

June 29, 2015

Mr. Gordon van Welie, President and Chief Executive Officer  
ISO New England, Inc.  
One Sullivan Road  
Holyoke, MA 01040-2841

Mr. Tim Martin, Chair  
Pool Transmission Owners Administrative Committee  
c/o National Grid  
40 Sylvan Road  
Waltham, MA 02451

Dear Messrs. van Welie and Martin:

The undersigned write to request that ISO New England and the New England Transmission Owners commence a collaborative process to improve the transparency of calculations and inputs into Regional Network Service (“RNS”) and Local Network Service (“LNS”) rates pursuant to Section II.21.1 (RNS rates) and Schedules 21 (LNS Rates) of the ISO-NE Open Access Transmission Tariff.

We propose that stakeholders revise this protocol to allow interested parties to fully and meaningfully participate in the formula rate information exchange and review process by (1) increasing the availability and scope of the information provided to the public; and (2) providing interested parties with the opportunity to review, question, and, if necessary, challenge the implementation of the formula rates.

### **Increasing availability and scope of information**

Currently, transmission owners post the annual RNS and LNS rate calculations on the ISO-NE web site prior to the annual information filing update under FERC Dockets RT-04-02 and ER09-1532. Under a revised protocol, transmission owners would also deliver these calculations to all New England interested parties, including state regulatory commissions, attorneys general, and consumer advocacy agencies. The transmission owners also should broaden the scope of the publicly available information regarding the proposed RNS and LNS rates to include:

- All revenue requirements, inputs, calculations and other information in the form of live spreadsheets as well as in PDF format;
- Information and explanation of sufficient detail to demonstrate that each input is consistent with the requirements of the formula;
- Any accounting changes affecting the formula calculations, and their impact;

- Cross-references to the corresponding FERC Form 1 accounts, or explanations as to why the inputs deviate from FERC Form 1 accounts, including reconciling mechanisms from FERC accounts to the data input to the formulae; and
- Any study costs that explicitly indicate the area of study, and show that such costs are consistent with the ISO-NE tariff.

### **Providing parties opportunity for review, and challenge**

A revised protocol should also allow interested parties a meaningful opportunity to question the transmission owners and ISO New England regarding the proposed formula rates and provide a well-defined process to challenge the inclusion of costs within the RNS and LNS rates. This could include an informal process, as additional alternative to interested parties' existing rights to utilize FERC's enforcement hotline, engage in alternative dispute resolution services, or, if necessary, file a Section 206 complaint.

As you are aware, the Federal Energy Regulatory Commission has determined in other jurisdictions that protocols of the type outlined above are necessary to ensure just and reasonable rates.<sup>1</sup> Given our region's long history of cooperation and collaboration, I am confident that working together, we can develop an ISO-NE protocol that is appropriately inclusive, thorough and transparent. The ISO's Transmission Committee, where the RNS and LNS rates are currently presented, would offer an effective forum for stakeholder participation in developing this protocol.

We look forward to discussing this matter with you in more detail.

With kindest regards,

/s/ Maura Healey

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<sup>1</sup> See, e.g., *Empire District Electric Co.*, 148 FERC ¶ 61,030 (2014); *Midwest Independent Transmission System Operator, Inc.*, 143 FERC ¶ 61,149 (2013).

/s/ Roger Borghesani

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