

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

Potomac-Appalachian Transmission Highline, LLC))))	Docket Nos. ER08-386-000 ER09-1256-000
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**MOTION FOR LEAVE TO ANSWER AND ANSWER OF POTOMAC-APPALACHIAN
TRANSMISSION HIGHLINE TO RESPONSE
OF KERYN NEWMAN AND ALISON**

Potomac-Appalachian Transmission Highline, LLC, (“PATH LLC”) and its operating company subsidiaries, PATH Allegheny Transmission Company, LLC (“PATH Allegheny”) and PATH West Virginia Transmission Company, LLC (“PATH West Virginia”), (collectively, “PATH”) respectfully submit this *Motion for Leave to Answer and Answer to the Response of Keryn Newman and Alison Haverty*, which is a limited answer to certain factual misstatements contained in the response of Ms. Newman and Ms. Haverty filed on January 23, 2012 (“Challengers’ Response”).¹

Challengers’ Response contains erroneous statements concerning PATH’s corrections to Rate Year 2010 Annual Update, and PATH requests leave to answer to the extent necessary to clarify the facts and assist the Commission’s decision-making process. While the Commission’s regulations do not authorize answers to answers, the Commission may, for good cause, waive its regulations as it determines appropriate.² The Commission has found good cause to allow an answer to an answer where doing so would not delay the proceeding, would assist the Commission in understanding the issues raised, and would ensure a complete record on which

¹ Ms. Haverty and Ms. Newman filed a Formal Challenge to PATH’s Rate Year 2010 Annual Update on December 23, 2011 (“Formal Challenge”), and PATH filed an answer on January 12, 2012 (“PATH Answer”).

² 18 C.F.R. §§ 385.213(a)(2) and 385.101(e) (2011).

the Commission may act.³ PATH requests that the Commission allow PATH's answer because it clarifies the record and will assist the Commission in its decision-making process.

The majority of Challengers' mistatements and factual misapprehensions were addressed in the PATH Answer. The Challengers' latest submission, however, contains two additional erroneous factual statements that PATH would like to respond to, in order to clarify the facts and provide the Commission with a complete factual record.

First, page 10 of the Challengers' Response erroneously states that PATH's rate base correction to Appendix A, Line 29, Account No. 283, of the Formula Rate (shown on page 1 of Exhibit A to the PATH Answer) is contrary to information contained in the FERC Form No. 1. This assertion is incorrect. The correction at issue is to correct an *input* error for PATH West Virginia in the Annual Update, and the corrected balance for Account No. 283 under the PATH West Virginia Formula Rate is consistent with the PATH West Virginia 2010 FERC Form No. 1.⁴

Second, pages 10-11 of the Challengers' Response erroneously states that a PATH correction for Operations & Maintenance ("O &M") (shown in the last line item on page 2 of Exhibit A to the PATH Answer) has the effect of including lobbying costs in PATH West Virginia's revenue requirement for Rate Year 2010. This assertion is also incorrect. Following the Annual Review of PATH's 2009 Rate Year Annual Update, PATH removed \$12,419.94 in expenses from the PATH West Virginia revenue requirement because the expenses had been mistakenly recorded to Account No. 923 or Account No. 930. PATH removed the costs from the 2009 Rate Year revenue requirement in an informational filing submitted to the Commission on December 28, 2010. These corrections were also recorded in PATH West Virginia's books and

³ *Columbia Gulf Transmission Co.*, 119 FERC ¶ 61,268 at P 14 n. 9 (2007).

⁴ See PATH West Virginia 2010 FERC Form No. 1, p. 277, line 9(k).

records when they were discovered, *i.e.*, during the 4th quarter of 2010. PATH West Virginia reduced O&M by \$12,419.94 and increased below-the-line Account No. 426.4 by the same amount on its books. PATH West Virginia’s 2010 FERC Form No. 1 then carried forward these adjustments, *i.e.*, the FERC Form No. 1 balances for recoverable accounts reflected the removal of costs that were already removed from the trued-up revenue requirement for Rate Year 2009. Because the Rate Year 2010 Annual Update used the PATH West Virginia FERC Form No. 1 account balances as inputs, the \$12,419.94 adjustment was being doubled counted – once in Rate Year 2009 per the correction submitted on December 28, 2010 and again in the Rate Year 2010 Annual Update. To offset this double counting, PATH West Virginia increased the O&M balance for 2010 by \$12,419.94 when calculating the revised 2010 True-up Adjustment that was included in the 2012 Projected Transmission Revenue Requirement. This is the correction shown as the last line item on page 2 of Exhibit A to the PATH Answer.

Respectfully submitted,

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