

152 FERC ¶ 61,222
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

PJM Interconnection, L.L.C., American Electric Power Service Corporation	Docket Nos. ER13-1927-001
PJM Interconnection, L.L.C.	ER13-1936-001
Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.	ER13-1928-004
Louisville Gas and Electric Company and Kentucky Utilities Company	ER13-1930-004
Ohio Valley Electric Corporation	ER13-1940-005
Alabama Power Company	ER13-1941-004

ORDER ON COMPLIANCE

(Issued September 21, 2015)

1. On January 23, 2015, the Commission issued an order¹ accepting, subject to additional compliance filings, the filings made by Duke Energy Carolinas, LLC and Duke Energy Progress, Inc. (Duke Carolinas); Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E/KU); Southern Company Services, Inc., acting as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company (collectively, Southern Companies); and Ohio Valley

¹ *PJM Interconnection, L.L.C.*, 150 FERC ¶ 61,046 (2015) (First Compliance Order).

Electric Corporation (OVEC) (collectively, SERTP Filing Parties);² PJM Interconnection, L.L.C. (PJM), and PJM Transmission Owners. These separately submitted filings included revisions to each of SERTP Filing Parties' and PJM's respective Open Access Transmission Tariffs (OATT) and Schedule 6-A of the PJM Operating Agreement to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000.³

2. On May 26, 2015, SERTP Filing Parties, PJM, and PJM Transmission Owners separately submitted, pursuant to section 206 of the Federal Power Act (FPA),⁴ revisions to their OATTs,⁵ Schedule 12-B of PJM's OATT, and Schedule 6-A of PJM's Operating Agreement⁶ to comply with the First Compliance Order (Second Compliance Filings).⁷

² SERTP Filing Parties are the public utility transmission providers that sponsor the Southeastern Regional Transmission Planning (SERTP) process. The non-public utility transmission providers that sponsor the SERTP region are: Associated Electric Cooperative Inc., Dalton Utilities, Municipal Electric Authority of Georgia, PowerSouth Energy Cooperative, Georgia Transmission Corporation, South Mississippi Electric Power Association, and Tennessee Valley Authority. *See* First Compliance Order, 150 FERC ¶ 61,046 at P 28, n.35.

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), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁴ 16 U.S.C. § 824e (2012).

⁵ *See* Tariff Record in Appendix.

⁶ PJM, Intra-PJM Tariffs, OA, Schedule 6-A (0.1.0).

⁷ SERTP Filing Parties, PJM, and PJM Transmission Owners state that they have coordinated their Second Compliance Filings to provide for parallel language in their transmittal letters and their proposed tariff language to comply with the Commission's directives in the First Compliance Order as they relate to the interregional transmission coordination requirements of Order No. 1000 (i.e., SERTP Filing Parties' and PJM's Second Compliance Filings, respectively) and the interregional cost allocation requirements of Order No. 1000 (i.e., SERTP Filing Parties' and PJM Transmission Owners' Second Compliance Filings, respectively). *See, e.g.*, Southern Companies Transmittal Letter at 3.

3. In this order, the Commission conditionally accepts PJM's, PJM Transmission Owners', and SERTP Filing Parties' respective Second Compliance Filings, subject to further compliance filings, as discussed below.

I. Background

4. In Order No. 1000, the Commission adopted a package of reforms addressing transmission planning and cost allocation that, taken together, are designed to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. In particular, the Commission determined that the transmission planning requirements of Order No. 890⁸ were too narrowly focused geographically and failed to provide for adequate analysis of benefits associated with interregional transmission facilities.⁹ Therefore, in Order No. 1000, the Commission required that each public utility transmission provider: (1) establish further procedures with each of its neighboring transmission planning regions to coordinate and share the results of the respective regional transmission plans to identify possible interregional transmission facilities that may address transmission needs more efficiently or cost effectively than separate regional transmission facilities and jointly evaluate those identified interregional transmission facilities;¹⁰ and (2) describe the methods by which it will identify and evaluate interregional transmission facilities, include a description of the type of transmission studies that will be conducted to evaluate conditions on neighboring systems, and explain in its OATT how stakeholders and transmission developers can propose interregional transmission facilities for the public utility transmission providers in neighboring transmission planning regions to evaluate jointly.¹¹

⁸ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁹ The Commission defined an interregional transmission facility as one that is located in two or more transmission planning regions. Order No 1000-A, 139 FERC ¶ 61,132 at P 494 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 482 n.374).

¹⁰ Order No 1000-A, 139 FERC ¶ 61,132 at PP 494 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 415). 493 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 396).

¹¹ *Id.* PP 493 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 398), 522.

5. The interregional cost allocation reforms in Order No. 1000 also required each public utility transmission provider, together with the public utility transmission providers in its own transmission planning region and a neighboring transmission planning region, to have 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.¹² The Commission required that each public utility transmission provider's interregional cost allocation method or methods satisfy six interregional cost allocation principles.¹³ To be eligible for interregional cost allocation, an interregional transmission facility must be selected in the relevant transmission planning regions' regional transmission plans for purposes of cost allocation.¹⁴

II. Notice of Filing and Responsive Pleadings

6. Notice of PJM's, PJM Transmission Owners', OVEC's, LG&E/KU's, and Southern Companies' May 26, 2015 compliance filings was published in the *Federal Register*, 80 Fed. Reg. 31,369 (2015), with interventions and protests due on or before June 16, 2015. Notice of Duke Carolinas' compliance filing was published in the *Federal Register*, 80 Fed. Reg. 32,553 (2015), with interventions and protests due on or before June 16, 2015. No interventions or protests were filed.

III. Discussion

7. As discussed below, we find that PJM, PJM Transmission Owners, and SERTP Filing Parties partially comply with the directives in the First Compliance Order. Accordingly, we conditionally accept PJM's, PJM Transmission Owners', and SERTP Filing Parties' Second Compliance Filings and direct them to make additional compliance filings within 30 days of the date of issuance of this order.¹⁵ Consistent with the First Compliance Order, we accept a January 1, 2015 effective date for SERTP Filing Parties' revisions to their respective OATTs and PJM's revisions to PJM Operating

¹² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 578, 582, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 626.

¹³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 603.

¹⁴ *Id.* P 400.

¹⁵ We note pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2015), Mississippi Power Company is a party to this proceeding, whereas Southern Power Company is not.

Agreements.¹⁶ Also consistent with the First Compliance Order, we accept a January 1, 2014 effective date for PJM Transmission Owners' proposed changes to the PJM OATT.¹⁷

A. Interregional Transmission Coordination Requirements

1. First Compliance Order

8. In the First Compliance Order, the Commission found that PJM and SERTP Filing Parties' proposal to require that an interregional transmission facility interconnect to the transmission facilities of one or more existing SERTP transmission owners and the transmission facilities of one or more existing PJM transmission owners was overly limiting and inconsistent with Order No. 1000. Specifically, the Commission found that Order No. 1000 did not limit stakeholders and transmission developers to proposing only interregional transmission facilities that would interconnect to *existing* transmission facilities of an *existing* transmission owner, or a transmission owner *enrolled* in the respective transmission planning regions. The Commission also stated that the proposal would preclude interregional transmission facilities from interconnecting with transmission facilities that are selected in the regional transmission plan for purposes of cost allocation but that are currently under development by a transmission developer who has not yet become a sponsor in SERTP or a transmission owner in PJM.¹⁸ As a result, the Commission directed PJM and SERTP Filing Parties to submit further compliance filings to include a definition of an interregional transmission facility that is consistent with Order No. 1000, which defines an interregional transmission facility as one that is located in two or more transmission planning regions. The Commission also required PJM Transmission Owners and SERTP Filing Parties to similarly revise their proposed definition of an interregional transmission facility as it relates to interregional transmission facilities considered for interregional cost allocation.¹⁹

¹⁶ First Compliance Order, 150 FERC ¶ 61,046 at P 36. We note that in eTariff, OVEC requested a March 27, 2015 effective date, which will be corrected to January 1, 2015.

¹⁷ *Id.* P 36.

¹⁸ *Id.* P 35.

¹⁹ *Id.* P 160.

2. Compliance Filings

9. In their Second Compliance Filings, PJM Transmission Owners and SERTP Filing Parties propose to revise the definition of an interregional transmission project that is eligible to seek interregional cost allocation to require that such transmission projects “[i]nterconnect to transmission facilities in both the SERTP and PJM regions” and that “[t]he facilities to which the project is proposed to interconnect may be either existing transmission facilities or transmission projects included in the regional transmission plan that are currently under development.”²⁰

3. Commission Determination

10. We find that PJM Transmission Owners’ proposed revisions to Schedule 12-B of PJM’s OATT and SERTP Filing Parties’ proposed revisions to their respective OATTs partially comply with the requirement to revise the definition of an interregional transmission facility. We find that the changes PJM Transmission Owners and SERTP Filing Parties propose to the definition of an interregional transmission facility are consistent with Order No. 1000. However, PJM and SERTP Filing Parties must also make conforming changes to the definition of an interregional transmission facility in the preamble section of their OATTs and in Schedule 6-A of PJM’s Operating Agreement. For example, Schedule 6-A of PJM’s Operating Agreement continues to state that an “interregional transmission project” means “a facility or set of facilities that would be physically located in both the SERTP region and the PJM Region and would interconnect to the transmission facilities of one or more SERTP Transmission Providers and one or more [PJM] Transmission Owners.”²¹ In addition, SERTP Filing Parties’ respective OATTs include essentially identical language.²² Accordingly, we direct PJM and SERTP Filing Parties to submit, within 30 days of the date of issuance of this order, further compliance filings to revise SERTP Filing Parties’ respective OATTs and PJM’s Operating Agreement so that all definitions of an interregional transmission facility are consistent with the language proposed above to PJM’s and SERTP Filing Parties’ respective OATTs.

²⁰ PJM, Intra-PJM Tariffs, OATT, Schedule 12-B § 2. A (Proposal of Interregional Transmission Projects for Interregional Cost Allocation Purposes) (0.1.0); *e.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 5.1.A (Proposal of Interregional Transmission Projects for Interregional Cost Allocation Purposes) (1.0.0).

²¹ PJM, Intra-PJM Tariffs, OA, Schedule 6-A (Interregional Transmission Planning Principles) (0.1.0).

²² *E.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, (Interregional Transmission Planning Principles) (1.0.0).

B. Submission of Interregional Transmission Facilities for Joint Evaluation

1. First Compliance Order

11. In the First Compliance Order, the Commission directed PJM to revise its Operating Agreement and SERTP Filing Parties to revise their OATTs to explain how a proponent of an interregional transmission facility may seek to have its interregional transmission facility jointly evaluated by submitting the interregional transmission facility into PJM's and SERTP Filing Parties' regional transmission planning processes.²³

2. Compliance Filings

12. In their Second Compliance Filings, PJM and SERTP Filing Parties propose the following new provision:

Interregional transmission projects proposed for Interregional [Cost Allocation Purposes] must be submitted in both the SERTP and PJM regional transmission planning processes. The project submittals must satisfy the applicable requirements for submittal of interregional transmission projects, including those in [the relevant sections of the OATTs and the Operating Agreement]. The submittals in the respective regional transmission planning processes must identify the project proposal as interregional in scope and identify SERTP and PJM as the regions in which the project is proposed to interconnect. [PJM and SERTP transmission providers] will determine whether the submittal for the proposed interregional transmission project satisfies all applicable requirements. Upon finding that the project submittal satisfies all such applicable requirements, [PJM or the SERTP transmission providers] will notify [SERTP transmission providers or PJM]. Upon both regions so notifying one another that the project is eligible for consideration pursuant to their respective regional transmission planning processes, [PJM and SERTP

²³ First Compliance Order, 150 FERC ¶ 61,046 at P 58.

transmission providers] will jointly evaluate the proposed interregional projects.²⁴

3. Commission Determination

13. We find that the proposed revisions comply with the directives of the First Compliance Order.

C. Procedure for Joint Evaluation

1. First Compliance Order

14. In the First Compliance Order, the Commission directed PJM and SERTP Filing Parties to make revisions to indicate the type of transmission studies that will be conducted to evaluate conditions on neighboring transmission systems for the purpose of determining whether interregional transmission facilities are more efficient or cost-effective than regional transmission facilities, or to include cross references to the specific provisions that reference such studies at the regional transmission planning level.²⁵

2. Compliance Filings

15. In their Second Compliance Filings, SERTP Filing Parties propose to revise their respective OATTs to state that potential interregional transmission solutions will be evaluated consistent with their respective regional transmission planning processes under their existing OATT provisions regarding regional analysis of potentially more efficient or cost-effective transmission solutions.²⁶ The cross referenced provisions in SERTP Filing Parties' OATTs describe, among other things, transmission planning coordination and reliability planning processes and the types of modeling and studies utilized, such as

²⁴ *E.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 3.4 (Evaluation of Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes) (1.0.0); and similarly PJM, Intra-PJM Tariffs, OA, Schedule 6-A § 3.4 (Evaluation of Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes) (0.1.0).

²⁵ First Compliance Order, 150 FERC ¶ 61,046 at P 82.

²⁶ *E.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 3.3 (Evaluation of Interregional Transmission Projects) (1.0.0); PJM, Intra-PJM Tariffs, OA, Schedule 6-A § 3.3 (Evaluation of Interregional Transmission Projects) (0.1.0); *see also, e.g.*, Southern Companies Transmittal Letter at 7-8; PJM Transmittal Letter at 4-5.

reliability joint studies, economic studies, regional studies and transmission planning studies.²⁷ In addition, the cross-referenced provisions in all the SERTP Parties' OATTs describe the regional analysis that SERTP Filing Parties' perform to determine whether there are potentially more efficient or cost-effective transmission solutions and state that the transmission studies they will perform include power flow, dynamic, and short circuit analysis, as necessary.²⁸

16. Similarly, PJM proposes to revise Schedule 6-A of the PJM Operating Agreement to state that PJM will evaluate potential interregional transmission projects consistent with section 6 of the PJM Operating Agreement and PJM Manuals 14A and 14B.²⁹ In addition, PJM proposes to add a sentence to its newly proposed section 3.4 that requires an interregional transmission project proposed for interregional cost allocation purposes "satisfy the applicable requirements for submittal of interregional transmission projects, including those in Schedule 6 of [PJM's Operating] Agreement and Schedule 12-B of the PJM [OATT]."³⁰ PJM states that, among other things, the cross-referenced Schedule 6 of its Operating Agreement describes the transmission planning coordination and reliability planning processes that are utilized, including the scope, assumptions and analyses that are performed in conducting the enhancement and expansion studies, and the development of regional transmission expansion plan.³¹ Schedule 6 of the PJM Operating Agreement also provides detailed explanation of the types of transmission studies that will be performed in the PJM regional transmission planning process, including sensitivity studies, modeling assumption variations, scenario analysis, and simultaneous feasibility analysis.³² In addition, PJM Manuals 14A (Generation and Transmission Interconnection Process) and 14B (PJM Region Transmission Planning

²⁷ *E.g.*, Southern Companies, OATT, Attachment K, § 6 (Regional Participation) (5.0.0).

²⁸ *E.g.*, Southern Companies, OATT, Attachment K, § 3.5.1.2 (Presentation of Preliminary Modeling Assumptions) (5.0.0).

²⁹ *See* PJM planning manuals at:
<http://www.pjm.com/~media/documents/manuals/m14a.ashx>;
<http://www.pjm.com/~media/documents/manuals/m14b.ashx>.

³⁰ PJM Transmittal Letter at 5; PJM, Intra-PJM Tariffs, OA, Schedule 6-A § 3.4 (Evaluation of Interregional Transmission Projects Proposed for Interregional Cost Allocation Purposes) (0.1.0).

³¹ PJM Transmittal Letter at 7.

³² PJM, Intra-PJM Tariffs, OA, Schedule 6 § 1.5.3 (Scope of Studies) (6.1.0).

Process) provide more detail about the PJM regional transmission planning process and, among other things, explain how and what types of studies that will be conducted in that process, including load flow and stability analyses and short circuit studies.³³

3. Commission Determination

17. We find that the proposed revisions comply with the directives of the First Compliance Order.

D. Cost Allocation

1. First Compliance Order

18. In the First Compliance Order, the Commission directed PJM Transmission Owners and SERTP Filing Parties to remove their proposed criterion requiring that a transmission facility be selected in both regions' regional transmission plans before it can be considered for interregional cost allocation. The Commission noted that an interregional transmission facility must be selected in both of the relevant regional transmission planning processes for purposes of cost allocation in order to be *eligible* for interregional cost allocation, but it does not need to be selected before it can be *considered* for interregional cost allocation.³⁴

19. In addition, the Commission found that PJM and SERTP Filing Parties must allow stakeholders to propose, and must keep a record of, interregional transmission facilities that are found not to meet the minimum threshold criteria for transmission facilities potentially eligible for selection in a regional transmission plan for purposes of cost allocation in both the PJM and SERTP regions. The Commission also found that, as part of the information that public utility transmission providers must communicate on their website related to interregional transmission coordination procedures, PJM and SERTP Filing Parties must post a list of all interregional transmission facilities that are proposed for potential selection in the regional transmission plans for purposes of cost allocation but that are found not to meet the relevant thresholds, as well as an explanation of the thresholds the proposed interregional transmission facilities failed to satisfy.³⁵

³³ See PJM planning manuals at:
<http://www.pjm.com/~media/documents/manuals/m14a.ashx>;
<http://www.pjm.com/~media/documents/manuals/m14b.ashx>.

³⁴ First Compliance Order, 150 FERC ¶ 61,046 at P 163.

³⁵ *Id.* P 161.

2. Compliance Filings

20. In their Second Compliance Filings, PJM Transmission Owners and SERTP Filing Parties propose to revise their respective OATTs to state that a transmission project must be selected in the regional transmission plan for purposes of cost allocation to be *eligible* for interregional cost allocation and delete to be *considered* for interregional cost allocation.³⁶

21. In their Second Compliance Filings, PJM and SERTP Filing Parties commit to post on their respective websites a list of interregional transmission projects proposed for purposes of cost allocation in both the PJM and SERTP regions that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions, as well as post an explanation of the thresholds the proposed interregional project failed to satisfy.³⁷

22. Specifically, SERTP Filing Parties propose the following:

The Transmission Provider will post a list on the Regional Planning Website of interregional transmission projects proposed for purposes of cost allocation in both the SERTP and PJM that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions as well as post an explanation of thresholds the proposed interregional project failed to satisfy.³⁸

23. PJM incorporates similar language, stating the following:

The Office of the Interconnection will post a list on the Regional Planning Website of interregional transmission projects proposed for purposes of cost allocation in both the

³⁶ PJM, Intra-PJM Tariffs, OATT, Schedule 12-B § 2 (Proposal of Interregional Transmission Projects for Interregional Cost Allocation Purposes) (0.1.0); *e.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 5.1 (Proposal of Interregional Transmission Projects for Interregional Cost Allocation Purposes) (1.0.0) (emphasis added); *see also* Southern Transmittal Letter at 9-10; PJM Transmittal Letter at 5.

³⁷ *E.g.*, Southern Companies Transmittal Letter at 9; PJM Transmittal Letter at 6.

³⁸ *E.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 4.5 (Transparency) (1.0.0) (emphasis added).

SERTP and PJM that are not eligible for consideration because they do not satisfy the regional project threshold criteria of one or both of the regions as well as post an explanation *or* the thresholds the proposed interregional project failed to satisfy.³⁹

3. Commission Determination

24. We find that the proposed revisions comply with the directives of the First Compliance Order. However, it appears that PJM's proposed language has an inadvertent typographical error. Specifically, PJM's proposed language states that they will post "an explanation *or* the thresholds the proposed interregional project failed to satisfy."⁴⁰ Therefore, we direct PJM to submit, within 30 days of the date of issuance of this order, a further compliance filing to modify section 4.5 of Schedule 6-A of the PJM Operating Agreement and correct the referenced phrase to state that it will "post an explanation *of* the thresholds the proposed interregional project failed to satisfy."

E. Discount Rates

1. First Compliance Order

25. In the First Compliance Order, the Commission found reasonable PJM Transmission Owners' and SERTP Filing Parties' proposal to allocate, between the SERTP and PJM regions, the costs of an interregional transmission facility that is selected in both regions' regional transmission plans for purposes of cost allocation by determining the ratio of the present values of the estimated costs of such region's displaced regional transmission projects to the total of the present values of the estimated costs of the displaced regional transmission projects in all regions that have selected the transmission facility.⁴¹ However, the Commission found that PJM Transmission Owners and SERTP Filing Parties had not provided enough detail to describe how the discount rates used to determine the present values will be determined and how they will apply together. Therefore, the Commission directed PJM Transmission Owners and SERTP Filing Parties to further explain in their respective OATTs: (1) how SERTP Filing Parties will determine discount rates on a case-by-case basis; and (2) how the applicable discount rate for the PJM region reviewed by the PJM Board of Directors each year in

³⁹ PJM, Intra-PJM Tariffs, OA, Schedule 6-A, § 4.5 (Transparency) (0.1.0) (emphasis added).

⁴⁰ *Id.*

⁴¹ First Compliance Order, 150 FERC ¶ 61,046 at P 172.

their economic planning process will be applied to the SERTP region's potential multi-discount rates for jointly evaluated interregional transmission facilities.⁴²

2. Compliance Filings

26. In their Second Compliance Filings, PJM Transmission Owners and SERTP Filing Parties propose to revise their respective OATTs to state, “[t]he applicable discount rate(s) used for the SERTP region for interregional cost allocation purposes will be based upon the after-tax weighted average cost of capital of the SERTP transmission owners whose projects would be displaced by the proposed interregional transmission project.”⁴³ Additionally, PJM Transmission Owners and SERTP Filing Parties state that, to illustrate the potential for different discount rates between the PJM and SERTP regions, they have revised the formula examples in the PJM OATT to incorporate different discount rates between the regions.⁴⁴

3. Commission Determination

27. We find that the proposed revisions comply with the directives in the First Compliance Order. We find that the additional language and the revised examples are sufficient to explain how SERTP Filing Parties will determine discount rates on a case-by-case basis and how PJM will apply the applicable PJM discount rate to the SERTP region's potential multi-discount rates for jointly evaluated interregional transmission facilities.

⁴² *Id.*

⁴³ PJM, Intra-PJM Tariffs, OATT, Schedule 12-B § 3.A. (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (0.1.0); *e.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 5.2.A. (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (1.0.0); *see also* Southern Transmittal Letter at 9-10; PJM Transmission Owners Transmittal Letter at 5-6.

⁴⁴ PJM, Intra-PJM Tariffs, OATT, Schedule 12-B § 3.D. (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (0.1.0); *e.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 5.2.D. (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (1.0.0).

F. Other Compliance Directives

1. First Compliance Order and Second Compliance Filings

28. In the First Compliance Order, the Commission directed PJM, PJM Transmission Owners, and SERTP Filing Parties to revise their respective OATTs and the PJM Operating Agreement to change the phrases “more efficient *and* cost-effective” and “more efficiently *and* cost-effectively” to be “more efficient *or* cost-effective” and “more efficiently *or* cost-effectively.”⁴⁵ In their Second Compliance Filings, PJM, PJM Transmission Owners, and SERTP Filing Parties propose to revise “and” to “or” in the relevant places in their OATTs and in the PJM Operating Agreement, respectively.⁴⁶

29. In the First Compliance Order, the Commission directed PJM Transmission Owners and SERTP Filing Parties to remove section 6.C of Schedule 12-B in PJM’s OATT, as well as other references to this section in Schedule 12 of PJM’s OATT and references to section 5.5(C) in their respective OATTs. In the Second Compliance Filings, PJM Transmission Owners and SERTP Filing Parties propose to delete section 6.C of Schedule 12-B of PJM’s OATT, as well as other references to this section in Schedule 12 of PJM’s OATT and references to section 5.5(C) in their respective OATTs.

30. In the First Compliance Order, the Commission rejected as unnecessary to meet the requirements of Order No. 1000 and directed PJM Transmission Owners and SERTP Filing Parties to remove the provision in their respective OATTs stating that, “if the requirements adopted by Order No. 1000 and related orders are abrogated, vacated, and/or reversed, such that the mandate for public utility transmission providers to have interregional cost allocation methodologies in the OATTs no longer applies, then the transmission providers in the SERTP region and the PJM Transmission Owners may unilaterally take actions consistent with the disposition of such mandate.”⁴⁷ In the Second Compliance Filings, PJM Transmission Owners and SERTP Filing Parties propose to remove this provision from their respective OATTs.

⁴⁵ First Compliance Order, 150 FERC ¶ 61,046 at PP 55, 158.

⁴⁶ PJM, Intra-PJM Tariffs, OA, Schedule 6-A § 3.1 (Identification of Interregional Transmission Projects) (0.1.0); PJM, Intra-PJM Tariffs, OATT, Schedule 12-B § 3.D (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (0.1.0); *e.g.*, Southern Companies, OATT, Attachment K, Ex. K-6, § 3.1 (Identification of Interregional Transmission Projects) (1.0.0); Southern Companies, OATT, Attachment K, Ex. K-6, § 5.2.D (Allocation of Costs for Interregional Transmission Projects Between the SERTP and PJM Regions) (1.0.0).

⁴⁷ First Compliance Order, 150 FERC ¶ 61,046 at P 180.

2. Commission Determination

31. We find that PJM, PJM Transmission Owners, and SERTP Filing Parties have complied with these directives from the First Compliance Order.

The Commission orders:

PJM's, PJM Transmission Owners', and SERTP Filing Parties' compliance filings are hereby conditionally accepted, as modified, subject to further compliance filings, as discussed in the body of this order.

By the Commission. Commissioner Honorable is not participating.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix: eTariff Records

The following table contains the eTariff records that are addressed in this Order on Compliance Filings. Shorthand eTariff record citations are only provided for those records that are explicitly addressed in this Order on Compliance Filings.

Filing Party Short Cite	Docket No.	Tariff Record Citation	Shorthand Tariff Record Citation
PJM Transmission Owners	ER13-1927-000	PJM, Intra-PJM Tariffs, OATT, Schedule 12-B (Allocation of Costs of Certain Interregional Transmission Projects Located in the PJM and SERTP Regions) (0.1.0).	PJM, OATT, Schedule 12-B
Duke Carolinas	ER13-1928-000	Duke Carolinas, Tariffs, Rate Schedules and Service Agreements, Tariff Volume No. 4 (Joint OATT of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, and Duke Energy Progress), Attachment N-1 – PJM (Interregional Transmission Coordination Between the SERTP and PJM Regions) (1.0.0).	Duke Carolinas, LLC, OATT, Attachment N-1 – PJM (1.0.0).
LG&E/KU	ER13-1930-000	LG&E/KU, Transmission, LGE and KU Pro Forma OATT, Part V, Attachment K (Transmission Planning Process) (10.0.0).	LG&E/KU, OATT, Attachment K (10.0.0).
LG&E/KU	ER13-1930-000	LG&E/KU, Transmission, LGE and KU Pro Forma OATT, Attachment K, app. 4 (Reserved) (10.0.0).	LG&E/KU, OATT, Attachment K, app. 4 (10.0.0).
LG&E/KU	ER13-1930-000	LG&E/KU, Transmission, LGE and KU Pro Forma OATT, Attachment K, app. 8 (Interregional Transmission Coordination Between the	LG&E/KU, OATT, Attachment K, app. 8 (11.0.0).

LG&E/KU	ER13-1930-000	SERTP and PJM Regions) (11.0.0). LG&E/KU, Transmission, LGE and KU Pro Forma OATT, Attachment K, Ex. K-3 (Regional and Inter-Regional Reliability and Economic Planning Milestones Timeline) (10.0.0).	LG&E/KU, OATT, Attachment K, Ex. K-3 (10.0.0).
PJM	ER13-1936-000	PJM, Intra-PJM Tariffs, OA, Schedule 6, § 1.5 (Procedure for Development of the Regional Transmission Expansion Plan) (7.0.0).	PJM, OA, Schedule 6, § 1.5 (7.0.0).
PJM	ER13-1936-000	PJM, Intra-PJM Tariffs, OA, Schedule 6-A (Interregional Transmission Coordination Between the SERTP and PJM Regions) (0.1.0).	PJM, , OA, Schedule 6-A (0.1.0)
OVEC	ER13-1940-000	OVEC, OVEC OATT, Attachment M (Transmission Planning Process) (7.0.0).	OVEC, OATT, Attachment M (7.0.0).
OVEC	ER13-1940-000	OVEC, OVEC OATT Attachment M-3 (Interregional Transmission Coordination Between SERTP and PJM) (1.0.0).	OVEC, OATT, Attachment M-3 (1.0.0).
Southern Companies	ER13-1941-000	Southern Companies, OATT and Associated Service Agreements, Attachment K (The Southeastern Regional Transmission Planning Process) (5.0.0).	Southern Companies, OATT, Attachment K (5.0.0).
Southern Companies	ER13-1941-000	Southern Companies, OATT and Associated Service Agreements, Ex. K-2 ([Reserved]) (0.0.0).	Southern Companies, OATT, Ex. K-2 ([Reserved]) (0.0.0).
Southern Companies	ER13-1941-000	Southern Companies, OATT and Associated Service Agreements, Ex. K-3	Southern Companies, OATT, Ex. K-3 (0.0.0).

Southern Companies	ER13-1941-000	(Regional and Reliability Planning Milestones Timeline) (0.0.0). Southern Companies, OATT and Associated Service Agreements, Ex. K-6 (Interregional Transmission Coordination - SERTP/PJM Regions) (0.0.0).	Southern Companies, OATT, Ex. K-6 (0.0.0).
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