

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C. and Public Service Electric and Gas Company      Docket Nos. ER11-3352-000 and ER11-1985-001

(Issued June 16, 2011)

Attached is the statement by Commissioner Moeller concurring in part and dissenting in part to an order issued on June 13, 2011, in the above referenced proceeding. *PJM Interconnection, L.L.C. and Public Service Electric and Gas Company*, 135 FERC ¶ 61,229 (2011).

Kimberly D. Bose,  
Secretary.

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MOELLER, Commissioner, *concurring in part, and dissenting in part*:

As noted in my earlier concurrence in this proceeding, promoting investment in our nation's transmission infrastructure has been my top policy priority.<sup>1</sup> To that end, I stated that if a public utility believes that it can sufficiently demonstrate that its project satisfies the Commission's nexus requirements to qualify for incentive treatment, then I would encourage them to make such a showing.

Here, I concur with the majority's decision to provide certain transmission incentives to three of PSE&G's transmission projects, finding that the characteristics of these projects satisfy the nexus test established in Order No. 679. However, I would have gone further and provided the requested CWIP and abandoned-plant incentives to the two baseline projects that the Commission declined to award.

While the majority finds that these two projects are routine in nature, based upon my review of the record, I disagree. In my view, PSE&G has presented evidence to sufficiently demonstrate that the Middlesex Switch Rack Project and the Bayonne-Marion Project are significant in their scope and effect, and that they face particular risks and challenges that merit incentives.

For example, the Middlesex Switch Rack Project faces a number of substantial regulatory, financial, permitting, and siting risks including the fact that PSE&G will need to obtain zoning and construction approvals from six municipalities in addition to federal and state permits.<sup>2</sup> With respect to the Bayonne-Marion Project, the project's infrastructure will be constructed entirely underground in a densely populated corridor.<sup>3</sup>

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<sup>1</sup> *PJM Interconnection, L.L.C.*, 133 FERC ¶ 61,273 (2010) (Moeller, Comm'r, concurring, and Norris, Comm'r, dissenting in part).

<sup>2</sup> Application Exh. PEG-1 at 36 (Testimony of David M. Daly) and Exh. PEG-1H at 40-42 (Permitting Matrix).

<sup>3</sup> *Id.* Exh. PEG-1 at 38 and Exh. PEG-1H at 36-39.

Although the Bayonne-Marion Project is the least costly of the five projects (estimated at \$137 million), I nevertheless believe that this project is non-routine and eligible to receive the non-ROE adder incentives sought by PSE&G.

Ultimately, the nexus test is not prescriptive by design and the Commission did not specify criteria for measuring the nexus. As such, the test and its question of whether a project is routine (or not) contains a degree of subjectivity that may lead reasonable minds to differ.

For the reasons noted above, I concur in part, and dissent in part.

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Philip D. Moeller  
Commissioner