

CRITICAL ENERGY/ELECTRIC INFRASTRUCTURE INFORMATION
TREATMENT OF ATTACHMENT REQUESTED
PURSUANT TO 18 C.F.R. §§ 388.112-113

March 29, 2019

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
New York Power Authority and Request for CEII Treatment

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 the New York Power Authority (“NYPA”).³ The Reimbursement Agreement is designated as Service Agreement No. 2448 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 that NYPA has requested Niagara Mohawk to do to accommodate NYPA’s proposed replacement of a shield wire on a NYPA transmission line. Niagara Mohawk requests that the Commission accept the Reimbursement Agreement effective as of March 1, 2019, the effective date agreed to by the Parties. Niagara Mohawk also requests treatment of an attachment to the Reimbursement Agreement as Critical Energy/Electric Infrastructure Information (“CEII”).

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

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

I. Background

Niagara Mohawk is a public utility with a transmission system in New York. NYPA is a corporate instrumentality of New York, with its own transmission system in New York. Both Niagara Mohawk and NYPA have placed transmission facilities under the operational control of the NYISO.

NYPA is proposing to replace one of the shield wires on the 345 kV Gilboa-New Scotland Line #1, which connects the NYPA Gilboa Station with Niagara Mohawk's New Scotland Station, with optical ground wire. Niagara Mohawk has undertaken a study of its adjoining transmission facilities and has identified equipment on its transmission system that will require modifications in order for NYPA's replacement work to be implemented. NYPA has requested that Niagara Mohawk perform such modifications and related work as specified in the Reimbursement Agreement. Niagara Mohawk is willing to perform this work subject to: (i) reimbursement by NYPA of all actual costs and expenses incurred by Niagara Mohawk in connection with the work; (ii) NYPA's performance of all other duties, responsibilities, and obligations set forth in the Reimbursement Agreement, including, without limitation, specified actions to be taken by NYPA; and (iii) receipt of any and all required approvals as set forth in the Reimbursement Agreement, in a form acceptable to Niagara Mohawk.⁴

II. Description of the Reimbursement Agreement and Filing Requirements

Pursuant to the Reimbursement Agreement, NYPA will reimburse Niagara Mohawk 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 services and certain related commitments by NYPA. 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.⁵ The Reimbursement Agreement relates to Niagara Mohawk's recovery of costs for performing procurement, construction, and other work in connection with NYPA's planned replacement of a shield wire with optical ground wire on Gilboa-New Scotland Line #1. 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, Articles 3.0, 7.0, and 18.0, and Exhibits A and C.

⁵ 16 U.S.C. §§ 824d(a)-(c).

perform the work and services at actual cost.⁶ The Commission should therefore accept the Reimbursement Agreement.

III. Request for CEII Treatment

Pursuant to Sections 388.112 and 388.113 of the Commission's regulations,⁷ Niagara Mohawk respectfully requests treatment of Exhibit A-1 to the Reimbursement Agreement as CEII. This Exhibit A-1 consists of a document entitled "Facilities Study Report for the NYPA Gilboa-New Scotland Line #1 OPGW Installation". Exhibit A-1 contains sensitive infrastructure information that should not be publicly released. Niagara Mohawk further requests that the CEII designation remain in effect for at least five years from the date of this filing.

For these reasons, in the public version of the Agreement, as reflected in the filed tariff record, Exhibit A-1 has been omitted. The non-public version of Exhibit A-1 has been marked "CUI/CEII – **Contains Critical Energy/Electric Infrastructure Information – Do Not Release**". The non-public version of Exhibit A-1 is being filed as a CEII attachment to this filing, designated as Attachment B. Consistent with the Commission's regulations, Attachment C to this filing includes a proposed form of protective agreement.

IV. Effective Date

Niagara Mohawk requests that the Commission accept the Reimbursement Agreement effective as of March 1, 2019, 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 within 30 days of the requested March 1 effective date.

V. List of Filing Documents

1. This transmittal letter;
2. Attachment A: Public version of the Reimbursement Agreement
3. Attachment B: Non-public version of Exhibit A-1 to the Reimbursement Agreement, which contains CEII
4. Attachment C: Proposed form of protective agreement

⁶ See Reimbursement Agreement, Article 1.0 at definition of "Company Reimbursable Costs". Section 7.2 of the Reimbursement Agreement provides that, once the Commission has granted approval of the Reimbursement Agreement without condition or modification, NYPA will provide Niagara Mohawk with a prepayment amount of \$362,800 ("Initial Prepayment"), which represents Niagara Mohawk's current estimate of the actual costs and expenses to perform the work described in the Reimbursement Agreement. In accordance with this Section 7.2, Niagara Mohawk has not collected the Initial Prepayment (or any other funds) pursuant to the Reimbursement Agreement.

⁷ 18 C.F.R. §§ 385.112-113.

⁸ 18 C.F.R. § 35.3(a)(2).

VI. 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:

Christopher J. Novak
Senior Counsel
National Grid USA
Service Company, Inc.
40 Sylvan Road
Waltham, MA 02451
(781) 907-2112
Chris.Novak@nationalgrid.com

Sean A. Atkins
Bradley R. Miliauskas
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
(202) 239-3300
sean.atkins@alston.com
bradley.miliauskas@alston.com

Kathryn Cox-Arslan
Director, Commercial Services
National Grid USA
Service Company Inc.
40 Sylvan Road
Waltham, MA 02451
(781) 907-2406
kathryn.cox-arslan@nationalgrid.com

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

The Honorable Kimberly D. Bose
March 29, 2019
Page 5

VII. Conclusion

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the Reimbursement Agreement effective as of March 1, 2019.

Respectfully submitted,

/s/ Christopher J. Novak
Christopher J. Novak
Senior Counsel
National Grid USA
Service Company, Inc.
40 Sylvan Road
Waltham, MA 02451

*Attorney for Niagara Mohawk Power
Corporation*