

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

)	
New York Transco LLC)	ER25-885-000
New York Independent System Operator,)	ER25-885-001
Inc.)	

**EXPLANATORY STATEMENT
IN SUPPORT OF UNCONTESTED OFFER OF SETTLEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”),¹ New York Transco LLC (“Transco”), on behalf of the active Settling Parties (each a “Settling Party” and collectively the “Settling Parties”),² submits this explanatory statement in support of an Uncontested Offer of Settlement (“Settlement” or “Settlement Agreement”) to resolve all of the issues set for hearing in Docket No. ER25-885-000.

I. INTRODUCTION

Transco is a New York limited liability company that develops high voltage bulk transmission facilities and maintains those projects under the functional and operational control of

¹ 18 C.F.R. § 385.602 (2024).

² The Settling Parties include the following: Transco; New York State Public Service Commission (“NYSPSC”); City of New York; Multiple Intervenors (an unincorporated association of approximately 55 large industrial, commercial, and institutional energy consumers with manufacturing and other facilities located in New York State) and its members; New York Association of Public Power, and Municipal Electric Utilities Association of New York. Consolidated Edison Company of New York, Inc. and the New York Power Authority participated in settlement proceedings, but are not party to this Settlement. In accordance with its customary way of participating in settlements, Commission Trial Staff is not a “Settling Party,” but participated in the proceeding. The participation of the New York Independent System Operator, Inc. (“NYISO”) in this proceeding is limited solely to its role as tariff administrator, and the NYISO takes no position with respect to the substantive issues in the Settlement.

the New York Independent System Operator, Inc. (“NYISO”).³ Since Transco’s inception, New York State has and continues to implement initiatives to encourage the development of clean energy to meet the New York “Clean Energy Standard” and the New York Climate Leadership and Community Protection Act (“CLCPA”) requirements, and development of new transmission facilities to support the State’s goals are an integral part of that effort. Transco’s corporate objective is to plan, develop and own new high-voltage electric transmission projects designed to reduce energy prices for consumers, facilitate the growth of new electric generation resources, and provide long-term grid reliability and resiliency. Transco is a transmission-owning member of NYISO and recovers its revenue requirements in accordance with the formula rate and formula rate implementation protocols included in Attachment DD (“Formula Rate”) and the Transco Facilities Charge under Rate Schedule 13 of the NYISO Open Access Transmission Tariff (“OATT”).

This proceeding was initiated by Transco to revise its formula rate included in Attachment DD, Section 36 of the NYISO OATT. Specifically, on January 9, 2025, Transco submitted a filing pursuant to section 205 of the Federal Power Act (“FPA”),⁴ Part 35 of the Commission’s regulations,⁵ requesting the following: (i) inclusion of certain additional operation and maintenance expense accounts from the FERC Uniform System of Accounts (“USofA”) to allow for the recovery of prudently incurred, transmission-related expenses; (ii) establishment of a company-wide base return on equity (“ROE”) of 10.9% for all existing and future projects, except

³ Transco is owned by the following affiliates of the “New York Transmission Owners”: Consolidated Edison Transmission, LLC, Grid NY LLC; Avangrid Networks New York TransCo, LLC; and Central Hudson Electric Transmission LLC.

⁴ 16 U.S.C. § 824d.

⁵ 18 C.F.R. Part 35 (2024).

for the Propel New York Alternate Solution 5 Project (“Propel NY Energy Project”); and (iii) utilization of the depreciation rates in Attachment 9 of the Formula Rate.

On March 11, 2025, the Commission issued an order accepting the inclusion of Accounts 561.1 through 561.8 of the USofA, and Transco’s proposal to utilize its existing depreciation rate.⁶ The Commission also accepted the proposed base ROE of 10.9% for filing, effective March 12, 2025, subject to refund and to the outcome of hearing and settlement procedures.⁷

By order dated March 18, 2025, Chief Administrative Law Judge Andrew Satten issued an order designating Judge Patricia E. Hurt as the Settlement Judge.⁸ Virtual settlement conferences were held before Judge Hurt on April 3, June 27, July 11, July 31, and August 27, 2025.⁹ During the period from April 3 through April 18, 2025, informal data requests and discovery were exchanged between the participants in the proceeding. The Settling Parties exchanged several rounds of proposals through August 22, 2025. On August 27, the Settling Parties agreed to a settlement in principle as reflected in the Uncontested Offer of Settlement.¹⁰

II. SUMMARY OF SETTLEMENT AGREEMENT

The Settling Parties have engaged in settlement negotiations resulting in a Settlement Agreement that comprehensively resolves all issues in this proceeding. A summary of the

⁶ *New York Transco LLC*, 190 FERC ¶ 61,150 at PP 22, 25, Ordering Paragraph (A) (2025) (“March 11 Order”).

⁷ *Id.* at PP 46-47; Ordering Paragraphs (B) and (C).

⁸ *See, Order of Chief Judge Designating Settlement Judge*, Docket No. ER25-885-000 (Mar. 18, 2025).

⁹ *See, Order Scheduling First Settlement Conference*, issued March 27, 2025; *Order Scheduling Second Settlement Conference*, issued April 3, 2025; *Order Scheduling Third Settlement Conference*, issued June 27, 2025; *Order Scheduling Fourth Settlement Conference*, issued July 11, 2025; *Order Scheduling Fifth Settlement Conference*, issued July 31, 2025.

¹⁰ In accordance with Ordering Paragraph (E) of the March 11 Order, Administrative Law Judge Hurt submitted Status Reports to the Commission and the Chief Judge on April 17, 2025; June 16, 2025; and August 15, 2025.

provisions of the Settlement Agreement is included below. The Settlement Agreement binds each of the Settling Parties to the terms and conditions included therein.

Article I sets forth the procedural history of this proceeding.

Article II describes the scope of the Settlement Agreement. Article 2.1 clarifies that the Settlement Agreement resolves all outstanding issues pertaining to Transco's formula rate in Docket No. ER25-885-000, including those conditionally accepted and/or set for hearing in Ordering Paragraphs (B) and (C) of the Commission's March 11 Order.

Article III sets forth the terms and conditions of the Settlement Agreement. Article 3.1 confirms that the Settling Parties agree to be bound by the terms of the Settlement Agreement. Article 3.2 establishes that the company-wide base ROE that will apply for Transco for all of its transmission investment, other than its investment in the Propel NY Energy Project,¹¹ is 9.99%. The base ROE will remain in effect for the period of March 12, 2025 through May 31, 2030. After May 31, 2030, the base ROE shall continue in effect unless or until modified by the Commission pursuant to Sections 205 or 206 of the FPA.

Article 3.3 provides that for purposes of rate recovery under the Formula Rate, Transco shall utilize a capital structure of 54% equity and 46% debt. This capital structure will remain in effect for the period commencing March 12, 2025, and continuing through May 31, 2030. After May 31, 2030, the capital structure shall remain in place unless or until modified by FERC pursuant to Section 205 or 206 of the FPA.¹²

¹¹ Transco's base ROE value for its investment in the Propel NY Energy Project was established by settlement in FERC Docket No. ER24-232-000, et al.

¹² The capital structure for the Propel NY Energy Project shall be 53% equity and 47% debt for rate recovery purposes unless or until modified by FERC pursuant to Section 205 or 206 of the FPA.

Article 3.4 provides that the Formula Rate revisions necessary to implement the provisions of the Settlement are included in red-lined format in Appendix A to the Settlement Agreement.

Article 3.5 describes the stay-out period, during which the Settling Parties agree not to make any filing pursuant to sections 205 or 206 of the FPA that seeks to change the base ROE value of 9.99% or the capital structure before May 31, 2030.

In Article 3.6, the Settling Parties agree either to support or not to oppose the Settlement Agreement and not to take any position adverse to the express terms of the Settlement Agreement in any proceedings before the Commission or before the NYSPSC that relate to the Settlement and Transco. Article 3.6 also recognizes that the Settlement Agreement does not restrict Settling Parties' ability to question Transco's application of the formula rate template or implementation protocols or the actual costs proposed to be recovered and related to Transco's yearly revenue requirement, whether through annual updates to Transco's formula rates or otherwise, in accordance with Transco's Formula Rate Implementation Protocols.

Article 3.7 provides that to the extent the Commission does not approve all aspects of the Settlement Agreement, the Settling Parties will have 30 days to withdraw their support for the Settlement Agreement.

Articles IV, V, VI, and VII address the general provisions of the Settlement Agreement including effective date, precedential effect and standard of review. Article 4.1 states that the Settlement shall be effective on the date on which the Commission issues an order approving the Settlement without modification. Article 5.1 provides that the Settlement shall not constitute a precedent in any future proceeding.

Article 6.1 establishes that the standard of review for any change to the Settlement proposed by a Settling Party shall be the "public interest" application of the just and reasonable

standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956), and *Fed. Power Comm'n v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008), and refined in *NRG Power Mktg. v. Maine Pub. Utils. Comm'n*, 558 U.S. 165 (2010). The ordinary just and reasonable standard of review (rather than the “public interest” standard), as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008), shall apply for changes to the Settlement sought by the Commission acting *sua sponte*, the Settling Parties acting unanimously, or at the request of any non-settling party or a non-party to this proceeding.

Article VII contains certain miscellaneous provisions and reservations of rights.

III. RESPONSES TO REQUIRED QUESTIONS

In accordance with the Chief Administrative Law Judge’s December 15, 2016, *Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges*, the Settling Parties provide the following responses to the questions identified by the Chief Administrative Law Judge:

A. Does the settlement affect other pending cases?

No, the Settlement does not affect other pending cases.

B. Does the settlement involve issues of first impression?

No, the Settlement does not involve issues of first impression.

C. Does the settlement depart from Commission precedent?

No, the Settlement does not depart from Commission precedent.

D. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?

No. Article 6.1 of the Settlement provides that any changes sought by a third party or the Commission acting *sua sponte* are subject to the ordinary just and reasonable standard of review (rather than the “public interest” standard) as clarified in *Morgan Stanley Capital Grp., Inc. v. Pub. Util. Dist. No. 1 of Snohomish Cnty., Wash.*, 554 U.S. 527 (2008).

IV. CONCLUSION

The Settlement Agreement fully resolves all issues that were set for hearing in Docket No. ER25-885-000 in a fair and reasonable manner that is in the public interest. Commission approval of the Settlement will avoid the expense and risk associated with hearing proceedings and any subsequent litigation. For these reasons, Transco respectfully requests that the presiding Administrative Law Judge certify the Settlement Agreement to the Commission as soon as possible following the comment period and that the Commission approve the Settlement Agreement without condition or modification at the earliest possible date following certification.

Respectfully submitted,

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