¶ 61,033 (2008); *PJM Interconnection, L.L.C.*, 96 FERC ¶ 61,061 (2001), *order on compliance filing*, 101 FERC ¶ 61,345 (2002), *order on reh’g*, 104 FERC ¶ 61,124 (2003); *Ameren Corp.*, 131 FERC ¶ 61,240, at PP 11, 20 (2010)).

⁷ Deficiency Response at 10.

⁸ *Id.* at 2.

⁹ *Id.* at n.3.

Jersey Board of Public Utilities, and the Pennsylvania Public Utility Commission. On November 30, 2016, Retail Energy Supply Association (RESA) filed a motion to intervene out-of-time and protest. On December, 6, 2016, IMG Midstream LLC filed a motion to intervene out-of-time. On December 15, 2016, MAIT filed an answer to RESA's protest.

6. Notice of the Deficiency Letter Response in Docket Nos. ER17-214-001 and ER17-216-001 was published in the *Federal Register*, 82 Fed. Reg. 5558 (2017). On January 10, 2017, the Commission issued an errata notice in Docket Nos. ER17-214-001 and ER17-216-001 shortening the comment date to January 17, 2016. Met-Ed Industrial Consumer Group and Penelec Industrial Customer Alliance (collectively, Industrial Customer Groups) filed comments in Docket No. ER17-216-001.

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2016), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceeding in which they were filed. In addition, pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2016), the Commission will grant IMG Midstream LLC and RESA's late-filed motions to intervene given their interest in these proceedings, the early stage of the proceedings, and the absence of undue prejudice or delay.

8. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2016), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We accept MAIT's answer because it provides information that assisted us in our decision-making process.

9. In its protest, RESA argues that MAIT should be required to provide its formula rate update on September 1, rather than October 31 each year. RESA further asserts that MAIT should be required to conduct quarterly meetings with interested stakeholders to provide updates and estimates of MAIT's transmission investment deployments that will be captured in the next formula rate annual update.¹⁰

¹⁰ RESA Protest at 4-6.

10. In its answer, MAIT asserts that RESA's motion to intervene was submitted out-of-time and should be rejected.¹¹ In addition, MAIT notes that RESA raises no issues with the proposed revisions in Docket Nos. ER17-214-000 and ER17-216-000. Rather, RESA's concerns relate to the MAIT Formula Rate Filing. MAIT asserts that because RESA's concerns stem from the separate and distinct MAIT Formula Rate Filing, the Commission should not delay action on, condition, or otherwise modify the tariff revisions proposed in the separate, distinct, and unconsolidated instant proceedings.¹²

11. In their response to the Deficiency Response, Industrial Customer Groups support maintaining separate Met-Ed and Penelec zones arguing that combining these zones could result in: negative market impacts and consequences to PJM transmission cost allocation, an adverse impact to existing supply agreements and business operations for customers who have negotiated electricity supply agreements with competitive suppliers, and regulatory uncertainty, thus, increasing risk premiums imposed by competitive suppliers for customers negotiating supply agreements for a future period.¹³ Finally, because MAIT intends to provide transmission service at the existing transmission rates of Met-Ed and Penelec between February 1, 2017, and the date the Commission permits the MAIT Formula Rate Filing to become effective, Industrial Customer Groups ask that the Commission confirm that Met-Ed's and Penelec's existing transmission rates will apply during this period.¹⁴

12. As supplemented by the information that MAIT provides in its Deficiency Response with respect to maintaining the separate Met-Ed and Penelec zones, we will accept the proposed revisions to the PJM Agreements, effective February 1, 2017, as requested.¹⁵

¹¹ MAIT states that it recognizes that RESA's motion to intervene was submitted in Docket Nos. ER17-211-000, ER17-214-000, and ER17-216-000. In addition, while MAIT admits that the Commission extended the deadline for interventions and comments to November, 30, 2017, MAIT asserts that the Commission did so only for Docket No. ER17-211-000. MAIT Answer at n.2.

¹² *Id.* at 3.

¹³ Industrial Customer Groups Comments at 4-5.

¹⁴ *Id.* at 5-6.

¹⁵ *See* Appendix.

13. We acknowledge MAIT's commitment, should the Commission not act by February 1, 2017, to file a notice of succession to the existing transmission rates of Met-Ed and Penelec, and provide transmission service at those rates during the period between February 1, 2017 and the effective date of MAIT's Formula Rate. We confirm that the Commission has not explicitly authorized the MAIT formula rate to become effective. Therefore, MAIT would need to file a notice of succession in order for the tariff sheets to be populated from an effective rate under such a scenario.

14. We find that RESA's concerns relate to the need for revisions to MAIT's proposed formula rate protocols, which are outside the scope of the instant proceedings. We agree with MAIT that the proper forum for RESA's protest is in the MAIT Formula Rate Filing proceeding. Finally, we note that our acceptance of the PJM Agreements in the instant proceedings is not intended to constitute a ruling on either MAIT's or JCP&L's Formula Rate Filing that remain pending before the Commission.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

APPENDIX

The following eTariff records are addressed in the above order:

Docket No. ER17-214-001

PJM Interconnection, L.L.C., Intra-PJM Tariffs, O-P-Q, OATT Definitions – O – P - Q, 12.1.0; SCHEDULE 1A, OATT SCHEDULE 1A, 7.1.0; SCHEDULE 12.APPENDIX 5, OATT SCHEDULE 12.APPENDIX 5 Metropolitan Edison Company, 15.1.0; SCHEDULE 12.APPENDIX 7, OATT SCHEDULE 12.APPENDIX 7 Pennsylvania Electric Company, 16.1.0; SCHEDULE 12.APPX A - 5, OATT SCHEDULE 12.APPENDIX A - 5 Metropolitan Edison Company, 8.1.0; SCHEDULE 12.APPX A - 7, OATT SCHEDULE 12.APPENDIX A - 7 Pennsylvania Electric Compan, 8.1.0; OATT ATT K APPX Sec 5.3, OATT Attachment K Appendix Sec 5.3 Unscheduled Transm, 3.1.0; ATTACHMENT L, OATT ATTACHMENT L List of Transmission Owners, 9.1.0; O-P, OA Definitions O - P, 12.1.0; OA Schedule 1 Sec 5.3, OA Schedule 1 Sec 5.3 Unscheduled Transmission Serv (Loop), 2.1.0; OA SCHEDULE 12, OA SCHEDULE 12 - PJM MEMBER LIST, 33.1.0.

Docket No. ER17-216-001

PJM Interconnection, L.L.C., Rate Schedules, ATTACHMENT A, TOA-42 ATTACHMENT A TO THE CONSOLIDATED TRANSMISSION OWNERS, 12.1.0.

Document Content(s)

ER17-214-001.DOCX.....1-7