

162 FERC ¶ 61,032
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

January 18, 2018

In Reply Refer To:
PJM Interconnection, L.L.C.
Docket Nos. ER17-419-000
ER17-419-003

Van Ness Feldman, LLP
1050 Thomas Jefferson Street, NW
Seventh Floor
Washington, DC 20007

Attention: Douglas W. Smith, Esq.
Attorney for Transource Pennsylvania, LLC
and Transource Maryland, LLC

Dear Mr. Smith:

1. On October 2, 2017, in the above-referenced proceedings, PJM Interconnection, L.L.C. (PJM) filed a Settlement on behalf of, Transource Pennsylvania, LLC (Transource Pennsylvania) and Transource Maryland, LLC (Transource Maryland). On October 23, 2017, Commission Trial Staff filed comments in support of the Settlement. No other comments were filed. On November 6, 2017, the Settlement Judge certified the Settlement to the Commission as an uncontested settlement.¹

2. The Settlement addresses Transource Pennsylvania and Transource Maryland's base return on common equity (ROE) and capital structure to be used in calculating charges under each company's formula rates.

¹ *PJM Interconnection, L.L.C.*, 161 FERC ¶ 63,015 (2017).

3. Article VI of the Settlement provides that:

t]he standard of review for any modifications to this Settlement requested by a non-Settling Party or initiated by the Commission acting *sua sponte* will also be the ordinary just and reasonable standard of review.²

4. The Settlement resolves all issues set for hearing in these proceedings. The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved subject to condition, as discussed below.³ The Commission's conditional approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in these proceedings.

5. We note that the tariff revisions that PJM submitted with the Settlement in Docket No. ER17-419-003 for Transource Pennsylvania and Transource Maryland contain Attachment 2, Incentive ROE. Article III of the Settlement provides that Transource Pennsylvania and Transource Maryland will not have an incentive ROE other than the agreed-upon 9.9 percent base ROE, plus the 50 basis point ROE adder authorized by the Commission in the January 31, 2017 order⁴ as an incentive for each company's continued participation in the PJM regional transmission organization. Furthermore, the companies agreed "not to renew, reapply for, or re-file their request for a risk-based ROE adder for the Project."⁵ Therefore, Attachment 2 is not necessary and should be removed from the formula rate templates. As such, we direct PJM, in a compliance filing to be submitted

² Settlement at Article IV.

³ The United States Court of Appeals for the District of Columbia Circuit has held that, in certain circumstances, the Commission has "authority to propose modifications to a utility's [FPA section 205] proposal *if the utility consents to the modifications.*" *NRG Power Mktg., LLC v. FERC*, 862 F.3d 108, 114-15 (D.C. Cir. 2017).

⁴ *PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,089 (2017) (January 31 Order).

⁵ Settlement at Article III.

within 30 days of the issuance of this order, to remove Attachment 2 from the formula rate templates of Transource Pennsylvania and Transource Maryland.⁶

6. This letter order terminates Docket Nos. ER17-419-000 and ER17-419-003.

By direction of the Commission. Chairman McIntyre is not participating.

Kimberly D. Bose,
Secretary.

⁶ In the future, PJM should use Associated Filing and Record Identifiers at the record level when amending a tariff record in a pending proceeding. See [FERC Staff's Responses to Discussion Questions](#), Tariff Record Related Codes, Question 17 at 31 and Question 28 at 35, for the need to provide a complete set of associated tariff record information; and the [Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300, and 341 Tariff Filings](#) at 23, for the definitions of the associated record data elements. The formula rate template tariff records pending in Docket No. ER17-419-001, and accepted subject to condition in Docket No. ER17-419-003, should be Overtaken By Events (OBE) in PJM's compliance filing in response to this order.