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May 8, 2019

VIA eFILING

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

Re: *New York Independent System Operator, Inc., et al.*
Compliance Filing of New York Transco, LLC
Docket No. ER15-572-____

Dear Secretary Bose:

In compliance with the November 16, 2017, Letter Order issued by the Federal Energy Regulatory Commission (FERC or Commission) approving the Offer of Settlement (Settlement) between New York Transco, LLC (NY Transco) and the other signatories to the Settlement¹ in Docket No. ER15-572,² and consistent with the provisions of the Settlement, NY Transco hereby submits a compliance filing with the necessary revisions to the New York Independent System Operator, Inc. (NYISO) Open Access Transmission Tariff (OATT) to implement the terms of the Settlement.³

¹ The signatories to the Settlement are Central Hudson Gas and Electric Corporation; Consolidated Edison Company of New York, Inc.; Niagara Mohawk Power Corporation d/b/a National Grid; NY Transco; New York State Electric and Gas Corporation; Orange and Rockland Utilities, Inc.; Rochester Gas and Electric Corporation; New York Power Authority; Power Supply Long Island; New York Public Service Commission (New York Commission); City of New York; Municipal Electric Utilities Association of New York; and Multiple Intervenors, an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State.

² *New York Independent System Operator, Inc.*, Letter Order, 161 FERC ¶ 61,161 (Nov. 16, 2017) (“Settlement Order”).

³ NYISO submits this filing on behalf of NY Transco solely in its role as Tariff Administrator. The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with NY Transco, the sponsoring party. The NYISO takes no position on any substantive aspect of this filing at

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I. BACKGROUND

On December 4, 2014, NY Transco submitted a filing in the above-referenced proceeding requesting that the Commission (1) approve certain incentive rate treatments pursuant to Section 219 of the Federal Power Act (FPA) and Commission Order No. 679 for its anticipated investment in what has become known as the Transmission Owner Transmission Solutions projects (TOTS Projects) and the projects related to the New York Public Service Commission's review and solicitation to identify alternating current solutions to the State's transmission congestion (AC Transmission Projects); (2) accept a proposed transmission formula rate and implementation protocols for recovery of NY Transco's revenue requirements (Formula Rate); (3) approve NY Transco's requested base return on equity (ROE) component; (4) accept a cost allocation methodology to recover NY Transco's revenue requirements from NYISO customers; and (5) accept proposed revisions to the NYISO OATT to include a Transco Facilities Charge (TFC) under Schedule 13 (Section 6.13) and the Formula Rate and proposed cost allocation methodology in Attachment DD (Section 36).⁴

On April 2, 2015, the Commission issued an order accepting the Formula Rate for filing, setting the Formula Rate for hearing and establishing settlement procedures.⁵ The April 2 Order also granted certain incentive rate treatments, denied certain other incentive rate treatments, and ordered a compliance filing to address several additional items with respect to the proposed revisions to the OATT. On November 5, 2015, NY Transco filed an Offer of Partial Settlement that resolved all outstanding issues with respect to the TOTS Projects (TOTS Settlement). The Commission approved the TOTS Settlement by Letter Order issued March 17, 2016. NY Transco submitted a compliance filing on April 12, 2016, with revisions to the NYISO OATT to incorporate the TOTS Settlement considerations and the Commission accepted the revisions for filing by Letter Order dated May 18, 2016. The outstanding issues associated with the AC Transmission Projects remained subject to the settlement process.

As relevant to the instant filing, on August 21, 2017, NY Transco submitted an Offer of Settlement resolving all of the remaining issues then pending and related to the AC Transmission Projects. For purposes of the Settlement, the AC Transmission Projects consist of two segments: Segment A, which includes the Edic/Marcy to New Scotland transmission line segment and the Princetown to Rotterdam transmission line segment; and Segment B which includes the Knickerbocker to Pleasant Valley transmission line segment. The AC Transmission Projects also include the Segment B Additions, defined in the Settlement as the "projects required to be built as part of the development of Segment B and are referred to in Appendix A of the

this time. Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO OATT.

⁴ See Filing Letter, Docket No. ER15-572-000 (December 4, 2014).

⁵ *New York Indep. Sys. Operator, Inc.*, 151 FERC ¶ 61,004 (2015) (April 2 Order).

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Solicitation”⁶ Because developers of the AC Transmission Projects had not yet been determined pursuant to the requirements of the NYISO’s Public Policy Transmission Planning Process, the Settlement stipulated that, if NY Transco were selected to build any portion of the AC Transmission Projects, NY Transco would make a compliance filing within thirty (30) days of the date the NYISO makes its selection. The Commission approved the Settlement in the Settlement Order and included the compliance obligation.⁷

On April, 8, 2019, pursuant to the NYISO’s Public Policy Transmission Planning Process set forth in Section 31.4 of Attachment Y of the NYISO OATT, the NYISO Board of Directors (“Board”) selected the New York Energy Solution project proposed jointly by Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) and NY Transco as the more efficient or cost-effective transmission solution to address Segment B of the identified AC Transmission Public Policy Transmission Needs.⁸ Accordingly, NY Transco hereby submits revised tariff records to effectuate the terms of the Settlement.⁹

II. DESCRIPTION OF FILING

The Settlement resolved all outstanding issues pertaining to the rate considerations in the event NY Transco was awarded any portion of the AC Transmission Projects. As noted, NY Transco was selected by the NYISO as the developer of the Segment B Facilities. Consistent with the Commission’s Settlement Order and the Settlement, NY Transco submits the revisions to Schedule 13 and Attachment DD of the NYISO OATT to incorporate the settlement provisions. Each of the revisions is summarized below.

⁶ See Settlement Agreement, Section 2.1. See also, New York Public Service Commission *Order Finding Transmission Needs Driven By Public Policy Requirements*, Case 12-T-0502, et al., at 67 (December 17, 2015).

⁷ At the time of filing the Settlement, NY Transco requested, and the Commission approved, waiver of Rule 602(c)(2) of the Commission’s Rules of Practice and Procedure because the Settlement terms would only apply in the event that NY Transco was selected by NYISO to construct certain aspects of the AC Transmission Projects. 18 C.F.R. § 385.602(c)(2) (2018) (“If an offer of settlement pertains to a tariff or rate filing, the offer must include any proposed change in a form suitable for inclusion in the filed rate schedules or tariffs, and a number of copies sufficient to satisfy the requirements applicable to tariff or rate filings of the type at issue in the proceeding.”).

⁸ NYISO Board of Directors’ Decision on Approval of AC Transmission Public Policy Transmission Planning Report and Selection of Public Policy Transmission Projects, April 8, 2019, available at <https://www.nyiso.com/documents/20142/1390750/Board-Decision-AC-Transmission-2019-04-08.pdf/32323d32-f534-a790-1b03-2cb110033320>.

⁹ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

1. Revisions to Schedule 13 (Section 6.13):

- **Section 6.13.1:** Section 6.13.1 is revised to include the Segment B Facilities as an Approved NYTP for which a Transco Facilities Charge will be determined. In addition, to comply with the Commission’s September 6, 2017, *Notice Regarding Footnotes, Headers, or Footers in Tariff Text in the Commission’s E-Tariff System*,¹⁰ NY Transco has included the footnotes that originally appeared in Schedule 13 directly in the text. NY Transco shows these changes in redline format to confirm consistency and placement within the text.
- **Section 6.13.2:** Section 6.13.2 includes a minor revision to acknowledge that a TFC will be determined for each Approved NYTP using the applicable formula in Section 6.13.3.
- **Section 6.13.3:** Section 6.13.3 is revised to account for the different cost allocation methodology for the Segment B Facilities based on load zones.
- **Section 6.13.3.1:** Section 6.13.3.1 is revised to reflect the fact that NY Transco will determine a revenue requirement for each Approved NYTP to account for different cost allocation methodologies.
- **Section 6.13.3.3:** Section 6.13.3 is revised to account for the different cost allocation methodology for the Segment B Facilities based on load zones.
- **Section 6.13.3.4.1:** Section 6.13.3.4.1 is revised to specify that the corresponding cost recovery methodology is associated with the TOTS Projects. In addition, NY Transco proposes to include a new definition for the lowercase “p” variable that is included in the TOTS Projects TFC formula. This variable currently is included in the formula, but had inadvertently not been defined.
- **Section 6.13.3.4.2:** NY Transco includes a new Section 6.13.3.4.2 that specifies the cost recovery methodology and formula for the Segment B Facilities.
- **Section 6.13.3.5:** Section 6.13.3.5 is revised to clarify that the section applies only to the TOTS Projects.

¹⁰ *Electronic Tariff Filings*, Docket No. RM01-5-000 (September 6, 2017).

2. Revisions to Attachment DD (Section 36):

- **Section 36.1.1:** Section 36.1.1 is revised to include the Segment B Facilities for cost allocation purposes.
- **Section 36.2.1.2:** A new Section 36.2.1.2 includes the Cost Allocation Table for the Segment B Facilities.
- **Section 36.3.1.1, Formula Rate, Attachment 4:** NY Transco has made the following changes to reflect the addition of the Segment B Facilities:
 - Included a new Note (Note E) in Attachment 4 column (a) of the Table. This new note addresses the cost containment provisions of the Settlement. If the cost containment provisions of the Settlement are implicated, NY Transco will break-out the portions of the project capital spend that are subject to those provisions in a transparent manner.
 - Included a new Note (Note F) in Attachment 4, column (e) of the Table. This new note clarifies that the incentive percentage ROE authorized by FERC is the difference between the 9.5% base ROE level reflected in column (d) and the combination of any project specific base ROE approved by FERC and the ROE incentives approved by FERC. This value can be positive or negative, depending on the FERC-approved ROE for a particular project. This addition is necessary to reflect the Settlement base ROE value of 9.65%.
 - Included a new column (column (q)) in the Table to include the true-up value included in Attachment 7 that is applicable to individual NY Transco projects. This column is necessary to determine the Net Adjusted Revenue Requirement for each NY Transco project that will be allocated to NYISO customers consistent with the formulae contained in Section 6.13.3.
 - Included a new column (column (r)) in the Table to include the Net Adjusted Revenue Requirement value for each NY Transco project that will be allocated to NYISO customers consistent with the formulae contained in Section 6.13.3. This column is necessary for stakeholders to review the Net Adjusted Revenue Requirement on a project basis and for the NYISO to use that value in the TFC determination.

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- **Section 36.3.1.1, Formula Rate, Attachment 7:** NY Transco has made the following changes to reflect the addition of the Segment B Facilities:
 - Revised Note 1 to clarify that the billed revenue requirement values will be determined for each NY Transco project set identified in the Table in Attachment 4 of the Formula Rate.
 - Revised Note 2 to clarify that the actual revenue requirement from column (p) in Attachment 4 of the Formula Rate is determined for each project set developed by NY Transco.
- **Section 36.2.1.2:** NY Transco includes a new Section 36.2.1.2 to specify the cost allocation table and allocation percentages to each load zone within the NYISO region relevant for the Segment B Facilities.
- **Section 36.3.1.2 (Implementation Protocols):** A minor revision is included to clarify that the Formula Rate, including its attachments, will determine NY Transco's revenue requirements for each of its Approved NYTP to allow for the proper allocation of costs based on the applicable cost recovery methodology. Also, as noted earlier, NY Transco has included the footnotes that originally appeared in the Implementation Protocols directly in the text. NY Transco shows these changes in redline format to confirm consistency and placement within the text.

III. CONTENTS OF FILING

This compliance filing consists of the following documents:

1. Filing Letter;
2. Attachment A: Redlined tariff sheets for Schedule 13 (section 6.13) and Attachment DD (Section 36) of the NYISO OATT;
3. Attachment B: Clean tariff sheets for Schedule 13 (section 6.13) and Attachment DD (Section 36) of the NYISO OATT; and
4. Certificate of Service.

IV. COMMUNICATIONS

All communications regarding this filing should be directed to the following individuals:

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V. SERVICE

NY Transco will serve each person designated on the official service list compiled by the Secretary in this proceeding. This filing will be posted on the NYISO website at www.nyiso.com, and the NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

VI. TARIFF EFFECTIVE DATE

NY Transco requests an effective date of April 8, 2019, the date of the NYISO Board determination.

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VIII. CONCLUSION

For the foregoing reasons, NY Transco respectfully requests the Commission to accept this compliance filing without modification.

Respectfully submitted,

/s/ Evan C. Reese III

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Jamie B. Blackburn IV

Counsel to New York Transco, LLC

Attachments