

6.10.6.2.2 Formula Rate Implementation Protocols

The formula rate template (“Formula Rate Template” or “Template”) and the following procedures (“Protocols”) together comprise the filed rate (“Formula Rate”) of LS Power Grid New York Corporation I (“LSPG-NY”) for transmission revenue requirement determinations under the ISO OATT. LSPG-NY shall follow the instructions specified in the Formula Rate to annually calculate its actual net adjusted revenue requirement set forth at page 1, line 5 of the Template (“Net Adjusted Revenue Requirement”). The Net Adjusted Revenue Requirement shall be determined for January 1 to December 31 of a given calendar year (the “Rate Year”). The Formula Rate shall become effective for recovery of LSPG-NY’s Net Adjusted Revenue Requirement upon the effective date for incorporation into the ISO OATT through an appropriate filing with the Commission under Section 205 of the Federal Power Act (“FPA”).

Section 1. Annual Projection

- A. On or before September 30 preceding the first Rate Year and each subsequent Rate Year thereafter, LSPG-NY shall determine its projected Net Adjusted Revenue Requirement for the upcoming Rate Year in accordance with its Formula Rate (“Annual Projection”). The Annual Projection shall include the True-up Adjustment described and defined in Section 2, if applicable.
- B. Posting and Notice of the Annual Projection. LSPG-NY shall cause its Annual Projection to be posted in both a Portable Document Format (PDF) and fully-functioning Excel format at a publicly accessible location on the ISO website. Such posting shall include (i) all inputs in sufficient detail to identify the components of LSPG-NY’s Annual Projections, and (ii) explanations of the bases for the projections and input data. If the date for making such posting of the

Annual Projection should fall on a weekend or a holiday recognized by FERC, then the posting shall be made no later than the next business day. Within ten (10) days of posting the projected Net Adjusted Revenue Requirement, LSPG-NY shall provide notice of such posting to the Service List. As used in these protocols, “Service List” shall mean (i) the email list of the ISO OATT Transmission Customers maintained by ISO; (ii) any state regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; and (iii) any consumer advocate agency authorized by state law to review and contest the rates for any such public utility, provided such consumer advocate agency requests to be placed on the Service List and provides an email address to LSPG-NY.

For the determination of the initial Rate Year’s projected Net Adjusted Revenue Requirement, balances for capital costs reflected in the Formula Rate Template that subsequently use a 13 month average will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. The remaining inputs used in the Formula Rate Template- will be developed in accordance with the Formula Rate Template.

- C. Revisions to the Annual Projection. If LSPG-NY makes changes in the Annual Projection for a given Rate Year, LSPG-NY shall cause such revised Annual Projection to be promptly posted at a publicly accessible location on the ISO website and distribute notice to the Service List. Changes posted prior to October 31 of the preceding Rate Year, or the next business day if October 31 is not a business day, shall be reflected in the Annual Projection for the Rate Year;

changes posted after that date will be reflected, as appropriate, in the True-up Adjustment for the Rate Year.

- D. Review and Challenge of the Annual Projection. The Annual Projection, including the True-Up Adjustment, for each Rate Year shall be subject to review, challenge, true-up and refunds or surcharges with interest, to the extent and in the manner provided in these Protocols.
- E. The projected Net Adjusted Revenue Requirement shall:
 - 1. Include a workable, data-populated Formula Rate Template and underlying work papers in native format with all formulas and links intact;
 - 2. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and work papers for data that are used in the projected Net Adjusted Revenue Requirement;
 - 3. Provide sufficient information to enable interested persons to replicate the calculation of the projected Net Adjusted Revenue Requirement;
 - 4. Provide a work paper demonstrating compliance with the cost containment commitments set forth in the Formula Rate Template;
 - 5. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):
 - a. Identify any Accounting Changes, including:
 - i. the initial implementation of an accounting standard or policy;
 - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;

- iii. correction of errors and prior period adjustments that impact the projected Net Adjusted Revenue Requirement calculation;
 - iv. the implementation of new estimation methods or policies that change prior estimates; and
 - v. changes to income tax elections;
 - b. Identify items included in the projected Net Adjusted Revenue Requirement at an amount other than on a historic cost basis (e.g., fair value adjustments);
 - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the projected Net Adjusted Revenue Requirement; and
 - d. Provide, for each item identified pursuant to items in Section 1.E.5.a-c of these Protocols, a narrative explanation of the individual impact of such changes on the projected Net Adjusted Revenue Requirement.
- F. Joint Informational Meeting. Transmission Owners with transmission projects that utilize a regional or inter-regional cost sharing mechanism shall endeavor to hold a joint informational meeting to enable all interested parties to understand how those Transmission Owners are implementing their formula rates for cost recovery of such projects (“Joint Informational Meeting”). Notice of the Joint Informational Meeting, including the time, date, and location, shall be posted on the LSPG-NY website and distributed to the Service List no less than seven (7) days prior to such meeting, and the Transmission Owners shall provide remote access to Joint Informational Meetings to allow all interested parties the opportunity to remotely participate in such meetings. LSPG-NY will participate in

Joint Informational Meetings once it begins development of a project for which costs are to be regionally or inter-regionally allocated.

Section 2. Calculation of True-Up Adjustment

- A. LSPG-NY will calculate the amount of under-or-over-collection of its actual Net Revenue Requirement during the preceding Rate Year (“True-up Adjustment”) after the FERC Form No.1 data for that Rate Year has been filed with the Commission. The True-Up Adjustment shall be the sum of the True-Up Adjustment over/under recovery as determined in Section 2.B and the Interest on the True-Up Adjustment over/under recovery as determined in Section 2.C.
- B. Calculation of the True-Up Adjustment. To determine any over or under recovery, LSPG-NY’s projected Net Revenue Requirement collected during the previous Rate Year will be compared to LSPG-NY’s actual Net Revenue Requirement for the previous Rate Year. LSPG-NY shall calculate its actual Net Revenue Requirement for the previous Rate Year in accordance with LSPG-NY’s Formula Rate and based upon: (i) LSPG-NY’s FERC Form No. 1 for that same Rate Year; (ii) any FERC orders specifically applicable to LSPG-NY’s calculation of its annual revenue requirement; (iii) the books and records of LSPG-NY (which shall be maintained consistent with the FERC Uniform System of Accounts (“USofA”); (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates; and (v) any aspects of the ISO OATT and other governing documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates to determine any over-or-under-recovery. Notwithstanding anything

to the contrary herein, if the initial year of this rate schedule is a partial year, the initial projected Net Revenue Requirement will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. Similarly, the actual Net Revenue Requirement will be divided by the number of months the rate is in effect to calculate the actual cost of service to be collected each month of the first year. The first True-up Adjustment will compare the projected Net Revenue Requirement billed and the actual Net Revenue Requirement for that initial Rate Year.

- C. Interest. Interest on any True-up Adjustment over/under recovery of the actual Net Revenue Requirement shall be calculated in accordance with the Formula Rate true-up worksheet.

Section 3. Annual Update

- A. On or before June 30 following each Rate Year, LSPG-NY shall calculate its actual Net Adjusted Revenue Requirement including the True-up Adjustment, as described in Section 2, for each Rate Year (“Annual Update”).
- B. Posting and Notice of the Annual Update. No later than June 30 following each Rate Year, LSPG-NY shall cause its Annual Update to be posted in both a PDF and fully functioning Excel format at a publicly accessible location on the ISO website. Within ten (10) days of such posting, LSPG-NY shall provide notice of such posting to the Service List. The date on which the last of the events listed in this Section 3.B occurs shall be that year’s “Publication Date.” If the date for making such posting of the Annual Update should fall on a weekend or a holiday

recognized by FERC, then the posting shall be due the next business day. In addition, within ten (10) days of the Publication Date the Annual Update shall be submitted as an informational filing with the FERC.

C. The Annual Update for the Rate Year shall:

1. Include a workable data-populated Formula Rate Template and underlying work papers in native format with all formulas and links intact;
2. Be based on LSPG-NY's FERC Form No. 1 for the prior calendar year;
3. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and work papers for data that are used in the Annual Update that are not otherwise available in FERC Form No. 1. It is the intent of the formula rate, including the supporting explanations and allocations described therein, that each input to the formula rate will be either taken directly from FERC Form No. 1 or reconcilable to FERC Form No. 1 by the application of clearly identified and supported information. If the referenced form is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in the superseded form. If the referenced form(s) is (are) discontinued, equivalent information as that provided in the discontinued form(s) shall be utilized;
4. Provide sufficient information to enable interested persons to replicate the calculation of the Annual Update results from FERC Form No. 1;
5. Provide a work paper demonstrating compliance with the cost containment commitments set forth in the Formula Rate Template;

6. Identify any changes in the formula references (page and line numbers) to FERC Form No. 1;
7. Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to FERC Form No. 1 and any adjustments not shown in FERC Form No. 1;
8. Provide underlying data for formula rate inputs that provide greater granularity than is required for FERC Form No. 1;
9. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):
 - a. Identify any Accounting Changes, including
 - i. the initial implementation of an accounting standard or policy;
 - ii. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
 - iii. correction of errors and prior period adjustments that impact the True-Up Adjustment calculation;
 - iv. the implementation of new estimation methods or policies that change prior estimates; and
 - v. changes to income tax elections;
 - b. Identify items included in the Annual Update at an amount other than on a historic cost basis (e.g., fair value adjustments);
 - c. Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual Update; and

- d. Provide, for each item identified pursuant to items 3.C.9.a-c of these Protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.
- 10. Shall not seek to modify the Formula Rate and shall not be subject to challenge by any interested person seeking to modify the Formula Rate. (i.e., any modifications to the Formula Rate will require, as applicable, an FPA Section 205 or Section 206 filing or initiation of a Section 206 investigation).
- D. Annual Update Meeting. No less than twenty (20) business days and no more than thirty (30) business days after June 30, LSPG-NY shall hold an open meeting among interested persons (“Annual Update Meeting”) in order for LSPG-NY to explain its Annual Update and to provide interested persons an opportunity to seek information and clarifications regarding the Annual Update. No less than seven (7) days prior to such Annual Update Meeting, LSPG-NY shall cause notice to be posted on the ISO’s website of the time, date, and location of the Annual Update Meeting and LSPG-NY shall provide notice of such meeting to the Service List.
- E. Example – Timeline for 2022 Annual Update: On or before September 30, 2021, LSPG-NY will determine the projected Net Adjusted Revenue Requirement for the 2022 Rate Year, which is expected to be the first year that costs are recovered from Transmission Customers under the Formula Rate. LSPG-NY will post the Annual Projection for the 2022 Rate Year in accordance with Section 1 above. LSPG-NY will not determine a True-up Adjustment or post an Annual Update on June 30, 2022 if no costs have been recovered under the Formula Rate during

2021. On or before September 30, 2022, LSPG-NY will post the Annual Projection for the 2023 Rate Year. On or before June 30, 2023, LSPG-NY will post its first Annual Update, calculating the True-up Adjustment for the 2022 Rate Year determined pursuant to Section 2 above. Such True-up Adjustment will be reflected in the Annual Projection of the Net Adjusted Revenue Requirement for the 2024 Rate Year posted on or before September 30, 2023. The Annual Update posted on or before June 30, 2023 will be subject to the customer review and challenge procedures described in Sections 4 and 5 of these Protocols.

Section 4. Annual Review Procedures

The Annual Update and Annual Projection for each Rate Year shall be subject to the following review procedures (“Annual Review Procedures”):

- A. Information Request Deadline. interested parties shall have up to one hundred twenty (120) calendar days after the Publication Date (unless such period is extended with the written consent of LSPG-NY or by FERC order) to serve reasonable information requests on LSPG-NY as described in Section 4.B.
- B. Limitations on Scope. Such information and document requests shall be limited to what is necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these protocols; (3) the proper application of the Formula Rate and procedures in these protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual Update or Annual Projection; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or

FERC Form No. 1; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula. The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.

- C. Responses to Information Requests. LSPG-NY shall make a good faith effort to respond to information and document requests within ten (10) business days of receipt of such requests. In the event an information request is not provided within 10 business days, the parties will mutually agree on an extension of the Review Period.
- D. Public Availability of Information Requests and Responses. LSPG-NY will cause to be posted on the ISO website all information requests from interested parties and LSPG-NY's response(s) to such requests; except, however, if responses to information and document requests include material deemed by LSPG-NY to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPG-NY and the requesting party.
- E. Privilege. LSPG-NY shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent FERC proceeding addressing LSPG-NY's Annual Update or Annual Projection.

Section 5. Challenge Procedures

- A. Informal Challenge Deadlines. interested persons shall have until the latest of one hundred fifty (150) calendar days after the Publication Date, thirty (30) calendar

days after the receipt of all responses to timely submitted information requests (unless such period is extended with the written consent of LSPG-NY or by FERC order), or thirty (30) calendar days after resolution of a dispute that does not result in the production of additional information (“Review Period”), to review the calculations and to notify LSPG-NY in writing of any specific challenges that fall within the parameters as defined in the Limitations on Scope in Section 5.G of these Protocols (“Informal Challenge”). Failure to pursue an issue through an Informal Challenge or to lodge a Formal Challenge regarding any issue as to a given Annual Update or Annual Projection shall bar pursuit of such issue with respect to that Annual Update or Annual Projection, but shall not bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a subsequent Annual Update or Annual Projection

- B. Contents, Scope, and Response. An interested party submitting an Informal Challenge to LSPG-NY must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. LSPG-NY shall respond to any Informal Challenge within twenty (20) business days of notification of such challenge. LSPG-NY, and where applicable, the Transmission Provider, shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If LSPG-NY disagrees with such challenge, LSPG-NY will provide the interested person(s) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information.

- C. Public Availability of Informal Challenges. LSPG-NY will cause to be posted at a publicly-accessible location on the ISO website all Informal Challenges from interested persons and LSPG-NY's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by LSPG-NY to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPG-NY and the requesting party.
- D. Remedies. Any changes or adjustments to the Annual Update or Annual Projection resulting from the Informal Challenge process that are agreed to by LSPG-NY will be reported in the informational filing required pursuant to Section 3 of these Protocols. Any such changes or adjustments agreed to by LSPG-NY on or before December 1 will be reflected in the projected Net Adjusted Revenue Requirement for the upcoming Rate Year. Any changes or adjustments agreed to by LSPG-NY after December 1 will be reflected in the following year's Annual Update.
- E. Formal Challenge Deadlines. Any interested persons may file a challenge with the FERC ("Formal Challenge") contesting some action or inaction by LSPG-NY with respect to the Annual Update or Annual Projection, and shall do so no later than sixty (60) calendar days following the end of the Review Period (unless such date is extended with the written consent of LSPG-NY to continue efforts to resolve the Informal Challenge). A Formal Challenge shall be filed in the same docket as LSPG-NY's informational filing discussed in Section 3 of these

Protocols. LSPG-NY shall respond to the Formal Challenge by submitting any response to FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and LSPG-NY shall serve on the filing party(ies) and the Service List by electronic service on the date of such filing. A party may not pursue a Formal Challenge on a specific issue if that party did not submit an Informal Challenge on the issue during the applicable Review Period.

- F. Contents of Formal Challenges. Formal Challenges shall be filed pursuant to these Protocols. All information and correspondence produced by LSPG-NY pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate, subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions. Formal Challenges shall be filed pursuant to these Protocols and shall satisfy all of the following requirements.
- (1) A Formal Challenge shall:
 - (a) Clearly identify the action or inaction which is alleged to violate the filed Formula Rate Template or Protocols;
 - (b) Explain how the action or inaction violates the Formula Rate or Protocols;
 - (c) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
 - (i) the extent or effect of an Accounting Change;
 - (ii) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these Protocols;

- (iii) the proper application of the Formula Rate and procedures in the Protocols;
 - (iv) the accuracy of data and consistency with the formula rate of the charges shown in the Annual Update or Annual Projection;
 - (v) the prudence of actual costs and expenditures;
 - (vi) the effect of any change to the underlying Uniform System of Accounts or FERC Form 1; or
 - (vii) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate.
- (d) Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
- (e) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
- (f) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
- (g) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
- (h) State whether the filing party utilized the Informal Challenge procedures described in these Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

- (2) Service. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on LSPG-NY. Service to LSPG-NY must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with § 385.2010(f)(3) of FERC's regulations, facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on LSPG-NY's Informational Filing required under Section 3 of these Protocols.
- G. Limitations on Scope. Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update or Annual Projection fails to include data properly recorded in accordance with these Protocols; (3) the proper application of the formula rate and procedures in these Protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual Update or Annual Projection; (5) the prudence of actual costs and expenditures; (6) LSPG-NY's compliance with the cost containment commitments reflected in the Formula Rate; (7) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or (8) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- H. Burden. In any Formal Challenge proceeding initiated by FERC concerning a given year's Annual Update or Accounting Changes, LSPG-NY shall bear the burden, consistent with section 205 of the FPA, of proving that it has correctly applied the terms of the formula rate consistent with these Protocols, and that it

followed the applicable requirements and procedures in these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

- I. Reservation of Rights under FPA Sections 205 and 206. Except as specifically provided in these Protocols and subject to terms of certain Offer of Settlement and Stipulations filed with FERC in setting LSPG-NY's Formula Rate, nothing herein shall be deemed to limit in any way the right of LSPG-NY to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to change the formula rate or any of its inputs (including, but not limited to, an application seeking changes to the Formula Rate or any of the stated value inputs requiring a Section 205 filing under these Protocols including, but not limited to, return on equity and depreciation rates), or the right of any interested persons of the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder.
- J. Any interested party seeking changes to the application of the formula rate due to a change in the Uniform System of Accounts or FERC Form No. 1, shall first raise the matter with LSPG-NY before pursuing a Formal Challenge.

Section 6. Changes to the Annual Update or Annual Projection

Except as provided in Sections 4 and 5 of these Protocols, any changes to the data inputs, including but not limited to revisions to LSPG-NY's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update or Annual Projection, or as a result of the procedures set forth herein, shall be incorporated into the formula rate and the charges produced by the formula rate in the Annual Projection for the next Rate Year. This reconciliation

mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge shall be calculated in accordance with the procedures outlined in these Protocols.