



Organization of PJM States, Inc. (OPSI)

President: **Hon. John R. Rosales**, Commissioner, Illinois CC
Vice President: **Hon. Michael T. Richard**, Commissioner Maryland PSC
Secretary: **Hon. Rachael Eubanks** Commissioner, Michigan PSC
Treasurer: **Hon. Dallas Winslow**, Chairman, Delaware PSC

Members:

*Delaware Public Service Commission • Public Service Commission of District of Columbia • Illinois Commerce Commission
Indiana Utility Regulatory Commission • Kentucky Public Service Commission • Maryland Public Service Commission
Michigan Public Service Commission • New Jersey Board of Public Utilities • North Carolina Utilities Commission
Public Utilities Commission of Ohio • Pennsylvania Public Utility Commission • Tennessee Public Utility Commission
Virginia State Corporation Commission • Public Service Commission of West Virginia.*

December 29, 2017

VIA ELECTRONIC DELIVERY

Chairman Kevin J. McIntyre
Commissioner Cheryl A. LaFleur
Commissioner Neil Chatterjee
Commissioner Robert F. Powelson
Commissioner Richard Glick

Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: Corporate Tax Reduction and Transmission Rates

Dear Chairman and Commissioners:

On December 22, 2017, President Donald Trump signed the *Tax Cuts and Jobs Act*. This Act reduces the corporate tax rate from a maximum of 35% to a flat 21% rate. As a result, many state commissions are considering reviewing the regulated utilities in their individual jurisdictions in order to reflect this cost reduction in retail rates.

Transmission costs are the fastest growing component of a customer's wholesale energy costs. As part of its Regional Transmission Expansion Plan, PJM has approved \$31.2 billion in transmission additions and upgrades since 2000, with close to \$2 billion of that total approved in 2017. PJM's market monitor reports in the 2017 Quarterly State of the Market Report: *January through September* that transmission costs represented 18.1% of the total price per megawatt in PJM, up 15.1% from the comparable period in 2016.

OPSI has unanimously and continuously advanced the need to ensure cost containment in transmission rates which should directly benefit ratepayers. To the extent that the new tax law will provide cost reductions that could and should benefit ratepayers, OPSI views this opportunity with the same critical importance.

Transmission rates are for the most part established based on cost of service regulation. The large reduction in the corporate tax rate effective January 1, 2018, provides an opportunity to reduce rates to customers. While the Commission examines whether the tax changes will impact FERC accounting forms/procedures and how these changes might affect transmission formula rates in PJM, OPSI unanimously supports all efforts by the Commission to flow this cost reduction back to consumers.

Sincerely,

/s/ John R. Rosales

Commissioner John R. Rosales
President
Organization of PJM States, Inc.