

November 1, 2018

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

**Re: Niagara Mohawk Power Corporation
Docket No. ER19-____-000**

**Filing of Cost Reimbursement Agreement with
Mid-Atlantic Interstate Transmission, LLC**

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 (“Niagara Mohawk”) submits a Cost Reimbursement Agreement (“Reimbursement Agreement”) between Niagara Mohawk and Mid-Atlantic Interstate Transmission, LLC (“MAIT”).³ The Reimbursement Agreement is designated as Service Agreement No. 2437 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”).

The Reimbursement Agreement is an undisputed agreement to facilitate the performance of certain work and services that MAIT has requested Niagara Mohawk to do to support MAIT’s operational needs in connection with MAIT’s planned projects to reconfigure its Erie East Substation and to install a series reactor at that substation. Niagara Mohawk requests that the Commission accept the Reimbursement Agreement effective as of October 2, 2018, the effective date agreed to by the Parties.

I. Background

Niagara Mohawk is a public utility subject to the Commission’s jurisdiction that owns transmission facilities located in New York which have been placed under the operational control of the NYISO.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

³ Together, Niagara Mohawk and MAIT are referred to in the Reimbursement Agreement and in this transmittal letter as the “Parties.”

MAIT is a public utility subject to the Commission's jurisdiction that owns transmission facilities located in Pennsylvania which have been placed under the functional control of PJM Interconnection, L.L.C. ("PJM").

MAIT has requested that Niagara Mohawk perform certain work and services, as described in Exhibit A-1 to the Reimbursement Agreement, to support MAIT's operational needs for: (1) the Customer (*i.e.*, MAIT) Substation Reconfiguration Project, which is MAIT's planned project to reconfigure its Erie East Substation as depicted in Exhibit A-2 to the Reimbursement Agreement; and (2) the Customer Erie East Series Reactor Project, which is MAIT's planned project to install a series reactor at the Erie East Substation as depicted in Attachment A-3 to the Reimbursement Agreement.⁴ Niagara Mohawk is willing to perform this work and services, subject to (i) reimbursement by MAIT of all costs and expenses incurred by Niagara Mohawk in connection with the work and services; (ii) MAIT's performance of all other duties, responsibilities, and obligations set forth in the Reimbursement Agreement; and (iii) receipt of any and all required approvals, in a form acceptable to Niagara Mohawk.⁵

II. Description of the Reimbursement Agreement and Filing Requirements

Pursuant to the Reimbursement Agreement, MAIT will reimburse Niagara Mohawk for the actual costs and expenses incurred in connection with the work and services described above. The Reimbursement Agreement sets forth the terms and conditions of this work and services and certain related commitments by MAIT. The Reimbursement Agreement includes provisions addressing the performance and schedule of the work and services, liability and indemnification, insurance, regulatory and governmental approvals, and various other standard provisions included in 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.⁶ The Reimbursement Agreement relates to Niagara Mohawk's recovery of costs for performing procurement, construction, and other work and services in connection with MAIT's planned projects to reconfigure and to install a series reactor at its Erie East Substation. Niagara Mohawk recognizes that the Commission may find the Reimbursement Agreement to be a jurisdictional agreement that must be filed. For these reasons, Niagara Mohawk is filing the Reimbursement Agreement for Commission acceptance.

The price of the work and services to be performed pursuant to the Reimbursement Agreement will be just and reasonable because Niagara Mohawk will

⁴ Reimbursement Agreement, Recitals, Article 1.0 and Exhibits A-1 through A-3. The Erie East Substation is located in northwestern Pennsylvania near the border with New York.

⁵ Reimbursement Agreement, Recitals, Articles 3.0 and 7.0, and Exhibit A.

⁶ 16 U.S.C. §§ 824d(a)-(c).

perform the work and services at actual cost.⁷ The Commission should therefore accept the Reimbursement Agreement.

III. Effective Date

Niagara Mohawk requests that the Commission accept the Reimbursement Agreement effective as of October 2, 2018, the effective date agreed to by the Parties. The Commission's regulations require service agreements to be filed not more than 30 days after service under the agreements has commenced.⁸ Niagara Mohawk is filing the Reimbursement Agreement 30 days after the requested October 2 effective date.

IV. Attachments

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

⁷ See Reimbursement Agreement, Article 1.0 at definition of "Company Reimbursable Costs." Pursuant to Section 7.2 of the Reimbursement Agreement and the preliminary milestone schedule set forth in Exhibit B thereto, MAIT has provided Niagara Mohawk with a prepayment amount of \$25,000 (the "Initial Prepayment"), which represents Niagara Mohawk's current estimate of the Company Reimbursable amounts to perform the work and services.

⁸ 18 C.F.R. § 35.3(a)(2).

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 MAIT, the NYISO, and PJM.

VI. Conclusion

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the Reimbursement Agreement effective as of October 2, 2018.

Respectfully submitted,

/s/ Christopher J. Novak
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