



SUBMITTED VIA E-TARIFF FILING

April 4, 2022

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

**Re: NextEra Energy Transmission New York, Inc.
Docket No. ER22-___-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,² the New York Independent System Operator, Inc. (“NYISO”), solely in its role as administrator of the NYISO Open Access Transmission Tariff (“OATT” or “Tariff”), hereby submits this filing on behalf of NextEra Energy Transmission New York, Inc. (“NEET New York”) to revise NEET NY’s formula rate (“Formula Rate”) contained in Section 6.10.9.2.1 of Attachment 3 to Rate Schedule 10 of the NYISO OATT.³ Specifically, the Formula Rate revisions proposed herein (i) add stated depreciation rates for accounts 354 (Towers and Fixtures), 357 (Underground Conduit), 358 (Underground Conductor and Devices), 359 (Roads and Trails), 390 (Structures and Improvements), 392.10 (Automobiles), 392.20 (Light Trucks), 392.30 (Heavy Trucks), 392.40 (Tractor Trailers), 392.90 (Trailers), and a 2.92% annual depreciation rate for intangible plant recorded in Account 303 related to substation assets owned by interconnecting transmission owners and affected transmission owners but paid for by NEET NY; and (ii) include in the Formula Rate revised calculations for Accumulated Deferred Income Taxes (“ADIT”) to utilize prorated balances, consistent with IRS Normalization rules, and add a new tab 6f for ADIT True-up Proration. NEET New York respectfully requests waiver of the Commission’s prior notice requirements to allow the revised tariff sheets to take effect on June 1, 2022, which is 58 days from the date of filing.

I. BACKGROUND

NEET New York is a wholly owned direct subsidiary of NextEra Energy Transmission, LLC (“NEET”), and is organized under the Transportation Corporation Laws of the State of New

¹ 16. U.S.C. §§ 824d and 824s (2012).

² 18 C.F.R. Part 35 (2018).

³ The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with NEET New York, 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 OATT.
NextEra Energy, Inc.

York. NEET New York was formed to develop, construct, finance, own, operate, and maintain electric transmission facilities in the NYISO region. NEET New York is currently constructing the Empire State Line transmission project (“ESL Project”), a competitively awarded transmission project in Western New York.

NEET New York’s annual transmission revenue requirement (“ATRR”) is determined in accordance with the Formula Rate included in Appendix A of NEET New York’s TO Tariff, which was incorporated into the NYISO Tariff in Docket No. ER21-907.⁴ As is relevant here, Attachment 7 of the Formula Rate identifies the annual depreciation accrual rates that NEET New York uses for accounting purposes to depreciate its utility plant, which in turn form the basis for the annual depreciation expense reported on the NEET New York FERC Form No. 1 that is incorporated into the Formula Rate revenue requirement. Similar to most formula rates, NEET New York may only change the depreciation rates stated in its Formula Rate pursuant to a filing under section 205 of the FPA.⁵

II. DESCRIPTION OF FILING

A. New Depreciation Rates

NEET New York is revising Attachment 7 of its Formula Rate to add depreciation accrual rates for accounts 354 (Towers and Fixtures), 357 (Underground Conduit), 358 (Underground Conductor and Devices), 359 (Roads and Trails), 390 (Structures and Improvements), 392.10 (Automobiles), 392.20 (Light Trucks), 392.30 (Heavy Trucks), 392.40 (Tractor Trailers), 392.90 (Trailers), and a 2.92% annual depreciation rate for intangible plant recorded in Account 303 related to substation assets owned by interconnecting transmission owners and affected transmission owners but paid for by NEET NY. NEET New York will have physical plant in service related to the ESL Project, the original cost of which will be charged to these accounts but does not have stated depreciation rates corresponding to these accounts listed in Attachment 7. The new Attachment 7 to the Formula Rate (as set for in Section 6.10.9.2.1 of Attachment 3 to Rate Schedule 10 of the OATT) is shown in Attachment A as a redline and as a clean version as Attachment B.

Since NEET New York lacks an operating history upon which to base a depreciation study, NEET New York respectfully requests that it be permitted, consistent with Commission precedent, to adopt the depreciation rates of an affiliate for accounts 354, 357, 358, 359, 390, 392.10, 392.20, 392.30, 392.40, 392.90.⁶ In this case, NEET New York proposes to adopt the depreciation rates of its affiliate, Florida Power & Light Company (“FPL”) for the previously mentioned accounts. FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution, and sale of electric energy in Florida. For the costs associated with upgrades to third party transmission facilities owned by other NYISO transmission owners to support the interconnection of the ESL Project to the NYISO transmission system, NEET New York proposes the use of the

⁴ *NextEra Energy Transmission New York, Inc.*, Docket No. ER21-907-000, Letter Order (issued March 4, 2021).

⁵ *New York Independent System Operating, Inc. Open Access Transmission Tariff*, at Section 2.10.

⁶ *See, e.g., Xcel Energy Sw. Transmission Co.*, 149 FERC ¶ 61,182 at P 66 (2014) (citing *RITELine Ill., LLC*, 137 FERC ¶ 61,039 at P 124 (2011)).

depreciation rate already in place for account 353 (station equipment). The third party upgrades that NEET New York is funding are deemed intangible assets for accounting purposes, as the interconnecting or affected system utility will assume ownership of the assets upon energization. Although considered intangible for accounting purposes, the assets' underlying life is most closely related to the Account 353 (Station equipment) and should amortize accordingly.

In support of NEET New York's request to update its stated depreciation rates from its affiliate, FPL, attached to this filing as Attachment C is the 2021 Depreciation Study prepared by Gannett Fleming Valuation and Rate Consultants, LLC. The Depreciation Study was filed in FPSC Docket No. 20210015-EI in support of FPL's Retail Rate Case filed at the Florida Public Service Commission ("FPSC"). The depreciation rates that NEET New York proposes can be found in Part VI Section 29 of the 2021 Depreciation Study, and the useful-life statistics that support these depreciation rates can be found in Part IX Sections 216 through 217, Sections 222 through 227, and Sections 265 through 272.

The depreciation rates that NEET New York proposes to adopt will assume the useful life and salvage values reflected in the Gannett Fleming Study in combination with a starting balance for accumulated depreciation of zero. The salvage value and useful life can be found in Part VI-29 under columns 11 and 10 respectively. NEET New York used the straight-line method to arrive at the rates:

$$\text{Depreciation Rate} = \frac{\text{Asset Value} - \text{Accumulated Depreciation Value} - \text{Salvage Value}}{\text{Useful Life}}$$

For a more detailed example of calculated depreciation rates using the above formula please refer to Appendix D.

The resulting depreciation rates were calculated as follows:

Account	Starting Balance Value	Accum. Depreciation Value (1)	Salvage Value (2) Part VI-29	Cost to Recover	Useful Life Years Part VI-29	Depreciation Rate
354	100.0%	0.0%	-25.0%	125.0%	65	1.92%
357	100.0%	0.0%	0.0%	100.0%	65	1.54%
358	100.0%	0.0%	-20.0%	120.0%	65	1.85%
359	100.0%	0.0%	-10.0%	110.0%	75	1.47%
390	100.0%	0.0%	-5.0%	105.0%	60	1.75%
392.10	100.0%	0.0%	20.0%	80.0%	7	11.43%
392.20	100.0%	0.0%	20.0%	80.0%	9	8.89%
392.30	100.0%	0.0%	20.0%	80.0%	13	6.15%
392.40	100.0%	0.0%	20.0%	80.0%	9	8.89%
392.90	100.0%	0.0%	20.0%	80.0%	20	4.00%

Notes:

- (1) As a new entity NEET New York assumed a starting balance for accumulated depreciation of zero.
- (2) Negative salvage values reflect removal costs that are higher than the salvage value of the asset, e.g. sale price is netted against a higher removal cost.

B. ADIT Related Changes

Second, NEET New York is proposing to modify the calculation of its average balance included in the ADIT rate base adjustment determined on Attachment 6a of the Formula Rate to comply with IRS Normalization rules, which mandate a specific proration procedure to measure the amount of future test period (projected test year) ADIT that can reduce rate base. NEET New York has included calculations that use the IRS's proration requirement to calculate the ADIT component of rate base for the Formula Rate's ATRR projection and ATRR true-up calculations. The current average balance calculation in Attachment 6a of the Formula Rate does not properly capture the required modification to comply with the IRS Normalization rules. Therefore, on the revised version of Attachment 6a of the Formula Rate (as reflected in Attachments A and B to this filing), NEET New York proposes revisions to the calculation of the average balance as shown on tab 6a and adds tab 6f ADIT True-up Prorations to its Formula Rate. These revisions are consistent with those accepted and on file for NEET New York's affiliate NextEra Energy Transmission MidAtlantic Indiana, Inc. in Docket ER21-1163⁷ and properly include the proration requirements of the IRS regulations.

III. CONTENTS OF FILING

Applicant submits the following documents:

- a. This Transmittal Letter;
- b. Redline version of the proposed changes to the OATT (Attachment A);
- c. Clean version of the proposed changes to the OATT (Attachment B);
- d. 2021 Depreciation Study prepared by Gannett Fleming Valuation and Rate Consultants, LLC (Attachment C); and
- e. Example of calculated depreciation rates using data from the 2021 Gannett Fleming Depreciation Study (Attachment D).

IV. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVERS

NEET New York respectfully requests a waiver of the Commission's prior notice requirements under section 205 of the FPA and section 35.11 of the Commission's regulations⁸ to allow the attached changes to the NEET New York formula rate template to go into effect June 1, 2022, which is 58 days from the date of this filing. Good cause exists for waiver of the 60-day prior notice requirement in this case because (i) the notice period will be only two days shorter

⁷ *NextEra Energy Transmission MidAtlantic Indians, Inc.* Docket No. ER21-1163-000, Letter Order (issued March 24, 2021).

⁸ 18 C.F.R. §35.11.

than the statutory 60-day notice period; (ii) NEET New York attempted to submit the filing on April 1, 2022 (a Friday) but noticed issues with the filing contents that could not be resolved before the 5:00 pm filing deadline; and (iii) acceptance of the revisions with a June 1, 2022 effective date will allow NEET New York to use the new depreciation rates for ratemaking purposes when it calculates its true-up adjustment for the 2021 rate year, NEET New York's first year of operations, which is due on June 1, 2022.

This filing, and the accompanying attachments, provide the support required for the Commission to accept the revised tariff sheets for filing consistent with Part 35 of the Commission's regulations. To the extent that this filing fails to contain any information otherwise required for compliance with the Commission's regulations, NEET New York respectfully request that compliance with such regulations be waived.

V. CORRESPONDENCE AND COMMUNICATIONS

The following persons are authorized to receive notices and communications with respect to this filing:

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VI. CONCLUSION

For the foregoing reasons, NEET New York respectfully requests the Commission accept the proposed revisions to the NYISO OATT with an effective date of June 1, 2022.

Respectfully submitted,

/s/ Justin Moeller

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April 4, 2022

Attachments