

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

| | | |
|--|---|---------------------|
| |) | |
| New York Power Authority |) | ER25-198-000 |
| New York Independent System Operator, |) | |
| Inc. |) | |

UNCONTESTED OFFER OF SETTLEMENT

**To: The Honorable Patricia M. French
Presiding Administrative Law Judge**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or the “Commission”),¹ the New York Power Authority (“NYPA” or the “Company”), on behalf of the Active Settling Parties (each a “Settling Party” and collectively the “Settling Parties”),² submits this Uncontested Offer of Settlement (“Settlement” or “Settlement Agreement”) to resolve all of the issues set for hearing in Docket No. ER25-198-000.

¹ 18 C.F.R. § 385.602 (2024).

² The Settling Parties include the following: NYPA; 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. The City of New York, Consolidated Edison Company of New York, Inc., New York Transco LLC and the New York State Public Service Commission (the “Other Parties”) participated in settlement proceedings, but are not parties to this Settlement and do not take a position on the Settlement. In accordance with their customary way of participating in settlements, FERC 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.

I. BACKGROUND

NYPA is a corporate municipal instrumentality and a political subdivision of the State of New York, organized under the laws of New York, and operates pursuant to Title 1 of Article 5 of the New York Public Authorities Law. NYPA is a “municipality” within the meaning of section 3(7) of the FPA and is a “state instrumentality” within the definition of section 201(f) of the FPA and therefore is exempt from the requirements of Part II of the FPA.³ It is engaged in the generation, transmission, and sale of electricity at wholesale and retail throughout New York and is a founding member of the NYISO. As the largest state-owned power organization in the United States, NYPA has taken responsibility for constructing, owning, and operating critical segments of transmission infrastructure throughout the State.

NYPA’s bulk power transmission system currently encompasses 1,569 circuit miles and consists of facilities ranging from 115 kV to 765 kV. Many of these facilities comprise backbone paths necessary for critical North-South and West-East energy transfers to downstate load. Lacking distribution facilities or a defined geographical service territory of its own, NYPA has, since the inception of the NYISO, recovered its cost of owning and maintaining its backbone transmission facilities through the NYPA Transmission Adjustment Charge (“NTAC”), a charge assessed to virtually all loads in the NYISO and a component in NYPA’s transmission formula rate template (“Formula Rate”).⁴ NYPA’s Formula Rate also recovers the costs of its New York bulk power transmission facilities not considered part of the NYPA backbone.

³ 16 U.S.C. §§ 796(7) and 824(f).

⁴ See *Cent. Hudson Gas & Elec. Corp.*, 86 FERC ¶ 61,062 at p. 61,212, *order on reh’g*, 88 FERC ¶ 61,138 at pp. 61,403-04 (1999), *reh’g granted in part*, 90 FERC ¶ 61,045 (2000), *clarified on denial of reh’g*, 95 FERC ¶ 61,008 (2001). The NTAC, which is assessed on a load-ratio share basis, is described in section 14.2.2.2.1 of the NYISO OATT. See NYISO OATT, Att. H, Annual Transmission Revenue Requirement, § 14.2.2.2 (NTAC Calculation).

This proceeding was initiated by NYPA to revise its Formula Rate for: (i) a base rate of return on equity (“ROE”) of 10.98 percent, and (ii) related revisions to Section 14.2.3.1 of Attachment H of the NYISO Open Access Transmission Tariff (“OATT”) to amend the ROE contained in the Formula Rate, which calculates NYPA’s net annual transmission revenue requirement (“ATRR”) for its investments in transmission facilities located throughout New York State.

On December 23, 2024, the Commission issued an order accepting the proposed base ROE of 10.98% for filing, effective November 1, 2024, subject to refund and to the outcome of hearing and settlement procedures.⁵

By order dated December 31, 2024, Acting Chief Administrative Law Judge Andrew Satten issued an order designating Judge Patricia M. French as the Settlement Judge.⁶ Virtual settlement conferences were held before Judge French on January 24, April 10, May 7, May 8, and October 27, 2025.⁷ The Settling Parties exchanged several rounds of proposals through October 23, 2025. On October 27, the Settling Parties agreed to a settlement in principle as reflected in this Uncontested Offer of Settlement.⁸

⁵ *New York Power Authority*, 189 FERC ¶ 61,228 at Ordering Paragraph (A) (2024) (“December 23 Order”).

⁶ *See, Order of Chief Judge Designating Settlement Judge*, Docket No. ER25-198-000 (Dec. 31, 2024).

⁷ *See, Order Scheduling First Settlement Conference*, issued January 8, 2025; *Order Scheduling Second, Third and Fourth Settlement Conferences*, issued January 27, 2025; *Order Scheduling Fifth Settlement Conference*, issued October 27, 2025.

⁸ In accordance with Ordering Paragraph (D) of the December 23 Order, Administrative Law Judge French submitted Status Reports to the Commission and the Chief Judge on January 30, 2025; March 27, 2025; May 22, 2025; July 16, 2025; September 11, 2025; and November 10, 2025.

II. SCOPE OF SETTLEMENT

2.1 This Settlement resolves all outstanding issues in Docket No. ER25-198-000, including the issues conditionally accepted and set for hearing in Ordering Paragraphs (A) and (B) of the Commission's December 23 Order.⁹

III. TERMS OF SETTLEMENT

3.1 The Settling Parties agree, subject to Commission approval, to be bound by the terms of this Settlement Agreement.

3.2 **Base ROE – 9.75%.** The base ROE that will apply for NYPA for all of its transmission investment company-wide is 9.75%. This base ROE shall remain in place unless or until modified by FERC pursuant to Section 205 or 206 of the FPA.

3.3 **Capital Structure – 51% Equity /49% Debt.** The Settling Parties agree that, for purposes of determining the annual transmission revenue requirement under the Formula Rate for all transmission investment, which does not otherwise have a project specific capital structure approved by the Commission¹⁰ NYPA shall utilize a capital structure of 51% equity and 49% debt that will be reflected in Attachment H of the Formula Rate. This capital structure shall remain in place unless or until modified by FERC pursuant to Section 205 or 206 of the FPA.

⁹ 189 FERC ¶ 61,228 (2024).

¹⁰ NYPA's capital structure for its investment in the Marcy South Series Compensation Fraser to Coopers Corner Reconducting ("MSSC") Project was established by settlement in FERC Docket No. ER15-572-000 and is not impacted by this Settlement.

3.4 **Formula Rate.** The Formula Rate revisions necessary to implement the provisions of this Settlement are included in red-lined and clean format in Appendices A through D to this Settlement Agreement.

3.5 **Stay-Out Provision.** The Settling Parties agree not to make any filings pursuant to sections 205 or 206 of the FPA that seek to change the base ROE value of 9.75% or the capital structure referenced in Section 3.3, through October 31, 2029.

3.6 **Refund Calculation and Implementation.** The Settling Parties agree that for purposes of calculating any refunds for transmission service provided during the period from November 1, 2024, to the date the Commission accepts this Settlement Agreement and NYPA incorporates the Settlement into its ATRR, the changes to formula rate inputs resulting from this Settlement shall be incorporated into the Tariff, Attachment H submitted with this Settlement, and the charges or credits produced therefrom shall be incorporated into the Annual Update for the next Rate Year following the Commission's acceptance of this Settlement Agreement. At that time, NYPA will prepare and submit with the Annual Update a worksheet detailing the refund and interest calculation. Except as otherwise specified pursuant to a Commission order, all refunds or surcharges shall be determined with interest calculated in accordance with 18 C.F.R. § 35.19a.

3.7 **Agreement to Support.** The Settling Parties agree to support, and the Other Parties agree not oppose, this Settlement before the Commission and agree not to take any position adverse to the terms of this Settlement in any proceedings before the Commission. This Settlement does not restrict any Settling Party's ability to question NYPA's application of the formula rate template, implementation protocols or the actual costs to be recovered and related to NYPA's

annual revenue requirement, whether through annual updates to NYPA's formula rates or otherwise, in accordance with NYPA's Formula Rate Implementation Protocols.

3.8 **Commission Acceptance.** To the extent the Commission does not approve all aspects of this Settlement, any Settling Party will have thirty (30) days from the date the Commission issues an order on this Uncontested Offer of Settlement to withdraw its support for the Settlement.

IV. SETTLEMENT EFFECTIVE DATE

4.1 This Settlement shall be effective on the date on which a Commission order approving this Settlement without modification is issued ("Settlement Effective Date"). The Settlement shall bind the Settling Parties as of the Settlement Effective Date.

V. NO PRECEDENTIAL EFFECT

5.1 Except as expressly provided for in this Settlement, this Settlement will not constitute a precedent in any future proceeding. This Settlement Agreement shall not be used as evidence that a particular method is a "long-standing practice" as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1979), or as a "settled practice" as that term is used in *Public Service Comm. Of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

VI. STANDARD OF REVIEW

6.1 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), applies to any changes to the settlement sought by the FERC acting *sua sponte*, the Settling Parties acting unanimously, or at the request of a non-settling party or a non-party to this proceeding.

VII. MISCELLANEOUS

7.1 **Final Resolution.** This Settlement Agreement shall be a final and complete resolution of all issues in this proceeding.

7.2 **Binding.** This Settlement Agreement is binding upon and for the benefit of the Settling Parties and their successors and assigns.

7.3 **Entire Agreement.** This Settlement Agreement constitutes the entire agreement between the Settling Parties with respect to the subject matter addressed herein and supersedes all prior or contemporaneous understandings or agreements, oral or written, between the Settling Parties with respect to the subject matter of this Settlement.

7.4 **Interpretation.** All Settling Parties participated in the drafting of this Settlement Agreement. No Settling Party shall be deemed the drafter of this Settlement Agreement, and this Settlement Agreement shall not be construed against any Settling Party as the drafter. Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in NYPA’s Formula Rate in the NYISO OATT, as accepted by the Federal Energy Regulatory Commission and in effect on the date of this Offer of Settlement

7.5 **Conflict.** In the event of a conflict between the terms contained in this Settlement Agreement and those of the attached Explanatory Statement, the terms of this Settlement Agreement shall control.

7.6 **Admissibility of Settlement.** This Settlement is submitted pursuant to Rule 602(e) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(e)(2024). Unless and until the Settlement becomes effective pursuant to its terms, the Settlement shall have no effect. The Settlement Agreement shall not be admissible in evidence before any court or regulatory body (except as related to enforcement of its terms). The discussions that resulted in this Settlement were conducted with the explicit understanding, pursuant to Rule 602(e), that all offers of settlement and any discussions relating thereto are and shall be privileged, shall be without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with this or any other proceeding except as specifically noted in this Settlement or in an action to enforce this Settlement.

7.7 **Titles and Headings.** The titles and headings of the Settlement Agreement are for reference and convenience purposes only. They are not to be construed or taken into account in interpreting the Settlement Agreement and do not qualify, modify, or explain the effects of the Settlement Agreement.

7.8 **Enforceability and Waiver.** Any failure of any Settling Party (i) to enforce any of the provisions of this Settlement Agreement or (ii) to require compliance with any of its terms at any time during the term of this Settlement Agreement shall in no way affect the validity of this Settlement Agreement, or any part thereof, and shall not be deemed a waiver of the right of such Settling Party thereafter to enforce any and each such provision. Commission approval of this

Settlement Agreement shall constitute a grant of any waivers of the Commission's regulations that may be necessary to effectuate all of the provisions of this Settlement Agreement.

7.9 **Waiver.** No provisions of this Settlement Agreement may be waived as to any Settling Party, except through a writing signed by an authorized representative of the waiving Settling Party. Waiver of any provision of this Settlement Agreement by a Settling Party shall not be deemed to waive any other provision or to be a waiver of the other Settling Parties.

7.10 **Authorization.** Each person executing this Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to authorize this Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

7.11 **Counterparts.** This Settlement Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

IN WITNESS WHEREOF the Settling Parties, each acting on its own behalf or through an authorized representative, have caused this Agreement to be executed.

{SIGNATURE PAGES FOLLOW}

November 17, 2025

**SETTLEMENT AGREEMENT
SIGNATURE PAGES**

NEW YORK POWER AUTHORITY

By: Adam Barsky

Name: Adam Barsky

Title: EVP & CFO

NEW YORK ASSOCIATION OF PUBLIC POWER

By: _____

Name: _____

Title: _____

MULTIPLE INTERVENORS and its MEMBERS

By: _____

Name: _____

Title: _____

MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OF NEW YORK

By: _____

Name: _____

Title: _____

SETTLEMENT AGREEMENT
SIGNATURE PAGES

NEW YORK POWER AUTHORITY

By: _____

Name: _____

Title: _____

NEW YORK ASSOCIATION OF PUBLIC POWER

By:  _____

Name: DAVID L. LEATHERS

Title: PRESIDENT

MULTIPLE INTERVENORS and its MEMBERS

By: _____

Name: _____

Title: _____

MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OF NEW YORK

By: _____

Name: _____

Title: _____

SETTLEMENT AGREEMENT
SIGNATURE PAGES

NEW YORK POWER AUTHORITY

By: _____

Name: _____

Title: _____

NEW YORK ASSOCIATION OF PUBLIC POWER

By: _____

Name: _____

Title: _____

MULTIPLE INTERVENORS and its MEMBERS

By: Amanda Trinsey

Name: Amanda Trinsey, Esq.

Title: Counsel

MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OF NEW YORK

By: _____

Name: _____

Title: _____

SETTLEMENT AGREEMENT
SIGNATURE PAGES

NEW YORK POWER AUTHORITY

By: _____

Name: _____

Title: _____

NEW YORK ASSOCIATION OF PUBLIC POWER

By: _____

Name: _____

Title: _____

MULTIPLE INTERVENORS and its MEMBERS

By: _____

Name: _____

Title: _____

MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OF NEW YORK

By: James W. Brew

Name: James Brew

Title: Counsel