

196 FERC ¶ 61,008
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

Grid Growth Ohio, LLC
Grid Growth Ohio EHV, LLC

Docket Nos. ER26-1655-000
ER26-1655-001
EL26-76-000

ORDER ON TRANSMISSION INCENTIVES, TARIFF FILING, INITIATING A
PROCEEDING PURSUANT TO SECTION 206 OF THE FEDERAL POWER ACT,
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES, AND
DIRECTING A COMPLIANCE FILING

(Issued July 2, 2026)

1. On March 6, 2026, Grid Growth Ohio EHV, LLC (Grid Growth Ohio EHV) and Grid Growth Ohio, LLC (Grid Growth Ohio) (collectively, Grid Growth) filed, pursuant to sections 205 and 219 of the Federal Power Act (FPA),¹ part 35 of the Commission's regulations,² Order No. 679,³ and the Commission's November 15, 2012 policy statement on transmission rate incentives,⁴ a request to: (1) implement formula rates for Grid Growth Ohio EHV and Grid Growth Ohio, consisting of a formula rate template (Formula Rate Template) and formula rate protocols (Protocols) (together, Formula Rate) under the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (Tariff)

¹ 16 U.S.C. §§ 824d, 824s.

² 18 C.F.R. pt. 35 (2025).

³ *Promoting Transmission Inv. Through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057, *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61,345 (2006), *order on reh'g*, 119 FERC ¶ 61,062 (2007).

⁴ *Promoting Transmission Inv. Through Pricing Reform*, 141 FERC ¶ 61,129 (2012) (Transmission Incentives Policy Statement).

for each company; and (2) establish certain incentive rate treatments for each company for the Grid Growth Project (Project).⁵

2. In this order, we accept the tariff records to be effective May 6, 2026, and institute a proceeding under FPA section 206⁶ establishing hearing and settlement judge procedures with respect to the Formula Rate Template and directing compliance with respect to the Protocols. We find that Grid Growth's proposed Formula Rate Template has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful, and establish hearing and settlement judge proceedings to examine the Formula Rate Template, including, but not limited to, the proposed return on equity (ROE) as discussed below. Additionally, we find that Grid Growth's proposed Protocols are unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful and direct certain changes, as discussed below.

3. We grant Grid Growth's requested transmission incentives, effective July 3, 2026, for: (1) recovery of 100% of prudently incurred costs in the event that all or part of the Project must be abandoned for reasons outside the control of Grid Growth (Abandoned Plant Incentive); (2) inclusion of 100% construction work in progress (CWIP) in rate base (CWIP Incentive); (3) a hypothetical capital structure of 60% equity and 40% debt until the project is placed into service (60/40 Hypothetical Capital Structure Incentive); and (4) recovery of all prudently incurred pre-commercial costs and establishment of a regulatory asset for such expenses incurred prior to the time costs first flow through to customers (Pre-Commercial Incentive),⁷ as discussed below.

4. We also grant Grid Growth's request for authorization to assign the approved incentives to any subsidiary of Grid Growth Ventures, LLC (Grid Growth Ventures) created to pursue and complete the Project.

5. Finally, subject to the procedures established below, we grant Grid Growth's request for authorization to replicate its Formula Rate and certain incentives granted in this proceeding for future affiliates formed to operate in PJM.

⁵ See Appendix for the tariff record accepted in this order.

⁶ 16 U.S.C. § 824e.

⁷ As part of the Pre-Commercial Incentive, we also grant authorization to accrue monthly carrying charges, compounded semi-annually, on the regulatory asset balance beginning on the effective date of the Commission's approval of this incentive until the regulatory asset is included in rate base, as requested.

I. Background and Filing

A. The Applicants

6. Grid Growth states that Grid Growth Ventures, LLC (Grid Growth Ventures) is a joint holding company among American Electric Power Company, Inc. (AEP), through its subsidiary Transource, Energy LLC (Transource Energy), and FirstEnergy Transmission, LLC (collectively, Participants).⁸ Grid Growth states that Grid Growth Ventures has been pre-qualified as a Designated Entity pursuant to section 1.5.8(a) of the PJM Operating Agreement. According to Grid Growth, Grid Growth Ventures was formed to develop and invest in competitive transmission projects across PJM.⁹

7. Grid Growth states that Grid Growth Ohio EHV is a wholly owned subsidiary of Grid Growth EHV Holdings, LLC, which is a jointly owned subsidiary of Grid Growth Ventures and Transource Energy.¹⁰ Grid Growth states that Grid Growth Ohio EHV was formed to construct, finance, own, operate, and maintain new extra high voltage projects in Ohio that are assigned through the competitive transmission developer selection process under the PJM Regional Transmission Expansion Plan (RTEP) process outlined in Schedule 6 of the PJM Operating Agreement. Grid Growth notes that Grid Growth Ohio EHV has been pre-qualified as a Designated Entity and is expected to execute a Designated Entity Agreement for the Project. Grid Growth states that Grid Growth Ohio EHV is expected to execute the PJM Consolidated Transmission Owners Agreement, and all transmission facilities constructed by Grid Growth Ohio EHV will be transferred to

⁸ Grid Growth notes that Transource Energy is a joint venture of AEP's affiliate, AEP Transmission Holding Company, LLC (86.5%) and Evergy Transmission Company, LLC (13.5%). Transmittal at 4 n.11. Additionally, Grid Growth states that FirstEnergy Transmission is a transmission company that is owned by FirstEnergy Corp. (50.1%) and North American Transmission Company II L.P., a special investment vehicle controlled by Brookfield Corporation (49.9%). *Id.* at 4 n.12. Grid Growth also notes that each Participant holds a 50% interest in Grid Growth Ventures. *Id.* at 4.

⁹ *Id.* (citing PJM, Intra-PJM Tariffs, Operating Agreement, Schedule 6, § 1.5, (Procedure for Development of the Regional Transmission Expansion Plan) (29.1.0), § 1.5.8(a)). Unless otherwise specified, all capitalized terms herein shall have the same definition as in the PJM Tariff.

¹⁰ *Id.* at 4 n.14. Grid Growth notes that Grid Growth Ventures holds an 80% interest, and Transource Energy holds a 20% interest, in Grid Growth EHV Holdings. Grid Growth states that, as a result, Transource Energy effectively holds a 60% interest, and FirstEnergy Transmission holds a 40% interest, in Grid Growth Ohio EHV.

the functional control of PJM.¹¹ Grid Growth asserts that Grid Growth Ohio EHV will develop and own the extra high voltage portions of the Project.¹²

8. Grid Growth states that Grid Growth Ohio is a wholly owned subsidiary of Grid Growth Ventures. According to Grid Growth, Grid Growth Ohio was formed to construct, finance, own, operate, and maintain transmission projects in Ohio that are assigned through the PJM RTEP process. Grid Growth notes that Grid Growth Ohio has been pre-qualified as a Designated Entity and is expected to execute a Designated Entity Agreement and the PJM Consolidated Transmission Owners Agreement. Grid Growth states that all transmission facilities constructed by Grid Growth Ohio will be transferred to the functional control of PJM. Grid Growth states that Grid Growth Ohio will develop and own the non-extra high voltage portions of the Project.¹³

B. The Project

9. Grid Growth states that the Project consists of multiple components, including five new greenfield transmission line segments located in western Ohio. Grid Growth explains that four of these lines will operate at 765 kV and span a total of approximately 189 miles and will be constructed, owned, and maintained by Grid Growth Ohio EHV. Grid Growth further explains that one segment consists of a new, approximately 137-mile line that will cross the Indiana-Ohio border to connect the Greentown substation in Indiana to the Melissa substation in Ohio and that the other three 765 kV segments include new lines from the Marysville substation to the Melissa substation, the Adkins substation to the West Millersport substation, and the Conesville substation to the Guernsey substation. Grid Growth notes that the fifth component will consist of 345 kV transmission lines spanning approximately 32 miles between the Beatty substation and the Melissa substation, and will be constructed, owned, and maintained by Grid Growth Ohio. Grid Growth states that Grid Growth Ohio EHV and Grid Growth Ohio have been granted Designated Entity status for their respective portions of the Project. Grid Growth states that the total estimated cost of the Project is approximately \$1.076 billion, and all five components of the Project are expected to be in service by the end of 2031. Grid Growth adds that once in service, Grid Growth Ohio EHV and Grid Growth Ohio will transfer functional control of their respective transmission facilities to PJM.¹⁴

¹¹ *Id.* at 5 (citing PJM, Rate Schedules, TOA-42, Consolidated Transmission Owners Agreement (0.0.0)).

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.* at 7-8.

10. Grid Growth explains that the Project is part of a larger portfolio of transmission projects referred to as the Ohio Seven Year Solution, which was recently approved by the PJM Board as part of the 2025 RTEP Window 1. Grid Growth explains that the Project, along with the other components comprising the Ohio Seven Year Solution, were selected to resolve 2030 and 2032 reliability violations in and around Columbus, Ohio, in the western area of the PJM region. Grid Growth notes those components of the Ohio Seven Year Solution not being developed by Grid Growth will be developed and owned by incumbent utilities, and all incumbent utility work is expected to accommodate an in-service date on or before the end of 2031.¹⁵

C. Grid Growth's Request

11. Grid Growth requests that the Commission accept for filing the proposed Formula Rate for each of the companies and authorize the requested incentive rate treatments, effective May 6, 2026.¹⁶

12. Grid Growth requests that the Commission authorize any Grid Growth Ventures subsidiaries created to pursue and complete the Project to use the Formula Rate, base ROE, and the incentives granted in response to this application. Grid Growth also requests that the Commission authorize it to use the Formula Rate, base ROE, 60/40 Hypothetical Capital Structure Incentive, and Pre-Commercial Incentive for future transmission projects other than the Project or modifications to the Project.¹⁷

II. Notice of Filing and Responsive Pleadings

13. Notice of Grid Growth's filing was published in the *Federal Register*, 91 Fed. Reg. 11974 (Mar. 11, 2026), with interventions and protests due on or before March 27, 2026.

14. Timely motions to intervene were filed by Public Citizen, Inc.; New Jersey Division of Rate Counsel; and Buckeye Power, Inc. Timely motions to intervene and protests were filed by Office of the Ohio Consumers' Counsel (OCC); American Municipal Power, Inc. (AMP); and Maryland Office of People's Counsel (MPC).

¹⁵ *Id.* at 8.

¹⁶ *Id.* at 1-4. Grid Growth contends that each of the Grid Growth company's proposed formula rates are identical in all substantive respects. *Id.* at 2.

¹⁷ *Id.* at 39.

15. On March 31, 2026, Old Dominion Electric Cooperative filed a motion to intervene out-of-time. On April 7, 2026, the Northeast Ohio Public Energy Council (NOPEC) filed a motion to intervene out-of-time and protest.

16. On April 13, 2026, Grid Growth submitted an answer to the protests filed by OCC, AMP, MPC, and NOPEC.

17. On April 23, 2026, a deficiency letter was issued informing Grid Growth that its filing was deficient and requesting additional information (Deficiency Letter). On May 6, 2026, Grid Growth filed a response to the Deficiency Letter (Deficiency Response).

18. Notice of Grid Growth's May 6, 2026 amendment was published in the *Federal Register*, 91 Fed. Reg. 25875 (May 12, 2026), with interventions and protests due on or before May 27, 2026.

19. On May 8, 2026, Ohio Federal Energy Advocate filed a motion to intervene.

20. On May 27, 2026, AMP submitted a motion for leave to answer and answer to Grid Growth's April 13, 2026 answer and Grid Growth's May 6, 2026 Deficiency Response.

21. On June 11, 2026, Grid Growth submitted a motion for leave to answer and answer to AMP's May 27, 2026 answer.

III. Discussion

A. Procedural Matters

22. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

23. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant the late-filed motions to intervene given these entities' interests in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

24. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2025), prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

B. Substantive Matters**1. Grid Growth Formula Rate****a. Formula Rate Template****i. Grid Growth Filing**

25. Grid Growth proposes forward-looking Formula Rates to determine its actual transmission revenue requirement (ATRR). Grid Growth states that the Formula Rates provide for recovery of a return on rate base, income taxes, taxes other than income taxes, depreciation and amortization expenses, and operation and maintenance expenses, less any revenue credits. For rate base, Grid Growth explains that transmission plant balances are calculated based on 13-month averages, except for accumulated deferred income taxes, for which the average of the beginning and end-of-year balances are allocated based on the factors identified on Attachment 4a and included as a component of rate base for balances that are not specifically prorated.¹⁸

26. Grid Growth contends that the proposed Formula Rates are consistent with Commission-approved ratemaking methodologies and contain sufficient specificity to operate without discretion in their implementation. Although the Grid Growth Formula Rate Template does not currently include cost containment provisions, Grid Growth proposes to utilize a column in Attachment 1 to the Formula Rate Template that enables each company to incorporate and reflect project-specific competitive adjustments to the Projected Transmission Revenue Requirement (PTRR) and ATRR for purposes of future competitive solicitations. Grid Growth states that any such adjustments will be reflected through Column 13 of Attachment 1 to the Formula Rate Template in the determination of the PTRR and ATRR.¹⁹

ii. Responsive Pleadings

27. AMP argues that Grid Growth's proposal raises material issues of fact that cannot be resolved based on the current record. For example, AMP contends, Grid Growth proposes to include Account 105, Electric Plant Held for Future Use, but not Accounts 187 or 256, Deferred Losses or Gains from Disposition of Utility Plant, or Accounts 411.6 or 411.7, Gains and Losses (respectively) from Disposition of Utility Plant, which are necessary, as indicated in the instructions to Account 105.²⁰ AMP argues that Grid

¹⁸ *Id.* at 10-12, 18-19.

¹⁹ *Id.* at 18-19.

²⁰ AMP Protest at 4-6.

Growth's cash working capital allowance contains non-cash charges that are improper to include.²¹ AMP further argues that Grid Growth must demonstrate the reasonableness of allocating all prepayments to rate base using the Gross Plant allocator as prepaid utility expenses tend to be for administrative and general expenses that are generally allocated using the Wages & Salaries allocator. AMP argues that Grid Growth should be required to provide a hypothetical example of its intended allowance for funds used during construction (AFUDC) calculations.²² AMP contends that Grid Growth's proposal to limit the unfunded reserves it will include in rate base to only those related to Workers Compensation and General Liability limitation is arbitrary, inappropriate, and unreasonable as unfunded reserves are cost-free capital to the utility and should not be so arbitrarily limited.²³ AMP also contends that AFUDC calculations on tabs "5a-Debt Cost" and "5b-Construction Debt" are atypical and should not be approved without sufficient opportunity for customers to review.²⁴ AMP states that Grid Growth's Formula Rate Template contains provisions that do not return regulatory liabilities even though they contain provisions for recovering regulatory assets, which AMP argues is unreasonable.²⁵

28. Additionally, AMP asserts that there are further deficiencies where information is needed to ensure that wholesale rates do not recover operational expenses that are not properly calculated, including: (1) shareholder-oriented incentive compensation must be excluded from rates, including capitalized amounts, (2) Grid Growth's proposal to allocate payments in lieu of taxes (PILOT) to general plant is unreasonable, and (3) the Formula Rate Template appears to include Account 255, Accumulated Deferred Investment Tax Credits, in rate base while also reflecting investment tax credits in the income tax allowance, but Note C fails to make clear that only one, not both, may be utilized.²⁶

²¹ *Id.* at 6; AMP Answer at 5-7.

²² AMP Protest at 6-7; AMP Answer at 7.

²³ AMP Protest at 7.

²⁴ *Id.*

²⁵ *Id.*; AMP Answer at 8-9.

²⁶ *Id.* at 7-9; AMP Answer at 10.

iii. Grid Growth's Answer

29. Grid Growth argues that its Formula Rate Template's treatment of rate base and Operations and Maintenance (O&M) expenses is consistent with Commission precedent and should be accepted as filed.²⁷ Grid Growth asserts that AMP's arguments concerning the calculation of rate base are unsupported and should be rejected because Grid Growth's proposed Formula Rate Template is consistent with other formula rate templates accepted by the Commission.²⁸ Further, regarding AMP's concerns about Grid Growth's proposed cash working capital allowance, Grid Growth notes that the Project will be billed pursuant to Schedule 12 of the PJM Tariff, which PJM remits monthly. Grid Growth also argues that its proposed allocation of prepaid expenses to rate base using the Gross Plant allocator is reasonable because Grid Growth is a transmission-only company that has no generation or distribution functions. Regarding AMP's request for Grid Growth to provide a hypothetical example of its intended AFUDC calculations, Grid Growth asserts that providing an example AFUDC calculation at this time is premature. Additionally, Grid Growth states that the tabs "5a-Debt Cost" and "5b-Construction Debt" of the Formula Rate Template will not include AFUDC calculations or references, or references to CWIP. Grid Growth also asserts that there is no intent to limit the scope of includible unfunded reserves just to the categories of Workers Compensation and General Liability. Regarding AMP's claim that the proposed Formula Rate Template should include provisions for returning regulatory liabilities, Grid Growth states that it is unaware of any regulatory liabilities that it would have to return.²⁹ Additionally, Grid Growth states that AMP appears to misunderstand the "GP" allocator in the PILOT proposal to mean General Plant, but it actually means Gross Plant in this instance, which is appropriate. Grid Growth also clarifies that Note G of Attachment 4 – Rate Base Worksheet, specifies that "Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income."³⁰

²⁷ Grid Growth Answer at 15-22.

²⁸ *Id.* at 15-16 (citing *Midcontinent Grid Solutions Iowa, LLC*, 192 FERC ¶ 61,208 (2025) (*MGS Iowa*); *Valley Link Transmission Md., LLC*, 191 FERC ¶ 61,113 (2025) (*Valley Link*)).

²⁹ *Id.* at 17-18.

³⁰ *Id.* at 20.

30. Regarding AMP's arguments concerning the calculation of O&M Expenses, Grid Growth states that AMP cites precedent concerning a stated rate proceeding but does not cite precedent related to a formula rate proceeding.³¹ Grid Growth argues its Formula Rate Template is consistent with other templates that have been accepted by the Commission.³² However, Grid Growth states that if ordered by the Commission on compliance, Grid Growth is willing to revise Note N in the Template to remove the reference to meals and entertainment expenses.³³

iv. AMP's Answer

31. AMP reiterates that Grid Growth's Formula Rate Template is deficient because it omits Regional Transmission and Market Operations plant and Energy Storage plant accounts. AMP also continues to assert that Grid Growth has not proven that its determination of its cash working capital is just and reasonable.³⁴

32. AMP argues that requiring Grid Growth to provide a hypothetical example AFUDC calculation would be an effective way to avoid future disputes.³⁵

33. In light of Grid Growth's acknowledgement in its Answer that it does not intend to limit the scope of includable unfunded reserves to two categories, AMP argues that Grid Growth must remove such limitation in Note F.³⁶

34. AMP continues to assert that Grid Growth's Formula Rate Template lacks a mechanism for returning gains from the sale of plant and land held for future use to customers. AMP also notes that Order No. 420 expressly requires that gains from the sale of plant and land held for future use be returned to ratepayers.³⁷

³¹ *Id.* at 18-20.

³² *Id.* at 20-21 (citing *MGS Iowa*, 192 FERC ¶ 61,208; *Valley Link*, 191 FERC ¶ 61,113).

³³ *Id.* at 20 n.90.

³⁴ AMP Answer at 5-7.

³⁵ *Id.* at 7.

³⁶ *Id.* at 8.

³⁷ *Id.* at 10 (citing *Acct. Treatment for Land Held for Future Util. Use & Profits or Losses Realized Through Sales of Those Lands*, Order No. 420, 45 FPC 106 at 108 (1971)).

35. AMP continues to assert that Grid Growth's Template is unjust and unreasonable because it allows for recovery of shareholder-oriented incentive compensation, allocates payments in lieu of taxes that should be directly assigned to specific facilities, and proposes to retain regulatory liabilities, which must be returned to customers.³⁸ In response to Grid Growth's assertion that it is unaware of any regulatory liabilities that it would need to return, AMP notes that changes in tax rates are an obvious and predictable example of a regulatory asset or liability.

36. AMP asserts that Grid Growth's willingness to revise Note N in the Template to remove the reference to meals and entertainment expenses is insufficient. AMP argues that by permitting permanent differences by default, Grid Growth inappropriately shifts the burden to customers to demonstrate that recovery is impermissible, which is contrary to Commission precedent.³⁹

v. Grid Growth Answer to AMP Answer

37. Grid Growth argues that the Commission should reject AMP's Answer because it is untimely. Grid Growth explains that AMP is attempting to respond to Grid Growth's Answer 44 days after it was filed, and Rule 213 of the Commission's Rules of Practice and Procedure requires that answers to a motion be made within 15 days after the motion is filed.⁴⁰ Grid Growth asserts that AMP makes no attempt to explain why the Commission should grant AMP additional time to respond to the positions taken in Grid Growth's Answer, and the arguments raised in the AMP Answer merely repeat the positions taken by AMP in its protest.⁴¹

38. Further, Grid Growth argues that it has supported the justness and reasonableness of its proposed Formula Rate Template, and it should be accepted as filed. Regarding its cash working capital proposal, Grid Growth contends that AMP has erred by relying on inapposite billing provisions and schedules of the PJM manuals, such as those for Network Integration Transmission Service, which Grid Growth will not provide.⁴² Grid Growth contends that its proposed use of the 45-day rule for determining a cash working

³⁸ *Id.* at 8-10.

³⁹ *Id.* at 11.

⁴⁰ Grid Growth Answer to AMP Answer at 4 (citing 18 C.F.R. § 385.213(d)(1)).

⁴¹ *Id.* at 4-5.

⁴² *Id.* at 5 (citing AMP Answer at 6 (citing PJM *Manual 29: Billing* § 1.1, <https://www.pjm.com//media/DotCom/documents/manuals/m29.pdf>).

capital allowance is consistent with long-standing Commission policy.⁴³ Regarding AMP's contention that there is a future possibility Grid Growth may own other assets that can be functionalized besides networked transmission plant, Grid Growth asserts that it does not anticipate owning assets other than networked transmission plant, and therefore it should not be required to include placeholders in its Formula Rate Template for inputs that it does not anticipate utilizing.

39. Additionally, Grid Growth argues that its proposed Formula Rate Template appropriately addresses regulatory assets and liabilities. Grid Growth explains that the potential future regulatory liabilities would result from a ratemaking action by the Commission, and Grid Growth would need to make a filing with the Commission to obtain approval before it could include any such amortization rates. Grid Growth asserts that this separate proceeding would provide AMP and other interested parties with the opportunity to receive or challenge Grid Growth's proposed regulatory asset and/or liability. Concerning AMP's argument that a change in the statutory tax rate is one example of a regulatory liability, Grid Growth notes that it has already recognized the regulatory liabilities associated with changes in the applicable tax rate, namely Excess Deferred Income Taxes at Tab 4e and Tab 4f.⁴⁴

40. Grid Growth contends that its proposed Formula Rate Template appropriately omits Regional Transmission and Market Operations and Energy Storage Plant accounts, and that AMP misunderstands their applicability to Grid Growth.⁴⁵ Grid Growth explains that it will be a transmission owner in an RTO, not an RTO, thus no facilities and equipment owned by Grid Growth will be "owned by an RTO" to support RTO-related operations. Grid Growth asserts that it is therefore inappropriate to include Regional Transmission and Market Operations accounts in its Formula Rate Template. Further, Grid Growth also contends that because it only intends to own transmission facilities, it has no need to include any energy storage-related accounts.⁴⁶

41. Additionally, Grid Growth asserts that the Commission has previously approved a formula rate template for a newly formed transmission-only entity that did not include the

⁴³ *Id.* at 6 (citing *Calculation of Cash Working Capital Allowance for Elec. Utils.*, 54 FERC ¶ 61,193 (1991)).

⁴⁴ *Id.* at 7-8.

⁴⁵ *Id.* at 8-9 (citing *Acct. & Financial Reporting for Pub. Utils. Including RTOs*, Order No. 668, 113 FERC ¶ 61,276, at P 9 (2005)).

⁴⁶ *Id.* at 9 (citing 18 C.F.R. pt. 101, Account 387.12; *Acct. & Reporting Treatment of Certain Renewable Energy Assets*, 183 FERC ¶ 61,205, at P 72 (2023)).

specific gains from sale accounts or provide a limitation for the “possibility” of incentive compensation that AMP references.⁴⁷

42. Grid Growth contends that AMP’s request for a hypothetical calculation of its AFUDC allowance is premature and outside the scope of the instant proceeding. Grid Growth clarifies that AFUDC is not itself a component of the formula rate but rather a separate carrying charge calculation that typically applies to the capital costs incurred during project construction. Grid Growth asserts that review of inputs to a formula rate is more appropriate during the Annual Updates, rather than the proceeding in which an applicant seeks approval to place a formula rate on file with the Commission. Further, Grid Growth asserts that its witness testimony supports its request to receive the CWIP Incentive and includes Grid Growth’s commitment to implementing the appropriate accounting protections to prevent against double recovery of costs under the CWIP Incentive and AFUDC.⁴⁸

b. Formula Rate Stated Values

i. Post-Employment Benefits other than Pensions

(a) Grid Growth Filing

43. Grid Growth proposes to use its actual post-employment benefits other than pensions (PBOP) expense in each of its Formula Rates. Grid Growth asserts that its appropriate share of PBOP expenses will be embedded in the cost assigned to it by its service providers and that the PBOP expenses of the service providers will be actuarially determined by an independent third party on an annual basis. Grid Growth states that, for transparency, each Grid Growth company will provide upon request, in connection with each Annual Update, a copy of the annual third-party actuarial valuation report supporting the derivation of the PBOP expense as charged to Account 926, Employee Pensions and Benefits, and the amount of such expense included in total A&G expenses.⁴⁹

⁴⁷ *Id.* at 10 (citing April 13 Answer at 16 n.72).

⁴⁸ *Id.* at 11 (citing Test. of Weizhong Wang, Ex. WW-001 at 14; Grid Growth Answer at 17 (“if granted the CWIP Incentive in this proceeding, Grid Growth will not capitalize AFUDC for CWIP that is included in rate base”)).

⁴⁹ Transmittal at 17-18.

(b) **Responsive Pleadings**

44. AMP contends that it is not clear whether Grid Growth intends for the recoverable PBOP expense to be used as an input for total PBOP expense or only for the currently expensed portion of the PBOP expense.⁵⁰

(c) **Grid Growth Answer**

45. Grid Growth asserts that it only seeks to recover actual PBOP expense on its books rather than recover a stated PBOP allowance, consistent with Commission precedent.⁵¹

ii. **Proxy Cost of Debt**

(a) **Grid Growth Filing**

46. Grid Growth proposes that the long-term debt cost rate will be based on each company's implied (proxy) cost of debt, and the rate will be computed using the 13-month average of the Secured Overnight Financing Rate as of the last day of each month plus 200 basis points, until such time as debt is obtained.⁵² If the company issues construction debt, Grid Growth states, the cost of construction debt will be calculated using the methodology in Attachment 5b of the Formula Rate and trued-up based on the methodology in Attachment 5c.⁵³ Once each company obtains long-term debt, Grid Growth states, the long-term debt cost rate will be determined by dividing each company's long term interest expense and fee by the company's average debt balances.

iii. **Depreciation Rates**

(a) **Grid Growth Filing**

47. Grid Growth states that the template for each company includes stated depreciation rates for transmission and general plant. Grid Growth asserts that it does not have any historical data on which to base a depreciation study, so it proposes to use depreciation rates developed by its affiant, John J. Spanos. Grid Growth explains that, to

⁵⁰ AMP Protest at 8.

⁵¹ Grid Growth Answer at 19 (citing *MGS Iowa*, 192 FERC ¶ 61,208 at PP 13, 28).

⁵² Transmittal at 12 (citing Ex. CKD-002, Test. of Christopher K. Duffy at 15 (Duffy Testimony)).

⁵³ See PJM Interconnection L.L.C., Intra-PJM Tariffs, OATT, Attachment H-40A (Grid Growth Ohio EVH, LLC) (0.0.0), attach. 5b, attach. 5c.

develop those depreciation rates, Mr. Spanos utilized the straight-line method of depreciation and used estimated service lives and negative salvage rates based on the industry average range of service lives and net salvage percentages of the asset categories included in the Project and the associated 2030/2031 cost estimates. Grid Growth states that Mr. Spanos' recommended depreciation rates are applicable to the electric transmission plant placed in service after October 2030 or October 2031. Grid Growth asserts that Mr. Spanos derived his recommended amortization rates for General Plant accounts by considering the period during which the assets will render most of their service and by considering the amortization periods used by other utilities.⁵⁴

(b) Responsive Pleadings

48. OCC contends that while Grid Growth proposes to use depreciation service lives and negative salvage values based on industry averages, Grid Growth has not explained why reliance on nation-wide industry averages is appropriate as a proxy for transmission lines that are to be planned, financed, and constructed in the PJM region by employees of existing PJM transmission utilities. OCC additionally asserts that Grid Growth does not commit to submitting a company-specific depreciation study once Grid Growth's facilities are placed in service. OCC argues that the Commission should set the Formula Rate Template and Protocols for hearing and/or settlement procedures in order to allow for the development of appropriate protections for consumers.⁵⁵

(c) Grid Growth Answer

49. Grid Growth argues that its proposed depreciation rates are consistent with Commission precedent. Grid Growth asserts that the Commission has accepted the usage of industry averages and proxies for startup transmission developers in other cases.⁵⁶

iv. Base ROE

(a) Grid Growth Filing

50. Grid Growth requests a base ROE of 10.80%, which it supports with the analysis and testimony of Adrien McKenzie.⁵⁷ Grid Growth states that, consistent with the

⁵⁴ Transmittal at 15-17.

⁵⁵ OCC Protest at 14-15.

⁵⁶ Grid Growth Answer at 21-22 (citing *Valley Link*, 191 FERC ¶ 61,113).

⁵⁷ Transmittal at 12 (citing Ex. AMM-001, Test. of Adrian M. McKenzie (McKenzie Testimony)).

Commission's use of multiple financial models, Mr. McKenzie's analysis of the appropriate base ROE is informed by the constant growth discounted cash flow (DCF), capital asset pricing model (CAPM), risk premium methodology, and expected earnings approach. Grid Growth adds that Mr. McKenzie's analysis also recognizes recent concerns identified by the Commission.⁵⁸

(b) Responsive Pleadings

51. Protestors argue that Grid Growth has not demonstrated that the proposed base ROE is just and reasonable. AMP, OCC, and MPC assert that Grid Growth's proposed ROE is excessive, and NOPEC asserts that it is likely excessive. AMP states that Grid Growth has not provided substantial evidence to demonstrate that its proposed base ROE or operational expenses are just and reasonable.⁵⁹ AMP explains that Grid Growth's "derivation of rate base" raises issues of material fact, including that its own filing produces a base ROE of 10.66% when using the Commission's preferred approach for establishing base ROEs, that Grid Growth's cost of equity analysis diverges from the Commission's preferred approach for establishing base returns, and that Grid Growth's calculation of cost of preferred stock appears to diverge from the Commission's regulations. Additionally, protestors assert that Grid Growth's proposed base ROE is inconsistent with the Commission's policy because: (1) Grid Growth should not rely upon the expected earnings model, (2) Grid Growth's reliance on the midpoint is misplaced, (3) Grid Growth's proposed market return component is excessive, and (4) the source of the growth rate for the DCF analysis is presently unsettled.⁶⁰ Additionally, MPC and OCC assert that relying on data produced by a non-utility proxy group is inappropriate for calculation of the base ROE.⁶¹ NOPEC notes that Mr. McKenzie calculated Grid Growth's base ROE using a methodology that is contrary to the methodology approved in Opinion No. 594 because: (1) Mr. McKenzie used the risk premium and expected earnings models, both of which the Commission rejected for use in setting ROEs in Opinion No. 594; (2) Mr. McKenzie used a constant growth DCF methodology, as opposed to the two-step DCF approach set forth in Opinion No. 594; (3) Mr. McKenzie used IBES and Value Line data for his CAPM calculation, as opposed to the Commission favored use of Bloomberg beta data; and (4) Mr. McKenzie used the midpoint value of his proposed zones of reasonableness as opposed to the Commission's

⁵⁸ *Id* at 12-13 (citing *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,036 (2024)).

⁵⁹ AMP Protest at 2-4, 7-9.

⁶⁰ OCC Protest at 4-10; MPC Protest at 10; NOPEC Protest at 4-5.

⁶¹ OCC Protest at 4-10; MPC Protest at 10.

avored use of the median value for determining the ROE for single utilities such as Grid Growth.⁶²

(c) **Grid Growth Answer**

52. Grid Growth asserts that it has adequately supported its proposed base ROE of 10.80% with analysis and testimony from its ROE expert, Mr. McKenzie. Grid Growth asserts that the 10.71% median produced by Mr. McKenzie's recommended ROE methodology produces essentially the same ROE that would be indicated by a strict application of the methodology adopted by the Commission in its 2024 Order on Remand and in Opinion No. 594, which would result in a median of 10.70%. Grid Growth maintains that Mr. McKenzie's ROE methodology follows the Commission's ROE guidance by utilizing the DCF and CAPM models and presenting sufficient testimony and evidence to overcome any alleged obstacles in utilizing the DCF, CAPM, expected earnings, and risk premium models.⁶³

53. Grid Growth contends that the Commission should reject OCC and MPC's arguments regarding a non-utility proxy group because Grid Growth's usage of non-utility proxy group data is consistent with Commission precedent. Grid Growth notes that the Commission has cited the relevance of data for non-utility companies, noting that utilities "must compete for capital with other utilities (and companies in other sectors) throughout the nation."⁶⁴ Further, Grid Growth asserts that use of a national proxy group is long-settled policy at the Commission, and that the Commission has repeatedly rejected references to geography or RTO membership as a factor in establishing a proxy group of comparable risk utilities.⁶⁵ Additionally, Grid Growth argues that OCC and MPC's arguments regarding growth rate data are unsupported, and that the Commission has a long and consistent history of relying on IBES growth rates for the two-step DCF

⁶² NOPEC Protest at 4-5 (citing *Coakley v. Bangor Hydro-Elec. Co.*, Opinion No. 594, 194 FERC ¶ 61,208, at PP 69, 78, 190, 320 (2026)).

⁶³ Grid Growth Answer at 5-6 (citing *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,036, at P 24 (2024), *order on reh'g*, 190 FERC ¶ 61,184 (2025); Opinion No. 594, 194 FERC ¶ 61,208).

⁶⁴ *Id.* at 6-7 (citing *Coakley Mass. Attorney Gen. v. Bangor Hydro-Elec. Co.*, Opinion No. 531, 147 FERC ¶ 61,234, at P 96 (2014), *order on paper hearing*, Opinion No. 531-A, 149 FERC ¶ 61,032 (2014), *order on reh'g*, Opinion No. 531-B, 150 FERC ¶ 61,165 (2015)).

⁶⁵ *Id.* at 7-8 (citing Opinion No. 594, 194 FERC ¶ 61,208 at P 451).

model.⁶⁶ Grid Growth asserts that Mr. McKenzie's DCF and CAPM analyses properly rely on IBES growth rates reported by the original source of this data, rather than a third-party website such as Yahoo! Finance. Addressing protestors' arguments that Mr. McKenzie erred by failing to use an economy-wide growth rate, such as the GDP projected growth rate, Grid Growth states that the Commission has repeatedly and consistently rejected the argument that GDP growth should be considered in applying the DCF model to estimate the market rate of return used in the CAPM.⁶⁷

54. Addressing protestors' concerns regarding Grid Growth's use of midpoint values, Grid Growth contends that the standards underlying a just and reasonable ROE are focused on the reasonableness of the end-result, and not on rote applications of formulaic procedures.⁶⁸ Grid Growth asserts that, as Mr. McKenzie explains, it must compete for capital with electric utilities across the country, including those in RTOs where the ROE is established by reference to the midpoint. Grid Growth also asserts that its proposed use of the constant growth DCF model is consistent with Commission precedent, and that the expected earnings and risk premium models are relevant to the determination of a just and reasonable base ROE.⁶⁹

c. Other Issues

(a) Responsive Pleadings

55. OCC asserts that Grid Growth has not demonstrated that the proposed cost allocations will be just and reasonable. OCC notes that while PJM's staff recommendation to the PJM Board for approval of these transmission line projects indicate that at least 60% of the costs of these lines may be allocated to Ohio consumers, it is not clear how much more in related Supplemental Project costs, which are allocated to the transmission zone in which those costs will be incurred, will be imposed on Ohio

⁶⁶ *Id.* at 8 (citing *Ozark Gas Trans. Sys.*, 68 FERC ¶ 61,032 (1994); Opinion No. 531, 147 FERC ¶ 61,234; *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, Opinion No. 569, 169 FERC ¶ 61,129 (2019), *order on reh'g*, Opinion No 569-A, 171 FERC ¶ 61,154, *order on reh'g*, Opinion No. 569-B, 173 FERC ¶ 61,159 (2020)).

⁶⁷ *Id.* at 9-10 (citing *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, 190 FERC ¶ 61,184 at P 43).

⁶⁸ *Id.* at 11-12 (citing McKenzie Testimony at 10, 17).

⁶⁹ *Id.* at 12-14 (citing *Midwest Indep. Transmission Operator, Inc.*, 106 FERC ¶ 61,302, at P 8 (2004), Opinion No. 569-A, 171 FERC ¶ 61,154 at P 132; Opinion No. 531-B, 150 FERC ¶ 61,165 at PP 128-129).

consumers. OCC asserts that currently, none of these Supplemental Project costs are reviewed by the Ohio Power Siting Board for need, prudence, and cost-effectiveness. OCC asserts that while Ohio consumers are likely to be allocated a significant chunk of the overall costs for these lines and related Supplemental Project costs, it is not clear that this allocation will be even remotely commensurate with the benefits to be provided by the projects. OCC contends that significant load increases are driven by AI facilities, and filings before the Ohio Public Utilities Commission corroborate that many of the reliability concerns that PJM has identified are associated with large data centers being developed. OCC argues that the Commission should investigate the extent to which the concerns to be addressed by the proposed lines are related to the development of these large AI load data centers, rather than load growth associated with residential Ohio consumers' loads, and whether existing or proposed methods properly allocate these costs to the benefiting consumers.⁷⁰

56. Further, OCC asserts that the filing indicates that there is a local or Supplemental Project component to the Project, but these components have been directly awarded to the incumbent utilities who presently own and operate that infrastructure and the costs are assigned 100% to those utilities. OCC contends that the Supplemental Project costs are not included in the Grid Growth scope of work, nor are they included in the RTEP cost estimate. OCC asserts that for transparency purposes, Grid Growth's filing should provide a cost estimate for these local or Supplemental Projects but does not.⁷¹

(b) Grid Growth Answer

57. Grid Growth contends that OCC's challenges to PJM's RTEP cost allocation method and other tariff mechanisms are outside the scope of the instant proceeding. Grid Growth also asserts that PJM's cost allocation method for the Grid Growth Project is consistent with PJM's filed rate and that PJM awarded the Baseline RTEP projects consistent with its filed rate.⁷² Grid Growth additionally asserts that OCC erred in its representation that PJM awarded local or Supplemental Projects to incumbent utilities and states that these concerns are also outside the scope of the instant proceeding.⁷³

⁷⁰ OCC Protest at 15-17.

⁷¹ *Id.* at 4.

⁷² Grid Growth Answer at 2-3, 29-30.

⁷³ *Id.* at 28-30.

d. Commission Determination

58. Our preliminary analysis indicates that Grid Growth's proposed Formula Rate Template has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Grid Growth's proposed Formula Rate Template raises issues of material fact that cannot be resolved based on the record before us and that are more appropriately addressed in the hearing and settlement judge procedures ordered below. Accordingly, we institute a proceeding pursuant to section 206 of the FPA and set for hearing and settlement judge proceedings the proposed base ROE, proxy cost of debt, and other aspects of the Formula Rate Template.⁷⁴

59. While we are setting these matters for a trial-type evidentiary hearing, we encourage efforts to reach settlement before hearing procedures commence. To aid settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.⁷⁵ If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding. The Chief Judge, however, may not be able to designate the requested settlement judge based on workload requirements which determine judges' availability.⁷⁶ The settlement judge shall report to the Chief Judge and the Commission within 30 days of the date of the appointment of the settlement judge on the status of settlement discussions. Based on this report, the Chief Judge shall provide additional time to continue settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

60. In cases where, as here, the Commission institutes a section 206 investigation on its own motion, section 206(b) of the FPA requires that the Commission establish a refund effective date that is no earlier than the date of publication by the Commission of

⁷⁴ Because Grid Growth does not have historical data to support a depreciation study, use of representative depreciation rates for the electric transmission accounts developed from industry averages would be an appropriate proxy in determining its proposed depreciation rates. Additionally, with respect to shareholder-oriented incentive compensation, any proposed cost recovery from ratepayers must be consistent with Commission precedent (*e.g.*, *Pac. Gas & Elec. Co.*, Opinion No. 572, 173 FERC ¶ 61,045 (2020), *order on reh'g*, 175 FERC ¶ 61,040, *reh'g denied*, 175 FERC ¶ 62,178 (2021)).

⁷⁵ 18 C.F.R. § 385.603 (2025).

⁷⁶ If parties decide to request a specific judge, they must make their joint request to the Chief Judge by email (sjpreferences@ferc.gov) within five days of this order. The Commission's website contains a directory of judges (<https://www.ferc.gov/office-administrative-law-judges-oalj>).

notice of its intention to initiate such proceeding nor later than five months after the publication date. In such cases, in order to give maximum protection to customers, and consistent with our precedent, we have historically tended to establish the section 206 refund effective date at the earliest date allowed by section 206, and we do so here as well.⁷⁷ That date is the date of publication of notice of initiation of the section 206 proceeding in Docket No. EL26-76-000 in the Federal Register.

61. Section 206(b) of the FPA also requires that, if no final decision is rendered by the conclusion of the 180-day period commencing upon initiation of the section 206 proceeding, the Commission shall state the reason why it has failed to render such a decision and state its best estimate as to when it reasonably expects to make such a decision. As we are setting the section 206 proceeding in Docket No. EL26-76-000 for hearing and settlement procedures, we expect that, if the proceeding does not settle, we would be able to render a decision within eight months of the date of filing of briefs opposing exceptions to the Initial Decision. Thus, if the Presiding Judge were to issue an Initial Decision by July 30, 2027, we expect that, if the proceeding does not settle, we would be able to render a decision by May 31, 2028.

62. We find that OCC's allegations regarding cost allocation under the PJM RTEP process are a challenge to the cost allocation method in PJM's Tariff rather than a challenge specific to Grid Growth's proposed Formula Rate Template. We find that OCC's challenge to PJM's cost allocation method is outside the scope of this proceeding, which pertains to Grid Growth's proposed Formula Rate Template to recover the costs for Grid Growth's investment in the Project and not the allocation of the costs of the Project or any related Supplemental Projects.

63. Regarding AMP's argument that Grid Growth should be required to provide a hypothetical example of its intended AFUDC calculations, we note that this is not necessary as entities are required to exclude AFUDC for projects that are included in rate base. As discussed below, Grid Growth has sufficiently explained how it will ensure that customers will not be charged for both capitalized AFUDC and corresponding amounts of CWIP in rate base.

2. Grid Growth Formula Rate Protocols

a. Grid Growth Filing

64. Grid Growth contends that its proposed Protocols for each of the companies are substantively identical and conform to the Commission's guidance on protocols for

⁷⁷ See, e.g., *Idaho Power Co.*, 145 FERC ¶ 61,122 (2013); *Canal Elec. Co.*, 46 FERC ¶ 61,153, *order on reh'g*, 47 FERC ¶ 61,275 (1989).

forward-looking formula rates.⁷⁸ Grid Growth asserts that the Protocols will provide Grid Growth's customers with sufficient information and procedural safeguards to facilitate the annual review of the inputs to the revenue requirement.⁷⁹ Grid Growth asserts that the Protocols are consistent with the Commission's instructions regarding information exchange, transparency, and challenge procedures, and govern the procedures for review and challenge of the companies' implementation of their Formula Rates.⁸⁰

65. Grid Growth explains that, for each company's ATRR, the Formula Rate Template will be populated with cost data that comes primarily from each company's FERC Form No. 1. In contrast, Grid Growth states that the data used to calculate the PTRR will come primarily from each of Grid Growth Ohio EHV's or Grid Growth Ohio's budget in accordance with how such corresponding actual data would appear in the FERC Form No. 1. Grid Growth states that PJM will include the PTRR to calculate the transmission rates to be effective each rate year beginning on January 1. Grid Growth states that a subsequent true-up between the PTRR and the companies' ATRR will be calculated the following year and applied, with interest, as an addition to or subtraction from the subsequent year's PTRR. Grid Growth avers that the true-up mechanism ensures that the transmission rates charged to customers include only the actual costs.⁸¹

b. Responsive Pleadings

66. AMP and OCC argue that Grid Growth has not demonstrated that its proposed Protocols are just and reasonable.⁸² OCC asserts that it is uncertain whether Grid Growth's proposed Protocols provide sufficient protection for consumers given the joint venture nature of Grid Growth.⁸³ Additionally, AMP states that the Protocols impose

⁷⁸ Transmittal at 18 (citing *Midwest. Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,127 (2012), *order on investigation*, 143 FERC ¶ 61,149 (2013) (MISO Investigation Order), *order on reh'g* 146 FERC ¶ 61,209, *order on compliance*, 146 FERC ¶ 61,212 (2014) (MISO Compliance Order), *order on reh'g & clarification*, 150 FERC ¶ 61,024, *order on compliance*, 150 FERC ¶ 61,025 (2015) (collectively, MISO Protocol Orders)).

⁷⁹ *Id.* at 18.

⁸⁰ *Id.*

⁸¹ *Id.* at 11.

⁸² AMP Protest at 10-11; OCC Protest at 14-15.

⁸³ OCC Protest at 14-15.

unreasonable restrictions on interested parties' ability to engage in meaningful review through the exchange of information requests because the Protocols provide that interested parties must serve their first set of information requests by August 31, following Grid Growth's posting of its Annual Update.⁸⁴ Further, AMP asserts that the Protocols provide that the ATRR shall "[i]dentify and, to the extent not explained in a worksheet included in the ATRR, explain, all material adjustments made to the FERC Form No. 1 data ...", but Grid Growth does not define how the concept and threshold of materiality would be applied to the ATRR.⁸⁵ AMP also states that the Commission has previously rejected similar phrasing on the grounds that "adding the concept of materiality to . . . accounting changes that must be disclosed reduce[s] the transparency of financial information used in formula rate billings without sufficient support."⁸⁶

c. Grid Growth Answer

67. Grid Growth asserts that its proposed Protocols are consistent with Commission precedent and should be accepted as filed.⁸⁷ Grid Growth contends that the proposed Protocols will promote efficient use of the informal exchange timeline. Additionally, Grid Growth contends that limiting adjustments to material FERC Form No. 1 adjustments is appropriate to prevent undue burdens on all parties in compiling and reviewing the ATRR material.⁸⁸

d. Deficiency Letter and Response

68. The Deficiency Letter asked Grid Growth to explain how its proposed Protocols conform to the Commission's guidance on protocols for forward-looking formula rates. First, the Deficiency Letter asked Grid Growth how the proposed limitations in Section III of the Protocols comply with the MISO Compliance Order's requirement that "the

⁸⁴ AMP Protest at 10.

⁸⁵ *Id.* at 11.

⁸⁶ *Id.* (quoting MISO Compliance Order, 146 FERC ¶ 61,212 at P 65); *id.* (citing *Valley Link*, 191 FERC ¶ 61,113 at P 57).

⁸⁷ Grid Growth Answer at 22-23 (citing MISO Protocol Orders; *PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,097, at P 127 (2016) (requiring the provision of information concerning affiliate cost allocation methodologies during the Annual Update process to be included in protocols), *order on reh'g*, 158 FERC ¶ 61,060 (2017); *Transource Kan.*, 151 FERC ¶ 61,010, at P 59 (2015); *LS Power Grid Cal., LLC*, 175 FERC ¶ 61,256, at P 20 (2021)).

⁸⁸ *Id.* at 23.

protocols should not overly restrict the types of information requested.”⁸⁹ In response, Grid Growth states that its proposed Protocols conform to the Commission’s guidance on protocols for forward-looking formula rates and are consistent with other formula rates on file with the Commission. Grid Growth explains that as proposed, Interested Parties have 2.4 months to serve Grid Growth discovery without limitation or restriction on the number of requests or topics that are within the scope of the discovery process, and Interested Parties have an additional 4.5 months to submit follow-up requests within the scope of topics included in their initial data requests. Thus, Grid Growth asserts that the proposed Protocols promote administrative efficiency by ensuring that Interested Parties and Grid Growth utilize the full information exchange timeline to resolve concerns and minimize preliminary challenges and formal challenges to the extent possible. Grid Growth argues that the proposed timeline maximizes the ability of Interested Parties and Grid Growth to work proactively to address concerns and minimizes the risk of delays, which could prevent Interested Parties and Grid Growth from timely resolving and closing out issues on an annual basis.⁹⁰

69. Second, in the context of the Protocols defined term “Protective Agreement and Non-Disclosure Certificate,” the Deficiency Letter asked Grid Growth to explain what criteria it proposes to use to deem certain material confidential. In response, Grid Growth provides the following examples of information that it would consider confidential: (1) commercially sensitive information, (2) vendor/supplier information including terms and pricing, (3) labor/employee related information, (4) strategic information, (5) security, and (6) certain project specific information. Grid Growth notes that this list is not exhaustive.⁹¹

70. Similarly, in the context of section IV, B.6 of the Protocols, the Deficiency Letter asked Grid Growth to explain how the Protocols’ challenge procedures will ensure that customers have access to information that will allow them to effectively challenge the implementation of the formula rate.⁹² In response, Grid Growth states that Section IV.B.6 of the proposed Protocols is consistent Commission precedent, including the MISO Protocols. Grid Growth asserts that its proposed Protocols adopt substantively

⁸⁹ Deficiency Letter at 2 (quoting MISO Compliance Order, 146 FERC ¶ 61,212 at P 67).

⁹⁰ Deficiency Letter Response at 3.

⁹¹ *Id.* at 4.

⁹² Deficiency Letter at 2-3 (citing MISO Compliance Order, 146 FERC ¶ 61,212 at P 114.)

identical language to the MISO Protocols.⁹³ Further, Grid Growth notes that while it may designate certain information or responses as confidential, once a party executes the Non-Disclosure Certificate, Grid Growth will provide the relevant confidential information. Grid Growth argues that the Protocols' challenge procedures will ensure that customers have access to information that will allow them to effectively challenge the implementation of the formula rate by making access to confidential information subject to a Protective Agreement and Non-Disclosure Certificate. Grid Growth asserts that the Protocols allow Interested Parties to receive confidential information while ensuring that the Interested Parties treat the confidential information appropriately.⁹⁴

71. Additionally, the Deficiency Letter asked Grid Growth to explain how section II of the Protocols, which states that the ATRR shall “[i]dentify and, to the extent not explained in a worksheet included in the ATRR, explain, all material adjustments made to the FERC Form No. 1 data,” is consistent with Commission precedent.⁹⁵ In response, Grid Growth argues that its proposed Protocols conform to the Commission's guidance on forward-looking formula rates and are consistent with other implementation protocols on file with the Commission. Grid Growth asserts that section II.E.6 of its proposed Protocols is substantively identical to the language in the *pro forma* MISO Protocols on file with the Commission. Grid Growth contends that section II.E.9 of its proposed Protocols, and not section II.E.6, addresses accounting changes, and like the MISO Protocols, the phrase “material accounting changes” does not appear in Grid Growth's proposed Protocols. Grid Growth notes that its materiality requirement in section II.E.6 applies only to adjustments made to the FERC Form No. 1 data, and it does not impose a materiality requirement with regard to accounting changes. Further, Grid Growth argues that removing the word “material” from section II.E.6 would be inconsistent with the language of the *pro forma* MISO Protocols and other implementation protocols on file with the Commission. Grid Growth notes that in a recent proceeding, the word “material” was required to be added to the same sub-section of the proposed protocols in an amendment filing prior to Commission acceptance.⁹⁶

⁹³ Deficiency Letter Response at 5 (citing MISO Protocols, § IV.E.).

⁹⁴ *Id.* at 4-5.

⁹⁵ Deficiency Letter at 3 (citing MISO Compliance Order, 146 FERC ¶ 61,212 at P 65).

⁹⁶ Deficiency Letter Response at 6 (citing *MGS Iowa*, 192 FERC ¶ 61,208 at P 18).

72. Lastly, the Commission asked Grid Growth to define the specific provisions in the Protocols that require Grid Growth to post information relevant to its ATRR on both PJM's website and OASIS.⁹⁷ In response, Grid Growth asserts that posting information to the PJM website also meets the requirement of posting information to the PJM OASIS. Grid Growth notes that PJM does not post formula rates to a separate site on its OASIS; rather, the PJM OASIS has a link to Transmission Owner rate data, which points to the page of the PJM website where Transmission Owner Formula rate data is posted. Grid Growth avers that specifically, the "Transmission Owner Formula Rates" link on the PJM OASIS takes users to the Formula Rates section of the PJM website.⁹⁸

e. AMP Answer

73. In response to Grid Growth's Answer and Deficiency Response, AMP reiterates that material elements of Grid Growth's application are unsupported, contrary to Commission precedent or policy, and raise issues of material fact that cannot be resolved in Grid Growth's favor based on the current record. In the event that the Commission does not reject Grid Growth's filing, AMP urges the Commission to conditionally accept the proposals subject to refund and the outcome of evidentiary hearing procedures.⁹⁹

74. AMP continues to argue that Grid Growth's Protocols contain unjust and unreasonable limits on discovery and asserts that Grid Growth's response to such concerns in its Deficiency Response were unavailing.¹⁰⁰ While justifying its proposed Protocols, AMP argues that Grid Growth fails to acknowledge that it relies on protocols that the Commission conditionally accepted subject to the outcome of evidentiary hearing and settlement judge procedures.¹⁰¹

f. Grid Growth Answer to AMP Answer

75. Grid Growth maintains that its proposed Protocols conform to Commission guidance and are identical or substantially similar to the implementation protocols accepted by the Commission for transmission owners in other proceedings, including the

⁹⁷ Deficiency Letter at 4 (citing MISO Investigation Order, 143 FERC ¶ 61,149 at P 86).

⁹⁸ Deficiency Letter Response at 7 (citing pjm.com/markets-and-operations/etools/oasis.aspx.)

⁹⁹ AMP Answer at 2, 12.

¹⁰⁰ *Id.* at 3-4.

¹⁰¹ *Id.* at 3-4 (citing *Valley Link*, 191 FERC ¶ 61,113).

MISO Protocol Orders and subsequent precedent.¹⁰² For example, Grid Growth asserts that AMP fails to recognize that the Commission-approved protocols of the South FirstEnergy Operating Companies include a similar requirement that follow-up information and document requests be limited to “clarification or additional information regarding the SFCs’ responses provided to any sets of information and document request issued to the SFCs” by the deadline for the first set of information requests pertaining to the Annual Update for the applicable year.¹⁰³

g. Commission Determination

76. We have reviewed Grid Growth’s Protocols using the standards established in the MISO Protocol Orders and subsequent precedent to determine if they meet the requirements established in those orders with respect to: (1) the scope of participation; (2) the transparency of the information exchange (i.e., what information is exchanged); and (3) the ability of customers to challenge transmission owners’ implementation of the formula rate as a result of the information exchange (i.e., how the parties may resolve their potential disputes).¹⁰⁴ As discussed below, based on that review, we find that certain aspects of Grid Growth’s proposed Protocols are unjust and unreasonable. Therefore, pursuant to section 206 of the FPA, we direct Grid Growth to submit a compliance filing, within 60 days of the date of this order, revising its Protocols, as discussed below.

77. We find that Grid Growth’s proposed language in sections IV.I and VIII.A of the Protocols, which attempts to define the scope of various section 205 filings, is unjust and unreasonable. The Commission has found that provisions in formula rate protocols that attempt to define the scope of future section 205 filings are inappropriate.¹⁰⁵ In *ATX*

¹⁰² Grid Growth Answer to AMP Answer at 3-4, 11-12 (MISO Investigation Order, 139 FERC ¶ 61,127; MISO Compliance Order, 146 FERC ¶ 61,212).

¹⁰³ Grid Growth Answer to AMP Answer at 3-4, 11-12 (quoting PJM Interconnection, L.L.C., Intra-PJM Tariffs, attach. H-11B (1.1.0), § III(A), *accepted at PJM Interconnection, L.L.C.*, Docket No. ER21-253-004 (June 26, 2023) (delegated order)).

¹⁰⁴ See MISO Investigation Order, 139 FERC ¶ 61,127 at P 8.

¹⁰⁵ *ATX Sw., LLC*, 152 FERC ¶ 61,193, at P 85 (2015) (*ATX Southwest*). The provision rejected in *ATX Southwest*, similar to the provision in Grid Growth’s proposed Protocols, stated, in part, that *ATX Southwest* may, “at its discretion and at a time of its choosing, make a limited filing pursuant to Section 205 to modify stated values in the Formula Rate . . .,” and that the sole issue of that proceeding would be whether the proposed change is just and reasonable.

Southwest, the Commission rejected such a provision, stating that the scope of any future section 205 filing will be addressed when such a filing is made. We direct Grid Growth to revise these sections accordingly.

78. We also find that Grid Growth's proposed requirement that follow-up information requests "be specifically limited to clarification or additional information regarding [Grid Growth's] responses provided to any sets of information and document requests issued to [Grid Growth] on or before August 31" is unjust and unreasonable.¹⁰⁶ Grid Growth's proposed language may preclude interested parties from asking new questions based on the information gained in response to the initial information request. Accordingly, we find such language inconsistent with Commission precedent stating that "protocols should not overly restrict the types of information requested"¹⁰⁷ and direct Grid Growth to remove it.

79. We find that Grid Growth's proposal in sections II.B.1, II.E.3, and VI.A of the Protocols that its Annual Update be subject to a Protective Agreement is unjust and unreasonable. For example, Grid Growth proposes that its "Formula Rate calculations and all inputs thereto ...[are] subject to the protection of any confidential information, as needed, under the Protective Agreement and Non-Disclosure Certificate."¹⁰⁸ Grid Growth's proposal to make the Annual Update itself subject to confidentiality provisions is inconsistent with Commission precedent. Formula Rate inputs are primarily based off data from the FERC Form No. 1, which is publicly available.¹⁰⁹ Accordingly, we direct Grid Growth to remove references to confidentiality provisions in sections II and VI of the Protocols, as they are inconsistent with Commission precedent.¹¹⁰

80. Finally, in the MISO Protocol Orders the Commission required transmission owners to annually post their revenue requirements and relevant information on both

¹⁰⁶ See PJM Interconnection, L.L.C., Intra-PJM Tariffs, OATT, OATT attach. H-41B (Grid Growth Ohio, LLC) (0.1.0), § III (Information Exchange Procedures) (Grid Growth Ohio, LLC Protocols); see also PJM Interconnection, L.L.C., Intra-PJM Tariffs, OATT, attach. H-40B (Grid Growth Ohio EHV, LLC) (0.1.0), § III (Information Exchange Procedures) (Grid Growth Ohio EHV, LLC Protocols).

¹⁰⁷ MISO Compliance Order, 146 FERC ¶ 61,212 at P 67.

¹⁰⁸ See Grid Growth Ohio, LLC Protocols, § IV (Challenge Procedures) (0.1.0), § B.6; see also Grid Growth Ohio EHV, LLC Protocols, § IV (Challenge Procedures) (0.1.0), § B.6.

¹⁰⁹ MISO Investigation Order, 143 FERC ¶ 61,149 at P 83.

¹¹⁰ MISO Compliance Order, 146 FERC ¶ 61,212 at P 68.

MISO's website and its OASIS. In its Deficiency Letter Response, Grid Growth claims that posting information to the PJM website will result in the posting of relevant information to PJM's OASIS. However, Grid Growth's proposed Protocols still lack the requirement that Grid Growth post information relevant to its ATRR on both PJM's website and OASIS, as required by the MISO Protocol Orders. Accordingly, we direct Grid Growth to add language to its Protocols, consistent with its explanation in its Deficiency Letter Response, that indicates that posting information relevant to its revenue requirements to the PJM website will cause such information to be linked on PJM's OASIS.¹¹¹

3. Request for Transmission Incentives

81. As discussed more fully below, Grid Growth requests the following transmission incentives: Abandoned Plant Incentive, CWIP Incentive, 60/40 Hypothetical Capital Structure Incentive, and Pre-Commercial Incentive. Grid Growth states that the requested incentives package is tailored to mitigate the specific risks faced by Grid Growth.¹¹²

a. FPA Section 219 Requirement and Order No. 679 Requirements

82. In the Energy Policy Act of 2005, Congress added section 219 to the FPA, directing the Commission to establish, by rule, incentive-based rate treatments to promote capital investment in electric transmission infrastructure.¹¹³ The Commission subsequently issued Order No. 679, establishing the processes by which a public utility may seek transmission rate incentives pursuant to section 219. Additionally, in November 2012, the Commission issued a Policy Statement providing guidance regarding its evaluation of applications for transmission rate incentives under section 219 and Order No. 679.¹¹⁴

83. Pursuant to Order No. 679, an applicant may seek to obtain incentive rate treatment for a transmission infrastructure investment that satisfies the requirements of section 219, i.e., the applicant must show that "the facilities for which it seeks incentives either ensure reliability or reduce the cost of delivered power by reducing transmission

¹¹¹ See MISO Investigation Order, 143 FERC ¶ 61,149 at P 86.

¹¹² Transmittal at 37-38.

¹¹³ Pub. L. No. 109-58, § 1241, 119 Stat. 594 (2005).

¹¹⁴ Transmission Incentives Policy Statement, 141 FERC ¶ 61,129.

congestion.”¹¹⁵ Order No. 679 established a process for an applicant to demonstrate that it meets this standard, including a rebuttable presumption that the standard is met if: (1) the transmission project “result[s] from a fair and open regional planning process that considers and evaluates projects for reliability and/or congestion and is found to be acceptable to the Commission” or (2) “a project has received construction approval from an appropriate state commission or state siting authority.”¹¹⁶ The Commission also stated that “[o]ther applicants not meeting these criteria may nonetheless demonstrate that their project is needed to maintain reliability or reduce congestion by presenting [to the Commission] a factual record that would support such findings.”¹¹⁷

i. Grid Growth Filing

84. Grid Growth argues that the Project qualifies for the rebuttable presumption because it was evaluated and selected for its reliability benefits in the PJM RTEP process, a Commission-approved fair and open regional planning process that evaluates transmission projects for reliability or congestion.¹¹⁸ Grid Growth states that the RTEP process includes ample opportunity for stakeholder input through frequent oral and written exchanges of information and reviews via the Transmission Expansion Advisory Committee and PJM’s Mid-Atlantic, Southern, and Western RTEP Committees. Grid Growth states that the Commission has consistently found that PJM’s RTEP process satisfies the rebuttable presumption because it is an open and transparent planning process that evaluates projects for reliability and/or congestion and that PJM’s 2025 RTEP Window 1 reliability assessment was no different.¹¹⁹

85. Grid Growth asserts that the specifics regarding the RTEP process confirm that Grid Growth is entitled to the rebuttable presumption and demonstrate that the Project satisfies Order No. 679 even without the rebuttable presumption. Grid Growth contends that the record demonstrates that PJM’s 2025 RTEP Window 1 reliability analysis fully considered, evaluated, and made definitive findings regarding the Project’s ability to ensure reliability of the PJM system. Grid Growth contends that the 2025 RTEP Window 1 opened on June 18, 2025, and closed on August 18, 2025, during which time PJM received 29 proposals from 5 different entities to address reliability violations identified

¹¹⁵ Order No. 679, 116 FERC ¶ 61,057 at P 76.

¹¹⁶ *Id.* P 58.

¹¹⁷ *Id.* P 57; *see also* Order No. 679-A, 117 FERC ¶ 61,345 at P 41.

¹¹⁸ Transmittal at 20-22 (citing Order No. 679, 116 FERC ¶ 61,057 at P 58; 18 C.F.R. § 35.35(i)(1)(i)).

¹¹⁹ *Id.* at 20-21 (citations omitted).

in the 5-year (2030) and 7-year (2032) models. Grid Growth states that PJM evaluated the Project based on its ability to ensure reliability and/or reduce the cost of delivered power by reducing congestion. Grid Growth asserts that PJM explained that the transmission solutions in the 2025 RTEP Window 1 are required to maintain the reliability of the system.¹²⁰

86. According to Grid Growth, in recommending the Project, PJM stated that Proposal 570, the portfolio of transmission projects submitted to resolve Western Cluster reliability issues that includes the Grid Growth Project, “is the most reliable solution as it resolves the most violations and is one of the proposals that offers the best incremental transmission capability among the short-listed proposals.”¹²¹ Grid Growth asserts that PJM stated that Proposal 570, compared to the other project proposals, is “the more efficient or cost-effective option, coming in at approximately \$600 million less than Proposal 152 based on independent cost review. Proposal 570 also has lower constructability and regulatory risk and higher utilization of existing [Right of Way].”¹²²

ii. Commission Determination

87. The Commission has previously found that projects approved through a transmission planning process that evaluated whether the identified transmission projects will enhance reliability and/or reduce congestion are entitled to the rebuttable presumption established under Order No. 679.¹²³ In this case, PJM’s RTEP process, through which the Project was approved, evaluated whether the Project would enhance reliability and/or reduce congestion. Accordingly, we find that the Project is entitled to the rebuttable presumption and meets the requirements of FPA section 219.

b. Order No. 679 Nexus

88. In addition to satisfying the section 219 requirement of ensuring reliability or reducing the cost of delivered power by reducing congestion, Order No. 679 requires an

¹²⁰ *See id.* at 5, 7, 22-23.

¹²¹ *Id.* at 23 (quoting Ex JLL-003, PJM, *Reliability Analysis Report: 2025 RTEP Window 1* at 13 (Jan. 2025) (Reliability Analysis Report)). In PJM’s Reliability Analysis Report, PJM refers to the project portfolio as proposal 570 or Transource/FirstEnergy proposal 570. Reliability Analysis Report at 13.

¹²² Reliability Analysis Report at 16.

¹²³ *See, e.g., Potomac Edison Co., L.L.C.*, 189 FERC ¶ 61,161, at P 13 (2024); *Balt. Gas & Elec. Co.*, 187 FERC ¶ 61,030, at P 13 (2024); *PJM Interconnection, L.L.C.*, 185 FERC ¶ 61,200, at P 15 (2023).

applicant to demonstrate that there is a nexus between the incentive sought and the investment being made. In Order No. 679-A, the Commission clarified that the nexus test is met when an applicant demonstrates that the total package of incentives requested is “tailored to address the demonstrable risks or challenges faced by the applicant.”¹²⁴ Applicants must provide sufficient support to allow the Commission to evaluate each element of the package and the interrelationship of all elements of the package.¹²⁵ We address the nexus test for each incentive and for the total package of incentives for the Project below.

i. Abandoned Plant Incentive

(a) Grid Growth Filing

89. Grid Growth requests the ability to recover 100% of prudently incurred costs if the Project is abandoned, in whole or in part, due to reasons outside of Grid Growth’s control, i.e., the Abandoned Plant Incentive. Grid Growth states that the primary risks that could lead to cancellation of any component of the Project that are outside the companies’ control are the permitting, siting, construction, and procurement risks. Further, Grid Growth avers that these risks and challenges create significant uncertainty during the pre-construction phase because it is unclear whether the companies will be able to timely secure all land rights and regulatory approvals necessary to begin construction. Even after securing these approvals, Grid Growth argues, it will continue to face risks in the construction phase insofar as the companies must procure all labor and long-lead equipment and materials within a supply constrained and price-increasing economic environment in accordance with an immovable development timeline. Grid Growth argues that the Abandoned Plant Incentive will enable the companies to initiate long-lead activities that, if delayed until the applicable Certificates of Public Convenience and Necessity (CPCN)/Letters of Notification (LON)s are granted, will materially threaten the companies’ ability to achieve PJM-mandated construction milestones. Additionally, Grid Growth argues that the Abandoned Plant Incentive will play a critical role in mitigating the risk of cancellation by significantly improving the companies’ ability to access capital needed to finance the Project because it will provide upfront assurance to prospective lenders.¹²⁶

¹²⁴ *Id.* P 27.

¹²⁵ Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10 (quoting Order No. 679-A, 117 FERC ¶ 61,345 at P 27).

¹²⁶ Transmittal at 29-31.

(b) Responsive Pleadings

90. MPC argues that granting the Abandoned Plant Incentive would result in an unjust extraction of wealth from ratepayers because Grid Growth has decreased risk due to its parent companies being experienced, incumbent utilities. Further, MPC notes that Grid Growth will be able to recover its costs under PJM's OATT, which it suggests will lower Grid Growth's financial risk. Additionally, MPC asserts that because low regulatory risk was used as a basis in selecting the Project, Grid Growth's claims that such risk must now be mitigated through extensive incentives should be rejected lest ratepayers be the de facto "insurers" for Grid Growth.¹²⁷

(c) Commission Determination

91. We grant Grid Growth's request for the Abandoned Plant Incentive, effective July 3, 2026. In Order No. 679, the Commission found that this incentive effectively encourages transmission development by reducing the risk of non-recovery of costs in the event that a project is abandoned for reasons outside the applicant's control.¹²⁸ We find that the Project faces permitting, siting, construction, and procurement risks, as discussed by Grid Growth, beyond Grid Growth's control that could lead to the Project's abandonment and that approval of the Abandoned Plant Incentive will address those risks. Accordingly, we find that Grid Growth has demonstrated a nexus between the recovery of prudently incurred costs associated with abandoned transmission projects and its planned investment in the Project.

92. Consistent with Commission policy, the Abandoned Plant Incentive for the Project would be available to Grid Growth for 100% of prudently incurred costs expended on and after the date of this order, if the Project, or any of its components, is abandoned for reasons beyond Grid Growth's control.¹²⁹ We will not determine the prudence of any costs incurred prior to the abandonment, if any, until Grid Growth seeks such recovery in

¹²⁷ MPC Protest at 15-16.

¹²⁸ Order No. 679, 116 FERC ¶ 61,057 at PP 163-166; *see also, e.g., Midcontinent Indep. Sys. Operator, Inc.*, 153 FERC ¶ 61,296, at P 28 (2015); *TransCanyon DCR, LLC*, 152 FERC ¶ 61,017, at P 41 (2015).

¹²⁹ Order No. 679, 116 FERC ¶ 61,057 at P 163; *see San Diego Gas & Elec. Co. v. FERC*, 913 F.3d 127, 137-38 (D.C. Cir. 2019) (*SDG&E*); *see also, e.g., Midcontinent Indep. Sys. Operator, Inc.*, 182 FERC ¶ 61,039, at P 28 (2023); *NextEra Energy Transmission Midwest, LLC*, 166 FERC ¶ 61,169, at P 21 (2019); *GridLiance W. Transco LLC*, 164 FERC ¶ 61,049, at P 20 (2018); *Pac. Gas & Elec. Co.*, 163 FERC ¶ 61,187, at P 14 (2018).

a future FPA section 205 filing.¹³⁰ Additionally, although the experience of Grid Growth's parent companies could help to mitigate certain risks associated with the Project, Order No. 679 does not limit a project's eligibility for incentives based on the type of developer and we are unpersuaded that the experience and knowledge of the parent companies and affiliates of Grid Growth sufficiently mitigate the risks of the Project such that it should not be eligible for transmission incentives under Order No. 679.¹³¹

93. We disagree with MPC that the Abandoned Plant Incentive is unwarranted because Grid Growth is assured cost recovery. If Grid Growth is forced to abandon the Project before it is in service, Grid Growth would not be able to recover 100% of its costs absent the Abandoned Plant Incentive. Further, while MPC contends that the low regulatory risks facing the Project "were used as a basis in selecting the project," PJM's selection of a transmission project with comparatively lower regulatory risk than other proposed projects does not mean that the Project does not face permitting, siting, construction, and procurement risks addressed by the Abandoned Plant Incentive. Regarding MPC's argument that the Abandoned Plant Incentive improperly shifts risk to ratepayers such that they become the "bankers" and "insurers" for Grid Growth, we find that this argument is, in substance, a challenge to the Commission's transmission incentives policy under Order No. 679 rather than to the Project's eligibility for the Abandoned Plant Incentive. Accordingly, we find that this argument is beyond the scope of this proceeding.

ii. CWIP Incentive

(a) Grid Growth Filing

94. According to Grid Growth, the CWIP Incentive will enhance cash flows during construction. Grid Growth states that it expects the construction period of the Project to last several years, meaning that Grid Growth will experience a significant outflow of cash, which will eventually drain cash from the companies unless they receive an inflow

¹³⁰ See Order No. 679, 116 FERC ¶ 61,057 at PP 165-66. In the event that Grid Growth seeks abandoned plant recovery for costs expended during the time period prior to the effective date of this order, Grid Growth would be eligible to seek recovery of 50% of its prudently incurred costs, consistent with prior precedent. See, e.g., *San Diego Gas & Elec. Co.*, 154 FERC ¶ 61,158, *order on reh'g*, 157 FERC ¶ 61,056 (2016), *aff'd*, *SDG&E*, 913 F.3d 127.

¹³¹ See *Valley Link*, 191 FERC ¶ 61,113; see also *Nev. Power Co.*, 182 FERC ¶ 61,186, at P 71 (2023) (noting that the Commission evaluates requests within the context of the public utility requesting the incentives and the proposed project without considering the resources of the applicant's parent or affiliates).

of cash during the construction period. Grid Growth argues that the CWIP incentive will provide such an inflow.¹³²

95. Grid Growth adds that having consistent and stable cash flows during construction is a crucial factor for credit ratings agencies' analyses. Grid Growth asserts that the CWIP Incentive benefits customers because it allows the Project to be developed at a lower cost than if AFUDC were employed to recover costs, should lower the companies' overall borrowing costs, and leads to lower costs for customers. Finally, Grid Growth argues, the CWIP Incentive improves rate stability by gradually increasing rates as project expenses occur.¹³³

(b) Responsive Pleadings

96. OCC contends that Grid Growth fails to explain how its proposed CWIP Incentive will ensure that the appropriate consumers pay the financing costs of the projects during their construction. OCC asserts that consumers paying the CWIP costs during the construction of the lines may not be the same consumers receiving benefits from the lines once they go into service. OCC explains that, given that the Project's proposed transmission lines are PJM RTEP projects, the costs will be allocated among multiple transmission zones in PJM. OCC avers that the inter-generational inequities associated with these changing allocations over time make it difficult to determine whether consumers paying CWIP today are those that will benefit from the projects when they go into service in 2030 and 2032, and that it is therefore uncertain whether Grid Growth's CWIP Incentive proposal is just and reasonable.¹³⁴ Additionally, MPC argues that granting the CWIP Incentive unduly shifts financial risk onto ratepayers.¹³⁵

(c) Grid Growth Answer

97. Grid Growth contends that it has demonstrated that Commission approval of the CWIP Incentive will enhance cash flows during the construction period and lower financing costs for the Project, which benefits customers through lower rates. Grid Growth also notes that granting the CWIP Incentive will lower the Project's development

¹³² Transmittal at 31-32.

¹³³ *Id.* at 33.

¹³⁴ OCC Protest at 11.

¹³⁵ MPC Protest at 15-16.

costs and therefore benefit the broader region through less-expensive reliability benefits.¹³⁶

98. Grid Growth also asserts that OCC's objections to longstanding Commission orders and policy are outside the scope of this proceeding because they relate to RTEP cost allocation generally, and not to Grid Growth's request for the CWIP Incentive pursuant to Order No. 679.¹³⁷

(d) Commission Determination

99. We grant Grid Growth's request for the CWIP Incentive for the Project, effective July 3, 2026. In Order No. 679, the Commission established a policy that allows utilities to include, where appropriate, 100% of prudently incurred transmission-related CWIP in rate base.¹³⁸ The Commission stated that this rate incentive treatment will advance the goals of FPA section 219 by providing up-front regulatory certainty, rate stability, and improved cash flow, thereby reducing the pressure on an applicant's finances caused by investing in transmission projects.

100. We find that Grid Growth has shown a nexus between the proposed CWIP Incentive and its investment in the Project. Grid Growth states it will experience a recurring outflow of cash year-over-year, which will drain cash from Grid Growth unless it receives an inflow of cash during the construction period.¹³⁹ The record therefore indicates that the cost of completing the Project will put pressure on Grid Growth's finances. We find that granting the CWIP Incentive will help ease this pressure by providing improved cash flow, reduce rate shock concerns, and mitigate the impact of constructing the Project on Grid Growth's financial metrics. Additionally, under Order No. 679 and the Commission's regulations,¹⁴⁰ an applicant must propose accounting procedures that ensure that customers will not be charged for both capitalized AFUDC and corresponding amounts of CWIP in rate base.¹⁴¹ Grid Growth states that it will not accrue AFUDC on any of the components of its Project during any period when those components are earning a current return on CWIP in rate base (e.g., via the use of upfront

¹³⁶ Grid Growth Answer at 27.

¹³⁷ *Id.* at 28-30.

¹³⁸ Order No. 679, 116 FERC ¶ 61,057 at PP 29, 117.

¹³⁹ Transmittal at 32-33.

¹⁴⁰ Order No. 679, 116 FERC ¶ 61,057 at PP 29, 117; 18 C.F.R. § 35.25(f).

¹⁴¹ *See Ameren Servs. Co.*, 135 FERC ¶ 61,142, at P 52 (2011).

project codes to identify projects allowed CWIP in rate base treatment and reconciliation procedures to ensure that AFUDC is not accrued on such projects). We find that Grid Growth has sufficiently represented in its Formula Rate Template that it has appropriate accounting procedures and internal controls in place to prevent recovery of AFUDC to the extent CWIP is allowed in rate base.

101. We find OCC's arguments that Grid Growth's CWIP Incentive proposal is an unjust and unreasonable generational ratepayer cost shift to be an objection to the nature of the CWIP Incentive and the Commission's transmission incentives policy under Order No. 679, rather than an allegation that Grid Growth's request for the CWIP Incentive fails to meet the standards applicable to authorizing the CWIP Incentive.¹⁴² As recognized in Order No. 679-A, the CWIP Incentive affects the timing of cost recovery, not the level of cost recovery.¹⁴³

102. Similarly, we find that OCC's allegations regarding benefits and cost shifts resulting from cost allocation under the PJM RTEP process are a challenge to the cost allocation method in PJM's Tariff rather than a challenge specific to Grid Growth's request for the CWIP Incentive. We find that protesters' challenges to PJM's cost allocation method are outside the scope of this proceeding, which pertains to a request for the CWIP Incentive for Grid Growth's investment in the Project.

iii. 60/40 Hypothetical Capital Structure Incentive

(a) Grid Growth Filing

103. Grid Growth states that its request for a 60/40 Hypothetical Capital Structure Incentive during construction is consistent with Commission precedent. Grid Growth explains that the 60/40 Hypothetical Capital Structure Incentive addresses the risk of fluctuations in the companies' capital structure during the development and construction phase of the Project, as well as the associated financing risks. Grid Growth contends that, as a new transmission developer, Grid Growth does not have a stable debt to equity capital structure. Thus, Grid Growth asserts, during the development and construction stage of the Project, the companies' actual capital structures are expected to fluctuate due to the timing, amount, and frequency of new borrowings and equity infusions. Grid Growth argues that actual capitalization will also fluctuate according to cash needs during

¹⁴² MPC Protest at 4.

¹⁴³ Order No. 679-A, 117 FERC ¶ 61,345 at P 38; 2012 Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 12 (“[T]he CWIP incentive addresses timing issues associated with the recovery of financing costs for large transmission investments and allows recovery of a return on construction costs during the construction period rather than delaying cost recovery until the plant is placed into service.”).

construction of the Project. Grid Growth states that the use of a 60/40 hypothetical capital structure will address financing risks associated with constructing the Project because stability of the companies' capital structure for ratemaking purposes will provide regulatory certainty to lenders and better support any external construction-related financing. Grid Growth adds that the 60/40 Hypothetical Capital Structure Incentive protects customers from paying higher rates that result from the uncertainty around using an actual capital structure.¹⁴⁴

(b) Responsive Pleadings

104. OCC and MPC assert that Grid Growth has failed to adequately support the reasonableness of its proposed hypothetical capital structure.¹⁴⁵ OCC and MPC state that Grid Growth refers to the Commission having granted incentive capital structures with 60 percent equity ratios to other nonincumbent transmission developers, but Grid Growth offers little rationale to demonstrate that the hypothetical capital structure is tailored to the specific risks and challenges Grid Growth faces. OCC notes that, as a joint venture between AEP and FirstEnergy, Grid Growth will rely on the experienced employees of those companies to undertake the planning, construction, and financing of the proposed transmission lines.¹⁴⁶ OCC asserts that, given this reliance on employees of AEP and FirstEnergy, Grid Growth has not explained why it is not proposing a weighted average of AEP's and FirstEnergy's transmission affiliates' capital structures as its hypothetical capital structure.¹⁴⁷ OCC and MPC assert that any fixed capital structure will address the primary risk of a volatile capital structure identified by Grid Growth, not just the use of a 60 percent equity ratio. MPC notes that other nonincumbent transmission developers have been granted hypothetical capital structures that provided for a lower equity ratio than Grid Growth requested, and it is not apparent why these lower equity ratios are less

¹⁴⁴ Transmittal at 33-35.

¹⁴⁵ OCC Protest at 12-13; MPC Protest at 10-13.

¹⁴⁶ OCC Protest at 12 (citing Transmittal at 17).

¹⁴⁷ *Id.* OCC notes that for example, AEP Ohio's transmission formula rate posting on the PJM website for 2026 shows a 51.9% equity, 49.1% debt capital structure. OCC asserts that this lower equity capital structure averaged with American Transmission System, Inc.'s, FirstEnergy's transmission affiliate's, capital structure would bring down the overall cost of capital estimated for Grid Growth and would lower overall project costs for Ohio consumers while providing a reasonable return to Grid Growth. *See id.* at n.6 (citing <https://www.pjm.com/-/media/DotCom/markets-ops/trans-service/jan-to-dec/2026/aep/group-a-aep-east-opcos2026-ptrr-pdf.zip>).

appropriate for Grid Growth than the requested 60 percent equity ratio.¹⁴⁸ MPC explains that averaging the equity ratio for FirstEnergy Transmission and Transource Energy results in an equity ratio of 40.6%, which suggests that an equity ratio between 40 and 50 percent is more appropriate for Grid Growth.¹⁴⁹ Further, MPC contends that while Mr. Wang refers to a target minimum investment credit rating of BBB- from S&P and Baa3 from Moody's, Grid Growth's request is inconsistent with what is required to obtain these target credit ratings.¹⁵⁰

(c) Grid Growth Answer

105. Grid Growth asserts that its requested 60/40 Hypothetical Capital Structure Incentive is consistent with long-standing Commission precedent.¹⁵¹ Grid Growth maintains that the hypothetical capital structure will protect customers from capital structure uncertainty, including during periods of time when the companies may be capitalized primarily with equity. Grid Growth also notes that it intends to achieve

¹⁴⁸ MPC Protest at 12 (citing *Xcel Energy Transmission Dev. Co., LLC*, 149 FERC ¶ 61,181, at P 13 (2014)).

¹⁴⁹ *Id.* at 13. MPC states that the equity ratio for FirstEnergy Transmission, LLC was based on 2024 data provided by S&P Capital IQ, and the Transource Energy LLC equity ratio is the weighted average equity source from the 2023 annual transmission revenue requirements for its Maryland, Pennsylvania, and West Virginia formula rates. *Id.* at n.45.

¹⁵⁰ MPC asserts that Moody's Rating Methodology for Regulated Electric as Gas Networks, indicates that a Net Debt to Regulatory Asset Base of 60% to 75% debt, or 25% to 40% equity, is sufficient to support a Baa3 category rating. Additionally, MPC states that under Moody's Rating Methodology for Regulated Electric and Gas Utilities, which is typically used for traditional rate regulated electric utilities, shows that a 45% to 55% capital structure is consistent with the Baa rating category. *See id.* at 12-13 (citing Moody's Ratings, Rating Methodology, Regulated Electric and Gas Networks, April 13, 2022; Moody's Ratings, Rating Methodology, Regulated Electric and Gas Utilities, August 6, 2024).

¹⁵¹ Grid Growth Answer at 24 (citing *MGS Iowa*, 192 FERC ¶ 61,208; *Viridon Mid-Atl.*, 186 FERC ¶ 61,074, at P 29 (2024); *NextEra MidAtlantic*, 161 FERC ¶ 61,141, at P 30 (2017); *NextEra Energy Transmission Midwest, LLC*, 161 FERC ¶ 61,140, at P 30 (2017)).

investment grade ratings of no less than BBB-/Baa3, and the 60/40 Hypothetical Capital Structure Incentive would be supportive in achieving those investment grade ratings.¹⁵²

(d) **Commission Determination**

106. We grant Grid Growth's request to use a hypothetical capital structure of 60% equity and 40% debt, effective July 3, 2026, until the Project is placed in service, consistent with Commission precedent.¹⁵³ We find that the 60/40 Hypothetical Capital Structure Incentive will assist Grid Growth in raising capital during the construction phase of the Project and in financing the Project at reasonable rates while its actual debt-to-equity ratio varies. The Commission has found that nonincumbent transmission developers have a particular need for the Hypothetical Capital Structure because it establishes certain financial principles that incumbent transmission owners currently have in place, but that remain undetermined for nonincumbent transmission developers.¹⁵⁴ Accordingly, we find that Grid Growth has demonstrated a nexus between the requested incentive and the risks and challenges faced by the Project.

107. Protestors assert that, given Grid Growth's reliance on resources of AEP and FirstEnergy, Grid Growth should explain why it is not proposing a weighted average of AEP's and FirstEnergy's transmission affiliates' capital structures as its hypothetical capital structure. OCC and MPC also argue that any fixed capital structure will address the primary risk of a volatile capital structure identified by Grid Growth, not just the use of a 60% equity ratio. We find these arguments to be a challenge against the Commission's transmission incentives policy, rather than the Project's eligibility for the Hypothetical Capital Structure Incentive, and thus find that these arguments are beyond the scope of this proceeding. Further, the Commission has allowed a nonincumbent transmission developer to use a particular hypothetical capital structure if it is within the range of prior approved hypothetical capital structures for nonincumbent transmission developers,¹⁵⁵ and Grid Growth has demonstrated that its proposed 60% equity/40% debt

¹⁵² *Id.* at 25-26.

¹⁵³ *See, e.g., NextEra Energy Transmission MidAtlantic, LLC*, 161 FERC ¶ 61,141 at P 30.

¹⁵⁴ *Xcel Energy Sw. Transmission Co., LLC*, 149 FERC ¶ 61,182, at P 22 (2014); *Xcel Energy Transmission Development Co., LLC*, 149 FERC ¶ 61,181 at P 13.

¹⁵⁵ *Atlantic Grid Operations A-E LLC*, 135 FERC ¶ 61,144, at P 122 (2011).

hypothetical capitalization ratio is within the range of prior approved hypothetical capitalization ratios for incumbent transmission developers.¹⁵⁶

iv. **Pre-Commercial Incentive**

(a) **Grid Growth Filing**

108. Grid Growth requests authorization for the Pre-Commercial Incentive so it may recover all prudently incurred pre-commercial expenses, including formation and start-up costs incurred prior to filing this application,¹⁵⁷ and establish a regulatory asset that will include all such expenses incurred prior to the time such costs are first flowed through to customers under the PJM Tariff. Grid Growth also requests permission to accrue monthly carrying charges, compounded semi-annually, on the regulatory asset balance beginning on the effective date of the Commission's approval of this incentive until the regulatory asset is included in rate base.¹⁵⁸

109. Grid Growth contends that the Pre-Commercial Incentive is necessary so that Grid Growth can record and recover startup, planning, bid development, and project development costs that were not capitalized, but were incurred before such expenses could be recovered under the Formula Rate as current expenses. Grid Growth asserts that, without the Pre-Commercial Incentive, its ability to access financing on reasonable terms could be affected, which could increase costs. Grid Growth argues that the Pre-Commercial Incentive levels the playing field between Grid Growth and competing transmission developers that already have an established rate structure through which to recover operating expenses.¹⁵⁹

110. Grid Growth states that it will make a filing pursuant to FPA section 205 to demonstrate that such prudently incurred pre-commercial, start-up, and formation costs are just and reasonable before Grid Growth includes them in rates.¹⁶⁰

¹⁵⁶ See *supra* note 152.

¹⁵⁷ Grid Growth states that these costs may include attorney and consultant fees, administrative and managerial expenses, travel expenses, development surveys, and planning activities incurred through PJM's RTEP process. Transmittal at 36 n.175.

¹⁵⁸ *Id.* at 36-37.

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

(b) **Responsive Pleadings**

111. MPC argues that the ability of the participant owners of Grid Growth to guarantee debt financing reduces the need for regulatory asset treatment for pre-commercial costs. MPC asserts that the participant owners of Grid Growth are well-established utilities with strong credit ratings that will finance the Grid Growth companies at the outset.¹⁶¹

(c) **Commission Determination**

112. We grant Grid Growth's request to establish a regulatory asset for prudently incurred pre-commercial costs that are not capitalized and included in CWIP, effective July 3, 2026. In Order No. 679, the Commission determined that developers may defer and amortize pre-commercial operations costs that were not capitalized.¹⁶² We find that this incentive addresses risks and challenges posed by the Project because this incentive will provide Grid Growth with added up-front regulatory certainty and assist in attracting capital. Accordingly, we find that Grid Growth has demonstrated a nexus between the requested Pre-Commercial Incentive and the risks and challenges of the Project.

113. In addition, we approve Grid Growth's request to accrue a carrying charge on the regulatory asset from the effective date of the regulatory asset until the asset is included in rate base, consistent with Commission precedent.¹⁶³ Consistent with Commission precedent, the appropriate carrying charge should not result in a higher amount of interest than is allowed for construction expenditures that accrue an allowance for AFUDC, and the compounding of interest should be no more than semi-annually.¹⁶⁴

114. While this order provides Grid Growth with the ability to record pre-commercial costs as a regulatory asset, Grid Growth must make a future FPA section 205 filing to demonstrate that the pre-construction costs related to its transmission project are just and reasonable if it wishes to recover the regulatory asset in its transmission rates.¹⁶⁵ In that filing, Grid Growth must establish that the costs included in the regulatory asset are costs that would otherwise have been chargeable to expense in the period incurred but were

¹⁶¹ MPC Protest at 15.

¹⁶² Order No. 679, 116 FERC ¶ 61,057 at P 122.

¹⁶³ See *Pioneer Transmission, LLC*, 126 FERC ¶ 61,281, at P 84 (2009).

¹⁶⁴ See *Republic Transmission, LLC*, 161 FERC ¶ 61,036, at P 23 (2017); *DCR Transmission, LLC*, 153 FERC ¶ 61,295, at P 37 (2015).

¹⁶⁵ See *Pioneer Transmission*, 126 FERC ¶ 61,281 at P 86; *Republic Transmission*, 161 FERC ¶ 61,036 at P 24.

deferred consistent with the authorization granted herein, and were not otherwise recovered, to ensure that this incentive does not result in double recovery of the same costs. Parties will be able to challenge these costs at that time.

115. We are unpersuaded by MPC's argument that the ability of the participant owners of Grid Growth to guarantee debt financing makes Grid Growth ineligible for the Pre-Commercial Incentive. Grid Growth explains that it is important for it, as a new entrant competitive transmission developer, to be able to recover all costs prudently incurred prior to the time the Project is placed in service because absent the Pre-Commercial Incentive, Grid Growth's ability to access financing on reasonable terms could be affected, which could increase costs.¹⁶⁶ As explained above, although the experience of Grid Growth's parent companies could help to mitigate certain risks associated with the Project, Order No. 679 does not limit a project's eligibility for incentives based on the type of developer and we are unpersuaded that the ability of the participant owners of Grid Growth to guarantee debt financing sufficiently mitigate the risks of the Project such that it should not be eligible for the Pre-Commercial Incentive under Order No. 679.

v. **Total Package of Incentives**

(a) **Grid Growth Filing**

116. Grid Growth asserts that it will face significant risks because it is a new entrant transmission developer with no operational assets, revenues, or financial history and because the Project consists of roughly 221 miles of extra-high voltage and greenfield transmission projects and is scheduled to be in-service by 2031. Grid Growth argues that it faces a higher-than-average risk profile in pursuing the Project and faces significant permitting, siting, construction, procurement, and financial risks.¹⁶⁷

117. Grid Growth notes that state permitting will be required to route transmission facilities through state, county, and private lands. Grid Growth states that these transmission facilities will also route through rural and agricultural areas and areas subject to public and private conservation easements, which means that Grid Growth faces a complex permitting process that will require numerous public land use permits, historical or cultural preservation permits, and water and environmental permits at the federal, state, and local levels. Further, Grid Growth states that it will need to coordinate with multiple federal, state, and local agencies and apply for several permits at the same time in order to meet the tight development time frames set by PJM. Grid Growth states that there is no guarantee that any of the agencies from which Grid Growth needs a permit or other regulatory approval will grant them, or, if they do, that such approvals

¹⁶⁶ Transmittal at 36-37.

¹⁶⁷ *Id.* at 24.

will not be subject to condition or legal challenge, which could result in delays or require abandonment of one or more of the components of the Project.¹⁶⁸

118. Grid Growth states that there are siting risks associated with identifying, acquiring, and preparing a parcel of land for construction.¹⁶⁹ Grid Growth states that transmission facilities that make up the Project will require multiple CPCNs and/or LONs from the Ohio Power Siting Board.¹⁷⁰ Grid Growth states that it is possible that one or more CPCN/LON requests will be subject to condition or legal challenge, or denied altogether. In this case, Grid Growth states that it will have to secure all land rights on a piecemeal basis, which will increase the time and resources required to obtain necessary right-of-way and other easements to route the Project.

119. Grid Growth states it faces risks and challenges in connection with constructing the Project, including the risk of cost overruns, delays in completion of the project, and failure of the Project to satisfy design requirements or performance criteria required in the project financing documents. Additionally, Grid Growth avers that, subject to final execution of the Designated Entity Agreements, each company will be solely responsible for obtaining all necessary construction, permits, siting, and other regulatory approvals.¹⁷¹

120. Grid Growth states that the Project also has procurement risks, such as disruptions to the supply chain, which may cause delays or cost overruns. Grid Growth states that procurement risks are particularly pronounced for the Project because only a small pool of suppliers offer components for extra high voltage transmission facilities. Grid Growth also states that, given the uncertainty surrounding inflation and the Project's aggressive timeline, Grid Growth may face significant increases in procurement costs.¹⁷²

121. Grid Growth asserts that the companies are new entrant transmission developers without histories of cash flow, established credit ratings, debt repayment history, and earnings history, and therefore face obstacles in obtaining financing on reasonable terms. Further, Grid Growth avers that capital intensive projects of this type generally do not generate cash flows until placed into service and, as such, lenders will more closely scrutinize each company's ability to service debt obligations than they would for a transmission developer that has a financial history and existing cash flows. Further, Grid

¹⁶⁸ *Id.* at 25-26

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at 27.

¹⁷¹ *Id.*

¹⁷² *Id.* at 28.

Growth states that significant capital requirements are necessary to support the Project, which will require the companies to provide assurances to prospective lenders that pursuing development will not strain cash flows needed to cover fixed and operating costs. Grid Growth asserts that obtaining the requested transmission rate incentives will provide these financial assurances to investors.¹⁷³

122. Grid Growth contends that the particular combination of the requested incentives package is narrowly tailored to mitigate the specific risks faced by each company. Grid Growth asserts that, for example: the Abandoned Plant Incentive will mitigate risk of cancellation of the Project due to factors beyond Grid Growth's control and improve Grid Growth's ability to initiate construction activities; the CWIP Incentive will help improve Grid Growth's credit profile through stable cash flows; the 60/40 Hypothetical Capital Structure Incentive will help alleviate an unstable capital structure during the Project's construction; and the Pre-Commercial Incentive will improve Grid Growth's access to financing on reasonable terms in light of its startup status. Thus, Grid Growth concludes that its application satisfies the requirements of FPA section 219 because the total package of incentives is tailored to the Project's demonstrable risks and challenges.¹⁷⁴

(b) Responsive Pleadings

123. Protestors contend that Grid Growth has not demonstrated that the requested total package of transmission incentives is just and reasonable, and that the Project does not face permitting, siting, construction, or financing risks to justify the suite of requested transmission incentives.¹⁷⁵ Protestors argue that Grid Growth is no ordinary start-up company given that its participant owners are all well-established electric utilities. Protestors note that Grid Growth will not be employing any staff, and instead it will be using experienced staff of AEP and FirstEnergy, so Grid Growth has not demonstrated that there is any unique risk associated with planning, constructing, and financing for the proposed transmission lines. MPC asserts that whether Grid Growth's unique joint-venture structure renders it sufficiently similar to incumbent utilities without the need for the incentives to level the playing field is a dispute of material fact that necessitates a hearing.¹⁷⁶ Additionally, MPC contends that the ability of the participants to guarantee debt financing reduces the need for the CWIP Incentive and the regulatory asset treatment for pre-commercial costs. MPC avers that characterizing Grid Growth as a "new entrant" that will face more scrutiny from lenders is disingenuous because the

¹⁷³ *Id.* at 28-29.

¹⁷⁴ Transmittal at 37-38.

¹⁷⁵ OCC Protest at 9-12; MPC Protest at 14-16; NOPEC Protest at 5-7.

¹⁷⁶ MPC Protest at 13-15.

participants are well established utilities with strong credit ratings that will finance the companies at the outset. MPC argues that failing to acknowledge this and granting the CWIP Incentive unduly shifts financing risk onto ratepayers when the participants should bear such risk.

124. OCC and MPC contend that the suite of transmission incentives is unnecessary when viewed as a package.¹⁷⁷ OCC also asserts that Grid Growth's total package of incentives is not just and reasonable because it seeks to compensate the companies for the same permitting, siting, and financial risks associated with any transmission project. Further, OCC and MPC argue that the multiple proposed incentives pursue overlapping financial risk reduction objectives, creating redundancies in risk mitigation. OCC and MPC assert that, as a result, Grid Growth could essentially insulate itself from almost all financial risks associated with the transmission projects and shift those risks to consumers.¹⁷⁸

(c) Grid Growth Answer

125. Grid Growth contends that it has shown that the Project faces unique risks consistent with the risks articulated in Order No. 679 and each requested incentive is tailored to specific risks associated with developing the Project. Grid Growth asserts that the fact that Grid Growth is a joint venture and has two parents with industry experience does not disqualify Grid Growth from incentives under Commission precedent, and the protests fail to cite any support for their contentions otherwise.¹⁷⁹

(d) Commission Determination

126. As noted above, in Order No. 679-A, the Commission clarified that its nexus test is met when an applicant demonstrates that the total package of incentives requested is tailored to address the demonstrable risks or challenges faced by the applicant.¹⁸⁰ Applicants must provide sufficient support to allow the Commission to evaluate each element of the package and the interrelationship of all elements of the package.¹⁸¹ The

¹⁷⁷ OCC Protest at 9-11; MPC Protest at 14-16.

¹⁷⁸ OCC Protest at 9-11; MPC Protest at 15.

¹⁷⁹ Grid Growth Answer at 26-27.

¹⁸⁰ Order No. 679-A, 117 FERC ¶ 61,345 at P 27; Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10.

¹⁸¹ Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 10 (quoting Order No. 679-A, 117 FERC ¶ 61,345 at P 27).

Commission noted that this nexus test is fact-specific and requires the Commission to review each application on a case-by-case basis.¹⁸² The Commission has, in prior cases, approved multiple rate incentives for particular projects.¹⁸³ For the reasons discussed above, for those incentives authorized here, we find that Grid Growth has demonstrated that each of the requested incentives that we authorize here, and the incentives package as a whole, addresses the risks and challenges faced by Grid Growth in undertaking the Project.

127. We disagree with protestors who argue that Grid Growth has failed to demonstrate that the Project faces risks that justify awarding incentives given that Grid Growth's parent companies or affiliates are well-established utilities. On numerous occasions, the Commission has awarded transmission incentives to joint ventures formed by incumbent utilities.¹⁸⁴

128. Further, that a new transmission developer like Grid Growth has well-established upstream parents or affiliates does not alter the risks and challenges of the transmission project itself. MPC contends that Grid Growth's parent companies will lend their expertise and knowledge to Grid Growth, which minimizes start-up risk for Grid Growth. As discussed above, we find that the Grid Growth operating companies still face numerous risks and challenges associated with the Project, which the individual incentives address. Additionally, although the experience of Grid Growth's parent companies could help to mitigate certain risks associated with the Project, we are unpersuaded that the experience and knowledge of the parent companies and affiliates of Grid Growth sufficiently mitigate the risks of the Project such that it should not be eligible under Order No. 679 for specific incentives or the total package of requested incentives.

129. We are unpersuaded by OCC's and MPC's arguments that Grid Growth is ineligible for the total suite of incentives because multiple incentives aim to reduce financial risk associated with the Project. Further, we are also unpersuaded by OCC's contention that Grid Growth faces the same siting, permitting, and financial risks associated with any transmission project. We find that Grid Growth has demonstrated that each of the requested incentives that we authorize here, and the incentives package as

¹⁸² Order No. 679, 116 FERC ¶ 61,057 at P 43.

¹⁸³ *Id.* P 55; *see also Midcontinent Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,246, at P 35 (2015).

¹⁸⁴ *See, e.g., Transource Pennsylvania, LLC*, 184 FERC ¶ 61,091 (2023); *N.Y. Transco, LLC*, 185 FERC ¶ 61,222 (2023); *PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,089 (2017); *PJM Interconnection, L.L.C.*, 152 FERC ¶ 61,180 (2015); *RITELine Ill.*, 137 FERC ¶ 61,039 (2011).

a whole, addresses the risks and challenges faced by Grid Growth in undertaking the Project.

130. Finally, as a result of the Commission approving the requested transmission rate incentives, Grid Growth must submit FERC-730 reports annually.¹⁸⁵

4. Authorization to Replicate the Formula Rate Template and Protocols and to Assign and/or Replicate Rate Incentives for Later-Formed Subsidiaries in the PJM Region

a. Grid Growth Filing

131. Grid Growth requests that any subsidiaries of Grid Growth Ventures be authorized to use the same Formula Rate for their own transmission projects in the PJM Region. Grid Growth requests that, for future transmission projects other than the Project, this authorization cover not only the Formula Rate, but also the base ROE, the Pre-Commercial Incentive, and the 60/40 Hypothetical Capital Structure Incentive. Grid Growth also requests that, for any subsidiary that Grid Growth Ventures creates to pursue and complete the Project, this authorization include the Formula Rate, the base ROE, and all the incentives granted in response to this application.¹⁸⁶

132. Grid Growth contends that it would be administratively inefficient for these other PJM subsidiaries to have to file and defend a new rate proceeding and for the Commission and interested parties to have to relitigate such filings. Further, Grid Growth states, the Commission has authorized replication of the accepted formula rate and use of the same approved non-project-specific rate incentives for affiliates of the applicant operating in the same region.¹⁸⁷

b. Commission Determination

133. We grant Grid Growth's request for authorization to use the proposed Formula Rate for later-formed Grid Growth Ventures subsidiaries in the PJM region, which will obviate the need to make additional FPA section 205 filings. We clarify, however, that any future Grid Growth Ventures entity in the PJM region will be subject to the Formula

¹⁸⁵ FERC-730 annual reports must be filed by public utilities that have been granted incentive rate treatment for specific transmission projects. 18 C.F.R. § 35.35(h). These reports contain actual, projected, and incremental transmission investment information.

¹⁸⁶ Transmittal at 3-4.

¹⁸⁷ *Id.* (citation omitted).

Rate Template and base ROE that is determined through the hearing and settlement judge procedures that have been ordered for Grid Growth Ventures.

134. We also grant Grid Growth's request for authorization for Grid Growth Ventures to use the Pre-Commercial Incentive and Hypothetical Capital Structure Incentive for later-formed Grid Growth Ventures subsidiaries in the PJM region since the Commission has fully considered the incentives issue in this proceeding.

135. Further, we find that the risks and challenges that lead the Commission to grant the Abandoned Plant Incentive and CWIP Incentive that Grid Growth requests would also be faced by any yet-to-be-formed affiliates. Therefore, we grant Grid Growth's request for authorization to assign the Abandoned Plant Incentive and CWIP Incentive to any yet-to-be-formed affiliate that will be involved in the construction and ownership of the Project.¹⁸⁸ This authorization is subject to the requirement that, should Grid Growth Ventures elect to assign its incentives, the affiliates to whom that assignment is made will be required to make any necessary FPA section 203¹⁸⁹ or FPA section 205 filings with the Commission and receive approval.

The Commission orders:

(A) We accept Grid Growth's proposed Formula Rate tariff records, effective May 6, 2026, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the FPA, particularly section 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), we hereby institute a proceeding in Docket No. EL26-76-000 to examine the justness and reasonableness of Grid Growth's proposed ROE, and other aspects of the Formula Rate Template, as discussed in the body of this order. However, the hearing will be held in abeyance to provide time for settlement judge procedures, as discussed in Ordering Paragraphs (K) and (L) below.

(C) Grid Growth is hereby directed to submit a compliance filing, within 60 days of the date of this order, addressing the Commission's concerns with the Protocols, as discussed in the body of this order.

¹⁸⁸ See *PPL Elec. Util. Corp.*, 123 FERC ¶ 61,068, at P 51, *reh'g denied*, 124 FERC ¶ 61,229 (2008).

¹⁸⁹ 16 U.S.C. 824b.

(D) We grant Grid Growth's request for the Abandoned Plant Incentive, effective July 3, 2026, as discussed in the body of this order.

(E) We grant Grid Growth's request for the CWIP Incentive, effective July 3, 2026, as discussed in the body of this order.

(F) We grant Grid Growth's request for the 60/40 Hypothetical Capital Structure Incentive, effective July 3, 2026, as discussed in the body of this order.

(G) We grant Grid Growth's request for the Pre-Commercial Incentive, effective July 3, 2026, as discussed in the body of this order.

(H) We grant Grid Growth's request for authorization for the use of the proposed Formula Rate for later-formed subsidiaries of Grid Growth Ventures in the PJM region, as discussed in the body of this order.

(I) We grant Grid Growth's request for authorization for Grid Growth Ventures subsidiaries to use the Pre-Commercial Incentive and Hypothetical Capital Structure Incentive for later-formed subsidiaries in the PJM region, as discussed in the body of this order.

(J) We grant Grid Growth's request for authorization for the use of certain incentives for later-formed subsidiaries of Grid Growth Ventures in the PJM region created to pursue and complete the Project, as discussed in the body of this order.

(K) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603, the Chief Judge is hereby directed to appoint a settlement judge in this proceeding within 30 days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge within five days of the date of this order.

(L) Within 30 days of the appointment of the settlement judge, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide participants with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every 60 days thereafter, informing the Commission and the Chief Judge of participants' progress toward settlement.

(M) If settlement judge procedures fail and trial-type evidentiary hearings are to be held, a presiding judge, to be designated by the Chief Judge, shall, within 45 days of

the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, NE, Washington, DC 20426, or remotely (by telephone or electronically), as appropriate. Such a conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

(N) Any interested person desiring to be heard in Docket No. EL26-76-000, must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, in accordance with Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214, within 21 days of the date of issuance of this order. The Commission encourages electronic submission of interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically may file by U.S. mail addressed to Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426, or by hand (including courier) delivery to Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852.

(O) The Secretary shall promptly publish in the *Federal Register* a notice of the Commission's initiation of the proceedings under section 206 of the FPA in Docket No. EL26-76-000.

(P) The refund effective date in Docket No. EL26-76-000, established pursuant to section 206 of the FPA, shall be the date of publication in the *Federal Register* of the notice discussed in Ordering Paragraph (O) above.

By the Commission. Chairman Swett, Commissioner Rosner, Commissioner See, and Commissioner LaCerte are concurring with a joint separate statement attached.

Commissioner Chang is dissenting in part with a separate statement attached.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

Appendix – Tariff Record

PJM Interconnection, L.L.C.
Intra-PJM Tariffs

- [OATT ATT H-40B, OATT ATT H-40B - Grid Growth Ohio EVH, LLC \(0.1.0\).](#)
- [OATT ATT H-41B, OATT ATT H-41B - Grid Growth Ohio, LLC \(0.1.0\).](#)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Grid Growth Ohio, LLC
Grid Growth Ohio EHV, LLC

Docket Nos. ER26-1655-000
ER26-1655-001
EL26-76-000

(Issued July 2, 2026)

SWETT, Chairman, ROSNER, Commissioner, SEE, Commissioner, and LACERTE,
Commissioner, *concurring*:

1. We write separately today to reiterate a point that several Commissioners made recently:¹ the time has likely come for the Commission to reconsider how it approaches hypothetical capital structure incentives. While modifications to the Commission's approach are not ripe for today's order, we remain committed to reexamining this policy.
2. As has been said before, it is increasingly obvious that a key barrier to energy infrastructure buildout in this country is fostering public trust that particular projects are needed. Transparency as to how the Commission will consider requests for incentive rate treatments is essential to increasing certainty that needed infrastructure is constructed. This especially applies to the hypothetical capital structure requests, like the one at issue in today's order, and—in our view—it is time to develop an approach that more thoughtfully and deliberately balances affordability concerns, the need for transparency, and the imperative that we provide as much certainty as necessary to build energy infrastructure. We believe that project sponsors can and should do more to explain how their projects, and their requests for a hypothetical capital structure, will provide reliable power and save consumers money.
3. We look forward to working with our colleagues to sharpen our evaluation of hypothetical capital structure requests.

¹ *MGS Wisconsin*, 195 FERC ¶ 61,251 at P 1 (Swett, Chairman, and Rosner, Comm'r, concurring).

For these reasons, we respectfully concur.

Laura V. Swett

Chairman

David Rosner

Commissioner

Lindsay S. See

Commissioner

David LaCerte

Commissioner

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Grid Growth Ohio, LLC
Grid Growth Ohio EHV, LLC

Docket Nos. ER26-1655-000
ER26-1655-001
EL26-76-000

(Issued July 2, 2026)

CHANG, Commissioner, *dissenting in part*:

1. I dissent in part from today's order addressing a suite of rate and incentive proposals by Grid Growth Ohio EHV, LLC and Grid Growth Ohio, LLC (collectively, Grid Growth). For the same reasons explained in my partial dissents in similar cases, I disagree with the order's approval of Grid Growth's requested hypothetical capital structure of 60% equity and 40% debt.¹ Given the absence of an adequate justification for that proposed structure, I would instead set Grid Growth's capital structure for hearing along with the other items set for hearing, consistent with the Commission's decision in *Valley Link Transmission Maryland, LLC*.²

2. Notwithstanding my partial dissent, I acknowledge and appreciate my colleagues' recognition that "the time has likely come for the Commission to reconsider how it approaches hypothetical capital structure incentives."³ I agree and stand ready to work with them on updating the Commission's hypothetical capital structure policies to ensure those policies properly balance customer protection with the need to develop new transmission infrastructure.

¹ *Midcontinent Grid Solutions Iowa, LLC*, 192 FERC ¶ 61,208 (2025) (Chang, Comm'r, dissenting in part); *Invenergy Grid Midwest LLC* 195 FERC ¶ 61,084 (2026) (Chang, Comm'r, dissenting in part); *Midcontinent Grid Solutions Wisconsin, LLC*, 195 FERC ¶ 61,251 (2026) (*MGS Wisconsin*) (Chang, Comm'r, dissenting in part).

² 191 FERC ¶ 61,113, at PP 143-144 (2025).

³ *Grid Growth Ohio, LLC*, 196 FERC ¶ 61,008 (2026) (Swett, Chairman, and Rosner, See, LaCerte, Comm'rs, concurring at P 1).

For these reasons, I respectfully dissent in part.

A handwritten signature in black ink, appearing to read "Judy Chang", written in a cursive style. The signature is positioned above a horizontal line.

Judy W. Chang

Commissioner