

145 FERC ¶ 61,291
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

PJM Interconnection, L.L.C.
Duquesne Light Company

Docket No. ER13-1927-000

ORDER CONDITIONALLY ACCEPTING COST ALLOCATION FILING

(Issued December 30, 2013)

1. On July 10, 2013, pursuant to section 205 of the Federal Power Act (FPA),¹ PJM Interconnection, L.L.C. (PJM) filed with the Commission, on behalf of the PJM Transmission Owners (PJM Transmission Owners),² a new Schedule 12-B of the PJM

¹ 16 U.S.C. § 824d (2012).

² The PJM Transmission Owners include: Monongahela Power Company; The Potomac Edison Company and West Penn Power Company (d/b/a Allegheny Power); American Electric Power Service Corporation on behalf of its operating companies: Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, and Wheeling Power Company; Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc.; Dayton Power and Light Company; Virginia Electric and Power Company (Dominion Virginia Power); Public Service Electric and Gas Company; PECO Energy Company; PPL Electric Utilities Corporation; Baltimore Gas and Electric Company; Jersey Central Power & Light Company; Metropolitan Edison Company; Pennsylvania Electric Company; Potomac Electric Power Company; Atlantic City Electric Company; Delmarva Power & Light Company; UGI Utilities, Inc.; Allegheny Electric Cooperative, Inc.; CED Rock Springs, LLC; Old Dominion Electric Cooperative; Rockland Electric Company; Duquesne Light Company; Neptune Regional Transmission System, LLC; Trans-Allegheny Interstate Line Company; Linden VFT, LLC; American Transmission Systems, Inc.; City of Cleveland, Department of Public Utilities, Division of Public Power; Duke Energy Ohio, Inc.; Duke Energy Kentucky, Inc.; City of Hamilton, Ohio; Hudson Transmission Partners, LLC; and East Kentucky Cooperative, Inc. *See* PJM Interconnection, L.L.C., Consolidated Transmission Owners Agreement, Rate Schedule No. 42, Attachment A.

Open Access Transmission Tariff (OATT) relating to the allocation of costs of interregional transmission system expansions and enhancements approved by PJM and participants in the Southeastern Regional Transmission Planning (SERTP) region (PJM Transmission Owners Compliance Filing). In this order, we conditionally accept the proposed cost allocation method for filing, to be effective January 1, 2014, subject to refund and to future orders in PJM's and SERTP's related Order No. 1000³ interregional compliance proceedings.

I. Background

2. In Order No. 1000, the Commission directed each public utility transmission provider to include in its OATT a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation and that each public utility transmission provider within a transmission planning region develop a method or set of methods for allocating the costs of new interregional transmission facilities that two (or more) neighboring transmission planning regions determine resolve the individual needs of each region more efficiently and cost-effectively.⁴

3. Order No. 1000 requires each public utility transmission provider in a transmission planning region to have, together with the public utility transmission providers in its own transmission planning region and a neighboring transmission planning region, a common method or methods for allocating the costs of a new interregional transmission facility among the beneficiaries of that transmission facility in the two neighboring transmission planning regions in which the transmission facility is located.⁵ Order No. 1000 permits each pair or set of neighboring transmission planning regions the flexibility to develop its own cost allocation method or methods, allowing a transmission planning region to have the same or differing interregional cost allocation methods with each of its neighbors.⁶ Additionally, the cost allocation method or methods used by the pair or set of neighboring transmission planning regions can differ from the cost allocation method or

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 482.

⁵ *Id.* P 578.

⁶ *Id.* P 580.

methods used by each region to allocate the cost of a new interregional transmission facility within that region.⁷

4. As with Order No. 1000's regional cost allocation requirements, each public utility transmission provider must demonstrate that the interregional cost allocation method or methods are just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies six interregional cost allocation principles described in Order No. 1000.⁸ In addition, Order No. 1000 permits participant funding, but not as a regional or interregional cost allocation method.⁹

5. While transmission planning regions can develop a different cost allocation method or methods for different types of transmission projects, such cost allocation method or methods should apply to all transmission facilities of the type in question, and each cost allocation method would have to be determined in advance for each type of transmission facility.¹⁰ Also, an interregional transmission facility must be selected in both of the relevant regional transmission planning processes for purposes of cost allocation to be eligible for interregional cost allocation pursuant to the interregional cost allocation method or methods.¹¹ Thus, if a regional transmission planning process does not select an interregional transmission facility to receive interregional cost allocation, neither the transmission developer nor the other transmission planning region may allocate the costs of that interregional transmission facility under the provisions of Order No. 1000 to the region that did not select the interregional transmission facility.¹²

6. If a public utility transmission provider is in a regional transmission organization (RTO) or independent system operator (ISO), Order No. 1000 requires that the interregional cost allocation method or methods be set forth in the RTO or ISO OATT. In a non-RTO/ISO transmission planning region, the common cost allocation method or

⁷ *Id.* P 578.

⁸ *Id.* P 579.

⁹ *Id.* P 723.

¹⁰ *Id.* P 581.

¹¹ *Id.* P 581.

¹² Order No. 1000-A, 139 FERC ¶ 61,132 at P 635.

methods must be filed in the OATT of each public utility transmission provider in the transmission planning region.¹³

7. Order No. 1000 further directed that the proposed interregional cost allocation method must satisfy the following six cost allocation principles:¹⁴ (1) costs must be allocated in a way that is at least roughly commensurate with benefits;¹⁵ (2) there must be no involuntary allocation of costs to non-beneficiaries;¹⁶ (3) a benefit-cost threshold ratio cannot exceed 1 to 1.25;¹⁷ (4) costs must be allocated solely within the transmission planning region or pair of regions unless those outside the region or pair of regions voluntarily assume costs;¹⁸ (5) there must be a transparent method for determining benefits and identifying beneficiaries;¹⁹ and (6) there may be different methods for different types of transmission facilities.²⁰

II. Interregional Cost Allocation Proposal

8. PJM Transmission Owners state that, to comply with certain requirements of Order No. 1000 relating to interregional cost allocation, they are proposing changes to the PJM OATT to include an interregional cost allocation method based on avoided cost for interregional transmission projects located in both PJM and SERTP. They request that the proposed changes take effect on January 1, 2014.

9. PJM Transmission Owners state that the avoided cost approach they propose calculates the benefits of a proposed interregional transmission project as the cost savings achieved by replacing a higher cost regionally-planned transmission project with the more efficient and cost-effective interregional transmission project that addresses long-term needs that the displaced regional transmission projects would have addressed. The proposed interregional transmission project's costs would then be allocated between the

¹³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 578.

¹⁴ *Id.* P 603.

¹⁵ *Id.* P 622.

¹⁶ *Id.* P 637.

¹⁷ *Id.* P 646.

¹⁸ *Id.* P 657.

¹⁹ *Id.* P 668.

²⁰ *Id.* P 685.

PJM and SERTP transmission planning regions on a *pro rata* basis based upon the ratio of each region's avoided costs to the total avoided costs for both regions in which the transmission facility would be located. According to PJM Transmission Owners, the cost allocation will be based upon the latest cost estimates used in the determinations to select the interregional transmission project in the pertinent regional transmission plans for purposes of cost allocation.²¹ They state that, for an interregional transmission project to be eligible to use the interregional cost allocation method, it must be proposed and ultimately selected in both the PJM and SERTP regional transmission plans for purposes of interregional cost allocation,²² and the relevant transmission developer must satisfy the qualification criteria and submittal requirements of both regions.²³

10. PJM Transmission Owners recognize that the Commission has held that the sole use of an avoided cost method for regional cost allocation does not comply with the Order No. 1000 cost allocation principles because it does not account for economic or public policy benefits.²⁴ However, they argue that these findings are not determinative or relevant here, as Order No. 1000 does not require consideration of public policy or economic benefits at the interregional level. Moreover, PJM Transmission Owners argue that the avoided cost approach is appropriate as an interregional cost allocation method because each region may choose to decline to select an interregional transmission project in its regional transmission plan for purposes of cost allocation if the proposed transmission project is not cost-effective for that region.²⁵

²¹ PJM Transmission Owners Compliance Filing at 4; *see also* PJM OATT, Schedule 12-B, § 3 (0.0.0).

²² PJM Transmission Owners note that the joint cost allocation proposal does not address allocation of the costs of an interregional transmission facility within each region, except to indicate that that further cost allocation is left to the respective regional cost allocation processes. PJM Transmission Owners Compliance Filing at 4; *see also* PJM OATT, Schedule 12-B, § 2 (0.0.0).

²³ PJM Transmission Owners Compliance Filing at 4; *see also* PJM OATT, Schedule 12-B, § 2 (0.0.0).

²⁴ PJM Transmission Owners Compliance Filing at 6 (citing *S.C. Elec. & Gas Co.*, 143 FERC ¶ 61,058 at P 226).

²⁵ *Id.* at 6 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 512). PJM states that the ability to decline to select an interregional transmission project is a corollary of the requirement that an interregional transmission project be selected for interregional cost allocation in the regional transmission plans of the affected transmission planning regions. In Order No. 1000, the Commission understood that, under the interregional
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11. PJM Transmission Owners further justify the proposed avoided cost allocation method by arguing that Order No. 1000's interregional coordination reforms do not require neighboring pairs or sets of transmission planning regions to establish an interregional transmission planning process to develop an integrated interregional transmission plan, but rather to consider "whether the local and regional transmission planning processes result in transmission plans that meet local and regional transmission needs more efficiently and cost-effectively, after considering opportunities for collaborating with public utility transmission providers in neighboring transmission planning regions."²⁶ PJM Transmission Owners conclude that the cost of the displaced regional transmission projects represents a reasonable measure of the benefits of the interregional transmission project for purposes of cost allocation.²⁷

12. PJM Transmission Owners note that PJM will separately submit a filing to demonstrate its compliance with the other interregional coordination requirements of Order No. 1000 with respect to SERTP (PJM Compliance Filing).²⁸ Additionally, they note that the public utility SERTP participants (SERTP Public Utility Sponsors) are filing substantively identical tariff provisions to those submitted here by PJM Transmission Owners.²⁹

transmission coordination procedures of Order No. 1000, an interregional transmission facility is unlikely to be selected for interregional cost allocation unless each transmission planning region benefits or the transmission planning region that benefits compensates the region that does not through a separate agreement—and that this feature would not necessarily apply for interconnection wide planning. Order No. 1000-A, 139 FERC ¶ 61,132 at P 512.

²⁶ PJM Transmission Owners Compliance Filing at 5 (quoting Order No. 1000-A, 139 FERC ¶ 61,132 at P 511).

²⁷ *Id.* at 6.

²⁸ *Id.* at 2. On July 10, 2013, PJM submitted, under section 206 of the FPA (16 U.S.C. § 824e) in Docket No. ER13-1936-000, a new Schedule 6-A (Interregional Transmission Coordination Between the SERTP and PJM Regions).

²⁹ On July 10, 2013, Duke Energy Carolinas, LLC and Duke Energy Progress; Kentucky Utilities Co. and Louisville Gas and Electric Co.; Ohio Valley Electric Corp.; and Southern Company Services, Inc. submitted in Docket Nos. ER13-1928-000, ER13-1930-000, ER13-1940-000, and ER13-1941-000, respectively, tariff language under FPA section 206 in order to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000 with respect to PJM and SERTP (SERTP Sponsors Compliance Filings). The non-public utility SERTP sponsors include:

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III. Notice of Filing and Responsive Pleadings

13. Notice of PJM Transmission Owners' filing was published in the *Federal Register*, 78 Fed. Reg. 43,192 (2013), with interventions and protests due on or before August 26, 2013. On August 7, 2013, the Commission issued a notice of extension of time for filing interventions and protests in the above-referenced proceedings to and including September 9, 2013.

14. Motions to intervene were timely filed by Exelon Corporation; E.ON Climate & Renewables North America, LLC; Pepco Holdings, Inc.;³⁰ Maryland Public Service Commission; Jersey Central Power & Light Company;³¹ Rockland Electric Company; Florida Public Service Commission; Georgia Transmission Corporation; Southern Company Services, Inc.; American Electric Power Service Corporation;³² Duke Energy Carolinas, LLC;³³ Duke Energy Corporation;³⁴ Associated Electric Cooperative, Inc.; Ohio Valley Electric Corporation; Public Staff of the North Carolina Utilities

Associated Electric Cooperative Inc., Dalton Utilities, Georgia Transmission Corporation, the Municipal Electric Authority of Georgia, PowerSouth Energy Cooperative, the South Mississippi Electric Power Association, and the Tennessee Valley Authority.

³⁰ Pepco Holdings, Inc. filed jointly with Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company.

³¹ Jersey Central Power & Light Company filed jointly with Metropolitan Edison Company, Pennsylvania Electric Company, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, American Transmission Systems, Incorporated, and Trans-Allegheny Interstate Line Company.

³² American Electric Power Service Corporation filed on behalf of its affiliates: Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, AEP Indiana Michigan Transmission Company, AEP Kentucky Transmission Company, AEP Ohio Transmission Company, and AEP West Virginia Transmission Company.

³³ Duke Energy Carolinas, LLC filed jointly with Duke Energy Progress, Inc. and Duke Energy Florida, Inc.

³⁴ Duke Energy Corporation filed on behalf of its affiliates: Duke Energy Ohio, Inc.; Duke Energy Kentucky, Inc.; Duke Energy Indiana, Inc.; Duke Energy Commercial Asset Management, Inc.; Duke Energy Retail Sales, LLC; Duke Energy Hanging Rock II, (continued...)

Commission; Louisville Gas and Electric Co.;³⁵ Public Interest Organizations;³⁶ PSEG Companies,³⁷ Old Dominion Electric Cooperative; North Carolina Electric Membership Corporation; Dalton Utilities;³⁸ PJM; Tennessee Valley Authority; South Carolina Office of Regulatory Staff; South Mississippi Electric Power Association; MEAG Power; and PowerSouth Electric Cooperative. A timely notice of intervention was filed by North Carolina Utilities Commission. Motions to intervene out of time were filed by PPL Electric Utilities Companies³⁹ and Dominion Resources Services, Inc.⁴⁰

15. On September 9, 2013, Public Interest Organizations filed a late protest.

16. On September 24, 2013, PJM Transmission Owners filed an answer to the Public Interest Organizations' protest.

LLC; Duke Energy Washington II, LLC; Duke Energy Lee II, LLC; and Duke Energy Fayette II, LLC. Duke Energy Corporation also filed jointly with Duke Energy Business Services, LLC.

³⁵ Louisville Gas and Electric Co. filed jointly with Kentucky Utilities Co.

³⁶ Public Interest Organizations consist of: Natural Resources Defense Council, Inc.; Sierra Club; Southern Environmental Law Center; and Sustainable FERC Project.

³⁷ PSEG Companies consist of: Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Resources & Trade LLC.

³⁸ Dalton Utilities consists of: The Board of Water, Light and Sinking Fund Commissioners of the City of Dalton, Georgia.

³⁹ The PPL PJM Companies consist of: PPL Electric Utilities Corporation; PPL EnergyPlus, LLC; PPL Brunner Island, LLC; PPL Holtwood, LLC; PPL Ironwood, LLC; PPL Martins Creek, LLC; PPL Montour, LLC; PPL Susquehanna, LLC; Lower Mount Bethel Energy, LLC; PPL New Jersey Solar, LLC; PPL New Jersey Biogas, LLC; and PPL Renewable Energy, LLC.

⁴⁰ Dominion Resources Services, Inc. filed on behalf of Virginia Electric and Power Company d/b/a Dominion Virginia Power and Dominion Energy Marketing, Inc.

17. On September 24, 2013, Wind Parties submitted comments out of time.⁴¹
18. On October 9, 2013, SERTP Sponsors,⁴² filed an answer to the Public Interest Organizations and Wind Parties' protests.⁴³
19. With respect to the proposed interregional cost allocation method for PJM and SERTP, Public Interest Organizations contend that the proposal does not contain an actual "common method" for interregional cost allocation in both transmission planning regions.⁴⁴ Public Interest Organizations assert that PJM and SERTP will each determine its own *pro rata* share of the costs and benefits of a proposed interregional transmission project, without using a shared, clearly defined mechanism to allocate costs among the regions.⁴⁵
20. Public Interest Organizations further argue that the proposed interregional cost allocation method fails to ensure that the cost of an interregional transmission facility will be allocated among the transmission project's beneficiaries in a manner that is at least roughly commensurate with estimated benefits and, therefore, does not comply with Cost

⁴¹ Wind Parties consist of American Wind Energy Association, Wind on the Wires, and Wind Coalition.

⁴² South Carolina Electric & Gas Company (SCE&G) joins the SERTP Sponsors' answer and is considered a filing party to the extent that this pleading addresses the Public Interest Organizations Non-RTO protest, as that pleading was filed not only in the proceedings involving the SERTP dockets, but also was filed in Docket No. ER13-1935, which is SCE&G's filing of the South Carolina Regional Transmission Planning Process region's interregional compliance proposal. *See* SERTP Sponsors Answer at 3.

⁴³ SERTP Sponsors state that a few protests that challenge aspects of the SERTP interregional proposal were not filed in any of the SERTP dockets. SERTP Sponsors Answer at 2 n.5; *see also, e.g.*, Climate & Energy Project and Sustainable FERC Projects, Protest, Docket Nos. ER13-1937, ER13-1938, ER13-1939 and ER13-1945, at 14 (filed Sept. 9, 2013).

⁴⁴ In addition to concerns about the interregional cost allocation method that PJM Transmission Owners propose in the instant filing, Public Interest Organizations and Wind Parties also contest aspects of the proposed interregional transmission coordination provisions between PJM and SERTP that are included in the PJM Compliance Filing and the SERTP Sponsors Compliance Filings and that are not included in the PJM Transmission Owners Compliance Filing that is the subject of this order.

⁴⁵ Public Interest Organizations Protest at 19-20.

Allocation Principle 1. Among other things, they argue that an avoided cost approach does not consider the array of benefits that may result from an interregional transmission facility. According to Public Interest Organizations, any argument that Cost Allocation Principle 1 should be applied differently in the interregional context amounts to a *post hoc* disagreement with Order No. 1000's requirements for interregional cost allocation.⁴⁶

21. Similarly, Wind Parties contend that the avoided cost approach does not adequately consider all the benefits that may accrue from an interregional transmission project. Wind Parties also assert that the Commission's rationale for finding in previous orders that a regional cost allocation method that relies solely on avoided costs does not comply with Order No. 1000 also applies to the proposed interregional cost allocation method.⁴⁷ Wind Parties argue that cost allocation must also consider those who did not necessarily cause the need, but yet who are expected to benefit from a new transmission project.⁴⁸ Public Interest Organizations state that, for example, under an avoided cost allocation method, a potential regional transmission project costing \$150 million and providing \$100 million in savings to each member's local footprint could not be proposed to qualify for regional cost allocation because it would replace no local transmission projects. They argue that Order No. 1000 exists in part to address this inefficiency and that this rationale should apply equally to an interregional transmission project that would displace a planned regional transmission project.⁴⁹

22. In addition, Public Interest Organizations dispute PJM Transmission Owners' assertion that Order No. 1000 does not require consideration of public policy or economic benefits at the interregional level. Public Interest Organizations state that Order No. 1000 does not limit the interregional transmission coordination procedures to reliability-driven needs.⁵⁰ Further, Wind Parties state that, to the extent SERTP and PJM incorporate economic and public policy-driven grid needs into their regional transmission planning

⁴⁶ *Id.* at 21-23.

⁴⁷ Wind Parties Comments at 8-9.

⁴⁸ *Id.* at 7-8 (omitting citation, which refers to Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 535, 536, 537).

⁴⁹ Public Interest Organizations Protest at 25.

⁵⁰ *Id.* at 23-25.

processes, the interregional cost allocation method must reasonably consider these types of benefits for potential interregional solutions.⁵¹

23. Finally, Public Interest Organizations take issue with the proposed requirement that, to qualify for consideration as an interregional transmission facility, a proposed interregional transmission facility must meet the threshold and qualification criteria for both the PJM and SERTP transmission planning regions. Public Interest Organizations aver that this requirement does not ensure comprehensive opportunities for identifying and evaluating more cost-effective or efficient interregional solutions to identified needs.⁵²

24. Among other things, in their answer, PJM Transmission Owners address protests alleging that their proposed interregional cost allocation method does not comply with the Cost Allocation Principle 1 requirement that costs be allocated in a manner that is at least roughly commensurate with estimated benefits.⁵³ For example, PJM Transmission Owners contend that Public Interest Organizations misunderstand the cost causation principles underlying Cost Allocation Principle 1. They argue that a cost allocation method does not violate this principle merely because there may be some customers who might receive some benefit from a transmission project but who escape cost responsibility.⁵⁴ Rather, PJM Transmission Owners argue that a cost allocation method fails this test only if the omission of some benefits or beneficiaries causes the resulting cost allocation not to be “roughly commensurate” with the distribution of benefits.

25. In response to Public Interest Organizations’ contention that the SERTP-PJM interregional proposal contains no actual common cost allocation method, PJM Transmission Owners state that the proposal does set forth a common cost allocation principle: a universally-applied *pro rata* cost allocation methodology according to each region’s identified benefits.⁵⁵ With respect to the difference between regional transmission planning and interregional transmission coordination, PJM Transmission Owners state that it is precisely the different purposes of regional transmission planning and of interregional transmission coordination that make the avoided cost method

⁵¹ Wind Parties Comments at 9.

⁵² Public Interest Organizations Protest at 17-18.

⁵³ PJM Transmission Owners Answer at 6 (quoting Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 622).

⁵⁴ *Id.* at 6.

⁵⁵ *Id.* at 4-5.

appropriate for the latter. PJM Transmission Owners explain that the role of the interregional process is “to enhance, not substitute for, the local and regional planning processes by identifying interregional projects to the extent that such projects can more economically or efficiently address regional or local needs identified in the regional process.”⁵⁶

26. In their answer, SERTP Sponsors also argue that the avoided cost method captures all “transmission needs” in that it encompasses all needs driving the physical expansion of the transmission system (i.e., transmission capacity needed to reliably satisfy long-term firm transmission commitments). SERTP Sponsors also take issue with Public Interest Organizations’ claim that SERTP’s and PJM’s use of a common date and comparable cost components does not constitute an interregional method for initial interregional cost allocation. SERTP Sponsors contend that Public Interest Organizations miss the fact that the cost allocation formula, rather than the provisions cited, is the interregional method.⁵⁷

27. According to SERTP Sponsors, that the individual transmission planning regions may use different methods to determine their benefits within their region for purposes of regional cost allocation does not undercut the fact that this approach is a common method for interregional cost allocation. They explain that an interregional transmission project must have been shown at the regional level to produce benefits for each region; thus, logically, each region’s specific provisions addressing the determination of benefits should govern.

28. SERTP Sponsors disagree with the allegation that the avoided cost method will result in transmission projects not being built because they would not qualify in either regional transmission plan. They contend that any customer can request that a project be built for any reason, subject to the cost allocation rules of the relevant tariffs and/or the FPA, sections 210 through 212.⁵⁸

⁵⁶ *Id.* at 8.

⁵⁷ SERTP Sponsors Answer at 27.

⁵⁸ *Id.* at 36-37.

IV. Discussion

A. Procedural Matters

29. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. We will grant PPL Electric Utilities Companies' and Dominion Resources Services, Inc.'s motions to intervene out of time, as well as the Wind Parties' out-of-time comments, given their interest, the early stage of this proceeding, and the absence of undue prejudice or delay.

30. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

B. Substantive Matters

31. As previously noted, PJM Transmission Owners state that they are submitting the interregional cost allocation method to comply with certain requirements of Order No. 1000 relating to interregional cost allocation.⁵⁹ In particular, PJM Transmission Owners assert that their interregional cost allocation proposal complies with each of Order No. 1000's six interregional cost allocation principles. PJM Transmission Owners' proposed interregional cost allocation method is thus interdependent with the separate PJM Compliance Filing and the SERTP Sponsors Compliance Filings. We therefore cannot find that the PJM Transmission Owners' interregional cost allocation proposal is consistent with the requirements of Order No. 1000, absent a comprehensive evaluation of all the related pending Order No. 1000 interregional compliance proposals (i.e., PJM Transmission Owners Compliance Filing, PJM Compliance Filing, and the SERTP Sponsors Compliance Filings). Therefore, we find that the PJM Transmission Owners' proposed interregional cost allocation method with SERTP has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. We therefore conditionally accept the PJM Transmission Owners' proposed revisions to the PJM OATT for filing, to be effective January 1, 2014, subject to refund and to future orders on PJM's compliance with the interregional requirements of Order No. 1000. The Commission will address the merits of the PJM Transmission Owners Compliance Filing, including comments, protests, and answers submitted in this proceeding, in future orders on PJM's and SERTP's compliance with the interregional requirements of Order No. 1000.

⁵⁹ PJM Transmission Owners Compliance Filing at 2.

The Commission orders:

The proposed tariff revisions are hereby conditionally accepted for filing, to be effective January 1, 2014, subject to refund and to future orders on PJM's and SERTP's compliance with the interregional requirements of Order No. 1000.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.