

September 9, 2016

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

RE: *New York State Electric & Gas Corporation*
Docket No. ER16-__-000
Executed Cost Reimbursement Agreement with Pennsylvania Electric
Company

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Part 35 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") regulations,² New York State Electric & Gas Corporation ("NYSEG") hereby submits a Cost Reimbursement Agreement ("Reimbursement Agreement") between NYSEG and Pennsylvania Electric Company ("Penelec"). The Reimbursement Agreement is designated as Service Agreement No. 2298 under the New York Independent System Operator, Inc.'s ("NYISO") Open Access Transmission Tariff ("OATT").

For the reasons set forth below, NYSEG respectfully requests that the Commission accept the Reimbursement Agreement effective August 19, 2016.

I. BACKGROUND

NYSEG and Penelec are both public utilities subject to the Commission's jurisdiction that own transmission facilities under the operational control of the NYISO and PJM Interconnection, L.L.C. ("PJM"), respectively.

Penelec was required to perform certain upgrades to its transmission system pursuant to PJM Queue Position #X1-109 ("Project"). The Project will interconnect a new Moxie Liberty LLC 850 MW generation plant located in Towanda, Pennsylvania to Penelec's transmission system.³ In connection with this Project, Penelec has requested that NYSEG perform certain

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. Part 35 (2016).

³ See PJM Interconnection, L.L.C., Original Service Agreement No. 3559, Docket No. ER13-1545-000 (filed May 23, 2013).

upgrades to its transmission system in accordance with the changes Penelec made to its transmission system to facilitate the interconnection of the Project. NYSEG is willing to perform the work subject to reimbursement by Penelec of all costs and expenses incurred by NYSEG in connection with the work.⁴

II. DESCRIPTION OF THE REIMBURSEMENT AGREEMENT AND FILING REQUIREMENTS

Pursuant to the Reimbursement Agreement, Penelec will pay for or reimburse NYSEG for the actual costs and expenses incurred in connection with the work performed by NYSEG. Specifically, as further detailed in Exhibit A of the Reimbursement Agreement, NYSEG will replace existing relays and add a new breaker control at NYSEG's Hillside Substation, located in Elmira, New York.⁵ The Reimbursement Agreement sets forth the terms and conditions of this work and certain related commitments by Penelec. The Reimbursement Agreement includes provisions addressing the performance and schedule of the work, liability and indemnification, insurance, regulatory and governmental approvals, and various standard provisions for utility cost reimbursement agreements.

NYSEG is performing these services at actual costs (defined as "Company Reimbursable Costs") as set forth in Article 1.0 of the Reimbursement Agreement.⁶ As set forth in Article 6.1 of the Reimbursement Agreement, NYSEG estimates the Company Reimbursable Costs, exclusive of any applicable taxes, to be \$682,000. The Commission should find the price of the services to be performed pursuant to the Reimbursement Agreement to be just and reasonable because NYSEG will perform these services at actual cost (*i.e.*, its out-of-pocket expenses), and does not include any return on investment, carrying charge, or any other amount to be collected for profit.

III. REQUESTED EFFECTIVE DATE AND WAIVER

Consistent with the terms of the Reimbursement Agreement executed by NYSEG and Penelec, NYSEG respectfully requests that the Commission accept the Reimbursement Agreement with an effective date of August 19, 2016 to coincide with the date that service commenced under the Reimbursement Agreement. As set forth in Exhibit B of the Reimbursement Agreement, service under the agreement commenced on the same day that Penelec paid the Initial Prepayment set forth in Article 7.1, which was August 19, 2016.

Pursuant to Section 35.3(a)(2) of the Commission's regulations, the Commission requires that service agreements be filed not more than 30 days after service commences.⁷ Because service

⁴ Reimbursement Agreement, Recitals, Article 3.0 and Exhibit A.

⁵ *Id.*, Exhibit A.

⁶ Article 7.0 of the Reimbursement Agreement provides that NYSEG will invoice Penelec for an initial payment of \$341,000 ("Initial Prepayment"), and Penelec will pay the Initial Prepayment within five days of the invoice due date.

⁷ 18 C.F.R. § 35.3(a)(2).

commenced under the Reimbursement Agreement less than 30 days from the date of this filing, the requested effective date is consistent with the Commission's regulations.

To the extent that any filing requirement in Part 35 of the Commission's regulations is not satisfied by this filing and the materials enclosed herewith, NYSEG respectfully requests waiver of such requirements.

IV. COMMUNICATIONS

The following individuals are designated for service under Rule 2010 of the Commission's Rules of Practice and Procedure:⁸

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V. MISCELLANEOUS FILING REQUIREMENTS

This filing consists of:

- This transmittal letter; and
- A copy of the executed Reimbursement Agreement in PDF.

A copy of this filing has been served to Penelec and the NYISO.

⁸ *Id.* § 385.2010.

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VI. CONCLUSION

For the foregoing reasons, NYSEG respectfully requests that the Commission accept the Reimbursement Agreement effective August 19, 2016. If you have any questions concerning this filing, please contact the undersigned. Thank you.

Respectfully submitted,

/s/ Blake R. Urban

Catherine P. McCarthy

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*Counsel to New York State Electric & Gas
Corporation*