

**EVAN C. REESE III**

Attorney at Law

555 11th Street NW

Washington, DC 20004-1300

T: (202) 218-3917 F: (202) 513-8952

ereese@daypitney.com

February 27, 2023

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

RE: *New York Transco, LLC*  
*New York Independent System Operator, Inc.*  
**Docket No. ER20-2259-001**

Dear Secretary Bose:

In compliance with the Federal Energy Regulatory Commission's ("FERC" or the "Commission") Order on Compliance issued on December 29, 2022 ("December 29 Order")<sup>1</sup> in this proceeding, New York Transco, LLC ("NY Transco") respectfully submits the instant filing and requests that the Commission accept the proposed revisions to its Formula Rate with an effective date of January 27, 2020, consistent with the effective date provided for in the December 29 Order.<sup>2</sup>

## **I. Background**

On June 30, 2020, NY Transco submitted proposed revisions to its Transmission Formula Rate ("Formula Rate") contained in Attachment DD (Section 36) of the NYISO Open Access Transmission Tariff ("OATT") to comply with the requirements of Order No. 864 ("Order No. 864 Compliance Filing").<sup>3</sup> Order No. 864 required public utility transmission providers with formula rates (such as NY Transco) to revise those formula rates to account for changes caused

---

<sup>1</sup> *New York Transco, LLC*, 181 FERC ¶ 61,271 (2022) ("December 29 Order").

<sup>2</sup> The New York Independent System Operator, Inc. ("NYISO") submits this filing in its role as Tariff Administrator. The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with NY Transco, the sponsoring party. The NYISO takes no position on any substantive aspect of this filing at this time.

<sup>3</sup> *Pub. Util. Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019), *order on reh'g and clarification*, Order No. 864-A, 171 FERC ¶ 61,033 (2020).

February 27, 2023

Page 2

by the Tax Cuts and Jobs Act of 2017 (“TCJA”) on the accumulated deferred income tax (“ADIT”) reflected in rates.<sup>4</sup> As part of the Order No. 864 Compliance Filing, NY Transco added a new permanent ADIT Worksheet to Attachment 11 of its Formula Rate and made other changes to incorporate the Rate Base Adjustment Mechanism<sup>5</sup> and the Income Tax Allowance Adjustment.<sup>6</sup> NY Transco also included workpapers demonstrating the support for the various inputs in the new ADIT Worksheet Attachment 11.

In the December 29 Order, the Commission found that NY Transco’s proposed revisions partially comply with the requirements of Order No. 864 and directed compliance, as discussed herein.

## **II. Compliance Filing**

The Commission accepted NY Transco’s revisions to its Formula Rate regarding: (1) the Rate Base Adjustment Mechanism (new line 24a to the Formula Rate); and (2) the Income Tax Allowance Adjustment Mechanism (new line 68a to the Formula Rate). The Commission also accepted NY Transco’s revisions to incorporate information categories 3 and 5 of the ADIT Worksheet as well as NY Transco’s application of the ADIT Worksheet to future tax rate changes.<sup>7</sup> The Commission found that NY Transco either did not comply, or partially complied with the requirement to incorporate information categories 1, 2 and 4 to its new ADIT Worksheet and directed NY Transco to make further edits to its Formula Rate to properly account for these information categories.

In compliance with the December 29 Order, and as more fully described below, NY Transco proposes to relabel the original Attachment 11 worksheet as Attachment 11a and include additional information in Columns I, J, K, and L to reflect Account 410.1, 411.1, 182.3, and 254 balances, respectively. NY Transco also proposes to include what was originally filed as workpapers in the Order No. 864 Compliance Filing as a new Attachment 11b that will become

---

<sup>4</sup> *Id.*

<sup>5</sup> The Rate Base Adjustment Mechanism is a mechanism to deduct any excess ADIT from or add any deficient ADIT to its rate base to ensure rate base neutrality. The Commission accepted NY Transco’s revisions to incorporate this mechanism in the December 29 Order. *See* December 29 Order at P 13.

<sup>6</sup> The Income Tax Allowance Adjustment is a mechanism to increase or decrease income tax allowances by any amortized excess or deficient ADIT which returns excess ADIT to or recovery of deficient ADIT from ratepayers. The Commission accepted NY Transco’s revisions to its Formula Rate to incorporate this requirement in the Order on Compliance. *See* Order on Compliance at P 18.

<sup>7</sup> December 29 Order at PP 32, 42, 48.

February 27, 2023

Page 3

part of the “filed rate.” This new Attachment 11b provides the support for the various inputs in the ADIT Worksheet Attachment 11a and also includes an additional column to enhance the Commission’s requirement to include the pre-tax rate change ADIT account balances.<sup>8</sup> The specific revisions to NY Transco’s Formula Rate are described below:

**A. ADIT Worksheet Information Category 1**

The December 29 Order found that although NY Transco’s proposed ADIT Worksheet provides the source of the excess or deficient ADIT, the ADIT Worksheet “does not demonstrate how any ADIT accounts were re-measured.”<sup>9</sup>

To address the December 29 Order’s compliance obligation with respect to the category 1 requirements, NY Transco includes a version of the workpapers from its Order No. 864 Compliance Filing as Attachment 11b to the Formula Rate. Specifically, columns D-G provide the pre-tax rate change and post-tax rate change ADIT account balances, in addition to the resulting excess or deficient ADIT already provided in Attachment 11a. This information is provided at a level of detail such that interested parties can identify the source of excess or deficient ADIT and verify excess or deficient ADIT resulting from future tax rate changes. In accordance with the December 29 Order, this Attachment 11b will only be populated when there is a future tax rate change and will not be provided on a yearly basis.

**B. ADIT Worksheet Information Category 2**

The December 29 Order found that NY Transco’s proposed ADIT Worksheet did not provide enough information to determine exactly what amounts on the proposed ADIT Worksheet have been included in either Account 254 or Account 182.3.<sup>10</sup> The Commission therefore directed NY Transco to modify its ADIT worksheet to clearly display the deficient ADIT amounts that are included as regulatory assets in Account 182.3 and excess ADIT amounts that are included as regulatory liabilities in Account 254.

To address the December 29 Order’s compliance obligation with respect to the category 2 requirements, NY Transco has relabeled the ADIT Worksheet as Attachment 11a and added two new columns, Columns K and L, which will explicitly note the amount of Deficient or Excess ADIT booked to Account 182.3 or 254, respectively.

---

<sup>8</sup> *Id.* at P 24. The December 29 Order provided that “NY Transco could meet [the Category 1 requirements by] including in the Formula Rate a version of the re-measurement worksheets . . . .” (*Id.* at P 25).

<sup>9</sup> *Id.* at PP 24-25.

<sup>10</sup> *Id.* at P 29.

February 27, 2023

Page 4

### **C. ADIT Worksheet Information Category 4**

The December 29 Order found that NY Transco's proposed ADIT Worksheet did not show the accounts to which excess or deficient ADIT are amortized.<sup>11</sup>

To address the December 29 Order's compliance obligation with respect to the category 4 requirements, NY Transco has relabeled the ADIT Worksheet as Attachment 11a and added two new columns, Column I and J, which will display the deficient ADIT amounts that are recorded to Account 410.1 (Column I) and excess ADIT amounts that are recorded to Account 411.1 (Column J).

### **III. Tariff Effective Date**

In the December 29 Order, the Commission directed a January 27, 2020 effective date. In accordance therewith, NY Transco requests a January 27, 2020 effective date.<sup>12</sup>

### **IV. Contents of Filing**

This compliance filing consists of the following elements:

1. This Transmittal Letter;
2. Attachment A: Redlined version of the proposed revisions to Appendix DD (Section 36) of the NYISO OATT;
3. Attachment B: Clean version of the proposed revisions to Appendix DD (Section 36) of the NYISO OATT; and
4. Attachment C: New ADIT Worksheets (Attachments 11a and 11b) in Excel format populated in compliance with Order No. 864 and the December 29 Order.

---

<sup>11</sup> *Id.* at P 36.

<sup>12</sup> NY Transco's Order No. 864 Compliance Filing inadvertently requested a January 26, 2020 effective date. This filing corrects that error and requests a January 27, 2020 effective date.

February 27, 2023

Page 5

**V. Communications**

All communications regarding this filing should be directed to the following individuals:

Kathleen Carrigan  
Vice President General Counsel and  
Regulatory Affairs  
New York Transco, LLC  
1 Hudson City Center  
Hudson, NY 12534  
(617) 455-5329  
[Kathleen.Carrigan@NYTransco.com](mailto:Kathleen.Carrigan@NYTransco.com)

Evan C. Reese, III  
Margaret Czepiel  
Day Pitney LLP  
555 11<sup>th</sup> Street NW  
Washington, D.C. 20004  
(202) 218-3900  
[ereese@daypitney.com](mailto:ereese@daypitney.com)  
[mczepiel@daypitney.com](mailto:mczepiel@daypitney.com)

**VI. Service**

NY Transco has confirmed with the NYISO that a copy of this filing will be posted on the NYISO website at [www.nyiso.com](http://www.nyiso.com). The NYISO has also informed NY Transco that it will send an electronic link of this filing to the official representative of each of its customers, and each participant on its stakeholder committees.

**VII. Conclusion**

For the reasons discussed herein, NY Transco requests that the Commission accept this compliance filing.

Respectfully submitted,

/s/ Evan C. Reese III  
Evan C. Reese III

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the foregoing document to be served upon the parties designated on the official service list compiled by the Secretary in the above-referenced proceeding.

Dated at Washington, DC this 27<sup>th</sup> day of February, 2023

/s/ Margaret Czepiel

Margaret Czepiel

Day Pitney LLP

555 11<sup>th</sup> Street NW

Washington, DC 20004

(202) 218-3906

[mzczepiel@daypitney.com](mailto:mzczepiel@daypitney.com)