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September 3, 2010

**Via Electronic Filing**

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

***Re: Orange and Rockland Utilities, Inc.  
Dkt. No. ER99-3162-***

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the Commission's regulations, 18 C.F.R. Part 35, Orange and Rockland Utilities, Inc. ("O&R") submits for filing two Amended and Restated Continuing Site/Interconnection Agreements between O&R and AER NY-Gen LLC ("AER NY-Gen") (together referred to as the "Parties"), dated as of August 12, 2010 (the "Revised IAs"). The Revised IAs make certain changes to the Continuing Site/Interconnection Agreement, dated as of November 24, 1998, and amended by a First Amendment, dated as of May 10, 1999 (the "Original IA") between O&R and Southern Energy NY-Gen, L.L.C. ("Southern Energy"),<sup>1</sup> now known as AER NY-Gen, LLC.<sup>2</sup>

***Background:***

The Original IA, executed in connection with O&R's 1999 divestiture of certain generating assets to Southern Energy, was necessary in order to interconnect the gas turbine and hydroelectric generating stations purchased from O&R by Southern Energy

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<sup>1</sup> The Original IA was accepted by a letter order issued by the Commission on April 5, 1999 in Docket No. ER99-2084-000 and designated as O&R Rate Schedule FERC No. 77, effective April 15, 1999. The First Amendment was accepted by a letter order issued by the Commission on July 9, 1999 in Docket No. ER99-3162-000, and Rate Schedule FERC No. 77 was redesignated as O&R Rate Schedule FERC No. 80. Because the Revised IAs supersede O&R Rate Schedule No. 80, a Notice of Cancellation of that rate schedule is included in this filing.

<sup>2</sup> Southern Energy changed its name to Mirant NY-GEN, LLC ("Mirant NY-GEN") on January 19, 2001, and Mirant NY-GEN changed its name to AER NY-GEN, LLC on May 11, 2007. See *Mirant NY-Gen, LLC and AER NY-Gen, LLC*, Dkt. Nos. P-9690-000, P-10481-000, and P-10482-000, Notification of Name Change and New Company Contacts (filed May 25, 2007).

with the transmission system that O&R continued to own.<sup>3</sup> The Revised IAs reflect the Parties' agreement to bifurcate the Original IA into two agreements, one pertaining to only the hydroelectric generating stations and one to only the gas turbine generating stations. The hydroelectric generating stations covered by one of the Revised IAs are the Mongaup Hydroelectric Station, Rio Hydroelectric Station, and Swinging Bridge Hydroelectric Station. The gas turbine generating stations covered by the other Revised IA are the Hillburn Gas Turbine Generating Station and the Shoemaker Gas Turbine Generating Station.

The bifurcation of the Original IA would facilitate the implementation of AER NY-Gen's business plan, which includes the sale of the hydroelectric generating stations and retention of the gas turbine generating stations.<sup>4</sup> Pursuant to Article 15 of the Original IA, AER NY-Gen may assign the Original IA to a purchaser of its generating stations, but only if it sells all or substantially all of the stations. The proposed bifurcation of the Original IA would permit an assignment by AER NY-Gen that is limited to the hydroelectric generating stations. Given the bifurcation, under Article 15 of the Revised IA, AER NY-Gen could assign the Revised IA relating to the hydroelectric generating stations to the purchaser of those stations, on the same terms as are stated in the Original IA.

### ***The Revised IAs:***

With the exception of the changes noted below, the Revised IAs are identical to the Original IA. Together, the Revised IAs would apply, with one exception, to the same generating stations as the Original IA currently does.<sup>5</sup> There has been no change in the capacity of the stations subject to the Revised IAs. The bifurcation of the Original IA would not alter the rights and obligations of the parties. Neither would it impose any new charges for O&R's interconnection service. The following is a summary of the revisions reflected in the Revised IAs, as shown on the black-lined copies of the Original IA:

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<sup>3</sup> O&R and Southern Energy concurrently entered similar agreements for the transfer of O&R's Bowline Point and Lovett generating stations to subsidiaries of Southern Energy, and these agreements and their subsequent amendments were also approved by FERC in the same letter orders approving the Original IA and the First Amendment between O&R and Southern Energy NY-Gen, as set forth in footnote 1.

<sup>4</sup> On April 28, 2010, AER NY-GEN filed an application pursuant to Section 203 of the Federal Power Act requesting FERC authorization of the disposition of jurisdictional facilities. FERC approved such disposition on June 1, 2010. *AG-Energy, L.P.*, 125 FERC ¶ 62,194 (2010). On April 30, 2010, AER NY-Gen filed an application with FERC seeking FERC approval for the transfer to Eagle Creek Hydro Power, LLC, Eagle Creek Water Resources, LLC, and Eagle Creek Land Resources, LLC, of licenses for the Swinging Bridge, Mongaup Falls, and Rio Projects (Projects Nos. 10482-014, 10481-064, and 9690-106, respectively). An order is pending.

<sup>5</sup> In 2006, FERC approved the reversion to the City of New York of a fourth hydroelectric generating station covered by the Original IA, the Grahamsville Hydroelectric Station. *See Mirant NY-Gen, LLC*, 114 FERC 62,190 (2006). As such, the Grahamsville facility was not among the facilities owned by Mirant NY-Gen, LLC when it was purchased by AER NY-Gen's parent, Alliance Energy Renewables, LLC. *See Alliance Energy Renewables, LLC*, 118 FERC ¶ 62,202 (2007), and is not a facility covered by the Revised IA between O&R and AER NY-Gen for the hydroelectric generating stations.

- The Original IA has been made into two Revised IAs and redated to reflect the date of execution of the Revised IAs. One of the Revised IAs is titled “Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Gas Turbine Generating Stations.” The other Revised IA is titled “Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Hydroelectric Generating Stations.”
- The name of the Buyer in each of the Revised IAs has been changed from Southern Energy to AER NY-Gen, LLC.
- Introductory “Whereas Clauses” have been included in each of the Revised IAs to elucidate the reasons for the revisions to the Original IA.
- The definition of “Purchased Assets” (Section 1.1.25), which included both the gas turbine and hydroelectric generating stations in the Original IA, has been revised in each Revised IA to reflect the stations subject to the respective agreement.
- All references to the Grahamsville Hydroelectric Station in the Revised IA for the hydroelectric generating stations have been removed because AER NY-Gen does not own that facility.
- The names and addresses of the parties listed in the Notice provision (Article 20) of each Revised IA have been updated.
- Schedules A and F of each Revised IA have been revised to include only the gas turbine or hydroelectric generating stations subject to the respective agreement.
- The O&R operating procedures set forth in Schedule H of the Original IA have been replaced with current versions of these operating procedures.
- Certain formatting and housekeeping changes have also been made, *i.e.*, the documents have been updated to reflect changes in word processing software, and typographical errors in Articles 12.2 and 15.1 have been corrected such that the former term “ABC” now reads as “Buyer”.

The Revised IAs have been designated Original Service Agreement No. 1620, for the gas turbine generating stations, and Original Service Agreement No. 1621, for the

hydroelectric generating stations, under the FERC Open Access Transmission Tariff, Original Volume No. 1, of the New York Independent System Operator (“NYISO”).<sup>6</sup>

Pursuant to the Commission’s regulations, 18 C.F.R. § 388.112, O&R requests that the one-line diagrams set forth in Schedule A and Schedule F, Part II, of each Revised IA be protected from disclosure as Confidential Energy Infrastructure Information (“CEII”). Those schedules are diagrams of electric transmission facilities that could be useful to a person in planning an attack on critical infrastructure. The schedules have been omitted from the copies of the Revised IAs that are included in the public version of this filing. The redacted schedules are included in the copies of the Revised IAs in the CEII version of this filing.

***List of Documents Submitted:***

The following documents are appended to this filing letter:

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| Attachment A: | Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Gas Turbine Generating Stations                              |
| Attachment B: | Black-lined version of the Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Gas Turbine Generating Stations   |
| Attachment C: | Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Hydroelectric Generating Stations                            |
| Attachment D: | Black-lined version of the Amended and Restated Continuing Site/Interconnection Agreement By and Between Orange and Rockland Utilities, Inc. and AER NY-Gen, LLC Pertaining To Hydroelectric Generating Stations |
| Attachment E: | Notice of Cancellation of O&R Rate Schedule No. 80   |

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<sup>6</sup> The NYISO was not a party to the Original IA because that agreement predated the establishment of the NYISO. The NYISO is not a signatory to the Revised IAs because the revisions do not involve modifications to the facilities under the Original IAs. See *Consolidated Edison Company of New York, Inc.*, 119 FERC ¶ 61,206 (2007); *Niagara Mohawk Power Corporation*, 121 FERC ¶ 61,183 (2007) (the NYISO need not be a signatory to an amendment of an interconnection agreement that pre-dates the NYISO and that does not increase the interconnected capacity or alter the terms and conditions of the interconnection).

***Public Interest:***

FERC's acceptance of the Revised IAs would serve the public interest by allowing AER NY-Gen to have agreements with O&R which reflect its business operations and for O&R to have in place more current versions of its operating procedures applicable to the gas turbine and hydroelectric generating stations interconnected with O&R's transmission system.

***Proposed Effective Date:***

O&R proposes that the Revised IAs be effective as of September 9, 2010. O&R requests that the Commission waive the requirement of Part 35 of its regulations (18 C.F.R. Part 35) to permit that effective date. The parties are bifurcating an existing agreement and making no changes that affect the rights and obligations of either party. In addition, permitting the Revised IAs to become effective on that date will enable AER-NY Gen to proceed with the planned disposition of the hydroelectric generating stations.

***Service List:***

This filing is being served on all parties to the subject dockets.

***Copies of Correspondence:***

Service and correspondence concerning this filing should be addressed to the following:

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If you have any questions regarding this filing, please contact me at the above address or phone number.

Respectfully submitted,

/s/Chanoch Lubling

Enclosures

cc: Glenn Berger, Esq.  
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