



October 2, 2023

LS Power Grid New York 2024 Projection Posting Notice and Stakeholder Information

In accordance with the LS Power Grid New York Corporation I (“LSPG New York”) 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, LSPG New York provides this notice of the posting of its projected Net Adjusted Revenue Requirement for rate year 2024 (“2024 Projection”) on the NYISO website (nyiso.com/billing-rates) along with additional stakeholder information herein. The 2024 Projection includes the populated formula rate template and additional workpapers in Excel and PDF formats. LSPG New York has also posted the 2024 Projection and this document on its own website (lspgridnewyork.com/documents).

The 2024 Projection contains a correction to the interest calculation for the 2022 True-Up Adjustment on Attachment 5 (True-up). This correction was described during the 2022 Annual Update stakeholder meeting held August 10, 2023. For more information, please refer to slides 11 and 12 of the August 10 [presentation](#) available in the Documents section of the LSPGNY website. LSPG New York has also published a revised version of the 2022 Annual Update that includes this correction.

Please direct any inquiries, information requests, and challenges to:
rates@lspgridnewyork.com

Accounting Changes and Disclosures

Section 3.C.10 of the Protocols calls for LSPG New York 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 standard or policy (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)

A New York state tax law change enacted on April 19, 2021, increased the income tax rate from 6.5 percent to 7.25 percent if a taxpayer's business income base exceeds \$5 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 LS Power Grid New York Corporation I for 2023.

The effect of remeasurement of December 2022 balances of deferred tax assets and liabilities historically recorded as deferred tax expense or benefit was recognized entirely in 2023 as part of the 2023 projected revenue requirement. The entire amount was recovered in 2023 customer rates and the corresponding rate base adjustment mechanism is zero at the end of 2023. The computation on Attachment 8 supports the impact of this remeasurement on the 2023 projected revenue requirement. The effect of remeasurement of December 2022 balances of deferred tax assets and liabilities historically recorded as tax-related regulatory assets or liabilities resulted in a remeasurement of these tax-related regulatory assets or liabilities. Neither these deferred tax assets or liabilities nor the corresponding tax-related regulatory assets or liabilities affect rate base and, thus, the remeasurements do not affect rate base. Instead, the recovery of such remeasured tax-related regulatory assets or settlement of such tax-related regulatory liabilities will occur in future periods as the associated book/tax differences reverse.

Book/tax differences originating in 2023 resulted in net deferred tax expense and net deferred tax liabilities that will reverse in a future tax years when, under currently-enacted tax law, a lower state income tax rate will apply. For purposes of the 2023 projected revenue requirement, the 2023 net income tax provision was computed based on the 7.25 percent state income tax rate in effect for 2023. The future state income tax expenses expected to result from the 2023 increase in state deferred tax liabilities is expected to be based on the 6.5 percent state tax rate. The effect of the difference in state tax rates between the year of

accrual of net state deferred tax expense and liabilities and the years of settlements will be reflected in the 2023 actual revenue requirement (true-up) which will be computed at the end of 2023.

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.