



December 29, 2023

Kimberly D. Bose
Debbie-Anne Reese
Office of the Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

**Re: Horizon West Transmission LLC, Docket No. ER24- -000
Transmission Revenue Balancing Account Adjustment 2024 Annual Update**

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act (“FPA”) and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) regulations, Horizon West Transmission LLC (“Horizon West”) submits for filing revisions to Appendix I of its Transmission Owner Tariff (“TO Tariff”) to reflect the 2024 Annual Update of its Transmission Revenue Balancing Account Adjustment (“TRBAA”). The TRBAA is used by the California Independent System Operator Corporation (“CAISO”) in calculating its Transmission Access Charges (“TAC”) for the 2024 Rate Year. Horizon West requests any necessary waivers by the Commission to allow this filing to become effective as of January 1, 2024.

I. BACKGROUND

The TRBAA is a ratemaking mechanism set forth in Section 5.4 of the Horizon West Tariff that ensures each participating transmission owner that all transmission revenue credits (“TRCs”) and adjustments for any over- or under-recovery of its annual transmission revenue requirement (“TRR”), specified in Sections 6 and 8 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to transmission customers.¹

The TRBAA is provided to the CAISO along with Horizon West’s TRR to develop appropriate charges under the CAISO Tariff. The TRBAA is recalculated annually consistent with the CAISO Tariff. Appendix F, Schedule 3, Section 8.1 of the CAISO Tariff provides that the revised TRBAA shall be effective January 1 of each year based on the balance in the Transmission Revenue Balancing Account (“TRBA”) as of September 30 of the prior year and a forecast of the TRCs for the next year.

¹ See Horizon West Tariff, Section 5.4.

Kimberly D. Bose
December 29, 2023
Page 2

II. TRBAA ANNUAL UPDATE

As documented in the Prepared Direct Testimony of Stephanie Castaneda (attached hereto as Exhibit No. HWT-001) and the supporting workpapers, Horizon West's revised High Voltage TRBAA for 2024 is (\$806,993). Horizon West's Base TRR is determined pursuant to its formula rate in Appendix III of its TO Tariff, which is updated annually and posted to Horizon West's corporate website. The TRBAA is the sum of the balance existing in the TRBA as of September 30, 2023, a good faith estimate of the TRCs that Horizon West will receive during 2024, as well as interest associated with the current balance, calculated pursuant to the Commission's regulations and the CAISO Tariff.

III. CONTENTS OF FILING

In support of this filing, Trans Bay has attached the following documents:

- Attachment A: Clean and redlined copies of Horizon West's revised Appendix I to its TO Tariff;
- Exhibit No. HWT-001: Prepared Direct Testimony of Stephanie Castaneda;
- Exhibit No. HWT-002: 2023 Base TRR; and
- Exhibit No. HWT-003: Calculation of TRBAA Balance.

IV. EFFECTIVE DATE

To the extent required, Horizon West requests a waiver of the sixty (60) day notice requirement, and any other waivers, as necessary to allow the TRBAA to become effective January 1, 2024. Granting this waiver is appropriate because the currently effective Horizon West TO Tariff and CAISO Tariff specify that Horizon West will update its TRBAA effective January 1 of each year. Accordingly, a waiver is consistent with Commission policy.²

V. COMMUNICATIONS

Horizon West requests that all correspondences and communications with respect to this filing be sent to the following:

Kelsey Bagot
Senior Attorney
NextEra Energy, Inc.
801 Pennsylvania Ave., NW – Suite 220
Washington, DC 20004
(202) 349-3349
kelsey.bagot@nexteraenergy.com

² See *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992); see also *San Diego Gas & Elec. Co.*, 122 FERC ¶ 61,230 (2008) (granting waiver of prior notice requirements for San Diego Gas & Electric Company's 2008 TRBAA revision); *City of Vernon, Cal.*, Letter Order, Docket No. EL09-15 (2009) (granting waiver of prior notice requirements for City of Vernon's 2009 TRBAA revision).

Kimberly D. Bose
December 29, 2023
Page 3

VI. CONCLUSION

Horizon West respectfully requests that the Commission accept the revised TRBAA to be effective January 1, 2024.

Respectfully submitted,

/s/ Kelsey Bagot

Kelsey Bagot

Senior Attorney

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801 Pennsylvania Ave., NW – Suite 220

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Counsel for Horizon West Transmission LLC

APPENDIX I

Transmission Revenue Requirement and TRBAA

The Horizon West Transmission Revenue Requirement shall be determined pursuant to the formula rate in Appendix III of this TO Tariff. The Regional Transmission Revenue Requirement and the Local Transmission Revenue Requirement shall be determined annually on Lines 10 and 11, respectively, of Appendix III, Attachment 4 of this TO Tariff, and provided to the CAISO.

1. The Regional Transmission Revenue Requirement is \$~~37,384,443,27,444,161~~, and the Local Transmission Revenue requirement is \$0 for the twelve month period effective January 1, 202~~4~~³, as computed in accordance with the formula rate in Appendix III of this TO Tariff.
2. The Regional TRBAA is negative \$~~06,993,94,089~~, and the Local TRBAA is \$0 for the twelve month period effective January 1, 202~~4~~³, as computed in accordance with Section 5.4 of this TO Tariff and the CAISO Tariff.
3. The Regional TRBAA and Local TRBAA will be recalculated annually consistent with the CAISO Tariff, approved by the FERC, and provided to the CAISO.

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3. The Regional TRBAA and Local TRBAA will be recalculated annually consistent with the CAISO Tariff, approved by the FERC, and provided to the CAISO.

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

Horizon West Transmission LLC

Docket No. ER23-____-000

**Prepared Direct Testimony of Stephanie Castaneda
on Behalf of
Horizon West Transmission LLC**

1 **I. INTRODUCTION**

2 **Q PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

3 A My name is Stephanie Castaneda, Executive Director of Finance of NextEra Energy
4 Transmission (“NEET” or the “Company”) and my business address is 700 Universe
5 Boulevard, Juno Beach, Florida, 33408.

6 **Q PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.**

7 A A I graduated from Florida Atlantic University in 2003 with a Bachelor of Arts in
8 Accounting and earned a Master of Business degree from Florida Atlantic University
9 in 2012. Beginning in 2002, I was employed by McGladrey & Pullen, LLP as an
10 external auditor and joined NextEra Energy in 2007. During my tenure at NextEra
11 Energy, I have held various business management, accounting, and regulatory
12 positions. I am a Certified Public Accountant licensed in the State of Florida.

13 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

14 A The purpose of my testimony in this filing is to explain and support Horizon West
15 Transmission LLC’s (“Horizon West”) Transmission Revenue Balancing Account
16 Adjustment (“TRBAA”), proposed to be effective January 1, 2024.

17 **Q HAVE YOU TESTIFIED ON THESE MATTERS BEFORE?**

1 A Yes.

2 **Q ARE YOU SPONSORING ANY EXHIBITS IN SUPPORT OF YOUR DIRECT**
3 **TESTIMONY?**

4 A Yes. In addition to my Prepared Direct Testimony, I am sponsoring Exhibit Nos.
5 HWT-001 (Transmission Revenue Requirement) and HWT-002 (Transmission
6 Revenue Balancing Account (HVAC).

7 **II. BACKGROUND**

8 **Q WHAT IS THE TRBAA?**

9 A The TRBAA is a mechanism set forth in Section 5.4 of Horizon West’s Transmission
10 Owner Tariff (“TO Tariff”), which ensures that all Transmission Revenue Credits
11 (“TRCs”) and other credits specified in Section 6 and 8 of Appendix F, Schedule 3 of
12 the California Independent System Operator, Inc. (“CAISO”) Tariff flow through to
13 transmission customers. In other words, the TRBAA is designed to ensure that a
14 Participating Transmission Owner (“PTO”) does not receive more or less revenue than
15 its Commission-approved Transmission Revenue Requirement (“TRR”) for each year.

16 **Q HOW DOES THE TRBAA MECHANISM OPERATE?**

17 A PTOs a required to file an annual TRBAA with an effective date of January 1 that
18 reconciles any difference between their projected TRCs and their actual TRCs, and
19 that captures any over- or under-collection of the TRR during the past year, plus
20 interest. In addition, the TRBAA establishes a good faith projection of the PTO’s
21 TRCs for the following calendar year. Under its TO Tariff, Horizon West’s TRBAA
22 is calculated in accordance with the CAISO Tariff, as set forth below:

23 The TRBAA shall be equal to:

24
$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

1 Where:

2 Cr = The principal balance in the Transmission Revenue Balancing
3 Account (“TRBA”) recorded in FERC Account No. 254 as of September 30
4 of the year prior to commencement of the January billing cycle. This
5 balance represents the unamortized balance in the TRBA from the previous
6 period and the difference in the amount of revenues or expenditures from
7 Transmission Revenue Credits and any over- or under-recovery of its
8 annual Transmission Revenue Requirement and the amount of such
9 revenues or expenditures that has been refunded to or collected from
10 customers through operation of the TRBAA;

11 Cf = The forecast of Transmission Revenue Credits, if any, for the following
12 calendar year; and

13 I = The interest balance for the TRBA, which shall be calculated using the
14 interest rate pursuant to Section 35.19(a) of FERC’s regulations under the
15 Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated
16 based on the average TRBA principal balance each month, compounded
17 quarterly.

18 **Q HOW DOES THE TRBAA FACTOR INTO HORIZON WEST’S TRR?**

19 A As described above, Horizon West is required to calculate the TRBAA based on the
20 twelve-month period ending September 30 each year to incorporate TRCs and
21 adjustments for any over- or under-recovery of its TRR. As set forth in Appendix I of
22 Horizon West’s TO Tariff, the TRR for Horizon West is the sum of the Base
23 Transmission Revenue Requirement (“Base TRR”) and the TRBAA. The Base TRR
24 is determined pursuant to the Commission-approved formula rate in Appendix III of
25 the TO Tariff, which is updated annually and posted to Horizon West’s website.

26 **Q IS THE CURRENT TRBAA CALCULATED IN THE SAME MANNER AS**
27 **PRIOD YEARS?**

28 A Yes. The TRBAA is calculated in the same manner as the TRBAA for the 2023 Rate
29 Year that was filed by Horizon West in 2022.

30 **III. CALCULATION OF THE TRBAA**

1 **Q PLEASE DESCRIBE THE CALCULATION OF THE TRBAA FOR HORIZON**
2 **WEST, TO BE EFFECTIVE JANUARY 1, 2024.**

3 A Exhibit HWT-002 shows the calculation of Horizon West's TRBAA over the period
4 October 1, 2022 to September 30, 2023. Exhibit HWT-002 is a spreadsheet showing
5 the calculation of Horizon West's TRBAA based on its 2023 TRR. Line 1 represents
6 the number of days in the month ("Trade Month"). Line 2 reflects the monthly FERC
7 interest rate in effect during the month. Line 3 shows the TRR in effect during the
8 identified Trade Month. Together, Lines 4 through 9 show the derivation of the
9 TRBAA calculation. Line 4 reflects the annual TRR in effect during the identified
10 Trade Month, prorated by the number of days in that Trade Month. Line 5 reflects the
11 payment received from the CAISO before interest and settlement charges. Line 6
12 shows the interest received (paid) from/to the CAISO. The monthly settlement
13 charges (paid) to the CAISO for collection and billing of Horizon West's
14 Transmission Access Charge is reflected in Line 7. Line 8 equals the total net
15 payment, which is the sum of Lines 5 through 7. Finally, Line 9 represents the total
16 over- or under-collection as the difference between the prorated TRR received
17 monthly (Line 4) and the total net payment received (Line 8). Lines 10 through 12
18 calculate the monthly interest and quarterly compounding of interest. Line 10 shows
19 the average monthly balance of the TRBA. Line 11 reflects the annual interest rate in
20 Line 2 (adjusted to a monthly rate) multiplied with the average monthly balance of
21 the TRBA in Line 10. Line 12 reflects the quarterly compounding of the interest. The
22 TRBA monthly balance is shown in Lines 13 through 16. Line 13 reflects the

1 beginning balance of the TRBA for each month. Line 14 equals the over- or under
2 collection amounts shown in Line 9, and Line 15 adds in the quarterly compounding
3 interest reflected in Line 12. Line 16 represents the total TRBA balance, at the end of
4 each month as the sum of Lines 13 through 15. Line 17 represents the compounding
5 interest related to the July, August, and September 2022 Trade Months from Line 11
6 that was not accounted for in Line 15 as interest is compounded quarterly.

7 The above calculation methodology is consistent with Section 5.4 of the TO Tariff,
8 and results in a final TRBAA of \$806,993. Therefore, the TRBAA to be effective
9 January 1, 2024 is \$806,993.

10 **Q HOW DID YOU TREAT TRCS FOR THE PURPOSE OF DETERMINING**
11 **THE TRBAA TO BE EFFECTIVE JANUARY 1, 2024?**

12 A Under Section 5.4 of the TO Tariff, TRCs are comprised of all revenue received from
13 the CAISO not including revenue received through Horizon West's Transmission
14 Access Charge. Horizon West forecasts a TRC revenue totaling zero through the end
15 of 2023, so TRC revenue was not a factor in the calculation of the total TRBAA.

16 **Q DID HORIZON WEST RECEIVE ANY FORFEITED FUNDS OR PENALTY**
17 **PAYMENTS FROM CAISO DURING THE HISTORICAL PERIOD**
18 **COVERED BY THIS FILING?**

19 A Yes. Horizon West received a Generator Interconnection Process Forfeited Deposit
20 Allocations ("GIPFDA") from the CAISO in the amount \$7,330.16 in September
21 2023. Horizon West has reflected this payment in its TRBAA as a credit in favor of
22 ratepayers. Referencing Exhibit HWT-002, the payment amount is included in the
23 amount on Line 5 "Payment (Before Interest & Settlement Charges), in the column

1 headed “August September 2023” (for the September 2023 GIPFDA payment).

2 This amount was included in Line 9 of Exhibit HWT-002 and which represents the
3 total over- or under collection as the difference between the prorated TRR revenue
4 received monthly and the total net payment received.

5 **Q WHAT IS THE TRBAA FOR HORIZON WEST THAT IS PROPOSED TO**
6 **BECOME EFFECTIVE JANUARY 1, 2024?**

7 A As explained above, the revised TRBAA proposed to become effective January 1,
8 2024 is \$806,993. As shown in the redlined tariff sheets included in this filing, this
9 TRBAA value effective January 1, 2024 would replace the TRBAA value of negative
10 \$894,094 currently in effect for 2023.

11 **Q DOES THIS CONCLUDED YOUR PREPARED DIRECT TESTIMONY?**

12 A Yes.

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

Horizon West Transmission LLC

Docket No. ER23-___-000

VERIFICATION

Pursuant to 18 C.F.R. § 385.2005(b)(3), I attest that I have read and know the contents of the foregoing Direct Testimony and the exhibits annexed thereto; that they were prepared by me or under my direct supervisions; and that the answers contained therein are true and correct to the best of my knowledge, information, and belief.



Stephanie Castaneda

Dated: December 8, 2023

Exhibit HWT-001

Horizon West Transmission
Transmission Revenue Requirement

2023 TRR**

HVAC	\$ 27,444,161	100.00%
Total TRR	<u>\$ 27,444,161</u>	100.00%

Horizon West Transmission, LLC
Transmission Revenue Balancing Account (HVAC)

October 1st, 2022 - September 30th, 2023

Trade Month Calendar Month Year	October November 2022	November December 2022	December January 2023	January February 2023	February March 2023	March April 2023	April May 2023	May June 2023	June July 2023	July August 2023	August September 2023	September October 2023	Total	
Line														
1 Days in Month (Trade Month)	31	30	31	31	28	31	30	31	30	31	31	30	365	
2 Interest Rate (Note 1)	4.91%	4.91%	4.91%	6.31%	6.31%	6.31%	7.50%	7.50%	7.50%	8.02%	8.02%	8.02%		
3 HVAC Effective TRR	\$ 20,720,421	\$ 20,720,421	\$ 20,720,421	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161	\$ 27,444,161		
Base TRBA Calculation														
4 Prorated Current TRR Revenue	\$ 1,759,817	\$ 1,703,048	\$ 1,759,817	\$ 2,330,874	\$ 2,105,306	\$ 2,330,874	\$ 2,255,684	\$ 2,330,874	\$ 2,255,684	\$ 2,330,874	\$ 2,330,874	\$ 2,255,684	\$ 25,749,410	
5 Payment (Before Interest & Settlement C	\$ 1,788,350	1,610,428	\$ 1,147,739	\$ 1,574,644	\$ 1,414,081	\$ 2,167,642	\$ 2,243,578	\$ 2,392,617	\$ 2,370,080	\$ 2,566,994	\$ 2,624,498	\$ 2,172,472	\$ 24,073,122	
6 Interest Received (Paid)	\$ 544	\$ 842	\$ 1,265	\$ 1,181	\$ 619	\$ 759	\$ 10,442	\$ 7,501	\$ 8,114	\$ 7,488	\$ 335	\$ 294	\$ 39,384	
7 Settlement Charges (Paid)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (18,000)	
8 Net Payment	\$ 1,787,393	\$ 1,609,770	\$ 1,147,504	\$ 1,574,325	\$ 1,413,200	\$ 2,166,900	\$ 2,252,520	\$ 2,398,618	\$ 2,376,694	\$ 2,572,982	\$ 2,623,332	\$ 2,171,266	\$ 24,094,506	
9 (Over) Under Collection	\$ (27,576)	\$ 93,278	\$ 612,313	\$ 756,549	\$ 692,106	\$ 163,974	\$ 3,164	\$ (67,744)	\$ (121,010)	\$ (242,108)	\$ (292,458)	\$ 84,418	\$ 1,654,904	
Interest Calculation														
10 Average Balances	\$ (906,941)	\$ (875,027)	\$ (522,231)	\$ 157,486	\$ 877,099	\$ 1,305,139	\$ 1,394,859	\$ 1,368,720	\$ 1,274,343	\$ 1,105,404	\$ 850,739	\$ 746,719	\$ 564,692	
11 Interest	\$ (3,711)	\$ (3,580)	\$ (2,137)	\$ 828	\$ 4,612	\$ 6,863	\$ 8,718	\$ 8,555	\$ 7,965	\$ 7,388	\$ 5,686	\$ 4,991	\$ 46,178	
12 Quarterly Compounding			\$ (9,428)			\$ 12,303			\$ 25,238			\$ 18,065		
TRBA HVAC Monthly Balance														
13 Beginning TRBA Balance	\$ (892,216)	\$ (921,665)	\$ (828,388)	\$ (216,075)	\$ 531,046	\$ 1,223,152	\$ 1,387,126	\$ 1,402,593	\$ 1,334,848	\$ 1,213,839	\$ 996,968	\$ 704,510	\$ (892,216)	
14 (Over) Under Collection	\$ (27,576)	\$ 93,278	\$ 612,313	\$ 756,549	\$ 692,106	\$ 163,974	\$ 3,164	\$ (67,744)	\$ (121,010)	\$ (242,108)	\$ (292,458)	\$ 84,418	\$ 1,654,904	
15 Compounding Interest	\$ (1,873)	\$ -	\$ -	\$ (9,428)	\$ -	\$ -	\$ 12,303	\$ -	\$ -	\$ 25,238	\$ -	\$ -	\$ 26,240	
16 TRBA Balance (Principal & Interest)	\$ (921,665)	\$ (828,388)	\$ (216,075)	\$ 531,046	\$ 1,223,152	\$ 1,387,126	\$ 1,402,593	\$ 1,334,848	\$ 1,213,839	\$ 996,968	\$ 704,510	\$ 788,928	\$ 788,928	
17 Final Quarterly Compound													\$ 18,065	
														TRBAA
														\$ 806,993

Note 1: 18 CFR Section 35.19(a)

FERC rendition of the electronically filed tariff records in Docket No. ER24-00779-000
Filing Data:
CID: C004881
Filing Title: Annual TRBAA Filing - 2024
Company Filing Identifier: 2537
Type of Filing Code: 10
Associated Filing Identifier:
Tariff Title: Transmission Owner Tariff
Tariff ID: 336
Payment Confirmation:
Suspension Motion: N

Tariff Record Data:
Record Content Description, Tariff Record Title, Record Version Number, Option Code:
Appendix I,, Transmission Revenue Requirement and TRBAA, 4.0.0, A
Record Narrative Name:
Tariff Record ID: 2611
Tariff Record Collation Value: 2147479552 Tariff Record Parent Identifier: 0
Proposed Date: 2024-01-01
Priority Order: 1000000000
Record Change Type: CHANGE
Record Content Type: 1
Associated Filing Identifier:

APPENDIX I

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Document Content(s)

HWT-2024 Transmittal.pdf.....1
HWT-Redline Appendix I.pdf.....4
HWT-Clean Appendix I.pdf.....5
HWT-001- Testimony.pdf.....6
Exhibit HWT-002.pdf.....13
Exhibit HWT-003.pdf.....14
FERC GENERATED TARIFF FILING.rtf.....15