



**NY Power  
Authority**

**ANDREW M. CUOMO**  
Governor

**JOHN R. KOELMEL**  
Chairman

**GIL C. QUINIONES**  
President and Chief Executive Officer

**SUBMITTED VIA ELECTRONIC FILING**

March 15, 2019

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. ER17-1288-000

Dear Secretary Bose:

The New York Power Authority (“NYPA”) hereby submits to the Federal Energy Regulatory Commission (“FERC”) this informational filing of its 2018 Annual Update to its Formula Rate (“Informational Filing”) used to determine NYPA’s Annual Transmission Revenue Requirement (“ATRR”).<sup>1</sup> 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 2017 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 2017 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 2017 Calendar Year: <https://www.nypa.gov/>

---

<sup>1</sup> 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.

</media/nypa/documents/document-library/financials/2017-finance-report.pdf>. Under the 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.<sup>2</sup> NYPA posted its updated Formula Rate Template on the NYISO's internet website on June 29, 2018, 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 27, 2018 to provide an opportunity for Interested Parties to obtain information about the Annual Update.

During the Annual Update Process, NYPA received two sets 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 this Annual Update Process, two ATRR adjustments will need to be addressed, as described below.

#### Overstatement of Interest on Long Term Debt

As a result of the Information Requests, NYPA discovered one error that will be corrected in the 2019 "Total True-Up Adjustment" on Schedule F3 of the Formula Rate Template. Interest on Long Term Debt of \$45,136,389 million was correctly stated in the NYPA Form 1 Equivalent while the Workpaper WP-DB of the Template inadvertently stated the amount of \$46,459,724. Use of the overstated Interest on Long Term Debt inflated the cost of capital, thereby overstating the ATRR by \$1.26 million, which is comprised of a \$606,303 overstatement in the projected 2018 ATRR and a \$655,624 overstatement in the 2017 Total True-up Adjustment. The overstatement of the projected 2018 ATRR will automatically be corrected by reporting the actual 2018 Calendar Year Interest on Long Term Debt amount in the 2018 ATRR true-up, to be refunded as part of the "True-Up Adjustment Principal" and the \$655,624 over-recovery of the 2017 true-up will be refunded with interest via the Prior Period Adjustment mechanism, both on Schedule F3. Both fixes will be incorporated in the ATRR for the 2019 Rate Year commencing July 1, 2019.

#### Understatement of ATRR Related to True-Up Adjustment

Also during its review of the 2018 Annual Update, NYPA determined that there was error in its True-Up Adjustment which resulted in an understatement of the 2018 ATRR. This, too, will be corrected in the next Annual Update commencing July 1, 2019.

On Schedule F3 of the Formula Rate Template ("Project True-Up" for the year ending December 31, 2017), column 4, lines 1a and 1b show for NTAC Facilities and MSSC, "Actual Revenues Received" of \$201,306,439 and \$4,805,861, respectively. In the Actual Revenues Received, NYPA mistakenly included both the historical revenues for 2017 (*i.e.* non-true-up revenues) and the Total True-Up Adjustment revenues of \$3,863,690 collected in 2017. However, the True-Up Adjustment revenues collected during the first half of the 2017 Rate Year (July-December 2017) pertaining to the Project True-Up for the year ending December 31, 2016 should not have been included in Actual Revenues Received. Including the True-Up Adjustment revenues applicable to the 2016 true-up in the calculation results in attributing too much revenue to Calendar Year 2017, thus overstating the Actual Revenues Received, and understating the True-Up Adjustment developed for the current Rate Year to

---

<sup>2</sup> See NYISO OATT, Attachment H, Section 14.2.3.2.6 ("Informational Filing").

recover the ATRR for 2017. In essence, NYPA applied its True-Up Adjustment to a value that was already “trued-up”; this needs to be corrected.

The \$3,863,690 true-up revenues mentioned above represent one-half of the total \$7,727,381 Total True-Up Adjustment in column 10, line 2 of Schedule F3 of the 2017 Formula Rate Template, billed to customers for the first half of the 2017 Rate Year, *i.e.* July 1, 2017 through December 31, 2017, but then “returned” in error to customers in the current Rate Year as described above. This under-recovery will be corrected via the Prior Period Adjustment mechanism in Schedule F3 of the ATRR for the 2019 Rate Year commencing July 1, 2019.

Going forward, NYPA will ensure that its true-up revenues are separately accounted for and recognized in the NYPA Form 1 Equivalent, from which only its historical revenues received will be used to determine the succeeding True-Up Adjustment in NYPA’s new ATRR.

In accordance with the Protocols, NYPA will notify the Interested Parties of this submittal and have the NYISO post the above-referenced docket number for this Informational Filing on its website, within one business day of this filing.

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

Kamalya Marano  
Senior Analyst, Transmission Revenue  
New York Power Authority  
123 Main Street  
White Plains, NY 10601  
Tel: 914/390-8108  
[Kamalya.Marano@nypa.gov](mailto:Kamalya.Marano@nypa.gov)

Gary D. Levenson, Esq.  
New York Power Authority  
123 Main Street  
White Plains, NY 10601  
Tel: 914/390-8030  
[Gary.Levenson@nypa.gov](mailto:Gary.Levenson@nypa.gov)

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

Respectfully submitted,

/s/ Gary D. Levenson  
Gary D. Levenson  
Principal Attorney  
914/390-8030 (telephone)  
914/390-8038 (facsimile)  
[gary.levenson@nypa.gov](mailto:gary.levenson@nypa.gov)

Attachments:

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

(cc) Interested Parties on NYPA Exploder List