

158 FERC ¶ 61,007  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

January 5, 2017

In Reply Refer To:  
NextEra Energy Transmission  
West, LLC  
Docket No. EL16-97-000

Van Ness Feldman, LLP  
1050 Thomas Jefferson Street, NW  
Seventh Floor  
Washington, DC 20007

Attention: Douglas W. Smith

Dear Mr. Smith:

1. On September 9, 2016, you filed in Docket No. EL16-97-000, on behalf of NextEra Energy Transmission West, LLC (NEET West), an initial brief stating that NEET West would submit tariff revisions consistent with the Commission's August 5, 2016 order in Docket Nos. EL16-97-000 and ER15-2239-003, if so directed.<sup>1</sup> By this order, we direct NEET West to submit a compliance filing, due within 30 days of the date of this order, implementing the revisions that NEET West proposed in its initial brief to its tariff records.

2. On July 22, 2015, NEET West, a subsidiary of NextEra Energy Transmission, LLC, which in turn is a subsidiary of NextEra Energy Capital Holdings, Inc., filed with the Commission pursuant to section 205 of the Federal Power Act (FPA),<sup>2</sup> a proposed transmission owner tariff (TO Tariff) consisting of a formula rate template and implementation protocols (collectively, Formula Rate) designed to calculate its annual transmission revenue requirement that it would receive under the California Independent System Operator Corporation's (CAISO) transmission access charge. NEET West also

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<sup>1</sup> *NextEra Energy Transmission West, LLC*, 156 FERC ¶ 61,095 (2016) (August 5 Order).

<sup>2</sup> 16 U.S.C. § 824d (2012).

requested, pursuant to sections 205 and 219 of the FPA<sup>3</sup> and Order No. 679,<sup>4</sup> authorization to obtain several transmission rate incentives for its two CAISO-selected transmission projects.

3. On January 8, 2016, the Commission accepted and suspended, for a nominal period, the TO Tariff, effective October 20, 2015, subject to condition and refund.<sup>5</sup> The Commission granted in part and denied in part NEET West's requests for certain transmission rate incentives and set NEET West's proposed base rate of return on equity for hearing and settlement judge procedures.<sup>6</sup> Since the January 8 Order, NEET West has made several compliance filings.<sup>7</sup>

4. On August 5, 2016, the Commission accepted, for informational purposes, one such compliance filing that addressed NEET West's allocations for certain costs between NEET West and its parent companies or affiliates.<sup>8</sup> However, the Commission further found that, in light of recent precedent, "NEET West's formula rate protocols may be unjust, unreasonable, or unduly discriminatory or preferential because the protocols do not provide for NEET West to include in its annual Formula Rate update and annual informational filings descriptions and justifications for the allocators used to allocate costs between NEET West and its affiliates, and information indicating the magnitude of

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<sup>3</sup> *Id.* §§ 824d, 824s.

<sup>4</sup> *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, FERC Stats. & Regs. ¶ 31,222, *order on reh'g*, Order No. 679-A, FERC Stats. & Regs. ¶ 31,236 (2006), *order on reh'g*, 119 FERC ¶ 61,062 (2007).

<sup>5</sup> *NextEra Energy Transmission West, LLC*, 154 FERC ¶ 61,009 (2016) (January 8 Order).

<sup>6</sup> *Id.* P 104.

<sup>7</sup> *See NextEra Energy Transmission West, LLC*, 155 FERC ¶ 61,258 (2016) (accepting the February 9, 2016 compliance filing); *NextEra Energy Transmission West, LLC*, 156 FERC ¶ 61,095 (2016) (accepting the March 23, 2016 compliance filing); *NextEra Energy Transmission West, LLC*, Docket No. ER15-2239-005 (Oct. 28, 2016) (delegated letter order) (accepting the July 18, 2016 compliance filing as amended by NEET West's August 30, 2016 filing); *NextEra Energy Transmission West, LLC*, Tariff Filing, Docket No. ER15-2239-006 (filed Dec. 19, 2016).

<sup>8</sup> August 5 Order, 156 FERC ¶ 61,095 at P 7.

such cost allocations by service category or function.”<sup>9</sup> Accordingly, the Commission instituted this proceeding, pursuant to section 206 of the FPA,<sup>10</sup> established a paper hearing to examine NEET West’s formula rate protocols, and set a refund effective date of August 11, 2016. The Commission also stated:

[T]he concerns identified by the Commission . . . might be addressed by revising NEET West’s formula rate protocols to provide for NEET West to include in its annual Formula Rate updates and annual informational filings the following: (1) a detailed description of the methodologies used to allocate and directly assign costs between NEET West and its affiliates by service category or function for the applicable rate year, including any changes to such cost allocation methodologies from the prior year, and the reasons and justification for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between NEET West and each affiliate by service category or function for the applicable period.<sup>11</sup>

5. Notice of institution of the section 206 proceeding and refund effective date was published in the *Federal Register*, 81 Fed. Reg. 53,141 (2016). The City of Santa Clara, California, the M-S-R Public Power Agency, Six Cities,<sup>12</sup> the California Department of Water Resources State Water Project, Southern California Edison Company, Modesto Irrigation District, and the Transmission Agency of Northern California filed timely motions to intervene, which, pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2016), serves to make them parties to this proceeding.

6. In your September 9 filing, NEET West states that it does not object to making the recommended revisions to its formula rate protocols and demonstrates how it would implement the revisions, if directed, in Exhibits A and B, which were, respectively, clean

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<sup>9</sup> *Id.* PP 8-9 (citing *PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,097, at P 127 (2016)).

<sup>10</sup> 16 U.S.C. § 824e.

<sup>11</sup> August 5 Order, 156 FERC ¶ 61,095 at P 10.

<sup>12</sup> The Six Cities consist of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California.

and red-lined versions of the formula rate implementation protocols.<sup>13</sup> We find that NEET West's filing, which no party has challenged, satisfies the concerns in the August 5 Order. Therefore, we accept NEET West's proposal, terminate the section 206 proceeding and paper hearing established in Docket No. EL16-97-000, and direct NEET West to submit revised tariff records implementing its proposal in a compliance filing due within 30 days of the date of this order.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>13</sup> NEET West Initial Brief at 1, 4.