



June 30, 2022

LS Power Grid New York 2021 True-up Posting Notice and Stakeholder Information

In accordance with the LS Power Grid New York Corporation I (“LSPGNY”) Formula Rate Implementation Protocols (“Protocols”) included in Section 6.10.6.2.1 of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff (“OATT”), LSPGNY provides this notice of the posting of its Annual Update for rate year 2021 (“2021 True-up”) on the NYISO website (nyiso.com/billing-rates) along with additional stakeholder information herein. The 2021 True-up includes the populated formula rate template and additional workpapers in Excel and PDF formats. LSPGNY has also posted the 2021 True-up and this document on its own website (lspgridnewyork.com/documents).

The 2021 True-up is LSPGNY’s first formula rate true-up adjustment calculation since the resolution of its rate case through a multi-party settlement agreement in FERC Docket No. ER20-716 and since the commencement of commercial operations in May 2021 for the first of LSPGNY’s facilities.

LSPGNY will host an open meeting for the 2021 True-up between July 29 and August 12, 2022. Details will be posted to the NYISO and LSPGNY websites at least seven days in advance.

Please direct any inquiries, information requests, and challenges to:

LSPGNYrates@lspgridnewyork.com

Payments to NYPA

Section 3.C.6 of the Protocols calls for LSPGNY to identify payments to the New York Power Authority (“NYPA”) for operations and maintenance and justify any mark-up as an appropriate expense to be recovered under the formula rate.

Total payments to NYPA for maintenance in 2021 amounted to \$2,579, which includes a 15 percent adder that is provided in a maintenance agreement between LSPGNY and NYPA. For services performed by NYPA, this adder is intended to reasonably cover, without duplication, indirect costs including, but not limited to, labor overheads, storage, and administrative and general expenses. For services provided by NYPA where a third party contractor is engaged, the adder covers, without duplication, contract work administration. Similar provisions can be found in other utility industry maintenance agreements.

Changes in Formula References and Form No. 1 data

Sections 3.C.7 and 3.C.8 of the Protocols call for LSPGNY to identify any changes in formula references and material adjustments made to the FERC Form No. 1 data.

- Appendix A, Page 3, Lines 57-62 (Taxes Other Than Income) refer to FERC Form No. 1 Page 263, Column (i). The FERC Form No. 1 reference has changed to Column (l). LSPGNY has noted this change on its 2021 FERC Form No. 1 on page 106b and in a footnote to pages 262-263.
- Appendix A, Page 4, Line 104 (Return and Taxes) refers to Lines 69 and 71. The correct references, based on the line description, should be to Lines 74 and 76. The 2021 True-up reflects the correct references.
- Appendix A, Page 4, Line 106 (Base Carrying Charge) refers to Lines 100, 101, and 99. The correct references, based on the intended calculation, should be to Lines 104, 105, and 103. The 2021 True-up reflects the correct references.
- Attachment 2, Note 2 states that “[f]or the initial rate year, capital balances that are typically based on a 13-month average will be divided by the number of months the rate is in effect.” Because LSPGNY is reporting seven months of actual values in the 2021 True-up that are *not* annualized, the calculations are 13-month averages.
- Attachment 3 (Cost of Capital) reflects the hypothetical capital structure and weighted cost of debt while the Segment A project remains under construction.

Accounting Changes and Disclosures

Section 3.C.10 of the LSPGNY Protocols calls for LSPGNY to identify any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”) along with a narrative explanation of the individual impact of such changes on the projected Net Adjusted Revenue Requirement.

Accounting Changes

1. New standard or policy (Protocols Section 3.C.10.a.i)

None to report.

2. Issues of first impression (Protocols Section 3.C.10.a.ii)

None to report.

3. Corrections and prior period adjustments (Protocols Section 3.C.10.a.iii)

None to report.

4. New estimation methods (Protocols Section 3.C.10.a.iv)

None to report.

5. Income tax elections (Protocols Section 3.C.10.a.v)

None to report.

Other Disclosures:

6. Fair Value Adjustments (Protocols Section 3.C.10.b)

None to report.

7. Reorganization/Merger (Protocols Section 3.C.10.c)

None to report.

Construction Cost Update

Section 7 of the Protocols calls for LSPGNY to provide project cost updates during the construction period. The table below provides estimated capital costs, third-party costs, and unforeseeable costs as of May 2022.

Item	Estimated Value	Description/Explanation for Categorization
Segment A Project Capital	\$ 308,404,290	Costs incurred to develop, construct, and place the Marcy to New Scotland 345 kV Upgrade Project in service
Third-Party Costs	\$ 66,640,395	Almost half of these costs are related to interconnections and upgrades; a similar portion involves payments to incumbent transmission owners for rights-of-way, asset purchases, and general support; the remaining portion, around five percent, is attributable to sales and property taxes
Unforeseeable Costs	-	None yet identified