196 FERC ¶ 61,015
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.

Kammer Juniata Transmission, LLC — Docket Nos. ER26-1734-001, EL26-81-000

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 10, 2026)

1. On March 12, 2026, as amended on May 12, 2026, Kammer Juniata Transmission, LLC (Kammer) 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 Kammer consisting of a formula rate template (Formula Rate Template) and formula rate protocols (Protocols) (together, Formula Rate); and (2) establish certain incentive rate treatments for a 222-mile, 765 kV transmission line project between the Kammer substation in West Virginia and the Juniata substation in Pennsylvania, the Kammer Juniata Project (Project).

2. In this order, we accept the tariff records to be effective May 12, 2026, and institute a proceeding under FPA section 206[5] establishing hearing and settlement judge procedures

[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).

[5] 16 U.S.C. § 824e.

with respect to the Formula Rate Template and directing compliance with respect to the Protocols. We find that Kammer'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) and proxy cost of debt, as discussed below. Additionally, we find that Kammer's proposed Protocols are unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful and direct certain changes, as discussed below.

3. We grant Kammer's requested transmission incentives, effective July 11, 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 Kammer (Abandoned Plant Incentive); (2) inclusion of 100% construction work in progress (CWIP) in rate base (CWIP Incentive); and (3) a hypothetical capital structure of 60% equity and 40% debt until the Project is placed into service (60/40 Hypothetical Capital Structure Incentive), as discussed below.

4. We conditionally grant a 50-basis-point ROE adder for Kammer's participation in a Regional Transmission Organization (RTO) (RTO Participation Adder) subject to the total ROE being within the applicable zone of reasonableness, as may be determined in the hearing and settlement judge procedures ordered below.

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

I. Background and Filing

A. The Applicant

6. Kammer explains it is a Delaware limited liability company that was formed in 2025 and is currently a wholly owned, direct subsidiary of NextEra Energy Transmission, LLC (NEET).[6] Kammer states that it was formed as a competitive transmission company to develop, construct, own, and invest in electric transmission projects awarded through the PJM Regional Transmission Expansion Plan (RTEP) competitive solicitation process. Kammer explains that it does not currently own transmission assets and all transmission assets owned will be placed under PJM's functional control.[7] Additionally, Kammer explains that it has been prequalified as a Designated Entity and that it expects to execute

[6] Transmittal at 3.

[7] *Id.* at 3-4.

a Designated Entity Agreement with PJM for the Project.[8] Kammer states that NEET and Exelon Transmission Company, LLC (Exelon Transmission) have entered in an agreement to establish a joint venture pursuant to which Exelon Transmission, or an affiliate, will acquire a 25% ownership interest in Kammer and NEET will retain a 75% equity interest.

B. PJM Regional Transmission Expansion Planning Process

7. Kammer explains that in the PJM RTEP process, PJM identifies potential reliability violations on its transmission system and facilitates the solicitation and selection of solutions to such reliability violations as proposed by transmission owners and developers, including through a competitive bidding process.[9] After PJM identifies a set of reliability criteria violations, it may open a competitive window to receive project proposals that attempt to resolve the violations. PJM uses a 60-day window to solicit Short-term Projects, which are transmission enhancement or expansion projects with in-service dates of between three to five years from the year in which PJM posts the violations, system conditions, or Public Policy Requirements to be addressed by the enhancement or expansion. PJM uses a 120-day window to solicit Long-lead Projects, which are transmission enhancement or expansion projects with in-service dates greater than five years.[10] After PJM staff reviews the proposals for their reliability benefits, alleviation of congestion, feasibility, and costs, PJM presents a shortlist to its Transmission Expansion Advisory Committee (TEAC) and solicits stakeholder feedback before recommending projects to the PJM Board of Managers (PJM Board).

C. Project

8. Kammer states that it submitted the Project in PJM's 2025 RTEP Window 1 (Window) as part of Proposal 237.[11] Kammer states that the Project will traverse ten counties in Pennsylvania and one county in West Virginia and that the total estimated

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[8] *Id.* at 4 (citing PJM, Intra-PJM Tariffs, OA Schedule 6 , § 1.5, (Procedure for Development of the Regional Transmission Expansion Plan (29.1.1), § 1.5.8(a) (PJM Operating Agreement)). Unless otherwise specified, all capitalized terms herein shall have the same definition as in the PJM Tariff.

[9] *Id.* at 4; *see* also PJM Operating Agreement, Schedule 6, § 1.5.8(a).

[10] *See* PJM Operating Agreement, Schedule 6, § 1.5.8(c) (Project Proposal Window).

[11] Transmittal at 5.

cost of the Project is $1.7 billion. Kammer states that the Project is expected to go into service in June 2031.

D. Kammer's Request

9. Kammer requests that the Commission accept for filing the proposed Formula Rate and authorize the requested incentive rate treatments, effective May 12, 2026.[12] Kammer requests that the Commission authorize any transmission owning subsidiaries of joint ventures that are owned by NEET and Exelon Transmission operating in the PJM region to use the same Formula Rate and base ROE, as well as the RTO Participation Adder and the 60/40 Hypothetical Capital Structure Incentive granted in response to this application, for their own projects in PJM.[13]

II. Notice and Responsive Pleadings

10. Notice of Kammer's filing was published in the *Federal Register*, 91 Fed. Reg. 12791 (Mar. 17, 2026), with interventions and protests due on or before April 2, 2026. On March 17, 2026, Pennsylvania Office of Consumer Advocate (OCA) filed a motion for a 30-day extension of time for protests and comments. On March 25, 2026, Kammer filed an answer opposing the OCA's motion. On April 1, 2026, the Commission issued a notice granting an extension of time for filing motions to intervene, protests, and comments to April 7, 2026.

11. Timely motions to intervene were filed by American Municipal Power, Inc. (AMP); Buckeye Power, Inc; Exelon Transmission Company; Maryland Office of People's Counsel; New Jersey Division of Rate Counsel; OCA; PPL Electric Utilities Corporation (PPL); PSEG Companies;[14] and Public Citizen, Inc. A notice of intervention was filed by Pennsylvania Public Utility Commission (Pennsylvania Commission). Protests were filed by OCA and AMP. Comments were filed by Pennsylvania Commission.

12. On April 8, 2026, Old Dominion Electric Cooperative filed a motion to intervene out-of-time. On April 10, 2026, PJM filed a motion to intervene out-of-time.

13. On April 23, 2026, Kammer filed a motion for leave to answer and answer to Pennsylvania Commission's comments and OCA's and AMP's protests. On April 24,

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[12] *Id.* at 2.

[13] *Id.* at 3.

[14] Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC (collectively, the PSEG Companies).

2026, PJM filed a motion for leave to answer and answer to Pennsylvania Commission's comments and OCA's protest. On May 11, 2026, PPL and OCA filed answers to PJM's answer. On May 22, 2026, PJM filed an answer to PPL's and OCA's answers.

14. On April 23, 2026, a deficiency letter was issued informing Kammer that its filing was deficient and requesting additional information (Deficiency Letter). On May 13, 2026, Kammer filed a response to the Deficiency Letter (Deficiency Response).

15. Notice of Kammer's May 13, 2026 amendment was published in the *Federal Register*, 91 Fed. Reg. 28590 (May 18, 2026), with interventions and protests due on or before June 3, 2026.

16. On June 3, 2026, AMP filed an answer to Kammer's answer and the Deficiency Response. On June 18, 2026, Kammer filed an answer to AMP's answer.

III. Discussion

A. Procedural Matters

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

18. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d), we grant Old Dominion Electric Cooperative's and PJM's late-filed motions to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

19. 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. Kammer Formula Rate

a. Formula Rate Template

i. Kammer Filing

20. Kammer states that the Formula Rate will be used to determine the revenue requirement for its investment in transmission facilities in PJM. Kammer explains that the Formula Rate establishes a forward-looking formula that recovers projected transmission costs on a calendar-year basis, with an annual true-up inclusive of interest to

ensure that only actual costs and a reasonable return on investment are collected from customers.[15] Kammer contends that the Formula Rate is consistent with other accepted formula rates and should be accepted without modification or condition.[16]

21. Kammer explains that PJM will use the projected net transmission revenue requirement (PTRR) to calculate the transmission rate effective each Rate Year.[17] Kammer further explains that a true-up between the PTRR and Kammer's annual transmission revenue requirement (ATRR) will be calculated the following year and applied, with interest, as an addition to or subtraction from the subsequent year's PTRR. In addition, Kammer explains that the proposed Formula Rate provides for the recovery of a return on rate base, income taxes, taxes other than income taxes, depreciation and amortization expenses, and other operation and maintenance (O&M) expenses, less any revenue credits.[18] Further, Kammer states that all transmission plant balances are calculated based on 13-month averages and that the Formula Rate complies with Order No. 864.[19]

22. Kammer proposes to utilize a column in Attachment 1 to the Formula Rate Template to incorporate and reflect project-specific competitive adjustments to the ATRR for purposes of a competitive solicitation.[20] Kammer explains that this competitive adjustment feature changes the amount that could otherwise be collected under the Formula Rate as it relates to the awarded transmission project.

23. Kammer requests waiver of Commission filing requirements not met by its application, specifically the cost-of-service requirements of section 35.13.[21] According

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[15] Transmittal at 7.

[16] *Id.* at 7 n.31 (citing *NextEra Energy Transmission MidAtlantic, Inc.,* 188 FERC ¶ 61,118 (2024)).

[17] *Id.* at 7.

[18] *Id.* at 8.

[19] *Id.* (citing Ex. MB-001, Test. of Matthew Boykin at 4, 12-15); *see also Pub. Util. Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019), *order on reh'g*, Order No. 864-A, 171 FERC ¶ 61,033 (2020)).

[20] *Id.* at 13.

[21] *Id.* at 33.

to Kammer, the Commission has consistently granted this waiver and granting is appropriate here, as the cost-of-service information is not needed to evaluate the filing.

ii. Protests

24. AMP states that Kammer failed to demonstrate that the proposed Formula Rate is just and reasonable and that there are several issues of material fact. For example, AMP states that Kammer has not demonstrated that it appropriately reflects functional plant delineations in its Formula Rate Template, as it omits Regional Transmission and Market Operation (RTMO) Plant (Accounts 380-386) and Energy Storage Plant (Account 387.12).[22] AMP states that Kammer must demonstrate the reasonableness of allocating all prepayments to rate base using the Gross Plant allocator.[23] AMP asserts that Kammer should be required to provide a hypothetical example of its intended allowance for funds used during construction (AFUDC) calculations. AMP asserts that shareholder-oriented incentive compensation must be excluded from rates because it is not a cost incurred for the benefit of ratepayers, and that the Formula Rate's income tax allowance calculations and accompanying notes appear to permit all permanent book/tax differences.[24] AMP argues that Kammer's proposal to allocate payment in lieu of taxes (PILOT) to General Plant (GP) is unreasonable as PILOTs are effectively property taxes associated with specific facilities. AMP maintains that Kammer's cash working capital allowance contains non-cash charges that are improper to include in a cash working capital allowance, including, but not limited to, amortizations of prepaid expenses or non-cash charges to an item already in rate base.[25] AMP also states that Kammer must respond to AMP's *prima facie* demonstration that Kammer's proposal to rely on the one-eighth rule to derive a cash working capital allowance in rate base may lead to unreasonable results.[26]

25. AMP and OCA argue that the Formula Rate Template should be set for an evidentiary hearing, as there are several flaws including, but not limited to, incorrect

[22] AMP April 7 Protest at 3-4.

[23] *Id.* at 6.

[24] *Id.* at 8-9.

[25] *Id.* at 5.

[26] *Id.* at 4-5.

references, questions regarding the formula regarding cash working capital, and missing information regarding Transmission Lease Payments.[27]

iii. **Answers**

26. Kammer argues that the challenges to the Formula Rate Template lack merit and should be rejected.[28] For example, Kammer contends that the RTMO accounts appear to be appropriate for use by a transmission owner operating in a non-RTO region. Regarding arguments that Kammer has not justified its use of the one-eighth rule to derive its cash working capital allowance, Kammer asserts that its use of the 45-day rule for determining a cash working capital allowance is consistent with long-standing Commission policy.[29] Regarding arguments related to the Gross Plant allocator, Kammer argues that it is a transmission-only company that has no generation or distribution functions and therefore its proposed allocation of prepaid expenses to rate base using the Gross Plant allocator is reasonable. Regarding AMP's requests that Kammer provide an example of its AFUDC calculations, Kammer argues that providing an example is premature at this time. Regarding AMP's argument that the Formula Rate Template is inadequate because shareholder-oriented incentive compensation is not currently reflected, Kammer argues that this issue is misplaced as it has filed a formula rate and not a stated rate. In response to Kammer's proposal to allocate PILOT to General Plant, Kammer asserts that the "GP" abbreviation means "Gross Plant," which is appropriate for PILOT costs. Regarding AMP's claims that Kammer's income tax allowance calculations and accompanying notes are contrary to Commission precedent, Kammer asserts that whether a particular permanent difference amount should be excludible is more appropriately addressed in the Annual Update process. Regarding AMP's claims that Kammer's income tax allowance calculations and accompanying notes are contrary to Commission precedent, Kammer asserts that the Formula Rate Template is just and reasonable as filed, and whether a particular permanent difference amount should be excludible is more appropriately addressed in the Annual Update process rather than in a challenge to the Formula Rate Template.

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[27] *Id.* at 11; OCA April 7 Protest at 40-43.

[28] Kammer April 24 Answer at 12-17.

[29] *Id*. at 14 (citing *Calculation of Cash Working Cap. Allowance for Elec. Utils.*, 54 FERC ¶ 61,193, at 61,581 (1991) (citations omitted)).

27. In response, AMP argues that Kammer's Formula Rate Template is deficient as the Commission established the referenced RTMO accounts "to record the cost of assets owned and used by RTOs."[30] AMP contends that Kammer has not shown that its determination of cash working capital is just and reasonable because Kammer's contention cannot be reconciled with the PJM Billing Manual, which states that weekly billing statements are used to settle, and therefore provide cash flows related to network transmission service.[31] AMP also argues that Kammer has not provided a meaningful response to AMP's concern about the scope of its AFUDC proposal.[32] In addition, AMP argues that the proposed criteria for unfunded reserves are not adequately supported and are likely to artificially inflate rate base and that the relevant issue regarding incentive compensation is whether these costs are appropriate to be recovered, not whether the recovery mechanism is a stated rate or a formula rate. Regarding AMP's concerns that Kammer proposes to allocate PILOTs to General Plant, AMP states that Kammer sidesteps AMP's concerns and thus failed to meet its burden to demonstrate its Formula Rate Template is just and reasonable. AMP argues that Kammer's income tax provisions inappropriately shift the burden to customers.

28. Kammer responds that its proposed Formula Rate is consistent with Commission precedent and properly omits RTMO and Energy Storage Plant accounts.[33] Kammer explains that the RTMO accounts cited by AMP relate to physical assets owned by an RTO to support its transmission and market operations. Kammer states that because it is a transmission owner, not an RTO, it will not have any costs to record in those accounts. As such, Kammer argues that including RTMO accounts in its Formula Rate Template is unreasonable. Regarding AMP's arguments regarding Energy Storage Plant accounts, Kammer argues that as it only intends to own transmission facilities, including Energy Storage Plant accounts is unreasonable.

b. Stated Values

i. Post-Employment Benefits other than Pensions

29. Kammer states that it does not propose to recover Post-Employment Benefits Other Than Pensions (PBOP) in its Formula Rate at this time but if it seeks to do so in the

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[30] AMP June 3 Response at 5 (citing *Acct. & Fin. Reporting for Pub. Utils. Including RTOs*, Order No. 668, 115 FERC ¶ 61,080, at P 9 (2005)).

[31] *Id.* at 6 (citing PJM, *PJM Billing Manual 29* § 1.1 (May 2025), https://www.pjm.com/-/media/DotCom/documents/manuals/m29.pdf).

[32] *Id.* at 7-11.

[33] Kammer June 18 Response to AMP at 3, 5-6.

future, it will make a limited section 205 filing, supported by an actuarial study to establish the amount of PBOP recovery.[34]

(a) <u>Protest</u>

30. AMP contends that to the extent Kammer expects to recognize net PBOPs income, then including a value of $0 of PBOPs expense, rather than a negative PBOPs expense to reflect the net income position, would be unreasonable.[35]

ii. <u>Proxy Cost of Debt</u>

31. Kammer proposes to base its initial long-term debt cost on Kammer's imputed cost of debt, which will be computed using the Secured Overnight Financing Rate (SOFR) plus 2%, until at such time as debt is obtained, consistent with Commission precedent.[36] Kammer states that once debt is obtained, the long-term cost rate will be the annual long-term interest divided by the 13-month average balance of the long-term debt.

iii. <u>Depreciation Rates</u>

32. Kammer states that the Formula Rate includes stated depreciation rates for transmission and general plant and proposes to use the Commission approved depreciation rate of its affiliate, NEET MidAtlantic, as it does not own assets in service and lacks operating history upon which to base a depreciation study.[37] Kammer contends the Commission has found that using the depreciation rates of an affiliate as a proxy for a new entrant is appropriate.[38] Moreover, Kammer also commits to file revised deprecation

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[34] Transmittal at 12.

[35] AMP April 7 Protest at 9.

[36] Transmittal at 8 (citing Ex. No. MB-001, Test. of Matthew Boykin 15 (Boykin Test.); Ex. No. SC-001, Test. of Stephanie Castaneda at 14 n.4 (Castaneda Test.)).

[37] *Id.* at 12.

[38] *Id.* (citing *Midcontinent Grid Sols. Iowa, LLC,* 192 FERC ¶ 61,208, at P 19 (2025) (Midcontinent Grid Order) (approving the proxy depreciation rates for the applicant's affiliate because both the applicant and its affiliate are newly formed entities that intend to own similar transmission facilities in the future); *NextEra Energy Transmission W., LLC*, 154 FERC ¶ 61,009, at P 103 (2016); *Xcel Energy Sw.*, 149 FERC ¶ 61,182, at P 124 (2014)).

rates reflecting the depreciation of its actual facilities within five years of Kammer placing its assets into service.

iv. Base ROE

(a) Kammer Filing

33. Kammer proposes an overall ROE of 11.25% consisting of a proposed base ROE of 10.75% and the RTO Participation Adder of 50 basis points.[39] Kammer argues that the requested overall ROE is within the zone of reasonableness based on cost of equity estimates for a national proxy group, according to the analysis provided by Adrien M. McKenzie, CFA.[40] According the McKenzie Testimony, Kammer's proxy group is composed of 25 electric utilities with Moody's credit ratings in the Baa3 to A3 range and S&P credit ratings in the BBB+ to A- range.[41] Additionally, Kammer states that the McKenzie Testimony includes applications of the constant growth discounted cash flow (DCF), the capital asset pricing model (CAPM), the risk premium methodology, and the expected earnings approach.[42] Kammer states that Mr. McKenzie's analysis also recognizes recent concerns identified by the Commission.[43]

(b) Protests

34. AMP and OCA contend that the base return on equity of 10.75% is excessive.[44] AMP claims that Kammer's cost of equity analysis diverges from the Commission's preferred approach for establishing base returns in material ways.[45] AMP asserts that Kammer (1) replaces the Commission's two-step DCF model with a constant-growth DCF; and (2) incorporates two "benchmarks" (i.e., the risk premium and expected

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[39] *Id.* at 9 (citing Ex. No. AM-001, Test. of Adrien M. McKenzie at 16 (McKenzie Test.)).

[40] *Id.* (citing McKenzie Test. at 18-19).

[41] *Id.* (citing Ex. No. AM-004, Risk Measures at 1).

[42] *Id.*

[43] *Id.* at 9-10 (citing *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,036 (2024) (Order on Remand)).

[44] AMP April 7 Protest at 3; OCA April 7 Protest at 4.

[45] *See Coakley Mass. Attorney Gen. v. Bangor Hydro-Elec. Co*., Opinion No. 594, 194 FERC ¶ 61,208 (2026).

earnings approaches) that the Commission has squarely rejected. OCA contends that applying the Commission's preferred methodologies would produce a base ROE that is 66 basis points lower, at approximately 10.09%.[46] Therefore, OCA requests an evidentiary hearing regarding the proposed base ROE.[47]

35. OCA also contends that Kammer's reliance on the one-step DCF model, risk premium method, and expected earnings method towards calculating its proposed base ROE constitutes a departure from the Commission's preferred methodological approach as articulated in Opinion Nos. 569 *et seq*. and that Kammer's models produced unreliable results.[48] OCA argues that averaging Mr. McKenzie's two-step DCF median ROE result of 9.76% together with the CAPM median result of 10.42%, which is computed using IBES short-term growth rates and Bloomberg betas, results in the 10.09% base ROE.[49] Further, OCA contends that changes to the balance of the short-term and long-term growth rates in the DCF analysis may be warranted, which results in a ROE of 9.90%.[50] OCA states that the DCF analysis uses only short-term earnings per share projections published by Institutional Brokers Estimate System (IBES), which is a departure from the Commission's established two-step analysis,[51] as well as from Mr. McKenzie's reliance on a two-step DCF analysis for Valley Link.[52]

36. OCA also contests the use of the expected earnings method, stating that the Commission has rejected its use because it is not a market-based method and therefore

[46] OCA April 7 Protest at 4.

[47] *Id.* at 26.

[48] *Id.* at 24-25 (citing *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.,* Opinion No. 569, 169 FERC ¶ 61,129 (2019), Opinion No. 569-A, 171 FERC ¶ 61,154, Opinion No. 569-B, 173 FERC ¶ 61,159 (2020), *vacated and remanded sub nom., MISO Transmission Owners, v. FERC*, 45 F.4th 248 (D.C. Cir. 2022), *order on remand*, 189 FERC ¶ 61,036 , *order on reh'g*, 190 FERC ¶ 61,184 (2025)).

[49] *Id.* at 25 (citing *See* Kammer Filing, Ex. No. AM-003, ROE Analysis at 1).

[50] *Id.*

[51] *Id.* at 30 (citing Opinion No. 594, 194 FERC ¶ 61,208 at PP 140-161).

[52] *Id.* (citing *Valley Link Transmission Md., LLC*, 191 FERC ¶ 61,113 (2025) (*Valley Link*); McKenzie Test. at 17).

does not satisfy the requirements of *Hope*.[53] Moreover, OCA states that the Commission rejected the use of the expected earnings method in Opinion No. 594.[54] Additionally, OCA contests Kammer's use of the risk premium method, contending that the Commission concluded that there has been no evidence suggesting that investors use the method or that concerns about circularity have been addressed.[55] OCA also states that Kammer's reliance on the midpoint measurement is misplaced, given that the median measurement is the Commission's preferred methodology when determining ROE for a single utility of average risk.[56]

37. Furthermore, OCA asserts that Kammer's reliance on and arguments in favor of Value Line betas in its CAPM analyses conflict with the Commission's preference to rely on Bloomberg betas.[57] OCA contends that Mr. McKenzie improperly states that betas are updated on a weekly basis when Value Line actually updates its beta calculations every 13 weeks.[58] Therefore, OCA states the Commission's concerns regarding the timeliness of Value Line betas and lack of synchronization with the end of the study period remain valid.[59] OCA states that the Commission has reaffirmed the appropriateness of a two-step DCF analysis.[60]

38. Lastly, OCA contends that Mr. McKenzie's arguments against reliance on the GDP growth rate provide evidence that the Commission must reconsider its decision to weigh the long-term GDP growth rate in the development of the composite growth rate at 20% rather than its prior one-third weight.[61] OCA contends that the average short-term IBES growth rates for Mr. McKenzie's proxy group had a gap from the GDP long-term

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[53] *Id.* at 26 (citing Opinion No. 569, 169 FERC ¶ 61,129, at PP 200-202 (citing *Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944) (*Hope*)).

[54] *Id.* at 27 (citing Opinion No. 594, 194 FERC ¶ 61,208 at PP 190-212.

[55] *Id.* at 25, 27 (citing Order on Remand, 189 FERC ¶ 61,036; Ex. No. AM-001, at 68:1 – 70:4).

[56] *Id.* at 28.

[57] *Id.* at 28-29.

[58] *Id.* at 29 (citing McKenzie Test. at 59- 60).

[59] *Id.* (citing *DATC Path 15, LLC,* 177 FERC ¶ 61,115 at P 111 (2021)).

[60] *Id.* at 30 (citing Opinion No. 594, 194 FERC ¶ 61,208 at PP 140-161).

[61] *Id.* at 31-32.

growth rate that was considerably greater than the gap that the Commission relied on to use a two-third and one-third weighting.[62]

(c) Answers

39. Kammer argues that its proposed base ROE is consistent with Commission precedent and that Mr. McKenzie's analysis is comparable to the results produced by the approach adopted by the Commission in its 2024 Order on Remand and in Opinion No. 594.[63] In response to arguments against Kammer's use of the constant growth, one-step DCF model and Mr. McKenzie's reliance on IBES-published short-term earnings per share projections,[64] Kammer asserts that OCA's citation to decades-old investment reports for an unrelated industry do not support a finding that the current expectations for investors in electric utility stocks are bounded by a fifty-year forecast for growth in GDP.[65] Kammer also asserts OCA's argument that the Commission should modify its DCF-weighting is a collateral attack on the Commission's ROE precedent.[66]

40. Kammer asserts that OCA misunderstands Mr. McKenzie's analysis regarding the use of midpoint and median values as it does not rely exclusively on the midpoint results; rather, it is framed by both the median and midpoint results of the four financial models.[67] Regarding OCA's arguments for Value Line betas in the CAPM analyses, Kammer asserts that Mr. McKenzie's testimony refutes these arguments by addressing the "mismatch" fallacy underlying the Commission's suggestion in Opinion No. 594 that Bloomberg betas represent a preferable alternative to Value Line betas.[68] Additionally, Kammer states that the Commission did not necessarily foreclose the future use of the

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[62] *Id.* at 32 (citing McKenzie Test. at 38:1-5; *Inquiry Regarding the Comm'n Pol'y for Determining Return on Equity*, 171 FERC ¶ 61,155, at P 33 & n.78 (2020)).

[63] Kammer April 23 Answer at 6-7 (Opinion No. 594, 194 FERC ¶ 61,208; Order on Remand, 189 FERC ¶ 61,036).

[64] *Id.* at 7 (citing AMP April 7 Protest at 2-3; OCA April 7 Protest at 30).

[65] *Id.* (citing OCA April 7 Protest at 30-31 (citing Opinion No. 594, 194 FERC ¶ 61,208 at P 146)). The Commission cited a number of investment publications from the 1990s concerning application of the DCF model to natural gas pipelines.

[66] *Id.* at 8.

[67] *Id.* at 8-9 (citing McKenzie Test. at 16).

[68] *Id.* at 9-10 (citing Opinion No. 594, 194 FERC ¶ 61,208 at P 258 n.582; McKenzie Test. at 53-60).

expected earnings method and that the Commission found that the expected earnings method may be relied on if there is adequate support in the record.[69] Kammer argues there is no merit to OCA's request to exclude the risk premium model as Kammer states that Mr. McKenzie has provided extensive testimony and evidence to justify his reliance on the risk premium model, including evidence demonstrating that investors use the risk premium approach.[70]

41. In response, AMP argues that Kammer offers no meaningful rebuttal to AMP's demonstration that the proposed base ROE has not been shown to be just and reasonable.[71] According to AMP, Kammer affirms that, rather than following the Commission's preferred approach, its base ROE analysis relies on the results of the constant growth DCF model, the risk premium method, and the expected earnings approach. AMP also reiterates its disagreement with the two-step DCF model reaffirmed by the Commission 13 days before Kammer submitted its filing.[72]

42. Kammer responds that use of the constant growth DCF model is appropriate because investors' growth expectations for electric utility stocks do not reflect a decline towards GDP and current industry fundamentals support markedly higher growth over the time period that is relevant to investors.[73] Additionally, Kammer argues that the Commission has not foreclosed the use of the expected earnings model and that Mr. McKenize has provided evidence that investors use the risk premium methodology.

c. Deficiency Letter

43. The Deficiency Letter stated that Kammer proposes a 15-year amortization period for protected ADIT in Account 190, Accumulated Deferred Income Taxes, and Account 282, Accumulated Deferred Income Taxes–Other Property. The Deficiency Letter asked Kammer to explain how the proposed 15-year amortization period is just and reasonable for all amounts in these accounts, irrespective of the lives of the underlying assets.[74]

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[69] *Id.* at 10-11 (Opinion No. 569, 169 FERC ¶ 61,129 (2019), *order on reh'g*, Opinion No. 569-A, 171 FERC ¶ 61,154 at P 132, *petitions granted and dismissed in part vacated & remanded sub nom. MISO Transmission Owners v. FERC*, 45 F.4th 248).

[70] *Id.* at 11.

[71] AMP June 3 Response at 3.

[72] *Id.* at 3-4.

[73] Kammer June 18 Response to AMP at 3-5.

[74] Deficiency Letter at 2 (citing PJM., Intra-PJM Tariffs, OATT, attach. H-42A,

44. In its response, Kammer asserts that the 15-year amortization period referenced in Attachment 4b of the proposed Formula Rate Template was included in error; accordingly, it is correcting Attachment 4b to remove such reference.[75] Kammer states that it will propose an amortization period if and when Kammer has assets in service for which there is excess or deficient ADIT. Kammer notes that such a proposal would be made in the annual formula rate implementation process without the need to modify the Formula Rate Template under FPA section 205. Kammer argues that this ADIT amortization treatment is consistent with Order No. 864 compliance filings the Commission has accepted.[76]

d. **Determination**

45. Our preliminary analysis indicates that Kammer'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. Kammer'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 procedures the proposed base ROE, proxy cost of debt, and other aspects of the Formula Rate Template.[77]

46. While we are setting these matters for a trial-type evidentiary hearing, we encourage efforts to reach settlement before hearing procedures are commenced. To aid settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge

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(KJT Formula Rate Template) (0.0.0), attach. 4b ((Excess)/Deficient ADIT Worksheet), Rows 1a & 1b (KJT Formula Rate Template)).

[75] Deficiency Response at 4.

[76] *Id.* at 4 (citing *MidAmerican Cent. Cal. Transco, LLC*, Docket No. ER21-2904-001 (Jan. 19, 2023) (delegated order) (accepting Order No. 864 compliance filing in which the utility indicated it would propose an ADIT amortization period during the formula rate implementation process without having to modify the formula rate template under FPA section 205)).

[77] Because Kammer 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. *See 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).

be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.[78] 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.[79] 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.

47. 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 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.[80] That date is the date of publication of notice of initiation of the section 206 proceeding in Docket No. EL26-81-000 in the Federal Register.

48. 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. EL26-81-000 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.

49. We accept Kammer's proposed revision in its Deficiency Response to remove the erroneous 15-year amortization period for protected excess or deficient ADIT referenced

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[78] 18 C.F.R. § 385.603 (2025).

[79] 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).

[80] *See, e.g.*, *Idaho Power Co.*, 145 FERC ¶ 61,122, at P 15 (2013); *Canal Elec. Co.*, 46 FERC ¶ 61,153, at P 3, *order on reh'g*, 47 FERC ¶ 61,275 (1989).

in Attachment 4b, column (G) to the Formula Rate Template. We agree that Kammer may propose an amortization period as part of the Annual Update process, consistent with Order No. 864.[81]

50. Regarding AMP's argument that Kammer 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, Kammer has sufficiently represented in its Formula Rate Template that customers will not be charged for both capitalized AFUDC and corresponding amounts of CWIP in rate base.

2. Kammer Formula Rate Protocols

a. Kammer Filing

51. Kammer contends the proposed Protocols are consistent with the Commission's guidance and will provide customers with sufficient information and procedural safeguards to facilitate the annual review of the inputs to the revenue requirement determinations.[82] Kammer argues that the proposed Protocols are consistent with the Commission's instructions to other entities with respect to (i) opportunities to participate in Kammer's information exchange process; (ii) the transparency of the information exchange; and (iii) the ability of interested parties to challenge Kammer's implementation of the Formula Rate.

b. Protest

52. OCA states that it is unclear whether data-sharing agreements exist between NEET and Exelon Transmission that would enable Kammer to fulfill its discovery obligations under the Protocols and argues that the Protocols should therefore be set for hearing.[83]

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[81] Order No. 864, 169 FERC ¶ 61,139 at P 50.

[82] Transmittal at 12-13 (citing Boykin Test. at 19-20; *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,127 (2012) (MISO Order Initiating Investigation), *order on investigation*, 143 FERC ¶ 61,149 (2013) (MISO Investigation Order), *order on reh'g*, 146 FERC ¶ 61,209 (MISO Investigation Order on Rehearing), *order on compliance*, 146 FERC ¶ 61,212 (2014) (MISO Compliance Order), *order on reh'g & clarification*, 150 FERC ¶ 61,024 (MISO Compliance Order on Rehearing), *order on compliance*, 150 FERC ¶ 61,025 (2015) (MISO Protocols Orders)).

[83] OCA April 7 Protest at 40-41.

c. Kammer Answer

53. Kammer argues that OCA fails to provide any basis for its arguments regarding data sharing.[84] Kammer also states that its proposed Protocols are based on other protocols that the Commission has accepted for other transmission-only companies, including joint ventures, and comply with the MISO Protocols Orders and subsequent precedent.[85]

d. Deficiency Letter

54. The Deficiency Letter asked Kammer to explain how Section II.E.6 of the Protocols, which states that the Annual True-Up will "[i]dentify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1,"[86] is consistent with Commission precedent.[87] Kammer explains that its proposed Protocols are based on those of its affiliate NextEra Energy Transmission MidAtlantic, Inc. (NEET MidAtlantic), which were accepted by the Commission.[88] Kammer notes that in the Commission's initial order accepting NEET MidAtlantic's proposed protocols, the Commission found that "NEET MidAtlantic's Protocols meet the standards set forth in Commission precedent …."[89] Further, Kammer states that Section II.E.6 is substantively identical to the language in the *pro forma* MISO Protocols on file with the Commission, which state at Section II.D.6: "Identify all material adjustments made to the Applicable Form data in determining formula inputs, including relevant footnotes to the

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[84] Kammer April 23 Answer at 18.

[85] *Id.* at 18-19 (citing, *inter alia*, *LS Power Grid Cal., LLC*, 175 FERC ¶ 61,256 at P 20 (2021) and the MISO Protocols Orders cited at supra note 82).

[86] *See* PJM, Intra-PJM Tariffs, OATT ATT. H-42B, OATT attach. H-42B (KJT Implementation Protocols) (0.0.0), § II (Annual True-Up and Projected Transmission Revenue Requirement), § E.6 (KJT Implementation Protocols).

[87] Deficiency Letter at 2 (citing *Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,212, at P 65 (2014)).

[88] Deficiency Response at 2 (citing *NextEra Energy Transmission MidAtlantic, LLC,* 161 FERC ¶ 61,141 (2017); *PJM Interconnection, L.L.C,* 173 FERC ¶ 61,033 (2020)).

[89] *Id.* (citing *NextEra Energy Transmission MidAtlantic, LLC*, 161 FERC ¶ 61,141 at P 46).

Applicable Form and any adjustments not shown in an Applicable Form."[90] Kammer also asserts that Section II.E.6 is identical to section II.E.6 of NEET MidAtlantic's Protocols, which the Commission has accepted on two occasions.[91] Kammer notes that Section II.E.8 of Kammer's Protocols, rather than II.E6, addresses accounting changes, and the phrase "material accounting changes" does not appear in Kammer's proposed Protocols. Additionally, Kammer 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. Kammer notes that in a recent proceeding, Commission staff required that the word "material" be added to the same sub-section of the proposed protocols in an amendment filing prior to Commission acceptance.[92]

55. The Deficiency Letter also asked Kammer to define the specific provisions in the Protocols that require Kammer to post information relevant to its ATRR on both PJM's website and OASIS.[93] In response, Kammer asserts that its proposed Protocols are consistent with the MISO Protocols Orders because they require Kammer to submit its revenue requirement and other relevant cost-of-service information to PJM for posting on PJM's website. Kammer argues that posting information to the PJM website meets the requirement of posting information to the PJM OASIS. Kammer states that once posted, the information is accessible both from PJM's general website and from PJM's OASIS. Kammer explains that PJM Transmission Owners cannot post their cost-of-service information directly to PJM's website and OASIS. Kammer asserts that it would, like all other PJM Transmission Owners, effectuate this requirement by sending its information to the designated PJM representative for posting. Kammer notes that PJM posts the relevant information on the "Formula Rates" section of its website,[94] and that PJM's

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[90] *Id.* (citing Midcontinent Independent System Operator, Inc., FERC Electric Tariff, 2 MISO Formulaic Rates (33.0.0)).

[91] *Id.* at 2 (referencing *NextEra Energy Transmission MidAtlantic, LLC,* 161 FERC ¶ 61,141; *PJM Interconnection, L.L.C & NextEra Energy Transmission MidAtlantic, Inc.,* 173 FERC ¶ 61,033 (2020)).

[92] *Id.* at 3 (citing Midcontinent Grid Order, 192 FERC ¶ 61,208 at P 18).

[93] Deficiency Letter at 2 (citing MISO Investigation Order, 143 FERC ¶ 61,149 at P 86).

[94] Deficiency Response at 4 (citing PJM, *Formula Rates*, https://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates).

OASIS also provides a link to the same "Formula Rates" page.[95] Kammer asserts that the wording of its proposed Protocols, "posted on the PJM website," reflects the reality that the information is housed within PJM's general website and can be accessed from both PJM's general website and from PJM's OASIS.[96]

e. Answers to Deficiency Letter Response

56. AMP contends that in Kammer's Deficiency Letter Response, Kammer cites to orders that conditionally accepted protocols, which is not the same as approval on its merits.[97] Further, AMP argues that Kammer fails to reconcile its proposed language with precedent that makes clear formula rate protocols must "disclose 'any' change in accounting during the rate period that affects inputs to the formula rate or the resulting charges billed under the formula rate."[98]

57. Kammer contends that AMP's arguments regarding the Protocols should be rejected, as the proposed Protocols conform to Commission guidance and are substantially similar to other implementation protocols accepted by the Commission.[99]

f. Determination

58. We have reviewed Kammer's Protocols using the standards established in the MISO Protocols 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).[100] As discussed below, based on that review, we find that Kammers's proposed Protocols are unjust and unreasonable as they do not meet the

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[95] *Id.* (citing PJM, OASIS, http://oasis.pjm.com).

[96] *Id.* at 3-4.

[97] AMP June 3 Answer at 4-5 (citing *NextEra Energy Transmission MidAtlantic, LLC*, 161 FERC ¶ 61,141 at P 46; *PJM Interconnection, L.L.C & NextEra Energy Transmission MidAtlantic, Inc.*, 173 FERC ¶ 61,033 (2020)).

[98] *Id.* at 5 (citing MISO Compliance Order, 146 FERC 61,212 at P 65 (citation omitted).

[99] Kammer June 18 Response to AMP at 6-7.

[100] *See* MISO Order Initiating Investigation, 139 FERC ¶ 61,127 at P 8.

Commission's transparency requirements. Therefore, pursuant to section 206 of the FPA, we direct Kammer within 60 days of the date of this order to submit a compliance filing, as discussed below.

59. In the MISO Protocols Orders, the Commission required transmission owners to annually post their revenue requirements and relevant information on both MISO's website and its OASIS. In its Deficiency Letter Response, Kammer claims that posting information to the PJM website will result in the posting of relevant information to PJM's OASIS. However, Kammer's proposed Protocols still lack the requirement that Kammer post information relevant to its ATRR on both PJM's website and OASIS, as required by the MISO Protocols Orders. Accordingly, we direct Kammer 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.[101]

60. We note that neither the MISO Protocols Orders, nor related precedent, contain directives regarding data-sharing agreements. Accordingly, we will not require Kammer to include language in its Protocols regarding such agreements, as requested by AMP. Additionally, we disagree with AMP's arguments related to accounting changes. The Protocols require Kammer to identify "any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate," which is consistent with the MISO Protocols Orders, and therefore just and reasonable.[102]

3. Request for Incentive Rate Treatments

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

61. 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.[103] 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

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[101] MISO Investigation Order, 143 FERC ¶ 61,149 at P 86.

[102] *See* MISO Compliance Order, 146 FERC ¶ 61,212 at P 65.

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

issued a Policy Statement providing guidance regarding its evaluation of applications for transmission rate incentives under section 219 and Order No. 679.[104]

62. 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 congestion."[105] 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."[106] 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."[107]

i. <u>Filing</u>

63. Kammer argues that the Project qualifies for the rebuttable presumption because it resulted from the PJM RTEP process, which evaluates transmission projects for reliability or congestion.[108] Kammer states that the RTEP process includes ample opportunity for stakeholder input through exchanges of information and reviews via the TEAC and PJM's Mid-Atlantic, Southern, and Western RTEP Committees. Kammer states that the Commission has consistently found that PJM's RTEP process satisfies the rebuttable presumption because it is an open and transparent transmission planning process that evaluates transmission projects for reliability and/or congestion and that

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[104] Transmission Incentives Policy Statement, 141 FERC ¶ 61,129.

[105] Order No. 679, 116 FERC ¶ 61,057 at P 76.

[106] *Id.* P 58.

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

[108] Transmittal at 15-16 (citing Order No. 679, 116 FERC ¶ 61,057 at P 58; 18 C.F.R. § 35.35(i)(1)(i) (2025)).

PJM's Window reliability assessment was no different.[109] Kammer asserts that because the Project was evaluated and awarded for its reliability benefits in the PJM RTEP process, the Commission should find the Project qualifies for the rebuttable presumption.

64. Kammer asserts that the specifics regarding the RTEP process applicable to the Project demonstrate that it satisfies Order No. 679 even without the rebuttable presumption.[110] Kammer contends that the record demonstrates that PJM's reliability analysis fully considered, evaluated, and made definitive findings regarding the Project's ability to ensure reliability of the PJM system.

65. Kammer states that in June 2025, PJM opened the Window to solicit solutions to address 2030 and 2032 baseline reliability criteria violations.[111] According to Kammer, in the Mid-Atlantic Area Cluster region (MAAC Cluster), PJM identified reliability needs driven by: (1) approximately 3.5 GW of anticipated load growth by 2030 in the PPL zone, (2) delayed in-service dates for approximately 7.5 GW of New Jersey offshore wind development, and (3) a combination of in-service delays of 7.5 GW for New Jersey Offshore wind and increased load of approximately 3.5 GW in the PPL zone. Further, Kammer states that PJM reaffirmed the need to enhance the PPL/MAAC West-to-East transfer path to address 2032 reliability violations. On February 12, 2026, Kammer states that the PJM Board approved the recommended solutions, which included the Project.

66. Kammer states that two proposals were submitted in response to the identified MAAC regional West to East transfer needs that recommended variations of 765 kV transmission line development from Kammer to Juniata in the PPL zone.[112] According to Kammer, compared to other project proposals for the MAAC region, PJM concluded that Proposal 237 – which includes the Project – "provides stronger support to the Mid-Atlantic Region … and supports future load growth not only in PPL, but in the entire Mid-Atlantic Region" by offering "the highest transfer capability overall among studied transfer scenarios, preserv[ing] more of the existing 500 kV transmission capacity for utilization of interconnecting load or generation, and allows for adding further capability incrementally while maintaining more efficient or cost effective orderly development of the transmission system."[113] Kammer asserts that the Commission can rely on these

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[109] *Id.* at 15-16 (citing, among others, *Potomac Edison Co., L.L.C.,* 189 FERC ¶ 61,161, at P 13 (2024)).

[110] *Id.* at 16-17.

[111] *Id.* at 5.

[112] *Id.* at 17.

[113] *Id.* (quoting PJM Interconnection, L.LC., *Reliability Analysis Report 2025 RTEP Window 1* 58 (Jan. 23, 2025), https://www.pjm.com/-/media/DotCom/committees-

definitive findings to conclude that the Window considered whether the Project ensures reliability.[114] Furthermore, Kammer claims the Window reliability analysis resulted in definitive findings by PJM that the Project ensures reliability to the PJM system.[115]

ii. Protests

67. OCA argues that Kammer does not meet the rebuttable presumption because PJM's use of a 60-day window to solicit competitive RTEP Short-term Project proposals was not fair, open, or transparent.[116] Similarly, Pennsylvania Commission argues that the Project was not competitively bid because of the structure of the Problem Statement[117] and the use of a 60-day window.[118] OCA and Pennsylvania Commission argue that PJM's Problem Statement included language that indicated that it sought proposals without long-lead times, but the proposals that made PJM's short list, including the Project, contained several Long-lead Project solutions.[119] Pennsylvania Commission contends that further analysis and consideration was necessary before final selection of a Long-lead Project during a 60-day competitive window process.[120]

68. OCA contends that PJM formally solicited Short-term Project solutions and clearly signaled that long-lead and major regional transfer solutions, like a 765 kV

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groups/committees/teac/2026/20260106/20260106-2025-rtep-window-1-reliability-analysis-report.pdf); *see also* Colley Testimony at 10.

[114] *Id.* at 17.

[115] *Id.* at 18.

[116] OCA April 7 Protest at 16.

[117] PJM, *PJM RTEP – 2025 RTEP Proposal Window #1: Problem Statement & Requirements* 8 (June 18, 2025) (Problem Statement), https://www.pjm.com/planning/competitive-planning-process.aspx (scroll down and click "2025" under "Closed Windows"; then download "Without Analytical Files V7" and open "2025W1-RTEP_ProblemStatement").

[118] Pennsylvania Commission April 7 Comments at 3.

[119] *See* OCA April 7 Protest at 16; Pennsylvania Commission April 7 Comments at 2-3.

[120] Pennsylvania Commission April 7 Comments at 3.

backbone, were not sought, providing misinformation to bidders.[121] Similarly, Pennsylvania Commission states that PJM recognized there were 500 kV overloads in MAAC for the 2032 case, but it stated that the violations could be mitigated without long lead-time solutions.[122] OCA and Pennsylvania Commission argue that, taken together, PJM was signaling that Long-lead Project solutions, like a new 765 kV backbone, were not sought.

69. OCA contends that after the 60-day window closed, PJM changed the fundamental criteria and assumptions for the Window such that transmission developers could not respond with competitive solutions. More specifically, OCA contends that an emphasis on major regional transfer, long lead-time solutions appeared publicly for the first time during the November 4, 2025 TEAC meeting, after the August 18, 2025, close of the 60-day Window. Thus, OCA states, transmission developers could not submit new proposals to adapt to PJM's new priorities.[123] OCA also avers that only one distinct pair of transmission project developers—NEET and Exelon Transmission—submitted Long-lead Project proposals during the Window. OCA contends that these facts together raise questions of how certain transmission owners were able to make proposals that conformed to new criteria that were contrary to the criteria expressly specified in the Problem Statement, and reinforced by the opening of a 60-day versus a 120-day window.[124] To support its assertion, OCA compares PJM's actions to *Great Basin Transmission, LLC*, where the Commission denied the rebuttable presumption for a transmission project that was selected through an addendum to the CAISO RTEP.[125] OCA alleges that PJM changed its assumptions in an untimely manner, which OCA argues is similar to the last-minute conditional addendum for *Great Basin.* OCA argues that the process by which PJM evaluated reliability in this case was not fair and open due to the changing assumptions, confusing signals, and lack of actual competition and, therefore, the Commission should deny the rebuttable presumption.[126]

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[121] OCA April 7 Protest at 17.

[122] Pennsylvania Commission April 7 Comments at 4.

[123] OCA April 7 Protest at 12-13.

[124] *Id.* at 16-17.

[125] *Id.* at 20-21, 46 (citing *Great Basin Transmission, LLC*, 190 FERC ¶ 61,110, at P 38 (2025) (*Great Basin*)).

[126] *Id.* at 22.

70. OCA also contends that PJM exercised discretion beyond what it is granted under the PJM Operating Agreement.[127] According to OCA, PJM may only shorten a proposal window that is not yet opened.[128] OCA argues that there were reasons to lengthen the RTEP process and to solicit competitive proposals to ensure a rigorous evaluation of all proposals that could meet all the growing complexity surrounding the needs and reliability challenges addressed by the Project.[129] Further, OCA contends that PJM should have extended the Window and that the Operating Agreement contains conditions to lengthen the competitive solicitation window, which were met, including: (1) changes in assumptions or conditions relating to the underlying need, (2) availability of new or changed information regarding the nature of the violations and the facilities involved; and (3) a lack of time remaining in the 2025 RTEP 60-day window.

71. OCA asserts that PJM failed to provide sufficient justification for facilitating the RTEP in an anticompetitive manner at the TEAC meetings and in response to OCA's contestations during the Window.[130] Furthermore, OCA contends that PJM fails to demonstrate why it was necessary to select the Project rather than to lengthen the process.

72. OCA also contends that Kammer has not met its burden to demonstrate that the Project ensures reliability if it does not qualify for the rebuttable presumption. OCA asserts that Kammer relies on the selection of the Project in the Window, but that reliability determination rests on PJM's questionable choice to accept PPL's load forecasting.[131] OCA states that PJM relies on each load serving entity or electric distribution company to develop its own internal forecasting criteria, leading to widely differing results and casting doubt on Kammer's claim of reliability benefits.[132] OCA asserts that PJM's acceptance of PPL's load forecasting is questionable as PJM identified specific problems and discounted projects included in PPL's load forecasting.[133] In

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[127] *Id.* at 17-18.

[128] *Id.* at 17 (citing PJM Operating Agreement, Schedule 6 § 1.5.8(c)).

[129] *Id.* at 18.

[130] *Id.* at 19-20.

[131] *Id.* at 22.

[132] *Id.* at 23.

[133] *Id.* at 23-24 (citing PJM, *PPL Electric Utilities Large Load Adjustment Request for 2026 PJM Load Forecast*, pp. 1-2 (Feb. 2, 2026), https://www.pjm.com/-/media/DotCom/planning/res-adeq/load-forecast/ppl-documentation.pdf (explaining PPL's view of PJM's corrections to PPL's load forecasting)).

addition, OCA states that PJM's reliability analysis relies on offshore wind that could eventually materialize, which raises serious questions about ensuring reliability.[134] Accordingly, OCA asserts that the problems with PPL's forecast and PJM's assumptions regarding New Jersey offshore wind raise serious questions about Kammer's claim that the Project ensures reliability and that Kammer has not met its burden to show the Project's reliability benefits.

73. To ameliorate concerns about addressing a longer-term need with the shorter 60-day window used in this process, Pennsylvania Commission avers there was value in breaking this project into phases, allowing PJM to proceed with the portions that address the most immediate reliability concerns while delaying the major backbone portion until further analysis can be conducted.[135] Pennsylvania Commission also states that it requested that PJM conduct an analysis to determine the total amount of new generation capacity necessary to address the forecasted shortfall in central Pennsylvania.

74. Pennsylvania Commission states that the instant filing is premature as the Kammer organization is not fully formed and is not truly a jointly owned company between the two transmission operators selected to build the Project and no Designated Entity Agreement has been executed yet with PJM for the Project.[136] Pennsylvania Commission asserts that by joining forces, two large transmission operators that are already members of PJM with separate basis point adders to their ROE successfully prevailed over the competition's smaller projects. Pennsylvania Commission states that PJM's Manual 14F, Section 2.1 requires that an entity submitting project bids for an open planning window must be prequalified before submitting its bid and that although NEET and Exelon Transmission submitted a joint project, Kammer was not a prequalified entity at that time. Pennsylvania Commission argues that Kammer is not even a representative entity owned by the two transmission operators whose "joint project" was selected by PJM because Kammer was 100% owned by NEET at the time it filed the instant formula rate and the incentives request, and that neither Exelon Transmission nor its affiliate currently own member interest in the Project.

75. OCA and Pennsylvania Commission argue that should the Commission decide to grant any incentives to Kammer as a result of this proceeding, those incentives should only apply after Kammer has received a Certificate of Public Convenience (CPC) in Pennsylvania and a Certificate of Public Convenience and Necessity (CPCN) in

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[134] *Id.* at 24.

[135] Pennsylvania Commission April 7 Comments at 4.

[136] *Id.* at 5.

West Virginia.[137] OCA argues that this would prevent an unnecessary wealth transfer from consumers to transmission developers as well as prevent a transfer of risk from developers to consumers.[138] Pennsylvania Commission requests that the Commission deny the incentives without prejudice, such that if the necessary state certificates are obtained, Kammer may then file requesting the same incentives, or, absent such an ex ante evaluation in West Virginia and Pennsylvania, withhold incentives.[139]

76. Pennsylvania Commission requests that the Commission revise its list of rebuttable presumptions in favor of the award of incentives in Order No. 679 to be applicable only where a state commission has granted a transmission project a CPCN (or equivalent) after evaluating the project for need and prudence.[140] OCA argues that mechanically awarding incentive rate treatment, such as the CWIP Incentive and Abandoned Plant Incentive, based on the high-risk nature of transmission projects allows recovery of costs before a project has been put into service and guarantees cost recovery for projects that never reach fruition as "used and useful" to the public.[141] OCA thus argues that the Commission should award incentives only after Kammer has received a CPC or CPCN.

iii. Kammer and PJM Answers

77. Kammer and PJM claim that the Commission has repeatedly found that PJM's RTEP process is fair and open and that it evaluates transmission projects for both reliability and congestion benefits.[142] PJM contends that Pennsylvania Commission's and OCA's arguments regarding PJM's specific conduct in implementing the Window are outside of the scope of this proceeding and a collateral attack on Order No. 679 and PJM's RTEP process, as well as that rate proceedings are not the correct forum to challenge PJM's RTEP process or the prudence of a selected transmission project.[143]

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[137] OCA April 7 Protest at 43-44; Pennsylvania Commission April 7 Comments at 4-5.

[138] *Id.* at 43.

[139] Pennsylvania Commission April 7 Comments at 6.

[140] *Id.* at 12.

[141] OCA April 7 Protest at 44-46.

[142] Kammer April 23 Answer at 19; PJM April 24 Answer at 2.

[143] PJM April 24 Answer at 16-18 (arguing that such challenges are more appropriately raised through complaints filed under FPA section 206).

PJM argues that the Commission should reject claims that PJM's process for selecting the Project violated the Operating Agreement or failed to satisfy applicable openness and transparency requirements.[144] Additionally, PJM argues that neither OCA nor Pennsylvania Commission deny there was a reliability need, but rather OCA's and Pennsylvania Commission's complaints are ultimately about rejecting a transmission solution to a reliability violation.[145]

78. PJM states that in *Valley Link*, the Commission confirmed that challenges regarding the competitiveness of PJM's RTEP process or PJM's selection of specific RTEP projects go beyond the permissible scope of whether the regional transmission planning process was "fair and open" and whether the project in that case would enhance reliability and/or reduce congestion.[146] Further, PJM contends that the Commission has made clear that challenges regarding whether the solicitation process was competitive or whether a different solution should have been picked are beyond the requirement to demonstrate that the process was fair and open.[147] PJM avers that Pennsylvania Commission's and OCA's statements confirm that PJM extensively and transparently discussed the assumptions, proposed solutions, and associated selection rationale addressing the Window needs. PJM also contends that neither OCA nor Pennsylvania Commission allege that the Window failed to evaluate whether the Project would enhance reliability or reduce congestion.[148]

79. PJM disagrees with OCA's and Pennsylvania Commission's arguments that PJM indicated that Long-lead Project solutions were not sought.[149] PJM argues that the Problem Statement sought solutions with required in-service dates between three to five years and that solutions that proposed to address the 2030 RTEP model suite needs should be considered in view of the evolving needs demonstrated in the 2032 RTEP model suite and beyond. PJM contends that just because PJM noted violations in the

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[144] *Id.* at 3.

[145] *Id.* at 4.

[146] *Id.* at 18 (citing *Valley Link*, 191 FERC ¶ 61,113 at P 93).

[147] *Id.* at 19-20 (citing *Valley Link*, 191 FERC ¶ 61,113 at PP 93-94).

[148] *Id.* at 20 (acknowledging that Pennsylvania Commission questions the reliability assumptions that form the basis of the reliability violations addressed in the Window but arguing that questioning the assumptions is not the same as arguing that PJM failed to evaluate whether the Project would enhance the reliability of the PJM transmission system).

[149] *Id.* at 22-24.

MAAC area can be mitigated without Long-lead Project solutions, that does not mean it prohibited Long-lead Project solutions. Further, PJM argues that protesters improperly conflate voltage level and development time with required in-service date. According to PJM, protesters suggest that Long-lead Project solutions are high-voltage facilities; however, Long-lead Project solutions are based on when the facility is required to be in-service. PJM claims that protesters made an inference that PJM limited the scope of solutions to large-scale or 765 kV solutions and that Window participants were free to propose solutions regardless of voltage. PJM explains that its role is to identify needs, not signal the form, scale, or characteristics of solutions.

80. PJM avers that OCA inappropriately suggests that PJM changed the assumptions underlying the Window after it closed and without adequate notice.[150] According to PJM, the addendum PJM posted on July 2, 2025 was to include 4 GW of load in the PPL zone that PPL had requested, and PJM publicly posted the addendum one week after the Window opened. PJM asserts that it explained these changes in the TEAC meetings and provided data for project developers to incorporate the updates in their proposals. PJM argues that insinuations that PJM selectively provided updated information to Kammer is a serious, unsupported allegation not to be taken lightly.[151] PJM maintains that it was clear at all times that it was soliciting Short-term Projects and that, with the limited exception of right-sized solutions for 2032 needs, the Window would be 60 days.[152] PJM adds that no party objected to the duration of the window until well after it closed, when PJM began discussing shortlisted solutions. According to PJM, in OCA's view, PJM must use a 120-day window if PJM considers even one Long-lead Project in a solicitation despite PJM clearly communicating that the focus would be on Short-term Projects.[153]

81. PJM argues that the 60-day window was appropriate.[154] PJM contends that the Operating Agreement and Manual 14F set window timing based on the "required" in-service date, not by how long it will take to construct a given project or the date by which it will actually be placed into service (the "projected" in-service date).[155] PJM states that

[150] *Id.* at 24 (citing OCA April 7 Protest at 17).

[151] *Id.* at 25.

[152] *Id.* at 22-23, 28-29.

[153] *Id.* at 29 (asserting that converting all solicitations into a 120-day window if PJM evaluates how a short-term solution could solve a long-term need would be counterproductive).

[154] *Id.* at 26-28.

[155] *Id.* (citing PJM Operating Agreement, Schedule 6, § 1.5.8(c) (29.1.1)*;* PJM, *PJM Manual 14F: Competitive Planning Process*, § 1.1 (Oct. 30,2024),

the required in-service date for a baseline transmission project included in the RTEP refers to the date when a solution is needed to address reliability violations whereas a projected in-service date refers to when a transmission developer expects the upgrade to be ready to be placed in-service. PJM explains that there is a 60-day window for project proposals addressing a violation arising between three and no more than five years out, whereas the 120-day window is for project proposals addressing a violation arising five or more years out. Additionally, PJM avers that voltage is not mentioned in the definition of Long-lead Project or Short-term Project. PJM also notes that the Commission has found the use of 60-day windows for Short-term Projects just and reasonable.[156] PJM asserts that the 60-day window is appropriate as PJM is seeking solutions for reliability violations that arise in the three- to five-year out horizon, even if a project's actual in-service date may extend beyond the five-year period.

82. PJM also argues that there is no basis to claim that PJM did not consider sufficient alternatives.[157] PJM states that it received over 134 proposals from 19 different entities during the Window, including Nonincumbent Developers and incumbent Transmission Owners.[158] Specifically, three entities submitted eight proposals for the MAAC region: four FirstEnergy proposals offering variations on two 500 kV lines from Keystone to Susquehanna and four NEET and Exelon Transmission proposals, for three 765 kV lines and one 500 kV line. PJM states that OCA's disagreement with the selection of a project out of the 32 total projects selected does not call into question the integrity of the RTEP process.[159] Furthermore, PJM argues that OCA has not provided proof for claims that PJM provided misinformation to give NEET and Exelon Transmission an advantage.[160]

83. PJM avers that Pennsylvania Commission's arguments that there is value in breaking the Project into phases and that it should examine possible generation solutions

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https://www.pjm.com/-/media/DotCom/documents/manuals/m14f.pdf) (Manual 14F).

[156] PJM April 24 Answer at 27 (citing *PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,214, at P 238 (2013), *partial reh'g*, 147 FERC ¶ 61,128 (2014), *partial reh'g*, 150 FERC ¶ 61,038, *reh'g order*, 151 FERC ¶ 61,250 (2015)).

[157] *Id.* at 34.

[158] *Id.* at 35.

[159] *Id.* at 37.

[160] *Id.* at 37 (citing OCA April 7 Protest at 17).

are contrary to Commission policy goals.[161] PJM explains that it has no authority over generation solutions and that PJM's window timelines, in compliance with the Operating Agreement, and moving quickly to address reliability and resource adequacy needs meets the Commission's goals of ensuring grid reliability through timely transmission development and generation interconnection.[162] PJM also contends that it considered feedback from stakeholders throughout consistent with its established planning process, noting that it considers such input as advisory.[163]

84. PJM argues that Pennsylvania Commission incorrectly claims that since Kammer was not prequalified as a Designated Entity before submitting its bid for the Project, Kammer could not participate in a competitive bidding process.[164] According to PJM, PJM has 120 days from the date the PJM Board approves the Project to execute a DEA with the winner of a competitive bidding process.[165] Further, PJM notes that both NEET and Exelon Transmission are pre-qualified to be Designated Entities consistent with the procedures set forth in Operating Agreement, Schedule 6, section 1.5.8(a). According to PJM, nothing in Operating Agreement, Schedule 6 prohibits a combination of Designated Entities such as NEET and Exelon Transmission from coordinating through a joint venture to participate in the RTEP process or to construct and operate RTEP projects.

85. Kammer also argues that challenges to the RTEP Process and PJM's Designation of the Project are outside the scope of this proceeding.[166] Kammer argues that based on the results of the Window, the Project qualifies for the rebuttable presumption because it ensures reliability.[167] Kammer states that the PJM RTEP process includes an independent analysis of reliability attributes, which found that the Project provides strong

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[161] PJM April 24 Answer at 39 (citing Pennsylvania Commission April 7 Comments at 4).

[162] *Id.* at 40-41.

[163] *Id.* at 41-42.

[164] *Id.* at 29-30 (citing PJM Interconnection, L.LC, *Competitive Planning Process*, https://www.pjm.com/planning/competitive-planning-process ("While not a requirement to propose competitive projects, an entity must obtain Designated Entity status in order to construct, own, operate, maintain and finance competitive planning projects."); *Valley Link*, 191 FERC ¶ 61,113 at P 88).

[165] *Id.* at 31, 34.

[166] Kammer April 23 Answer 28-29.

[167] *Id.* at 20-21.

support to the Mid-Atlantic Region and supports future load growth not only in PPL, but also in the entire Mid-Atlantic Region. PJM also argues that Pennsylvania Commission's and OCA's arguments questioning the assumptions that form the basis for the reliability violations included in the competitive window are not the same as arguing that PJM failed to evaluate whether the Project improved reliability.

86. Kammer also asserts that Pennsylvania Commission's request that the Commission modify Order No. 679's rebuttable presumption to be applicable only where a state commission has granted a transmission project a CPCN is a collateral attack on the Commission's transmission rate incentives policy, which does not require ex ante state approval but does provide for state regulatory approval as an alternative basis to qualify for the rebuttable presumption.[168]

iv. PPL and OCA Answers

87. In response to PJM, PPL asserts that OCA and Pennsylvania Commission highlight valid questions regarding the process PJM used to select the Project and states that the Project was not required to address any posted violations.[169] PPL notes that the Operating Agreement obligates PJM to post publicly all transmission need information.[170] PPL argues that posted violations related to the PPL zone were resolved by PPL's accepted proposal and that the data related to New Jersey offshore wind told prospective transmission developers that PJM was not accepting proposals for 2032 scenarios.[171] PPL contends that Kammer's proposal explicitly states that it resolves no existing flowgate violations and adds that whether Kammer addresses other potential violations, such as voltage or transfer study issues, is irrelevant as these were not posted in the Window as eligible for solutions.[172] PPL asserts that if PJM were seeking

[168] *Id.* at 27.

[169] PPL May 11 Answer at 3-6.

[170] *Id.* at 4 (citing PJM Operating Agreement, Schedule 6, § 1.5.8(b)). PPL contends that as of May 2026, the files PJM posted on its website for a scenario where New Jersey offshore wind generation was removed stated that PJM was not accepting proposals for 38 flowgates for this scenario; thus, PPL argues that the data told prospective developers that PJM was not accepting proposals for any 2032 scenarios related to New Jersey offshore wind. *Id.* at 5.

[171] *Id.* at 4-5, & n.22 (alleging that "PPL's Proposal 558 resolves *all posted violations* in the 2030 and 2032 cases listed by PJM in the Window" (emphasis in original)).

[172] *Id.* at 6.

proposals for transfer studies, PJM would have to do more than make a reference to "additional transfer capability" at a TEAC presentation and that PJM would have to post additional 2032 cases. PPL argues that PJM regularly incorporates "right-sizing" into its public statements on RTEP open windows but rarely defines or cites to governing documents. PPL states that goals of "rightsizing" projects cannot justify planning completely new transmission projects unrelated to the posted violations.[173]

88. PPL also claims that PJM has been inconsistent with its treatment of PPL's incremental load.[174] According to PPL, PJM treated the 3.8 GW of incremental load as a sensitivity assessment during the 2025 RTEP cycle for the 2032 case but then implies without explicitly stating that it properly incorporated these loads into the Window 1 Problem Statement. PPL further notes that PJM never incorporated the 4 GW of PPL load into its official case or the Problem Statement. PPL contends that PJM seeks more flexibility regarding "right-sizing" without clearly defining the term or grounding it in PJM's governing documents.

89. OCA contends that the facts demonstrate a lack of fairness and openness because PJM sent transmission developers the wrong signal after introducing new information about PPL's additional anticipated load.[175] According to OCA, on July 2, 2025, PJM introduced the new PPL load information and described the relevant MAAC 500 kV system violation in the seven-year base case. OCA further alleges that PJM communicated that Long-lead Project solutions were not necessary on July 8, after its July 2 addendum introducing PPL's additional load. OCA also maintains that PJM's arguments regarding "required" versus "projected" in-service dates do not justify PJM's decisions.[176] OCA avers that if the identified reliability violations require Long-lead Projects addressing 2032 needs, PJM should have said so clearly when transmission developers could submit conforming bids. If PJM wanted to solicit both Short-term Projects and Long-lead Projects, OCA argues that PJM should have said that the violations can be mitigated with or without long lead-time solutions.

90. OCA states that Order No. 679's standard of whether the particular circumstances for selecting a transmission project are "fair and open" is a case-by-case standard.[177]

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[173] PPL May 11 Answer at 7.

[174] *Id.* at 7-8.

[175] OCA May 11 Answer at 4-5.

[176] *Id.* at 6-7.

[177] *Id.* at 9 (citing Order No. 679, 116 FERC ¶ 61,057 at P 43 (emphasis added); Transmission Incentives Policy Statement, 141 FERC ¶ 61,129 at P 5 & n.4).

OCA cites to *Great Basin*, where the Commission conducted a fact-specific inquiry into the particular circumstances of Great Basin's transmission project selection and denied Order No. 679's rebuttable presumption.[178] OCA also states that PJM's references to *Valley Link* cite to inapposite cost allocation precedent, do not address whether a transmission project is needed to support reliability, and do not preclude a case-specific, factual inquiry into the particular circumstances of RTEP administration regarding whether it was fair and open.[179] Further, according to OCA, PJM's claims about stakeholder input means that any transmission project selected through the PJM RTEP process automatically receives the rebuttable presumption despite the specific facts of a case. OCA argues that an important feature of a "rebuttable presumption" is that parties can present evidence to overcome the presumption.[180] OCA also avers that PJM appears to argue that parties cannot rebut the presumption that an RTEP project is needed for reliability, even if there are demonstrable flaws in the administrative processes and core assumptions that determine the key inputs to those models.

91. OCA also avers that neither PJM nor Kammer have demonstrated that the Project is needed for reliability. Specifically, OCA contends that neither PJM nor Kammer address OCA's concerns about PJM's or PPL's load forecasting practices.[181] Further, OCA contends that PJM's Answer did not mention introducing new offshore wind information into the models during the Window and instead appears to have passively accepted PPL's last-minute load addition. In addition, OCA states that PJM did not explain what qualified as a "signed agreement," how it evaluated PPL's last-minute request, or the extent to which PJM investigated PPL's request before plugging it into its models.

v. <u>PJM Answer to OCA and PPL</u>

92. PJM argues that PPL's and OCA's arguments are outside the scope of this proceeding, constitute a collateral attack on PJM's transmission planning process, and conflict with the Commission's long-held determination that the RTEP process is a fair

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[178] *Id.* at 10 (citing *Great Basin*, 190 FERC ¶ 61,110 at P 38).

[179] *Id.* at 10-11 (citing PJM April 24 Answer at 18-19; *id.* at 18 n.50).

[180] *Id.* at 12 (citing BLACK'S LAW DICTIONARY at 1205 (Brian A. Garner ed., 7th ed. 1999) (defining "rebuttable presumption" as "[a]n inference drawn from certain facts that establish a prima facie case, which may be overcome by the introduction of contrary evidence")).

[181] *Id.* at 13-14.

and open process.[182] PJM further argues that OCA misunderstands the process set forth in Order No. 679. According to PJM, OCA attempts to incorrectly reframe the rebuttable presumption, which PJM contends would effectively collapse the rebuttable presumption into the alternative reliability need demonstration recognized by Order No. 679.[183] PJM states that while PPL and OCA may disagree with the Project's selection, that does not mean the PJM transmission planning process is not fair and open or did not consider and evaluate reliability.[184] PJM maintains that it conducted an open competitive proposal window, provided notice to stakeholders throughout the process, evaluated 134 proposals from 19 different entities, engaged extensively with stakeholders, and ultimately recommended—and the PJM Board approved—the inclusion of the Project as the more efficient or cost-effective solution to solve identified reliability violations.[185] PJM also argues that *Great Basin* is not applicable because there is no dispute that the Project was evaluated through a Commission-accepted regional transmission planning process.[186] PJM avers that, in *Great Basin*, the Commission denied the rebuttable presumption because that applicant failed to demonstrate that its transmission project had actually been approved through CAISO's regional transmission planning process. PJM states that it is not arguing that Order No. 679's rebuttable presumption can never be overcome, but rather that the presumption has not been overcome for the Project.[187] According to PJM, OCA's arguments would effectively eliminate the rebuttable presumption because any stakeholder disagreement regarding assumptions, timing, scope of information, or level of participation could be repackaged as an argument that the transmission planning process was not "fair and open."

93. PJM also disagrees with protesters' assertions that the Project was not needed for reliability.[188] PJM states that because PPL submitted its load addition late into the RTEP process, it was not able to update the associated additional flowgates, but nonetheless provided to participants PPL's load modeling files to consider while preparing their transmission proposals. Further, PJM states that additional PPL load combined with additional western region generation caused the need for new flowgates, created a

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[182] PJM May 22 Answer to OCA and PPL at 2-3.

[183] *Id.* at 4.

[184] *Id.* at 3.

[185] *Id.* at 5.

[186] *Id.* at 5-6 (citing *Great Basin*, 190 FERC ¶ 61,110 at P 37).

[187] *Id.* at 6.

[188] *Id.* at 7.

number of un-converged conditions (i.e., voltage collapse), and exacerbated the loadings on already overloaded facilities that PJM had previously reported in the Window materials. PJM argues that it approved the Project because it met its reliability needs for both the 2030 and 2032 models and helped address the reliability violations raised by PPL's load addition. In addition, PJM states that protesters have not argued that the load addressed by the Project will not materialize nor identified generation resources that can cover that load in the Project's absence.[189]

vi. Determination

94. 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.[190] Since 2007, the Commission has found that transmission projects approved through PJM's RTEP process are entitled to the rebuttable presumption established under Order No. 679 "because that regional transmission planning process evaluates whether the identified transmission projects will enhance reliability and/or reduce congestion."[191] In this case, PJM's RTEP process, through which the Project was approved, evaluated whether the Project would enhance reliability. Accordingly, we find that the Project is entitled to the rebuttable presumption and meets the requirements of FPA section 219.

95. We find that protesters have failed to demonstrate that the Window, including the information that PJM posted as part of the Window and PJM's decision to open a 60-day proposal window rather than a 120-day proposal window, was not fair and open or that PJM did not consider and evaluate whether the Project would enhance reliability. PJM selected the Project after communicating the applicable reliability needs in the Problem Statement for the Window.[192] As noted by Kammer, the RTEP process includes ample

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[189] *Id.* at 8.

[190] *See, e.g.*, *Potomac Edison Co., L.L.C.*, 189 FERC ¶ 61,161 at P 13); *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).

[191] *See Transource Pa., LLC*, 184 FERC ¶ 61,091, at P 28 (2023); *see also Dayton Power & Light Co.*, 182 FERC ¶ 61,147, at P 20 (2023); *Pub. Serv. Elec. & Gas Co.*, 129 FERC ¶ 61,300, at P 22 (2009) (finding that a baseline upgrade included in the PJM RTEP satisfies the rebuttable presumption); *Trans-Allegheny Interstate Line Co.*, 119 FERC ¶ 61,219, at P 69 (2007); *Duquesne Light Co*., 118 FERC ¶ 61,087, at PP 62-66 (2007).

[192] *See* PJM April 24 Answer at 9 & n.23 ("The 2032 RTEP models suite will be primarily utilized to right-size needs already showing up in 2030 and for consideration of

opportunity for stakeholder input through the TEAC and PJM's Mid-Atlantic, Southern, and Western RTEP Committees. PJM notes that it consistently communicated that it would open a 60-day proposal window and communicated the addition of PPL's load at the July 8, 2025 TEAC Meeting.[193] We note that PJM provided sufficient information as part of the Window to receive 134 proposals from 19 different entities and that no party objected to the length of the Window until after it was closed and shortlisted solutions, including the Project, were presented at the November 4, 2025 TEAC Meeting.[194]

96. We disagree with OCA's contention that the Commission's findings in *Great Basin* are instructive here. In *Great Basin*, the Commission explained that CAISO evaluated Great Basin's transmission project under an addendum to its regional transmission planning process and, thus, the Commission could not fully conclude that that project was evaluated in the same fair and open manner as it would have been in CAISO's regional transmission planning process.[195] The facts in *Great Basin* contrast with the facts here. Unlike the transmission project at issue in *Great Basin*, the Project was evaluated through the PJM RTEP process itself, which is PJM's Commission-approved regional transmission planning process.

97. Turning to protesters' arguments that the Project does not enhance reliability, we find that they have failed to demonstrate that the RTEP process did not evaluate whether the Project would enhance reliability in this instance. As noted by Kammer and PJM, PJM considered reliability generally and with respect to the Project in evaluating the project proposals that PJM received in response to the Window.[196] PJM noted, for example, that the Project: (1) provides stronger support to the Mid-Atlantic region in response to load growth in the PPL and MAAC areas, delays in New Jersey offshore wind development, future generation retirements in MAAC, and the combination of those factors; (2) is a natural expansion of the existing 765 kV backbone into the PJM eastern region, which allows for more flexibility in utilizing resources across the interconnection to serve load; (3) offers approximately 2 GW more import capability into the Mid-

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longer-term needs ….”); Problem Statement at 6.

[193] *Id.* at 10, 28 (citing PJM, *Reliability Analysis Update: Transmission Expansion Advisory Committee* (Mar. 2025), https://www.pjm.com/-/media/DotCom/committees-groups/committees/teac/2025/20250304/20250304-item-15---reliability-analysis-update.pdf).

[194] *Id.* at 28, 35.

[195] *Great Basin*, 190 FERC ¶ 61,110 at P 37.

[196] *See* Transmittal at 5, 16-17; PJM April 24 Answer at 4, 9, 11, 15-16, 20-21, 35-36.

Atlantic region (including Pennsylvania) and preserves existing 500 kV capacity; and (4) offers the highest transfer capability regardless of the future source/sink combination evaluated to account for future development scenarios.[197] We find that protesters have not provided sufficient evidence to rebut these findings or to demonstrate that PJM did not consider reliability when evaluating the project proposals, including the proposal for the Project, that it received in response to the Window.

98. We disagree with the assertion that Kammer's eligibility for transmission incentives should otherwise be denied because it was not prequalified as a Designated Entity before submitting bids and does not have a DEA in place. We agree with PJM that no Tariff provision exists prohibiting an entity that has not prequalified as a Designated Entity, like Kammer, from submitting a project proposal in a competitive solicitation window.[198] As PJM explains, PJM has 120 days from the date the PJM Board approves a transmission project to execute a DEA with the winner of a competitive solicitation process.[199] Further, PJM notes that both NEET and Exelon Transmission are prequalified to be Designated Entities consistent with the procedures set forth in Operating Agreement, Schedule 6, section 1.5.8(a).[200] Lastly, we find that nothing in Operating Agreement, Schedule 6 prohibits a combination of Designated Entities such as NEET and Exelon Transmission from coordinating through a joint venture to participate in the RTEP process or to construct and operate RTEP projects.[201]

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[197] PJM April 24 Answer at 15 (citing PJM, *Reliability Analysis Update: 2025 Window 1 Second Read* at 50 (Dec. 8, 2025)).

[198] *See id.* at 29-30 ("As the Commission recently recognized, neither the Operating Agreement nor Manual 14F requires that a developer must be pre-qualified in order to participate in the competitive planning process." (citing *Valley Link*, 191 FERC ¶ 61,113 at P 88 ("As PJM explains, an entity must be prequalified as a Designated Entity to construct, own, operate, maintain, and finance competitive transmission projects.") (internal citation omitted), PJM Manual 14F, § 2.1))); *see also* PJM Operating Agreement, Schedule 6, §§ 1.5.8(a), (i), (j); PJM Interconnection, LLC, *Competitive Planning Process*, https://www.pjm.com/planning/competitive-planning-process ("While not a requirement to propose competitive projects, an entity must obtain Designated Entity status in order to construct, own, operate, maintain and finance competitive planning projects.").

[199] PJM April 24 Answer at 31.

[200] *Id.* at 34.

[201] *Id.* at 33.

99. With regard to protesters' arguments that the Commission should modify Order No. 679's rebuttable presumption to be applicable only where a state commission has granted a transmission project a CPCN or should only grant incentives for a transmission project after the issuance of a CPC or CPCN, we find that these arguments are outside of the scope of this proceeding because they amount to a challenge to the Commission's transmission incentives policy under Order No. 679.

100. As noted above, many of protesters' assertions are directed at PJM's selection process in this Window, including its use of a 60-day window rather than a 120-day window. We note that a complaint proceeding under FPA section 206, rather than a proceeding involving a transmission developer's request for transmission incentives for a selected project, is a more appropriate vehicle for such challenges to PJM's RTEP selection process.

b. Order No. 679 Nexus

101. 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 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."[202] 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.[203] We address the nexus test for each incentive and for the total package of incentives for the Project below.

i. Abandoned Plant Incentive

(a) Filing

102. Kammer 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 its control, i.e., the Abandoned Plant Incentive. Kammer argues that the Abandoned Plant Incentive is tailored to mitigate the risks and challenges associated with developing the Project.[204] Kammer contends that the primary risks that could lead to cancellation of any component

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[202] Order No. 679-A, 117 FERC ¶ 61,345 at P 27.

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

[204] Transmittal at 23.

of the Project that are outside Kammer's control include permitting, siting, construction, and procurement risks, as described below.[205] For example, Kammer states that it faces continued risk during the construction phase to the extent that it may encounter challenges in siting the hundreds of miles of greenfield transmission facilities. Kammer argues that the Abandoned Plant Incentive will enable Kammer to initiate long-lead activities that, if delayed until the applicable CPCNs are granted, will materially threaten Kammer's ability to achieve PJM-mandated construction milestones and the targeted in-service date for the Project. Additionally, Kammer avers that the Abandoned Plant Incentive will play a critical role in mitigating the risk of cancellation by significantly improving Kammer's ability to access capital because it will provide upfront assurance to prospective lenders regarding the risks of construction. Kammer notes that only one or two components of the Project may be cancelled; therefore, it is possible that Kammer could use the Abandoned Plant Incentive for only a portion of the Project. Kammer requests authorization to recover 100% of prudently incurred costs expended if any component of the Project is cancelled for reasons beyond Kammer's control.[206] Kammer states that it will make a FPA section 205 filing if it seeks recovery of abandoned plant costs.

(b) <u>Pennsylvania Commission Protest</u>

103. Pennsylvania Commission asserts that the Commission should deny Kammer's request for the Abandoned Plant Incentive because this incentive effectively makes consumers the insurer of last resort for the Project.[207] Pennsylvania Commission states that the instant Project bears some similarities to the cancelled Potomac-Appalachian Transmission Highline (PATH) project, as both were planned as long-distance, high-voltage transmission lines crossing the same three states and were approved for construction and regional cost allocation through selection in PJM's RTEP, and none of the three states that PATH crossed ever issued a certificate.[208] Pennsylvania Commission notes that PJM later removed PATH from the RTEP, and although it was never built, developers nonetheless have been collecting money from retail customers in the PJM states ever since it was approved for PJM's RTEP. Pennsylvania Commission further argues that the charges to customers were caused by and inflated by Commission-approved transmission incentives.[209] Finally, Pennsylvania Commission argues that there

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[205] *Id.* at 24; *see infra* PP 128-133.

[206] *Id.* at 25.

[207] Pennsylvania Commission April 7 Comments at 11.

[208] *Id.* at 11-12.

[209] *Id.* at 12.

is insufficient evidence in the pleading to show that the Abandoned Plant Incentive is necessary to incentivize the construction of the Project.[210]

(c) Kammer Answer

104. Kammer maintains that protesters incorrectly allege that the filing fails to demonstrate Kammer's need for the Abandoned Plant Incentive, despite the extensive evidence put forth demonstrating Kammer's financial and development risks in pursuing the Project.[211] Kammer asserts that it should not be subjected to a higher evidentiary standard than prior recipients of this incentive. Kammer states that the testimony and evidence of Mr. Ryan Colley and Ms. Stephanie Castaneda fully support the need for the Abandoned Plant Incentive and is consistent with long-standing Commission precedent.

(d) Determination

105. We grant Kammer's request for the Abandoned Plant Incentive, effective July 11, 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.[212] We find that the Project faces permitting, siting, construction, and procurement risks, as discussed by Kammer, beyond Kammer's control that could lead to the Project's abandonment and that approval of the Abandoned Plant Incentive will address those risks. Specifically, Kammer faces a complex permitting process that will require multiple public land use permits and historical or cultural preservation permits, as well as water and environmental permits at the federal, state, and local levels, and CPCNs from multiple state regulatory commissions.[213] Accordingly, we find that Kammer has demonstrated a nexus between the recovery of prudently incurred costs associated with abandoned transmission projects and its planned investment in the Project.

106. Consistent with Commission policy, the Abandoned Plant Incentive for the Project would be available to Kammer 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

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[210] *Id.* at 13.

[211] Kammer April 23 Answer at 21.

[212] 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).

[213] Transmittal at 19-20.

reasons beyond Kammer's control.[214] We will not determine the prudence of any costs incurred prior to the abandonment, if any, until Kammer seeks such recovery in a future FPA section 205 filing.[215]

107. Pennsylvania Commission draws comparisons between the Project and PATH and argues that the Commission should deny Kammer's request for the Abandoned Plant Incentive because Kammer has not provided sufficient evidence to demonstrate that the incentive is needed to incentivize the Project. But in analyzing whether to grant incentives, we conduct a case-by-case and project-specific analysis to determine whether there is a nexus between the requested incentives and the risks and challenges of the project. Kammer has shown there are risks that could lead to cancellation of any component of the Project that are outside Kammer's control, including challenges in siting hundreds of miles of greenfield transmission facilities.

108. Regarding Pennsylvania Commission's argument that the Abandoned Plant Incentive makes ratepayers the "insurers" for Kammer, 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. <u>CWIP Incentive</u>

(a) <u>Filing</u>

109. Kammer requests authorization to include 100% of prudently incurred CWIP in rate base during the development and construction phase of the Project.[216] Kammer avers that developing the Project without the CWIP Incentive will put pressure on cash flows

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[214] 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).

[215] Order No. 679, 116 FERC ¶ 61,057 at PP 165-66. In the event that Kammer seeks abandoned plant recovery for costs expended during the time period prior to the effective date of this order, Kammer 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.

[216] Transmittal at 25-27 (citations omitted).

because the Project construction cost will greatly increase cash outflows with no corresponding rate recovery. Kammer contends that the CWIP Incentive will enhance cash flows during the multi-year construction period. Kammer contends that developing the Project without the CWIP Incentive will put pressure on cash flows because Project construction will greatly increase cash outflow without any corresponding rate recovery.[217] Kammer states that better cash flows indicate to investors that a project presents less risk to their investment, leading them to charge a lower cost of capital. Kammer states that it will experience significant year-over-year cash outflows unless it receives an inflow of cash during the construction period. Kammer also asserts that the CWIP Incentive benefits customers because it allows the Project to be developed at a lower total cost than by using AFUDC. Finally, Kammer argues that the CWIP Incentive improves rate stability by gradually increasing rates as project expenses are incurred.[218]

(b) Protests

110. Pennsylvania Commission and OCA are concerned that the CWIP Incentive shifts too much project risk to ratepayers, while disproportionately benefiting transmission owners, making rates unjust and unreasonable.[219] Accordingly, Pennsylvania Commission and OCA request that the Commission deny the CWIP Incentive. Pennsylvania Commission also argues that allowing the CWIP Incentive would encourage Kammer to be less diligent in planning the Project.[220] Pennsylvania Commission objects to the recovery of CWIP costs in rate base for regional transmission facilities selected through the "Long-Term Regional Transmission Facilities" plan, asserting that the high number of variables make CWIP an unreasonable cost to be borne by customers in PJM prior to the facilities' in-service dates, six to eight years out. Pennsylvania Commission states that if the Project is not placed into service, ratepayers will have financed the construction of facilities that were not used and useful.[221] Pennsylvania Commission also notes that transmission owners may still book costs incurred during the pre-construction or construction phase as AFUDC and recover those costs after the Project is in service to customers, in accordance with generally-accepted utility accounting principles.

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[217] Transmittal at 26.

[218] *Id*. at 27.

[219] Pennsylvania Commission April 7 Comments at 10; OCA April 7 Protest at 39-40.

[220] Pennsylvania Commission April 7 Comments at 10-11.

[221] *Id.* at 10.

111. Furthermore, OCA argues that Kammer's request for a CWIP Incentive is deficient because Kammer failed to provide any project-specific financial analysis demonstrating the need for the incentive.[222] OCA asserts that Kammer instead provides only generic justifications that could apply to any transmission project, and does not quantify the anticipated impact to Kammer's credit metrics.[223] OCA states that Kammer points to previous Commission decisions granting the CWIP Incentive, which OCA argues is insufficient to demonstrate that it is tailored for Kammer's unique circumstances. Additionally, OCA contends that the CWIP Incentive does not appear to be needed because the parent companies of the Project – NextEra Energy, Inc. (NextEra) and Exelon Corporation (Exelon) – have the means to support Kammer. Moreover, OCA states that Kammer has made no effort to quantify or analyze ratepayer cost impacts.[224] Finally, OCA asserts that the combination of the requested CWIP Incentive and the 60/40 Hypothetical Capital Structure Incentive results in a significantly higher revenue requirement during construction than would otherwise be the case, but that Kammer has provided no analysis of the combined ratepayer impact of this incentive package or demonstrated why both incentives are necessary given financial backing available through its parent entities.

(c) <u>Kammer Answer</u>

112. Kammer states that the protesters fundamentally misunderstand the purpose of the CWIP Incentive and ignore, or collaterally attack, Commission precedent.[225] Kammer asserts that protesters fail to recognize that the CWIP Incentive does not change the level of cost recovery, but instead addresses timing issues associated with the recovery of financing costs for large transmission investments.[226] Kammer argues that the CWIP Incentive will support the construction of the Project and reduce Kammer's overall borrowing costs, provide cash flow, reduce construction costs, reduce costs later charged to customers through depreciation, and help avoid rate shock. Kammer argues that the Commission should reject Pennsylvania Commission's argument that the Commission should reject the recovery of CWIP costs in rate base for regional transmission facilities selected through the "Long-Term Regional Transmission Facilities" plan because that argument is a collateral attack on the Commission's transmission incentives policy and

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[222] OCA April 7 Protest at 4-5.

[223] *Id.* at 38-39.

[224] OCA April 7 Protest at 40.

[225] Kammer April 23 Answer at 3 n. 13 (citing. *GridLiance W. LLC*, 187 FERC ¶ 61,223 (2024); *Niagara Mohawk Power Corp.*, 184 FERC ¶ 61,059 (2023)).

[226] *Id.* at 23.

the Project was approved through the PJM RTEP process, rather than through any transmission planning process pursuant to Order No. 1920.[227] Kammer contends that the argument the Commission should deny the CWIP Incentive because of Kammer's connection to its parent entity is irrelevant to whether Kammer has demonstrated a nexus between the CWIP Incentive and the risks and challenges that the Project faces.

(d) Determination

113. We grant Kammer's request for the CWIP Incentive for the Project, effective July 11, 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.[228] 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.

114. We find that Kammer has shown a nexus between the proposed CWIP Incentive and its investment in the Project. Kammer states that it will experience significant year-over-year cash outflows unless it receives an inflow of cash during the construction period.[229] The record therefore indicates that the cost of completing the Project will put pressure on Kammer's finances. We find that granting the CWIP Incentive will help ease this pressure by providing improved cash flow and mitigating the impact of constructing the Project on Kammer's financial metrics. As such, we disagree with protesters' assertions that the CWIP Incentive does not appear to be needed because the parent companies can support Kammer and Kammer failed to provide any project-specific financial analysis, as Kammer is a separate company and has made a showing that the CWIP Incentive will support the construction of the Project by reducing financial pressure on Kammer. Regarding arguments that the CWIP Incentive will shift risks to customers and will lead Kammer to be less diligent in planning the Project, we agree with Kammer that the CWIP Incentive does not change the level of cost recovery but rather the timing of recovery.[230] We find that Kammer has demonstrated that granting the CWIP Incentive will enhance cash flows during the construction period, and improve the company's credit metrics during Project construction.[231] We also agree that the CWIP

[227] *Id.* at 24.

[228] Order No. 679, 116 FERC ¶ 61,057 at PP 29, 117.

[229] Transmittal at 26.

[230] *See* Order No. 679-A, 117 FERC ¶ 61,345 at P 38.

[231] Transmittal at 26.

Incentive "should lower Kammer Juniata's overall borrowing costs for a given level of debt, compared to a [] recovery mechanism entirely based on AFUDC."[232]

115. Additionally, under Order No. 679 and the Commission's regulations,[233] 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.[234] The Commission's regulations require an applicant seeking CWIP recovery to discontinue capitalization of AFUDC for investment that is included in rate base and to propose accounting procedures to ensure that customers will not be double charged for AFUDC and CWIP.[235] We find that Kammer has sufficiently represented in its Formula Rate Template that it has appropriate accounting procedures and internal controls in place (i.e., using upfront project codes to identify projects allowed CWIP in rate base treatment) to prevent recovery of AFUDC to the extent that CWIP is allowed in rate base.[236]

116. As to Pennsylvania Commission's arguments that the recovery of CWIP costs in rate base should be excluded for regional transmission facilities selected through the "Long-Term Regional Transmission Facilities" plan, we find that these arguments are beyond the scope of this proceeding. The Project was selected through PJM's existing RTEP process rather than pursuant to an Order No. 1920-compliant Long-Term Regional Transmission Planning process. We also note that Order No. 679 does not limit or condition receipt of the CWIP Incentive upon in-service dates.[237] Based on the foregoing, we grant Kammer's request for the CWIP Incentive for the Project.

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[232] *Id.* at 27.

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

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

[235] *See* 18 C.F.R. § 35.25(e), (f) (2025).

[236] *See* PJM., Intra-PJM Tariffs, OATT H-42A – KJT Formula Rate) (0.0.0), attach. 4, Note C (Rate Base Worksheet).

[237] See Order No. 679, 116 FERC ¶ 61,057, at P 118 (rejecting commenter requests to condition inclusion of CWIP on adherence to a construction schedule); *accord* Order No. 679-A, 117 FERC ¶ 61,345 at P 114 ("We decline to establish any generic restrictions on the types of transmission projects or construction periods in order for a project to qualify for CWIP treatment under this rule").

iii. 60/40 Hypothetical Capital Structure Incentive

(a) Filing

117. Kammer requests approval to use a 60/40 Hypothetical Capital Structure until the Project is placed into service, which it states it consistent with Commission precedent.[238] Kammer explains that the 60/40 Hypothetical Capital Structure Incentive addresses the risk of fluctuations in Kammer's capital structure during the development and construction of the Project, as well as the associated financing risks.[239] Kammer contends that, as a new transmission developer, it does not have a stable capital structure, which it expects to fluctuate due to the timing, amount, and frequency of new borrowings and equity infusions. Kammer argues that actual capitalization will also fluctuate according to cash needs during project construction. Kammer explains that a stable capital structure will improve Kammer's access to capital markets, provide regulatory certainty to lenders, and better support any external construction-related financing. Kammer adds that the Hypothetical Capital Structure Incentive protects customers from paying higher rates that result from the uncertainty around using an actual capital structure.

(b) Protests

118. Pennsylvania Commission states that Kammer's proposed hypothetical capital structure will have substantial cost impacts on its overall cost of capital and resulting costs to ratepayers given the Project's estimated cost of approximately $1.7 billion.[240] Pennsylvania Commission requests that the Commission closely scrutinize the extent to which Kammer's requested hypothetical capital structure is truly offsetting risk and at what cost. Pennsylvania Commission also argues that Kammer should be required to support its requested capital structure to ensure the resulting rates are just and reasonable through an FPA section 206 proceeding. Pennsylvania Commission also argues that the requested 60/40 Hypothetical Capital Structure Incentive should be denied without prejudice unless and until Kammer has obtained a CPC in Pennsylvania and a CPCN in West Virginia for the Project.

119. OCA contends that Kammer's request for a 60/40 Hypothetical Capital Structure Incentive is unsupported and inconsistent with the capital structures of Kammer's joint owners – NextEra and Exelon – which have an average equity ratio that stands at

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[238] Transmittal at 27 (citing, e.g., *Midcontinent Indep. Sys. Operator*, 189 FERC ¶ 61,249, at P 24 (2024)).

[239] *Id.* at 28.

[240] Pennsylvania Commission April 7 Comments at 13-14.

38.50%.[241] OCA states that this average equity ratio suggests that an equity ratio of 40% or below is more appropriate.[242] Moreover, OCA asserts that an applicant must present a robust, comprehensive analysis that justifies its specific requested hypothetical capital structure; however, OCA states that Kammer points to other nonincumbent transmission developers having been granted the incentive, which OCA argues is insufficient justification.[243] OCA asserts that Kammer has failed to provide any specific or tailored support as to why it requires a 60/40 Hypothetical Capital Structure and has only provided justification for the application of a fixed capital structure. OCA asserts that in a similar circumstance the Commission rejected an applicant's 60/40 Hypothetical Capital Structure.[244] Additionally, OCA argues that the requested 60% equity ratio is excessive, offers little value to ratepayers, and is significantly outside of industry norms.[245] Lastly, OCA states that it appears that the Project's activities and obligations will be effectuated through corporate service agreements with both NextEra and Exelon and their affiliates and that the Commission has previously rejected a requested 60% equity and 40% debt capital structure as excessive under similar circumstances, where an entity would have its affiliates construct, perform maintenance on, and operate the relevant projects.[246] Therefore, OCA states that Kammer's requested 60/40 Hypothetical Capital Structure Incentive should be rejected or be granted an evidentiary hearing to determine the justness and reasonableness of the request.[247]

(c) <u>Kammer Answer</u>

120. Kammer contends that the requested Hypothetical Capital Structure is consistent with Commission precedent.[248] Kammer maintains that the 60/40 Hypothetical Capital Structure Incentive will help stabilize Kammer's capital structure during the development

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[241] OCA April 7 Protest at 4.

[242] *Id.* at 35-36.

[243] *Id.* at 34.

[244] *Id.* at 33 (citing *Valley Link*, 191 FERC ¶ 61,113 at P 143 & n.185).

[245] *Id.* at 35.

[246] *Id.* at 37 (citing *N.Y. Indep. Sys. Operator*, 151 FERC ¶ 61,004, at P 84 (2015)).

[247] *Id.* at 37-38.

[248] Kammer April 23 Answer at 25-26 (citing, e.g., Midcontinent Grid Order, 192 FERC ¶ 61,208 (granting hypothetical capital structure of 60% equity and 40% debt)).

and construction phase of the Project, as well as address the associated financing risks it faces.[249] Kammer argues its proposed Hypothetical Capital Structure is tailored to the specific risks and challenges it faces and would protect customers from rate volatility that would otherwise occur if Kammer were to utilize its actual capital structure during the development and construction period. Kammer asserts that Commission policy does not require a state to issue a CPCN or its equivalent before the Commission approves a Hypothetical Capital Structure Incentive.[250]

(d) <u>Determination</u>

121. We grant Kammer's request to use a Hypothetical Capital Structure of 60% equity and 40% debt, effective July 11, 2026, until Kammer's Project is placed in service, consistent with Commission precedent.[251] We find that the 60/40 Hypothetical Capital Structure Incentive will assist Kammer 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.[252] Accordingly, we find that Kammer has demonstrated a nexus between the requested incentive and the risks and challenges faced by the Project.

122. We disagree with OCA that an equity ratio of 40% or below is more appropriate for the Project and that the Hypothetical Capital Structure should be rejected because the Project's activities and obligations may be effectuated through corporate service agreements with NextEra, Exelon, and their affiliates. 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

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[249] *Id.* at 25.

[250] *Id.* at 26.

[251] *See, e.g., NextEra Energy Transmission MidAtlantic, LLC*, 161 FERC ¶ 61,141 at P 30; *Transource Kan., LLC*, 151 FERC ¶ 61,010, at P 25 (2015).

[252] *Xcel Energy Sw. Transmission Co., LLC*, 149 FERC ¶ 61,182, at P 22 (2014); *Xcel Energy Transmission Dev. Co., LLC*, 149 FERC ¶ 61,181, at P 13 (2015).

nonincumbent transmission developers,[253] and Kammer has demonstrated that its proposed 60% equity and 40% debt hypothetical capitalization ratio is within the range of prior approved hypothetical capitalization ratios for incumbent transmission developers.[254] We also agree with Kammer that a CPCN or its equivalent is not a requirement for a transmission project to be eligible for the Hypothetical Capital Structure Incentive under the Commission's transmission incentives policy.

iv. RTO Participation Adder

(a) Filing

123. Kammer states that it will become a member of PJM and transfer functional control of its transmission facilities to PJM once the assets are in service.[255] Kammer adds that it will recover the costs of its transmission assets from PJM customers through the inclusion of their ATRR in PJM's rates. Kammer asserts that the Commission has routinely approved the RTO Participation Adder for use by nonincumbent transmission developers and should do so here.

(b) Pennsylvania Commission Protest

124. Pennsylvania Commission asserts that the Commission should exercise close scrutiny as it determines whether to grant this incentive and if so, size it appropriately.[256] Pennsylvania Commission asserts there is insufficient evidence to show that Kammer needs the 50 basis-point adder.[257] Pennsylvania Commission argues that there is no need for an additional adder because Kammer is currently owned entirely by NEET. Pennsylvania Commission further argues that granting such an adder incentivizes the creation of limited liability companies that are created to increase ROE for their parent companies, which it asserts cannot obtain an RTO Adder as they are already members of the RTO.[258] Pennsylvania Commission states that it is unfair to ratepayers that

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[253] *Atl. Grid Operations A-E LLC*, 135 FERC ¶ 61,144, at P 122 (2011).

[254] *See supra* n.105.

[255] Transmittal at 29-30 (citations omitted).

[256] Pennsylvania Commission April 7 Comments at 9.

[257] *Id.* at 7.

[258] *Id.* at 7-8.

transmission operators with shared ownership be rewarded with further added incentives for creating a new entity who in turn will apply for permits and CPCNs/CPCs.[259]

(c) Kammer Answer

125. Kammer argues that its request for the RTO Participation Adder is consistent with the FPA, Order No. 679 and its progeny, and Commission precedent approving the RTO Participation Adder for other transmission entities.[260] Kammer contends that it qualifies for the incentive because of its commitment to voluntarily turn over functional control of the Project to PJM.

(d) Determination

126. We conditionally grant the request for a 50-basis-point RTO Participation Adder for Kammer's participation in PJM. We find that, as conditioned herein, the requested RTO Participation Adder incentive is consistent with FPA section 219 and Commission precedent. The Commission's decision to grant an RTO Participation Adder is intended to encourage public utilities' continued involvement in an RTO. A utility is presumed eligible for an RTO Participation Adder "if it can demonstrate that it is a member of an RTO . . . and its membership is ongoing."[261] As the Commission has previously stated, the basis for the RTO Participation Adder is a recognition of the benefits that flow from membership in an RTO and that continuing membership is generally voluntary.[262] Contrary to Pennsylvania Commission's arguments, eligibility for the RTO Participation Adder is determined by the applicant's voluntary membership in an RTO, not its affiliates' membership.

127. Kammer demonstrates its eligibility for the RTO Participation Adder through its commitment to become a Transmission Owner in PJM and transfer operational control of the Project to PJM once it is constructed and placed into service. We condition our approval on the RTO Participation Adder being applied to a base ROE that has been shown to be just and reasonable, and subject to the resulting ROE inclusive of all granted incentives being within the applicable zone of reasonableness, as may be determined in the hearing and settlement judge procedures ordered herein.

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[259] *Id.* at 8-9.

[260] Kammer April 23 Answer at 22.

[261] Order No. 679, 116 FERC ¶ 61,057 at P 327.

[262] *Id.* P 331.

v. **Total Package of Incentives**

(a) **Filing**

128. Kammer states that it faces significant permitting, siting, construction, procurement, and financial risks that present challenges to developing and constructing the Project.[263] According to Kammer, it has no transmission assets, business history, or earnings history.

129. Kammer states that there are several permitting and siting risks, as the Project includes multiple greenfield components that span approximately 222 miles of extra-high voltage greenfield transmission facilities that will cross two state boundaries: Pennsylvania and West Virginia.[264] Kammer explains that the Project will require significant permitting to route transmission facilities through federal and state lands (i.e., crossings over federal civil works projects and federal waters), as well as through agricultural lands.[265] Thus, Kammer asserts that it faces a complex permitting process that will require numerous public land use permits and historical or cultural preservation permits, as well as water and environmental permits at the federal, state, and local levels. Kammer contends that it will have to coordinate with multiple federal, state, and local agencies and apply for several of these permits at the same time to meet PJM's tight development time frames.[266] For instance, Kammer states that it will need multiple CPCNs from different state regulatory commissions, which Kammer contends also poses siting risks. Kammer asserts there are further permitting and siting risks because there is no guarantee that agencies will grant them the needed approvals, or that such approvals will not be subject to legal challenges or conditions. Additionally, Kammer argues that there is also a risk the Project could be terminated if PJM determines the reliability needs justifying construction of the Project no longer exist. If a CPCN/CPC application is denied, Kammer contends it will face increased permitting risk, insofar as it will have to secure all land rights on a piecemeal basis, which will significantly increase the time and resources required to obtain necessary rights-of-way and other easements to route the Project.

130. Kammer argues that the Project faces construction risks, as there is a possibility of cost overruns, delays in completing the Project, and failure of the Project to satisfy design

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[263] Transmittal at 18.

[264] *Id.* 18-19, 21.

[265] *Id.* at 19.

[266] *Id.* at 20.

requirements or performance criteria required in the Project's financing documents.[267] Additionally, Kammer avers that subject to final execution of the DEA, Kammer will be solely responsible for obtaining all necessary permits, siting, and other regulatory approvals, and therefore bears all risk associated with the timely procurement of the permits, sites, labor, equipment, and materials necessary for construction.

131. Kammer contends that the Project faces procurement risks, as well as disruptions to the supply chain, that may lead to delays or cost overruns and that there are a limited number of suppliers of 765 kV materials.[268] In addition, Kammer states it will have to begin procuring major equipment before it has received its state siting permit and also faces price risk in procuring the labor, equipment, and materials for the Project, given the recent uncertainty surrounding tariffs on imported goods, future inflation, and the five-year construction period.

132. Kammer argues that the Project faces financial risks, as Kammer has no established credit rating, no debt repayment history, and no earnings history.[269] Further, Kammer states it will have all of its assets invested in a single project. Kammer notes that projects of this type generally do not generate cash flow until the project is in service. Kammer contends that it faces significant challenges in obtaining financing on reasonable terms as lenders' assessment of Kammer's debt service risk will be based on Kammer's cash flow projections, which depend in part on the regulatory approvals provided by the Commission for the transmission rate incentives requested herein. Further, Kammer contends that capital requirements necessary to support the Project require Kammer to provide assurances to prospective lenders that pursuing development will not strain cash flows needed to cover fixed and operating costs. Kammer maintains that obtaining the transmission rate incentives will provide these much-needed financial assurances to investors.

133. Kammer contends that the particular combination of the requested incentives package is narrowly tailored to mitigate the specific risks faced by each company.[270] Kammer asserts that each requested incentive supports the cost-effective development of the Project and ensures that the resulting rates are just and reasonable. Kammer states that it seeks a limited group of incentives that best mitigates the immediate and future risk faced by the Project while minimizing potential cost increases to ratepayers.

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[267] *Id.* at 21.

[268] *Id.*

[269] *Id.* at 22.

[270] *Id.* at 30-31.

(b) Pennsylvania Commission Comments

134. Pennsylvania Commission states that Kammer's combined package of requested incentives is not tailored to address risks or challenges faced by the applicant and, if granted, will likely result in unjust and unreasonable rates.[271]

135. Pennsylvania Commission contends that the requested incentives as a whole make the Window much less competitive and further shift the financial risk of competition from developers to consumers.[272] Pennsylvania Commission asserts that PJM's selection and award to build the Project is an adequate incentive to perform pre-construction activities necessary to complete the Project, including initial studies, applications for obtaining certificates of public convenience, siting approval, eminent domain, zoning waivers, surveys, and relevant activities.

(c) Determination

136. 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.[273] 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.[274] The Commission noted that this nexus test is fact-specific and requires the Commission to review each application on a case-by-case basis. The Commission has, in prior cases, approved multiple rate incentives for particular projects.[275] For the reasons discussed above, for those incentives authorized here, we find that Kammer 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 Kammer in undertaking the Project.

137. We are unpersuaded by Pennsylvania Commission's argument that the requested incentives make the Window less competitive and shift the financial risk of competition

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[271] Pennsylvania Commission April 7 Comments at 2.

[272] *Id.* at 5-6.

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

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

[275] Order No. 679, 116 FERC ¶ 61,057 at P 55; *see also Midcontinent Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,246, at P 35 (2015).

from developers to consumers. This argument does not address whether the Project is eligible for the requested incentives under the Commission's transmission incentives policy. Further, we are also unpersuaded by Pennsylvania Commission's argument that PJM's selection and award make the Project ineligible for incentives because the selection is a sufficient incentive to complete the Project. Specifically, Pennsylvania Commission's general assertions do not explain why being selected through PJM's RTEP process sufficiently mitigates the risks associated with completing the Project. We find that Kammer has demonstrated that each of the requested incentives that we authorize here, and the incentives package as a whole, address the risks and challenges faced by Kammer in undertaking the Project.

138. Finally, as a result of the Commission approving the requested transmission rate incentives, Kammer must submit FERC-730 reports annually.[276]

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

i. Filing

139. Kammer requests authorization for any transmission-owning subsidiaries of joint ventures owned by NEET and Exelon Transmission to replicate the proposed Formula Rate for their own transmission projects in PJM without relitigating the Formula Rate's substantive provisions.[277] Kammer requests that this authorization cover not only the Formula Rate, but also the base ROE, the RTO Participation Adder, and the Hypothetical Capital Structure Incentive. Kammer argues that it would be administratively inefficient for these other subsidiaries operating in PJM to have to file and defend a new rate proceeding and that 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.[278]

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[276] 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.

[277] Transmittal at 31-32.

[278] *Id.* at 2 n.8, 31-32 (citing Midcontinent Grid Order, 192 FERC ¶ 61,208, *order on clarification & reh'g dismissed*, 193 FERC ¶ 61,188 (2025); *Valley Link,* 191 FERC ¶ 61,113).

ii. OCA Protest

140. OCA argues that the Commission requires case-by-case review of the rate impact under section 205 or 206 of the FPA; thus, the Commission should not grant Kammer's parent companies, NextEra and Exelon, blanket pre-approval to replicate these excessive rates in future filing.[279] OCA argues that Kammer points to a handful of instances in which the Commission has authorized indiscriminate formula rate replication. OCA contends that Order No. 679's interpretation of FPA section 219 guarantees that the Commission will evaluate the rate impact under section 205 or 206 of the FPA and that a case-by-case approach ensures that the incentives granted will be tailored to particular circumstances.

iii. Kammer Answer

141. Kammer argues that OCA misunderstands the Commission's policy regarding replication of formula rates and related incentives. Specifically, Kammer avers that the Commission has reasoned that "because the rationale for granting these incentives to future. . . subsidiaries would be identical to the rationale adopted in this proceeding, and because the Commission has fully considered the incentives issue in this proceeding, the issue need not be re-litigated through further section 205 or section 219 filings."[280]

iv. Determination

142. We grant Kammer's request for authorization to use the proposed Formula Rate for later-formed transmission-owning subsidiaries of joint ventures owned by NEET and Exelon Transmission in the PJM region, which will obviate the need to make additional FPA section 205 filings. We agree with Kammer that it would be administratively inefficient for these other subsidiaries operating in PJM to have to file and defend a new rate proceeding. We clarify, however, that any future Kammer entity in the PJM region will be subject to the base ROE that is determined through the hearing and settlement judge procedures that have been ordered for Kammer.

143. We also grant Kammer's request for authorization for Kammer's subsidiaries to use the 60/40 Hypothetical Capital Structure Incentive and RTO Participation Adder for later-formed transmission-owning subsidiaries of joint ventures owned by NEET and Exelon Transmission in the PJM region since the Commission has fully considered the

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[279] OCA April 7 Protest at 47-48 (citing Order No. 679, 116 FERC ¶ 61,057 at P 43).

[280] Kammer April 23 Answer at 28 (citing *Ne. Transmission*, 155 FERC ¶ 61,097, at P 175 (2016)).

incentives issue in this proceeding. We clarify that the RTO Participation Adder would only be available to subsidiaries that voluntarily join PJM.

The Commission orders:

(A) We accept Kammer's proposed Formula Rate tariff records, effective July 11, 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. EL26-81-000 to examine the justness and reasonableness of Kammer's proposed base ROE, proxy cost of debt, 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 (J) and (K) below.

(C) Kammer is directed to submit a compliance filing within 60 days of the date of this order, as discussed in the body of this order.

(D) We grant Kammer's request for the Abandoned Plant Incentive, effective July 11, 2026, as discussed in the body of this order.

(E) We grant Kammer's request for the CWIP Incentive, effective July 11, 2026, as discussed in the body of this order.

(F) We grant Kammer's request for a 60/40 Hypothetical Capital Structure, effective July 11, 2026, as discussed in the body of this order.

(G) We conditionally grant Kammer's request for the RTO Participation Adder Incentive, as discussed in the body of this order.

(H) We grant Kammer's request for authorization for the use of the proposed Formula Rate for later-formed transmission-owning subsidiaries of joint ventures owned by NEET and Exelon Transmission in the PJM region, as discussed in the body of this order.

(I) We grant Kammer's request for authorization for transmission-owning subsidiaries of joint ventures owned by NEET and Exelon Transmission in the PJM region to use the 60/40 Hypothetical Capital Structure Incentive and RTO Participation Adder, as discussed in the body of this order.

(J) 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.

(K) 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.

(L) 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, D.C. 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.

(M) Any interested person desiring to be heard in Docket No. EL26-81-000 must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, D.C. 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, D.C. 20426, or by hand (including courier) delivery to Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852.

(N) 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. EL26-81-000.

(O) The refund effective date in Docket No. EL26-81-000, 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 (M) above.

By the Commission. Commissioner Rosner is concurring with a separate statement attached.
Commissioner Chang is dissenting in part with a separate statement attached.

(S E A L)

Carlos D. Clay,
Deputy Secretary.

Appendix- Tariff Records

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

- OATT ATT H-42, OATT Attachment H-42 - KJT Annual Transmission Rates (0.1.0)
- OATT ATT H-42A, OATT Attachment H-42A - KJT Formula Rate Template (1.0.0)
- OATT ATT H-42B, OATT Attachment H-42B - KJT Implementation Protocols (0.1.0)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Kammer Juniata Transmission, LLC	Docket Nos.	ER26-1734-001 EL26-81-000

(Issued July 10, 2026)

ROSNER, Commissioner, *concurring*:

1. I 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, I remain committed to reexamining this policy.

2. A key barrier to energy infrastructure buildout in this country is fostering public trust that 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 ultimately constructed. This paradigm also applies to the hypothetical capital structure requests, like the one at issue in today's order. In my 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. I 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. I look forward to working with my colleagues to sharpen our evaluation of future hypothetical capital structure requests.

For these reasons, I respectfully concur.

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David Rosner
Commissioner

[1] *Grid Growth Ohio, LLC*, 196 FERC ¶ 61,008 (2026) (Rosner, Comm'r, concurring); *Midcontinent Grid Solutions Wis., LLC*, 195 FERC ¶ 61,251 (2026) (Rosner, Comm'r, concurring). *MGS Wis.*, 195 FERC ¶ 61,251 at P 1 (2026) (Swett, Chairman, and Rosner, Comm'r, concurring).

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Kammer Juniata Transmission, LLC — Docket Nos. ER26-1734-000, EL26-81-000

(Issued July 10, 2026)

CHANG, Commissioner, *dissenting in part*:

1. I dissent in part from today's order addressing a suite of rate and incentive proposals by Kammer Juniata Transmission, LLC (Kammer). For the same reasons explained in my partial dissents in similar cases, I disagree with the order's approval of Kammer'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 Kammer'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' recent 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.

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[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.

Judy W. Chang
Commissioner