

July 10, 2015

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

**Re: Niagara Mohawk Power Corporation d/b/a National Grid
Docket No. ER15-____-000
Filing of Amended Cost Reimbursement Agreement with
Rochester Gas and Electric Corporation and Request for Waiver of
Commission Notice Requirement**

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 (“National Grid”) submits an amended Cost Reimbursement Agreement (“Amended Reimbursement Agreement”) between National Grid and Rochester Gas and Electric Corporation (“RG&E”).³ The Amended Reimbursement Agreement is designated as National Grid Service Agreement No. 2135 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”).

The Amended Reimbursement Agreement is an undisputed agreement to facilitate the performance of certain work that RG&E has requested National Grid to perform with respect to specified stations and related portions of transmission lines/circuits and equipment as described in the Amended Reimbursement Agreement. National Grid respectfully requests that the Commission grant waiver of its notice requirement to permit the Amended Reimbursement Agreement to go into effect as of May 29, 2015, the effective date agreed to by the Parties.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

³ Together, National Grid and RG&E are referred to in the Amended Reimbursement Agreement and in this transmittal letter as the “Parties.” The Amended Reimbursement Agreement amends the original version of that agreement (“Original Reimbursement Agreement”).

I. Background

National Grid and RG&E are both public utilities subject to the Commission's jurisdiction that own transmission facilities located in New York and that have placed their facilities under the operational control of the NYISO.

National Grid and RG&E entered into the Original Reimbursement Agreement to facilitate the work that RG&E had requested National Grid to perform with respect to National Grid's Mortimer Station, Station 251, and related portions of transmission lines/circuits and equipment located inside the property line of the substation in order for RG&E to build a new substation to supply the University of Rochester. The Commission accepted the Original Reimbursement Agreement for filing effective March 31, 2014.⁴

Since the Commission accepted the Original Reimbursement Agreement for filing, RG&E has requested changes to the existing scope of work under that agreement to include an upgrade of Mortimer Station that will enable the station to handle a 400 megavolt-ampere (MVA) summer normal and 640 MVA long time emergency rating due to RG&E's re-conductoring of line 901.

II. The Amended Reimbursement Agreement

The Parties have revised the following provisions in the Amended Reimbursement Agreement to reflect the changes to the existing scope of work:

- Exhibit A and the annexes thereto (setting forth the scope of work);
- Exhibit B (setting forth the proposed milestone schedule);
- Section 6.1 and Exhibit D (setting forth the estimated cost breakdown); and
- Section 7.1 (setting forth provisions regarding RG&E's payment or reimbursement of costs to National Grid).

⁴ Commission Letter Order, Docket No. ER14-2506-000 (Sept. 3, 2014).

As is true under the Original Reimbursement Agreement, National Grid is performing services at actual cost as set forth in Articles 1.0 and 7.0 to the Amended Reimbursement Agreement. The Commission should find the price of the services to be performed pursuant to the Amended Reimbursement Agreement to be just and reasonable because National Grid will perform these services at actual cost.⁵

III. Effective Date and Request for Waiver

Pursuant to section 35.11 of the Commission's regulations,⁶ National Grid respectfully requests waiver of the notice requirement contained in section 35.3 of the Commission's regulations⁷ to allow the Amended Reimbursement Agreement to become effective as of May 29, 2015, the effective date agreed to by the Parties.⁸

Good cause exists for the Commission to grant this waiver. Granting the waiver will accord with the intent of National Grid and RG&E to make the Amended Reimbursement Agreement effective as of May 29, 2015. Therefore, no prejudice will result to any party from granting the waiver. Further, National Grid and RG&E have agreed to preliminary projected milestones that anticipate completion of the work pursuant to the Amended Reimbursement Agreement in 2016.⁹ For these reasons, the Commission should find that good cause exists to grant an effective date of May 29, 2015.

IV. Attachments

In addition to this transmittal letter, this filing includes the following attachments:

- Clean version of the Amended Reimbursement Agreement (Attachment A);
- A document showing in red-line the differences between the Original Reimbursement Agreement and the Amended Reimbursement Agreement (Attachment B); and

⁵ Section 7.1 of the Amended Reimbursement Agreement provides that National Grid will invoice RG&E for an additional prepayment of \$500,000 ("Additional Prepayment") and RG&E will pay the Additional Prepayment within 30 days of the invoice due date; however, National Grid has not yet invoiced RG&E for the Additional Prepayment.

⁶ 18 C.F.R. § 35.11.

⁷ 18 C.F.R. § 35.3.

⁸ See the agreement between the Parties contained in Attachment C to this filing.

⁹ Pursuant to the projected milestone schedule listed in Exhibit B to the Amended Reimbursement Agreement, the work is expected to require a total of about 16 months from the effective date of the Amended Reimbursement Agreement to complete.

- An agreement between the Parties to revise the Original Reimbursement Agreement as reflected in the Amended Reimbursement Agreement (Attachment C).

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 RG&E, the NYISO, and the New York State Public Service Commission.

VI. Conclusion

For the reasons stated herein, National Grid respectfully requests that the Commission accept the Amended Reimbursement Agreement effective as of May 29, 2015.

Respectfully submitted,

/s/ Amanda C. Downey

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