

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

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

PJM Interconnection, L.L.C.  
Public Service Electric and Gas Company

Docket No. ER14-1608-001

ORDER DENYING REHEARING

(Issued May 10, 2016)

1. On May 27, 2014, the Commission granted Public Service Electric and Gas Company's (PSEG) request for authorization to recover certain transmission incentive rate treatment regarding PSEG's investment in the Bergen-Linden Corridor Transmission Project (Bergen-Linden Corridor Project).<sup>1</sup> Linden VFT, LLC (Linden) sought rehearing on June 26, 2014.

2. In this order, we deny Linden's request for rehearing.

**I. Background**

3. On March 28, 2014, PJM Interconnection, L.L.C. (PJM) submitted, on behalf of PSE&G, a request for authorization to recover certain transmission incentive rate treatments including construction work in progress (CWIP) pursuant to sections 205 and 219 of the Federal Power Act (FPA),<sup>2</sup> and Order No. 679,<sup>3</sup> regarding PSEG's investment

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<sup>1</sup> *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,142 (2014) (May 27, 2014 Order).

<sup>2</sup> 16 U.S.C. §§ 824d, 824s (2012).

<sup>3</sup> *Promoting Transmission Investment through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222 (2006), *order on reh'g*, Order No. 679-A, FERC Stats. & Regs. ¶ 31,236, *order on reh'g*, 119 FERC ¶ 61,062 (2007). The Commission provided additional guidance regarding the application of its transmission incentive policies in *Promoting Transmission Investment Through Pricing Reform*, 141 FERC ¶ 61,129 (2012) (2012 Incentives Policy Statement).

in the Bergen-Linden Corridor Project.<sup>4</sup> In the March 28, 2014 filing, PSEG explained that the PJM Regional Transmission Expansion Plan (RTEP) included the Bergen-Linden Corridor Project to address PJM reliability violations and that the Bergen-Linden Corridor Project was the most cost-effective and efficient solution.<sup>5</sup> The New Jersey Division of Rate Counsel (New Jersey Rate Counsel), Linden VFT, LLC, (Linden VFT), and the Public Power Association of New Jersey (PPANJ) protested the March 28, 2014 Filing.<sup>6</sup>

4. In its protest of the request for authorization to recover certain transmission incentive rate treatments, Linden requested that the Commission either: (1) reject PSE&G's incentive request filing without prejudice and direct PSEG to re-file following the conclusion of the dockets addressing the cost allocation of the Bergen-Linden Corridor Project; (2) hold this proceeding in abeyance pending the outcome of those dockets; or (3) set this proceeding for hearing and consolidate it with the other dockets.<sup>7</sup>

5. As previously noted, in the May 27, 2014 Order, the Commission granted PSEG's request for transmission rate incentives, effective May 28, 2014, subject to compliance.<sup>8</sup>

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<sup>4</sup> Assignment of cost allocation for the Bergen-Linden Corridor Project was accepted by the Commission. *See PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,028 (2014), *Consolidated Edison Company of New York, Inc. v. PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,227 (2015) (denying rehearing and accepting compliance filing).

<sup>5</sup> PSEG Transmittal at 15 n.30 (referencing Ex. No. PEG-1 (Direct Testimony of Jorge L. Cardenas) at 7 and <http://www.pjm.com/~media/committeesgroups/committees/teac/20131211/20131211-december-2013-pjm-board-approval-of-rtep-whitepaper.ashx>).

<sup>6</sup> Linden, among others, also protested in the cost allocation proceeding for the Bergen-Linden Corridor Project (Docket No. ER14-972-000). In addition to Linden's protest of the cost allocation proceeding for the Bergen-Linden Corridor Project, Linden has filed a complaint regarding the method of cost allocations for the Bergen-Linden Corridor Project, among others.

<sup>7</sup> Linden Protest at 4.

<sup>8</sup> *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,142 at P 1. On June 26, 2014, PJM submitted a compliance filing on behalf of PSE&G, which was accepted for filing by delegated authority. *PJM Interconnection, L.L.C.*, Docket No. ER14-1608-002 (Aug. 20, 2014) (delegated letter order).

## II. Request for Rehearing

6. In its request for rehearing, Linden explains that the proposed cost allocation for the Bergen-Linden Corridor Project would apply to Linden. Linden contends that the issues with respect to the cost allocations of the Bergen-Linden Corridor Project have not yet been resolved, and the Commission erred by not delaying or deferring the cost allocations for the Bergen-Linden Corridor Project, or make those cost allocations subject to refund, depending upon the outcome of that proceeding. Linden states that because the May 27, 2014 Order does not state that the incentive rates are delayed, deferred or subject to refund, PSEG may seek to collect CWIP from Linden (and the other entities that have challenged these cost allocations in the cost allocation proceeding) prematurely. Linden contends that Commission precedent requires that customers who have paid CWIP, and are not ultimately responsible for the allocated cost of transmission expansion should receive refunds.<sup>9</sup>

## III. Commission Determination

7. We deny Linden's request for rehearing.

8. Linden states that the request for transmission rate incentives is premature, because rate incentive filings should not be filed prior to the resolution of issues in cost allocation proceedings. We disagree that granting the transmission rate incentives was premature.<sup>10</sup>

9. In Order No. 679,<sup>11</sup> the Commission established the process for filing for acceptance of rate incentives prior to projects being proposed in order to provide incentive for transmission infrastructure investment. The Commission did not require that such incentive filings be made only after projects have been approved and cost allocation issues have been resolved. The PSEG project here concerns the justness and

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<sup>9</sup> Linden Rehearing Request at 6 (citing *Northeast Utilities Service Co.*, 114 FERC ¶ 61,089, at P 21 (2006) (*Northeast Utilities*), and *Trans-Allegheny Interstate Line Co.*, 119 FERC ¶ 61,219 (2007) (*Trail*)).

<sup>10</sup> In addition, the Commission has denied Linden's protest and complaint of the underlying cost allocations. See *Linden VFT, LLC v. PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,089 (2016).

<sup>11</sup> *Promoting Transmission Investment through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222 (2006), *order on reh'g*, Order No. 679-A, FERC Stats. & Regs. ¶ 31,236, *order on reh'g*, 119 FERC ¶ 61,062 (2007).

reasonableness of the incentives requested by PSEG and not how those costs will be allocated to customers. In the May 27, 2014 Order, the Commission granted PSEG's requested incentives subject to a compliance filing addressing accounting controls and protocols, which the Commission also accepted.<sup>12</sup> Since no issues regarding the appropriateness of the rate incentives needed to be resolved, the Commission found no basis to make the filing subject to refund. Any refund issues are appropriately addressed in the rate and cost allocation proceedings.

10. Of note, the *Northeast Utilities* proceeding cited by Linden does not concern imposing a refund allocation in an incentive case; rather, it deals with the handling of refunds for CWIP as part of a filing to modify its transmission rates. And *Trail*, addressing a request for a transmission return on an equity incentive adder, found that the request was not premature, noted that rates would be subject to refund in accordance with the pending proceedings regarding cost allocation. Accordingly, precedent relied on by Linden does not support its request in this proceeding.

The Commission orders:

Linden VFT's request for rehearing is hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>12</sup> See *PJM Interconnection, L.L.C.*, Docket No. ER14-1608-002 (Aug. 20, 2014) (delegated letter order) (accepting PSEG's compliance filing).