

BRACEWELL

May 3, 2023

BY eTARIFF FILING

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

**Re: Rochester Gas and Electric Corporation
Proposed Formula Rate Template and Protocols
Under NYISO OATT Rate Schedule 19**

Docket No. ER23-____

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Part 35.13 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations,² and consistent with the Commission’s “Order Accepting Proposed Cost Sharing and Recovery Agreement, Rate Schedule, Tariff Revisions, and Certificates of Concurrence” issued August 19, 2022 in Docket Nos. ER22-2152-000, *et al.*,³ Rochester Gas and Electric Corporation (“RG&E” or “Applicant”), submits via eTariff this filing to amend the New York Independent System Operator, Inc,

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R Part 35.13 (2021).

³ *Consolidated Edison Co. of N.Y., Inc. et al.*, 180 FERC ¶ 61,106 (2022) (“CSRA/Schedule 19 Order”).

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(“NYISO”) Open Access Transmission Tariff (“OATT”).⁴ The proposed amendment will add Applicant’s formula rate template and associated implementation protocols (together “Formula Rate”) to derive and recover the costs of local transmission upgrades determined by the New York State Public Service Commission (“NYPSC”) to be necessary to meet New York state climate and renewable energy goals as required by New York state law (“CLCPA Eligible Projects” or “Schedule 19 Projects”).⁵ The proposed Formula Rate includes a regulatory asset for the “Cost of Removal less Salvage” (“COR”) incurred to remove certain transmission assets, necessary for construction of a given CLCPA Eligible Project—with amortization of such costs to be accomplished on a project-specific basis as may be authorized by the Commission separately under Section 205. As demonstrated by this transmittal letter and the attached testimonies and exhibits, the proposed Formula Rate is just and reasonable and not unduly discriminatory. Applicant requests the Commission to accept the Formula Rate for filing, with an effective date of July 3, 2023.

Incorporating the Applicant’s Formula Rate as Attachment 2 (proposed Section 6.19.7) to Rate Schedule 19 of the NYISO OATT is a step of a multi-step process to establish the predicate for Applicant to recover an annual transmission revenue requirement (“ATRR”) related to CLCPA Eligible Projects under Rate Schedule 19. As a result of this filing, the proposed Formula Rate would be included in the NYISO’s OATT. Prior to recovering any costs related to a CLCPA Eligible Project, Applicant would be required to satisfy all applicable requirements of the NYISO OATT and the Formula Rate. Applicant seeks acceptance of its Formula Rate so that the cost of CLCPA Eligible Projects already approved by the NYPSC, or approved in future NYPSC orders, can be recovered on a volumetric, load-ratio share basis from customers throughout New York consistent with the terms of the CSRA and Rate Schedule 19. This is in the public interest because acceptance will contribute important transparency and certainty to the process. Once Applicant has satisfied the applicable requirements under the NYISO OATT (including the Formula Rate) and the CSRA, Applicant’s ATRR for any CLCPA Eligible Projects that may be assigned to Applicant will be eligible for statewide cost allocation and recovery in accordance with the NYISO OATT, consistent with the Commission’s CSRA/Schedule 19 Order.

I. Background

A. Applicant

RG&E is a subsidiary of AVANGRID, Inc. RG&E serves approximately 386,000 electricity customers and 320,000 natural gas customers in a nine-county region centered on the

⁴ The NYISO is submitting this filing in FERC’s eTariff system on the Applicant’s behalf solely in the NYISO’s role as the tariff administrator of the NYISO OATT. The burden of demonstrating that the proposed tariff amendments are just and reasonable rests on the Applicant. The NYISO takes no position on any substantive aspect of this filing at this time. Unless otherwise defined herein, capitalized terms used in this transmittal letter shall have the meanings ascribed to them under the NYISO OATT, including Rate Schedule 19 thereto, as recently accepted by the Commission in the CSRA/Schedule 19 Order.

⁵ The state laws include the Climate Leadership and Community Protection Act (“CLCPA”) and the Accelerated Renewable Energy Growth and Community Benefit Act (“AREGCBA”). *See* 2019 N.Y. Sess. Laws, ch. 106 (CLCPA); 2020 N.Y. Sess. Laws, ch. 58, Part JJJ (AREGCBA).

City of Rochester, New York. AVANGRID, Inc. is a leading, sustainable energy company with \$39 billion in assets and operations in 24 U.S. states. AVANGRID, Inc. is part of the Iberdrola Group. Iberdrola, S.A. is an energy pioneer with one of the largest renewable asset bases of any company in the world. AVANGRID, Inc. has two primary lines of business, Avangrid Networks, Inc., of which RG&E is a part, and Avangrid Renewables, LLC.

B. The CSRA and Rate Schedule 19

In the CSRA/Schedule 19 Order, the Commission accepted for filing under Section 205 of the FPA both the CSRA and Rate Schedule 19 to the NYISO OATT that, together, provide a cost recovery and allocation framework for CLCPA Eligible Project(s).⁶ The CSRA is a voluntary participant funding agreement among the six New York state-regulated public utility transmission owners, Long Island Power Authority (“LIPA”), New York Power Authority and, for limited purposes, the NYPSC. The CSRA reflects the parties’ agreement to share the costs of Approved Local Transmission Upgrades. The CSRA addresses only certain local transmission upgrades, the costs of which have historically been borne primarily through state-administered bundled local transmission and distribution rates, reflecting both NYPSC-approved return on equity (“ROE”) and associated capital structure. The CSRA provides that the costs of CLCPA Eligible Project(s) shall be shared statewide and recovered on a volumetric load-ratio share basis from Load Serving Entities (“LSEs”). To implement statewide cost allocation for such CLCPA Eligible Projects consistent with any NYPSC order approving the upgrades, the six New York state-regulated public utility transmission owners need to amend or establish an applicable Formula Rate under the NYISO OATT, which is the subject of this filing for Applicant.

In accepting the CSRA under Section 205, the Commission determined that the “CSRA is necessary to establish the voluntary commitment of the [New York Transmission Owners] and the voluntary concurrence of the NYPSC to allocate the costs of the [CLCPA Eligible Project(s)] on a volumetric load-ratio share basis across the state,” and that the CSRA “also establishes eligibility for cost allocation under Rate Schedule 19, pursuant to the NYPSC approval of the applicable local transmission upgrade.”⁷ On February 16, 2023, the NYPSC approved several of the Applicant’s proposed CLCPA Eligible Projects.⁸

Rate Schedule 19 to the NYISO OATT calculates and allocates to New York LSEs on a volumetric load-ratio share basis a new CLCPA Facilities Charge (“CFC Charge”) or, in the case of LIPA, a LIPA CFC Charge. The CFC Charge is a cost-of-service charge to be derived from Formula Rates filed by Applicant and each of the other New York state-regulated public utility transmission owners, which are to be attachments to Rate Schedule 19 to the NYISO OATT. Rate

⁶ CLCPA Eligible Projects/Schedule 19 Projects are also referred to in the CSRA/Schedule 19 Order as “Approved Local Transmission Upgrades.”

⁷ CSRA/Schedule 19 Order at P 45.

⁸ State of New York Public Service Commission, Case 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order Approving Phase 2 Areas of Concern Transmission Upgrades, February 16, 2023.

Schedule 19 does not by itself create or produce transmission use charges.⁹ Rather, such charges and implementation of Rate Schedule 19 depend on acceptance of each New York transmission owner's Formula Rate, which is submitted herein for Applicant. The Commission's acceptance of Rate Schedule 19 did not include or imply any form of acceptance or pre-approval of costs or revenue requirements for any CLCPA Eligible Project.¹⁰ Rate Schedule 19's treatment of CLCPA Eligible Project(s) provides comparable treatment to the rates recovered under Attachment H of the NYISO OATT and provides the same structure that the Commission has approved for facilities recovered under several other NYISO OATT Rate Schedules.¹¹ In accepting Rate Schedule 19, the Commission determined that the rate schedule is "necessary to recover costs" and that it is just and reasonable and not unduly discriminatory or preferential to allocate the costs of CLCPA Eligible Project(s) that the NYPSC approves on a volumetric, load-ratio share basis.¹²

In the CSRA/Schedule 19 Order, the Commission found that CLCPA Eligible Project(s) "that are subject to the CSRA [and Rate Schedule 19 to the NYISO OATT] are those that the NYPSC has found to facilitate achievement of the statewide mandates applicable to all [New York Transmission Owners]."¹³ The Commission explained that such CLCPA Eligible Project(s) "benefit customers throughout the state insofar as they facilitate compliance with the New York State climate and renewable energy goals as required by New York State law and have been determined by the NYPSC to be necessary to meet such obligations."¹⁴ The Commission noted that its acceptance of the CSRA and Rate Schedule 19 included a finding that "the proposed ceiling ROE structure is just and reasonable."¹⁵ The Commission has also accurately observed that Rate Schedule 19 does not itself produce or create any transmission charges because implementation of the rate "depends on later submission and acceptance of each transmission owner's formula rate template, which will be submitted separately for Commission review under FPA section 205."¹⁶

II. Description of Filing and Request for Acceptance under FPA Section 205

The CSRA/Schedule 19 Order authorized Applicant to submit for filing under FPA Section 205 a Formula Rate to be applicable to NYPSC-approved CLCPA Eligible Project(s).¹⁷ This filing constitutes submission of Applicant's "applicable" Formula Rate for such projects.¹⁸ The proposed Formula Rate is described in the prepared direct testimony and exhibits of Dr. Paul A.

⁹ See CLCPA/Schedule 19 Order at P 47.

¹⁰ See *id.*

¹¹ *Id.*

¹² *Id.* at PP 46, 50.

¹³ *Id.* at P 50.

¹⁴ *Id.*

¹⁵ *Id.* at P 51.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Applicant's Formula Rate, which is proposed to be incorporated into the NYISO OATT, as Attachment 2 to Rate Schedule 19 of the NYISO OATT is provided in Attachment A.

Dumais, provided herewith in Attachment B (“Dumais Testimony”).¹⁹ The proposed Formula Rate is consistent with Commission-approved ratemaking methodologies and contains sufficient specificity to operate without discretion in its implementation. The Formula Rate is just and reasonable and should be accepted for filing.

As explained in the Dumais Testimony,²⁰ the proposed Formula Rate is forward-looking and similar to formula rates the Commission has accepted for certain transmission owners in New York and elsewhere. Applicant’s Formula Rate has two parts: proposed Section 6.19.7.2.2 of Attachment 2 to Rate Schedule 19 of the NYISO OATT is the cost-of-service, formula rate template (“Template”).²¹ Proposed Section 6.19.7.2.1 of Attachment 2 to Rate Schedule 19 contains implementation protocols (“Protocols”). Further, as explained in the prepared direct testimony and sponsored exhibits of Mr. Adrien McKenzie, provided herewith as Attachment C (“McKenzie Testimony”),²² Applicant is proposing a ceiling ROE as a fixed value in the Template. The proposed ceiling ROE has been developed utilizing methodologies accepted by the Commission for transmission cost-of-service revenue requirement purposes.²³

A. Proposed Formula Rate Template

As approved by the Commission, Rate Schedule 19 to the NYISO OATT provides the rate mechanism for recovery of the CFC Charge. Pursuant to Section 6.19.4 of Rate Schedule 19, the CFC Charge for Applicant shall be used to recover the costs, as provided for in Rate Schedule 19, of the CLCPA Eligible Project(s) undertaken by Applicant, as may be approved by the NYPSC. As set forth in Section 6.19.4.2 of Rate Schedule 19, Applicant (or the NYISO on its behalf) shall make an annual informational filing with the Commission under the proposed Formula Rate with respect to any CLCPA Eligible Project. Such filings will provide the project cost and resulting revenue requirement to be recovered through the CFC Charge for the Applicant, as an Eligible Transmission Owner. The Formula Rate filed here does not in itself include any proposed charges for any CLCPA Eligible Project, but rather establishes the Template and Protocols that will apply with respect to such projects.

This filing is, therefore, limited to Applicant’s request for acceptance under FPA Section 205 of its Formula Rate to be included as Attachment 2 to Rate Schedule 19 of the NYISO OATT and, once populated after the Commission’s prior approval under Section 205, will establish

¹⁹ See Att. B, Exhibit Nos. RG&E 001-004.

²⁰ See Dumais Testimony at 12.

²¹ As required by the Commission in other formula rate template filings, Applicant has also provided as part of this filing the proposed Template, with all inputs with zero values, in its entirety in a workable Microsoft Excel file that contains all the formulas necessary to calculate all of the numbers used in the formula. In addition, Applicant notes that all formulas and variables are visible and not hidden and the spreadsheets do not use security features that prevent copying, modification or printing, nor do the spreadsheets contain any links to sources outside of the spreadsheet document.

²² See Att. C, Exhibit No. RG&E 101-108.

²³ See McKenzie Testimony at 2-3. The CSRA and Rate Schedule 19 to the NYISO OATT contemplate FERC determining the base ROE for each Applicant, which would become the ROE ceiling, with the applicable ROE for a CLCPA Eligible Project being the lesser of the ceiling or the ROE determined by the NYPSC.

Applicant's ATRR for its CLCPA Eligible Projects. The proposed Formula Rate reflects established cost-of-service principles for electric utilities and is similar to other formula rates accepted by the Commission as just and reasonable. It will allow Applicant to recover its ATRR across a January 1 to December 31 period ("Rate Year") on a forward-looking basis using projected data, with an annual true-up adjustment. Any difference between the actual ATRR for a Rate Year and the projected ATRR for the same Rate Year, the difference, along with interest, calculated in accordance with Section 35.19a of the Commission's regulations, will be reflected as a true-up adjustment to the forecasted ATRR for the next applicable Rate Year. This ensures that neither customers nor the transmission owner are harmed if Applicant's revenues received during a Rate Year differ from its actual cost of service. The Commission regularly accepts forward-looking formula rates that utilize, as proposed by Applicant herein, an annual true up process based on actual data from FERC Form 1.²⁴

Consistent with Commission precedent, the projected input data will be taken from Applicant's internal budgeting processes, with actual input data used for the annual true-up based on Applicant's FERC Form 1. As detailed in the Dumais Testimony, the proposed Formula Rate includes several worksheets necessary to determine and publish Applicant's ATRR for CLCPA Eligible Project(s). The initial and any subsequent populations of the Formula Rate Template will be provided in Excel spreadsheets to stakeholders in advance of ATRR or true-up implementation, with substantial time provided for review, inquiries, and feedback, as set forth in the proposed Protocols.

The Formula Rate is capable of calculating certain project-specific costs, with separate columns designated for separate CLCPA Eligible Project costs. Otherwise, Rate Schedule 19 accommodates the determination of a CFC Charge on the aggregated CLCPA Eligible Project(s) revenue requirement of an Eligible Transmission Owner. The Template provides for the recovery of a return on rate base, taxes other than income taxes, depreciation and amortization expense, operation and maintenance expense, and administrative and general expense, less any revenue credits. For transmission and general/common plant balances, land held for future use, materials and supplies, unfunded liabilities, and prepayments, the proposed Template uses a five quarter-ending balance average; whereas, for accumulated deferred income taxes, the Template uses the average of beginning and end of year balances or a prorated balance in accordance with Internal Revenue Service regulations. In addition, Applicant is a taxable corporation and, as such, the Template provides for an income tax allowance consistent with Commission policy.²⁵

The Template also includes a regulatory asset placeholder for COR expense incurred to remove certain existing transmission facilities, such as substation equipment, poles, conductors, and other transmission fixtures, necessary for construction of a CLCPA Eligible Project(s) (the "COR Regulatory Asset"). The Commission's Uniform System of Accounts provides that a regulatory asset may be recognized when amounts otherwise chargeable to expense in the current

²⁴ See, e.g., *NextEra Energy Transmission N.Y., Inc.*, 161 FERC ¶ 61,138 (2017) (approving formula rate template approach for formula rate ATRR template utilizing projected rate year values with an annual true up after actual data becomes available on the FERC Form 1 the year after the Rate Year).

²⁵ See, e.g., *Trans-Allegheny Interstate Line Co.*, 124 FERC ¶ 61,075 (2008).

period are to be recovered in rates in a future period.²⁶ When costs are incurred in a period apart from the anticipated benefit period, the costs should be allocated to periods when the related benefits are expected to be realized.²⁷ “To accomplish this objective, the costs must be recorded initially as an asset, deferred, and then amortized to expense over the anticipated benefit period.”²⁸ Applicant has determined in accord with the Commission’s regulations that COR incurred as a result of a CLCPA Eligible Project(s) are not appropriate for recovery in existing rates. Rather, the COR prudently incurred as a result of a CLCPA Eligible Project should be recovered in rates in a future period following a CLCPA Eligible Project’s in-service date, when actual COR can be accurately determined and presented separately to the Commission for authorization under Section 205.²⁹

To reduce regulatory uncertainty and ensure that only appropriate COR costs are proposed for recovery under the Formula Rate, Applicant requests that the Commission confirm that the cost categories listed in the proposed Template are “probable for recovery in rates in a different period.”³⁰ To be clear, Applicant recognizes that the prior Commission approval under Section 205 is required before a regulatory asset may be recovered in Commission-jurisdictional rates, including transmission formula rates.³¹ RG&E, therefore, commits to making a limited filing under Section 205 at the appropriate time to request recovery of such deferred COR costs on a project(s) specific basis, consistent with Commission precedent.³²

The Template reflects use of Commission-accepted methods of calculating the cost of debt and applies the appropriate ROE (*i.e.*, the lower of the NYPSC-approved ROE for the Applicant’s CLCPA Eligible Project(s) or the FERC-approved ROE in this docket) to calculate the return on

²⁶ The accounting instructions for Account 182.3 are clear that a jurisdictional entity, like RG&E, may record a regulatory asset if it is probable that such items will be included in a different period for purposes of developing rates that the utility is authorized to charge for its utility services. *See* 18 C.F.R. Part 101, Definition No. 31, *Regulatory Assets and Liabilities*.

²⁷ *See PJM Interconnection, L.L.C., Virginia Electric and Power Co.*, 109 FERC ¶ 61,012, PP 50-54 & n.50 (2004) (“This conclusion is based on the matching principle....”), *order on reh’g*, 110 FERC ¶ 61,234, PP 38-41 (2005).

²⁸ *See id.*, 109 FERC at P 50.

²⁹ *See PJM Interconnection, L.L.C., Virginia Electric and Power Co.*, 109 FERC ¶ 61,012, P 50 (2004) (“This conclusion is based on the matching `principle...”), *order on reh’g*, 110 FERC ¶ 61,234, PP 38-41 (2005).

³⁰ *See Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,021, P 20 (2012).

³¹ *See Kansas Elec. Power Cooperative, Inc. v. Evergy Kansas Central, Inc.*, 175 FERC ¶ 61,044, at PP 45, 48 (2021); *Piedmont Mun. Power Agency v. Duke Energy Carolinas, LLC*, 162 FERC ¶ 61,109, at P 32 (2018)

³² Such a Section 205 filing would be for the limited purpose of seeking approval to amortize regulatory asset balances specified above in Account 182.3 and recover those balances as an expense in the Formula Rate, consistent with the amortization schedule(s) that may be approved by the Commission. *See PJM Interconnection, L.L.C.*, 172 FERC ¶ 61,136, at P 91 (2020) (rejecting challenges to unchanged tariff provisions as “beyond the scope of this proceeding.”); *Pepco Holdings, Inc.*, 125 FERC ¶ 61,130, at P 113 (2008) (“Unchanged tariff provisions are not subject to revision as part of an FPA section 205 filing.”).

rate base.³³ The ceiling ROE, to be approved by the Commission for all of Applicant's CLCPA Eligible Projects, and amortization/depreciation rates for CLCPA Eligible Projects are stated terms that may be changed only pursuant to an FPA Section 205 or Section 206 filing.

Appendix A of the Template will produce Applicant's aggregate ATRR for CLCPA Eligible Project(s), which will be used to determine CFC Charges pursuant to Rate Schedule 19 of the NYISO OATT.³⁴ Applicant will recover no more than its just and reasonable cost of service. The Template protects against double recovery because all of Applicant's costs for CLCPA Eligible Projects will be recovered through a single Formula Rate under Rate Schedule 19 to the NYISO OATT.

As authorized in the CSRA/Schedule 19 Order, the Template also provides a ceiling ROE for CLCPA Eligible Project(s).³⁵ The ceiling ROE proposed and included in Applicant's Formula Rate for CLCPA Eligible Project(s) is described and justified in the prepared McKenzie Testimony. Mr. McKenzie provides an independent appraisal of the cost of equity to Applicant and concludes that a base ROE of 10.87% for RG&E is just and reasonable under the Commission's precedent. As explained in the McKenzie Testimony, the proposed ceiling ROE has been developed in accordance with established Commission-approved methodologies, as set forth in Opinion No. 569, although Mr. McKenzie opines that it would be wholly appropriate for the Commission to retain the use of the Risk Premium model.³⁶ The actual ROE proposed to be utilized under the Formula Rate will be the *lower* of (i) the return authorized by the NYPSC and applicable to Applicant for retail ratemaking purposes, or (ii) the Commission-approved ROE initially established in this proceeding as to the Applicant. Any other ROE or any incentive return adders relating thereto has not been authorized and will not be permitted or used under the Formula Rate without express Commission approval. The Formula Rate includes the method by which rate base and capital structure will be calculated, with capital structure and ROE established pursuant to applicable NYPSC orders but subject to the ceiling ROE proposed in this proceeding, as discussed above.

B. Proposed Formula Rate Protocols

The Dumais Testimony describes the Protocols for populating and updating the Template in his testimony. The Protocols prescribe Applicant's annual update process, which refreshes the calculation of Applicant's ATRR and includes specific procedures for notice, requests for information, and review and challenges to the informational filing and annual update. The Protocols provide that the annual update will be publicly posted on the NYISO's website not later

³³ See Dumais Testimony at 11-12 and 26. The Template has the ability to have a different ROE and capital structure for each project. However, it is expected that the ROE and capital structure set by the NYPSC will apply to all projects.

³⁴ As described in the Dumais Testimony, the NYISO accounts for any Incremental Transmission Congestion Contract-related settlements for each CLCPA Eligible Project in determining the applicable CFC Charges assessed to LSEs. See Dumais Testimony at 11.

³⁵ See CSRA/Schedule 19 Order at P 51.

³⁶ See *Ass'n of Bus. Advocating Tariff Equity v. Midcontinent Indep. Sys. Operator, Inc.*, Opinion No. 569, 169 FERC ¶ 61,129 at P 98 (2019) ("Opinion No. 569"). See also McKenzie Testimony at 2-3, 7-9.

than October 15. As part of the annual update process, Applicant will determine a “True-Up Adjustment” by comparing the prior calendar year’s actual ATRR—using data from Applicant’s FERC Form 1—against transmission revenues received under Rate Schedule 19 to the NYISO OATT during the preceding Rate Year. The True-up Adjustment will be publicly posted on the NYISO’s website not later than June 15 and included in an informational filing to the Commission on February 1 of the subsequent year (at the conclusion of the Review Period). As indicated above, any true-up adjustments will be calculated with interest in accordance with Commission regulations.

Following publication of the annual update, including the true-up adjustment of the prior year’s rates based on actual data from FERC Form 1, Applicant will hold a remotely-accessible open meeting for interested parties within 30 days of such publication. Applicant will ensure that notice of each stakeholder meeting concerning the annual update is posted on the NYISO website at least 30 days in advance and will further provide interested parties notice of stakeholder meetings by email. Interested parties will have until December 1 (*i.e.*, 45 days) during which to submit information requests and a review period of at least 60 days to present preliminary challenges (*i.e.*, through January 31). Interested parties will have until May 1 to submit formal challenges to the Commission—including challenges to the prudence of expenditures included in the ATRR for any CLCPA Eligible Project. Any changes to the true-up adjustment resulting from the review period will be reflected, with interest, in the next year’s annual update. Parties at all times retain their rights under Sections 205 and 206 of the FPA, without regard to the Protocols’ review process.

The Protocols provide for review procedures that are consistent with the Commission’s directives and determinations regarding, among other aspects: (i) scope of participation in the information exchange process, including specification that “interested party” is defined broadly to include any transmission customer under the NYISO OATT, the New York Public Service Commission, other New York State government entities that may have an interest in transmission rates and any party that has standing in an Applicant’s formula rate proceeding under the FPA; (ii) the transparency of the information exchange; (iii) the ability of interested parties to challenge Applicant’s implementation of the Formula Rate as a result of the information exchange; and (iv) changes to data inputs and accounting procedures.³⁷ The Protocols are also consistent with the Commission’s guidance on timing, sequence, transparency, and other specifications in proceedings concerning the Protocols of transmission owning members of Midcontinent Independent System Operator, Inc. (“MISO”).³⁸

³⁷ See, e.g., *Empire Dist. Elec. Co.*, 150 FERC ¶ 61,200 (2015).

³⁸ See *Midwest Indep. Transmission Sys. Operator, Inc.* 139 FERC ¶ 61,127, P 8 (2012), *order on investigation of formula rate protocols, Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 (2013), *order on reh’g*, 146 FERC ¶ 61,209 (2014), *order on compliance*, 146 FERC ¶ 61,212 (2014), *order on compliance*, 150 FERC ¶ 61,025 (2015) (collectively, “MISO Annual Update Protocol Orders”). See also, e.g., *Southwest Power Pool, Inc., et al.*, 180 FERC ¶ 61,024 (2022) (relying on MISO Annual Update Protocol Orders as continuing to establish relevant required parameters for annual updates).

III. Requested Effective Date

Applicant respectfully requests an effective date of July 3, 2023, for the tendered Template and associated Protocols. This effective date would implement the formula rate framework and associated Protocols that would apply for any Approved Local Transmission Project that may be approved by order of the NYPSC and with regard to which the Applicant would incur costs recoverable on a statewide basis under the CSRA and Rate Schedule 19 of the NYISO OATT.

IV. Correspondence and Communications

All correspondence and communications concerning the above-captioned proceeding should be addressed to the following persons:³⁹

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³⁹ Applicant requests waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R § 385.203(b)(3) (2021), to the extent necessary to permit more than two persons to be included on the official service list on its behalf in this proceeding.

V. Service

Applicant will send an electronic copy of this filing to the official representative of each party to the proceedings specified in the CSRA/Schedule 19 Order, which includes the NYPSC. In addition, a complete copy of this filing will be posted on the NYISO's website at www.nyiso.com. The NYISO has confirmed to Applicant that it will send an electronic link to this filing to the official representative of each its customers and each participant on its stakeholder committees.

VI. List of Documents

In accordance with the Commission's eTariff regulations and as Tariff Administrator, NYISO is submitting an eTariff XML filing package containing the following materials:

1. This Transmittal Letter;
2. Attachment A: A clean tariff version of Applicant's proposed Formula Rate to be incorporated into the NYISO OATT as Attachment 2 to Rate Schedule 19;
3. Attachment B: Prepared Testimony of Dr. Paul A. Dumais, including supporting materials (Exhibit No. RG&E 001-004); and
4. Attachment C: Prepared Testimony of Mr. Adrien McKenzie, including supporting materials (Exhibit No. RG&E 100-110).

VII. Conclusion

For the reasons set forth above, Applicant requests that the Commission accept for filing, effective as of the date specified above, or such other date as may be prescribed by the Commission, the Formula Rate filed herewith.

Respectfully submitted,

/s/ Catherine P. McCarthy
Catherine P. McCarthy

*Counsel to Rochester Gas and Electric
Corporation*