



July 3, 2023

A revised version of the populated formula rate template is available for the 2022 Annual Update originally published June 30, 2023. There is no change to the calculated net revenue requirement on Appendix A, Line 3, but there is a correction to the true-up adjustment and interest calculation on Attachment 5. Revision notes are included in both the PDF and native Excel versions. A construction cost update is also included herein.

### **LS Power Grid New York 2022 Annual Update Posting Notice and Stakeholder Information**

In accordance with the LS Power Grid New York Corporation I (“LSPG New York”) 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, LSPG New York provides this notice of the posting of its Annual Update for rate year 2022 (“2022 Annual Update”) on the NYISO website ([nyiso.com/billing-rates](https://nyiso.com/billing-rates)) along with additional stakeholder information herein. The 2022 Annual Update includes the populated formula rate template and additional workpapers in Excel and PDF formats. LSPG New York has also posted the 2022 Annual Update and this document on its own website ([lspgridnewyork.com/documents](https://lspgridnewyork.com/documents)).

LSPG New York will host an open meeting to review the 2022 Annual Update between July 31 and August 14, 2023. Details will be posted to the NYISO and LSPG New York websites at least seven days in advance.

Please direct any inquiries, information requests, and challenges to:  
[LSPGNYrates@lspgridnewyork.com](mailto:LSPGNYrates@lspgridnewyork.com)

### **Payments to NYPA**

Section 3.C.6 of the Protocols calls for LSPG New York 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 operations and maintenance in 2022 amounted to \$196,455, which includes a 15 percent adder that is provided in an agreement between LSPG New York 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 LSPG New York to identify any changes in formula references and material adjustments made to the FERC Form No. 1 data.

- On the publication date of this notice, LSPG New York has resubmitted its 2022 Form No. 1 with updates on certain plant schedules. Notably, total electric plant in service is unchanged. The 2022 Annual Update incorporates data from the resubmitted 2022 Form No. 1.
- Attachment 3 (Cost of Capital) reflects the hypothetical capital structure and weighted cost of debt while the Marcy to New Scotland 345 kV Upgrade Project (Segment A) remains under construction.

### **Accounting Changes and Disclosures**

Section 3.C.10 of the Protocols calls for LSPG New York 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 LSPG New York 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 2023.

<b>Item</b>	<b>Estimated Value</b>	<b>Description/Explanation for Categorization</b>
Segment A Project Capital	\$ 390,312,285	Costs incurred to develop, construct, and place the Marcy to New Scotland 345 kV Upgrade Project in service
Third-Party Costs	\$ 66,989,604	Around six percent of these costs is attributable to sales and property taxes. The remainder is split approximately evenly between 1) costs related to interconnections and upgrades, and 2) payments to incumbent transmission owners for rights-of-way, asset purchases, and general support.
Unforeseeable Costs	-	None yet identified