UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Participating Transmission Owners Administrative Committee	))))	**Docket No. ER26-2389-000**

PAPER HEARING REPLY BRIEF OF THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY

Pursuant to the Federal Energy Regulatory Commission's ("FERC" or "Commission") June 29, 2026 Order Accepting and Suspending Tariff Revisions, and Establishing Paper Hearing Procedures (the "Order"),[1] the New England States Committee on Electricity ("NESCOE") submits the following Reply Brief. As discussed at greater length below, NESCOE agrees with FERC Trial Staff ("Trial Staff") and intervenors that the Participating Transmission Owners Administrative Committee's (the "PTOAC") requested regional base return on equity ("ROE") of 11.39 percent is not just and reasonable and agrees that a regional base ROE in the range of Trial Staff and intervenors' recommendations would be just and reasonable.

I. DESCRIPTION OF COMMENTER

NESCOE is the Regional State Committee ("RSC") for New England. It is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff that ISO-NE

---

1 *Eversource Energy et. al*., 195 FERC ¶ 61,258 (June 29, 2026).

administers.[2] NESCOE's mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest possible price over the long term, consistent with maintaining reliable service and environmental quality.[3] This Reply Brief represents the collective view of the six New England states.

II. BACKGROUND

On April 30, 2026, the PTOAC made the instant filing pursuant to Section 205 of the Federal Power Act ("Section 205") on behalf of the New England Transmission Owners ("NETOs"). By its filing, the PTOAC seeks to increase the base ROE for NETOs to 11.39 percent. The PTOAC's filing was made shortly after significant Commission action on the NETOs' ROE. Specifically, on March 19, 2026, the Commission issued Opinion No. 594,[4] which found that the NETOs' base ROE was unjust and unreasonable and set the allowed base ROE at 9.57 percent. In addition, Opinion No. 594 directed the NETOs and ISO-NE to calculate and provide refunds for two distinct periods: (1) from October 1, 2011, through December 31, 2012, based on the statutory 15-month refund period provided for in Section 206(b) of the Federal Power Act; and (2) from October 16, 2014, through March 19, 2026, based on the Commission's broad remedial authority to correct legal error, directing that the NETOs provide

---

2 *ISO New England Inc.*, 121 FERC ¶ 61,105 (2007).

3 *See* Sept. 8, 2006 NESCOE Term Sheet that was filed for information as Exhibit A to the Memorandum of Understanding among ISO-NE, the New England Power Pool ("NEPOOL"), and NESCOE (the "NESCOE MOU"). Informational Filing of the New England States Committee on Electricity, Docket No. ER07-1324-000 (filed Nov. 21, 2007). Pursuant to the NESCOE MOU, the Term Sheet is the binding obligation of ISO-NE, NEPOOL, and NESCOE.

4 *See Coakley v. Bangor Hydro-Elec. Co.*, Opinion No. 594, 194 FERC ¶ 61,208 (Mar. 19, 2026) ("Opinion No. 594") (subsequent history omitted).

refunds for the difference between the 9.57 percent base ROE, effective prospectively from October 16, 2014, and the 10.57 percent ROE that has been in place since that date.[5] The Commission's initial directive required the NETOs to complete all associated refunds within 30 days.[6] However, on April 14, 2026, the Commission issued an order extending the deadline for the NETOs to complete refunds to May 20, 2027.[7]

Subsequent to the PTOAC making its Section 205 filing, several parties intervened in this matter, including many parties who had previously been participants in the Commission proceedings preceding Opinion No. 594. On May 21, 2026, several intervenors, including NESCOE, filed protests. The intervenors' protests identified several objections to the NETOs' request for an 11.39 percent base ROE and identified several issues with the testimony supporting the NETOs' request.

On June 29, 2026, the Commission issued the Order, which accepting and suspending the NETOs' tariff revisions and established paper hearing procedures.[8] In the Order, the Commission stated that "Our preliminary analysis indicates that PTOAC's proposed 11.39% ROE has not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful."[9] The Commission suspended the

---

[5] Opinion No. 594 at PP 41, 468, 474–76.

[6] *See id*. at Ordering Paragraphs (B) and (C).

[7] *Coakley v. Bangor Hydro-Elec. Co*., Notice of Extension of Time, Docket No. EL11-66-001 (issued Apr. 14, 2026).

[8] Order, at 1.

[9] *Id.* at P 48.

proposed rates for an additional five months, the maximum suspension allowed under the Federal Power Act.[10]

In addition, the Commission set forth paper hearing procedures for this matter.[11] Under these paper hearing procedures, initial briefs and supporting evidence were due on August 28, 2026; responses to initial briefs are due on September 28, 2026; and rates are scheduled to go into effect on November 30, 2026.[12] On August 28, 2026, the PTOAC filed its initial brief along with several intervenors and Trial Staff.

III. NESCOE'S ANSWER IN REPLY

NESCOE agrees with intervenors and Trial Staff that the PTOAC's requested base ROE of 11.39 percent is grossly overstated and would not result in just and reasonable rates. The PTOAC bears the burden to justify that its proposed rate is just and reasonable.[13] Under *Hope* and *Bluefield,* the Commission must set a rate of return on equity that is both "commensurate with returns on investments in other enterprises having corresponding risks…. [and] sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital."[14] Under the Federal Power Act, fixing "just and reasonable" rates requires that

---

10 *Compare* Order, at P 48 *with* 16 U.S.C. § 824d(e).

11 Order, at P 48.

12 *Id.*

13 16 U.S.C. § 824d(e).

14 *Federal Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944); *see also Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n*, 262 U.S. 679, 693 (1923) ("The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and

the Commission balance both investor and consumer interests.[15] In addition, "[a]n order cannot be justified simply by a showing that each of the choices underlying it was reasonable; those choices must still add up to a reasonable result."[16] Importantly, the fact that a particular rate is within the "zone of reasonableness" that the Commission creates through review and analysis of financial models does not mean that that "rate is *the* just and reasonable rate for the utility at issue."[17]

Here, the PTOAC has failed to meet its burden to prove that its requested 11.39 percent regional base ROE is just and reasonable. Although the PTOAC claims that its supporting witness "properly applied the Commission's revised ROE methodology"[18] in developing his recommendation, Trial Staff and intervenors have in fact identified several significant issues with his analysis. These significant issues include, but are not limited to, the PTOAC witness's (1) use of Value Line Betas even though the Commission has held that Bloomberg Betas are

---

support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.").

15 *Hope*, 320 U.S. at 603.

16 *Jersey Cent. Power & Light Co. v. Fed. Energ. Reg. Comm'n*, 810 F.2d 1168, 1178 (D.C. Cir. 1987).

17 *Emera Maine v. FERC*, 854 F.3d 9, 23 (D.C. Cir. 2017) (emphasis in original).

18 Initial Paper Hearing Brief of the New England Transmission Owners, at 11.

preferable,[19] (2) improper inclusion and exclusion of certain members of the proxy group,[20] and (3) gross overestimation of the market equity risk premium.[21]

Trial Staff and several intervenors have provided recommendations that differ significantly from the PTOAC's recommended 11.39 percent regional base ROE. Specifically, Trial Staff and intervenors' recommendations are as follows:

Intervenor/Trial Staff	**Recommended ROE**
Acadia Center	9.32%[22]
Consumer Advocates of New England	9.00%[23]
New England Consumer-Owned Systems	9.57%[24]

---

19 *E.g.*, Initial Brief of Trial Staff, at 3–5; Initial Brief of the Consumer Advocates of New England, at 23–25; Initial Brief of the Connecticut Public Utilities Regulatory Authority, The Connecticut Department of Energy & Environmental Protection, William Tong, Attorney General for the State of Connecticut, the Maine Public Utilities Commission, and the Massachusetts Department of Public Utilities (the "State Entities' Initial Brief"), at 18–19.

20 *E.g.*, Initial Brief of Trial Staff, at 7–8 (arguing that the PTOAC's witness improperly excluded Fortis Inc. and Eversource Energy and improperly included Hydro One Limited); State Entities' Initial Brief, at 7–8 (arguing that the PTOAC's witness improperly included and excluded several companies, including Fortis Inc., Eversource Energy, and Hydro One Limited); Initial Paper Hearing Brief of the New England Consumer-Owned Systems ("NECOS' Initial Brief"), at 14–16 (providing expert testimony that constructs a proxy group that includes Fortis Corporation and Eversource Energy).

21 *See* Initial Brief of the Consumer Advocates of New England, at 25–29; State Entities' Initial Brief, at 17–18; NECOS' Initial Brief, at 7–10; Initial Paper Hearing Brief of Massachusetts Municipal Wholesale Electric Company and New Hampshire Electric Cooperative, Inc. ("Public Systems' Initial Brief"), at 26–28.

22 Initial Paper Hearing Brief of Acadia Center, at 3, 19.

23 Initial Brief of the Consumer Advocates of New England, at 7.

24 Initial Brief of New England Consumer-Owned Systems, Exh. No. NEC-005, at ¶ 25 (testifying that the Commission's 9.57 percent base ROE continues to be just and reasonable and recommending that the Commission cap the total ROE at 10.46 percent (including any and all incentives)).

Public Systems	9.79%[25]
State Entities	9.65%[26]
Trial Staff	9.86%[27]

NESCOE agrees with intervenors and Trial Staff that a regional base ROE within the range suggested by the above recommendations (i.e., 9.00% to 9.86%) would be just and reasonable and that the PTOAC's requested 11.39 percent regional base ROE would not be. Indeed, the range of the above-recommended ROEs strongly suggests that the existing regional base ROE of 9.57 percent continues to be just and reasonable. For these reasons, NESCOE generally supports Trial Staff and the intervenors' positions in their initial briefs and opposes the PTOAC's position in its initial brief.

[25] Public Systems' Initial Brief, at 2, 28.

[26] State Entities' Initial Brief, at 1, 21.

[27] Initial Brief of Trial Staff, at 8.

IV. CONCLUSION

NESCOE respectfully requests that the Commission reject the PTOAC's request for an 11.39 percent regional base ROE.

Respectfully Submitted,

On behalf of NESCOE:

/s/ Nathan Forster

Nathan Forster
General Counsel
New England States Committee on Electricity
P.O. Box 322
Osterville, MA 02655
Tel: (617) 431-0462
Email: nathanforster@nescoe.com

/s/ Shannon Beale

Shannon Beale
Assistant General Counsel
New England States Committee on Electricity
P.O. Box 322
Osterville, MA 02655
Tel: (617) 400-9000
Email: shannonbeale@nescoe.com

Attorneys for the New England States Committee on Electricity

Date: September 28, 2026

CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Osterville, Massachusetts this 28th day of September 2026.

/s/ *Nathan Forster*
Nathan Forster, General Counsel
Shannon Beale, Assistant General Counsel
New England States Committee on Electricity
P.O. Box 322
Osterville, MA 02655
Tel: (617) 431-0462
Email: nathanforster@nescoe.com
Email: shannonbeale@nescoe.com