

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

New York Independent System Operator, Inc.
and Central Hudson Gas & Electric Corp.
Docket No. ER20-715-000

Issued: 2/25/20

Paul A. Colbert
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601

Reference: Rate Schedule for Highway System Deliverability Upgrades Under
Schedule 12 of the NYISO OATT

On December 31, 2019, Central Hudson Gas & Electric Corporation (Central Hudson) filed, pursuant to section 205 of the Federal Power Act (FPA),¹ a new rate schedule as Attachment 1 to Schedule 12 of the New York Independent System Operator, Inc. (NYISO) Open Access Transmission Tariff (OATT).² The new rate schedule establishes the Highway Facilities Charge (Hurley-FC) that allows Central Hudson to recover costs related to common Highway System Deliverability Upgrades being installed on Central Hudson's transmission facilities (Hurley Avenue Highway SDUs). You state these upgrades are required to provide four Large Generating Facility Developers with Capacity Resource Interconnection Service, which they had requested of the NYISO as part of their interconnection to the New York State Transmission System.³

Please be advised that your filing is deficient, and additional information is necessary to process the filing under Docket No. ER20-715-000. Please provide complete responses to the following:

1. Abandoned Plant

¹ 16 U.S.C. § 824d (2018).

² NYISO, NYISO Tariffs, [NYISO OATT, 6.12.5-6.12.5.2 OATT Schedule 12 - Attachment 1 – Rate Mecha, 0.0.0](#), [NYISO OATT, 6.12.5.2.1 OATT Schedule 12 - Formula Rate Template, 0.0.0](#), [NYISO OATT, 6.12.5.2.2 OATT Schedule 12 - Description of Annual Update P, 0.0.0](#).

³ Transmittal at 1.

Central Hudson states that the Hurley-FC will provide full recovery of all reasonably incurred costs related to the Hurley Avenue Highway SDUs, including costs that are subsequently halted through no fault of the constructing transmission owner.⁴ Central Hudson's proposed formula rate for the Hurley-FC⁵ accordingly contains line items that appear to track and amortize in rates abandoned plant costs.⁶

Please further explain the basis for Central Hudson's apparent request for incentive rate treatment to allow recovery of 100 percent of prudently incurred abandoned plant costs. Your response should demonstrate how Central Hudson's request complies with the Commission's transmission incentives policy.⁷ In particular, please explain the connection between Central Hudson's request for abandoned plant incentive rate treatment and the risks and challenges associated with building the Hurley Avenue Highway SDUs.

2. Return on Equity (ROE) Advanced Technology Adder

You state that Central Hudson requests a return on equity (ROE) incentive adder of 50 basis points for its use of solid-state power electronic flow control technology in lieu of the traditional series compensation originally proposed by the NYISO.⁸ In the 2012 Policy Statement, the Commission foreclosed the ability of public utilities to request a stand-alone ROE incentive adder for advanced technologies, but confirmed that the Commission would consider deployment of advanced technologies as part of the overall nexus analysis when an incentive ROE is requested.⁹ Please explain how Central Hudson's request for an ROE incentive adder satisfies the Commission's nexus test.

This letter is issued pursuant to 18 C.F.R. § 375.307 and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 30 days of the date of this letter by

⁴ Transmittal at 2.

⁵ Central Hudson Application, Attachment 6 (Hurley-FC Formula Rate).

⁶ Hurley-FC Formula Rate, Lines 29, 49, 101; Hurley-FC Formula Rate, Attachment 3, Lines 154-155; Hurley-FC Formula Rate, Attachment 9, Lines 3a-3x & 4.

⁷ 18 C.F.R. § 35.35(d)(1)(vi) (2019). *See also Promoting Transmission Investment through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057 (2006), *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61,345 (2006), *order on reh'g*, 117 FERC ¶ 61,062 (2007); *Promoting Transmission Investment Through Pricing Reform*, Policy Statement, 141 FERC ¶ 61,129 (2012) (2012 Policy Statement).

⁸ Transmittal at 4.

⁹ 2012 Policy Statement at P 23.

making a deficiency filing in accordance with the Commission's electronic tariff requirements. For your response, use Type of Filing Code 180 because your company is registered under program code "E" (Electric Traditional Cost of Service and Market Based Rates Public Utilities).¹⁰ In addition, submit an electronic version of your response to Bryan Wheeler at bryan.wheeler@ferc.gov. The information requested in this letter will constitute an amendment to your filing and a new filing date will be established. A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East

¹⁰ The filing must include at least one tariff record to restart the statutory timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).