

NextEra Energy Transmission New York, Inc.

2023 Formula Rate Annual Projection

Response to the New York Transmission Owners' Questions

Questions Provided on: 10/20/2022

Responses Provided on: 11/10/22

On October 20, 2022, NEETNY held an open meeting among Interested Parties pursuant to its formula rate implementation protocols to provide Interested Parties an opportunity to seek information and clarifications from NEETNY about the 2023 Projected Net Revenue Requirement. The following questions were verbally posed to NEETNY by the Interested Parties in attendance and have been phrased as NEETNY understood the intent of the questions.

1. Question: *Could NextEra Energy Transmission New York (“NEETNY”) provide a summary of the revenue requirement?*

Response (11/10/2022):

The Projected Revenue Requirement (“Projection”) forecasts a revenue requirement of \$45MM. This revenue requirement includes the return of and return on the project investment and operating expenses. The revenue requirement does reflect the adjustments required by the cost cap mechanism. The 2021 True-Up of \$0.5MM is also included.

2. Question: *What are the differences between the 2022 and 2023 projection?*

Response (11/10/2022):

The 2022 projection reflected NEETNY’s revenue requirement associated with the portion of the project that was placed in-service in 2021 and the balance of the project placed in-service at various times during the 2022 calendar year. The 2023 projection reflects NEETNY’s revenue requirement for the full project which was completed in 2022. In addition, the 2022 projection did not include a True-Up because there had yet to be a FERC Form 1 published for NEETNY. The 2023 projection is the first to include a prior year True-Up.

3. Question: *How was the cost cap implemented in the formula rate projection?*

Response (11/10/2022):

NEETNY's proposed project bid into the NYISO did not include any cost containment provisions. The cost cap is implemented in the NEETNY formula rate pursuant to the Settlement Agreement¹, the details of which can be found therein. Tab 4 - Incentives to the Projection Excel File, or Page 20/34 to the PDF, illustrates how the cost cap was implemented.

- Line 69a illustrates the project costs eligible for 100 BP ROE Adder: Cost Cap + Third Party Costs (Gross Plant = \$110.4MM + \$67.8MM = \$178.2MM)
- Line 69b illustrates the project costs associated with the Cost Containment Mechanism: Contained Cost – Cost Cap (Gross Plant = \$115.7MM - \$110.4MM = \$5.3MM)
- Line 69c illustrates the project costs associated with Unforeseeable Costs: Total Unforeseeable – Unforeseeable Cost Adder (Gross Plant = \$86.0MM - \$5.5MM = \$80.5MM)

For additional details see Table 1 and Table 2 on NYISO Website, File: NEET New York Response - 2023 Projected Net Revenue Requirement Information Request dated 11/04/2022.

¹ Offer of Settlement, NextEra Energy Transmission New York, Inc., FERC Docket No. ER16-2719-000 (May 25, 2018).

4. Question: *Please provide an update on Unforeseeable Costs.*

Response (11/10/2022):

See Table 1 on NYISO Website, File: NEET New York Response - 2023 Projected Net Revenue Requirement Information Request dated 11/04/2022.