148 FERC ¶ 61,070
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

ISO New England Inc. Docket No. ER14-2064-000
Northeast Utilities Service Company

ORDER ON TARIFF REVISIONS

(Issued July 29, 2014)

1. On May 30, 2014, pursuant to section 205 of the Federal Power Act (FPA),[1] ISO New England Inc. (ISO-NE) and Northeast Utilities Service Company (NUSCO)[2] submitted proposed tariff revisions to Local Service Schedule, Schedule 21-NU, of Section II of the ISO-NE Transmission, Markets and Services Tariff (ISO-NE Tariff) in order to recover Localized Costs[3] associated with the Greater Springfield Reliability Project (GSRP) on a statewide basis in Connecticut and Massachusetts (May 30 Filing).[4] In this order, the Commission accepts the proposed tariff revisions to Schedule 21-NU, to become effective July 30, 2014, as requested.

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[1] 16 U.S.C. §824d (2012).

[2] NUSCO submits this filing on behalf of The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (collectively, NUSCO Affiliates).

[3] Localized Costs are costs of regional transmission projects that ISO-NE determines should not be recovered in regional rates, and may be recovered in local rates on a statewide or local area basis. *See infra* P 5.

[4] ISO-NE joins this filing as the administrator of the ISO-NE Tariff.

I. Background

A. Greater Springfield Reliability Project

2. The GSRP is a comprehensive set of improvements to the transmission systems of two NUSCO Affiliates, Western Massachusetts Electric Company (WMECO) and Connecticut Light and Power Company (CL&P).[5] The May 30 Filing explains that the GSRP has enhanced the reliability of the electric transmission systems of Massachusetts, Connecticut, and the regional grid by: (1) eliminating violations of reliability criteria; (2) relaxing transfer constraints on the existing transmission system over which power is imported into Connecticut from western Massachusetts; and (3) completing a 345-kV loop through western Massachusetts and north-central Connecticut. The GSRP, at an estimated cost of $718 million, is a major component of the New England East-West Solution transmission project with an estimated total cost of $2.1 billion.[6] The GSRP was placed into service on November 20, 2013.

B. Recovery of Localized Costs under Schedule 21-NU

3. In New England, transmission owners recover transmission costs through a combination of regional and local rates under the ISO-NE Tariff. The majority of the costs associated with the regional Pool Transmission Facilities[7] are recovered through the rates for Regional Network Service. Any Pool Transmission Facilities costs that are not recovered under the Regional Network Service rates, as well as the costs of non-Pool

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[5] The GSRP included the construction and operation of new overhead 345-kV transmission lines along approximately 35 miles of existing right-of-way between Bloomfield, Connecticut and Ludlow, Massachusetts, the reconductoring and/or rebuilding of certain existing overhead 115-kV transmission lines along approximately 27 miles of existing or expanded right-of-way, two new 115-kV switching stations, and the modification of several existing switching stations and substations.

[6] The New England East-West Solution transmission project is a substantial addition to the New England 345 kV transmission system aimed at improving reliability of electric transmission service in southern New England. *Northeast Utilities Service Co. and National Grid USA*, 125 FERC ¶ 61,183, at P 2 (2008) (granting Order No. 679 transmission incentives for this project), *reh'g denied*, 135 FERC ¶ 61,270 (2011).

[7] Pool Transmission Facilities are facilities rated at 69 kV or above, and are required to allow energy from significant power sources to move freely on the New England transmission network.

Transmission Facilities, are recovered in local rates, under each transmission owner's Local Service Schedule under the ISO-NE Tariff.

4. NUSCO Affiliates own and operate transmission facilities in Connecticut, Massachusetts, and New Hampshire, and they provide Regional Network Service under the ISO-NE Tariff, and Local Network Service and Point-to-Point Service under their Local Service Schedule, Schedule 21-NU, of the ISO-NE Tariff.[8] Under the Schedule 21-NU rate design, the local rates are divided into two rate categories, Category A and Category B. Category A rates include NUSCO's total transmission revenue requirement[9] and are recovered from all customers receiving Local Network Service and Point-to-Point Service. Most relevant here are Category B rates, which include the revenue requirement for costs of Pool Transmission Facilities that ISO-NE determines should not be included in regional rates, and may be treated as Localized Costs recovered on a statewide or local area basis. Currently, NUSCO Affiliates execute an individualized Localized Costs Responsibility Agreement (Localized Agreement) with each customer, and then the NUSCO Affiliates file the individualized Localized Agreement at the Commission in order to recover Category B costs from each customer in the appropriate state or local area.

C. ISO-NE Determination of Localized Costs

5. Under the New England transmission cost allocation process,[10] ISO-NE, with advisory input from stakeholders (i.e., the New England Power Pool Reliability Committee), is responsible for determining the costs of regional transmission projects that are recoverable through regional rates, and the costs that may be treated as Localized Costs. NUSCO states that, on February 25, 2014, ISO-NE determined that approximately $17.6 million[11] of the GSRP costs were the result of siting decisions by the Connecticut Siting Council and Massachusetts Energy Facilities Siting Board and should not be included in ISO-NE's regional rates. ISO-NE determined that instead the costs may be

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[8] May 30 Filing at 6-7.

[9] More specifically, the Category A rates recover NUSCO's total transmission revenue requirement less Regional Network Service and Category B revenues.

[10] *See* Schedule 12C of the ISO-NE Tariff and ISO-NE Planning Procedure No. 4.

[11] NUSCO currently estimates the Localized Costs at approximately $12 million (approximately $4 million in Connecticut and approximately $8 million in Massachusetts). May 30 Filing, Exhibit No. NU-1, Direct Testimony of Lisa M. Cooper, at 10-11.

treated as Localized Costs, recovered on a statewide or local area basis.[12] In Massachusetts, the estimated Localized Costs included: $10.8 million for the installation of visual mitigation and off-site screening programs, $3.6 million for increasing the conductor-to-ground clearance of some line sections by 20-30 feet to mitigate electromagnetic fields, and $27,000 to provide shading at a playground after trees along the right-of-way were removed. WMECO incurred these costs as a result of requirements of the Massachusetts Energy Facilities Siting Board. In Connecticut, the estimated Localized Costs included $3.3 million for the use of split-phase configuration construction in one section of a 345-kV line to mitigate electromagnetic fields. CL&P incurred these costs as a result of requirements of the Connecticut Siting Council.

II. Proposed Tariff Revisions

6. NUSCO proposes tariff revisions to Schedule NU-21 to: (1) allocate the GSRP Localized Costs on a statewide basis in Connecticut and Massachusetts; (2) revise and standardize the Localized Agreement currently included in the tariff, which NUSCO historically has individualized and filed separately for each customer; (3) modify the tariff provisions regarding recovery of Localized Costs during the initial term of the recovery of those costs;[13] (4) make certain clarifications to the tariff language; and (5) delete tariff provisions that are no longer applicable.

7. In its proposal to allocate the GSRP Localized Costs on a statewide basis, NUSCO proposes to allocate CL&P's Localized Costs to all Connecticut transmission loads, including generators taking Regional Network Service for the delivery of offline station service.[14] NUSCO proposes to allocate WMECO's Localized Costs to all Massachusetts transmission loads, with the exception of 14 Massachusetts generators taking Regional Network Service for the delivery of offline station service.[15]

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[12] May 30 Filing at 12-14.

[13] *See infra* note 23.

[14] The transmission load entities in Connecticut include: CL&P (an affiliate of NUSCO), The United Illuminating Company, Connecticut Transmission Municipal Electric Energy Cooperative, and the Town of Wallingford Electric Division.

[15] The transmission load entities in Massachusetts include: WMECO (an affiliate of NUSCO), NSTAR Electric Company (an affiliate of NUSCO), Massachusetts Electric Company, Fitchburg Gas and Electric Light Company, New England Power Company, municipal utility companies, and other transmission load entities identified at Exhibit No. NU-2 of the May 30 Filing.

8. In support of its proposed statewide allocation, NUSCO argues that: (i) the GSRP was developed as part of the New England East-West Solution transmission project in the ISO-NE planning process to address significant reliability issues on the New England transmission system, and it provides reliability benefits to the New England region, including all customers in Connecticut and Massachusetts; (ii) although ISO-NE determined that these costs are Localized Costs that should not be recovered in ISO-NE's regional rates, the Localized Costs were incurred for regional transmission facilities that benefit electric consumers in Connecticut and Massachusetts as a whole and not some subclass thereof; (iii) NU consulted with the Connecticut and Massachusetts state commissions, and both state commissions have expressed a desire that the Localized Costs be allocated on a statewide basis;[16] (iv) a statewide allocation is consistent with Schedule 21-NU, which allows recovery of Localized Costs on a statewide or local area basis; and (v) the Commission has previously accepted statewide allocation of Localized Costs for other NUSCO transmission projects, based upon the same rationale NUSCO advocates here.[17]

9. In support of its proposal to exempt a subclass of Massachusetts customers (14 Massachusetts generators taking Regional Network Service for the delivery of offline station service) from the Category B charge for GSRP Localized Costs in Massachusetts, NUSCO states that annual charges to recover the GSRP Localized Costs from the Massachusetts generators would total approximately $800 per year for all 14 generators,

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[16] NUSCO also notes that the Localized Costs were incurred due to requirements of the Connecticut Siting Council and the Massachusetts Energy Facilities Siting Board, which are the state siting agencies in Connecticut and Massachusetts who were acting on behalf of the citizens of the respective states.

[17] *Northeast Utilities Service Co*., 116 FERC ¶ 61,094 (2006) (accepting a statewide allocation of Localized Costs for the Bethel-to-Norwalk Project to all Connecticut load), *reh'g denied*, 117 FERC ¶ 61,337 (2006); *Northeast Utilities Service Co*., 123 FERC ¶ 61,324 (2008) (accepting statewide allocations of Localized Costs for the Middletown-to-Norwalk Project and the Glenbrook Cables Project to all Connecticut load).

with an average monthly charge to each generator of only $4.71 per month.[18] NUSCO asserts that administrative expenses related to monthly billing and collection from those generators would exceed their *de minimis* charges.[19] In order to implement the proposed exemption, NUSCO would remove the 14 Massachusetts generators' loads from the load ratio share calculation used to allocate the costs of the Category B charge to customers.[20]

10. NUSCO also proposes revisions to the Localized Agreement set forth in Attachment NU-E to Schedule 21-NU, which NUSCO historically has individualized and filed separately at the Commission for each customer. Henceforth, NUSCO seeks to use the revised Localized Agreement as a standardized agreement and report all executed standard Localized Agreements in its Electric Quarterly Reports (EQR).[21] NUSCO states that, if a customer proposes material changes to the standard Localized Agreement or does not agree to execute it, NUSCO will make a filing at the Commission containing the non-conforming or unexecuted Localized Agreement, in addition to reporting any non-conforming or unexecuted Localized Agreements as part of its EQR. NUSCO states that using a standardized Localized Agreement will reduce its administrative burden, conform the Localized Agreement to current Commission practices regarding standardized agreements and eTariff filings, and avoid burdening the Commission with numerous, nearly identical Localized Agreement filings. NUSCO requests waiver of any

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[18] May 30 Filing at 17. This is the first filing in which NUSCO is seeking to recover Localized Costs in Massachusetts through a Category B charge. NUSCO states that Connecticut transmission customers already pay Localized Costs in Connecticut through a Category B charge for three transmission projects (with approximately $208 million in Localized Costs). *Id.*, Exhibit No. NU-1, Direct Testimony of Lisa M. Cooper, at 19. NUSCO states that several Connecticut generators already have fairly sizable Category B charges. *Id*. at 20.

[19] May 30 Filing at 17.

[20] *See* proposed sections 16.5 and 16.6 of Schedule 21-NU in the May 30 Filing.

[21] Under its proposal, NUSCO states that there are 62 customers, in Connecticut and Massachusetts combined, who will need standard Localized Agreements. May 30 Filing at 32.

Commission regulations "with respect to not filing the conforming [Localized Agreements] but instead to report them in the EQRs, to the extent necessary."[22]

11. NUSCO also states that, while it requests an effective date of July 30, 2014 for the proposed tariff revisions, NUSCO needs additional time to contact the customers who will pay the Localized Costs at issue here and to execute the standard Localized Agreements. Because Attachment NU-I of Schedule 21-NU requires NUSCO to commence billing "on the date permitted by the Commission" and because NUSCO would like additional time to synchronize billing to its customers, NUSCO requests that the Commission authorize billing for the GSRP Localized Costs to begin on October 1, 2014.[23]

12. NUSCO also proposes minor clarifying revisions to Schedule 21-NU and to remove tariff provisions in Schedule 21-NU that are no longer applicable to Localized Costs.[24] In addition, although NUSCO provides billing impact statements for the Category B charges to customers for the GSRP Localized Costs, NUSCO requests waiver from providing certain cost-of-service information otherwise required by the

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[22] *Id*. at 34 (citing *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127 (2002) (holding that public utilities may file standard forms of service agreements for Commission approval for all cost-based transmission and power sales service, and that they are required to file only agreements with the Commission that do not conform to the applicable form of service agreement)).

[23] *Id.* at 35-37; Exhibit No. NU-1, Direct Testimony of Lisa M. Cooper, at 33-35. For the initial term, NUSCO states that the revenue requirement for the GSRP Localized Costs will be calculated for the period February 25, 2014 through May 31, 2015 (approximately 15 months). NUSCO proposes to begin billing for the initial term on October 1, 2014, and to continue billing for the initial term for an eight-month period through May 31, 2015.

[24] May 30 Filing at 29-31. These include, for example, a tariff revision that clarifies the definition of a "Localized Facility," and tariff revisions that remove the Category B charge for customers taking firm and non-firm point-to-point service over Pool Transmission Facilities under Schedule 21-NU, because NUSCO has no Pool Transmission Facilities under Schedule 21-NU, and therefore cannot have any firm and non-firm point-to-point customers taking service over Pool Transmission Facilities under Schedule 21-NU.

Commission's regulations, including Statements AA through BM.[25] NUSCO notes that CL&P and WMECO recover their annual total transmission revenue requirement through formula rates for Regional Network Service and for service under Schedule 21-NU, and that the cost of the GSRP Localized Costs will be included in those formula rates through the application of the formula rate for the Category B revenue requirement, under Attachment NU-I to Schedule 21-NU. Thus, given that formula rates are at issue here, NUSCO argues there is no need to submit, or benefit to be derived from submitting, the cost-of-service information in the Commission's regulations, including Statements AA through BM.[26]

III. Notice and Pleadings

13. Notice of the May 30 Filing was published in the *Federal Register*, 79 Fed. Reg. 32,932 (2014), with interventions and protests due on or before June 20, 2014.

14. On June 12, 2014, Massachusetts Department of Public Utilities (Massachusetts DPU) filed a notice of intervention. On June 20, 2014, the Attorney General of the Commonwealth of Massachusetts and Associated Industries of Massachusetts (AIM)[27] (collectively, Massachusetts AG) submitted a joint motion to intervene and partial protest; National Grid USA (National Grid)[28] filed a motion to intervene and comments; and the Connecticut Public Utilities Regulatory Authority (Connecticut PURA) filed a notice of intervention and comments. On July 7, 2014, NUSCO filed an answer to Massachusetts AG's partial protest.

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[25] 18 C.F.R § 35.13(h) (2013) (requiring various cost of service statements, in Statements AA through BM, such as balance sheets, income statements, retained earnings statements, cost of plant, accumulated depreciation and amortization, and rate of return).

[26] May 30 Filing at 40-41.

[27] AIM is an association of Massachusetts employers and its membership includes both wholesale and retail electric customers.

[28] National Grid filed on behalf of itself and its wholly-owned New England electric utility operating subsidiaries, including New England Power Company, Massachusetts Electric Company, The Narragansett Electric Company, and Nantucket Electric Company.

A. Comments and Protest

15. The Connecticut PURA supports NUSCO's proposal to allocate Localized Costs on a statewide basis in Connecticut. The Connecticut PURA states that the GSRP benefits the entire state of Connecticut, and a statewide allocation avoids rate shock that would otherwise occur if the Localized Costs were allocated over a small subclass of ratepayers in Connecticut.[29]

16. National Grid also supports NUSCO's proposal to allocate Localized Costs on a statewide basis in Connecticut and Massachusetts. It states that statewide cost allocation is consistent with cost causation principles because the GSRP Localized Costs were the direct result of the siting decisions made by the Connecticut and Massachusetts siting agencies.[30] National Grid also states that it does not object to NUSCO's proposal to exempt the 14 Massachusetts generators from the statewide Localized Cost allocation in Massachusetts because National Grid believes that all network transmission service customers would benefit from the exemption.[31]

17. Massachusetts AG protests the proposal to allocate Localized Costs on a statewide basis in Massachusetts, and asserts that those costs should be borne only by load in WMECO's service territory. Massachusetts AG argues that a statewide allocation is unjust, unreasonable and contrary to "cost causation" principles because, according to Massachusetts AG, ratepayers outside of the WMECO's service territory will ultimately pay a majority of the Localized Costs without benefitting in any appreciable manner from the kinds of Localized Costs involved here.[32] Massachusetts AG asserts that only WMECO and local ratepayers in the greater Springfield area are the beneficiaries of: (1) the aesthetic visual mitigation for property owners; (2) electromagnetic field mitigation; and (3) shading at a local West Springfield playground.[33]

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[29] Connecticut PURA Comments at 3.

[30] National Grid Comments at 4.

[31] *Id*. at 5.

[32] Massachusetts AG Partial Protest at 8-11.

[33] *Id*. at 10-11.

18. Massachusetts AG also asserts that NUSCO inappropriately cites previous Localized Cost allocation cases in Connecticut to support its proposed approach here.[34] Massachusetts AG asserts that in those cases the Commission departed from strict cost causation principles and accepted statewide allocation of Localized Costs in Connecticut due to unique circumstances that are not applicable to Massachusetts.[35] For example, Massachusetts AG explains that, unlike CL&P in Connecticut, WMECO is not the predominant transmission owner in Massachusetts, and, unlike Connecticut, Massachusetts has no specific statutory requirement or policy to consider and mitigate adverse effects of electromagnetic fields.[36]

19. Massachusetts AG also argues that NUSCO's assertion that the Massachusetts DPU supports a statewide allocation should have no bearing on the Commission's decision because the FPA does not grant deference or afford any greater weight to a state public utility commission's preference.[37]

B. NUSCO's Answer

20. NUSCO asserts that the Commission has previously rejected arguments calling for a narrow cost allocation[38] and should similarly reject Massachusetts AG's arguments here. NUSCO states that federal courts have repeatedly recognized that the Commission is not required to allocate costs with "exacting precision."[39] Furthermore, NUSCO contends that Massachusetts AG's arguments are internally inconsistent because, on the

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[34] *Id*. at 11-15.

[35] *Id*. at 14.

[36] *Id*. at 15.

[37] *Id*. at 8-9.

[38] NUSCO Answer at 7-11 (citing *Northeast Utilities Service Co.*, 116 FERC ¶ 61,094 (2006), *reh'g denied*, 117 FERC ¶ 61,337 (2006); *Northeast Utilities Service Co.*, 123 FERC ¶ 61,324 (2008); *United Illuminating Co.*, 126 FERC ¶ 61,063 (2009); *Northeast Utilities Service Co.*, 136 FERC ¶ 61,163 (2011); *United Illuminating Co.*, Docket No. ER11-3560-000 (June 13, 2011) (delegated letter order)).

[39] *Id*. at 11-12 (citing *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1369 (D.C. Cir. 2004) (Commission not required to precisely match up certain costs to customer group that caused or will benefit from expenditure, stating "we have never required a ratemaking agency to allocate costs with exacting precision.")).

one hand, it states that the three mitigation measures in Massachusetts should be allocated to the "abutters" to these mitigation measures, yet, on the other hand, it proposes to allocate these costs to all transmission customers in WMECO's service territory, including WMECO's 207,000 retail customers in 59 cities and towns covering an area of 1,500 square miles.[40] NUSCO posits that Massachusetts AG's arguments serve to highlight the impracticality of trying to identify which customers "cause" or "benefit" from the Localized Costs and to what degree, as the Commission has noted in its prior orders.[41]

21. In addition, NUSCO argues that the Massachusetts AG's distinctions between CL&P in Connecticut and WMECO in Massachusetts are not relevant to determining cost allocation here. NUSCO asserts that, in prior orders approving a statewide allocation methodology in Connecticut, the Commission did not rely on the characteristics of the Connecticut utility market and regulatory environment to approve the statewide allocations.[42]

IV. Commission Determination

A. Procedural Issues

22. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2013), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept NUSCO's answer because it has provided information that has assisted us in our decision-making process.

B. Discussion

23. We accept NUSCO's proposed tariff revisions to Schedule 21-NU, to become effective July 30, 2014, as requested.

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[40] *Id*. at 12-13.

[41] *Id*. at 13 (citing *Northeast Utilities Service Co*., 123 FERC ¶ 61,324, at P 31 (2008)).

[42] *Id*. at 15-17.

24. As an initial matter, we find that NUSCO's proposal to allocate GSRP Localized Costs on a statewide basis in Connecticut and Massachusetts is just and reasonable. The Commission has previously accepted the allocation of such costs "based in large part upon considerations of fairness and other policy considerations, rather than a precise calculation of exact costs and benefits to particular customers."[43] In applying that approach here, we find the proposed statewide allocation of the Localized Costs at issue is appropriate in both Connecticut and Massachusetts.

25. The GSRP is a major component of the New England East-West Solution transmission project, which addresses significant reliability issues on the ISO-NE transmission system, and it provides reliability benefits to all customers in Connecticut and Massachusetts.[44] We note that the Connecticut Siting Council and Massachusetts Energy Facility Siting Board required installation of all of the facilities resulting in the Localized Costs at issue, and, absent the approvals of the state siting agencies, the regional transmission facilities likely would not have been constructed. We note that NUSCO's statement in its filing that both state public utility commissions support statewide allocation of the costs is not disputed[45] and the Connecticut PURA filed comments in support of a statewide allocation of Localized Costs in Connecticut. As we found previously in addressing a similar proposal, it would be impractical and administratively infeasible for the Commission to determine exactly which customers cause or benefit from, and to what degree the customers cause or benefit from,[46] the

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[43] *Northeast Utilities Service Co*., 117 FERC ¶ 61,337 at P 18.

[44] The Commission has previously recognized that a needed reliability or economic upgrade on one part of New England's grid provides network benefits to all other parts of the grid, both immediately and to changing beneficiaries over time. *New England Power Pool*, 105 FERC ¶ 61,300, at P 25 (2003).

[45] May 30 Filing at 21-22 & n. 26 (stating that NUSCO representatives discussed the proposed cost allocation for GSRP Localized Costs with representatives of the Connecticut PURA on January 8, 2014, and representatives of the Massachusetts DPU on January 29, 2014, and both state public utility commissions expressed a desire for a statewide allocation of GSRP Localized Costs).

[46] *Northeast Utilities Service Co*., 117 FERC ¶ 61,337 at P 18 (rejecting a narrow cost causation approach, which would allocate Localized Costs to the towns, and stating "it would be impractical to try to identify exactly which customers "cause" or "benefit" from which facilities, and to what degree, and the courts recognize the need for administrative feasibility"); *see, e.g.*, *Midwest ISO Transmission Owners v. FERC*, 373 F.3d 1361, 1369 (D.C. Cir. 2004).

Localized Costs at issue here, including various electromagnetic field mitigation measures, visual mitigation and off-site screening measures, and costs to shade a playground. As we have stated, the Commission must exercise its judgment in setting rates and balancing various considerations,[47] and here we find it appropriate to allocate the Localized Costs to the states that initiated the cost incurrence and whose customers are the beneficiaries of the relevant project (the GSRP).[48] Statewide allocation is also consistent with the tariff language in Schedule 21-NU, which allows allocation of Localized Costs on either a statewide or local area basis, as determined by the Commission.[49]

26. By the same token, we are not persuaded by Massachusetts AG's arguments that the Localized Costs in Massachusetts should be allocated more narrowly – only to transmission customers with load in WMECO's service territory. In particular, it would be impractical and administratively infeasible to determine exactly which Massachusetts customers cause or benefit from the Localized Costs at issue, and to what degree. As to Massachusetts AG's assertion that the Massachusetts DPU's support of a statewide allocation should have no bearing on the Commission's decision here, we note that the view of state public utility commissions is one factor among many that the Commission has previously considered in rendering similar cost allocation determinations because state public utility commissions are closely attuned to the regional economic and other consequences that result from requiring that Localized Costs be incurred and then allocating such costs.[50]

27. We also accept NUSCO's proposal to exempt the 14 Massachusetts generators from the Localized Costs in Massachusetts. As NUSCO represents, the administrative expense of billing and collecting from those generators would exceed their *de minimis* charges. In addition, allowing the exemption will prevent other customers from ultimately paying for the additional administrative costs that NUSCO would incur to

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[47] *Northeast Utilities Service Co*., 117 FERC ¶ 61,337 at P 18.

[48] *See Northeast Utilities Service Co*., 116 FERC ¶ 61,094 (2006), *reh'g denied*, 117 FERC ¶ 61,337 (2006); *Northeast Utilities Service Co*., 123 FERC ¶ 61,324 (2008); *United Illuminating Co*., 126 FERC ¶ 61,063 (2009); *Northeast Utilities Service Co*., 136 FERC ¶ 61,163 (2011).

[49] In Schedule 21-NU, section 1.6 defines a "Designated State or Area" as: The state or area to which the Commission allocates the costs of a Localized Facility identified in Section 16.3.

[50] *See Northeast Utilities Service Co*., 117 FERC ¶ 61,337 at P 20.

charge the 14 generators.[51] In allowing the limited exemption in this case, we emphasize, as NUSCO acknowledges, that NUSCO must submit a section 205 filing to seek recovery of "future Localized Facilities…and will seek the Commission's approval for any proposed cost allocation methodology, including any exemption of entities or customers from charges for any future Localized Facilities."[52]

28. As to NUSCO's proposal to adopt a standard Localized Agreement, we find that the proposed standardized Localized Agreement satisfies the Commission's requirements for forms of service agreements as set forth in the Commission's regulations, 18 C.F.R. § 35.10a (2013). Consistent with the Commission's regulations, 18 C.F.R. § 35.1 (g) (2013), NUSCO does not need to separately file each executed conforming Localized Agreement.[53] However, each executed conforming Localized Agreement must be retained and be made available for public inspection and copying at the public utility's business office during regular business hours, and provided to the Commission or members of the public upon request. Further, any executed Localized Agreement that deviates in any material respect from the form of Localized Agreement contained in Schedule 21-NU and all unexecuted Localized Agreements under which service will commence at the request of the customer, are subject to the Commission's filing requirements in 18 C.F.R. part 35 (2013).

29. NUSCO also requests waiver of the Commission's regulations requiring submission of additional cost of service statements, specifically, 18 C.F.R. sections 35.13(d)(1)-(2) (Period I and Period II data Statements AA through BM). The Commission has granted waiver of the requirements to provide such data previously in a series of cases involving transmission formula rates.[54] Thus, we will grant the waivers of sections 35.13(d)(1)-(2), as requested.

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[51] We further note that no party has protested the proposed exemption.

[52] May 30 Filing at 18.

[53] While NUSCO seeks waiver of Commission regulations relevant to its request to "not filing the conforming [Localized Agreements] but instead to report them in the EQRs" (May 30 Filing at 34), Commission regulations do not require NUSCO to separately file each executed conforming Localized Agreement, as noted above.

[54] *See, e.g., Wisconsin Public Service Corporation*, 144 FERC ¶ 61,093, at P 32 (2013); *Commonwealth Edison Co.*, 119 FERC ¶ 61,238, at P 94 (2007).

30. Finally, we allow NUSCO to begin billing for the GSRP Localized Costs on October 1, 2014, as requested, for the reasons NUSCO cites, as noted above.

The Commission orders:

NUSCO's proposed tariff revisions are hereby accepted for filing, to become effective July 30, 2014, as requested.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.