



September 30, 2022

LS Power Grid New York 2023 Projection Posting Notice and Stakeholder Information

In accordance with the LS Power Grid New York Corporation I (“LSPGNY”) Formula Rate Implementation Protocols (“Protocols”) included in Section 6.10.6.2.1 of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff, LSPGNY provides this notice of the posting of its Annual Projection for rate year 2023 (“2023 Projection”) on the NYISO website (nyiso.com/billing-rates) along with additional stakeholder information herein. The 2023 Projection includes the populated formula rate template and additional workpapers in Excel and PDF formats. LSPGNY has also posted the 2023 Projection and this document on its own website (lspgridnewyork.com/documents).

The first of the Marcy to New Scotland Project (“Segment A”) facilities commenced commercial operations in May 2021 but construction of Segment A remains ongoing. As the entire Segment A project is not complete, the 2023 Projection does not yet contain a work paper demonstrating compliance with the cost containment and risk-sharing mechanisms described in the multi-party settlement agreement in FERC Docket No. ER20-716 and LSPGNY’s formula rate and Protocols.

The 2023 Projection contains a minor adjustment to the presentation of the interest rate calculation on Attachment 5 described during the 2022 Annual Update stakeholder meeting held August 5, 2022. For more information, please refer to slide 11 of the August 5 presentation available in the Documents section of the LSPGNY website.

Please direct any inquiries, information requests, and challenges to:

LSPGNYrates@lspgridnewyork.com

Accounting Changes and Disclosures

Section 1.E.5.a of the LSPGNY Protocols calls for LSPGNY to identify any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”) along with a narrative explanation of the individual impact of such changes on the projected Net Adjusted Revenue Requirement.

Accounting Changes

1. New standards or policies (Protocols Section 1.E.5.a.i)

None to report.

2. Issues of first impression (Protocols Section 1.E.5.a.ii)

None to report.

3. Corrections and prior period adjustments (Protocols Section 1.E.5.a.iii)

None to report.

4. New estimation methods (Protocols Section 1.E.5.a.iv)

None to report.

5. Income tax elections (Protocols Section 1.E.5.a.v)

In accordance with the requirements of Federal Energy Regulatory Commission's Order No. 864, LSPGNY includes the Attachment 8 Annual Excess or Deficient Accumulated Deferred Income Taxes Worksheet in its formula rate template. A New York state tax law change enacted on April 19, 2021, increases the income tax rate from 6.5 percent to 7.25 percent if a taxpayer's business income base exceeds \$5.0 million. The tax rate is effective for tax years beginning on or after January 1, 2021, and before January 1, 2024. This tax law change is expected to affect LSPGNY in the 2023 rate year but the increased tax rate may also apply to the 2022 rate year. The previously published 2022 Projection incorporates the 6.5 percent tax rate. The 2023 Projection reflects the 7.25 percent tax rate and the effects of remeasurements described below. All projected calculations of revenue requirements are subject to true-up.

LSPGNY remeasured the portions of its ADIT balances and associated tax-related regulatory assets expected to reverse during 2023. Certain ADIT balances are not expected to reverse during 2023 and, thus, these ADIT amounts have not been remeasured. Certain ADIT balances that affect rate base are expected to reverse during 2023. For such ADIT amounts, a tax-related regulatory asset or liability for remeasured ADIT amounts has been recorded. LSPGNY has reflected full rate recovery in 2023. For the ADIT balances that do not affect rate base and have always had a corresponding tax-related regulatory asset, the ADIT balances and the regulatory assets have been remeasured. The recovery of these regulatory assets will continue in accordance with the reversal of the underlying book/tax differences with the higher tax rate and appropriate gross-up factor applied for

2023 ratemaking. These items relate to AFUDC-equity and carrying charges recorded with an equity rate of return. Recovery of these regulatory assets corresponding with the depreciation or amortization of the underlying timing differences is reported on the Workpaper for Listing of Permanent Book/Tax Differences (WP - Tax Perm Diff).

Other Disclosures:

6. Fair Value Adjustments (Protocols Section 1.E.5.b)

None to report.

7. Reorganization/Merger (Protocols Section 1.E.5.c)

None to report.