



Paul Savage
Associate Counsel
Regulatory Services

July 19, 2016

By Electronic Delivery

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

Re: *Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc.*
Docket No. ER16-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and pursuant to the Commission's regulations at 18 C.F.R. Section 35.13, Consolidated Edison Company of New York, Inc. ("Con Edison") and Orange and Rockland Utilities, Inc. ("O&R") hereby file the following agreements relating to the construction and operation of a 345kV transmission line owned by New York Transco, LLC ("Transco") and the separation of the transmission feeders located in Con Edison's Goethals Substation ("Goethals Separation"):

- (1) Amended and Restated Operations and Maintenance Agreement between O&R and Transco, dated June 23, 2016 ("O&M Agreement") (Attachment A);
- (2) Amended and Restated Project Services Agreement between Con Edison and Transco, dated June 23, 2016 ("PS Agreement") (Attachment B);
- (3) Tripartite NERC Compliance Agreement, between Con Edison, O&R, and Transco dated May 24, 2016 ("NERC Agreement") (Attachment C);
- (4) Indemnification and Reimbursement Agreement between Con Edison and Transco for the Ramapo substation, dated May 24, 2016 ("Ramapo I&R Agreement") (Attachment D); and

- (5) Indemnification and Reimbursement Agreement between Con Edison and Transco for the Goethals substation, dated May 24, 2016 (“Goethals I&R Agreement”) (Attachment E).

1. BACKGROUND

On January 7, 2016, Con Edison and Transco executed an “Asset Purchase Agreement” (“APA”) which transferred certain tangible and intangible assets from Con Edison to Transco, subject to certain conditions. On May 24, 2016, the APA transaction closed; and the assets were transferred from Con Edison to Transco. The transferred tangible asset was a new 345kV transmission line located between O&R’s Sugarloaf Substation and the Rock Tavern Substation, owned by Central Hudson Gas and Electric Corp. (“Central Hudson”), known as the “Second Ramapo to Rock Tavern Project” (“RRT Project”).

The intangible assets transferred to Transco were associated with transmission system upgrade facilities (“SUFs”) that were required for the RRT Project and for the Goethals Separation. Con Edison retained ownership of the physical SUFs and Transco obtained the intangible (*i.e.*, financial) rights to the SUFs.

The RRT Project required three separate interconnection agreements. The first agreement (“the Ramapo Interconnection Agreement”) addressed O&R’s preexisting 138kV Ramapo to Sugarloaf transmission line.¹ Con Edison, as the connecting transmission owner, and O&R, as the owner of the transmission line, agreed to relocate the interconnection point to Con Edison’s 345kV Ramapo Substation.² This relocation required certain SUFs to be constructed at the Ramapo Substation and at O&R’s Sugarloaf Substation

The second interconnection agreement (“the Sugarloaf Interconnection Agreement”) addressed the interconnection of the RRT Project to the O&R transmission system near O&R’s Sugarloaf Substation.³ This agreement was between Con Edison as the developer of the RRT Project and O&R as the connecting transmission owner.

The third interconnection agreement (“the Rock Tavern Agreement”) addressed the interconnection of the RRT Project to Central Hudson’s Rock Tavern Substation.⁴ This

¹ This transmission line was operated at a 138kV level, but was designed to be a 345kV transmission line.

² Docket No. ER15-1845. The Commission accepted the Ramapo Interconnection Agreement (July 17, 2015).

³ Docket No. ER15-1846. The Commission accepted the Sugarloaf Interconnection Agreement (July 17, 2015).

⁴ Docket No. ER15-1422. The Commission accepted the Rock Tavern Interconnection Agreement, (May 14, 2015).

agreement was between Con Edison as the developer of the RRT Project and Central Hudson, as the connecting transmission owner.

On April 21, 2016, the New York State Public Service Commission (“NYPSC”) approved the sale of the RRT Project from Con Edison to Transco.⁵ The NYPSC required that the O&M agreements document how future O&M expenses will be treated; the transmission facilities for which NY Transco will have O&M expense responsibility; the scope of service to be provided by the incumbent utility; and the compensation to be provided by NY Transco.

On May 24, 2016, Con Edison, O&R and Transco entered into several agreements to finalize certain terms of the Con Edison-Transco transaction. On June 23, 2016, Con Edison and Transco amended and restated two of these agreements. These ancillary agreements are interrelated to the APA. On May 27, 2016, Transco’s transmission line went into service.

2. THE AGREEMENTS FILED WITH THIS PETITION

In this petition, Con Edison and O&R respectfully submit the following agreements associated with either the RRT Project or the Goethals Separation for filing.

A. O&M Agreement

On June 23, 2016, O&R and Transco entered into the O&M Agreement, which provides that O&R shall be responsible for the operation and maintenance of the transmission line owned by Transco and the SUF at the Sugarloaf substation, including coordinating maintenance schedules and emergency services with the New York Independent System Operator. See Attachment A. The agreement also states that Transco shall be responsible for compliance with the NERC Reliability Standards for the transmission line and that O&R shall be responsible for NERC compliance with respect to the Sugarloaf Substation it owns. In addition, Transco agrees to indemnify O&R for all penalties associated with any non-compliance with NERC Reliability Standards at the Sugarloaf Substation.

B. PS Agreement

On June 23, 2016, Con Edison and Transco entered in to the PS Agreement, which provides that Con Edison will complete certain necessary construction tasks associated with the

⁵ Case 16-E-0013, Joint Petition of Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Inc., and New York Transco LLC for Approval of a Transfer or Lease of Assets, *Order Authorizing Transfers, Subject to Conditions and Modifications* (April 21, 2016). In *New York Transco et al*, 151 FERC ¶61,005 (2015) and *New York Transco et al*, 153 FERC ¶61,259 (2015), this Commission ruled that it lacked jurisdiction over the proposed transfer of certain transmission assets that were not yet in service.

RRT project and the Goethals separation.⁶ On May 29, 2016, the necessary work for the Goethals separation was completed and the facility went back into service. It is anticipated that in September 2016, Con Edison will complete the remaining minor construction tasks.

C. NERC Agreement

On May 24, 2016, Con Edison, O&R, and Transco entered into the NERC Agreement which clarifies which of the three companies has responsibility for complying with specific NERC's Reliability Standards associated with the RRT Project⁷. Under the Agreement, Con Edison has NERC responsibility for the SUFs located at the Ramapo Substation, Transco has NERC responsibility for its transmission line located between O&R's Sugarloaf Substation and central Hudson's Rock Tavern Substation, and O&R has NERC responsibility for the SUFs located in the Sugarloaf Substation.

D. I&R Agreements

On May 24, 2016, Con Edison and Transco entered into two indemnification and reimbursement agreements. The substantive terms of the agreements are the same, the only difference is that one applies to the Ramapo Substation, and other applies to Goethals Substation. The first I&R Agreement provides that Con Edison will be responsible for the operation and maintenance of the Ramapo SUFs. In addition, Con Edison will be responsible for all NERC Reliability Standards that are applicable to the Ramapo SUFs. Transco agreed to indemnify Con Edison for any NERC penalties resulting from a failure to comply with the NERC Reliability Standards that apply to the Ramapo SUFs. The second I&R Agreement applies to the SUFs that were required by the Goethals Separation.

⁶ See Attachment B.

⁷ See Attachment C.

3. Effective Date and Requested Waivers

Con Edison and O&R respectfully request that the Commission accept the O&M Agreement, the PS Agreement, the NERC Agreement, and the two I&R Agreements and grant waiver of the 60-day prior notice requirement so that they can be effective May 27, 2016, the date the facilities became operational.⁸

Good cause exists to grant waiver because: (1) the agreements are interrelated and finalize certain issues associated with the APA;⁹ (2) the agreements do not impact any third parties; (3) the Agreements were negotiated in conjunction with the sale of the RRT Project from Con Edison to Transco, which was authorized by the New York PSC on April 21 and closed on May 24; (4) two of the agreement between Con Edison and Transco needed to be amended and restated; and (5) because the Commission ruled that the RRT Project was not subject to its jurisdiction until placed into service, the Commission would not have had jurisdiction over the Agreements until that later date, which was June 1, 2016.

4. Communications and Service

Con Edison and O&R request that questions or other communications regarding this filing be addressed to:

Paul Savage
Associate Counsel
Consolidated Edison Company
Of New York, Inc.
Orange and Rockland
Utilities, Inc.
4 Irving Place, Room 1815-S
New York, NY 10003
(212) 460-2764
savagep@coned.com

Neil H. Butterklee
Assistant General Counsel
Consolidated Edison Company
Of New York, Inc.
Orange and Rockland
Utilities, Inc.
4 Irving Place, Room 1875-s
New York, NY 10003
(212) 460-1089
butterkleen@coned.com

Con Edison and O&R have served a copy of this filing on Transco, the New York PSC, and the New York Independent System Operator, Inc.

⁸ 16 U.S.C. §824d(d); 18 C.F.R. §§35.3, 35.11.

⁹ Transco has authorized Con Edison and O&R to state that Transco supports waiver of the 60-day prior notice requirement.

Honorable Kimberly D. Bose
July 19, 2016
Page 6

5. CONCLUSION

For the reasons discussed above, Con Edison and O&R respectfully request that the Commission accept the enclosed agreements for filing, and allow them to become effective as proposed.

Respectfully submitted,

Paul A. Savage

Attachments