



LS Power Grid New York Corporation I

2023 Annual Update Stakeholder Meeting

August 9, 2024

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Background

Company, Project, and Formula Rate

Background – General

Overview of the Company and the Project

- LS Power Grid New York Corporation I (“LSPG New York”) is a transmission-only company initially formed to develop, own, and operate transmission projects in the state of New York.
- LSPG New York, jointly with the New York Power Authority (“NYPA”), was selected through NYISO’s Order No. 1000 competitive process to develop new 345 kV transmission facilities between the existing Marcy/Edic substations near Utica and the existing New Scotland and Rotterdam substations near Albany (“Segment A Project”).
- Initial facilities of the Segment A project were energized in May 2021 and the full Segment A project was placed into service in December 2023.
- More information is available at lspgridnewyork.com

Background – Regulatory

Selected Regulatory Filings and Orders

- December 31, 2019 – LSPG New York submits in Docket No. ER20-716 transmission formula rate to be incorporated into NYISO tariff and requests certain incentive treatment.
- May 26, 2020 – FERC grants certain transmission rate incentives requested by LSPG New York in its December 31, 2019 petition while setting hearing and settlement procedures for other matters. Granted incentives:
 - Regulatory asset for precommercial costs.
 - Hypothetical capital structure through construction (47% debt/53 % equity).
 - ROE adders of 50 bps for RTO participation and 50 bps for development risks.
- April 1, 2021 – Settlement agreement submitted to Commission.
- June 17, 2021 – Commission accepts settlement agreement.
 - Segment A Project subject to a base ROE of 9.65%
 - Cost containment and risk sharing mechanism.

Cost Containment/Risk Sharing Mechanisms

Key Provisions

LSPG New York is bound by certain cost containment and risk sharing mechanisms for the Segment A Project defined in the project proposal and settlement agreement

- Cost Cap¹ – Twenty percent of Segment A Project costs greater than the binding cost cap of \$316.5 million plus AFUDC do not receive any ROE.
- Adjusted Cost Cap¹ – Segment A Project costs below \$261 million plus AFUDC earn tiered ROE incentives.

Cost containment and risk sharing mechanisms defined in the Protocols will be formally applied when the entire Segment A Project is placed in service.

For the 2023 Annual Update, Segment A Project costs are less than the Cost Cap.

¹ Terms as defined in and subject to the settlement agreement filed in FERC Docket No. ER20-716.

Cost Containment/Risk Sharing Mechanisms

Construction Period Reporting

- During the construction period, an update submitted with the Informational filing will include estimates for:
 - Capital costs
 - Unforeseeable costs
 - Third-party costs

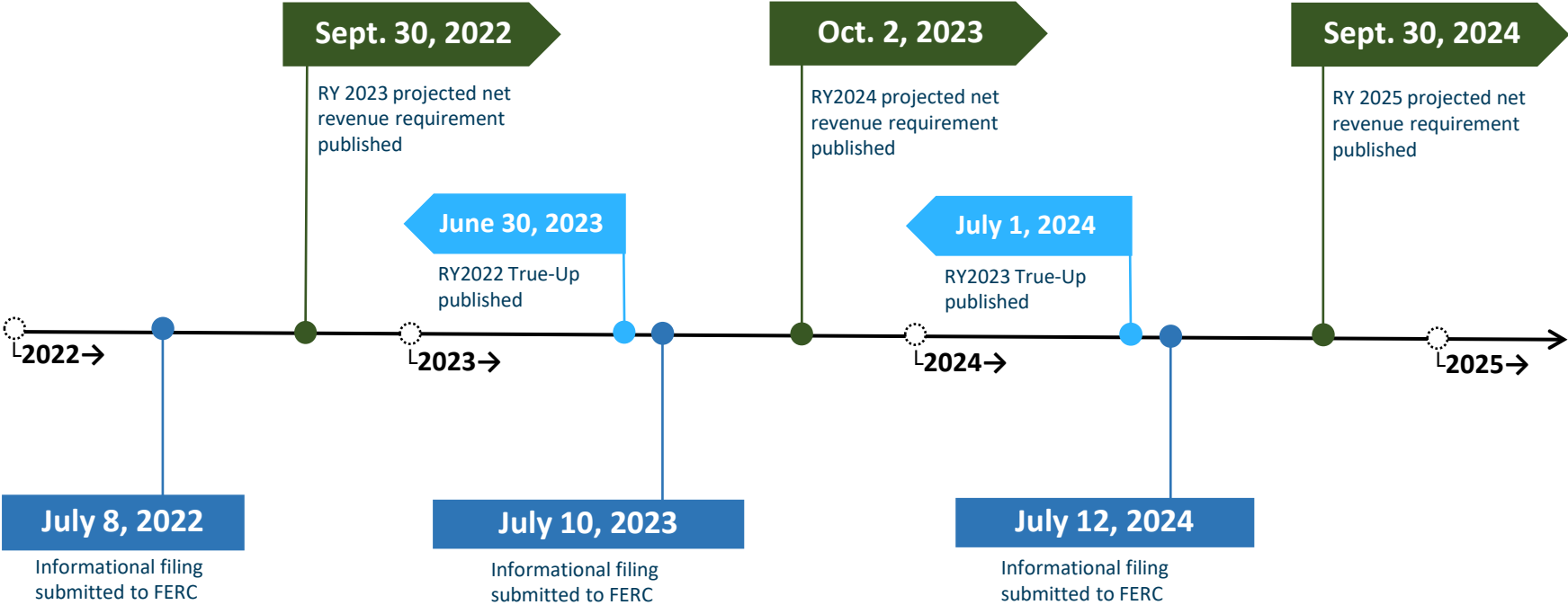
LSPG New York reported cost estimates as part of Annual Updates for 2021 and 2022, published in June 2022 and July 2023, respectively.

- Within six months following entire Segment A Project placed in service, LSPG New York will publish an informational workpaper providing:
 - Final assets owned by LSPG New York and NYPA
 - Total rate base of the assets
 - Accounting entries for asset transfers between the parties that changed ownership of any assets
 - Costs greater than the “Cost Cap” or less than the “Adjusted Cost Cap”

LSPG New York published the informational workpaper on June 11, 2024.

Formula Rate Timeline

General Update Process



Formula Rate Timeline

Selected 2024 milestones

- December 11, 2023 – Final Segment A facilities energized
- April 15 – 2023 FERC Form No. 1 submitted to FERC
- June 11 – Publication of the Informational Workpaper
- July 1 – Publication of 2022 Annual Update (including True-up Adjustment)
- July 12 – Informational filing submitted to FERC in Docket No. [ER24-2515](#)
- August 9 – 2023 Annual Update (True-Up) meeting
- September – Publication of corrected 2023 True-Up Adjustment
- September 30 – Publication of 2025 Projection
- October 31 – Last day to incorporate corrections into 2025 Projection
- January 1, 2025 – Scheduled end of information request period

Annual Update

2023 Rate Year

Known Errors

Attachment 3 Long Term Debt December Balance

In the Annual Update published July 1, 2024, the December 2023 Long-Term Debt value on Attachment 3 - Cost Support, Line 245, was coded incorrectly. The corrected value increases the 13-month average debt balance and decreases the calculated cost of debt on Line 229.

Attachment 3 - Cost Support

Line		Long Term Debt As published July 1, 2024	Long Term Debt With Correction
222	Long Term Interest (117, sum of 62.c through 67.c)	14,167,257	14,167,257
Monthly Balances for Capital Structure			
233	December (Prior Year)	207,100,000	207,100,000
234	January	207,100,000	207,100,000
235	February	207,100,000	207,100,000
236	March	207,100,000	207,100,000
237	April	207,100,000	207,100,000
238	May	207,100,000	207,100,000
239	June	207,100,000	207,100,000
240	July	210,100,000	210,100,000
241	August	210,100,000	210,100,000
242	September	213,100,000	213,100,000
243	October	214,500,000	214,500,000
244	November	220,000,000	220,000,000
245	December	200,000,000	220,000,000
246	13-Month Average	209,038,462	210,576,923
229	Cost of Debt (Line 222 / Line 246)	6.777%	6.728%

Weighted Average Cost of Capital

WACC Calculation for 2023 True-up

As published July 1, 2024

WACC Element	Weight	Cost	Weighted	
Long Term Debt	47%	6.777%	3.185%	
Preferred Stock	-	-	-	
Common Stock	53%	9.650%	5.115%	
Total			8.300%	= Return

With Corrections

WACC Element	Weight	Cost	Weighted	
Long Term Debt	47%	6.728%	3.162%	
Preferred Stock	-	-	-	
Common Stock	53%	9.650%	5.115%	
Total			8.277%	= Return

Refer to Attachment 3 (Cost Support worksheet) in the published Annual Update for more detail.

2023 Annual Update

Revenue Requirement Components

Construction on the Segment A Project was completed in December 2023.

Appendix A Item	2023 Annual Update As published July 1, 2024	2023 Annual Update With Corrections
Average Rate Base	\$ 298,798,696	\$ 298,798,696
Rate of Return ¹	8.30%	8.28%
Return on Rate Base	\$ 24,799,850	24,730,313
Incentive Return	\$ 1,852,711	\$ 1,852,711
Income Taxes	\$ 5,552,229	\$ 5,552,229
Total Incentive Return & Income Taxes	\$ 7,404,941	\$ 7,404,941
Operating Expenses:		
O&M and A&G Expenses	\$ 13,434,046	\$ 13,434,046
Depreciation Expenses	\$ 8,399,672	\$ 8,399,672
Non-income taxes	\$ 1,481,937	\$ 1,481,937
Total Operating Expenses	\$ 23,315,655	\$ 23,315,655
Gross Revenue Requirement	\$ 55,520,445	\$ 55,450,909
Less: Revenue Credits	\$ 123,102	\$ 123,102
Net Revenue Requirement	\$ 55,397,343	55,327,807

¹ Refer to Weighted Average Cost of Capital (WACC) calculation provided in separate slide.

Known Errors

Workpaper for Attachment 5 revenue received

Workpaper incorrectly derived the actual transmission owner revenue received from NYISO and double counted the the 2021 True-up since the Form No. 1 page 328.35n value was already adjusted.

As published July 1, 2024

LS Power Grid New York Corporation I			
Workpaper for Attachment 5 Revenue			
2023 Annual Update (True-Up)			
Actual NYISO Transmission owner revenue received	\$	52,127,414	→ To Attachment 5, Line 2, Column D
Prior period adjustments (2021 True-Up adjustment)	\$	(1,400,484)	Refer to Attachment 5, Note 2
Revenue balancing entry to reflect revenue requirement earned	\$	4,994,012	
Revenues from Transmission of Electricity for Others (Account 456.1)	\$	55,720,942	Form No. 1 page 328.35n

With Corrections

LS Power Grid New York Corporation I			
Workpaper for Attachment 5 Revenue			
2023 Annual Update (True-Up)			
Revenues from Transmission of Electricity for Others (Account 456.1)		\$55,720,942.47	Form No. 1 page 328.35n
Less: Revenue balancing entry to reflect revenue requirement earned		\$4,994,012.23	
Actual Transmission Owner Revenue Received from NYISO		\$50,726,930.24	→ To Attachment 5, Line 2, Column D

True-up Adjustment

Calculation of True-up Adjustment including interest

True-Up Adjustment (including interest) ¹	As Published July 1, 2024	Corrected To be published
Calculated Actual 2023 Annual Revenue Requirement (Att. 5 , Line 3, Column C)	\$ 55,397,343	\$ 55,327,807
Annual 2023 Revenue Received from NYISO (Att. 5 , Line 3, Column D)	\$ 52,127,414	\$ 50,726,930
Under/(Over) Recovery of Revenue Requirement	\$ 3,269,929	\$ 4,600,877
Average Monthly Interest Rate	0.67%	0.67%
Interest For 24 Months	\$ 522,441	\$ 735,089
Total Under/(Over) Recovery Including Interest	\$ 3,792,370	\$ 5,335,965

Corrected True-up Adjustment will be incorporated into 2025 Projection to be published by September 30, 2024.

A revised version of the 2023 Annual Update, including all corrections, will be published no later than October 31, 2024, the last day under the Protocols to incorporate corrections into the 2025 Projection.

Discussion

Formula rate materials are posted online:

lspgridnewyork.com/documents/

Direct inquiries, information requests, and challenges to:

rates@lspgridnewyork.com

Disclaimer

Notwithstanding requirements and terms defined in the LS Power Grid New York Corporation I (LSPG New York) formula rate implementation protocols and terms commonly used in FERC ratemaking (e.g., ‘projected’, ‘projection’), this document and any related discussions may contain certain statements that describe LSPG New York management’s beliefs concerning future financial performance, future business conditions and prospects, growth opportunities and the outlook for the electric transmission industry based upon information currently available. Such statements are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often identified by words such as “anticipates”, “believes”, “intends”, “estimates”, “expects”, “projects”, “projected”, “shall”, “will”, “should”, “could”, “may”, and similar phrases. Such forward-looking statements are based upon assumptions management believes are reasonable. Such forward-looking statements are subject to important risks, uncertainties and other factors which could cause actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements. These important risks, uncertainties and other factors include: future economic conditions in regional, national and international markets and their effects on prices, costs and availability of required goods and services; market perception of the energy industry and LSPG New York; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that LSPG New York may charge; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters; financial market conditions and performance, including changes in interest rates and credit spreads and in availability and cost of capital; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including cyber terrorism; and weather conditions, including weather-related damage. Given these uncertainties, you should not rely on forward-looking information.