

February 6, 2013

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. ER13-____-000
Filing of Cost Reimbursement Agreement with
Erie Boulevard Hydropower, L.P. 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 a Cost Reimbursement Agreement (“Reimbursement Agreement”) between National Grid and Erie Boulevard Hydropower, L.P. (“Erie”). The Reimbursement Agreement is designated as Service Agreement No. 1953 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”).

The Reimbursement Agreement is an undisputed agreement between National Grid and Erie that will expedite the interconnection process for the expansion of an existing generation plant owned by Erie. National Grid respectfully requests that the Commission grant waiver of its prior notice requirement to permit the Reimbursement Agreement to go into effect as of November 9, 2012, the effective date set forth in the Reimbursement Agreement.

I. Background

National Grid is a public utility with a transmission system in the State of New York. Erie owns the Stewarts Bridge Hydropower Generation Plant (“Plant”) located near the Town of Hadley in Saratoga County, New York. The Plant is interconnected to

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

the National Grid system pursuant to the terms of an interconnection agreement filed with and accepted by the Commission in 2010.³

Erie is expanding the Plant by 3 MW, from its existing capacity of 37.5 MW, to a planned capacity of 40.5 MW. The expansion is being processed under the NYISO's generator interconnection procedures in accordance with Attachment X to the NYISO OATT. A draft facilities study report for the expansion was issued on November 6, 2012 and is attached as Schedule E to the Reimbursement Agreement. Erie has requested that National Grid perform certain design, engineering, procurement, construction, and testing work to expedite the interconnection process associated with the expansion of the Plant.⁴

As stated in the recitals of the Reimbursement Agreement, the parties anticipate the negotiation of a new interconnection agreement in connection for the expanded Plant after the NYISO's Class Year process.

Under Section 30.9 of Attachment X to the NYISO OATT, prior to finalization of an interconnection agreement, "a Developer may, in order to advance the implementation of its interconnection, request and Connecting Transmission Owner shall offer the Developer, an [Engineering and Procurement] Agreement that authorizes the Connecting Transmission Owner to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection."

II. Description of the Reimbursement Agreement and Filing Requirements

Pursuant to the Reimbursement Agreement, Erie will reimburse National Grid for the actual costs and expenses incurred in connection with work performed by National Grid to expedite the interconnection process for the expanded Plant. The Reimbursement Agreement sets forth the terms and conditions of this work and certain related commitments by Erie. The Reimbursement Agreement includes provisions addressing performance and schedule of the work, indemnification and liability, insurance, and various standard provisions for utility cost reimbursement agreements.

The parties have agreed to a provision in the Reimbursement Agreement which will affect the implementation of the interconnection agreement for the Plant once it is finalized. Under Article 2 of the Reimbursement Agreement, National Grid will have no further obligation to perform work under the Reimbursement Agreement upon the date the Commission accepts the new interconnection agreement. Under Article 7.5 of the Reimbursement Agreement, any remaining balance of prepayments made to

³ See *Niagara Mohawk Power Corp.*, Docket No. ER10-690-000 (Mar. 25, 2010) (unpublished letter order).

⁴ Reimbursement Agreement, Article 3.0 and Schedule A.

National Grid by Erie under the Reimbursement Agreement will be applied to invoices charged to Erie under the new interconnection agreement. Article 7.5 also provides that National Grid will adjust the security to be provided under the new interconnection agreement to reflect such prepayments. This provision is intended to facilitate the transition from the Reimbursement Agreement to the new interconnection agreement.

Consistent with Section 30.9 of Attachment X, National Grid is performing the services under the Reimbursement Agreement at actual cost as set forth in Article 1 to the Agreement and has not collected any funds pursuant to the Reimbursement Agreement prior to the instant filing.⁵ The Commission should find the price of the services to be performed pursuant to the Reimbursement Agreement to be just and reasonable because National Grid will perform these services at actual cost.

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 requirement contained in Section 35.3 of the Commission's regulations to file service agreements not more than 30 days after service has commenced,⁷ to allow the Reimbursement Agreement to become effective upon the effective date set forth in the agreement, *i.e.*, November 9, 2012.

Granting waiver will not result in prejudice to any party. National Grid and Erie have agreed to project milestones that anticipate completion of work pursuant to the Reimbursement Agreement by February 2013.⁸ Granting the requested waiver will benefit a customer seeking to modify its facilities interconnected to the transmission system and is therefore consistent with the standard set forth by the Commission in *Central Hudson*.⁹ For these reasons, the Commission should find that good cause exists to grant an effective date of November 9, 2012.

⁵ See definition of "Company Reimbursable Costs." See also Section 11.1, stating "The Company is not in the business of performing design or construction services for profit and is not receiving any fee or profit (as contrasted with cost reimbursement) for its performance of the work hereunder."

⁶ 18 C.F.R. § 35.11.

⁷ 18 C.F.R. § 35.3.

⁸ See Schedule B to the Reimbursement Agreement.

⁹ See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, at 61,338, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

IV. 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:¹⁰

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

¹⁰ National Grid requests waiver of 18 C.F.R. § 385.203(b) to allow four persons to be added to the service list in this proceeding.

V. Conclusion

For the reasons stated herein, National Grid respectfully requests that the Commission accept the Reimbursement Agreement effective as of November 9, 2012.

Respectfully submitted,

/s/ Amanda C. Downey

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