

150 FERC ¶ 61,001
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

Startrans IO, LLC

Docket No. ER15-315-000

ORDER ACCEPTING PROPOSED TARIFF REVISIONS

(Issued January 2, 2015)

1. On November 3, 2014, Startrans IO, LLC (Startrans) submitted its Transmission Revenue Balancing Account Adjustment (TRBAA), which is recalculated annually and made effective on January 1 of each year, pursuant to the California Independent System Operator Corporation (CAISO) tariff and the Startrans Transmission Owner Tariff (Startrans Tariff). The annual update reflects a TRBAA credit of \$148,337. We accept the Startrans TRBAA update, effective January 1, 2015, as discussed below.

I. Background and Startrans' TRBAA Filing

2. The TRBAA is a ratemaking mechanism for ensuring that transmission revenue credits in the Transmission Revenue Balancing Account flow through to transmission service customers. A Transmission Revenue Balancing Account is included in the tariffs of all transmission owners that participate in the CAISO markets. The Transmission Revenue Balancing Account also accounts for any over- or under-recoveries associated with the non-load-serving participating transmission owner's Transmission Revenue Requirement (TRR) for the prior year ending September 30.¹ Transmission access charges are established by using the TRBAA to increase or decrease the participating transmission owner's base revenue requirement.

3. Startrans is an independent, stand-alone transmission company and public utility that owns and manages interests in the high voltage 1,296 MW, 202 mile Mead-Adelanto

¹ See Startrans Tariff, § 5 (Access Charges). According to section 5.2 of the Startrans Tariff, the TRBAA is calculated as the sum of: (1) the balance representing the prior period difference between projected and actual Transmission Revenue Credits; (2) the forecast of Transmission Revenue Credits for the following calendar year; and (3) the interest balance for the Transmission Revenue Balancing Account.

Transmission Project and the 1,923 MW, 256 mile Mead-Phoenix Transmission Project.² Startrans transferred operational authority of the two projects to CAISO and became a non-load-serving participating transmission owner. As a result, Startrans' TRR is included in CAISO's rates for transmission service.

4. Startrans states that the 2015 revised TRBAA amount of negative \$148,337, which represents a credit, reflects the sum of the actual principal balance of \$170,725 in the Transmission Revenue Balancing Account as of September 30, 2014, and the projected Transmission Revenue Balancing Account under-collection for the remainder of 2014 of negative \$22,388.³ In addition, the revised TRBAA incorporates refunded amounts resulting from an adjustment in its TRR due to a 2013 Offer of Settlement (TRR Settlement), for the months of January through September 2014.⁴ Startrans requests acceptance of the TRBAA update to become effective January 1, 2015.

II. Notice of Filing and Responsive Pleadings

5. Notice of Startrans' filing was published in the *Federal Register*, 79 Fed. Reg. 67,429 (2014), with interventions, comments, and protests due on or before November 24, 2014. Timely motions to intervene were filed by California Department of Water Resources State Water Project, Southern California Edison Company, and Trans Bay Cable LLC. Pacific Gas and Electric Company (PG&E) filed a timely motion to intervene and protest. On December 9, 2014, Startrans filed a motion for leave to answer and answer to PG&E's protest.

III. Discussion

A. Procedural Matters

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

² Transmittal, Attachment B, Prepared Direct Testimony and Exhibits of Royal P. Lefere, Jr. (Lefere Testimony), at 4:17-23, 5:1-12.

³ Lefere Testimony at 10:4-15; *id.* at Startrans IO TRBAA Calculation – 2015 TRBAA, 1:13-15.

⁴ *Id.* at 7:10-19; Startrans IO, LLC, Offer of Settlement, Docket Nos. ER13-272-000 and EL13-26-000, at ¶ 2.1 (filed July 13, 2013). The Commission approved the TRR Settlement on October 7, 2013. *Startrans IO, LLC*, 145 FERC ¶ 61,020 (2013).

7. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Startrans' answer because it has provided information that assisted us in our decision-making process

B. Substantive Matters

1. PG&E Protest

8. PG&E argues that Startrans has understated the amount of revenue that was over-collected. Specifically, PG&E contends that Startrans pre-dates the refund payments as beginning in January 2013, rather than November 2013 through October 2014, when the refunds were actually paid.⁵ PG&E argues that this error credits Startrans as having made the refunds 10 months earlier than the payments actually were made, thus retroactively eradicating the interest that should have accrued with respect to the over-collections.⁶ PG&E contends that as a result, interest on refunds paid by Startrans pursuant to the TRR Settlement would instead be credited to Startrans as an overpayment with interest payable *to* Startrans under its Transmission Revenue Balancing Account instead of credited *by* Startrans to its customers. Finally, PG&E argues that Startrans exacerbates these excessive credits to itself by tracking the over- or under-payment calculations on a monthly basis when the imbalance occurs without including an interest calculation at that same time.⁷ PG&E asserts that correcting these errors would result in a TRBAA of negative \$161,090.⁸

2. Startrans Answer

9. In its answer, Startrans contends that its 2015 TRBAA update is consistent with the terms of the TRR Settlement, under which Startrans provided refunds for the difference between its proposed TRR of \$4,355,881 and the TRR which was ultimately accepted by the Commission of \$3,695,000.⁹ Startrans asserts that refunds were required back to the January 11, 2013 refund effective date and the actual refund process commenced through coordination with CAISO, and continued monthly from November

⁵ PG&E Protest at 2.

⁶ *Id.* at 2-3.

⁷ *Id.* at 3-4.

⁸ *Id.* at 7.

⁹ Startrans Answer at 2-5.

2013, through September 2014, when Startrans fulfilled its TRR Settlement refund obligation.¹⁰ Startrans explains that as a result of the Commission's approval of the TRR Settlement in October 2013, the 2014 Transmission Revenue Balancing Account balance used in the calculation of the 2014 TRBAA was recalculated to reflect that balance as if the TRR used in the TRR Settlement had been in effect from January 11, 2013, the effective date of the TRR Settlement.¹¹

10. Startrans argues that if the Commission were to accept PG&E's argument that interest should be applied on the over-collection during the year resulting from the TRR Settlement, Startrans would effectively be paying interest twice on the same over-collection.¹² Startrans explains that this is because it was invoiced by CAISO for interest over the November 2013 through September 2014 period per the CAISO payment schedule. Startrans further explains that the interest invoiced and collected by CAISO pursuant to the TRR Settlement is not reflected in the TRBAA filing but rather is a separate stand-alone obligation. Startrans adds that only the principal amount refunded pursuant to the TRR Settlement is reflected in the 2015 TRBAA update in order to isolate the non-rate refund over- or under-collections which occurred during 2013.

11. Startrans also disagrees, citing to *Atlantic Path*,¹³ with PG&E's argument that Startrans should apply interest to any monthly revenues that exceed the monthly prorated base TRR. Startrans states that, consistent with *Atlantic Path*, such cash flows do not include any interest on over- or under-recoveries of TRR included in the TRBAA calculation.

3. Commission Determination

12. The Commission has reviewed Startrans' proposed 2015 TRBAA update and finds that it was properly computed in accordance with the TRR Settlement and results in a just and reasonable credit. Notwithstanding PG&E's objections, we find that Startrans has supported the update in its work pages and followed the Commission's procedures for

¹⁰ *Id.* at 4.

¹¹ *Id.* (citing *Startrans IO, LLC*, 146 FERC ¶ 61,002, at P 8 (2014) (accepting Startrans' 2014 TRBAA update)).

¹² *Id.* at 4-5.

¹³ *Atlantic Path 15, LLC*, 119 FERC ¶ 61,043, at P 7 (2007).

refund requirements under suspension orders,¹⁴ and CAISO tariff guidelines regarding the payment schedule for the refunds due to transmission customers.¹⁵

13. We find that the 2015 TRBAA filing is consistent with the terms of the TRR Settlement to the extent that those provisions are applicable to calendar year 2014 in effectuating TRR refunds. We find that the Startrans 2015 TRBAA filing reflects the TRR Settlement for the months of January 2014 through September 2014, in which CAISO invoiced Startrans for refunds associated with the TRR Settlement, and 2014 monthly allocations to account for TRR refunds processed pursuant to the TRR Settlement.

14. With respect to PG&E's contention that interest should have been calculated on the portion of the Transmission Revenue Balancing Account associated with monthly over-collected amounts, we find that Startrans followed the guidelines set forth in the CAISO tariff and the Startrans Tariff. These tariff provisions require interest to be calculated only on monthly Transmission Revenue Balancing Account balances and compounded quarterly and not on the over- or under-collections that occur when actual calendar month revenues are greater or less than the Startrans prorated monthly TRR. Additionally, we note that, because over- or under-collections of revenues compared to a prorated monthly TRR cannot be accurately projected and can occur at any time in the year, it would be inappropriate to require Startrans to credit interest on over-collected amounts but not to recognize that there is a cost to Startrans in months when there is an under-collection of revenues.

¹⁴ 18 C.F.R. § 35.19a(a)(2) (2014).

¹⁵ See Motion for Leave to File Answer and Answer of Startrans IO, L.L.C., Docket Nos. ER14-355-000, ER13-272-000, and EL13-26-000 (filed December 4, 2014). Docket No. ER14-355-00 addresses Startrans' filing of its 2014 TRBAA update. In the latter proceedings, Startrans filed to reduce its base TRR associated with the Mead-Adelanto Transmission Project and Mead-Phoenix Transmission Project. In accepting the TRR Settlement in those dockets, the Commission required Startrans to make the refunds necessary to implement the rates established in the Settlement, and within thirty days after making such refunds, to file a compliance report confirming that it has provided refunds in accordance with the terms of the TRR Settlement. The pleading, filed by Startrans in response to a protest by PG&E, which PG&E later withdrew, includes as Attachment A a report of principal and interest paid by Startrans to CAISO pursuant to the TRR Settlement. This report helps demonstrate that Startrans properly paid interest to CAISO with respect to refunds resulting from the TRR Settlement.

The Commission orders:

Startrans' TRBAA update is hereby accepted, effective January 1, 2015, as discussed in the body of this order.¹⁶

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁶ Startrans IO, LLC, FERC FPA Electric Tariff, [Startrans IO, LLC](#), [TRBAA](#), [Appendix I, 1.0.0](#).