

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 12-E-0503 - Proceeding on Motion of the Commission to
Review Generation Retirement Contingency Plans.

NOTICE SOLICITING COMMENTS AND
OF TECHNICAL CONFERENCE

(Issued June 5, 2013)

On April 19, 2013, the Commission directed the Department of Public Service Staff (DPS Staff) to prepare a cost allocation/cost recovery straw proposal for comments by the parties in this proceeding.¹ In response to the Commission's directive, DPS Staff submitted, on June 4, 2013, a Straw Proposal for Regulated Reliability Cost Allocation and Cost Recovery (Straw Proposal). In addition, DPS Staff submitted a draft Reimbursement Agreement provided by the New York Power Authority (NYPA) (collectively, the June 4 Filing).

The June 4 Filing advises that the Straw Proposal describes a methodology as to how the costs associated with implementing the transmission or generation solutions, which are ultimately part of the Indian Point Reliability Contingency Plan, could be allocated and recovered from retail ratepayers. DPS Staff describes the Straw Proposal as an attempt to allocate costs based on application of the "beneficiaries pay" principle. Under this principle, those ratepayers that receive the reliability benefits from the Indian Point Contingency Plan are assigned a proportionate cost recovery responsibility. The Straw Proposal also attempts to maintain consistency, to the extent practicable, with the New York Independent System Operator, Inc's (NYISO) tariff provisions for allocating the

¹ Case 12-E-0503, Generation Retirement Contingency Plans, Order Upon Review of Plan to Advance Transmission, Energy Efficiency, and Demand Response Projects (issued April 19, 2013).

costs of a regulated transmission solution selected as part of the NYISO's Reliability Needs Assessment.

According to DPS Staff, the Straw Proposal is being provided as a focus for comments from interested parties concerning cost allocation and cost recovery methodologies which could be used in the implementation of the Indian Point Contingency Plan. A technical conference will be hosted by DPS Staff on June 21, 2013, to explain the Straw Proposal and to receive initial feedback from interested parties. The technical conference will commence at 10:30 A.M. in the 3rd Floor Hearing Room at the Commission's offices at Three Empire State Plaza, Albany, New York 12223-1350.

The cost allocation and cost recovery methodologies to be used in this case will be decided by the Commission at a later date. At that time, the Commission may adopt one or more of the elements in the Straw Proposal, may modify the elements therein, as appropriate, based on the analysis of the parties' comments, or may introduce new elements based on DPS Staff's analysis or on proposals made by interested parties in comments.

The June 4 Filing also contained a draft Reimbursement Agreement which has been forwarded to DPS Staff by NYPA, and which NYPA describes as "a necessary component of the mechanism that will be needed to ensure full recovery of costs incurred in connection with the Transmission Owner Transmission Solutions ("TOTS") and with generation project(s), if any, selected pursuant to the April 3, 2012 request for proposals (RFP)." Through this Notice, the Commission also seeks comments from interested parties on this document.

Initial comments on the materials in DPS Staff's June 4 Filing are hereby solicited. These comments should be submitted by July 8, 2013. Any reply comments thereto should be submitted by July 22, 2013.

Interested parties are asked to submit any comments electronically by e-filing through the Department's Document Matter and Management System (DMM)² or to the Secretary at secretary@dps.ny.gov. Those who cannot file electronically may mail or deliver their comments to the Hon. Jeffrey C. Cohen, Acting Secretary, Three Empire State Plaza, Albany, New York 12223-1350. All comments submitted to the Secretary will be posted on the Commission's Web site and become part of the official case record. If you have any questions regarding this matter, please contact Jerry Ancona at (315) 428-5160, or David Drexler at (518) 473-8178.

(SIGNED)

JEFFREY C. COHEN
Acting Secretary

² How to Register with DMM,
<http://www.dps.ny.gov/e-file/registration.html>