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SUBMITTED VIA ELECTRONIC FILING

March 9, 2018

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE: Informational Filing - Transmission Formula Rate
New York Power Authority
Docket No. ER17-1288-00_

Dear Secretary Bose:

The New York Power Authority (“NYPA”) hereby submits to the Federal Energy Regulatory Commission (“FERC”) this informational filing of its 2017 Annual Update to its Formula Rate (“Informational Filing”) used to determine NYPA’s Annual Transmission Revenue Requirement (“ATRR”).¹ This Informational Filing is made pursuant to Section 14.2.3.2.6 of Attachment H of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff (“OATT”). NYPA, a transmission owner in New York State whose Formula Rate is administered in accordance with the Formula Rate Template and the Protocols set forth in Attachment H of the NYISO OATT, has an obligation under the Protocols to make this Informational Filing by the later of March 15 or sixty calendar days following the close of the Review Period of the Annual Update Process for the current Rate Year.

NYPA includes with this Informational Filing its Formula Rate Template populated with 2016 Calendar Year data, consistent with NYPA’s requirements under the Annual Update Process. NYPA provides this material in the attached files in both native “workable” Excel file format and in PDF format. Second, NYPA includes its NYPA Form 1 Equivalent for the 2016 Calendar Year in PDF format that contains supporting financial information required under the Annual Update Process. Last, NYPA provides the following link to NYPA’s Financial Report for the 2016 Calendar Year: <https://www.nypa.gov/-/media/nypa/documents/document-library/financials/2016-financial-report.pdf>. Under the

¹ Any capitalized terms used in this transmittal letter and not otherwise defined herein shall have the meanings set forth in the Formula Rate Implementation Protocols (“Protocols”) which appear in Section 14.2.3.2 of NYISO OATT Attachment H.

Protocols, NYPA's Financial Report serves as the basis for the inputs to the Annual Update.

This Informational Filing provides the information required under the Protocols to reasonably determine that the input data under the Formula Rate were properly recorded and that NYPA has properly applied the Formula and Protocols.² NYPA posted its updated Formula Rate Template on the NYISO's internet website on June 30, 2017, and provided the required notice of the Annual Update and of an upcoming Open Meeting to all Interested Parties. NYPA held its Open Meeting on July 24, 2017 to provide an opportunity for Interested Parties to obtain information about the Annual Update. As NYPA noted in its 2017 Annual Update, it made an Accounting Change to move certain costs that were previously characterized as administrative and general costs and instead characterize them as production costs. NYPA indicated that these changed inputs lowered the 2017 ATRR by \$772,999.³

During the Annual Update Process, NYPA received one set of Information Requests from an Interested Party, to which it provided responses and informed Interested Parties of the responses' accessibility on the NYISO website. NYPA received no Preliminary Challenges from any Interested Party.

As a result of the Information Requests, NYPA discovered two errors that will be corrected in the 2018 True-Up Adjustment. The first was an omission in the back-up data for depreciation related to the "Stores Equipment" category for the St. Lawrence-FDR facility. This \$4,910 omission reduced the depreciation expense balance for Stores Equipment (Account 393) shown on Schedule B1 and, after applying the adjusted plant balances from Schedule B2, resulted in an ATRR for the 2017 Rate Year that was understated by \$2,351 plus interest.

Second, the monthly interest rate shown on Schedule F3 (Project True-Up) was inadvertently divided by 12, resulting in an anticipated ATRR understatement of \$497,239 plus interest. The interest rates that reflect this error are located in Column 8, lines 1a and 1b of Schedule F3.

Applying these adjustments will result in an approximate 0.2% increase (plus interest) to the \$212,109,256 ATRR that was initially determined in the Annual Update.

NYPA notes that when it commenced the 2017 Annual Update, its Formula Rate Template was still subject to revision due to ongoing settlement procedures pertaining to NYPA's updated depreciation rate proposal in Docket No. ER17-1010-000. On August 15, 2017, NYPA filed a revised Formula Rate Template as part of a complete settlement of all issues in that proceeding, which was approved by FERC on November 21, 2017.⁴ The Template currently on file at FERC reflects the revised, settlement depreciation rates, upon which NYPA booked its depreciation accruals commencing March 1, 2017, but as NYPA explained in the settlement, the changed depreciation accruals will not have any rate impacts until the 2018 Rate Year.⁵ By contrast, this Informational Filing only concerns the ATRR associated with the Formula Rate Template used in the 2017 Annual Update

² See NYISO OATT, Attachment H, Section 14.2.3.2.6 ("Informational Filing").

³ See "ATRR Annual Update Addendum June 30, 2017" at 1, available at http://www.nyiso.com/public/markets_operations/market_data/miscellaneous/index.jsp?docs=NYPA_Annual_ATT_R_Updates.

⁴ *New York Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,216 (2017).

⁵ See, e.g., *New York Power Authority Offer of Settlement* at 2, Docket Nos. EL17-67-000 and ER17-1010-000 (filed August 15, 2017).

because, at that time, that Template was the one accepted by and on file with FERC. The 2018 Annual Update Process, which will start no later than July 2, 2018 in accordance with the Protocols, will employ the revised Formula Rate Template now on file with FERC.

Copies of correspondence regarding this Informational Filing should be served to the following persons:

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Please do not hesitate to contact me if you have any questions regarding this Informational Filing.

Respectfully submitted,

/s/ Gary D. Levenson
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Attachments:

Formula Rate Template in Excel and PDF formats
NYPA Form 1 Equivalent in PDF format

(cc) Interested Parties on NYPA Exploder List