UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

New York Independent System Operator, Inc., et al. **Docket No. ER15-572-001, et al.**

FIRST SET OF DATA REQUESTS OF
THE NEW YORK ASSOCIATION OF PUBLIC POWER

NYAPP 1-1: Why is $5,000 being removed for EPRI & Regulatory Commission Expense and Other Adjustments per Appendix A, line 42, yet does not appear in Attachment 3?

Response: Appendix A, line 42 removes from Transco's Administrative and General ("A&G") expense all EPRI & Regulatory Expenses & Other Advertising. The note reference for this line is to Note D and Attachment 3. Note D explains that that the amount reflected in Line 42 represents not only EPRI annual membership dues, and EPRI lobbying expense and regulatory commission expense, but also any advertising expense except safety, education, or out-reach related advertising expense. Note D also explains that Transco will not participate in EEI or EPRI. Attachment 3 accounts for EPRI and EEI dues in Line 171 (which are zero due to the fact that Transco does not participate in either organization), regulatory commission expense booked to Account 928 in Line 172, and general advertising expense booked to Account 930.1 in Line 174. A&G is being reduced by $5,000 for the amount in Account 930.1 that is not safety, education or out-reach related advertising expense as referenced in Note D on Appendix A, which is the balance in this account and should also have been shown on Attachment 3, line 174. However, this amount was correctly reduced from A&G on Appendix A.

NYAPP 1-2: According to the 2018 FERC Form 1, pages 262-263, line 5, there was a large adjustment in property taxes during 2018. Please explain the source of this adjustment. Will this adjustment translate to a credit of this amount in next year's ATRR calculation? If not, why not?

Response: The adjustment on FERC Form 1, page 262, line 5, column c, is footnoted and reflects the amount of property taxes charged by affiliates (also included as expense on FERC Form 1, page 262, line 5, column d), but included in FERC Account 234, Accounts Payable to Associated Companies. This is simply a reclass adjustment to reflect the ending accrual in the appropriate accounts, namely, Account 236 and Account 234. This is a one-time adjustment associated with year 2018 and will not translate to an adjustment in next year's (or any subsequent) ATRR calculation.

NYAPP 1-3: Referring to Attachment 11a, line 24, where is the amount $1,462,906 of tax reform items reflected in the formula?

Response: The enactment in December 2017 of the Tax Cuts and Jobs Act, required the Company to record its Accumulated Deferred Federal Income Taxes ("ADIT") at 21%, down from 35%. The difference in ADIT between the amount calculated at 35% and 21% is referred to as excess deferred income taxes and amounted to $3,644,524 (see response below for NYAPP 1-6). The $1,462,906 amount represents the income tax gross-up required under FASB 109 on the excess deferred income taxes, with the offsetting side of the entry included in the ADIT accounts (see Attachment 6a, line 13). The amount is correctly backed out from the formula as referenced in Note A on Appendix A.

NYAPP 1-4: Referring to Appendix A, lines 44a, 44b and 44c, please explain why this calculation is made, when the two parts (44b and 44c) are both directly assigned to Transmission (e.g., line 44a, which is the sum of the next two lines, is subtracted, while the two individual lines are added back, for no net change).

Response: These lines are part of the approved formula rate template and provides further detail and transparency for the amounts included in Account 566.

NYAPP 1-5: Referring to Attachment 3, line 173, please explain the amounts included in the line described as "Weighting."

Response: The amounts on the "Weighting" line are the apportionment percentage for the respective tax jurisdictions that Transco operates in, namely: NYS, NYS MTA District and NYC.

NYAPP 1-6: Referring to Appendix A, lines 24 and 24b, please explain how the Transco adjusted its books in order to reflect the Tax Cut and Jobs Act, and explain where in the formula that the amortization of excess ADIT is included.

Response: At December 31, 2017, the Company performed a preliminary close of the books using the previously enacted federal income tax rate of 35%. Upon completion, the Company then determined its Accumulated deferred federal income taxes by using a 21% tax rate. The sum of the federal excess tax on operating timing differences were recorded to Other Regulatory Liabilities (FERC Account 254), $3,644,524. Amortization of this Other Regulatory Liability did not begin in 2018, but will be reflected in future rate years.