

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection LLC

Docket No: ER25-775

Protest of Public Citizen, Inc.

On December 20, PJM submitted a rate filing under Section 205 of the Federal Power Act proposing amendments to Schedule 12 of its Open Access Transmission Tariff to provide updated annual cost allocations for certain projects in its regional transmission expansion plan. The proposed cost allocations for Public Service Electric and Gas Company's (PSEG) transmission projects identified by baseline project code b2986 in PJM's filing are unjust and unreasonable, as they include imprudently incurred expenditures as revealed in a December 5, 2024 Commission enforcement action.¹ Given the stipulated facts, summarized below, the Commission should not apply its presumption of prudence. To the extent the Commission presumes the expenditures related to b2986 were prudently incurred, the stipulated facts create "serious doubt" that the expenditures were prudently incurred² ("The regulated entity has the burden of proof to establish prudence. However, in order to ensure that rate cases are manageable, a presumption of prudence applies until the challenging party 'creates a serious doubt as to the prudence of an expenditure.'" (quoting *Iroquois Gas Transmission Sys.*, 87 FERC at 62,170)). The Commission must find the proposed rates to be unjust and unreasonable, and set the matter for hearing. Furthermore, the Commission must reject PJM's motion for a waiver of the Commission's notice requirements³ and disallow its request for an effective date of January 1.

To the extent that any PJM formula rate protocols require a party such as Public Citizen raising prudence challenges prior to raising them in a section 205 proceeding, the Commission should waive that requirement. The Commission's December 5 enforcement order reveals new information that clearly raises "serious doubt" about the

¹ 189 FERC ¶ 61,175, Docket No. IN21-5, https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20241205-3039

² *BP Pipelines*, 153 FERC ¶ 61,233 at ¶ 13 https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20151120-3065

³ At page 2 of the transmittal letter.

prudence of these expenditures and is relevant to whether these rates are just and reasonable. There is therefore good cause for waiving any procedural requirements in the Tariff.

The December 5 enforcement action details, in our opinion, harrowing fraud committed by PSEG,⁴ and a failure by PJM and its Board of Managers to perform a modicum of independent oversight, not to mention inane record keeping practices by the grid operator. While the enforcement order documents clear wrongdoing committed by PSEG—imposing a civil penalty upon the transmission owner of \$6.6 million payable to the U.S. Treasury⁵—the enforcement order fails to protect consumers from unjust and unreasonable rates resulting from PSEG’s scam.

As the enforcement order states at ¶ 10, PSEG recommended that PJM approve its \$546 million Roseland-to-Pleasant Valley transmission line replacement project. PSEG submitted PowerPoint presentations to PJM that claimed 67 transmission towers in this corridor featured “foundations requiring extensive reconstruction”,⁶ when in reality only 8 towers met that criteria.⁷ And the enforcement order notes that, rather than conduct any independent evaluation, PJM relied entirely on PSEG’s PowerPoints in approving the \$546 million project,⁸ failed to perform any independent due diligence, and did not maintain basic recordkeeping of meetings where hundreds of millions of dollars in ratepayer-funded projects were discussed.⁹ Six years ago we formally complained about PJM’s failure to transcribe its stakeholder meetings despite the inexpensive cost to do so, but yet here we are again.¹⁰ It is disturbing that PJM and its Board of Managers would approve a cost recovery rate filing incorporating a

⁴ The entire enforcement order should be read, but ¶¶ 25-26 detail how PSEG withheld incriminating pages from a presentation that would have exposed that only 8 towers required “[e]xtensive foundation rehabilitation”, and not the 67 that PSEG claimed to PJM.

⁵ Enforcement order, at ¶ 2.

⁶ Enforcement order, at ¶ 15.

⁷ Enforcement order, at ¶ 17.

⁸ Enforcement order, at ¶ 16.

⁹ Enforcement order, at ¶ 13.

¹⁰ “PJM’s failure to record or transcribe stakeholder meetings where proposed tariffs are deliberated is no longer an acceptable practice in the year 2018, as technology has enabled inexpensive recording and archiving tools to preserve the full record of stakeholder meetings. We have more detail in the fossil record of the *Brontosaurus* from the Late Jurassic epoch 150 million years ago than is contained in PJM stakeholder committee meeting minutes 6 months ago.” *Section 206 Complaint of Public Citizen, Inc.* under EL18-61, at page 5, https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20180220-5158

transmission project it knew to be the subject of an enforcement order—demonstrating PJM’s disinterest in ensuring just and reasonable rates in its Open Access Transmission Tariff.

PSEG’s Roseland-to-Pleasant Valley transmission project, included in PJM’s cost recovery rate filing, includes imprudently incurred charges that were the subject of a Commission enforcement action. PJM’s filing seeking cost recovery for this project is clearly unjust and unreasonable, and the Commission must set the matter for hearing to ensure that families living within PJM’s footprint do not shoulder PSEG’s falsified charges.

Respectfully submitted,

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