

November 8, 2024

Honorable Debbie-Anne A. Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: Niagara Mohawk Power Corporation d/b/a National Grid
Docket No. ER25-__-000**

Single-Issue Filing to Revise Fixed Expense Amount for Transmission-Related Post-Retirement Benefits Other Than Pensions

Dear Secretary Reese:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,² and Section 14.1.9.3 of Attachment H of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff (“OATT”), Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk”) hereby proposes to revise Section 14.1.9 of Attachment H to the NYISO OATT, as well as Niagara Mohawk’s Transmission Service Charge (“TSC”) formula rate template set forth in Section 14.2.1 of Attachment H to the NYISO OATT (the formula rate protocols set forth in Section 14.1.9 together with the formula rate template in Section 14.2.1 are hereinafter referred to as the “Formula Rate”).³

The proposed revisions update Niagara Mohawk’s fixed expense amount for transmission-related post-retirement benefits other than pensions (“PBOP”) to more accurately reflect the going forward expense level and reduce customer rates. To ensure that the fixed expense amount for PBOP is updated expeditiously and the resulting decrease in rates to customers is reflected in a timely fashion, Niagara Mohawk respectfully requests that the proposed revisions take effect on January 1, 2025, and apply to the true-up of 2024 costs in Niagara Mohawk’s 2025 annual adjustment of certain TSC Formula Rate inputs (the “Annual Update”).

I. BACKGROUND

A. Niagara Mohawk

Niagara Mohawk is a public utility subject to the Commission’s jurisdiction that owns transmission facilities located in New York. These transmission facilities have been placed under the operational control of the NYISO. Certain municipal electric customers in upstate New York, as well as

¹ 16 U.S.C. § 824d (2018).

² 18 C.F.R. Part 35 (2023).

³ NYISO submits this filing on behalf of Niagara Mohawk solely in its role as administrator of the NYISO OATT. The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with Niagara Mohawk, the sponsoring party. 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 NYISO OATT.

certain customers outside the NYISO, pay for the cost of service over these transmission facilities through Niagara Mohawk's TSC. The TSC is calculated using the Formula Rate set forth in Attachment H to the NYISO OATT. Niagara Mohawk also recovers the costs of certain transmission facilities through separate Rate Schedules under the NYISO OATT—including the Western New York Facilities Charge (Rate Schedule 17), Smart Path Connect Facilities Charge (Rate Schedule 18), and the Niagara Mohawk Segment A Facilities Charge (Rate Schedule 20)—which reference inputs in the TSC Formula Rate.⁴ Niagara Mohawk recovers the remainder of the costs of its transmission facilities through bundled retail rates approved by the New York State Public Service Commission ("NYPSC").

B. The Niagara Mohawk TSC Formula Rate

On February 11, 2008, as supplemented on May 30, 2008, Niagara Mohawk submitted an FPA section 205 filing in Docket No. ER08-552 to replace its stated TSC rates in Attachment H to the NYISO OATT with formula TSC rates. On July 29, 2008, the Commission accepted and suspended the proposed formula rates and established hearing and settlement judge procedures.⁵ On April 6, 2009, Niagara Mohawk filed a comprehensive Settlement Agreement and Offer of Settlement (the "2009 Settlement") for the purpose of resolving all issues set for hearing in the proceeding in Docket No. ER08-552. As approved by the Commission in a letter order issued on June 22, 2009,⁶ the 2009 Settlement sets forth the terms of the Formula Rate for the calculation of Niagara Mohawk's TSC under the NYISO OATT, as well as procedures for the Annual Update.

In accordance with Section 14.1.9.4 of Attachment H to the NYISO OATT, Niagara Mohawk is directed to prepare and issue its Annual Update on or before June 14 of each year for submission to the Commission and service on all Interested Parties. To prepare the Annual Update, Niagara Mohawk calculates new values for the revenue requirements, control center costs, and billing units components of its Formula Rate. Niagara Mohawk's updated transmission revenue requirements are in effect for a one-year service period (the "Update Year") that begins on July 1 of a given calendar year and ends on June 30 of the subsequent calendar year. The revenue requirements for a given Update Year include a true-up component (the "Annual True-Up"), representing the difference between rates charged based on the Forecasted Transmission Revenue Requirement for the prior Update Year and the actual revenue requirement.

II. DESCRIPTION OF THE FILING

Niagara Mohawk is making this single-issue filing pursuant to Section 14.1.9.3 of Attachment H to the NYISO OATT. Section 14.1.9.3 of Attachment H provides that Niagara Mohawk may make a single-issue filing under Section 205 of the FPA to modify its fixed PBOP expense amount without opening for review other components of its Formula Rate. Niagara Mohawk also proposes to update Lines 35 and 38 of Schedule 9 of Niagara Mohawk's formula rate template set forth in Section 14.2.1 of

⁴ As a result, the proposed decrease to the fixed PBOP expense amount in the TSC Formula Rate will result in decreases to the fixed PBOP expense amount allocated to these other Niagara Mohawk transmission charges under the NYISO OATT.

⁵ *Niagara Mohawk Power Corp.*, Order Accepting and Suspending Formula Rate Subject to Refund and Establishing Hearing and Settlement Judge Procedures, 124 FERC ¶ 61,106 (2008).

⁶ *See Niagara Mohawk Power Corp.*, 127 FERC ¶ 61,289 (2009).

Attachment H to the NYISO OATT (“Schedule 9”) to reflect the proposed changes to its fixed PBOP expense amount.

Schedule 9 incorporates the fixed PBOP expense amount from Niagara Mohawk’s Workpaper 3, which calculates Niagara Mohawk’s total annual Employee Pensions and Benefit Expense recorded to FERC Account No. 926 (“Workpaper 3”).⁷ Pursuant to Section 14.1.9.1.5 of Attachment H, and as reflected in Lines 35 and 38 of Schedule 9, Niagara Mohawk’s PBOP expense is currently fixed at \$88,644,000 per year. Niagara Mohawk’s actual PBOP expense recorded under FERC Account No. 926 for 2023 was a net debit of \$1,295,924.⁸ Due in part to changes in the underlying investment vehicles, Niagara Mohawk’s “Total Electric Direct PBOP Expense” is forecasted to reflect negative PBOP expense of \$62,983,899 in fiscal year (“FY”) 2025.⁹

In light of the recent and forecasted trends in Niagara Mohawk’s PBOP expense, Niagara Mohawk is proposing to set its fixed transmission-related PBOP expense amount to zero going forward. Forecasted PBOP expense levels provided by Niagara Mohawk’s actuary, Aon, are included as Attachment F to this filing. As shown in Attachment F, Niagara Mohawk is forecasted to incur negative PBOP expense for the next five years (FY 2025 –2029).

While income positions reflect the well-funded nature of Niagara Mohawk’s trusts, the assets in the PBOP trusts cannot be withdrawn without incurring significant penalties under applicable Internal Revenue Service requirements. Setting Niagara Mohawk’s fixed PBOP level as a negative amount would therefore adversely and unreasonably impact Niagara Mohawk’s cash flow as there will be no offsetting cash inflow to Niagara Mohawk from the PBOP trusts. Setting Niagara Mohawk’s fixed transmission-related PBOP expense amount to zero more accurately reflects Niagara Mohawk’s forecasted PBOP expense level and will also result in a significant decrease in rates for Niagara Mohawk’s customers.

The proposed change to Niagara Mohawk’s fixed transmission-related PBOP expense amount is reflected in the redlined versions of Section 14.1.9 and Section 14.2.1 of Attachment H to the NYISO OATT included as Attachments B and D to this filing. Specifically, Niagara Mohawk proposes to set to zero the fixed transmission-related PBOP expense amount of \$88,644,000 currently shown in Section 14.1.9.1.5 of Attachment H to the NYISO OATT and Lines 35 and 38 of Schedule 9. This change will also be reflected in the calculation of “Transmission Allocated PBOP” shown on Line 35 of Schedule 9, as well as in Line 6 of Workpaper 3 prepared by Niagara Mohawk for inclusion in future Annual Update filings.¹⁰

In addition to decreasing rates for Niagara Mohawk’s customers, this proposed approach to PBOP expense is consistent with Commission precedent requiring utilities providing service under

⁷ Workpaper 3 is populated and filed as part of the Annual Update process, but is not a part of Niagara Mohawk’s TSC Formula Rate.

⁸ Populated versions of Workpaper 3 and Schedule 9, supporting the calculation of Niagara Mohawk’s actual PBOP expense for 2023, are provided as Attachment E-1 to this filing.

⁹ See Attachment F to this filing, showing Niagara Mohawk’s forecasted PBOP expense levels.

¹⁰ A redlined version of Workpaper 3 showing the anticipated revisions to be incorporated starting with the next Annual Update is provided as Attachment E-2 to this filing.

formulaic “cost of service” rates to file PBOP costs, accrual estimates, and funding commitments for Commission review prior to including those amounts in formula rates.¹¹ The Commission has previously accepted such proposals requesting to set PBOP levels to zero where trusts are in an income position.¹²

III. ADDITIONAL FILING INFORMATION

A. Effective Date and Requests for Waiver

Niagara Mohawk respectfully requests that the Commission accept the proposed revisions to Section 14.1.9 and Section 14.2.1 of Attachment H to the NYISO OATT effective January 1, 2025, which is less than 60 days from the submission of this filing.¹³ The Commission grants waiver of its prior notice requirements for good cause shown, including in instances similar to the instant filing, where Niagara Mohawk’s proposed change will result in a rate decrease.¹⁴

An effective date of January 1, 2025, will facilitate prompt implementation of the anticipated decrease in customer rates. Granting the requested effective date will also ensure that the proposed modification to Niagara Mohawk’s fixed transmission-related PBOP expense amount is in place for purposes of the next Annual Update and can be reflected in the Annual True-Up component of the TSC based on actual 2024 costs calculated in that update.

Additionally, Section 14.1.9.3 of Attachment H of the NYISO OATT provides that Niagara Mohawk may make a limited, single-issue filing pursuant to FPA section 205 to revise the fixed transmission-related PBOP expense in Niagara Mohawk’s Formula Rate. As such, and to the extent necessary, Niagara Mohawk respectfully requests waiver of the full requirements of 18 C.F.R. § 35.13 or any other applicable regulations. Good cause exists for granting this waiver as this filing is directly contemplated under the NYISO OATT.

¹¹ See, e.g., *Maine Yankee Atomic Power Co.*, 68 FERC ¶ 61,190, at 61,959 (1994); *Vermont Yankee Nuclear Power Corp.*, 68 FERC ¶ 61,284, at 62,215 (1994), *clarified*, *Vermont Yankee Nuclear Power Corp.*, 69 FERC ¶ 61,211, at 61,833 (1994).

¹² See *ISO New England Inc.*, Docket No. ER24-125-000 (2023) (delegated letter order) (accepting proposal to set PBOP costs in formula rate to zero where trust was in an income position and the proposed change would result in a decrease in rates); see also *San Diego Gas & Electric Co.*, Docket No. ER21-436-000 (2021) (delegated letter order).

¹³ See 18 C.F.R. § 35.3(a)(1).

¹⁴ See 18 C.F.R. § 35.11; *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, at 61,338, *reh’g denied*, 61 FERC ¶ 61,089 (1992) (“[The Commission] will generally grant waiver of the 60-day prior notice requirement . . . [for] filings that reduce rates and charges—such as rate decreases . . .”).

B. Documents Included with This Filing

In addition to this transmittal letter, the following documents are provided in support of this filing:

Attachment A	Clean version of Section 14.1 of Attachment H to the NYISO OATT, including the proposed revisions to be effective January 1, 2025
Attachment B	Redlined version of Section 14.1 of Attachment H to the NYISO OATT, showing the proposed revisions to be effective January 1, 2025
Attachment C	Clean version of Section 14.2.1 of Attachment H to the NYISO OATT, including the proposed revisions to be effective January 1, 2025
Attachment D	Redlined version of Section 14.2.1 of Attachment H to the NYISO OATT, showing the proposed revisions to be effective January 1, 2025
Attachment E-1	Populated versions of Workpaper 3 and Schedule 9, supporting the calculation of actual PBOP expense in 2023
Attachment E-2	Redlined version of Workpaper 3 showing anticipated revisions
Attachment F	Aon Forecast of Niagara Mohawk PBOP Expense for FY 2025 – 2029
Attachment G	A list of the Interested Parties served with this filing by Niagara Mohawk

IV. COMMUNICATIONS

Communications and correspondence regarding this filing should be addressed to the following individuals:

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V. SERVICE

Copies of this filing, including all attachments, have been served on the on the NYPSC and on the NYISO. Niagara Mohawk has confirmed with the NYISO that a complete copy of this filing will be posted on the NYISO's website at www.nyiso.com. The NYISO has also informed Niagara Mohawk that it will send an electronic link to this filing to the official representative of each of its customers and to each participant on its stakeholder committees. Copies of this filing are also being served by Niagara Mohawk on each of the Interested Parties who receive service of the Annual Update in accordance with the 2009 Settlement approved by the Commission in Docket No. ER08-552. This list of Interested Parties, provided as Attachment G to this filing, includes representatives of all customers that pay the Niagara Mohawk TSC.

VI. CONCLUSION

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the revisions to Section 14.1.9 and Section 14.2.1 of Attachment H to the NYISO OATT proposed in this filing to be effective January 1, 2025, without suspension, condition, or modification.

Respectfully submitted,

/s/ Patrick J. Tarmey

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