



**Public Service  
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**Public Service Commission**

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**Paul Agresta**  
General Counsel

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Three Empire State Plaza, Albany, NY 12223-1350  
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September 11, 2017

**SENT VIA ELECTRONIC FILING**

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

Re: Docket No. ER15-572-000 - New York Independent System  
Operator, Inc., et al.

Dear Secretary Bose:

For filing, please find the Comments of the New York State Public Service Commission in the above-entitled proceeding. The parties have also been provided a copy of this filing, as indicated in the attached Certificate of Service. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

*David G. Drexler*

David G. Drexler  
Managing Attorney

Attachment

cc: Service List  
ALJ Steven Sterner

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System	)	
Operator, Inc.	)	
New York Transco, LLC	)	
Central Hudson Gas & Electric Corp.	)	
Consolidated Edison Company	)	
of New York, Inc.	)	Docket No. ER15-572-000
Niagara Mohawk Power Corp.	)	
d/b/a National Grid	)	
New York State Electric & Gas Corp.	)	
Orange & Rockland Utilities, Inc.	)	
Rochester Gas and Electric Corp.	)	

**COMMENTS OF THE NEW YORK STATE PUBLIC SERVICE COMMISSION  
IN SUPPORT OF SETTLEMENT**

On August 21, 2017, New York Transco, LLC (NY Transco) filed an Offer of Settlement (Settlement) for review and approval by the Federal Energy Regulatory Commission (FERC or Commission). The Settlement would resolve all issues in this proceeding with respect to NY Transco's proposed "Alternating Current" transmission projects. The New York State Public Service Commission (NYPSC) is a signatory to the Settlement and hereby submits, pursuant to Rule 602(f) of the Commission's Rules of Practice and Procedure (18 C.F.R. §385.602(f)), these comments in support of the Settlement.<sup>1</sup>

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<sup>1</sup> The views expressed herein are not intended to represent those of any individual member of the NYPSC. Pursuant to Section 12 of the New York Public Service Law, the Chair of the NYPSC is authorized to direct this filing on behalf of the NYPSC.

The NY Transco's proposed Alternating Current projects were submitted in response to the NYPSC's identified need to relieve congestion across the Central East and Upstate New York (UPNY)/Southeast New York (SENY) portions of the New York transmission system.<sup>2</sup> The New York Independent System Operator, Inc. (NYISO) is currently evaluating NY Transco's proposed projects that were submitted to address this need (referred to under the NYISO tariff as a "Public Policy Transmission Need"). The proposed Settlement would apply in the event that the NYISO selects the NY Transco's project(s), among various developers' proposals it is analyzing, as the most cost-effective or efficient solution.

Among the various terms in the Settlement are provisions for a cost containment mechanism whereby certain costs incurred above a defined Cost Cap will be limited in either receiving an equity return or in earning a return on equity (ROE) that includes incentive adders. This mechanism would also provide for the ability of NY Transco to earn an enhanced ROE in the event the project costs are below its bid, as adjusted. The proposed cost containment provisions

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<sup>2</sup> NYPSC Case 12-T-0502, AC Upgrades, Order Finding Transmission Needs driven by Public Policy Requirements (issued December 17, 2015).

reasonably balance the interests of the developer and ratepayers under the circumstances.

While the NYPSC supports the proposed cost containment mechanism in the case of NY Transco, other potential developers are encouraged to limit cost recovery above their bids relied upon by the NYISO as part of the competitive planning process, which was directed by FERC in Order No. 1000.<sup>3</sup> For example, a binding bid approach, with limited exceptions, would ensure the integrity of the NYISO's competitive selection process, and that ratepayers retain the benefit of this process.<sup>4</sup> Moreover, this mechanism would ensure that, once a project is selected by the NYISO, it will remain the most cost-effective solution in the

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<sup>3</sup> See Docket No. RM10-23-000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000 (issued July 21, 2011), reh'g denied, Order No. 1000-A (issued May 17, 2012), reh'g denied, Order No. 1000-B (issued October 18, 2012).

<sup>4</sup> Certain exceptions to an initial bid may be acceptable, such as additional identifiable and verifiable costs associated with regulatory-imposed modifications and mandates, the cost of which the developer could not have anticipated in formulating the initial bid price.

future. Notwithstanding, the Commission should approve the Settlement between NY Transco and the signatory parties.

Respectfully submitted,

*Paul Agresta*

Paul Agresta  
General Counsel  
Public Service Commission  
of the State of New York  
By: David G. Drexler  
Managing Attorney  
3 Empire State Plaza  
Albany, NY 12223-1305  
(518) 473-8178

Dated: September 11, 2017  
Albany, New York

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: Albany, New York  
September 11, 2017

*David G. Drexler*

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