DATE

Mr. Allen W. Scarfone, P.E.
Transmission Planning
Northeast Utilities Service Company
107 Selden Street
Berlin, CT 06037-1651

Re: TCA Application NU-07-TCA-24: Request for Pool-Supported PTF Cost Treatment for Glenbrook Cables Project; ISO New England Written Findings and Determination

Dear Mr. Scarfone:

This letter provides the determination of ISO New England Inc. (the "ISO") in connection with the transmission cost allocation application dated October 1, 2007 (the "Application")[1] submitted by the Northeast Utilities Service Company ("NU") pursuant to Schedule 12C of Part II of the ISO New England, Inc. ("ISO") Transmission, Markets and Services Tariff[2] and ISO Planning Procedure 4 ("PP-4").[3]

The Application under review involves the costs associated with the construction of two underground 115-kV cross-linked polyethylene ("XLPE") cable circuits, each approximately 8.7 miles long, and ancillary modifications at the Flax Hill, South End, Cos Cob and Glenbrook substations (collectively the "Glenbrook Cables Project" or the "Project").[4] NU has completed the construction of Project, which was placed in service on November 11, 2008.

[1] The Application is posted on the ISO's website at: http://www.iso-ne.com/committees/comm_wkgrps/relblty_comm/relblty/mtrls/2007/dec192007/zip13-glenbrook.zip.

[2] Hereinafter, the "ISO Tariff." Capitalized terms not defined in this determination have the meanings ascribed thereto in the ISO Tariff, the Second Restated New England Power Pool Agreement, and the Participants Agreement.

[3] The current version of PP-4 is posted on the ISO's website at: http://www.iso-ne.com/rules_proceds/isone_plan/pp4_0_r4.pdf.

[4] More specifically, the major elements of the Project consist of: (i) Two 8.7 mile, 115-kV cross-linked polyethylene (XLPE), 3500 kcmil underground cables; (ii) Norwalk Substation: add two 115-kV breakers; reposition the 1389, 1470, and 1880 line positions; utilize the vacated line positions to accommodate the

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I. SUMMARY OF THE ISO DETERMINATION

As explained in this determination letter, the ISO finds that $195,828,000 of the $234,203,000 requested by NU are properly categorized as Pool-Supported PTF Costs under Schedule 12C of Section II of the ISO Tariff.

II. OVERVIEW OF SCHEDULE 12C

As described in greater detail below, the Glenbrook Cables Project was developed in the New England planning process in order to address significant reliability issues on the transmission system. The Project is rated at 115 kV and above, meets the non-voltage criteria for PTF, and is included in the Regional System Plan ("RSP") as a Reliability Transmission Upgrade (RSP Project ID numbers 243, 248, 569, 570 and 571) Project elements were first included on an RSP project list in mid-2002.[5] The costs of the Project therefore qualify for treatment as Pool Supported PTF costs, subject to the identification of Localized Costs pursuant to the ISO Tariff.[6]

The ISO's role in determining Localized Costs is defined by Schedules 12 and 12C of Section II of the ISO Tariff, and PP-4. Schedule 12 requires the ISO to review Regional Benefit Upgrades and identify any Localized Costs associated with them, noting that Localized Costs "shall not be included in the Pool-Supported PTF costs recoverable under this OATT . . . ."[7] Schedule 12C provides that "[t]he ISO shall determine what those reasonable requirements are that are consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the

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two 115-kV cables from Glenbrook Substation; remove two 115-kV capacitor banks approximately 40 MVAR each; and (iii) Glenbrook Substation: add a four-breaker 115-kV breaker-and-a-half bus configuration which creates four line positions; use two of the positions to connect the ring bus to the existing A and B busses inside the station yard; use the remaining two positions to connect the 115 kV cables from Norwalk Substation. The following "ancillary" system upgrades associated with the Project were identified in the various technical studies performed for the Project: (i) the classification of Glenbrook Substation as a Bulk Power System ("BPS") station with associated modifications; (ii) the classification of Flax Hill Substation as a BPS station with associated modifications, including addition of a second high-speed protective relaying scheme on the 1389 line between Flax Hill and Norwalk Substations; a second high-speed protective relaying system on the 1450 line between Glenbrook and South End Substations to mitigate adverse impact due to source loss following faults on the 1450 line at South End; and (iii) the replacement of two 115-kV circuit breakers, 11R-5T-2 and 35K-3T-2, at Cos Cob Substation.

[5] These are the elements of a "Regional Benefit Upgrade" as listed at ISO Tariff § I.2.2.

[6] *See* ISO Tariff Section II, Schedule 12, § 7 (ISO required to review Regional Benefit Upgrades pursuant to Schedule 12C).

[7] *Id*.

Transmission Upgrade is built [and that] [t]he costs of Transmission Upgrades that exceed those reasonable requirements . . . shall be deemed Localized Costs."[8]

In discussing the factors the ISO must consider when making its determination of whether Localized Costs exist, Schedule 12C and PP-4 provide that, with advisory input from the Reliability Committee, the ISO will consider the reasonableness of the proposed design and construction method with respect to:

a) Good Utility Practice;

b) current engineering design and construction practices in the area in which the Project is proposed to be built/is being built;

c) allowing for appropriate expansion and load growth;

d) alternate feasible and practical transmission alternatives; and

e) the relative costs, operation, efficiency, reliability and timing of implementation of the proposed Project.

Section II of the ISO Tariff utilizes the following definition for Good Utility Practice:

> Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather includes all acceptable practices, methods, or acts generally accepted in the region.[9]

PP-4 also clarifies that a "feasible and practical transmission alternative means a transmission alternative that is feasible and practical from an *engineering design and construction perspective*."[10] Also, "[a]n alternative that is not or may not be approved by

[8] *See* ISO Tariff Section II, Schedule 12C, § 1.

[9] *See* ISO Tariff § I.2.2.

[10] *See* PP-4, § 1.6.1(d)(i) (emphasis added).

a siting or local review board may still be considered a feasible and practical transmission alternative[.]"[11] The ISO will consider an "[a]ssessment of the schedule or in-service date of the Project *from an engineering and construction* standpoint rather than from the standpoint of potential delays in local or state siting."[12]

Attachment A to PP-4 also provides guidance regarding Localized Costs. Included in Attachment A is a non-exclusive list of examples illustrating the portions of a Project that may be considered Localized Costs.[13]

In other words, Schedule 12C directs the ISO to determine whether the estimated costs of a proposed project exceed the estimated costs of an alternative project that provides similar performance and that is consistent with Good Utility Practice and feasible and practical to be designed and constructed from an engineering standpoint. The fact that it may be difficult or impossible from a state or local statutory, regulatory, or political perspective to convince a relevant governmental body to allow the applicant to build such an alternative is irrelevant, because this outcome would be unrelated to engineering design and construction or Good Utility Practice issues.

The ISO's determination of Localized Costs is based primarily on the types of expenditures proposed. Such cost estimates are relevant to the ISO, not for ratemaking purposes, but rather for determining the presence of Localized Costs by analyzing, for example, whether a Project will cost more than a transmission alternative with equally robust power system performance. However, an ISO finding that certain proposed expenses do not constitute Localized Costs should in no way be interpreted as a determination by the ISO that such estimates are accurate and should automatically be included in the regional transmission revenue requirement collected by Participating Transmission Owners ("PTOs") through Attachment F of Section II of the ISO Tariff, since that revenue requirement is based on actual costs (either already incurred or forecasted but trued-up, with interest). The PTOs are responsible for including the proper supporting information and detail in their annual informational filing as required by Attachment F to ISO Tariff Section II, and the Attachment F Implementation Rule. In cases where there is an ISO finding of Localized Costs, it does not prohibit a PTO from seeking to include such expenditures in its rates for Local Service under Schedule 21 of the Tariff.

In addition, the ISO's determination that certain costs do not constitute Localized Costs is not, and should not be interpreted as a finding with regard to the prudence of

[11] *Id.* (emphasis added).

[12] PP-4, Attachment A (emphasis added).

[13] As previously noted, Attachment A to PP-4 makes clear that "all relevant costs" would not include "potential delays in local or state siting."

those costs.[14] The review and determination of prudence of a given cost is an area subject to regulatory review by the Federal Energy Regulatory Commission ("FERC" or the "Commission").[15]

III. OVERVIEW OF THE DEVELOPMENT OF THE PROJECT THROUGH THE REGIONAL PLANNING PROCESS AND SUMMARY OF THE PROJECT

A. Identification of Reliability Issues and Development of the Glenbrook Cables Solution Through the Regional Planning Process

In order to qualify for regional cost treatment under the ISO Tariff as a Regional Benefit Upgrade, a project must meet an identified reliability need on the transmission system and be included in the RSP.[16] A brief review of the regional planning process and the development of the Project through that process is included in this determination.

ISO New England is the independent, not-for-profit Regional Transmission Organization[17] and the federally-authorized planning authority for the electric transmission system in the New England Control Area.[18] The ISO conducts its planning process pursuant to Attachment K[19] of Section II of the ISO Tariff.[20]

[14] The Federal Power Act allows public utilities to exercise broad discretion in incurring costs necessary to serve their customers. The test is whether the expenditures "are costs which a reasonable utility management (or that of another jurisdictional entity) would have made, in good faith, under the same circumstances, and at the relevant point in time." *New England Power Co.*, 31 FERC ¶ 61,047 at p. 61,084 (1985), *aff'd sub nom. Violet v. FERC*, 800 F.2d 280 (1st Cir. 1986). The public utility is presumed to have acted prudently, "absent a showing of inefficiency or improvidence." *Id.* at p. 61,082.

[15] *Id.* at p. 61,084 (noting that it is the Commission's duty to determine the prudence of a public utility's challenged expenditures).

[16] *See* ISO Tariff § I.2.2. As discussed in Section III.B. below, a project must also be approved under the Proposed Plan Application ("PPA") reliability review process under ISO Tariff § I.3.9.

[17] *ISO New England Inc.*, 110 FERC ¶ 61,111 (2005) (authorizing RTO operations).

[18] *ISO New England Inc.& New England Power Pool*, *Order on Reh'g Requests and Compliance Filings*, 95 FERC ¶ 61,348 (2001) (authorizing the ISO to oversee regional transmission planning). With regard to the ISO's authority to review and approve proposed changes to the system on a technical basis, *see New England Power Pool and ISO New England Inc.*, Order Accepting Compliance Filing, 103 FERC ¶ 61,304 (2003) ("[ISO] is the appropriate authority to approve planning for transmission upgrades and changes to supply and demand-side resources.").

[19] The ISO created its Attachment K planning procedures in compliance with *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at P 893 ("Order No. 890"), *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009). *See ISO New England Inc.*, 123 FERC ¶ 61,161 (2008) (accepting the ISO's Attachment (continued...)

The regional system planning process is designed to ensure the reliability of the New England Transmission System and compliance with national and regional planning standards, criteria and procedures, while accounting for market performance and economic, environmental and other considerations, as may be agreed upon from time to time.[21] The RSP produced as a part of the regional system planning process is based on a five- to ten-year planning horizon, and reflects five-to-ten-year capacity and load forecasts. To ensure that the ISO, in conducting the regional planning process, receives the full benefit of input from all interested stakeholders, the ISO convenes multiple planning meetings over the course of a year with the Planning Advisory Committee ("PAC"), which is a stakeholder group that is open to any interested entity, including but not limited to: Transmission Customers, Market Participants, and representatives of the New England states, including regulators. A description of the PAC is provided at Section 2 of Attachment K to ISO Tariff Section II.

The reliability need for the Glenbrook Cables Project stems from the following facts and circumstances. In 2003, the Connecticut Light & Power Company and the United Illuminating Company ("UI") proposed to construct a 345-kV line from the Middletown area to Norwalk that would complete a loop through southwest Connecticut ("SWCT") in order to reliably serve customer demands for electricity in SWCT, including the Norwalk-Stamford sub-area. The first step in the completion of the 345-kV loop was the construction of the Bethel to Norwalk 345-kV Project[22] from the Plumtree Substation in Bethel to the Norwalk Substation.[23]

The SWCT reinforcement plan also included upgrading the capability of the transmission system to deliver power between the Norwalk and Glenbrook Substations, *i.e.*, the Glenbrook Cables Project. The Glenbrook Cables Project addresses reliability problems related to power flows in excess of emergency ratings on 115-kV transmission circuits serving the Glenbrook Substation following the completion of the 345-kV loop. With the Bethel-Norwalk 345-kV Project completed, the power flows from the Norwalk Substation increased due to the electrical strengthening of the Norwalk bus caused by this project. These power flows increased yet again with the later completion of the Middletown-Norwalk 345-kV project. Increased power flows from the Norwalk to Glenbrook Substations offset power flows toward Glenbrook on the 115-kV transmission

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K filing, subject to further compliance filing); *ISO New England Inc.*, 127 FERC ¶ 61,170 (2009) (accepting compliance filing).

[20] Prior to the implementation of Attachment K in compliance with Order No. 890, the ISO conducted its planning process in accordance with Section 48 of Section II of the ISO Tariff. The text's description of the regional system planning process is taken from Attachment K, and has the same general approach as was utilized in Section 48.

[21] *See* ISO Tariff Section II, Attachment K, § 1.

[22] Also known as "Phase 1" of the Southwest Connecticut upgrades.

[23] http://www.iso-ne.com/trans/pp_tca/isone_app_approvals/tca/2006/sep/nu_phase1_tca_letter.pdf.

circuits from the Pequonnock Substation. Under various contingencies, the increased peak power flows from the Norwalk Substation result in thermal overloads on the underlying 115-kV network to Glenbrook. The Project adds two 115-kV transmission circuits to the existing network, thereby extending the strong, reliable power source at Norwalk to help carry the electrical load in the Norwalk-Stamford sub-area.

B. The Proposed Plan Application for the Glenbrook Cables Project

Under the terms of Schedule 12C, proponents of transmission projects that are determined to be needed for reliability reasons must complete the PPA process set out in Section I.3.9 of the ISO Tariff prior to submitting a TCA Application for regional cost recovery. This process provides for a review of proposed changes to the transmission system to determine if the proposed plan will have any adverse impact on the transmission system.

NU submitted the initial version of its PPAs relating to the Project on June 14, 2005.[24] The application was submitted with an expected in-service date of December 31, 2008. The Reliability Committee voted to recommend approval of the PPAs at its meeting held on July 15, 2005. On August 3, 2005, the ISO issued a letter to NU indicating that the implementation of its proposed projects "will not have a significant adverse effect on the stability, reliability or operating characteristics of [NU] transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant…."[25]

NU submitted a revised[26] version of its PPAs in January 1, 2007.[27] The Reliability Committee voted to recommend approval of the PPAs at its meeting held on February 13, 2007. On March 9, 2007, the ISO issued a letter to NU indicating that the implementation of its proposed projects "will not have a significant adverse effect on the stability, reliability or operating characteristics of [NU] transmission facilities, the

[24] A copy of the initial proposed plan application for the Glenbrook Cables Project is posted on the ISO's website at: http://www.iso-ne.com/committees/comm_wkgrps/relblty_comm/relblty/mtrls/2005/jul152005/A5_1_Installation_115kV_XLPE_cables_between_Glenbrook_and_Norwalk%20Substations_NU_05_T09.pdf.

[25] A copy of this letter is posted on the ISO's website at: http://www.iso-ne.com/trans/pp_tca/isone_app_approvals/prop_plan/2005/aug/scarfone-russo-nu-05-t09.pdf.

[26] The revised PPA reflected the relocation of the 115 kV 1470 line terminations and associated circuit breaker modifications that occurred during the construction of the Norwalk Substation.

[27] A copy of the revised proposed plan application for the Glenbrook Cables Project is posted on the ISO's website at: http://www.iso-ne.com/committees/comm_wkgrps/relblty_comm/relblty/mtrls/2007/feb132007/zip_6_nu-ppa_materials.zip

transmission facilities of another Transmission Owner, or the system of a Market Participant…."[28]

IV. FILING OF THE TCA APPLICATION; ISO AND STAKEHOLDER TCA REVIEW

On October 1, 2007, NU filed the Application pursuant to Section 12C of Section II of the ISO Tariff for the Glenbrook Cables Project. The Application provided the information required under Schedule 12C and Attachment N of Section II of the ISO Tariff, as further detailed in Section 1.6.1 of PP-4.

As set out in the Participants Agreement and Schedule 12C of Section II of the ISO Tariff, and as further detailed in PP-4, the NEPOOL Reliability Committee is tasked with providing advisory input to the ISO regarding whether there are elements of a given project that should not be included in the regional network service rate for recovery because the costs are Localized Costs as described in Schedule 12C. The elements of Schedule 12C are described above in Section II of this determination.

NU presented information regarding the Project and its Application at the December 19, 2007, January 16, 2008 and March 18, 2008 meetings of the Reliability Committee.

In the case of major transmission projects, the ISO also holds public TCA meetings. These stakeholder meetings are in addition to the Reliability Committee advisory process and allow for any interested party to attend, ask questions or provide input regarding whether there are any Localized Costs in a given TCA application. The Glenbrook Cables Project stakeholder meeting was conducted on May 30, 2008.[29]

This review culminated in seeking an advisory vote of the Reliability Committee at its March 18, 2008 meeting. At that meeting, the motion to recommend ISO approval of estimated Pool-Supported PTF costs of $222,850,000 for the Project's cable-related upgrades and substation terminations plus an estimated $11,353,000 for ancillary projects (for a total of $234,203,000). The motion to recommend ISO approval was voted and passed, based on a show of hands, with none opposed, and with four abstentions in the Generation Sector, one abstention in the Transmission Sector, three abstentions in the Supplier Sector and one abstention in the Alternative Resources Sector.

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[28] A copy of this letter is posted on the ISO's website at: http://www.iso-ne.com/trans/pp_tca/isone_app_approvals/prop_plan/2007/mar/scarfone_adadjo_nu-04-t01r1_nu-04-t03r1_nu-05-t09r1.pdf.

[29] The NU presentation for that stakeholder meeting is posted on the ISO website at http://www.iso-ne.com/pubs/pubcomm/forums/2008/tca_stakeholder_mtg_may302008/nu_glenbrook.pdf.

V. ISO ANALYSES AND DETERMINATION

In order to determine whether any of the $234,203,000 includes any Localized Costs that were not identified by NU, the ISO considered, with advisory input from the Reliability Committee and other stakeholders, the reasonableness of the proposed design and construction method with respect to: Good Utility Practice; current engineering design and construction practices in the area in which the Project is being built; appropriate expansion for load growth; practical and feasible transmission alternatives; and the relative costs, operation, efficiency, reliability and timing of implementation of the proposed Project.[30]

The ISO has reviewed the Application, and has considered all of the materials distributed by NU at various Reliability Committee meetings and the May 30, 2008 stakeholder meeting pertaining to the Project. To better understand the Project costs and potential areas of Localized Costs, the ISO issued additional data request letters to NU on January 29, 2008, May 30, 2008, June 17, 2008, July 24, 2009, and December 29, 2009,[31] and reviewed the answers provided by NU in response to each of these letters.

The ISO has identified three areas of potential Localized Cost presented by the Application: (A) a third underground conduit duct; (B) use of a gas-insulated transmission line ("GITL") at the Glenbrook Substation, rather than an overhead line; and (C) cable/trench routing on Route 1 that diverted off the road for access points, resulting in excessive trenching.

A. Third Underground Conduit Duct

The Project incorporates a third and unused conduit duct[32] along the routing of the underground cables, for an extra cost of approximately $32,527,233.[33] NU has stated that the purpose of the third conduit duct is to accommodate an increase in the cables to 345-kV class. The ISO asked NU in its January 29, 2008 data request (in question 6) when NU anticipated a need to upgrade to 345-kV. In its March 10, 2008 response, NU stated the need "could occur within 20 years," and did not explain the basis for such a need. A potential need that is 20 or more years away exceeds the scope of the identified reliability needs for the transmission system without justification the added expense of the building the additional conduit duct at this time; accordingly, incurring this significant expense exceeds Good Utility Practice and current engineering design and construction practices in the area in which the Project is being built. In addition, the other conduits have been

[30] The content of the ISO's analysis under Section 12C of Section II of the ISO Tariff is described in greater detail at Section II of this determination.

[31] Copies of the ISO's requests and NU's responses are posted on the ISO's website at: http://www.iso-ne.com/trans/pp_tca/req/glenbrook_cbls/.

[32] Figure 4-3 on page 26 of the Application shows a typical cross-section of the 3x3 duct bank.

[33] See revised answer to question 12 in NU responses dated February 12, 2009.

sized in the project to accept larger conductor and therefore have the capacity to allow for the upgrade of the circuit to 345kV. Further, an empty conduit duct does not meet the ISO Tariff's definition of "PTF,"[34] so its cost cannot be classified as a Pool-Supported PTF Cost. Therefore, $32,500,000 should be identified as Localized Cost.

B. Use of GITLs At Glenbrook Substation

The Project incorporates a GITL, rather than overhead transmission line configuration, at the Glenbrook Substation. The GITL configuration entails an extra cost of $3,305,000. According to NU's March 18, 2008 response to the ISO's Data Request No. 2 of January 29, 2008, "[t]he new 115-kV four-circuit-breaker ring bus employs an outdoor open-air design. There is a short distance between this new ring bus and the existing breaker-and-a-half bus configuration at the Glenbrook Substation. CL&P is constructing two [GITLs] between the two bus configurations." As justification for the use of the GITL, NU's response attaches a Burns and McDonald report entitled "Glenbrook Cables Project Glenbrook Substation Evaluation of the Connection Method to Existing Buses, Rev 1 dated October 23, 2006." Section 3.3 of that report concludes that the overhead line option (rather than the GITL or other options) "provides the most cost effective solution for the Bus A & B Connections in the Glenbrook Substation. The major disadvantages, however, are the aesthetic impacts to the surroundings,[35] the construction risks of installing the foundations in the vicinity of existing duct banks and rolling the conductors in short spans, and the reliability concerns with spanning over the reactors. Modifications to the D&M plans would be required due to the aesthetic impacts."

It is clear from this summation that aesthetic considerations are a major factor in the choice of the GITL option. More than doubling the cost of a short transmission line primarily for aesthetic considerations does not comport with Good Utility Practice and exceeds current engineering design and construction practices in the area in which the Project is being built. Accordingly, $3,305,000 should be identified as Localized Cost.

C. Cable/Trench Routing on Route 1, Resulting in Excessive Trenching

Much of the routing of the underground cables/trenches is along U.S. Route 1, a non-limited-access highway. The routing of the cables and trenches weaves back and forth and across the road, for no stated reason other than to satisfy the preferences of the Connecticut Department of Transportation ("CDOT") that splice vaults be placed outside

[34] Under Section II.49 of the ISO Tariff, the core class of PTF is "transmission lines and associated facilities owned by PTOs rated 69 kV and above." An empty conduit duct is not a transmission line and has no kV rating.

[35] Section 3.2.1 of the report states: "Three sides of the substation border residential areas. The A bus connection requires a significant number of structures much taller than the existing fence along the residential sides of the substation. As a result, the aesthetic impact of this option is the highest."

the highway right-of-way.[36] The CDOT Policy states that "locations parallel to the pavement or adjacent to the right-of-way line are preferable…."[37] However, the CDOT Policy also states that "Exceptions will be made if it is in the best interest of the State and the utility to locate the facility in the pavement or sidewalk area along non-limited access highways only."[38] Because Route 1 is a non-limited access highway, NU could have pursued an exception under the CDOT Policy to locate the cables in the pavement. In a similar vein, NU's March 10, 2008 response to the ISO's data request No. 1 dated January 25, 2008, recognizes the possibility of entering into an "encroachment agreement" between the utility and CDOT for routing within a highway. However, it appears that NU did not pursue an exception or an encroachment agreement that would have permitting routing within the highway pavement and avoided the extra costs of an inefficient, zigzag routing. The increased cost of this routing was $2,570,000; because these costs were incurred due to state preferences and were not required by Good Utility Practice or current engineering design and construction practices in the area in which the Project is being built, the ISO has identified this amount as a Localized Cost.

VI. PROCESS TO DISPUTE THE ISO'S DETERMINATION

Pursuant to Schedule 12C, CL&P may dispute this determination of Localized Costs "by submitting within 60 days of such decision formal written notice of the dispute to the ISO . . . ." If CL&P chooses to dispute the determination, the ISO will then enter into good faith negotiations with CL&P not to exceed 60 days, as specified in Schedule 12C.

VII. CONCLUSION

In summary, the ISO finds that $195,828,000[39] of the $234,203,000 requested by NU should be categorized as Pool-Supported PTF Costs. The reasons identified for this determination are consistent with the criteria set forth in Schedule 12C of the ISO Open Access Transmission Tariff for receiving regional support and inclusion in Pool-Supported PTF rates.

Sincerely,

[36] See January 25, 2008 NU response to Data Request ISONE-01, referring to a 1977 CDOT report (Attachment ISONE-01 Q-ISO-015) entitled "A Policy on the Accommodation of Utilities on Highway Rights-of-Way" (the "CDOT Policy").

[37] CDOT Policy at 27.

[38] *Id.*

[39] That is, $195,828,000 represents the amount of Pool-Supported PTF costs requested in the Application ($234,203,000) minus the cost of the third conduit duct ($32,500,000), minus the incremental cost of the Glenbrook GITL ($3,305,000) minus the cost of the inefficient and excessive cable trenching ($2,570,000).

Stephen J. Rourke
Vice President, System Planning

cc: TCApps
Reliability Committee