

SUBMITTED VIA E-TARIFF FILING

July 30, 2021

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

Re: NextEra Energy Transmission New York, Inc.
Docket No. ER21-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,² the New York Independent System Operator, Inc. (“NYISO”), solely in its role as administrator of the NYISO Open Access Transmission Tariff (“OATT” or “Tariff”), hereby submits this filing on behalf of NextEra Energy Transmission New York, Inc. (“NEET New York”) to revise NEET NY’s formula rate (“Formula Rate”) contained in Section 6.10.9.2.1 of Attachment 3 of Rate Schedule 10 of the NYISO OATT.³ Specifically, the Formula Rate revisions proposed herein (i) add a stated depreciation rate for accounts 357, 358, 359, 390, 392, 393, 394, 395 and a 15 year Property depreciation rate; and (ii) include in the Formula Rate revised calculations for Accumulated Deferred Income Taxes (“ADIT”) to utilize prorated balances, consistent with IRS Normalization rules, and add a new tab 6f for ADIT True-up Proration. NEET New York respectfully requests that the Commission accept the revised tariff sheets for filing with an effective date of September 30, 2021.

I. BACKGROUND

NEET New York is a wholly owned direct subsidiary of NextEra Energy Transmission, LLC (“NEET”), and is organized under the Transportation Corporation Laws of the state of New York. NEET New York was formed to develop, construct, finance, own, operate, and maintain electric transmission facilities in the NYISO region. NEET New York is currently constructing the Empire

¹ 16. U.S.C. §§ 824d and 824s (2012).

² 18 C.F.R. Part 35 (2018).

³ The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with NEET New York, the sponsoring party. The NYISO takes no position on any substantive aspect of this filing at this time. Capitalized terms not otherwise defined herein shall have the meaning specified in the OATT.

State Line transmission project (“ESL Project”), a competitively awarded transmission project in Western New York.⁴

NEET New York’s annual transmission revenue requirement (“ATTR”) is determined in accordance with the Formula Rate, which was incorporated into the NYISO Tariff in Docket No. ER21-907 as Attachment 3 of Rate Schedule 10 of the OATT.⁵ As is relevant here, Attachment 7 of the Formula Rate identifies the annual depreciation accrual rates that NEET New York uses for accounting purposes to depreciate its utility plant, which in turn form the basis for the annual depreciation expense reported on the NEET New York FERC Form No. 1 that is incorporated into the Formula Rate revenue requirement. Similar to most formula rates, NEET New York may only change the depreciation rates stated in its Formula Rate pursuant to a filing under section 205 of the FPA.

II. DESCRIPTION OF FILING

A. New Depreciation Rates

NEET New York is revising Attachment 7 of its Formula Rate to add depreciation accrual rates for FERC Account Numbers 357, 358, 359, 390, 392, 393, 394, 395 and a 15 year Property depreciation rate. NEET New York will have physical plant in service related to the ESL Project, the original cost of which will be charged to these accounts but does not have stated depreciation rates corresponding to these accounts listed in Attachment 7. The new Attachment 7 to the Formula Rate is shown in Attachment A to this filing as a redline version of Section 6.10.9.2.1 of Attachment 3 of Rate Schedule 10 of the OATT and as a clean version thereof as Attachment B to this filing.

Since NEET New York lacks an operating history upon which to base a depreciation study, NEET New York respectfully requests that it be permitted, consistent with Commission precedent, to adopt the depreciation rates of an affiliate for accounts 357, 358, 359, 390, 392, 393, 394, 395 and a 15 year Property depreciation rate.⁶ In this case, NEET New York proposes to adopt the depreciation rates of its affiliate, Florida Power & Light Company (“FPL”). FPL is a rate-regulated electric utility engaged primarily in the generation, transmission, distribution, and sale of electric energy in Florida.

In support of NEET New York’s request to update its stated depreciation rates, attached to this filing as Attachment C is the November 2, 2018 testimony and Depreciation Study of Ned W. Allis of Gannett Fleming Valuation and Rate Consultants, LLC. Mr. Allis’ testimony explains the methods and procedures of the Depreciation Study and the annual depreciation rates that result from the Depreciation Study. This testimony was filed in FERC Docket Nos. ER19-282 and ER19-284 in support of FPL’s filing of amendments to two wholesale requirements contracts between FPL and Florida Keys Electric Cooperative and Lee County Electric Cooperative, respectively.

⁴ The NYISO Board of Directors selected NEET New York’s ESL Project in a Public Policy Transmission Report issued on October 17, 2017 (the ESL Project was referred to as “Project T014” therein) in response to the Western New York Public Policy Transmission Need identified by the New York State Public Service Commission on July 20, 2015 in Case No. 14-E-0454.

⁵ *NextEra Energy Transmission New York Inc.* Docket ER21-907-000, Letter Order (issued March 4, 2021)

⁶ See, e.g., *Xcel Energy Sw. Transmission Co.*, 149 FERC ¶ 61,182 at P 66 (2014) (citing *RITELine Ill., LLC*, 137 FERC ¶ 61,039 at P 124 (2011)).

B. ADIT Related Changes

Second, NEET New York is proposing to modify the calculation of its average balance included in the ADIT rate base adjustment determined on Attachment 6a of the Formula Rate to comply with IRS Normalization rules, which mandate a specific proration procedure to measure the amount of future test period (projected test year) ADIT that can reduce rate base. NEET New York has included calculations that use the IRS's proration requirement to calculate the ADIT component of rate base for the Formula Rate's ATRR projection and ATRR true-up calculations. The current average balance calculation in Attachment 6a of the Formula Rate does not properly capture the required modification to comply with the IRS Normalization rules. Therefore, on Attachment 6a of the revised Formula Rate attached to this filing (see Attachments A and B to this filing), NEET New York proposes revisions to the calculation of the average balance as shown on tab 6a and adds tab 6f ADIT True-up Prorations to its Formula Rate. These revisions are consistent with those accepted and on file for NEET New York's affiliate NextEra Energy Transmission MidAtlantic Indiana, Inc. in Docket ER21-1163⁷ and properly include the proration requirements of the IRS regulations.

III. CONTENTS OF FILING

Applicant submits the following documents:

- a. This Transmittal Letter
- b. Redline version of proposed revisions to the OATT (Attachment A)
- c. Clean version of the proposed revisions to the OATT (Attachment B)
- d. Testimony of Ned W. Allis and accompanying exhibits (Attachment C)

IV. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVERS

Pursuant to section 35.11 of the Commission's regulations,⁸ NEET New York requests that the changes to its Formula Rate (Section 6.10.9.2.1 of Attachment 3 of Rate Schedule 10 of the OATT) proposed herein be made effective on September 30, 2021.

This filing, and the accompanying attachments, provide the support required for the Commission to accept the revised tariff sheets for filing consistent with Part 35 of the Commission's regulations. To the extent that this filing fails to contain any information otherwise required for compliance with the Commission's regulations, NEET New York respectfully request that compliance with such regulations be waived.

V. CORRESPONDENCE AND COMMUNICATIONS

The following persons are authorized to receive notices and communications with respect to this filing:

⁷ *NextEra Energy Transmission MidAtlantic Indians, Inc.* Docket No. ER21-1163-000, Letter Order (issued March 24, 2021).

⁸ 18 C.F.R. §35.11.

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VI. CONCLUSION

For the foregoing reasons, NEET New York respectfully requests the Commission accept the proposed revisions to the NYISO OATT with an effective date of September 30, 2021.

Respectfully submitted,

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