

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.) Docket No. ER15-1344-001
ER15-1344-002

PJM Interconnection, L.L.C.) Docket No. ER15-1387-001
Potomac Electric Power Company)

(Not consolidated)

**MOTION TO FILE POST- TECHNICAL CONFERENCE REPLY COMMENTS OUT
OF TIME AND POST- TECHNICAL CONFERENCE REPLY COMMENTS
OF THE ILLINOIS COMMERCE COMMISSION**

Pursuant to Rules 212 and 213 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure,¹ the Illinois Commerce Commission ("ICC") hereby files this Motion to File Post-Technical Conference Reply Comments and Reply Comments in response to initial post-technical conference comments submitted by various parties in the above-referenced dockets. On November 12, 2015, Commission Staff held a technical conference on certain matters in the instant dockets. On November 19, 2015, the Commission served notice establishing dates for parties to make initial and reply post-technical conference comments. On November 27, 2015, the Commission issued a notice extending the time period for making initial post-technical conference comments to December 18, 2015 and established a date for making post-technical conference reply comments of January 15, 2016. The ICC intervened on March 30, 2015, and, therefore, is a party to the proceedings.

¹ 18 C.F.R. §385.212 and §385.213 (2015).

I. MOTION TO FILE OUT OF TIME

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Commission, 18 C.F.R. §385.212, the ICC hereby submits this motion to file post technical conference reply comments out of time in the above-captioned dockets. Due to the press of other business and agency administrative requirements, the ICC was unable to meet the Commission's January 15, 2016, established filing deadline in this case for reply comments. With these comments, the ICC does not wish to disrupt or delay the proceeding but rather seeks merely to clarify the record with this limited communication to the Commission of the position of the ICC in response to certain initial post-technical conference comments submitted in this proceeding.

The ICC is the state utility regulatory commission in Illinois. Given that the outcome of this proceeding could have an impact in Illinois, the ICC's comments are in the public interest. Moreover, no other party can adequately represent the ICC's interests in this matter. Therefore, good cause exists to grant this motion.² As such, the ICC respectfully requests that the Commission grant this motion to file these reply comments out of time and consider the reply comments submitted herein.

II. REPLY COMMENTS

A. Supplemental Projects Should be Excluded from Cost Allocation Under Schedule 12.

In its Post-Technical Conference Comments, PJM explains that, under existing policy, "The costs of Supplemental Projects are not subject to PJM cost allocation under Schedule 12 of the PJM Tariff."³ In operation, this means that the costs of Supplemental Projects are borne by

² See, *Trans Alaska Pipeline System, et al.*, 104 FERC ¶ 61,201, at 61,706 (2003) and *Natural Gas Pipeline Company of America*, 66 FERC ¶ 61,310 (1994) (motion granted for good cause shown).

³ Post Technical Conference Comments of PJM Interconnection, L.L.C., Docket Nos. Er15-1344-000 and ER15-1387-000, filed December 18, 2015, at 14.

the customers in the zone of the Transmission Owner proposing the Supplemental Project. The ICC supports that policy and urges its retention.

B. Projects Driven by Local Reliability Requirements Should be Excluded from Cost Allocation Under Schedule 12.

Dominion Resources (“Dominion”) points out that Section 1.2(e) of Schedule 6 of the PJM Operating Agreement provides that:

(e) The Regional Transmission Expansion Plan planning criteria shall include, Office of the Interconnection planning procedures, NERC Reliability Standards, Regional Entity reliability principles and standards, and the individual Transmission Owner FERC filed planning criteria as filed in FERC Form No. 715, and posted on the PJM website.⁴

Dominion further noted that if a project identified through a Transmission Owner’s Form No. 715 criteria otherwise qualifies for inclusion in PJM’s RTEP and for regional cost allocation, the project would be allocated on a regional hybrid basis in accordance with Schedule 12 of the PJM tariff.⁵

The ICC does not support the practice of regional cost allocation for projects driven by local reliability requirements and recommends that the costs of such projects be allocated to the local zone, as PJM currently does with Supplemental Projects.

Rather, the allocation of project costs driven by local reliability standards should properly follow traditional cost causation principles. As the Commission explained in Opinion No. 494 and upheld in Court review,

The existing facilities of these transmission systems were not developed under common ownership and planning, and were not designed to benefit the entire footprint of PJM. These transmission facilities were developed by the individual companies to benefit their own systems and their own customers. It is therefore consistent with the principles of cost causation to continue to allocate the costs of

⁴ Post-Technical Conference Comments of Dominion Resources Services, Inc., Docket Nos. ER15-1344-001, -002, and ER15-1387-001, filed December 18, 2015, at 4.(Underlining added)

⁵ Post-Technical Conference Comments of Dominion Resources Services, Inc., Docket Nos. ER15-1344-001, -002, and ER15-1387-001, filed December 18, 2015, at 5.

these facilities to the customers for whom they were constructed and whom they continue to serve to date.⁶

The Commission's logic cited here regarding facilities existing as of 2007, applies equally to new and replacement transmission facilities designed to address local planning criteria to benefit the local utility's system and customers.

In addition to violating well established principles of cost causation, regional cost allocation of transmission projects driven by local reliability standards would also be inconsistent with Order No. 1000.⁷ In particular, Order No. 1000 defines "transmission facilities selected in a regional transmission plan for purposes of cost allocation" as follows:

Transmission facilities selected in a regional transmission plan for purposes of cost allocation are transmission facilities that have been selected pursuant to a transmission planning region's Commission-approved regional transmission planning process for inclusion in a regional transmission plan for purposes of cost allocation because they are more efficient or cost-effective solutions to regional transmission needs.⁸

Transmission projects driven by local reliability requirements are not included in the regional transmission plan because they are "more efficient or cost-effective solutions to regional transmission needs", but rather, such projects are included in the regional transmission plan because they address a local reliability standard. Such projects should not receive regional cost allocation unless they are demonstrated to meet a regional need or shown to produce regional benefits at least commensurate with the regional cost allocation.

⁶ *PJM Interconnection L.L.C.* Opinion No. 494, 119 FERC ¶ 61,603 at P 42 (2007), *order on reh'g*, Opinion No. 494-A, 122 FERC ¶ 61,082 (2008), *aff'd in relevant part, Illinois Commerce Comm'n et al v. FERC*, 576 F.3d 470, 477 (7th Cir. 2009). *See, ICC v. FERC*, 756 F.3d 556, at 565 (7th Cir. 2014) (lines that primarily benefit one region should not be allowed to shift a grossly disproportionate share of their costs on another region on which the project may confer only future, speculative and limited benefits).

⁷ *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).

⁸ Order No. 1000, at P 63 (underlining added).

C. Only Projects Subject to PJM’s Competitive Project Selection Process Should be Eligible for any Regional Cost Allocation

In its post-technical comments, Dayton Power and Light Company states,

If a project is to be eligible for cost-allocation, it should be subject to the open window process; even if the scope of the project is rebuilding an existing transmission line, a third party could potentially implement the rebuild more cost-effectively than the local Transmission Owner.⁹

The ICC subscribes to the general principle that any transmission project featuring regional cost allocation be made subjective to the RTO’s competitive project selection process. The competitive project selection process is the best way to ensure that the project will be a more efficient or cost-effective solution to regional transmission needs as described in Order No. 1000.

III. CONCLUSION

WHEREFORE, the Illinois Commerce Commission respectfully requests that the Commission grant the ICC motion to file reply comments out of time and give due consideration to these reply comments.

Respectfully submitted,

/s/Christine F. Ericson

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ILLINOIS COMMERCE COMMISSION

Dated: February 10, 2016

⁹ The Dayton Power and Light Company Post-Technical Conference Comments, filed December 18, 2015, at 8.

CERTIFICATE OF SERVICE

I hereby certify that I caused copies of the foregoing document of the Illinois Commerce Commission to be served this day upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Chicago, Illinois, this 10th day of February, 2016.

Respectfully submitted,

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On behalf of the
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