

#### **6.10.9.2.2 NextEra Energy Transmission New York, Inc. Formula Rate Implementation Protocols**

##### **Section I. Applicability**

The following procedures shall apply to NEET New York's calculation of its actual net revenue requirement, true-up adjustment ("True-Up Adjustment"), and projected net revenue requirement.

##### **Section II. Annual True-Up and Projected Net Revenue Requirement**

- A. On or before June 1 of each year, NEET New York shall determine its annual true-up in accordance with NEET New York's formula rate and Section VII of these protocols ("Annual True-Up"), to derive a True-Up Adjustment to be included in NEET New York's projected net revenue requirement for the subsequent calendar year (the "Rate Year").
- B. On or before June 1 of each year, NEET New York shall cause its Annual True-Up, actual net revenue requirement, and True-Up Adjustment to be posted at a publicly accessible location on the ISO website. Within five (5) days of such posting, NEET New York shall provide notice of such posting to the Service List. As used in these protocols, "Service List" shall include but not be limited to (i) the email list of Transmission Customers maintained by the 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 e-mail address to NEET New York.
- C. On or before September 30 of each year, NEET New York shall cause its projected net revenue requirement to be posted at a publicly accessible location on the ISO website. Within five (5) days of posting of the projected net revenue requirement, NEET New York shall provide notice of such posting to the Service List. In the event NEET New York's formula rate is first included in the ISO OATT such that the first projected net revenue requirement cannot be provided to ISO by September 30, NEET New York will nevertheless prepare a projection of its net revenue requirement for the first Rate Year using the most recent information available, and cause such projection to be posted at a publicly accessible location on the ISO website at least sixty (60) days prior to the rates becoming effective. The projected net revenue requirement for a partial first Rate Year will reflect NEET New York's annual net revenue requirement only over the remaining months during the partial Rate Year. NEET New York will conduct a meeting with Interested Parties on the projected net revenue requirement for the first Rate Year between twenty (20) to forty (40) days after posting. For purposes of these protocols, the term "Interested Party" includes, but is not limited to, customers under the ISO OATT, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general. NEET New York shall cause a notice of the customer meeting, including the time, date, location, and remote access information, to be posted at a publicly accessible location on

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the ISO website. NEET New York shall provide a notice of such posting to the Service List no less than seven (7) days prior to such meeting.

D. If the date for posting the Annual True-Up or the projected net revenue requirement falls on a weekend or a holiday recognized by the Commission, then the posting shall be due on the next business day. The date on which posting of the Annual True-Up occurs shall be that year's "Publication Date." Any delay in the Publication Date or in the posting of the projected net revenue requirement will result in an equivalent extension of time for the submission of information requests discussed in Section III of these protocols.

E. The Annual True-Up shall:

1. Include a workable data-populated formula rate template and underlying workpapers in native format with all formulas and links intact;
2. Be based on NEET New York'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 workpapers for data that are used in the Annual True-Up that are not otherwise available in the 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 the FERC Form No. 1 or reconcilable to the 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 Parties to replicate the calculation of the Annual True-Up results from the FERC Form No. 1;
5. Identify any changes in the formula references (page and line numbers) to the FERC Form No. 1;
6. Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in the FERC Form No. 1;
7. Provide underlying data for formula rate inputs that provide greater granularity than is required for the FERC Form No. 1;
8. 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 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 True-Up 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 True-Up;
  - d. Provide, for each item identified pursuant to items II.E.8.a - II.E.8.c of these protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.
9. Provide for the applicable Rate Year the following information related to affiliate cost allocation: (1) a detailed description of the methodologies used to allocate and directly assign costs between NEET New York and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior year and the reasons and justifications for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between NEET New York and each affiliate by service category or function.

F. The projected net revenue requirement shall:

1. Include a workable data-populated formula rate template and underlying workpapers 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 workpapers for data that are used in the projected net revenue requirement;
3. Provide sufficient information to enable Interested Parties to replicate the calculation of the projected net revenue requirement; and
4. With respect to any 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 revenue requirement calculation;
  - iv. the implementation of new estimation methods or policies that change prior estimates;
  - v. changes to income tax elections.
- b. Identify items included in the projected net 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 revenue requirement; and
- d. Provide, for each item identified pursuant to items II.F.4.a - II.F.4.c of these protocols, a narrative explanation of the individual impact of such changes on the projected net revenue requirement.

G. NEET New York shall hold an open meeting among Interested Parties ("Annual True-Up Meeting") on the Annual True-Up no sooner than twenty (20) days after the Publication Date and no later than September 1. NEET New York will make the Annual True-Up Meeting remotely accessible. No less than seven (7) days prior to such Annual True-Up Meeting, NEET New York shall cause notice to be posted at a publicly accessible location on the ISO website of the time, date, location, and remote access information for the Annual True-Up Meeting and NEET New York shall provide notice of such meeting to the Service List. The Annual True-Up Meeting shall (i) permit NEET New York to explain and clarify its Annual True-Up and True-Up Adjustment and (ii) provide Interested Parties an opportunity to seek information and clarifications from NEET New York about the Annual True-Up and True-Up Adjustment.

H. NEET New York shall hold an open meeting among Interested Parties ("Annual Projected Rate Meeting") no sooner than twenty (20) days after the date that the projected net revenue requirement is posted to a publicly accessible location on the ISO website (as described in Section II.C of these protocols) and no later than October 31. NEET New York will make the Annual Projected Rate Meeting remotely accessible. No less than seven (7) days prior to such Annual Projected Rate Meeting, NEET New York shall cause notice to be posted at a publicly accessible location on the ISO website of the time, date,

location, and remote access information for the Annual Projected Rate Meeting and NEET New York shall provide notice of such meeting to the Service List. The Annual Projected Rate Meeting shall (i) permit NEET New York to explain and clarify its projected net revenue requirement and (ii) provide Interested Parties an opportunity to seek information and clarifications from NEET New York about the projected net revenue requirement.

- I. 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. NEET New York will make the joint informational meeting remotely accessible. NEET New York shall cause notice of joint informational meetings, including the time, date, location, and remote access information, to be posted at a publicly accessible location on the ISO website. NEET New York shall provide notice of such posting to the Service List no less than seven (7) days prior to such meetings. NEET New York 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 III. Information Exchange Procedures

Each Annual True-Up and projected net revenue requirement shall be subject to the following information exchange procedures ("Information Exchange Procedures"):

- A. Interested Parties shall have until December 1 following Publication Date (unless such period is extended with the written consent of NEET New York or by FERC order) to serve reasonable information and document requests on NEET New York ("Information Exchange Period"). If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. 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 True-Up or projected net revenue requirement 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 True-Up or projected net revenue requirement;
5. the prudence of actual costs and expenditures, including procurement methods and cost control methodologies;
6. the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or

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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.

- B. NEET New York shall make a good faith effort to respond to information and document requests within fifteen (15) business days of receipt of such requests. NEET New York shall respond to all information and document requests by no later than January 10 following the Publication Date, unless the Information Exchange Period is extended by NEET New York or FERC. If January 10 falls on a weekend or a holiday recognized by FERC, the deadline for responses to information requests shall be extended to the next business day.
- C. NEET New York will cause to be posted at a publicly accessible location on the ISO website all information requests from Interested Parties and NEET New York's response(s) to such requests; except, however, if responses to information and document requests include material deemed by NEET New York 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 NEET New York and the requesting party.
- D. NEET New York 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 NEET New York's Annual True-Up or projected net revenue requirement.

#### **Section IV. Challenge Procedures**

- A. Interested Parties shall have until January 31 following the Publication Date (unless such period is extended with the written consent of NEET New York or by FERC order) to review the inputs, supporting explanations, allocations and calculations and to notify NEET New York in writing, which may be made electronically, of any specific informal challenges to the Annual True-Up or projected net revenue requirement ("Informal Challenges"). The period of time from the Publication Date until January 31 shall be referred to as the "Review Period." If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue an issue through an Informal Challenge or to lodge a formal challenge ("Formal Challenge") regarding any issue as to a given Annual True-Up or projected net revenue requirement shall bar pursuit of such issue with respect to that Annual True-Up or projected net revenue requirement under the challenge procedures set forth in these protocols, 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 True-Up or projected net revenue requirement. This Section IV.A in no way shall affect a party's rights under section 206 of the FPA as set forth in Section IV.I of these protocols.

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B. A party submitting an Informal Challenge to NEET New York 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. NEET New York shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. NEET New York 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 NEET New York disagrees with such challenge, NEET New York will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. No Informal Challenge may be submitted after January 31, and NEET New York must respond to all Informal Challenges by no later than February 28, unless the Review Period is extended by NEET New York or FERC. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. If February 28 falls on a weekend or a holiday recognized by FERC, the deadline for responding to Informal Challenges shall be extended to the next business day.

C. Informal Challenges shall be subject to the resolution procedures and limitations in this Section IV. 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 rate formula or protocols;
- b. Explain how the action or inaction violates the filed rate formula 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 True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols;
  - iii. The proper application of the formula rate and procedures in these protocols;
  - iv. The accuracy of data and consistency with the formula rate of the charges shown in the Annual True-Up or projected net revenue requirement;

- v. The prudence of actual costs and expenditures;
  - vi. The effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
  - vii. Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- 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. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on NEET New York. Service to NEET New York must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with 18 C.F.R. § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on the NEET New York's Informational Filing required under Section VI of these protocols.
- D. 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 True-Up or projected net revenue requirement 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 True-Up and projected net revenue requirement; (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.



- E. NEET New York will cause to be posted to a publicly accessible location on the ISO website all Informal Challenges from Interested Parties and NEET New York's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by NEET New York 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 NEET New York and the requesting party.
- F. Any changes or adjustments to the True-Up Adjustment or projected net revenue requirement resulting from the Information Exchange and Informal Challenge processes that are agreed to by NEET New York will be reported in the Informational Filing required pursuant to Section VI of these protocols. Any such changes or adjustments agreed to by NEET New York on or before December 1 will be reflected in the projected net revenue requirement for the upcoming Rate Year. Any changes or adjustments agreed to by NEET New York after December 1 will be reflected in the following year's Annual True-Up, as discussed in Section V of these protocols.
- G. An Interested Party shall have until April 15 following the Review Period (unless such date is extended with the written consent of NEET New York to continue efforts to resolve the Informal Challenge or unless the deadline for NEET New York to submit its informational filing is extended) to make a Formal Challenge with FERC, which shall be served on NEET New York on the date of such filing as specified in Section IV.C(2) above. If April 15 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Formal Challenges shall be extended to the next business day. A Formal Challenge shall be filed in the same docket as NEET New York's Informational Filing discussed in Section VI of these protocols. NEET New York shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on any issue during the applicable Review Period.
- H. In any proceeding initiated by FERC concerning the Annual True-Up or projected net revenue requirement or in response to a Formal Challenge, NEET New York 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 NEET New York these protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- I. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of NEET New York to file unilaterally, pursuant to FPA section 205 and the regulations thereunder, to change the formula rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the formula rate with a stated rate, or the right of any other party to request such changes pursuant to section 206 of the FPA and the regulations thereunder.
- J. No party shall seek to modify the formula rate under the Challenge Procedures set forth in these protocols and the Annual True-Up and projected net revenue requirement shall not be

subject to challenge by anyone for the purpose of modifying the formula rate. Any modifications to the formula rate will require, as applicable, an FPA section 205 or section 206 filing.

K. 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 NEET New York in accordance with this Section IV before pursuing a Formal Challenge.

#### **Section V. Changes to True-Up Adjustment or Projected Net Revenue Requirement**

Except as provided in Section IV.F of these protocols, any changes to the data inputs, including but not limited to revisions to NEET New York's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual True-Up or projected net revenue requirement, 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 projected net revenue requirement 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 Section VII of these protocols.

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#### **Section VI. Informational Filings**

A. By March 15 of each year, NEET New York shall submit to FERC an informational filing ("Informational Filing") of its projected net revenue requirement for the Rate Year, including its Annual True-Up and True-Up Adjustment (unless the Review Period is extended by NEET New York or FERC). If March 15 falls on a weekend or a holiday recognized by FERC, the deadline for submitting the Informational Filing shall be extended to the next business day. This Informational Filing must include the information that is reasonably necessary to determine: (1) that input data under the formula rate are properly recorded in any underlying workpapers; (2) that NEET New York has properly applied the formula rate and these procedures; (3) the accuracy of data and the consistency with the formula rate of the transmission revenue requirement and rates under review; (4) the extent of accounting changes that affect formula rate inputs; and (5) the reasonableness of projected costs. The Informational Filing must also describe any corrections or adjustments made during that period, and must describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge Procedures. Additionally, the Informational Filing must include for the applicable Rate Year the following information related to affiliate cost allocation: (1) a detailed description of the methodologies used to allocate and directly assign costs between NEET New York and its affiliates by service category or function, including any changes to such cost allocation and methodologies from the prior year, and the reasons and justification for those changes; and (2) the magnitude of such costs that have been allocated or directly assigned between NEET New York and each affiliate by service category or function. Within five (5) days of such Informational Filing, NEET New York shall provide notice of the Informational Filing to the Service List and shall cause the docket number assigned to NEET New York's Informational Filing to be posted at a publicly accessible location on the ISO website.

B. Any challenges to the implementation of the NEET New York formula rate must be made through the Challenge Procedures described in Section IV of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

## **Section VII. Calculation of True-Up Adjustment**

The True-Up Adjustment will be determined in the following manner:

1. Actual transmission revenues received the previous Rate Year ("True-Up Year") shall be compared to the actual net revenue requirement (calculated in accordance with NEET New York's formula rate) for the True-Up Year as determined using NEET New York's completed FERC Form No. 1 report to determine any excess or shortfall. The excess or shortfall due to the actual revenue received versus the actual net revenue requirement shall constitute the "True-Up Adjustment." NEET New York shall cause the True-Up Adjustment and related calculations to be posted to a publicly available location on the ISO website no later than June 1 (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No. 1 for the previous year, as set forth in Section II of these protocols.
2. Interest on any over recovery of the net revenue requirement shall be determined based on the Commission's regulation at 18 C.F.R § 35.19a. Interest on any under recovery of the net revenue requirement shall be determined using the interest rate equal to: (i) NEET New York's actual short-term debt costs capped at the interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a; or (ii) if NEET New York does not have short-term debt, then the interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a. In either case, an average interest rate shall be used to calculate the interest payable for the twenty-four (24) months during which the over or under recovery in the revenue requirement exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the twenty-one (21) months preceding October of the current year. The interest amount will be included in the projected costs made available by September 30, as described in Section II.C above.
3. The net revenue requirement for transmission services for the following Rate Year shall be the sum of the projected net revenue requirement for the following year, plus or minus the True-Up Adjustment from the True-Up Year, if any, including interest, as explained above, and as described in Attachment 5 of NEET New York's formula rate.
4. NEET New York may accelerate the refund of any over recovery amounts by one year. The interest calculation will be adjusted to reflect the period the over recovery exists.

## **Section VIII. Competitive Bid Concessions**

For transmission development projects assigned to NEET New York as a result of the ISO's competitive project sponsor process, NEET New York may, in its sole discretion, agree with ISO to apply a competitive bid concession that will result in a lower net revenue requirement on a project-specific basis than that which would otherwise be produced by the NEET New York formula rate ("Competitive Bid Concession"). Any Competitive Bid Concession will appear as a zero or negative input to the formula, and will be determined on a project-specific basis using a workpaper that will be provided to Interested Parties as supporting documentation for each NEET New York Annual True-Up.

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