UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

DCR Transmission, L.L.C. Docket Nos. ER23-2309-001

ER24-1394-001 (consolidated)

BRIEF OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATON

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To: The Honorable Joel deJesus, Presiding Administrative Law Judge

In accordance with the "Order Directing Briefs and Scheduling Oral Argument" issued by Your Honor on May 14, 2025, in the above-captioned proceedings, the California Independent System Operator Corporation ("CAISO") respectfully submits its Brief on the Federal Power Act ("FPA") section 205 and Section 206 issues and related burden of proof issues raised during the prehearing conference held on May 8, 2025.

I. SUMMARY

These consolidated proceedings are fundamentally about the transmission revenue requirements proposed by DCR Transmission, L.L.C. ("DCRT") that are an input used in calculating transmission rates paid by customers of the CAISO. DCRT filed its proposed Transmission Owner Tariff ("TO Tariff") which includes, as Appendix I to that TO Tariff, DCRT's proposed initial annual Base Transmission Revenue Requirement ("Base TRR") for the Ten West Link transmission project ("Project"). The Commission's September 29, 2023, order on DCRT's June 2023 filing in Docket No. ER23-2309 ("DCRT TO Tariff/Base TRR Filing") accepted the TO Tariff and the Base TRR appendix and suspended them for a nominal period, subject to refund and to the outcome

of hearing and settlement judge procedures.¹ A review of the September 2023 Hearing Order confirms the contested issues in this proceeding involve the proposed Base TRR, its impact on customers paying the CAISO's Transmission Access Charge, and the extent to which that Base TRR complies with contractual cost containment obligations set forth in the Approved Project Sponsor Agreement, a Commission-approved service agreement.

Given that the DCRT TO Tariff/Base TRR Filing involves both an initial Transmission Owner Tariff and DCRT's initial base TRR, it is reasonable to ask whether this case could be considered a case involving an "initial rate filing" under section 205(e) of the FPA. A review of the Commission's orders, however, confirms the Commission did not treat the DCRT TO Tariff/Base TRR Filing as an initial rate filing. First, the Commission, in its September 2023 Hearing Order, suspended the DCRT TO Tariff/Base TRR Filing, an action which the Commission lacks the authority to do for initial rate filings. The Commission also did not initiate an FPA section 206 proceeding in this case, as is its practice for initial rate filings. This is confirmed by the fact that the Commission's orders in this proceeding do not satisfy the requirements for FPA section 206(b) for section 206 proceedings initiated by the Commission – establishment of a refund effective date and publication of notice that it intended to initiate such a section 206 proceeding.

The Commission's treatment of the DCRT TO Tariff/Base TRR Filing as a changed rate filing rather than an initial rate filing is consistent with applicable precedent. The Commission takes a broad view of what constitutes a changed rate filing in order to provide protection to customers against excessive rates, consistent with the FPA's

DCR Transmission, L.L.C., 184 FERC ¶ 61,199, at P 1 (2023) ("September 2023 Hearing Order").

primary purpose as a consumer protection statute. The courts have recognized that the Commission's determination of what constitutes a changed rate is left to the Commission's technical expertise. The Commission limits an initial rate filing to a filing which provides for: (1) a new service (2) to a new customer. The Commission clarifies that both the service and the customer must be new for a rate filing to be an initial rate filing. The DCRT TO Tariff/Base TRR Filing meets neither prong of the Commission's test. The service being provided over the Project owned by DCRT is an existing transmission service long-provided under the Commission-approved CAISO Tariff, and the customers receiving service over the project are the existing customers of the CAISO. The rates for this transmission service are CAISO rates not DCRT rates. DCRT has no transmission service agreements with the customers paying these transmission rates, which would change (increase) as the result of adding the costs of DCRT's facilities to the CAISO's existing Regional Access Charge for transmission.

For these reasons and all the reasons explained below, the CAISO respectfully requests Your Honor find: (1) the Commission has not found the DCRT TO Tariff/Base TRR Filing to be an "initial rate filing"; (2) the Commission has accepted the DCRT TO Tariff/Base TRR Filing and suspended the filing for a nominal period subject to refund and to the outcome of hearing and settlement judge procedures as a filing under section 205 of the FPA; (3) the Commission has not initiated a proceeding under section 206 of the FPA concerning the DCRT TO Tariff/Base TRR Filing; (4) in the section 205 proceeding set for hearing DCRT has the burden of proof; and (5) whichever participant or participants have the burden of proof in these consolidated proceedings will submit final rebuttal testimony.

II. ARGUMENT

A. The Rate at Issue in this Proceeding is the Transmission Access Charge Collected by the CAISO under the CAISO Tariff

In addressing the issue of whether DCRT's filings in this proceeding involve an "initial rate," the first question to be addressed is what is the applicable rate. In this case, the evidence confirms that the applicable rate is the Transmission Access Charge under the CAISO Tariff. Under the Commission-approved CAISO Tariff, all market participants withdrawing energy from the CAISO controlled grid are assessed Transmission Access Charges in accordance with Section 26.1 and Appendix F, Schedule 3 of the CAISO Tariff.² The Transmission Access Charge is "designed to recover each Participating TO's or Approved Project Sponsor's Transmission Revenue Requirement." DCRT is both a Participating Transmission Owner or "Participating TO" and an Approved Project Sponsor.

In its transmittal letter to support the filing of DCRT's Base TRR, DCRT stated that the Base TRR will be collected by the CAISO under a rate in the CAISO Tariff – the Transmission Access Charge: "Upon becoming a CAISO [Participating Transmission Owner], DCRT's Base TRR will be collected by the CAISO pursuant to the Transmission Access Charge for Regional Transmission Facilities ("TAC")." Section 5.1 of DCRT's proposed TO Tariff states that the applicable Access Charges are provided in the CAISO

² See Section 26.1 of the CAISO Tariff at: https://www.caiso.com/documents/section-26-transmission-rates-and-charges-as-of-feb-5-2025.pdf.

Id.

June 29, 2023, DCRT transmittal letter in Docket No. ER23-2309 at 2.

Tariff.⁵ DCRT again acknowledges that the applicable rates are CAISO rates when it seeks waiver of certain Commission requirements under section 35.13 of the Commission's regulations "because rate design information is not applicable because DCRT's revenue requirement is collected by the CAISO via the CAISO TAC." The Commission's September 2023 Hearing Order is consistent with a finding that the applicable "rate" in this proceeding is the Transmission Access Charge under the CAISO Tariff.⁷

The Approved Project Sponsor Agreement ("APSA") is an agreement accepted by the Commission under section 205 of the FPA which governs the TRR issues in this case. The APSA between DCRT (in its capacity as Approved Project Sponsor for the Project) and the CAISO follows the *pro forma* APSA accepted by the Commission as Appendix X to the CAISO Tariff.⁸ The APSA between DCRT and the CAISO ("DCRT APSA") is on file with the Commission as a service agreement (designated as CAISO Service Agreement No. 3496) under the CAISO Tariff via reporting through the Commission's Electric Quarterly Reporting (EQR) requirements.⁹ DCRT acknowledges numerous

⁵ See also id. at 46.

⁶ *Id.* at 49.

September 2023 Hearing Order at P 7 ("The Base TRR will be collected by CAISO pursuant to the Transmission Access Charge for Regional Transmission Facilities").

See https://www.caiso.com/documents/appendix-x-approved-project-sponsor-agreement-as-of-aug-3-2024.pdf. The Commission accepted the *pro forma* APSA in *California Independent System Operator Corporation*, 149 FERC ¶ 61,107 (2014). The Commission also issued a letter order on February 12, 2015, that accepted revisions to the APSA submitted on compliance with that order.

See, e.g., Revised Pub. Util. Filing Requirements, Order No. 2001, 99 FERC ¶ 61,107, at P 16 (2002) ("[P]ublic utilities that have standard forms of agreements in their transmission, cost-based power sales tariffs, or tariffs for other generally applicable services will no longer file

times in its filing of its Base TRR that one issue in this case is whether its Base TRR is consistent with the DCRT APSA. The DCRT APSA then in effect (not reflecting a subsequent amendment concerning the commercial operations date not relevant to the issues in this Brief) was provided as Exhibit No. DCRT-02 to DCRT's June 29, 2023, filing in Docket No. ER23-2309. Section 10.1 of that APSA further confirms that the Base TRR of DCRT, in its capacity as an Approved Project Sponsor, is an Access Charge under the CAISO Tariff:

If FERC approves such Transmission Revenue Requirement, the CAISO shall incorporate the Transmission Revenue Requirement into the Regional Access Charge or Local Access Charge in accordance with the CAISO Tariff. The Approved Project Sponsor acknowledges and agrees with the cost estimates and the binding cost cap, or other binding cost containment measures, if applicable, set forth in Appendix E.

In this case, due to the voltage level of the Project, the applicable Transmission Access
Charge is the "Regional Access Charge," a term synonymous with the "Transmission
Access Charge for Regional Transmission Facilities" referenced in the Commission's
September 2023 Hearing Order. The Regional Access Charge is charged by the CAISO
to customers withdrawing energy from the CAISO controlled grid for transmission that is

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conforming agreements with the Commission. The filing requirements of FPA section 205(c) will be satisfied by the standard forms of agreements and by the electronic filing of Electric Quarterly Reports."); *Midcontinent Indep. Sys. Operator, Inc.*, 182 FERC ¶ 61,175, at P 3 n.8 (2023) ("MISO explains that the Agreement is a conforming agreement based on MISO's *pro forma* Selected Developer Agreement and met the filing requirement under section 205(c) of the Federal Power Act pursuant to the Commission's Electric Quarterly Report regulations" set forth in 18 C.F.R. Section 35.10b).

See, e.g., June 29, 2023, DCRT transmittal letter in Docket No. ER23-2309 passim.

200 kV or above as a single CAISO-wide rate. 11

There are more than 60 references to the APSA in the September 2023 Hearing Order, confirming compliance with the DCRT APSA is one of the key issues in this proceeding. Indeed, then-Commissioner – now Acting Chairman – Christie highlighted the DCRT APSA cost cap in his concurring opinion, noting:

... the APSA, to which DCR Transmission agreed, originally "cost-capped" the Project at \$242 million. The APSA was later amended to increase the Project's cost cap to \$259 million. Now DCR Transmission is seeking approximately \$553 million in cost recovery, more than double the original cost cap and almost double even the amended increased cost cap. . . And if "cost caps" are not expected to be binding, one must also question their purpose, given that the Project's agreed-upon cost containment mechanisms were the reason why CAISO selected the Project in the first place. 12

The CAISO respectfully submits that any decision or findings by Your Honor in this proceeding must recognize that the September 2023 Hearing Order establishes compliance with the APSA as an issue to be addressed in the hearings initiated by the Commission. Indeed, in the alternative, the DCRT APSA can be found to be the initial rate in these consolidated proceedings.

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See Appendix F, Schedule 3, section 1.1(b) of the CAISO Tariff at: https://www.caiso.com/documents/appendix-f-rate-schedules-as-of-aug-3-2024.pdf.

September 2023 Hearing Order, separate concurring statement of Commissioner Christie at P 4.

B. Applicable Precedent Supports Finding the DCRT Filing in This Proceeding is Not an Initial Rate Filing

The courts have held that the Commission "lacks the authority to suspend initial rate filings." As discussed in section II.C of this Brief, the Commission is well aware of this precedent and accepts initial rate filings without suspension while also frequently initiating section 206 proceedings to examine the justness and reasonableness of the initial rate. This is not what the Commission has done in these consolidated proceedings. Instead, in the September 2023 Hearing Order, the Commission accepted DCRT's proposed TO Tariff and Base TRR and suspended them for a nominal period subject to refund and to the outcome of hearing and settlement judge procedures. ¹⁴

Although it is understandable to question whether a filing that is intended to provide rate recovery through an initial Base TRR is an "initial rate" filing, the Commission's actions in not treating the DCRT filing as an initial rate filing are wholly consistent with Commission precedent.

The Base TRR is not a rate. No customer will pay DCRT the Base TRR. Instead, DCRT's Base TRR is one input of many to Participating TO transmission revenue requirements the CAISO uses to calculate the Regional Transmission Access Charge, a single grid-wide rate the CAISO charges to all market participants withdrawing energy from the CAISO controlled grid. DCRT acknowledges this in its initial filing of its Base TRR and TO Tariff when it states, "DCRT's revenues will be derived from the CAISO

¹³ See Middle S. Energy, Inc. v. FERC, 747 F.2d 763, 765 (D.C. Cir. 1984) ("Middle South Energy").

September 2023 Hearing Order at P 1 and Ordering Paragraph (A).

TAC, which, in turn, is based on the combined transmission revenue requirements of the various entities that have turned over functional control of their transmission assets to the CAISO."¹⁵

DCRT's Base TRR filing is therefore properly seen as an input to an existing rate that will increase that rate, *i.e.*, increase the Transmission Access Charge. In the *Middle South Energy* decision, the U.S. Court of Appeals for the District of Columbia Circuit ("DC Circuit") gave weight to legislative history confirming that, under section 205 of the FPA, the Commission does have authority to order refunds for a change that results in an increase in rates:

If the investigation cannot be completed with [sic] the 5 months' period, the new rate may go into effect, but in case the change results in an increase in rates the Commission may require the utility to make refunds if the increase is not approved.¹⁶

The DCRT filing is a transmission revenue requirement filing that results in an increase to the rates paid by all market participants withdrawing energy from the CAISO controlled grid.

The *Middle South Energy* Court also noted that the D.C. Circuit has upheld the Commission's broad view of what constitutes a changed rate, finding:

[t]his is precisely the type of question we must leave to the technical expertise of the Commission; we will not substitute our judgment unless the

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June 29, 2023, DCRT transmittal letter in Docket No. ER23-2309 at 3 n.8.

Middle South Energy, 747 F.2d at 770, quoting Pub. Util. Holding Cos.: Hearings on H.R. 5423 Before the House Comm. on Interstate & Foreign Commerce, 74th Cong., 1st Sess. 33-34 (1935) (emphasis added); Pub. Util. Holding Co. Act of 1935: Hearings on S.1725 Before the Senate Comm. on Interstate Commerce, 74th Cong., 1st Sess. 41-42 (1935) (emphasis added).

Commission's judgment is unreasonable and cannot be rationally reconciled with the terms of the Act.¹⁷

Although the Commission did not explicitly address the question of whether the DCRT filing is an initial rate, all evidence on the face of the September 2023 Hearing Order supports the conclusion the Commission exercised its "technical expertise" to find the DCRT filing to be a changed rate.

On remand from *Southwestern Electric Power Company v. FERC*, 810 F.2d 289 (D.C. Cir. 1987), the Commission clarified the test it uses going forward to determine whether a rate filing is an "initial rate filing." The Commission held:

... an initial rate filing is one which provides for [1] a new service [2] to a new customer, and that both the service and the customer must be new. Thus, where the service is new, but the customer is not, such filings will be deemed to be changes in rates, as has been the Commission's practice. Where a filing provides for the extension of an existing service to a new customer, the filing will be treated as a change in rate. ¹⁸

This two-pronged test for identifying an initial rate filing remains in effect today. 19

The DCRT rate filing in these proceedings meets neither prong of the Commission's initial rate filing test. The service being provided over the facilities covered by the DCRT Base TRR filing is not a new service, but rather the existing transmission service provided to customers under the CAISO Tariff. The Commission has long recognized the CAISO is the transmission provider

See, e.g., Tri-State Generation & Transmission Ass'n Inc., 174 FERC \P 61,009, at P 31 n.36 (2021), citing Sw. Elec. Power Co., 39 FERC \P 61,099, at 61,293.

¹⁷ *Middle South Energy*, 747 F.2d at 771, *quoting Fla. Power & Light Co. v. FERC*, 617 F.2d 809, 815 (D.C. Cir. 1980).

¹⁸ Sw. Elec. Power Co., 39 FERC ¶ 61,099, at 61,293 (1987).

providing service over the facilities placed under its operational control by Participating Transmission Owners like DCRT.²⁰

In addition, the customers taking the service that is the subject of the DCRT filing are existing transmission customers of the CAISO, *i.e.*, all market participants withdrawing energy from the CAISO controlled grid. This is confirmed by section 4 of DCRT's TO Tariff, which states, "Transmission service over DCRT's Regional Transmission Facilities and Entitlements placed under the CAISO's Operational Control shall be provided only to Eligible Customers as defined by the CAISO Tariff." In addition, DCRT has no transmission service agreements with the customers taking service over DCRT's facilities, so there is no basis for DCRT to provide service to any customers, new or otherwise.

Even assuming, solely for the sake of argument, the Commission were to find one prong of its two part-test to be satisfied in these proceedings, it would not be enough for the Commission to find the DCRT filing to be an "initial rate filing."

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https://www.caiso.com/documents/section2_accesstothecaliforniaisocontrolledgrid_asof_jun28_2010.pdf.

See, e.g., Cal. Indep. Sys. Operator Corp., 112 FERC ¶ 61,009, at P 4 (2005) ("CAISO is the Transmission Provider that exercises operational control over the facilities owned by, among others, SoCal Edison, PG&E, and SDG&E.") (emphasis added); Cal. Indep. Sys. Operator Corp., 108 FERC ¶ 61,104, at P 9 (2004) ("CAISO is the Transmission Provider which exercises operational control over the facilities turned over to CAISO by, among others, the three PTOs subject to the jurisdiction of the Commission (SoCal Edison, PG&E, and SDG&E).") (emphasis added); see also section 2.1 of the CAISO Tariff, providing in relevant part "The CAISO shall, subject to Sections 2.2 and 3, provide to all Eligible Customers open and nondiscriminatory access to the CAISO Controlled Grid regardless of the locations of their connections to the CAISO Controlled Grid in accordance with the terms of this CAISO Tariff." Section 2.1 of the CAISO Tariff can be found at:

As further evidence, the Commission when establishing this test, clarified "Where the utility provides the service pursuant to a standard tariff already on file with the Commission, there should be no question as to whether the service is the same."²¹ In these consolidated proceedings the service being provided over the Project is being provided to customers pursuant to the CAISO Tariff already on file with the Commission.

C. The Commission's Orders in this Proceeding Are Consistent with the Finding that the Commission Intended to Treat the DCRT Filing as a Change in Rate Filing

The Commission was explicit in three places in the September 2023 Hearing

Order that it was exercising its suspension and refund authority when setting the DCRT

TO Tariff/Base TRR Filing for hearing.²² If the Commission believed the DCRT filing

was an initial rate filing, this exercise of its suspension and refund authority would be

inconsistent with four decades of precedent that the Commission "lacks the authority to

suspend initial rate filings."²³

In initial rate filing proceedings, the Commission frequently opens FPA section 206 proceedings to provide protection to customers against excessive or exploitative rates. However, in the above-captioned proceedings, the Commission did not take any

²¹ Sw. Elec. Power Co., 39 FERC ¶ 61,099, at 61,293.

September 2023 Hearing Order at P 1 and Ordering Paragraph (A). In addition, the September 2023 Hearing Order is captioned "Order Accepting and Suspending Proposed Transmission Owner Tariff and Transmission Revenue Requirement, Subject to Refund, and Establishing Hearing and Settlement Judge Procedures."

See Middle South Energy, 747 F.2d at 765.

of the steps required to initiate a section 206 proceeding. As the Commission has acknowledged:

In cases where . . . the Commission institutes a section 206 investigation on its own motion, section 206(b) of the FPA requires that the Commission establish a refund effective date that is no earlier than the date of publication by the Commission of notice of its intention to initiate such proceeding nor later than five months after the publication date.²⁴

In these consolidated proceedings, the Commission has satisfied none of these FPA section 206 requirements. The Commission has not established a refund effective date. The Commission has not published notice of its intention to initiate such a section 206 proceeding in the Federal Register or otherwise.

The only reference to FPA section 206 in any Commission issuance in these dockets is its directive, in Ordering Paragraph (B) of the September 2023 Hearing Order, that it was instituting hearing and settlement judge procedures pursuant to its authority conferred "by section 402(a) of the Department of Energy Organization Act and the FPA, particularly *sections 205 and 206* thereof" (emphasis added). This language is boilerplate the Commission frequently includes in orders where section 205 filings are set for hearing. For example, this language has been included in orders setting for hearing subject to suspension and refund proposed changes to transmission revenue requirements by long-time CAISO Participating Owners such as Pacific Gas and Electric Company. ²⁵ There can be no argument that such a filing is an initial rate filing.

²⁴ Basin Elec. Power Coop., 189 FERC ¶ 61,162, at P 40 (2024).

See, e.g., Pac. Gas & Elec. Co., 185 FERC \P 61,243, at P 45 and Ordering Paragraph (C) (2024).

As discussed in section II.D of this Brief, the Commission's orders in initial rate proceedings where the Commission initiated section 206 proceedings frequently include different boilerplate language, stating the Commission is instituting hearing and settlement judge procedures pursuant to its authority conferred "by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 206 thereof"—omitting reference to the Commission's additional authority to institute hearing and settlement judge procedures pursuant to FPA section 205.

The Commission's intentionality as to which section(s) of the FPA to cite in its ordering paragraphs on rate filings is vividly illustrated by the action it took in a proceeding solely under FPA section 205 (Docket ER12-1428) regarding revisions that Entergy Services, Inc. submitted to its Open Access Transmission Tariff ("OATT")—i.e., a filing to change an existing rate. The Commission issued an order accepting and suspending the OATT revisions that also stated it was instituting hearing and settlement judge procedures pursuant to its authority conferred "by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 206 thereof," without mentioning FPA section 205.²⁶ In response, some parties to the proceeding filed a motion for clarification or, in the alternative, request for rehearing of the Commission's order in which they

request[ed] clarification that (1) implementation of the tariff changes that are the subject of this proceeding will be subject to refund pursuant to Federal Power Act ("FPA") § 205, 18 CFR § 824d (2011), and, (2) consistent with proceedings arising under § 205, Entergy Services, Inc.

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See Entergy Servs., Inc., 139 FERC ¶ 61,173, at Ordering Paragraph (B) (2012).

("Entergy") bears the burden to justify the tariff changes it proposes in this proceeding.²⁷

In response, the Commission issued an *errata* notice solely to correct the ordering paragraph in relevant part to read "particularly *sections 205 and 206* thereof." The case later concluded with Entergy bearing the burden under FPA section 205 to justify its proposed OATT revisions and the Commission declining to order refunds. In light of this intentionality, there is no basis to conclude the reference to section 205 in Ordering Paragraph (B) of the September 2023 Hearing Order was an error.

In the September 2023 Hearing Order, the Commission does reference DCRT's statement that it submitted its rate filing pursuant to section 35.12 of the Commission's regulations,³⁰ but nowhere in that order or anywhere else in the docket did the Commission make a finding as to whether DCRT's statement is accurate—*i.e.*, determining whether it is section 35.12 (regulations on initial rate filings) or section 35.13 (regulations on filings to change existing rates) that applies to the DCRT rate filing. Similarly, the May 2024 Consolidation Order contained no findings that the proceeding concerns an initial rate filing.³¹ The Commission can treat a filing as a changed rate

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Motion for Clarification or, in the Alternative, Request for Rehearing on Behalf of Mississippi Delta Energy Agency, *et al.*, Docket No. ER12-1428-000, at 2 (June 15, 2012).

Entergy Servs., Inc., Errata Notice, 140 FERC \P 61,042 (2012) (emphasis added). Soon after the issuance of the errata notice, the parties withdrew their motion for clarification and alternative request for rehearing.

See Entergy Servs., Inc., 142 FERC ¶ 63,017, at PP 28-36 (2013), aff'd, Opinion No. 532, 148 FERC ¶ 61,059, at PP 32-35, 132-33 (2014).

September 2023 Hearing Order at P 1.

See DCR Transmission, L.L.C., 187 FERC \P 61,057 (2024) ("May 2024 Consolidation Order").

filing even if the public utility initially submits the filing under section 35.12, and the Commission has done exactly that in numerous cases.³²

DCRT is also unclear in its own June 29, 2023, filing in Docket No. ER23-2309 as to whether section 35.12 or 35.13 applies to its filing. DCRT refers to section 35.13 a number of times in its transmittal letter.³³ Notably, DCRT seeks waiver of certain requirements of section 35.13 but does not seek waiver of any requirements of section 35.12.³⁴ As such, the transmittal letter is not significant evidence the TO Tariff/Base TRR Filing was intended to be an initial rate filing.

D. Unlike Other Commission Orders on Rate Filings, the Orders Issued in the Instant Proceedings Contain No Findings They Concern Initial Rate Filings

Commission orders issued in other cases on rate filings submitted by utilities show the Commission is explicit about making findings that the submittals at issue are initial rate filings (*i.e.*, a filing that proposes a rate for a new service to a new customer).³⁵

See, e.g., Tri-State Generation & Transmission Ass'n, Inc., 174 FERC ¶ 61,009, at PP 20-21, 31 ("We agree with United Power that Tri-State's filing represents changed rates that fall within the Commission's filing requirements under 18 C.F.R. § 35.13 (2020)."); Pub. Serv. Co. of Ind., Inc., 51 FERC ¶ 61,367, at 62,228 (1990) ("We disagree with PSI's assertion that its FS-1 rate is an initial rate filing. This is clearly a change in rate because PSI may enter into FS-1 sales with some of its current customers, if they are otherwise eligible utilities."); Ne. Utils. Serv. Co. (re Pub. Serv. Co. of N.H.), 50 FERC ¶ 61,266, at 61,836 (1990) ("NUSCO contends that the Seabrook Power Contract and the Sharing Agreement are initial rate schedules pursuant to section 35.12 of our regulations, 18 C.F.R. § 35.12 (1989). We disagree. . . . NUSCO's submissions demonstrate that PSNH is not a new customer of the Northeast system.").

³³ June 29, 2023, DCRT transmittal letter in Docket No. ER23-2309 at 3 n.8, 12, 49, 50.

³⁴ *Id.* at 49-50.

See, e.g., Willowbrook Solar I, LLC, 188 FERC ¶ 61,201, at P 1 n.4 (2024) ("Willowbrook"); Mammoth N. LLC, 187 FERC ¶ 61,220, at P 1 n.5 (2024) ("Mammoth"); Citizens S-Line Transmission LLC, 178 FERC ¶ 61,067, at P 28 (2022) ("Citizens S-Line"); Fern Solar LLC, 172 FERC ¶ 61,160, at P 1 n.4 (2020) ("Fern Solar Hearing Order"); Tri-State Generation & Transmission Ass'n, Inc., 170 FERC ¶ 61,222, at P 85 (2020) ("Tri-State").

Those same orders also expressly instituted FPA section 206 proceedings to consider the justness and reasonableness of the proposed initial rates.³⁶ Each of these orders established refund effective dates for the applicable section 206 proceeding.³⁷ An ordering paragraph in each of the orders specified the Commission was instituting hearing and settlement judge procedures pursuant to its authority conferred "by section 402(a) of the Department of Energy Organization Act and the FPA, particularly section 206 thereof"—omitting reference to the Commission's additional authority to institute hearing and settlement judge procedures pursuant to FPA section 205.³⁸

By contrast, the Commission undertook none of these actions in these consolidated DCRT proceedings. Neither the September 2023 Hearing Order nor the May 2024 Consolidation Order (nor any other issuance in these consolidated ER dockets) instituted an FPA section 206 proceeding or established a refund effective date for a section 206 proceeding.

E. Even if the September 2023 Hearing Order Was Unclear, Policies Underlying the FPA Require Resolving Ambiguity by Finding DCRT Proposed to Change an Existing Rate

For the reasons explained above, Your Honor should find the Commission treated the DCRT filing as a change in rates and did not find the filing to be an initial rate filing. However, even if there was any ambiguity on these matters stemming from the DCRT

See Willowbrook at PP 1, 13, 15; Mammoth at PP 1, 20; Citizens S-Line at PP 3, 28-29; Fern Solar Hearing Order at PP 1, 13; Tri-State at PP 2, 30.

See Willowbrook at P 17; Mammoth at P 26; Citizens S-Line at P 29; Fern Solar Hearing Order at P 15; Tri-State at P 86.

See Willowbrook at Ordering Paragraph (B); Mammoth at Ordering Paragraph (B); Citizens S-Line at Ordering Paragraph (C); Fern Solar Hearing Order at Ordering Paragraph (B); Tri-State at Ordering Paragraph (D).

Hearing Order, any ambiguity should be resolved by making the findings the CAISO urges in this Brief. That is the only way to satisfy the Commission's fundamental obligation to ensure the availability of energy to customers at a reasonable cost.

Longstanding Court and Commission precedent makes clear the FPA is primarily a consumer protection statute: "The primary purpose of the [FPA] legislation is the protection of consumers from excessive rates and charges." The Commission's broad definition of a change of rate it has employed since 1987 is consistent with and serves to further [these] policies which underlie the FPA" and does so "by making filings subject to the Commission's suspension and refund authority under section 205(e) of the FPA, to protect consumers of electricity from excessive or exploitative rates. By making the DCRT filing subject to the Commission's suspension and refund authority, the September 2023 Hearing Order fulfills the consumer protection policies underling the FPA and protects consumers from excessive or exploitative rates.

The Commission remains focused on consumer protection. Chairman Christie has stated that "the Commission's primary duty under the" FPA is "to protect consumers."

Sw. Elec. Power Co., 39 FERC ¶ 61,099, at 61,293 (citing Towns of Alexandria v. FPC., 555 F2d. 1020, 1028 (D.C. Cir. 1977); Mun. Light Bds. v. FPC, 450 F.2d 1341, 1348 (D.C. Cir. 1971); Atl. Ref. Co. v. Pub. Serv. Comm'n of N.Y., 360 U.S. 378, 388 (1959); FPC v. Hope Nat. Gas Co., 320 U.S. 591, 610 (1944)). See also, e.g., Elec. Dist. No. 1 v. FERC, 774 F.2d 490, 492-93 (D.C. Cir. 1985) ("We agree with petitioners, since we think the provision must be read in light of the Federal Power Act's primary purpose of protecting the utility's customers."); Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc., 190 FERC ¶ 61,184, at P 94 (2025) (finding that "making customers whole through the payment of interest is consistent with the FPAs primary purpose of consumer protection").

Sw. Elec. Power Co., 39 FERC ¶ 61,099, at 61,293.

Midcontinent Indep. Sys. Operator, Inc., 190 FERC ¶ 61,067, separate dissenting statement of Chairman Christie at P 9 (2025). See also, e.g., Potomac Edison Co., 189 FERC ¶ 61,161, separate dissenting statement of Chairman Christie at P 8 (2024) (same).

Treating DCRT's filing as an initial rate filing would limit the Commission's refund authority and shift the burden of proof, thereby exposing customers to potential unjust and unreasonable costs in direct opposition to the main purpose of the FPA.⁴²

Similarly, treating DCRT's filing as an initial rate filing would be contrary to the Commission's policy objectives in Order No. 1000 in opening up transmission development to competition. For example, the Commission explained that Order No. 1000 demonstrated "a reasonable expectation that competition in transmission development may have some beneficial impact on rates."43 As the Commission found, "[f]ederal rules should not prevent consumers from being able to benefit from the full range of advantages that competition can provide, which the preservation of barriers to entry does not allow."⁴⁴ Exposing consumers to potential unjust and unreasonable costs would be contrary to the goal of benefiting consumers through competition in transmission development, such as through the competitive solicitation under the CAISO's transmission planning process that resulted in DCRT being selected to build the Project. However, this beneficial impact on rates cannot be obtained if new transmission projects are awarded to non-incumbent transmission developers or new special purpose entities and those entities can ignore any binding cost containment measures they

With DCRT energizing the Project and turning it over to CAISO Operational Control, California ratepayers have been paying the Transmission Access Charge including DCRT's Base TRR since June 12, 2024.

See Transmission Planning & Cost Allocation by Transmission Owning & Operating Pub. Utils., Order No. 1000-A, 139 FERC ¶ 61,132, at PP 76-90 (2012) ("Order No. 1000-A").

Id. at P 82. See also id. at P 179 ("We also believe, as discussed in Order No. 1000 and herein, that the nonincumbent transmission developer reforms will lead to more competition among developers, which in turn will lead to the identification of more efficient and cost-effective transmission facilities.").

included in their bids (and avoid any APSA or similar contractual cost containment obligations they agreed to) or propose transmission revenue requirements to be reflected in increased independent system operator ("ISO") and regional transmission organization ("RTO") transmission rates that are excessive or reflect the incurrence of costs that were imprudent simply because their rates are initial rates not subject to refund. The end result will be that regional transmission organizations with competitive transmission processes will decline to award projects to any entity that would need to file an initial rate, thus thwarting the Commission's competition goals and depriving ratepayers of the true benefits of competition.

F. The Commission Routinely Treats Transmission Revenue Requirement and Transmission Owner Tariff Filings Submitted by New Participating Transmission Owners in the CAISO as Changed Rate Filings

The Commission routinely treats initial submissions of transmission revenue requirements by a new CAISO Participating TO under a Transmission Owner Tariff as changed rates. Such new Participating TO filings have become common in recent years as the addition of competition to the CAISO transmission planning process has resulted in Approved Project Sponsors like DCRT being selected to build new transmission projects.

For example, in *NEET West*, the applicant, an Approved Project Sponsor selected to build a 230 kV transmission project in the CAISO, filed a proposed return on equity ("ROE") and Transmission Owner Tariff with an initial transmission revenue

requirement under FPA section 205.45 The Commission accepted the NEET West Transmission Owner Tariff, suspended it for a nominal period, and set it for refund.⁴⁶ Under the precedent discussed above, the Commission would not have had the authority to suspend the NEET West Transmission Owner Tariff with an initial transmission revenue requirement if the Commission concluded the NEET West filing was an initial rate filing. The Commission found NEET West's requested base ROE raised issues of material fact and set it for hearing and settlement judge procedures.⁴⁷ The Commission did not initiate an FPA section 206 proceeding in the NEET West case.

Similarly, in a case where Morongo Transmission LLC ("Morongo Transmission") filed a proposed Transmission Owner Tariff establishing an initial transmission revenue requirement, the Commission accepted the Morongo Transmission TO Tariff, suspended it for a nominal period and set it for refund.⁴⁸ In *Morongo* Transmission, the Commission did not treat Morongo Transmission's filing of an initial TO Tariff as an "initial rate filing" which cannot be suspended. The Commission did not initiate an FPA section 206 proceeding in Morongo Transmission.

Both NEET West and Morongo Transmission led to settlement agreements on an appropriate ROE.

45 NextEra Energy Transmission W., LLC, 154 FERC ¶ 61,009 (2016) ("NEET West"). The applicant, NextEra energy Transmission West, LLC ("NEET West"), also filed a request to recover certain transmission rate incentives pursuant to FPA sections 205 and 219 and Commission Order No. 679.

Id. at P 1 and Ordering Paragraph (C).

⁴⁷ *Id.* at P 96.

Morongo Transmission LLC, 174 FERC ¶ 61,171, at P 1 and Ordering Paragraph (B) (2021) ("Morongo Transmission").

The following is a sampling of other Commission orders where the Commission accepted Transmission Owner Tariff filings establishing an initial transmission revenue requirement, suspended them and set them for hearing and settlement procedures subject to refund:

- DesertLink, LLC, 158 FERC ¶ 62,189 (2017) (delegated letter order initially setting formula to calculate annual transmission revenue requirement for hearing subject to refund);
- DesertLink, LLC, 161 FERC ¶ 61,126 (2017) (subsequent Commission order setting formula to calculate annual transmission revenue requirement for hearing);
- *MidAm. Cent. Ca. Transco, LLC*, 147 FERC ¶ 61,179 (2014);
- *TransCanyon DCR, LLC*, 152 FERC ¶ 61,017 (2015);
- GridLiance W. Transco LLC, 158 FERC ¶ 62,136 (2017) (delegated letter order initially setting formula to calculate annual transmission revenue requirement for hearing subject to refund);
- GridLiance W. Transco LLC, 160 FERC ¶ 61,003 (2017) (subsequent Commission order setting formula to calculate annual transmission revenue requirement for hearing); and
- StarTrans IO, L.L.C., 122 FERC ¶ 61,306 (2008). 49
 Many of these initial Transmission Owner Tariff and transmission revenue
 requirement proceedings result in settlements. An older proceeding highlights how
 Transmission Owner Tariff filings with initial transmission revenue requirements are
 treated in a case that went to a full hearing, initial decision, and Commission order on that

initial decision. In 2004, the CAISO selected Trans-Elect Inc. ("Trans-Elect"), together

DCRT and Startrans IO, L.L.C. are both indirectly owned by common parent companies, Lotus Infrastructure, LLC, and Starwood Energy Group Global, L.L.C. *See Beaver Falls, L.L.C., et al.*, Notice of Non-Material Change in Status, Docket No. ER15-1456-000, at 3 (Apr. 22, 2024); *Marco DM Holdings, L.L.C.*, Triennial Market Power Update for the Southwest Power Pool Region, Docket No. ER18-920-009, at 3-4, n.8 (Dec. 23, 2021).

with Pacific Gas and Electric Company ("PG&E"), to build an 83-mile, 500 kV transmission line within the Path 15 transmission corridor to relieve capacity constraints in California, and make related modifications to two PG&E substations ("Path 15 Project").⁵⁰ In January 2003, Trans-Elect had become a Participating Transmission Owner in the CAISO.⁵¹

On October 4, 2004, the Commission received Trans-Elect's transmission revenue requirement and TO Tariff filing ("Path 15 Filing"), which it treated as a changed rate pursuant to section 205 of the FPA and section 35.13 of the Commission's regulations. ⁵² The Commission: (1) found that the Path 15 Filing had not been shown to be just and reasonable; ⁵³ (2) found that the transmission revenue requirement and Transmission Owner Tariff filing raised issues of material fact that could not be resolved based on the record before it and were more appropriately addressed in hearing and settlement judge procedures; ⁵⁴ (3) suspended the rate for a nominal period to make it effective upon commencement of commercial operation of the Path 15 Project, subject to refund; ⁵⁵ and (4) established a hearing to be held in abeyance to provide time for settlement judge

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Trans-Elect NTD Path 15, LLC, 109 FERC \P 61,249, at P 2 (2004) ("Trans-Elect Order").

⁵¹ See Cal. Indep. Sys. Operator Corp., Commission Letter Order, Docket No. ER03-1217-000 (Oct. 14, 2003).

Trans-Elect Order at P 6 (citing 18 C.F.R. § 35.13 (2004) and Ordering Paragraph (B)).

⁵³ *Id.* at P 31.

⁵⁴ *Id.* at P 30.

⁵⁵ *Id.* at P 31.

procedures.⁵⁶ The Commission did not establish an FPA section 206 proceeding for the Path 15 Filing.

The Commission maintained that the burden of proof rested with the applicant, Trans-Elect, in its Order on Initial Decision and Order Denying Rehearing.⁵⁷ The Commission ultimately required refunds over a period longer than the 15-month period for which refunds can be awarded under section 206 of the FPA.⁵⁸ The CAISO respectfully submits the Trans-Elect proceeding can serve as a model for Your Honor's findings on the issues addressed in this Brief.

The CAISO acknowledges there are a small number of cases involving initial Transmission Owner Tariff filings with transmission revenue requirement submissions in which the Commission has treated the filing as an "initial rate filing." As explained above, these cases are exceptions to the Commission's routine practice in treating such filings by new Participating Transmission Owners. Notably, however, in each of these outlier cases, the Commission: (1) found that the rate in question was an initial rate; (2) accepted the rate without suspension; and (3) explicitly initiated a section 206

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⁵⁶ *Id.* at P 32.

Trans-Elect NTD Path 15, LLC, Order on Initial Decision, 117 FERC ¶ 61,214, at P 58 (2006); Trans-Elect NTD Path 15, LLC, Order Denying Rehearing, 119 FERC ¶ 61,093, at P 16 (2007).

The Commission approved a refund period for charges that would have been assessed from December 22, 2004 through March 31, 2007. *See Trans-Elect NTD Path 15, LLC*, Refund Report, Docket No. ER05-17-009 (Sep. 27, 2007); *Atl. Path 15, LLC*, Docket No. ER05-17-009 (Commission letter order accepting Refund Report, Dec. 13, 2007).

⁵⁹ See, e.g., Trans Bay Cable, LLC, 132 FERC ¶ 61,083, at PP 25-28 (2010); Citizens S-Line Transmission LLC, 178 FERC ¶ 61,067, at P 28.

proceeding, consistent with the requirements of FPA section 206(b). The Commission has done none of these things in the DCRT orders in these consolidated proceedings.

G. There Is No Legal Basis to Modify the Commission's DCRT Orders at This Time or Correct Any Claimed Legal Errors in Those Orders

Any finding by Your Honor that the DCRT TO Tariff/Base TRR Filing is an initial rate filing and that the Commission should have initiated (or implicitly did initiate) a proceeding under FPA section 206 in this case would by necessity be a finding that the Commission made the following legal errors:

- The Commission erred in suspending and setting for refund an initial rate filing, as the Commission repeatedly stated it was doing in September 2023 Hearing Order;
- The Commission erred by failing to establish a refund effective date for the FPA section 206 proceeding; and
- The Commission erred by failing to publish notice of its intention to initiate such a section 206 proceeding.

To the extent Your Honor might consider a finding that the DCRT TO Tariff/Base TRR Filing is an initial rate and that the Commission did not initiate a section 206 proceeding, it arguably would have been legal error for the Commission to order any hearing at all.

It is possible some participant in this proceeding may now believe the orders issued in these consolidated proceedings – the September 2023 Hearing Order in particular – contain such errors and that the Commission should have: (1) accepted the DCRT TO Tariff/Base TRR Filing without suspension and (2) initiated an FPA section 206 proceeding and established a refund effective date. The time for a participant to seek corrections of such claimed errors and modifications or to seek rehearing of the Commission's orders has long since passed. By statute, all requests for rehearing for

rehearing of Commission orders under the FPA are due within 30 days of the issuance of the orders. If no party requests rehearing within 30 days of the issuance of a Commission order under the FPA, that order becomes final and non-appealable. No party requested rehearing of the September 2023 Hearing Order.

The CAISO also respectfully submits that Your Honor does not have authority to correct claimed errors in the Commission's orders in these consolidated proceedings or apply those orders in a manner inconsistent with the express language in the orders. If Your Honor were to do so on the basis of a participant's brief, Your Honor would be doing something the Commission does not have legal authority to do – modifying a Commission order or correcting claimed legal errors based on an out-of-time rehearing request. Correcting errors in Commission orders or modifying those orders would also be beyond the scope of the issues set for hearing in these proceedings.

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⁶⁰ 16 U.S.C. § 8251(a)

See, e.g., La. Pub. Serv. Comm'n v. Entergy Corp., 162 FERC ¶ 61,234, at P 149 (2018) ("Accordingly, we find that the Presiding Judge correctly found that the Louisiana Commission failed to take the critical step of seeking rehearing of the 2012 Rehearing Order. The 2012 Rehearing Order is the final order in that docket and is no longer subject to judicial review."); Old Dominion Elec. Coop. v. Pub. Serv. Elec. & Gas Co., 105 FERC ¶ 61,094, at P 17 (2003) (finding that "[b]ecause ODEC did not seek rehearing of the Complaint Order, that order became final and non-appealable 30 days following its issuance"); CNG Transmission Corp., 86 FERC ¶ 61,013, at 61,030 (1999) ("Since no parties have filed a request for rehearing of that order, it is final and non-appealable.").

H. DCRT Bears the Burden of Proof in These Proceedings

For all the reasons set forth above, Your Honor should find the Commission established these proceedings to consider the justness and reasonableness of the DCRT TO Tariff/Base TRR Filing as a changed rate filing under section 205 of the FPA. In a case under section 205 of the FPA, the public utility making the section 205 filing bears the burden of proof.⁶² In this case, DCRT is the utility that has made the applicable section 205 filings and therefore bears the burden of proof.

Whatever ruling Your Honor makes on the general burden of the proof in this proceeding, Your Honor's findings should not prejudge the burden of proof on individual issues in this proceeding such as force majeure or prudence.

I. Whichever Party Bears the Burden of Proof in These Proceedings Should Have the Right to Submit Final Rebuttal Testimony

In recognition of equitable considerations, the party bearing the burden of proof in Commission proceedings has the right to submit the last round of testimony.⁶³ Your Honor should find that the party having the burden of proof in this proceeding will submit the final round of testimony prior to hearings in these proceedings. As explained above, the CAISO believes DCRT has the burden of proof and should have this right. If

⁶² See, e.g., Sw. Power Pool, Inc., 182 FERC ¶ 61,014, at PP 21-22 (2023); Nw. Corp., 155 FERC ¶ 61,158, at P 29 (2016).

See, e.g., BP Pipelines (Alaska) Inc., 146 FERC ¶ 63,019, at P 114 (2014), aff'd in relevant part, Opinion No. 544, 153 FERC ¶ 61,233 (2015) (finding "the party with the burden of proof has the customary right of final rebuttal") (internal quotation marks omitted); Nw. Corp., 140 FERC ¶ 63,023, at P 79 (2012), aff'd, Opinion No. 530, 147 FERC ¶ 61,049 (2014) ("Finally, as a matter of fairness, NorthWestern has taken for itself the customary rights of the party with the burden of proof, such as the right to file rebuttal testimony.").

Your Honor finds that the intervenors including the CAISO have the burden of proof, they should have the right to submit the final round of testimony in this proceeding.

III. CONCLUSION

Wherefore, for the foregoing reasons, the CAISO respectfully requests Your Honor find: (1) the Commission has not found that the DCRT TO Tariff/Base TRR Filing is an "initial rate filing;" (2) the Commission has accepted the DCRT TO Tariff/Base TRR Filing and suspended the filing for a nominal period subject to refund and to the outcome of hearing and settlement judge procedures as a filing under section 205 of the FPA; (3) the Commission has not initiated a proceeding under section 206 of the FPA concerning the DCRT TO Tariff/Base TRR Filing; (4) in the section 205 proceeding set for hearing DCRT has the burden of proof; and (5) whichever participant or participants have the burden of proof will submit final rebuttal testimony.

Respectfully submitted,

/s/ Sean A. Atkins
Sean A. Atkins
Samin Peirovi
Davis Wright Tremaine LLP
1301 K Street, NW
Suite 500 East
Washington, DC 20005

Anthony J. Ivancovich
Deputy General Counsel, Regulatory
Sarah Kozal
Senior Counsel
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attorneys for the California Independent System Operator Corporation

May 15, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 15th day of May, 2025.

/s/ Deiman Flores
Deiman Flores
Davis Wright Tremaine LLP
1301 K Street NW
Suite 500 East
Washington, DC 20005