

June 29, 2022

New York Power Authority

Addendum to Annual Update Provided in Accordance with Section 14.2.3.2.2 (d) of NYPA's Formula Rate Protocols

This addendum provides additional information with respect to certain Schedules and Work Papers within the Formula Rate Template. All capitalized terms not defined herein have the same meanings as set forth in NYPA's Formula Rate Protocols contained in the NYISO tariff.

1. Y-49 Facility Repair Costs in Operating Expenses

This Annual Update includes O&M expense pertaining to four cable failure repairs to the Y-49 Facility, the costs for which were accrued in the 2021 Calendar Year, totaling \$32,556,701. The entirety of this amount will be paid by the Long Island Power Authority ("LIPA") via monthly payments credited to the monthly NTAC rate during the 2022 Rate Year through the "EA" component of the NTAC Formula. The NYPA-LIPA Y-49 Contract sets forth LIPA's reimbursement for NYPA's response and repair costs related to the Y-49 Facility. Inclusion of these costs is consistent with Section 14.2.3.2.2 (d)(iii) of NYPA's Protocols requiring the Annual Update to be based on NYPA's Financial Report.

2. Schedule F3 on True-Up Adjustments

As noted in previous ATRR postings, Note 2 on page 1 of Schedule F3 has an incorrect column reference to Schedule F1. It should refer to "Schedule F1, Page 2 of 2, col (15)" and not column 16. Even though the note is referencing column 16, the actual correct column 15 is being linked for the calculation in the Template. NYPA has not yet made a FERC filing to institute this or other ministerial changes into the Formula Rate Template, which were previously foreclosed due to the moratorium on making changes to the Template.

3. Supplemental Work Paper WP-Reconciliations

In order to tie out to the financial data reported in the NYPA Annual Report, the following information would normally be added to the Formula Rate Template. As the Formula Rate Template was previously not able to be modified to insert new line items, the attached supplemental Work Paper WP-Reconciliations is included as part of this Addendum showing (a) excluded expenses for Canal Corp, and (b) long term debt with Unamortized Premium based on the FERC-approved settlement. This added information does not factor into the ATRR development and is purely informational.

4. Supplemental Work Paper for Marcy South Series Compensation (MSSC)

Attached is a work paper to illustrate the two-year average plant balances for the MSSC project, a NYPA transmission asset for which cost recovery occurs under the Formula Rate Template,

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but not as part of the NTAC charge. This plant balance calculation is not part of the Template, but is consistent with plant in service methodology used for NYPA's backbone transmission facilities set forth on Schedule B2. This supplemental work paper will no longer be needed after the 2022 Annual Update assuming FERC accepts NYPA's proposal to add work paper WP-BJ to the Template, a request included in NYPA's proposal for incentive rates and cost containment for the Smart Path Connect project in Docket No. ER22-1014-000, which is still pending.

Attachments (2)