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April 15, 2022

**By Electronic Filing**

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**INFORMATIONAL FILING**

**No Commission Action Required**

**Re: Silver Run Electric, LLC, Docket No. ER22-\_\_\_\_-000**  
Informational Filing of 2022 Projected Net Revenue Requirement and 2020 True-Up Adjustment

Dear Secretary Bose:

Pursuant to Section 7 of Attachment H-27B to the PJM Interconnection, L.L.C. (“PJM”) Intra-PJM Tariffs, the Silver Run Electric, LLC (“Silver Run”) Formula Rate Implementation Protocols (“Protocols”), Silver Run hereby submits to the Federal Energy Regulatory Commission (“Commission” or “FERC”) this letter and supporting materials (“Informational Filing”) that reflect Silver Run’s projected net revenue requirement effective January 1, 2022 (“Projection”) and its True-Up Adjustment (“True-up”) for calendar year 2020 calculated as part Silver Run’s Annual Update (“Annual Update”).<sup>1</sup> The Projection is based on projected cost data for calendar year 2022 and the True-Up is based on actual cost data during Calendar year 2020 reported in Silver Run’s 2020 FERC Form No. 1. Both the Projection and True-up are calculated pursuant to the Commission-approved formula rate template (“Formula Rate Template”) contained in Attachment H-27A of the Intra-PJM Tariff. This filing is for informational purposes only.

**I. BACKGROUND**

Silver Run is a transmission-only company established to develop, own, and operate transmission facilities within the PJM administered region, including the Artificial Island Project (“the Project”).<sup>2</sup>

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<sup>1</sup> Terms consistent with the definitions used in Silver Run’s Protocols.

<sup>2</sup> In 2013, PJM selected, through an open proposal window, Northeast Transmission Development, LLC’s (“Northeast Transmission”) proposal to improve operational performance and reliability in the Artificial Island area. In 2018, Northeast Transmission merged with Silver Run. The Commission accepted Silver Run’s Notice of Succession and corresponding changes to the PJM Open Access Transmission Tariff (“PJM OATT”). *PJM Interconnection, L.L.C.*, Docket No. ER18-1983-000 (Aug. 24, 2018)(delegated letter order).

Silver Run is organized under the laws of the state of Delaware. Silver Run’s annual transmission revenue requirement is determined in accordance with its Formula Rate, which was ultimately accepted by the Commission in Docket No. ER16-453.<sup>3</sup> Silver Run’s Formula Rate includes the Formula Rate Template and Protocols. The Project, which is the first transmission asset owned by Silver Run, commenced operations on April 28, 2020.

## II. INFORMATIONAL FILING

Consistent with Section 7(b) of Silver Run’s Protocols, this Informational Filing includes information reasonably necessary to demonstrate: (i) that input data under the formula rate are properly recorded in any underlying workpapers; (ii) that Silver Run has properly applied the formula rate and these procedures; (iii) the accuracy of data and the consistency with the formula rate of the Net Revenue Requirement and rates under review; (iv) the extent of Accounting Changes that affect Formula Rate inputs; and (v) the reasonableness of projected costs.

In addition, Silver Run is required to include affiliate cost allocation methodologies used to allocate costs during the applicable rate year, the magnitude of such costs, and service agreements executed between Silver Run and any of its affiliates for the applicable rate year. The Informational Filing must also describe any corrections or adjustments made during that period, and must describe all aspects of the Annual Update or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures.

Silver Run’s 2022 rate year projection was based on forward-looking information, data, and reasonable assumptions related to its operations and Silver Run considered the affiliate cost allocation methodologies in the development of its 2022 rate year projection. Actual costs allocated or directly assigned between Silver Run and each affiliate by service category or function for the 2020 rate year were provided the Accounting Changes and Disclosures document as part of the Annual Update. In this Informational Filing, Silver Run is including its cost allocation manual which details the affiliate cost allocation methodologies used to allocate or directly assign costs to, from, and amongst Silver Run and

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<sup>3</sup> See *PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,097 (2016) (“April 26 Order”) (accepting and suspending Formula Rate, subject to refund); *PJM Interconnection, L.L.C.*, 157 FERC ¶ 61,107 (2016) (“Settlement Order”) (approving settlement agreement regarding Silver Run’s return on equity). The Commission accepted subsequent compliance filings related to the April 26 Order and Settlement Order. See *PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,060 (2017); *PJM Interconnection, L.L.C.*, 158 FERC ¶ 61,091 (2017); *Northeast Transmission Development, LLC*, Docket No. ER16-453-006 (Apr. 6, 2017) (delegated letter order); *PJM Interconnection, L.L.C.*, Docket No. ER16-453-007 (June 16, 2017) (delegated letter order).

On March 25, 2020, Silver Run submitted under Section 205 of the Federal Power Act modifications to its Formula Rate and Protocols. *Silver Run Electric, LLC*, Transmittal, filed in Docket No. ER20-1387-000 on March 25, 2020. The revisions to Silver Run’s Formula Rate were intended to address minor and discrete issues while the modifications to the posting requirements contained in the Protocols were to ensure that the Protocols conform to the practices of PJM. *Id.* at 1. The changes were accepted by delegated letter order on May 12, 2020.

its affiliates. Silver Run is also including a copy of the management services agreement with LSP Electric Services, LLC, effective April 24, 2020.

Interested Parties had until January 1, 2022, to submit information requests to Silver Run and until March 1, 2022, to review the calculations and to notify Silver Run of any informal challenges to the Annual Update and Projection. Silver Run received no information requests and no corrections or adjustments have been made during the information exchange or informal challenge process. No aspects of the formula rate and its inputs are subject to an ongoing dispute under the informal or formal challenge procedures.

Silver Run is including the following documents in this Informational Filing:

- Attachment A Populated Formula Rate Template calculating actual net revenue requirement and True-up Adjustment for rate year 2020 effective January 1, 2020 through December 31, 2020, in Excel format. Workpapers are included to support input values that are not available in Silver Run’s 2020 FERC Form No. 1.
- Attachment B Accounting Changes and Disclosures document published with the True-Up on July 1, 2021, and Revised Explanation of Variances document published August 13, 2021.
- Attachment C Populated Formula Rate Template calculating projected net revenue requirement for rate year 2022 effective January 1, 2022 through December 31, 2022, in Excel format. Workpapers are included to support the reasonableness of projected costs.
- Attachment D Accounting Changes and Disclosures document published with the Projection on October 1, 2021.
- Attachment E Cost Allocation Manual dated April 8, 2020.
- Attachment F Management Services Agreement dated April 24, 2020.

As part of the implementation of its Formula Rate, Silver Run’s Protocols specify annual activities and associated deadlines. The following table summarizes compliance with these requirements

| <b>Date Due</b>                 | <b>Activity</b>  | <b>Date Completed</b> |
|---------------------------------|--|-----------------------|
| July 1, 2021                    | Annual Update: Calculate True-up and provide, along with supporting materials, to PJM for posting and distribution.* | July 1, 2021          |
| July 30, 2021 – August 13, 2021 | Hold stakeholder meeting on Annual Update.   | August 13, 2021       |

| <b>Date Due</b>                      | <b>Activity</b>   | <b>Date Completed</b> |
|--------------------------------------|---|-----------------------|
| October 1, 2021                      | Calculate Projection and provide, along with supporting materials, to PJM for posting and distribution. | October 1, 2021       |
| October 29, 2021 – November 12, 2021 | Hold stakeholder meeting on Projection.   | October 22, 2021      |

\*\* Silver Run became aware of an error in the Explanation of Variances document included as part of the Annual Update package posted on the PJM website. On August 13, 2021, PJM posted a corrected version of this document.

### **III. CONCLUSION**

Silver Run’s Informational Filing has been prepared consistent with the Protocols. Silver Run is not requesting Commission action as part of this filing. Please contact the undersigned with any questions regarding this submission.

Respectfully submitted,

/s/ D. Eric Arzola

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