

June 8, 2023

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

Re: Niagara Mohawk Power Corporation
Docket No. ER23-____-000

Filing of Cost Reimbursement Agreement with the City of Sherrill

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ and Part 35 of the Federal Energy Regulatory Commission’s (“Commission”) regulations,² Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk”) submits a Cost Reimbursement Agreement (“Reimbursement Agreement”) between Niagara Mohawk and the City of Sherrill (“Sherrill”).³ The Reimbursement Agreement is designated as Service Agreement No. 2784 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”).

The Reimbursement Agreement is an undisputed agreement to facilitate the performance of certain work that Sherrill has requested Niagara Mohawk to do with respect to its transmission system to facilitate maintenance and repair work that Sherrill proposes to do at one of its own substations. Niagara Mohawk requests that the Commission accept the Reimbursement Agreement effective as of May 9, 2023, the effective date agreed to by the Parties.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

³ Together, Niagara Mohawk and Sherrill are referred to in the Reimbursement Agreement and in this transmittal letter as the “Parties.”

I. Background

Niagara Mohawk is a public utility subject to the Commission's jurisdiction that owns transmission facilities located in New York which have been placed under the operational control of the NYISO. Sherrill is a municipal corporation with offices located in Sherrill, New York that provides electric service to its residents.

Sherrill has requested that Niagara Mohawk perform certain work with respect to the Niagara Mohawk transmission system, including outage coordination, opening and closing of loops, and contact resistance testing, to facilitate maintenance and repair work that Sherrill proposes to do at its City of Sherrill South Substation. Niagara Mohawk is willing to perform this work subject to: (i) reimbursement by Sherrill of all actual costs and expenses incurred in connection with the work; (ii) Sherrill's performance of all other duties, responsibilities, and obligations set forth in the Reimbursement Agreement; and (iii) receipt of any and all required approvals as set forth in the Reimbursement Agreement, in a form acceptable to Niagara Mohawk.⁴

II. Description of the Reimbursement Agreement and Filing Requirements

Pursuant to the Reimbursement Agreement, Sherrill will reimburse Niagara Mohawk for the actual costs and expenses incurred in connection with the work described above. The Reimbursement Agreement sets forth the terms and conditions of this work and certain related commitments by Sherrill. The Reimbursement Agreement includes provisions addressing the performance and schedule of the work, liability and indemnification, insurance, regulatory and governmental approvals, and various other standard provisions included in comparable utility cost reimbursement agreements.

Section 205 of the FPA authorizes the Commission to require public utilities to file all rates and charges that are "for or in connection with," and all agreements that "affect or relate to," jurisdictional transmission service or sales of electric energy.⁵ The Reimbursement Agreement relates to Niagara Mohawk's recovery of costs for performing work on transmission facilities as described in the Reimbursement Agreement, to facilitate the maintenance and repair work that Sherrill proposes to do. Niagara Mohawk recognizes that the Commission may find the Reimbursement Agreement to be a jurisdictional agreement that must be filed. For these reasons, Niagara Mohawk is submitting the Reimbursement Agreement for Commission acceptance.

The price of the services to be performed pursuant to the Reimbursement Agreement will be just and reasonable because Niagara Mohawk will perform these services at actual cost.⁶ The Commission should therefore accept the Reimbursement Agreement.

⁴ Reimbursement Agreement, Recitals, Articles 3.0, 7.0, and 18.0, and Exhibits A and B.

⁵ 16 U.S.C. §§ 824d(a)-(c).

⁶ Reimbursement Agreement, Article 1.0, at definition of "Company Reimbursable Costs".

III. Effective Date

Niagara Mohawk respectfully requests that the Commission accept the Reimbursement Agreement effective as of May 9, 2023, the effective date agreed to by the Parties.⁷ The Commission's regulations require that a service agreement be filed within 30 days of its effective date or such other date as may be specified by the Commission.⁸ Niagara Mohawk is filing the Reimbursement Agreement within 30 days of the effective date described above.

Good cause exists for the Commission to grant the requested May 9, 2023 effective date. Granting this effective date will effectuate the express intent of the Parties and, because the Reimbursement Agreement is a cost reimbursement service agreement between those Parties, will not prejudice or otherwise have an adverse impact on any other entity. New York customers will benefit from the performance of the work specified in the Reimbursement Agreement as soon as practicable.

Conversely, if the Commission does not grant the requested effective date and instead requires a later effective date, that delay in the effectiveness of the Reimbursement Agreement will also delay Niagara Mohawk's performance of the activities required under the Reimbursement Agreement. In addition, requiring a later effective date may obligate Niagara Mohawk to file a refund report with the Commission regarding any amounts received prior to the granted effective date. Such an obligation would serve no purpose for agreements like the Reimbursement Agreement. Niagara Mohawk recognizes that the Commission has clarified that time-value refunds are subject to a floor based on the utility's variable costs, and that the Commission "will reduce or eliminate time value refunds if the agreements are filed late and if a full time value refund would result in construction of the interconnection and transmission facilities at a loss."⁹ Since Niagara Mohawk is performing all work under the Reimbursement Agreement at actual cost, a directive to provide any actual refunds would compel Niagara Mohawk to perform that work at a loss. Niagara Mohawk therefore respectfully submits that it need not provide time-value refunds in this case even if the Commission were to mandate an effective date later than May 9, 2023. An obligation to file a refund report (even if it stated that no refunds were required or made) would be an administrative burden for Niagara Mohawk with no benefit to either the customer or the Commission.

For these reasons, Niagara Mohawk requests that the Commission grant the effective date of May 9, 2023 specified in the Reimbursement Agreement.¹⁰

⁷ See Reimbursement Agreement, Preamble and Article 1.0, at definition of "Effective Date".

⁸ 18 C.F.R. § 35.3(a)(2).

⁹ *Carolina Power & Light Co.*, 87 FERC ¶ 61,083, at 61,357 (1999); *Fla. Power & Light Co.*, 98 FERC ¶ 61,276, at 62,151 n.32, *reh'g denied*, 99 FERC ¶ 61,320 (2002).

¹⁰ To the extent necessary and for the same reasons explained above, Niagara Mohawk also respectfully requests waiver of the Commission's notice requirement. See 18 C.F.R. § 35.11.

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IV. Attachment

In addition to this transmittal letter, this filing includes the Reimbursement Agreement that is provided in Attachment A hereto.

V. Communications and Service

Communications regarding this filing should be addressed to the following individuals, whose names should be entered on the official service list maintained by the Secretary for this proceeding:

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Copies of this filing have been served on Sherrill, the NYISO, and the New York State Public Service Commission.

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VI. Conclusion

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the Reimbursement Agreement effective as of May 9, 2023.

Respectfully submitted,

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