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October 15, 2021

Via eTariff

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

Re: LS Power Grid New York Corporation I
Docket No. ER21-____-000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, the New York Independent System Operator, Inc. (“NYISO”), as administrator of the NYISO Open Access Transmission Tariff (“Tariff”), submits via eTariff on behalf of LS Power Grid New York Corporation I (“LSPGNY”)² this request for authorization to commence the collection of the regulatory asset authorized by the Commission in *LS Power Grid New York Corporation I, et al.*, 171 FERC ¶ 61,159 (2020) (“May 2020 Order”). LSPGNY requests an effective date of January 1, 2022, which is more than 60 days from the date of this filing. Although this filing does not require a change in LSPGNY’s approved Formula Rate, consistent with the Commission’s *Notice Of Procedures For Making Statutory Filings When Authorization For New Or Revised Tariff Provisions Is Not Required*, issued June 3, 2020, in Docket No. RM01-5-000, LSPGNY makes this filing through eTariff with Section 6.10.7 of Attachment 1 to Rate Schedule 10 of the NYISO Tariff, containing LSPGNY’s Formula Rate, indicating the requested effective date to commence the collection of the previously authorized regulatory asset.³

¹ 16 U.S.C. § 824(d).

² NYISO submits this filing on behalf of LSPGNY solely in its role as administrator of the NYISO Tariff. The burden of demonstrating that the requested authorization is just and reasonable rests with LSPGNY, the sponsoring party. The NYISO takes no position on any substantive aspect of this filing at this time. Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO Tariff.

³ The version of Section 6.10.7 of Attachment 1 to Rate Schedule 10 of the NYISO Tariff utilized for this filing was previously submitted as part of the compliance filing submitted on August 17, 2021 in Docket No. ER20-716-005. Other than reflecting the requested effective date described herein, LSPGNY does not propose any changes to this tariff section.

I. BACKGROUND

On December 31, 2019, LSPGNY submitted a filing under Section 205 of the FPA requesting approval to (1) utilize a company-specific formula rate template (“Template”) and protocols (“Protocols”) (collectively, “Formula Rate”) to determine and recover the costs of LSPGNY’s investment in transmission facilities in the NYISO region, and (2) establish certain transmission rate incentives for its portion of a transmission project.⁴ The incentive request was associated with LSPGNY’s investment in transmission facilities for which LSPGNY was selected through NYISO’s Order No. 1000⁵ competitive process to develop, including a new 345 kV transmission facilities to be constructed between the existing Marcy/Edic substations near Utica, New York and the existing New Scotland substation near Albany, New York (“Segment A”).⁶ The incentive request also included a request to include costs related to submission of LSPGNY’s proposal for a separate segment of the AC Transmission Need (“Segment B”).

Relevant to this request, LSPGNY requested that the Commission permit LSPGNY to establish a regulatory asset that would permit deferred cost recovery of all prudently-incurred pre-commercial, start-up and development costs that cannot be capitalized, from inception of a transmission project, including Segments A and B, through commercial operation.⁷ LSPGNY also proposed to accrue carrying charges on the regulatory asset until such time as the cost is included in rate base.⁸

In the May 2020 Order, the Commission granted LSPGNY’s request for authorization to recover all prudently-incurred pre-commercial and formation costs that are not capitalized, and to establish a regulatory asset, in Account 182.3, Other Regulatory Assets, that will include such costs incurred up to the date charges are first assessed to customers under LSPGNY’s Formula Rate.⁹ The Commission required that LSPGNY make a Section 205 filing to demonstrate that the pre-commercial and formation costs were prudently incurred and are just and reasonable before it includes them in its rate base.¹⁰ In that filing, LSPGNY must establish that the costs

⁴ *LS Power Grid New York Corporation I*, Docket No. ER20-716-000 filed on December 31, 2019 (“Incentives Filing”).

⁵ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) (“Order No. 1000”), *order on reh’g and clarification*, Order No. 1000-A, 139 FERC ¶61,132 (2012) (“Order No. 1000-A”), *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”), *aff’d sub nom., S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁶ The AC Transmission Need refers to the New York State Public Service Commission’s order finding a transmission need for upgrades designed to provide a minimum of 350 MW of Central East transfer capacity (“Segment A”) and upgrades designed to provide a minimum of 900 MW of UPNY/SENY transfer capacity (“Segment B”). *See* Incentives Filing at 6-7; *see also* May 2020 Order at P 4.

⁷ Incentives Filing at 30.

⁸ *Id.* at 31.

⁹ May 2020 Order at P 23. LSPGNY’s Formula Rate is set forth within Attachment 1 to Rate Schedule 10 of the NYISO Tariff.

¹⁰ *Id.* at P 24.

included in the regulatory asset are costs that would otherwise have been chargeable to expense in the period incurred.¹¹ It is pursuant to that directive that LSPGNY submits this filing.

II. CONTENTS OF THE FILING

In addition to this Transmittal Letter, the filing contains the following items:

1. eTariff Record
2. Appendix A – Testimony of Joseph Myers, Exhibit LSPGNY-100
3. Appendix B – Regulatory Asset Cost Table, Exhibit LSPGNY-101
4. Appendix C – Regulatory Asset Carrying Charge Calculations, Exhibit LSPGNY-102

III. SECTION 205 FILING SPECIFICS

In accordance with the May 2020 Order, LSPGNY makes this filing to support the prudence of \$10.31 million in costs deferred as a regulatory asset, consisting of \$6.68 million for the Segment A and \$3.63 million for Segment B. Mr. Joseph Myers, the Chief Accounting Officer for LS Power Development, LLC, supports the filing through testimony set forth in Appendix A (Exhibit LSPGNY-100) describing the types of costs recorded, the categories created to identify and track costs, and internal controls around that process.

The regulatory asset was created in 2020 in accordance with the May 2020 Order, and includes pre-commercial costs from January 2019 through May 2021, the month that LSPGNY began commercial operations. Carrying charges have been calculated from June 2020 through December 2021, after which time LSPGNY anticipates authorization from the Commission to begin including the regulatory asset in rates. Costs included in this filing thus span January 2019 through December 2021 (the “Period”). Costs incurred during the Period are categorized into five major categories: business services, legal and regulatory expenses, start-up costs, planning activities, and carrying costs. Costs associated with each category enabled LSPGNY to conduct its daily operations and project-specific business activities such as planning, budgeting, and satisfying regulatory requirements. Mr. Myers provides additional details around the types of costs that were included in those categories and the cost tracking process used to capture the costs.

As shown in Appendix C (Exhibit LSPGNY-102), LSPGNY’s carrying costs on the regulatory asset have accrued monthly and compounded semiannually from its effective date of June 2020 extended through December 2021 at the weighted average cost of capital rate and will total \$817,507 for the Period.

Appendix B (Exhibit LSPGNY-101), provides a breakdown of the costs per category by segment. All costs identified are related to the Segment A and the Segment B proposal and were necessary in the development of the Segment A and Segment B as part of LSPGNY’s participation in its transmission project in the NYISO competitive solicitation process. These costs are just and reasonable as they include costs to obtain necessary approvals from FERC, regional activities with respect to NYISO’s competitive solicitation process, other ordinary

¹¹ *Id.*

business costs, and internal and external labor that would have otherwise been expensed when incurred. The costs were prudently incurred and properly recorded as further supported by Mr. Myers' testimony.

IV. CORRESPONDENCE

The following person(s) are authorized to receive notice and communications with respect to this filing:

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V. CONCLUSION

For the foregoing reasons, LSPGNY requests that the Commission accept this filing and authorize the amount contained in the regulatory asset as just and reasonable and authorized for recovery.

Respectfully submitted,

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