

July 8, 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 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 a Cost Reimbursement Agreement (“Reimbursement Agreement”) between National Grid and Rochester Gas and Electric Corporation (“RG&E”). The Reimbursement Agreement is designated as National Grid Service Agreement No. 2223 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”), FERC Electric Tariff, Original Volume No. 1.

The 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 Reimbursement Agreement. National Grid respectfully requests that the Commission grant waiver of its notice requirement to permit the Reimbursement Agreement to go into effect as of March 5, 2015, the effective date set forth in the Reimbursement Agreement. National Grid has not invoiced RG&E or collected any funds pursuant to the Reimbursement Agreement, and will not do so until after the Commission accepts the Reimbursement Agreement for filing.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

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.

RG&E has requested that National Grid perform certain work with respect to National Grid's Mortimer Station, Station 56, and related portions of transmission lines/circuits and equipment located inside the property line of the impacted National Grid stations as described in the Reimbursement Agreement. National Grid is willing to perform the work subject to reimbursement by RG&E of all actual costs and expenses incurred by National Grid in connection with the work.³

II. Description of the Reimbursement Agreement and Filing Requirements

Pursuant to the Reimbursement Agreement, RG&E will reimburse National Grid 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 RG&E. 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 for 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.⁴ In the Prior Notice Order, the Commission stated that the types of agreements that a public utility must file include "a jurisdictional CIAC agreement," which is defined as an "agreement providing for the customer payment of contributions-in-aid-of-construction" of facilities used to provide jurisdictional service, either in a single lump sum or over a period of time.⁵ Commission precedent also indicates that engineering and pre-construction agreements related to jurisdictional facilities can be construed as CIAC agreements.⁶

³ Reimbursement Agreement, Recitals, Article 3.0, and Exhibit A.

⁴ 16 U.S.C. §§ 824d(a)-(c).

⁵ *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 (1993) ("Prior Notice Order").

⁶ For example, in *Southern California Edison Company*, 98 FERC ¶ 61,304, at 62,300-01 (2002), the Commission required the filing of seven letter agreements related to pre-interconnection activities in anticipation of certain generator interconnections, "including procurement, engineering, and limited construction." See also *GenPower Anderson, LLC v. Duke Energy Corp. and Duke Electric Transmission*, 101 FERC ¶ 61,038 (2002) (requiring Duke Energy to file an engineering and design letter agreement that was entered into pending execution of an interconnection and operating agreement).

The Reimbursement Agreement relates to the recovery of costs for jurisdictional facilities and engineering, procurement, and construction services necessary to facilitate the performance of work with respect to National Grid stations and related portions of transmission lines/circuits and equipment as described in the Reimbursement Agreement. Therefore, the Commission will likely find it to be a CIAC agreement that must be filed.

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.⁷

III. Effective Date

The Commission's regulations require service agreements to be filed not more than 30 days after service under the agreements has commenced.⁸ National Grid respectfully requests waiver of this notice requirement to permit the Reimbursement Agreement to go into effect as of March 5, 2015.⁹

Good cause exists for the Commission to grant this waiver. The Reimbursement Agreement states that it is to be made effective as of March 5, 2015. Therefore, granting the requested effective date will permit the Reimbursement Agreement to become effective as of the date agreed upon by the parties and will not result in prejudice to any party. For these reasons, the Commission should find that good cause exists to grant an effective date of March 5.

IV. Attachment

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

⁷ See Reimbursement Agreement, Article 1.0 at definition of "Company Reimbursable Costs." Article 7.0 of the Reimbursement Agreement provides that National Grid will invoice RG&E for an initial prepayment of \$175,000 ("Initial Prepayment") and RG&E will pay the Initial Prepayment within 30 days of the invoice due date; however, National Grid has not invoiced RG&E or collected any funds pursuant to the Reimbursement Agreement, and will not do so until after the Commission accepts the Reimbursement Agreement for filing.

⁸ 18 C.F.R. § 35.3.

⁹ Specifically, pursuant to of Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), National Grid requests waiver of Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3).

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 Reimbursement Agreement effective as of March 5, 2015.

Respectfully submitted,

/s/ Amanda C. Downey

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