

# **Appendix B**

**NYISO OATT**

**SCHEDULE 13**  
**(redline version)**

## **6.13 Schedule 13 – Rate Mechanism for the Recovery of the Transco Facilities Charge (“TFC”)**

### **6.13.1 Applicability**

This Schedule establishes the Transco Facilities Charge (“TFC”) for the recovery of costs related to the following NY Transco LLC (“NY Transco”) projects, each of which is hereinafter referred to as an “Approved NYTP”: (1) the Second Ramapo-to-Rock Tavern 345-kV Line Project, the March South Series Compensation and Fraser-to-Coopers Corner Reconductoring Project, and the Staten Island Unbottling Project, each of which have been approved by the New York Public Service Commission (“NYPSC”) on November 4, 2013, in Case No. 12-E-0503 (the “Transmission Owner Transmission Solutions” or “TOTS” projects); (2) the Second Oakdale-to-Fraser 345-kV Line Project and the new Edic-to-Pleasant Valley 345-kV Line Project (the “AC” projects) upon approval by the NYPSC in Case Number 12-T-502 and subject to inclusion by the ISO in the ISO transmission plan for purposes of cost allocation; and (3) any regulated public policy transmission project that has been approved by the ISO pursuant to Section 31.4.8 of Attachment Y of the ISO OATT and determined to be eligible to recover such costs pursuant to Sections 31.5.5.3 and 31.5.5.4 of Attachment Y of the ISO OATT.<sup>1</sup> NY Transco may undertake an Approved NYTP and seek cost recovery through a TFC under this Schedule.

The TFC shall be separate from the Transmission Service Charge (“TSC”) and the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Section 14 of Attachment H of the ISO OATT, and any Reliability Facilities Charge (“RFC”) determined pursuant to Section 6.10 of the ISO OATT.

In addition, NY Transco shall receive the outage charges described herein and shall not

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<sup>1</sup> Capitalized terms used in this Schedule that are not defined in this Schedule shall have the same meaning set forth in Section 31.1.1 of Attachment Y of the ISO OATT.

be charged O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Auction Revenue Shortfall Charges or U/D Auction Revenue Shortfall Charges or be paid O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Surplus Payments, O/R-t-S Auction Revenue Surplus Payments or U/D Auction Revenue Surplus Payments under Section 20.2.4 and Section 20.3.6 of the ISO OATT; and NY Transco shall receive Incremental TCCs as described in Section 19.2.4 of the ISO OATT, but NY Transco shall not be a “Transmission Owner” for purposes of Section 20.2.5 or Section 20.3.7 of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of the ISO OATT or Net Auction Revenues under Section 20.3.7 of the ISO OATT.

#### **6.13.2 Revenue Requirement for TFC**

The TFC shall be calculated in accordance with the formula set forth in Section 6.13.3 using the revenue requirement of NY Transco necessary to recover the costs of an Approved NYTP. The revenue requirement to be used in the calculation of the TFC is described in Section 6.13.4. The costs that may be included in the revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, an Approved NYTP, including, but not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission’s regulations implementing those sections, as determined by the Commission.

#### **6.13.3 Calculation and Recovery of TFC and Payment of Recovered Revenue**

The ISO will calculate and bill the TFC for each Approved NYTP in accordance with this Section 6.13.3. The ISO shall collect the TFC from the LSEs. The LSEs, including Transmission Owners, competitive LSEs, and municipal systems, serving Load located in

Transmission Districts to which the costs of the Approved NYTP have been allocated (each a “Responsible LSE” or a “NYPA Responsible LSE”) shall pay the TFC. The costs of each Approved NYTP shall be allocated as set forth in the appropriate allocation table in Section 36.2 of Attachment 1 to Attachment DD.

**6.13.3.1** The revenue requirement filed pursuant to this Schedule by NY Transco will be the basis for the TFC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.13.3.4. The revenue requirement of the NY Transco will be calculated according to the formula rate set forth in Section 36.3.1. of Attachment DD of the ISO OATT.

**6.13.3.2** NY Transco shall in relation to any Approved NYTP reasonably exercise its right to obtain and maintain in effect all Incremental TCCs, including temporary Incremental TCCs, to which it has rights under Section 19.2.4 of the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Section 19.2.4.7 and 19.2.4.8 of the ISO OATT, Incremental TCCs created and awarded to NY Transco as a result of implementation of an Approved NYTP shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NY Transco as a result of the implementation of an Approved NYTP, shall be offered by the ISO in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse the associated auction revenues to NY Transco. The total amount of the auction revenues disbursed to the NY Transco pursuant to this Section 6.13.3.2 shall be used in the calculation

of the TFC Rate, as set forth in Section 6.13.3.4. Incremental TCCs associated with an Approved NYTP shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M.

The revenue offset discussed in this Section 6.13.3.2 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of an Approved NYTP on or after the date the TFC is implemented. The TFC and the revenue offset related to Incremental TCCs associated with the implementation of an Approved NYTP shall not require and shall not be dependent upon a reopening or review of NY Transco's revenue requirements for an RFC pursuant to Section 6.10 of the ISO OATT.

**6.13.3.2.1** Outage Charges related to Incremental TCCs. Outage charges developed pursuant to the provisions of OATT Section 19 applicable to Expanders (as that term is defined in OATT Section 19) not subject to OATT Section 20.2.5, shall be payable to the ISO for any hour in the Day-Ahead Market during which an Expansion, associated with an Approved NYTP, is modeled to be wholly or partially out of service.

**6.13.3.3** The billing units for the TFC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the prior Billing Period for those Transmission Districts allocated the costs of the Approved NYTP in accordance with Attachment DD of the ISO OATT.

#### **6.13.3.4 Cost Recovery Methodology**

##### **6.13.3.4.1 Cost Recovery Methodology for All Responsible LSEs Except NYPA**

The ISO shall calculate the TFC for each responsible LSE except NYPA as follows:

**Step 1: Calculate the \$ assigned to each Transmission District**

$$TFC_{t,B} = \sum_{p \in P} \left( (\text{AnnualRR}_{p,B} - \text{Incremental TCC Revenue}_{p,B} + \text{Outage Cost Adjustment}_{p,B}) \times (\text{TransmissionDistrictCostAllocation}_{t,p}) \right)$$

**Step 2: Calculate a per-MWh Rate for each Transmission District**

$$TFCRate_{t,B} = TFC_{t,B} / MWh_{t,B}$$

**Step 3: Calculate charge for each Billing Period for each Responsible LSE in each Transmission District**

$$\text{Charge}_{B,l,t} = TFCRate_{t,B} \times MWh_{l,t,B}$$

**Step 4: Calculate charge for each Billing Period for each Responsible LSE across all Transmission Districts**

$$\text{Charge}_{B,l} = \sum_{t \in T} (\text{Charge}_{B,l,t})$$

Where,

l = the relevant Responsible LSE;

P = set of projects;

T = set of ISO Transmission Districts;

t = an individual Transmission District

B = the relevant Billing Period;

MWh<sub>t,B</sub> = Actual Energy Withdrawals in Transmission District t excluding NYPA Responsible LSEs aggregated across all hours in Billing Period B;

MWh<sub>l,t,B</sub> = Actual Energy Withdrawals for Responsible LSE l in Transmission District t aggregated across all hours in Billing Period B;

Annual  $RR_{p,B}$  = the pro rata share of the annual revenue requirement for each project p as discussed in Section 6.13.2 above allocated for Billing Period B;

Incremental TCC Revenue $_{p,B}$  = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NY Transco pursuant to Section 20.2.3 of the ISO OATT for each project p as discussed in Section 6.13.3.2 above allocated for Billing Period B. The revenues from the sale of Incremental TCCs in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

Outage Cost Adjustment $_{p,B}$  = the Outage Charges determined pursuant to OATT Section 6.13.3.2.1 for any hour in the Day-Ahead Market during which the project p is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B;

Transmission District Cost Allocation $_{t,p}$  = the proportion of the cost of project p allocated to Transmission District t, as set forth in Section 36.2 of Attachment 1 to Attachment DD.

#### **6.13.3.4.2 Cost Recovery Methodology for NYPA Responsible LSEs**

The ISO shall calculate the TFC for each NYPA responsible LSE as follows:

##### **Step 1: Calculate the \$ assigned to NYPA Responsible LSEs**

$$TFC_{N,B} = \sum_{p \in P} \left( (AnnualRR_{p,B} - Incremental\ TCC\ Revenue_{p,B} + Outage\ Costs\ Adjustment_{p,B}) \times (NYPACostAllocation_{N,p}) \right)$$

##### **Step 2: Calculate a per-MWh Rate for NYPA Responsible LSEs**

$$TFCRate_{N,B} = TFC_{N,B} / MWh_{N,B}$$

##### **Step 3: Calculate charge for each Billing Period for each NYPA Responsible LSE**

$$Charge_{B,n} = TFCRate_{N,B} \times MWh_{n,B}$$

Where,

n = the relevant NYPA Responsible LSE;

N= the set of NYPA Responsible LSEs;



P = set of projects;

B = the relevant Billing Period;

MWh<sub>n,B</sub> = Actual Energy Withdrawals for each NYPA Responsible LSE n aggregated across all hours in Billing Period B ;

MWh<sub>N,B</sub> = Actual Energy Withdrawals for all NYPA Responsible LSEs N aggregated across all hours in Billing Period B;

Annual RR<sub>p,B</sub> = the annual revenue requirement for each project p as discussed in Section 6.13.2 above allocated for Billing Period B;

Incremental TCC Revenue<sub>p,B</sub> = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NY Transco pursuant to Section 20.2.3 of the ISO OATT for each project p as discussed in Section 6.13.3.2 above allocated for Billing Period B. The revenues from the sale of Incremental TCCs in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

Outage Cost Adjustment<sub>p,B</sub> = the Outage Charges determined pursuant to OATT Section 6.13.3.2.1 for any hour in the Day-Ahead Market during which the project p is modeled to be wholly or partially out of service aggregated across all hours in Billing Period B;

NYPA Cost Allocation<sub>N,p</sub> = the proportion of the cost of project p allocated to all NYPA Responsible LSEs N, as set forth in Section 36.2 of Attachment 1 to Attachment DD.

**6.13.3.5** For the initial Rate Year 2016, the ISO may begin billing and collecting

NY Transco's projected TFC subsequent to January 1, 2016; however, once

billing commences in 2016, the ISO shall bill and collect NY Transco's projected

TFC in equal installments for each Billing Period over the balance of 2016.

**6.13.3.6** The ISO will collect the appropriate TFC revenues each Billing Period and

remit those revenues to NY Transco in accordance with the ISO's billing and

settlement procedures.

#### **6.13.4 Recovery of Costs Incurred by NY Transco**

**6.13.4.1** The TFC shall be used as the cost recovery mechanism for the recovery of

the costs of an Approved NYTP that is proposed, developed, or constructed by

NY Transco under applicable federal, state and local law and authorized by the Commission to recover costs under this rate mechanism; *provided, however,* nothing in this cost recovery mechanism shall be deemed to create any additional rights for NY Transco to proceed with a regulated transmission project that NY Transco does not otherwise have at law.

**6.13.4.2** The period for cost recovery will be determined by the Commission and will begin if and when the Approved NYTP is completed, or as otherwise determined by the Commission. NY Transco and/or the ISO, as applicable, will make a filing with the Commission to provide for its review and approval or acceptance, as appropriate, of the final project cost and resulting revenue requirement to be recovered through the TFC, which shall be reproduced in Section 36.3 of Attachment 2 to Attachment DD of the ISO OATT. The filing may include all reasonably incurred costs related to NY Transco's undertaking an Approved NYTP as specified in Section 6.13.2 of this Schedule. NY Transco shall bear the burden of resolving all concerns about the contents of the filing that might be raised in such proceeding.

**NYISO OATT**

**ATTACHMENT DD**  
**(redline version)**



## **36.1 Overview**

### **36.1.1 Cost Allocation**

The purpose of Section 36.2 is to provide for the allocation of costs to be recovered through the Transco Facilities Charge (“TFC”) described in Section 6.13 of Schedule 13 of the ISO OATT for the following NY Transco, LLC (“NY Transco”) projects: (1) the Second Ramapo-to-Rock Tavern 345-kV Line Project, the Marcy South Series Compensation and Fraser-to-Coopers Corners Reconductoring Project, and the Staten Island Unbottling Project, each of which have been approved by the New York Public Service Commission on November 4, 2013, in Case No. 12-E-0503 (the “Transmission Owner Transmission Solutions” or “TOTS” projects); (2) the Second Oakdale-to-Fraser 345-kV Line Project and the Edic-to-Pleasant Valley 345-kV Line Project (the “AC” projects) upon approval by the New York Public Service Commission in Case Number 12-T-502 and subject to inclusion by the ISO in the ISO transmission plan for purposes of cost allocation; and (3) any regulated public policy transmission project that has been approved by the ISO pursuant to Section 31.4.8 of Attachment Y of the ISO OATT and determined to be eligible to recover such costs pursuant to Sections 31.5.5.3 and 31.5.5.4 of Attachment Y of the ISO OATT. Section 36.2 shall include cost allocation tables for each NY Transco project eligible to recover costs through the TFC.

### **36.1.2 Formula Rates**

Section 36.3 provides NY Transco’s formula rate and implementation rules for the formula rate to recover costs related to its projects through the TFC.

## 36.2 Attachment 1 to Attachment DD

### 36.2.1 Allocation Tables

#### 36.2.1.1. Second Ramapo-to-Rock Tavern 345-kV Line Project

COST ALLOCATION TABLE  
FOR THE SECOND RAMAPO-TO-ROCK TAVERN 345-KV LINE  
PROJECT

<u>Transmission District</u>	<u>Allocation of Project Costs (%)<sup>1</sup></u>
<u>Consolidated Edison Co. of NY, Inc.</u>	<u>41.7</u>
<u>Orange and Rockland Utilities, Inc.</u>	
<u>New York Power Authority</u>	<u>16.9</u>
<u>Long Island Power Authority</u>	<u>16.7</u>
<u>Niagara Mohawk Power Corp.</u>	<u>10.4</u>
<u>New York Gas &amp; Electric Corp.</u>	<u>8.9</u>
<u>Rochester Gas and Electric Corp.</u>	
<u>Central Hudson Gas &amp; Electric Corp.</u>	<u>5.4</u>

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<sup>1</sup> The indicated percentages will be allocated between the transmission districts of Consolidated Edison Co. of New York, Inc., and Orange and Rockland Utilities, Inc., and between the transmission districts of New York Gas & Electric Corp. and Rochester Gas and Electric Corp. based on a load ratio share.

**36.2.1.2 Marcy South Series Compensation and Fraser-to-Coopers Corners Reconductoring Project**

**COST ALLOCATION TABLE**  
**FOR THE MARCY SOUTH SERIES COMPENSATION AND**  
**FRASER-TO-COOPERS CORNERS RECONDUCTORING**  
**PROJECT**

<u>Transmission District</u>	<u>Allocation of Project Costs (%)</u> <sup>2</sup>
<u>Consolidated Edison Co. of NY, Inc.</u>	<u>41.7</u>
<u>Orange and Rockland Utilities, Inc.</u>	
<u>New York Power Authority</u>	<u>16.9</u>
<u>Long Island Power Authority</u>	<u>16.7</u>
<u>Niagara Mohawk Power Corp.</u>	<u>10.4</u>
<u>New York Gas &amp; Electric Corp.</u>	<u>8.9</u>
<u>Rochester Gas and Electric Corp.</u>	
<u>Central Hudson Gas &amp; Electric Corp.</u>	<u>5.4</u>

**36.2.1.3 Staten Island Unbottling Project**

**COST ALLOCATION TABLE**  
**FOR THE STATEN ISLAND UNBOTTLING PROJECT**

<u>Transmission District</u>	<u>Allocation of Project Costs (%)</u> <sup>3</sup>
<u>Consolidated Edison Co. of NY, Inc.</u>	<u>41.7</u>
<u>Orange and Rockland Utilities, Inc.</u>	
<u>New York Power Authority</u>	<u>16.9</u>
<u>Long Island Power Authority</u>	<u>16.7</u>
<u>Niagara Mohawk Power Corp.</u>	<u>10.4</u>
<u>New York Gas &amp; Electric Corp.</u>	<u>8.9</u>
<u>Rochester Gas and Electric Corp.</u>	
<u>Central Hudson Gas &amp; Electric Corp.</u>	<u>5.4</u>

<sup>2</sup> The indicated percentages will be allocated between the transmission districts of Consolidated Edison Co. of New York, Inc., and Orange and Rockland Utilities, Inc., and between the transmission districts of New York Gas & Electric Corp. and Rochester Gas and Electric Corp. based on a load ratio share.

<sup>3</sup> The indicated percentages will be allocated between the transmission districts of Consolidated Edison Co. of New York, Inc., and Orange and Rockland Utilities, Inc., and between the transmission districts of New York Gas & Electric Corp. and Rochester Gas and Electric Corp. based on a load ratio share.

36.3 Attachment 2 to Attachment DD

36.3.1 Formula Rates

36.3.1.1 Rate Formula Template

Formula Rate - Non-Levelized		Rate Formula Template		Projected Annual Transmission Revenue Requirement	
		Utilizing FERC Form 1 Data		For the 12 months ended 12/31/	
		New York Transco LLC			
		(1)	(2)	(3)	
Line					Allocated
No.					Amount
1	GROSS REVENUE REQUIREMENT (line 74)	12 months			\$ -
	REVENUE CREDITS	Total	Allocator		
2	Total Revenue Credits Attachment 1, line 6	- TP	-		-
3	Net Revenue Requirement (line 1 minus line 2)				:
4	True-up Adjustment Attachment 7	- DA	-		-
5	NET ADJUSTED REVENUE REQUIREMENT (line 3 plus line 4)				\$ -



Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

**New York Transco LLC**

(1)		(2)	(3)	(4)	(5)
		Form No. 1			Transmission
Line		Page, Line, Col.	Company Total	Allocator	(Col 3 times Col 4)
No.	RATE BASE:				
GROSS PLANT IN SERVICE (Note M)					
6	Production	(Attach 2, line 75)	-	NA	-
7	Transmission	(Attach 2, line 15)	-	TP	-
8	Distribution	(Attach 2, line 30)	-	NA	-
9	General & Intangible	(Attach 2, lines 45 & 60)	-	W/S	-
10	TOTAL GROSS PLANT (sum lines 6-9)	(GP=1 if plant =0)	-	GP=	-
ACCUMULATED DEPRECIATION & AMORTIZATION (Note M)					
12	Production	(Attach 2, line 151)	-	NA	-
13	Transmission	(Attach 2, line 91)	-	TP	-
14	Distribution	(Attach 2, line 106)	-	NA	-
15	General & Intangible	(Attach 2, lines 121 & 136)	-	W/S	-
16	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)		-		-
NET PLANT IN SERVICE					
18	Production	(line 6- line 12)	:		:
19	Transmission	(line 7- line 13)	:		:
20	Distribution	(line 8- line 14)	:		:
21	General & Intangible	(line 9- line 15)	:		:
22	TOTAL NET PLANT (sum lines 18-21)	(NP=1 if plant =0)	-	NP=	-
ADJUSTMENTS TO RATE BASE (Note A)					
24	ADIT	(Attach 6a, line 9)	-	TP	-
25	Account No. 255 (enter negative) (Note F)	(Attach 3, line 153)	-	NP	-
26	CWIP	(Attach 3, line 185) (Note J)	-	DA	-
27	Unfunded Reserves (enter negative)	(Attach 3, line 187)	-	DA	-
28	Unamortized Regulatory Assets	(Attach 3, line 212) (Note L)	-	DA	-
29	Unamortized Abandoned Plant	(Attach 3, line 154) (Note K)	-	DA	-
30	TOTAL ADJUSTMENTS (sum lines 24-29)		:		:
31	LAND HELD FOR FUTURE USE	(Attach 3, line 186)	-	TP	-
WORKING CAPITAL (Note C)					
33	CWC	calculated (1/8 * Line 44)	:		:
34	Materials & Supplies (Note B)	(Attach 3, line 206)	-	TP	-
35	Prepayments (Account 165 - Note C)	(Attach 3, line 170)	-	GP	-
36	TOTAL WORKING CAPITAL (sum lines 33-35)		:		:
37	RATE BASE (sum lines 22, 30, 31, & 36)		-		-

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

New York Transco LLC

(1)	(2)	(3)	(4)	(5)
Form No. 1		Transmission		
Page, Line, Col.	Company Total	Allocator	(Col 3 times Col 4)	
38 O&M				
39 Transmission	321.112.b	-	TP=	-
40 Less Accounts 565, 561 and 561.1 to 561.8	321.96.b & 84.b to 92.b	-	TP=	-
41 A&G	323.197.b	-	W/S	-
42 Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 189)	-	DA	-
43 Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 189)	-	TP=	-
44 PBOP expense adjustment	(Attach 3, line 292)	-	TP=	-
44a Less Account 566	323.97.b	-	DA	-
44b Amortization of Regulatory Assets	(Attach 3, line 210a)	-	DA	-
44c Account 566 excluding amort. of Reg Assets	(line 44a less line 44b)	-	DA	-
45 TOTAL O&M (sum lines 39, 41, 43, 44, 44b, 44c less lines 40 & 42, 44a) (Note D)		-		-
46 DEPRECIATION EXPENSE (Note M)				
47 Transmission	336.7.b & c	-	TP	-
48 General and Intangible	336.1.d&e + 336.10.b&c	-	W/S	-
49 Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	-	DA	-
50 TOTAL DEPRECIATION (Sum lines 47-49)		-		-
51 TAXES OTHER THAN INCOME TAXES (Note E)				
52 LABOR RELATED				
53 Payroll	263...i (enter FN1 line #)	-	W/S	-
54 Highway and vehicle	263...i (enter FN1 line #)	-	W/S	-
55 PLANT RELATED				
56 Property	263...i (enter FN1 line #)	-	GP	-
57 Gross Receipts	263...i (enter FN1 line #)	-	NA	-
58 Other	263...i (enter FN1 line #)	-	GP	-
59 TOTAL OTHER TAXES (sum lines 53-58)		-		-
60 INCOME TAXES (Note F)				
61 $T = 1 - (((1 - \text{FIT}) * (1 - \text{FIT})) / (1 - \text{SIT} * \text{FIT} * p))) * (1 - n) =$		-		-
62 $\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{R})) =$		-		-
63 where WCLTD=(line 91) and R= (line 94)				
64 and FIT, SIT, p, & n are as given in footnote F.				
65 $1 / (1 - T) = (T \text{ from line 61})$		-		-
66 Amortized Investment Tax Credit (266.8f) (enter negative)		-		-
67 Income Tax Calculation = line 62 * line 71 * (1-n)		-		-
68 ITC adjustment (line 65 * line 66 * (1- n))		-	NP	-
69 Total Income Taxes (line 67 plus line 68)		-		-
70 RETURN				
71 [Rate Base (line 37) * Rate of Return (line 94)]		-	NA	-
72 Rev Requirement before Incentive Projects (sum lines 45, 50, 59, 69, 71)		-		-
73 Incentive Return and Income Tax on Authorized Projects (Attach 4, line 58, col h)		-	DA	100%
74 Total Revenue Requirement (sum lines 72 & 73)		-		-

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

**New York Transco LLC SUPPORTING  
CALCULATIONS AND NOTES**

**75 TRANSMISSION PLANT INCLUDED IN RTO RATES**

76	Total transmission plant (line 7, column 3)	-
77	Less transmission plant excluded from RTO rates (Note H)	-
78	Less transmission plant included in OATT Ancillary Services (Note H)	-
79	Transmission plant included in RTO rates (line 76 less lines 77 & 78)	-

80 Percentage of transmission plant included in RTO Rates (line 79 divided by line 76) TP= -

**81 WAGES & SALARY ALLOCATOR (W&S) (Note I)**

82		Form 1 Reference	\$	TP	Allocation	
83	Production	354.20.b	-	-	-	
84	Transmission	354.21.b	-	-	-	
85	Distribution	354.23.b	-	-	-	W&S Allocator
86	Other	354.24,25,26.b	-	-	-	(\$ / Allocation)
87	Total (sum lines 83-86) [WS equals 1 if there are no wages & salaries]	-	-	-	-	= WS

**88 RETURN (R) (Note J)**

89			\$	%	Cost	Weighted	
90							
91	Long Term Debt	(Attachments 3 and 5) (Note G)	-	-	-	-	=WCLTD
92	Preferred Stock	(Attach 3, line 235 - 237)	-	-	-	-	
93	Common Stock	(Attach 3, line 227)	-	-	10.60%	-	
94	Total (sum lines 91-93)		-	-	-	-	=R

**Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant**

		(a)	(b)	(c)
		Non-Incentive Projects	Incentive Projects	Total
95	Net Transmission Plant in Service (Line 19)	-	-	-
96	CWIP in Rate Base (Line 26)	-	-	-
97	Unamortized Abandoned Plant (Line 29)	-	-	-
98	Regulatory Assets (Line 28)	-	-	-
99	Sum Of Net Plant, CWIP, Regulatory Asset and Abandoned Plant	-	-	-
100	Rev Requirement before Incentive Projects (Line 72)	-	-	-
101	Total Revenue Credits (Line 2)	-	-	-
102	Base Carrying Charge (Line 100 - Line 101) / Line 99	-	-	-

**SUPPORTING CALCULATIONS AND NOTES**

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/

**New York Transco LLC**General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)NoteLetter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.
- D Line 41 removes EPRI Annual Membership Dues listed in Form 1 at 353. (enter FN1 line #).  
any EPRI Lobbying expenses included in line 44 of the template and all Regulatory Commission Expenses itemized at 351.h  
Line 41 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising.  
Line 41 removes EEI and EPRI research, development and demonstration expenses associated with projects in which transmission customers can voluntarily participate to the extent such expenses exceed a maximum annual aggregate amount of \$100,000.  
Line 42 reflects all Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h  
Line 38 or Line 41 and thus Line 45 shall include any NYISO charges other than penalties, including but not limited to administrative costs.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.  
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, multiplied by (1/1-T).

Inputs Required:	FIT =	-	
	SIT =	-	(State Income Tax Rate or Composite SIT from Attach 3)
	p =	-	(percent of federal income tax deductible for state purposes)
	n =	-	(not for profit entity ownership percentage)

For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.

- G The cost of debt is determined using the internal rate of return methodology shown on Attachment 5 once project financing is obtained. Prior to obtaining project financing, the interest rate in Table 2 of Attachment 5 will be used and will not be trued up. Attachment 5 contains an estimate of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Appendix A.  
After January 1, 2019 or the completion of construction, which ever occurs earlier, the cost of debt will be calculated pursuant to Attachment 3
- H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- I Enter dollar amounts
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206.  
The capital structure will be 60% equity and 40% debt for the CWIP associated with the projects and Regulatory Assets in line 28, and the return on such projects will be input on line 71. The CWIP Projects will not be included in rate base (line 25). The capital structure shown on lines 89-92 will be 60% equity and 40% debt until January 1, 2019 or the completion of construction, which ever occurs earlier. After January 1, 2019 or the completion of construction, which ever occurs earlier, the capital structure on lines 89-92 will reflect the actual capital structure, and will be capped at 60% equity. If the actual equity ratio exceeds 60%, the common stock ratio will be reset to 60% and the debt ratio will be equal to 1 minus sum of the preferred stock ratio and common stock ratio.
- K Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of abandoned plant. Company must submit a Section 205 filing to recover the cost of abandoned plant. Any such filing to recover the cost of an abandoned plant item shall be made no later than 180 days after the date that Company formally declares
- L Unamortized Regulatory Assets, consisting of all expenses incurred but not included in CWIP prior to the date the rate is charged to customers, is included at line 28. Carrying costs equal to the weighted cost of capital on the balance of the regulatory asset will accrue until the rate is charged to customers.
- M Balances exclude Asset Retirement Costs

Attachment 1 - Revenue Credit Workpaper\*  
New York Transco LLC

<u>Account 454 - Rent from Electric Property</u>		<u>Notes 1 &amp; 3</u>
1	<u>Rent from FERC Form No. 1</u>	-
 <u>Account 456 (including 456.1)</u>		 <u>Notes 1 &amp; 3</u>
2	<u>Other Electric Revenues (Note 2)</u>	-
3	<u>Professional Services</u>	-
4	<u>Revenues from Directly Assigned Transmission Facility Charges (Note 2)</u>	-
5	<u>Rent or Attachment Fees associated with Transmission Facilities</u>	-
6	<u>Total Revenue Credits</u>	<u>Sum lines 2-5 + line 1</u>

Note 1 All revenues booked to Account 454 that are derived from cost items classified as transmission-related will be included as a revenue credit. All revenues booked to Account 456 (includes 456.1) that are derived from cost items classified as transmission-related, and are not derived from rates under this transmission formula rate will be included as a revenue credit. Work papers will be included to properly classify revenues booked to these accounts to the transmission function. A breakdown of all Account 454 revenues by subaccount will be provided below, and will be used to derive the proper calculation of revenue credits. A breakdown of all Account 456 revenues by subaccount and customer will be provided and tabulated below, and will be used to develop the proper calculation of revenue credits.

Note 2 If the facilities associated with the revenues are not included in the formula, the revenue is shown below, but not included in the total above and explained in the Attachment 3.

Note 3 All Account 454 and 456 Revenues must be itemized below

<u>Line No.</u>		<u>TOTAL</u>	<u>NY-ISO</u>	<u>Other 1</u>	<u>Other 2</u>
1	<u>Account 456</u>				
1a	<u>Transmission Service</u>	-	-	-	-
...		-			
1x	<u>Trans. Fac. Charge</u>	-	-	-	-
2	<u>Trans Studies</u>	-	-	-	-
3	<u>Total</u>	-	-	-	-
4	<u>Less:</u>				
5	<u>Revenue for Demands in Divisor</u>	-	-	-	-
6	<u>Sub Total Revenue Credit</u>	-	-	-	-
7	<u>Prior Period Adjustments</u>	-	-	-	-
8	<u>Total</u>	-	-	-	-
9	<u>Account 454</u>	\$			
9a	<u>Joint pole attachments - telephone</u>	-			
9b	<u>Joint pole attachments - cable</u>	-			
9c	<u>Underground rentals</u>	-			
9d	<u>Transmission tower wireless rentals</u>	-			
9e	<u>Misc non-transmission rentals</u>	-			
9f		-			
9g		-			
...		-			
9x		-			
10	<u>Total</u>	-			

## Attachment 2 - Cost Support New York Transco LLC

### Plant in Service Worksheet

<u>Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions</u>				
<u>1</u>	<u>Calculation of Transmission Plant In Service</u>	<u>Source</u>	<u>Year</u>	<u>Balance</u>
<u>2</u>	<u>December</u>	<u>p206.58.b</u>	-	-
<u>3</u>	<u>January</u>	<u>company records</u>	-	-
<u>4</u>	<u>February</u>	<u>company records</u>	-	-
<u>5</u>	<u>March</u>	<u>company records</u>	-	-
<u>6</u>	<u>April</u>	<u>company records</u>	-	-
<u>7</u>	<u>May</u>	<u>company records</u>	-	-
<u>8</u>	<u>June</u>	<u>company records</u>	-	-
<u>9</u>	<u>July</u>	<u>company records</u>	-	-
<u>10</u>	<u>August</u>	<u>company records</u>	-	-
<u>11</u>	<u>September</u>	<u>company records</u>	-	-
<u>12</u>	<u>October</u>	<u>company records</u>	-	-
<u>13</u>	<u>November</u>	<u>company records</u>	-	-
<u>14</u>	<u>December</u>	<u>p207.58.g</u>	-	-
<u>15</u>	<u>Transmission Plant In Service</u>	<u>(sum lines 2-14) /13</u>		-
<u>16</u>	<u>Calculation of Distribution Plant In Service</u>	<u>Source</u>		
<u>17</u>	<u>December</u>	<u>p206.75.b</u>	-	-
<u>18</u>	<u>January</u>	<u>company records</u>	-	-
<u>19</u>	<u>February</u>	<u>company records</u>	-	-
<u>20</u>	<u>March</u>	<u>company records</u>	-	-
<u>21</u>	<u>April</u>	<u>company records</u>	-	-
<u>22</u>	<u>May</u>	<u>company records</u>	-	-
<u>23</u>	<u>June</u>	<u>company records</u>	-	-
<u>24</u>	<u>July</u>	<u>company records</u>	-	-
<u>25</u>	<u>August</u>	<u>company records</u>	-	-
<u>26</u>	<u>September</u>	<u>company records</u>	-	-
<u>27</u>	<u>October</u>	<u>company records</u>	-	-
<u>28</u>	<u>November</u>	<u>company records</u>	-	-
<u>29</u>	<u>December</u>	<u>p207.75.g</u>	-	-
<u>30</u>	<u>Distribution Plant In Service</u>	<u>(sum lines 17-29) /13</u>		-

<a href="#">31</a>	<b><u>Calculation of Intangible Plant In Service</u></b>	Source		
<a href="#">32</a>	December	p204.5.b	-	-
<a href="#">33</a>	January	company records	-	-
<a href="#">34</a>	February	company records	-	-
<a href="#">35</a>	March	company records	-	-
<a href="#">36</a>	April	company records	-	-
<a href="#">37</a>	May	company records	-	-
<a href="#">38</a>	June	company records	-	-
<a href="#">39</a>	July	company records	-	-
<a href="#">40</a>	August	company records	-	-
<a href="#">41</a>	September	company records	-	-
<a href="#">42</a>	October	company records	-	-
<a href="#">43</a>	November	company records	-	-
<a href="#">44</a>	December	p205.5.g	-	-
<a href="#">45</a>	<b>Intangible Plant In Service</b>	(sum lines 32 & 44) /2		-
<a href="#">46</a>	<b><u>Calculation of General Plant In Service</u></b>	Source		
<a href="#">47</a>	December	p206.99.b	-	-
<a href="#">48</a>	January	company records	-	-
<a href="#">49</a>	February	company records	-	-
<a href="#">50</a>	March	company records	-	-
<a href="#">51</a>	April	company records	-	-
<a href="#">52</a>	May	company records	-	-
<a href="#">53</a>	June	company records	-	-
<a href="#">54</a>	July	company records	-	-
<a href="#">55</a>	August	company records	-	-
<a href="#">56</a>	September	company records	-	-
<a href="#">57</a>	October	company records	-	-
<a href="#">58</a>	November	company records	-	-
<a href="#">59</a>	December	p207.99.g	-	-
<a href="#">60</a>	<b>General Plant In Service</b>	(sum lines 47 & 59) /2		-

61	<b><u>Calculation of Production Plant In Service</u></b>	<u>Source</u>	
62	<u>December</u>	<u>p204.46b</u>	-
63	<u>January</u>	<u>company records</u>	-
64	<u>February</u>	<u>company records</u>	-
65	<u>March</u>	<u>company records</u>	-
66	<u>April</u>	<u>company records</u>	-
67	<u>May</u>	<u>company records</u>	-
68	<u>June</u>	<u>company records</u>	-
69	<u>July</u>	<u>company records</u>	-
70	<u>August</u>	<u>company records</u>	-
71	<u>September</u>	<u>company records</u>	-
72	<u>October</u>	<u>company records</u>	-
73	<u>November</u>	<u>company records</u>	-
74	<u>December</u>	<u>p205.46.g</u>	-
75	<b><u>Production Plant In Service</u></b>	<u>(sum lines 62-74) /13</u>	-
76	<b><u>Total Plant In Service</u></b>	<u>(sum lines 15, 30, 45, 60, &amp; 75)</u>	-

#### **Accumulated Depreciation Worksheet**

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

77	<b><u>Calculation of Transmission Accumulated Depreciation</u></b>	<u>Source</u>	<u>Year</u>	<u>Balance</u>
78	<u>December</u>	<u>Prior year p219.25.b</u>	-	-
79	<u>January</u>	<u>company records</u>	-	-
80	<u>February</u>	<u>company records</u>	-	-
81	<u>March</u>	<u>company records</u>	-	-
82	<u>April</u>	<u>company records</u>	-	-
83	<u>May</u>	<u>company records</u>	-	-
84	<u>June</u>	<u>company records</u>	-	-
85	<u>July</u>	<u>company records</u>	-	-
86	<u>August</u>	<u>company records</u>	-	-
87	<u>September</u>	<u>company records</u>	-	-
88	<u>October</u>	<u>company records</u>	-	-
89	<u>November</u>	<u>company records</u>	-	-
90	<u>December</u>	<u>p219.25.b</u>	-	-
91	<b><u>Transmission Accumulated Depreciation</u></b>	<u>(sum lines 78-90) /13</u>		-



<a href="#">92</a>	<b><u>Calculation of Distribution Accumulated Depreciation</u></b>	Source		
<a href="#">93</a>	December	Prior year p219.26.b	-	-
<a href="#">94</a>	January	company records	-	-
<a href="#">95</a>	February	company records	-	-
<a href="#">96</a>	March	company records	-	-
<a href="#">97</a>	April	company records	-	-
<a href="#">98</a>	May	company records	-	-
<a href="#">99</a>	June	company records	-	-
<a href="#">100</a>	July	company records	-	-
<a href="#">101</a>	August	company records	-	-
<a href="#">102</a>	September	company records	-	-
<a href="#">103</a>	October	company records	-	-
<a href="#">104</a>	November	company records	-	-
<a href="#">105</a>	December	p219.26.b	-	-
<a href="#">106</a>	<b>Distribution Accumulated Depreciation</b>	(sum lines 93-105) /13		-
<a href="#">107</a>	<b><u>Calculation of Intangible Accumulated Depreciation</u></b>	Source		
<a href="#">108</a>	December	Prior year p200.21.c	-	-
<a href="#">109</a>	January	company records	-	-
<a href="#">110</a>	February	company records	-	-
<a href="#">111</a>	March	company records	-	-
<a href="#">112</a>	April	company records	-	-
<a href="#">113</a>	May	company records	-	-
<a href="#">114</a>	June	company records	-	-
<a href="#">115</a>	July	company records	-	-
<a href="#">116</a>	August	company records	-	-
<a href="#">117</a>	September	company records	-	-
<a href="#">118</a>	October	company records	-	-
<a href="#">119</a>	November	company records	-	-
<a href="#">120</a>	December	p200.21.c	-	-
<a href="#">121</a>	<b>Accumulated Intangible Depreciation</b>	(sum lines 108 & 120) /2		-

<u>122</u>	<b><u>Calculation of General Accumulated Depreciation</u></b>	<b><u>Source</u></b>		
<u>123</u>	December	Prior year p219.28.b	-	-
<u>124</u>	January	company records	-	-
<u>125</u>	February	company records	-	-
<u>126</u>	March	company records	-	-
<u>127</u>	April	company records	-	-
<u>128</u>	May	company records	-	-
<u>129</u>	June	company records	-	-
<u>130</u>	July	company records	-	-
<u>131</u>	August	company records	-	-
<u>132</u>	September	company records	-	-
<u>133</u>	October	company records	-	-
<u>134</u>	November	company records	-	-
<u>135</u>	December	p219.28.b	-	-
<u>136</u>	<b><u>Accumulated General Depreciation</u></b>	(sum lines 123 & 135) /2	-	-
<u>137</u>	<b><u>Calculation of Production Accumulated Depreciation</u></b>	<b><u>Source</u></b>		
<u>138</u>	December	p219.20:24.b (prior year)	-	-
<u>139</u>	January	company records	-	-
<u>140</u>	February	company records	-	-
<u>141</u>	March	company records	-	-
<u>142</u>	April	company records	-	-
<u>143</u>	May	company records	-	-
<u>144</u>	June	company records	-	-
<u>145</u>	July	company records	-	-
<u>146</u>	August	company records	-	-
<u>147</u>	September	company records	-	-
<u>148</u>	October	company records	-	-
<u>149</u>	November	company records	-	-
<u>150</u>	December	p219.20 thru 219.24.b	-	-
<u>151</u>	<b><u>Production Accumulated Depreciation</u></b>	(sum lines 138-150) /13	-	-
<u>152</u>	<b><u>Total Accumulated Depreciation</u></b>	(sum lines 91, 106, 121, 136, & 151)	-	-

ADJUSTMENTS TO RATE BASE (Note A)

Attachment 3 - Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Details	
		Beginning of Year	End of Year	Average Balance	
153	Account No. 255 (enter negative)	267.8.h	-	-	
154	Unamortized Abandoned Plant	Per FERC Order	-	-	
	(recovery of abandoned plant requires a FERC order approving the amount and recovery period)				
155	Amortization of Abandoned Plant		-		
156	Prepayments (Account 165)				
	(Prepayments exclude Prepaid Pension Assets)	Year	Balance		
157	December	111.57.d	-		
158	January	company records	-		
159	February	company records	-		
160	March	company records	-		
161	April	company records	-		
162	May	company records	-		
163	June	company records	-		
164	July	company records	-		
165	August	company records	-		
166	September	company records	-		
167	October	company records	-		
168	November	company records	-		
169	December	111.57.c	-		
170	Prepayments	(sum lines 157-169) /13	-		
171	Calculation of Transmission CWIP	Source	Year	Non-incentive projects	Incentive projects Total
172	December	216.b (prior Year)	-	-	-
173	January	company records	-	-	-
174	February	company records	-	-	-
175	March	company records	-	-	-
176	April	company records	-	-	-
177	May	company records	-	-	-
178	June	company records	-	-	-
179	July	company records	-	-	-
180	August	company records	-	-	-
181	September	company records	-	-	-
182	October	company records	-	-	-
183	November	company records	-	-	-
184	December	216.b	-	-	-
185	Transmission CWIP	(sum lines 172-184) /13	-	-	-

LAND HELD FOR FUTURE USE

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Beg of year	End of Year	Average	Details
186	LAND HELD FOR FUTURE USE	p214	Total	-	-	-	
			Non-transmission Related	-	-	-	
			Transmission Related	-	-	-	

Reserves

187	List of all reserves:	Amount	Enter 1 if Customer Funded, 0 if not	Allocation (Plant or Labor Allocator)	Amount Allocated
	Reserve 1	-	-		-
	Reserve 2	-	-		-
	Reserve 3				
	Reserve 4				
	...	-	-		-
	Total	-			-
<p>The Formula Rate shall include a credit to rate base for all funded and unfunded reserves (<i>i.e.</i>, those for which the funds collected have not been set aside in escrow and the earnings thereon included in the reserve fund) that are funded by customers and for which the associated accrued costs are recoverable under the Formula Rate. Company will include a spreadsheet (to be included in the Formula Rate template) each year as part of the Annual Update that lists the reserves and indicates which ones meet the test for crediting to rate base.</p>					

EPRI Dues Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Details
Allocated General & Common Expenses				
	EPRI Dues	EPRI Dues		
188	EPRI Dues	p353...f (enter FN1 line #)		

Regulatory Expense Related to Transmission Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Transmission Related	Other	Details*
Directly Assigned A&G					
189	Regulatory Commission Exp Account 928	p323.189.b	-	-	-
* insert case specific detail and associated assignments here					

Multi-state Workpaper

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		New York	State 2	State 3	State 4	State 5	Weighted Average
Income Tax Rates							
190	SIT=State Income Tax Rate or Composite						-
Multiple state rates are weighted based on the state apportionment factors on the state income tax returns and the number of days in the year that the rates are effective (see Note F)							

Safety Related and Education and Out Reach Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Safety Related, Education, Siting & Outreach Related	Other	Details
Directly Assigned A&G					
191	General Advertising Exp Account 930.1	p323.191.b		-	

Excluded Plant Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Excluded Transmission Facilities	Description of the Facilities
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
192	Excluded Transmission Facilities	-	General Description of the Facilities
Add more lines if necessary			

Materials & Supplies

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

Note: for the projection, the prior year's actual balances will be used		Stores Expense	Transmission Materials &	Construction	Total
Form No.1 page		Undistributed	Supplies	Materials & Supplies	
		p227.16	p227.8	p227.5	
193	December	Column b	-	-	-
194	January		-	-	-
195	February		-	-	-
196	March		-	-	-
197	April		-	-	-
198	May		-	-	-
199	June		-	-	-
200	July		-	-	-
201	August		-	-	-
202	September		-	-	-
203	October		-	-	-
204	November		-	-	-
205	December	Column c	-	-	-
206	Average				-

Regulatory Asset

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

		Project Name	Project Name	Project Name	Total	
207	Beginning Balance of Regulatory Asset	-	-	-	-	Uncapitalized costs as of date the rates become effective
208	Months remaining in Amortization Period	-	-	-	-	As approved by FERC
209	Monthly Amortization to Account 566 (line 207 / line 208)	-	-	-	-	All amortizations of the Regulatory Asset are to be booked to Account 566 over a 5 year period beginning on the first month that the revenue requirement for the project is assessed
210	Months in Year to be amortized	-	-	-	-	Number of months rates are in effect during the calendar year
210a	Annual Amortization (line 209 * line 210)	-	-	-	-	
211	Ending Balance of Regulatory Asset (line 207 - line 209 * 210)	-	-	-	-	Enter docket nos. for orders authorizing recovery here:
212	Average Balance of Regulatory Asset (line 207 + line 211)/2	-	-	-	-	Docket Number Amortization period

Capital Structure

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

213	Monthly Balances for Capital Structure	Year	Debt	Preferred Stock	Common Stock	Total Capitalization
214	December (prior year)		-	-	-	-
215	January		-	-	-	-
216	February		-	-	-	-
217	March		-	-	-	-
218	April		-	-	-	-
219	May		-	-	-	-
220	June		-	-	-	-
221	July		-	-	-	-
222	August		-	-	-	-
223	September		-	-	-	-
224	October		-	-	-	-
225	November		-	-	-	-
226	December		-	-	-	-
227	Average		-	-	-	-

Debt is equal to 112.18c less 112.19c plus 112.20c plus 112.21c, recognizing that 112.19c is entered into the Form 1 as a negative number and shall remain negative (i.e., it is not a double minus in the formula that mathematically would lead to adding in line 112.19c) so that Reacquired Bonds (Account 222) are subtracted from other long term debt outstanding and that Line 112.20c may contain both short term and long term indebtedness to affiliates and therefore any short term affiliate debt shall be removed from 112.20c before adding it into the above long term debt balance formula in the formula rate.

Preferred Stock is equal to 112.3c less any Preferred Treasury Stock plus any Preferred Additional Paid-in-Capital, recognizing that if there is any Preferred Treasury Stock or Preferred Additional Paid-in-Capital, then the respective amounts shall be appropriately disclosed in a footnote to the capital structure cost support in the formula rate template.

Common Equity is equal to 112.16c less 112.3c less 112.12c less 112.15c, recognizing that line 112.15c may be a positive or negative number and if it is positive, it shall be subtracted in the formula, and if it is entered as a negative in the Form 1, it shall be added (a double minus sign when subtracting a negative number) in the formula.

The cost of long-term debt for a Rate Year will be the sum of the interest expense and cost of issuances divided by the 13-month average long-term debt balance for the Rate Year. The cost of long-term debt issuances shall include long-term interest expense amounts recorded in the following FERC accounts:

			Amount
228	Account 427	Interest on Long-Term Debt (limited solely to interest expense for long-term debt reported in Accounts 221-224) (FF1, 117/62/c)	-
229	plus: Account 428	Amortization of Debt Discount and Expense (FF1, 117/63/c)	-
230	plus: Account 428.1	Amortization of Loss on Reacquired Debt (FF1, 117/64/c)	-
231	less: Account 429	Amortization of Premium on Debt (FF1, 117/65/c)	-
232	less: Account 429.1	Amortization of Gain on Reacquired Debt (FF1, 117/66/c) y the expense associated with long-term debt recorded in Account 223.	-
233	plus: Account 430		-
234	Total		-

Interest expenses not directly related to the long-term bond issuances included in the capital structure will be excluded.

The cost of preferred stock will be preferred stock dividends (booked in FERC Account 437) divided by the average preferred stock balance for the rate year.

235	Preferred Dividends in Account 437	-
236	13 Month average balance of Preferred Stock	-
237	Cost of Preferred Stock	-

## PBOPs

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

[Details](#)

## 238 Calculation of PBOP Expenses

## 239 ConEd

240	Total PBOP expenses	\$	22,000,000
241	Labor dollars	\$	1,394,368,000
242	Cost per labor dollar	\$	0.0158
243	labor (labor not capitalized) current year		-
244	PBOP Expense for current year		-
245	PBOP Expense in Account 926 for current year		-
246	PBOP Adjustment for Appendix A, Line 54		-
247	Lines 240-242 cannot change absent approval or acceptance by FERC in a separate proceeding.		-

## 247 NIMo

248	Total PBOP expenses	\$	72,221,472
249	Labor dollars	\$	438,541,722
250	Cost per labor dollar	\$	0.1647
251	labor (labor not capitalized) current year		-
252	PBOP Expense for current year		-
253	PBOP Expense in Account 926 for current year		-
254	PBOP Adjustment for Appendix A, Line 54		-
255	Lines 248-250 cannot change absent approval or acceptance by FERC in a separate proceeding.		-

## 256 NYSEG

257	Total PBOP expenses	\$	2,974,219
258	Labor dollars	\$	171,780,082
259	Cost per labor dollar	\$	0.0173
260	labor (labor not capitalized) current year		-
261	PBOP Expense for current year		-
262	PBOP Expense in Account 926 for current year		-
263	PBOP Adjustment for Appendix A, Line 54		-
264	Lines 257-259 cannot change absent approval or acceptance by FERC in a separate proceeding.		-

## 265 RGE

266	Total PBOP expenses	\$	3,411,650
267	Labor dollars	\$	66,576,513
268	Cost per labor dollar	\$	0.0512
269	labor (labor not capitalized) current year		-
270	PBOP Expense for current year		-
271	PBOP Expense in Account 926 for current year		-
272	PBOP Adjustment for Appendix A, Line 54		-
273	Lines 266-268 cannot change absent approval or acceptance by FERC in a separate proceeding.		-

274	<u>CHG&amp;E</u>		
275	Total PBOP expenses	\$432,757	
276	Labor dollars	45,945,646	
277	Cost per labor dollar	\$0.009	
278	labor (labor not capitalized) current year	-	
279	PBOP Expense for current year	-	
280	PBOP Expense in Account 926 for current year	-	
281	PBOP Adjustment for Appendix A, Line 54	-	
282	Lines 275-277 cannot change absent approval or acceptance by FERC in a separate proceeding.		
283	<u>New York Transco LLC</u>		
284	Total PBOP expenses	\$ -	
285	Labor dollars	\$ -	
286	Cost per labor dollar	\$0.000	
287	labor (labor not capitalized) current year	-	
288	PBOP Expense for current year	-	
289	PBOP Expense in Account 926 for current year	-	
290	PBOP Adjustment for Appendix A, Line 54	-	
291	Lines 284-286 cannot change absent approval or acceptance by FERC in a separate proceeding.		
292	PBOP expense adjustment (sum lines 246, 263, 254, 272, 281, & 290)	-	



New York Transco LLC

**Base ROE and Income Taxes Carrying Charge**

1	Rate Base				=
2	Base Return			\$	
		\$	%	Cost (Note P)	Weighted
3	Long Term Debt	-	-	-	=
4	Preferred Stock	-	-	-	=
5	Common Stock	-	-	10.60%	=
6	Total (sum lines 3-5)	-			=
7	Return multiplied by Rate Base (line 1 * line 6)				=
8	INCOME TAXES				
9	$T = 1 - \{(1 - \text{SIT}) * (1 - \text{FIT})\} / (1 - \text{SIT} * \text{FIT} * p) =$	-			
10	$\text{CIT} = (T / 1 - T) * (1 - (\text{WCLTD} / R)) =$	-			
11	where WCLTD=(line 3) and R=(line 6)				
12	and FIT, SIT & p are as given in footnote F on Appendix A.				
13	$1 / (1 - T) = (T \text{ from line 9})$	-			
14	Amortized Investment Tax Credit (266.8f) (enter negative)	-			
15					
16	Income Tax Calculation = line 10 * line 7				=
17	ITC adjustment (line 13 * line 14) and line 17 allocated on NP allocator	-	NP	-	=
18	Total Income Taxes (line 16 plus line 17)	-			=
19	Base Return and Income Taxes			Sum lines 7 and 18	=
20	Rate Base			Line 1	=
21	Return and Income Taxes at Base ROE			Line 19 / line 20	#DIV/0!

22	Rate Base						=
23	100 Basis Point Incentive Return				\$		
		\$	%	Cost (Note P)		Weighted	
24	Long Term Debt	-	-	-		-	
25	Preferred Stock	-	-	-		-	
26	Common Stock Including 100 basis points	-	-	11.60%		-	
27	Total (sum lines 28-30)	-				-	
28	100 Basis Point Incentive Return multiplied by Rate Base (line 26 * line 31)						=
29	INCOME TAXES						
30	$T = 1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$	-					
31	$CIT = (T / (1 - T)) * (1 - (WCLTD / R)) =$	-					
32	where WCLTD=(line 24) and R= (line 27)						
33	and FIT, SIT & p are as given in footnote on Appendix A.						
34	$1 / (1 - T) = (T \text{ from line 30})$	-					
35	Amortized Investment Tax Credit (266.8f) (enter negative)	-					
36	Income Tax Calculation = line 31 * line 28					-	
37	ITC adjustment (line 34 * line 35) and line 41 allocated on NP allocator	-		NP	-	-	
38	Total Income Taxes (line 36 plus line 37)	-					=
39	Return and Income Taxes with 100 basis point increase in ROE				Sum lines 32 and 42		=
40	Rate Base				Line 1		=
41	Return and Income Taxes with 100 basis point increase in ROE				Line 39 / line 40		=
42	Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive				Line 41 - Line 21		=

Revenue Requirement per project including incentives

Base Carrying Charge	Line 102 Appendix A	0.00%
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(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Description	Amount	ROE Authorized by FERC	ROE Base	Incentive % Authorized by FERC	Line 42	Col (e) / .01 x Col (f)	Incentive \$ (Col (b) x Col (g))	Base Revenues (Base Carrying Charge x Col (b))	Total Revenues (Col (h) + Col (i))
43	-	-	10.60%	-	-	-	-	-	-
44	-	-	10.60%	-	-	-	-	-	-
45			10.60%						
46			10.60%						
47			10.60%						
48			10.60%						
49			10.60%						
50			10.60%						
51			10.60%						
52			10.60%						
53			10.60%						
54			10.60%						
55			10.60%						
56			10.60%						
57			10.60%						
57a			10.60%						
57b			10.60%						
...			10.60%						
58	Total						\$ -	\$ -	\$ -
	Check Sum Appendix A Line 3								\$ -
	Difference (must be zero)								\$ -

Note: To the extent that the stated incentive return is limited by the top of the range of reasonableness, the returns on equity applied to the various projects and facilities shall not produce an overall company return exceeding the top of the range of reasonableness.

# **Attachment 5 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology**

New York Transco LLC  
Estimated

Assumes financing will be a 5 year loan with Origination Fees of \$2.1 million and a Commitments Fee of 0.3% on the undrawn principal.  
Consistent with GAAP, the Origination Fees and Commitments Fees will be amortized using the standard Internal Rate of Return formula below.  
Each year, the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount will be updated on this attachment.

1	<b>Total Loan Amount</b>	<b>\$ 200,000,000</b>
2	<b>Internal Rate of Return<sup>1</sup></b>	<b>5.634%</b>
3	<b>Based on following Financial Formula<sup>2</sup>:</b>	
4	<b>NPV = 0 = <math>\sum_{t=1}^N \frac{C_t}{(1+IRR)^{pwr(t)}}</math></b>	

**Table 1**

	<b>Origination Fees</b>	
5	Underwriting Discount	-
6	Arrangement Fee	400,000
7	Upfront Fee	700,000
8	Rating Agency Fee	-
9	Legal Fees	1,000,000
10	<b>Total Issuance Expense</b>	<b>2,100,000</b>
11	<b>Annual Rating Agency Fee Annual</b>	<b>160,000</b>
12	<b>Bank Agency Fee Revolving Credit</b>	<b>50,000</b>
13	<b>Commitment Fee</b>	<b>0.300%</b>

**Table 2**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
14	<b>LIBOR Rate</b>	0.6360%	1.0340%	1.6000%	2.1300%	2.1300%	2.1300%
15	<b>Spread</b>	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
16	<b>Interest Rate</b>	2.89%	3.28%	3.85%	4.38%	4.38%	4.38%

**Table 3**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	<b>Year</b>		<b>Capital Expenditures (\$000's)</b>	<b>Principal Drawn In Quarter (\$000's)</b>	<b>Principal Drawn To Date (\$000's)</b>	<b>Interest &amp; Principal (\$000's)</b>	<b>Origination Fees (\$000's)</b>	<b>Commitment &amp; Utilization Fee (\$000's)</b>	<b>Net Cash Flows (\$000's)</b>
						<i>1/4 * Interest Rate from Line 16 x Col. E prior quarter</i>	<i>Input in first Qtr of Loan</i>	<i>Lines 11 - 12 x (Line 1 less Col. E prior quarter)</i>	<i>(D-F-G-H)</i>
18									
19	3/31/2014	Q3	19,350	7,740	7,740		2,100		5,640
20	6/30/2014	Q4	19,350	7,740	15,480	56		354	7,330
21	9/30/2014	Q1	19,350	7,740	23,220	113		138	7,489
22	12/31/2014	Q2	19,350	7,740	30,960	169		133	7,439
23	3/31/2015	Q3	24,775	9,910	40,870	220		127	9,563
24	6/30/2015	Q4	24,775	9,910	50,780	335		329	9,246
25	9/30/2015	Q1	24,775	9,910	60,690	420		112	9,378
26	12/31/2015	Q2	24,775	9,910	70,600	502		104	9,303
27	3/31/2016	Q3	23,950	9,580	80,180	578		97	8,905
28	6/30/2016	Q4	23,950	9,580	89,760	770		300	8,511
29	9/30/2016	Q1	23,950	9,580	99,340	871		83	8,626
30	12/31/2016	Q2	23,950	9,580	108,920	964		75	8,540
31	3/31/2017	Q3	23,575	9,430	118,350	1,034		68	8,328
32	6/30/2017	Q4	23,575	9,430	127,780	1,292		271	7,866
33	9/30/2017	Q1	23,575	9,430	137,210	1,411		54	7,965
34	12/31/2017	Q2	23,575	9,430	146,640	1,515		47	7,868
35	3/31/2018	Q3	-	-	146,640	148,224		40	(148,264)
36	6/30/2018	Q4	-	-	-	-		-	-
37	9/30/2018	Q1	-	-	-	-		-	-
38									
39									
40									
41									
42									
43									
44									
45									

Notes: 1. During the construction period, the IRR is the Debt Cost shown on Line 91 of Appendix A after debt is issued and the Interest Rate in Table 2 prior to debt being issued."

2. The IRR is a discount rate that makes the net present value of a series of cash flows equal to zero. The IRR equation is shown on line 4.

N is the last quarter the loan would be outstanding

L is each quarter

Ct is the cash flow (Table 3, Col. I in each quarter)

alternatively the equation can be written as  $0 = C_0 + C_1/(1+IRR) + C_2/(1+IRR)^2 + C_3/(1+IRR)^3 + \dots + C_n/(1+IRR)^n$  and solved for IRR

3. Line 1 reflects the loan amount, the maximum amount that can be drawn on

4. Lines 5 through 13 include the fees associated with the loan. They are estimated based on current bank condition and are updated with the actual fees once the actual fees are known.

5. Line 14 is the average daily Libor monthly interest rate for the prior month for the estimate and the actual daily Libor monthly interest rate for the prior year for the True-Up.

6. Table 3, Col. C reflect the capital expenditures in each quarter

7. Table 3, Col. D reflect the amount of the load that is drawn down in the quarter

8. Table 3, Col. G is the total origination fees in line 10 and is input in the first quarter that a portion of the load in drawn

9. Table 3, Col. H is calculated as follows:

A x (B+C)

A. Loan amount in line 1 less the amount drawn down in the prior quarter

B. Annual dollar amount fees on lines 11 through 13 divided by 4

C. Percentage dollar amounts divided by 1000

10. The inputs shall be estimated based on the current market conditions and is subject to true up for all inputs, e.g., fees, interest rates, spread, and Table 3 once the amounts are known

11. The interest rate in line 16 for the corresponding year is used in Appendix A line 91 until the project financing is obtained. Thereafter the interest rate in line 2 is used on Appendix A line 91

New York Transco LLC  
Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)  
Beginning of Year

Item		Transmission	Plant	Labor	Total	
		Related	Related	Related	Plant & Labor Related	
1	ADIT- 282	-	-	-		From Acct. 282 total, below
2	ADIT-283	-	-	-		From Acct. 283 total, below
3	ADIT-190	-	-	-		From Acct. 190 total, below
4	Subtotal	-	-	-		
5	Wages & Salary Allocator					
6	NP					
7	Beginning of Year	-	-	-		
8	End of year from Attachment 6b, line 7	-	-	-		
9	Average of Beginning of Year and End of Year ((7 +8)/2)	-	-	-		Enter as negative Appendix A, line 24.

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must shown in a separate column for each project.

A	B	C	D	F	G	H
	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
ADIT-190						
Subtotal - p234	-	-	-	-	-	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	-	-	-	-	-	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
- ADIT items related only to Transmission are directly assigned to Column D.
- ADIT items related to Plant and not in Columns C & D are included in Column E.
- ADIT items related to labor and not in Columns C & D are included in Column F.
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)

Instructions for Account 282:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
2. ADIT items related only to Transmission are directly assigned to Column D.
3. ADIT items related to Plant and not in Columns C & D are included in Column E.
4. ADIT items related to labor and not in Columns C & D are included in Column F.
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

New York Transco LLC

Attachment 6a - Accumulated Deferred Income Taxes (ADIT) Worksheet (Beginning of Year)

Beginning of Year

A	B	C	D	F	G	H
ADIT- 283	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	
Subtotal - p277	=	=	=	=	=	
Less FASB 109 Above if not separately removed	=			=		
Less FASB 106 Above if not separately removed	=					
Total	=	=	=	=	=	

Instructions for Account 283:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.

2. ADIT items related only to Transmission are directly assigned to Column D.

3. ADIT items related to Plant and not in Columns C & D are included in Column E.

4. ADIT items related to labor and not in Columns C & D are included in Column F.

5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

New York Transco LLC  
Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)  
End of Year

Line	Transmission Related	Plant Related	Labor Related	Total Plant & Labor Related
1 ADIT-282	-	-	-	From Acct. 282 total, below
2 ADIT-283	-	-	-	From Acct. 283 total, below
3 ADIT-190	-	-	-	From Acct. 190 total, below
4 Subtotal	-	-	-	
5 Wages & Salary Allocator				
6 NP				
7 End of Year ADIT	-	-	-	

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-F and each separate ADIT item will be listed.  
disimilar items with amounts exceeding \$100,000 will be listed separately.

A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
ADIT-190						
Subtotal- p234	-	-	-	-	-	
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	-	-	-	-	-	

- Instructions for Account 190:
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded



[New York Transco LLC](#)

[Attachment 6b - Accumulated Deferred Income Taxes \(ADIT\) Worksheet \(End of Year\)](#)

[End of Year](#)

A	B	C	D	E	F	G
	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
ADIT-282						
<a href="#">Subtotal - p275</a>	-	-	-	-	-	
<a href="#">Less FASB 109 Above if not separately removed</a>				-		
<a href="#">Less FASB 106 Above if not separately removed</a>						
<a href="#">Total</a>	-	-	-	-	-	

[Instructions for Account 282:](#)

[1. ADIT items related only to Non-Electric Operations \(e.g., Gas, Water, Sewer\) or Production are directly assigned to Column C](#)

[2. ADIT items related only to Transmission are directly assigned to Column D](#)

[3. ADIT items related to Plant and not in Columns C & D are included in Column E](#)

[4. ADIT items related to labor and not in Columns C & D are included in Column F](#)

[5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded](#)

New York Transco LLC

Attachment 6b - Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)

End of Year

A	B	C	D	E	F	G
	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	
ADIT-283						
Subtotal - p277	-	-	-	-	-	
Less FASB 109 Above if not separately removed	-			-		
Less FASB 106 Above if not separately removed	-					
Total	-	-	-	-	-	

Instructions for Account 283:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.

2. ADIT items related only to Transmission are directly assigned to Column D.

3. ADIT items related to Plant and not in Columns C & D are included in Column E.

4. ADIT items related to labor and not in Columns C & D are included in Column F.

5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

**Attachment 7 - Example of True-Up Calculation**  
**New York Transco LLC**

2013		2013		
Revenue Requirement Billed*		Actual Revenue Requirement		Over (Under) Recovery
\$2,000,000	Less	\$2,120,000	Equals	(\$120,000)

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 7a	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.5500%				

An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year.  
If the first year is a partial year, the true-up (over or under recovery per month and interest calculation) will reflect only the number of months for which the rate was charged.

Calculation of Interest					Monthly	
January	Year 2013	(10,000)	0.5500%	12	660	10,660
February	Year 2013	(10,000)	0.5500%	11	605	10,605
March	Year 2013	(10,000)	0.5500%	10	550	10,550
April	Year 2013	(10,000)	0.5500%	9	495	10,495
May	Year 2013	(10,000)	0.5500%	8	440	10,440
June	Year 2013	(10,000)	0.5500%	7	385	10,385
July	Year 2013	(10,000)	0.5500%	6	330	10,330
August	Year 2013	(10,000)	0.5500%	5	275	10,275
September	Year 2013	(10,000)	0.5500%	4	220	10,220
October	Year 2013	(10,000)	0.5500%	3	165	10,165
November	Year 2013	(10,000)	0.5500%	2	110	10,110
December	Year 2013	(10,000)	0.5500%	1	55	10,055
					4,290	124,290

January through December	Year 2014	124,290	0.5500%	12	Annual	8,203	132,493
--------------------------	-----------	---------	---------	----	--------	-------	---------

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months					Monthly		
January	Year 2015	(132,493)	0.5500%		729	(11,440)	121,782
February	Year 2015	(121,782)	0.5500%		670	(11,440)	111,012
March	Year 2015	(111,012)	0.5500%		611	(11,440)	100,183
April	Year 2015	(100,183)	0.5500%		551	(11,440)	89,294
May	Year 2015	(89,294)	0.5500%		491	(11,440)	78,345
June	Year 2015	(78,345)	0.5500%		431	(11,440)	67,337
July	Year 2015	(67,337)	0.5500%		370	(11,440)	56,267
August	Year 2015	(56,267)	0.5500%		309	(11,440)	45,137
September	Year 2015	(45,137)	0.5500%		248	(11,440)	33,945
October	Year 2015	(33,945)	0.5500%		187	(11,440)	22,692
November	Year 2015	(22,692)	0.5500%		125	(11,440)	11,377
December	Year 2015	(11,377)	0.5500%		63	(11,440)	(0)
					4,784		

Total Amount of True-Up Adjustment	\$	137,277
Less Over (Under) Recovery	\$	(120,000)
Total Interest	\$	17,277

\* excluding any true up for prior period

	<u>FERC Quarterly Interest Rate</u>	<u>Pursuant to</u> <u>35.19 (a)</u>
1	Qtr 3 (Previous Year)	-
2	Qtr 4 (Previous Year)	-
3	Qtr 1 (Current Year)	-
4	Qtr 2 (Current Year)	-
5	Average of the last 4 quarters (Lines 1-4 / 4)	-
6	Interest Rate Used for True-up adjustment (Note B)	-
7	Monthly Interest Rate for Attachment 7 (Line 6 / 12)	-

**Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan**  
**New York Transco LLC**

SUMMARY							
YEAR	Estimated Effective cost of debt used in true up	Final Effective cost of debt for the construction loan:	Revenue Requirement		Over (Under) Recovery	Monthly FERC Refund Interest Rate applicable over the ATRR period	Total Amount of Construction Loan Related True-Up to be included in rates (Refund)/Owed
			Based on Estimated Effective cost of debt	Based on Actual Effective cost of debt			
2014	7.18%	6.50%	\$ 2,500,000.00	\$ 2,400,000.00	\$ 100,000.00	0.550%	\$ (148,288.33)
2015	6.8%	6.50%	\$5,000,000.00	\$5,150,000.00	\$ (150,000.00)	0.560%	\$ 209,670.43
2016	7.2%	6.50%	\$8,300,000.00	\$8,200,000.00	\$ 100,000.00	0.540%	\$ (131,109.09)
2017	7.3%	6.50%	\$12,300,000.00	\$12,000,000.00	\$ 300,000.00	0.580%	\$ (368,656.73)
2018	*	7.1%	\$18,000,000.00	\$17,900,000.00	\$ 100,000.00	0.570%	\$ (114,946.28)
2018	**	6.50%	\$25,000,000.00	\$25,000,000.00	\$ -		\$ (553,329.99)

*The Hypothetical Example:*  
\* Assumes that the construction loan is retired on December 31, 2018  
\*\* Assumes that the construction loan IRR on Attachment 5 has an effective rate of 6.5%

**Calculation of Applicable Interest Expense for each ATRR period**

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Hypothetical Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
<b>Calculation of Interest for 2014 True-Up Period</b>						
An over or under collection will be recovered prorata over 2014, held for 2015, 2016, 2017, 2018, and 2019 and returned prorata over 2020						
Monthly						
January Year 2014	-	0.5500%	12.00	-	-	-
February Year 2014	-	0.5500%	11.00	-	-	-
March Year 2014	10,000	0.5500%	10.00	(550)	-	(10,550)
April Year 2014	10,000	0.5500%	9.00	(495)	-	(10,495)
May Year 2014	10,000	0.5500%	8.00	(440)	-	(10,440)
June Year 2014	10,000	0.5500%	7.00	(385)	-	(10,385)
July Year 2014	10,000	0.5500%	6.00	(330)	-	(10,330)
August Year 2014	10,000	0.5500%	5.00	(275)	-	(10,275)
September Year 2014	10,000	0.5500%	4.00	(220)	-	(10,220)
October Year 2014	10,000	0.5500%	3.00	(165)	-	(10,165)
November Year 2014	10,000	0.5500%	2.00	(110)	-	(10,110)
December Year 2014	10,000	0.5500%	1.00	(55)	-	(10,055)
				(3,025)		(103,025)
Annual						
January through December Year 2015	(103,025)	0.5600%	12.00	(6,923)	-	(109,948)
January through December Year 2016	(109,948)	0.5400%	12.00	(7,125)	-	(117,073)
January through December Year 2017	(117,073)	0.5800%	12.00	(8,148)	-	(125,221)
January through December Year 2018	(125,221)	0.5700%	12.00	(8,565)	-	(133,786)
January through December Year 2019	(133,786)	0.5700%	12.00	(9,151)	-	(142,937)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
Monthly						
January Year 2020	142,937	0.5700%		(815)	(12,357)	(131,395)
February Year 2020	131,395	0.5700%		(749)	(12,357)	(119,786)
March Year 2020	119,786	0.5700%		(683)	(12,357)	(108,112)
April Year 2020	108,112	0.5700%		(616)	(12,357)	(96,371)
May Year 2020	96,371	0.5700%		(549)	(12,357)	(84,563)
June Year 2020	84,563	0.5700%		(482)	(12,357)	(72,687)
July Year 2020	72,687	0.5700%		(414)	(12,357)	(60,744)
August Year 2020	60,744	0.5700%		(346)	(12,357)	(48,733)
September Year 2020	48,733	0.5700%		(278)	(12,357)	(36,653)
October Year 2020	36,653	0.5700%		(209)	(12,357)	(24,505)
November Year 2020	24,505	0.5700%		(140)	(12,357)	(12,287)
December Year 2020	12,287	0.5700%		(70)	(12,357)	0
				(5,351)		
Total Amount of True-Up Adjustment for 2014 ATRR					\$ (148,288)	
Less Over (Under) Recovery					\$ 100,000	
Total Interest					\$ (48,288)	

**Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan  
New York Transco LLC**

**Calculation of Interest for 2015 True-Up Period**

An over or under collection will be recovered prorata over 2015, held for 2016, 2017, 2018, and 2019 and returned prorata over 2020

				Monthly		
January	Year 2015	(12,500)	0.5600%	12.00	840	13,340
February	Year 2015	(12,500)	0.5600%	11.00	770	13,270
March	Year 2015	(12,500)	0.5600%	10.00	700	13,200
April	Year 2015	(12,500)	0.5600%	9.00	630	13,130
May	Year 2015	(12,500)	0.5600%	8.00	560	13,060
June	Year 2015	(12,500)	0.5600%	7.00	490	12,990
July	Year 2015	(12,500)	0.5600%	6.00	420	12,920
August	Year 2015	(12,500)	0.5600%	5.00	350	12,850
September	Year 2015	(12,500)	0.5600%	4.00	280	12,780
October	Year 2015	(12,500)	0.5600%	3.00	210	12,710
November	Year 2015	(12,500)	0.5600%	2.00	140	12,640
December	Year 2015	(12,500)	0.5600%	1.00	70	12,570
					5,460	155,460
<b>Annual</b>						
January through December	Year 2016	155,460	0.5400%	12.00	10,074	165,534
January through December	Year 2017	165,534	0.5800%	12.00	11,521	177,055
January through December	Year 2018	177,055	0.5700%	12.00	12,111	189,166
January through December	Year 2019	189,166	0.5700%	12.00	12,939	202,104

**Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months**

				Monthly		
January	Year 2020	(202,104)	0.5700%	1,152	17,473	185,784
February	Year 2020	(185,784)	0.5700%	1,059	17,473	169,370
March	Year 2020	(169,370)	0.5700%	965	17,473	152,863
April	Year 2020	(152,863)	0.5700%	871	17,473	136,262
May	Year 2020	(136,262)	0.5700%	777	17,473	119,566
June	Year 2020	(119,566)	0.5700%	682	17,473	102,775
July	Year 2020	(102,775)	0.5700%	586	17,473	85,888
August	Year 2020	(85,888)	0.5700%	490	17,473	68,905
September	Year 2020	(68,905)	0.5700%	393	17,473	51,826
October	Year 2020	(51,826)	0.5700%	295	17,473	34,649
November	Year 2020	(34,649)	0.5700%	197	17,473	17,374
December	Year 2020	(17,374)	0.5700%	99	17,473	0
					7,566	

Total Amount of True-Up Adjustment for 2015 ATRR

\$ 209,670

Less Over (Under) Recovery

\$ (150,000)

Total Interest

\$ 59,670

**Calculation of Interest for 2016 True-Up Period**

An over or under collection will be recovered prorata over 2016, held for 2017, 2018 and 2019 and returned prorata over 2020

				Monthly		
January	Year 2016	8,333	0.5400%	12.00	(540)	(8,873)
February	Year 2016	8,333	0.5400%	11.00	(495)	(8,828)
March	Year 2016	8,333	0.5400%	10.00	(450)	(8,783)
April	Year 2016	8,333	0.5400%	9.00	(405)	(8,738)
May	Year 2016	8,333	0.5400%	8.00	(360)	(8,693)
June	Year 2016	8,333	0.5400%	7.00	(315)	(8,648)
July	Year 2016	8,333	0.5400%	6.00	(270)	(8,603)
August	Year 2016	8,333	0.5400%	5.00	(225)	(8,558)
September	Year 2016	8,333	0.5400%	4.00	(180)	(8,513)
October	Year 2016	8,333	0.5400%	3.00	(135)	(8,468)
November	Year 2016	8,333	0.5400%	2.00	(90)	(8,423)
December	Year 2016	8,333	0.5400%	1.00	(45)	(8,378)
					(3,510)	(103,510)
<b>Annual</b>						
January through December	Year 2017	(103,510)	0.5800%	12.00	(7,204)	(110,714)
January through December	Year 2018	(110,714)	0.5700%	12.00	(7,573)	(118,287)
January through December	Year 2019	(118,287)	0.5700%	12.00	(8,091)	(126,378)

**Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months**

				Monthly		
January	Year 2020	126,378	0.5700%	(720)	(10,926)	(116,173)
February	Year 2020	116,173	0.5700%	(662)	(10,926)	(105,909)
March	Year 2020	105,909	0.5700%	(604)	(10,926)	(95,587)
April	Year 2020	95,587	0.5700%	(545)	(10,926)	(85,206)
May	Year 2020	85,206	0.5700%	(486)	(10,926)	(74,766)
June	Year 2020	74,766	0.5700%	(426)	(10,926)	(64,266)
July	Year 2020	64,266	0.5700%	(366)	(10,926)	(53,707)
August	Year 2020	53,707	0.5700%	(306)	(10,926)	(43,087)
September	Year 2020	43,087	0.5700%	(246)	(10,926)	(32,407)
October	Year 2020	32,407	0.5700%	(185)	(10,926)	(21,666)
November	Year 2020	21,666	0.5700%	(123)	(10,926)	(10,864)
December	Year 2020	10,864	0.5700%	(62)	(10,926)	0
					(4,731)	

Total Amount of True-Up Adjustment for 2016 ATRR

\$ (131,109)

Less Over (Under) Recovery

\$ 100,000

Total Interest						\$ (31,109)
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**Attachment 8 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan  
New York Transco LLC**

Calculation of Interest for 2017 True-Up Period						
An over or under collection will be recovered prorate over 2017, held for 2018 and 2019, and returned prorate over 2020						
				Monthly		
January	Year 2017	25,000	0.5800%	12.00	(1,740)	(26,740)
February	Year 2017	25,000	0.5800%	11.00	(1,595)	(28,595)
March	Year 2017	25,000	0.5800%	10.00	(1,450)	(30,045)
April	Year 2017	25,000	0.5800%	9.00	(1,305)	(31,350)
May	Year 2017	25,000	0.5800%	8.00	(1,160)	(32,510)
June	Year 2017	25,000	0.5800%	7.00	(1,015)	(33,525)
July	Year 2017	25,000	0.5800%	6.00	(870)	(34,395)
August	Year 2017	25,000	0.5800%	5.00	(725)	(35,120)
September	Year 2017	25,000	0.5800%	4.00	(580)	(35,700)
October	Year 2017	25,000	0.5800%	3.00	(435)	(36,135)
November	Year 2017	25,000	0.5800%	2.00	(290)	(36,425)
December	Year 2017	25,000	0.5800%	1.00	(145)	(36,570)
					(11,310)	(311,310)
				Annual		
January through December	Year 2018	(311,310)	0.5700%	12.00	(21,294)	(332,604)
January through December	Year 2019	(332,604)	0.5700%	12.00	(22,750)	(355,354)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months						
				Monthly		
January	Year 2020	355,354	0.5700%	(2,026)	(30,721)	(326,658)
February	Year 2020	326,658	0.5700%	(1,862)	(30,721)	(297,798)
March	Year 2020	297,798	0.5700%	(1,697)	(30,721)	(268,774)
April	Year 2020	268,774	0.5700%	(1,532)	(30,721)	(239,585)
May	Year 2020	239,585	0.5700%	(1,366)	(30,721)	(210,229)
June	Year 2020	210,229	0.5700%	(1,198)	(30,721)	(180,706)
July	Year 2020	180,706	0.5700%	(1,030)	(30,721)	(151,015)
August	Year 2020	151,015	0.5700%	(861)	(30,721)	(121,154)
September	Year 2020	121,154	0.5700%	(691)	(30,721)	(91,123)
October	Year 2020	91,123	0.5700%	(519)	(30,721)	(60,921)
November	Year 2020	60,921	0.5700%	(347)	(30,721)	(30,547)
December	Year 2020	30,547	0.5700%	(174)	(30,721)	0
					(13,303)	(103,705)
Total Amount of True-Up Adjustment for 2017 ATRR					\$ (368,657)	
Less Over (Under) Recovery					\$ 300,000	
Total Interest					\$ (68,657)	

Calculation of Interest for 2018 True-Up Period						
An over or under collection will be recovered prorate over 2018, held for 2019 and returned prorate over 2020						
				Monthly		
January	Year 2018	8,333	0.5700%	12.00	(570)	(8,903)
February	Year 2018	8,333	0.5700%	11.00	(523)	(8,856)
March	Year 2018	8,333	0.5700%	10.00	(475)	(8,808)
April	Year 2018	8,333	0.5700%	9.00	(428)	(8,761)
May	Year 2018	8,333	0.5700%	8.00	(380)	(8,713)
June	Year 2018	8,333	0.5700%	7.00	(333)	(8,666)
July	Year 2018	8,333	0.5700%	6.00	(285)	(8,618)
August	Year 2018	8,333	0.5700%	5.00	(238)	(8,571)
September	Year 2018	8,333	0.5700%	4.00	(190)	(8,523)
October	Year 2018	8,333	0.5700%	3.00	(143)	(8,476)
November	Year 2018	8,333	0.5700%	2.00	(95)	(8,428)
December	Year 2018	8,333	0.5700%	1.00	(48)	(8,381)
					(3,705)	(103,705)
				Annual		
January through December	Year 2019	(103,705)	0.5700%	12.00	(7,093)	(110,798)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months						
				Monthly		
January	Year 2020	110,798	0.5700%	(632)	(9,579)	(101,851)
February	Year 2020	101,851	0.5700%	(581)	(9,579)	(92,853)
March	Year 2020	92,853	0.5700%	(529)	(9,579)	(83,803)
April	Year 2020	83,803	0.5700%	(478)	(9,579)	(74,702)
May	Year 2020	74,702	0.5700%	(426)	(9,579)	(65,549)
June	Year 2020	65,549	0.5700%	(374)	(9,579)	(56,344)
July	Year 2020	56,344	0.5700%	(321)	(9,579)	(47,086)
August	Year 2020	47,086	0.5700%	(268)	(9,579)	(37,776)
September	Year 2020	37,776	0.5700%	(215)	(9,579)	(28,412)
October	Year 2020	28,412	0.5700%	(162)	(9,579)	(18,995)
November	Year 2020	18,995	0.5700%	(108)	(9,579)	(9,525)
December	Year 2020	9,525	0.5700%	(54)	(9,579)	0
					(4,148)	(14,946)
Total Amount of True-Up Adjustment for 2018 ATRR					\$ (114,946)	
Less Over (Under) Recovery					\$ 100,000	
Total Interest					\$ (14,946)	

**Attachment 9 - Depreciation and Amortization Rates**  
**New York Transco LLC**

<u>Account Number</u>	<u>FERC Account</u>	<u>Rate (Annual) Percent</u>
<b><u>TRANSMISSION PLANT</u></b>		
<u>1 350.1</u>	<u>Land Rights</u>	<u>1.02</u>
<u>2 352</u>	<u>Structures and Improvements</u>	<u>2.05</u>
<u>3 353</u>	<u>Station Equipment</u>	<u>2.26</u>
<u>4 354</u>	<u>Towers and Fixtures</u>	<u>2.04</u>
<u>5 355</u>	<u>Poles and Fixtures</u>	<u>2.24</u>
<u>6 356</u>	<u>Overhead Conductor and Devices</u>	<u>2.22</u>
<u>7 357</u>	<u>Underground Conduit</u>	<u>2.05</u>
<u>8 358</u>	<u>Underground Conductor and Devices</u>	<u>2.39</u>
<u>9 359</u>	<u>Roads &amp; Trails</u>	<u>1.17</u>
<b><u>GENERAL PLANT</u></b>		
<u>10 390</u>	<u>Structures &amp; Improvements</u>	<u>3.36</u>
<u>11 391</u>	<u>Office Furniture &amp; Equipment</u>	<u>5.24</u>
<u>12 392</u>	<u>Transportation Equipment</u>	<u>9.78</u>
<u>13 393</u>	<u>Stores Equipment</u>	<u>3.91</u>
<u>14 394</u>	<u>Tools, Shop &amp; Garage Equipment</u>	<u>4.68</u>
<u>15 395</u>	<u>Laboratory Equipment</u>	<u>3.75</u>
<u>16 396</u>	<u>Power Operated Equipment</u>	<u>7.62</u>
<u>17 397</u>	<u>Communication Equipment</u>	<u>3.82</u>
<u>18 398</u>	<u>Miscellaneous Equipment</u>	<u>4.55</u>
<b><u>INTANGIBLE PLANT</u></b>		
<u>19 303</u>	<u>Miscellaneous Intangible Plant</u>	
	<u>5 Yr Software</u>	<u>20.00</u>
	<u>7 Yr Software</u>	<u>14.29</u>
	<u>10 Year Software</u>	<u>10.00</u>
	<u>15 year Software</u>	<u>6.67</u>
	<u>Transmission facility Contributions in Aid of Construction</u>	<u>Note 1</u>

These depreciation rates will not change absent the appropriate filing at FERC.

Note 1: In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-7 above and the weighted average depreciation rate will be used to amortize the CIAC.



### **36.3.1.2 Formula Rate Implementation Protocols**

The formula rate template (“Template”) and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate (“Formula Rate”) of NY Transco for transmission revenue requirement determinations under the ISO OATT. NY Transco shall follow the instructions specified in the Formula Rate to calculate annually its Net Adjusted Revenue Requirement, as 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 NY Transco’s Net Adjusted Revenue Requirement upon the effective date for incorporation into the ISO OATT through an appropriate filing with the Federal Energy Regulatory Commission (“FERC” or “Commission”) under Section 205 of the Federal Power Act (“FPA”).

#### **Section 1. Annual Projection**

- a. No later than September 30 preceding the first Rate Year, and each subsequent Rate Year, NY Transco shall determine its projected Net Adjusted Revenue Requirement for the upcoming Rate Year in accordance with NY Transco’s Formula Rate (“Annual Projection”). The Annual Projection shall include the True-up Adjustment described and defined in Section 2 below, if applicable. NY Transco shall cause an electronic version of the Annual Projection to be posted in both a Portable Document Format and fully-functioning Excel file at a publicly accessible location on ISO’s internet website. Such posting shall include (i) all inputs in sufficient detail to identify the components of NY Transco’s projected Net Adjusted Revenue Requirement, 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. NY Transco shall electronically serve each Annual Projection upon the Service List.<sup>4</sup>

- b. If NY Transco makes changes in the Annual Projection for a given Rate Year, NY Transco shall cause such revised Annual Projection to be promptly posted at a publicly accessible location on the ISO internet website and shall electronically serve a link to the website upon the Service List. Changes posted prior to November 30 of the preceding Rate Year, or the next business day if November 30 is not a business day (or such later date as can be accommodated under the ISO's billing practices), 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.
- c. 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.

## **Section 2. True-up Adjustment**

NY Transco will calculate the amount of under- or over-collection of its actual Net Revenue Requirement, as set forth at page 1, line 3 of the Template during the preceding Rate Year ("True-up Adjustment") after the FERC Form No. 1 data for that Rate Year has been filed

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<sup>4</sup> As used in these protocols, "Service List" shall mean (i) the email list of ISO OATT 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 NY Transco.

with the Commission. The True-up Adjustment shall be the sum of components a and b, determined in the following manner:

- a. NY Transco's projected Net Revenue Requirement collected during the previous Rate Year<sup>5</sup> will be compared to NY Transco's actual Net Revenue Requirement for the previous Rate Year calculated in accordance with NY Transco's Formula Rate and based upon (i) NY Transco's FERC Form No. 1 for that same Rate Year, (ii) any FERC orders specifically applicable to NY Transco's calculation of its annual revenue requirement, (iii) the books and records of NY Transco (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 ("True-up Adjustment Over/Under Recovery"). NY Transco will include a variance analysis of, at minimum, actual revenue requirement components of rate base, operating and maintenance expenses, depreciation expense, taxes, return on rate base, and revenue credits as compared to the corresponding components in the projected revenue requirement that was calculated for the prior Rate Year with an explanation of material changes.

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<sup>5</sup> 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.

- b. 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, NY Transco shall calculate its actual Net Adjusted Revenue Requirement, including the True-up Adjustment as described in Section 2 (“Annual Update”) for such Rate Year, and shall cause such Annual Update to be posted, in both a Portable Document Format and fully-functioning Excel format containing the populated template for that year’s update, at a publicly accessible location on the ISO internet website, and electronically serve a link to the website upon the Service List. In addition, the Annual Update shall be contemporaneously submitted as an informational filing with the FERC.
- b. If the date for making the Annual Update posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.
- c. The date on which the last of the events listed in Section 3.a or 3.b occurs shall be that year’s “Publication Date.”
- d. Together with the posting of the Annual Update, NY Transco shall cause to be posted on the ISO website the time, date and location for a stakeholder meeting with (i) any Eligible Customer under the ISO OATT; (ii) any regulatory agency with rate jurisdiction over a public utility located within the ISO footprint; (iii) any consumer advocate authorized by state law to review and contest the rates for any such public utility, or (iv) any party with standing under FPA Section 205 or

206 (collectively, "Interested Persons") in order for NY Transco to explain its Annual Update and to provide Interested Persons an opportunity to seek information and clarifications regarding the Annual Update ("Stakeholder Meeting"). The Stakeholder Meeting shall be held no less than twenty (20) business days and no more than thirty (30) business days after June 30.

e. The Annual Update for the Rate Year:

- (i) Shall provide, via the Formula Rate worksheets, sufficiently detailed supporting documentation for data (and all adjustments thereto or allocations thereof) used in the Formula Rate that are not stated in the FERC Form No. 1;<sup>6</sup>
- (ii) Shall provide notice of changes in NY Transco's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based that affect the Formula Rate or calculation of the Annual Update ("Accounting Change(s)"). Accounting Changes may include: (1) the initial implementation of an accounting standard or policy, (2) the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction, (3) corrections of errors and prior period adjustments, (4) the implementation of new estimation methods or policies that change prior estimates, and (5) changes to income tax elections. Such notice shall also include (1) those changes that, in NY Transco's reasonable judgment, could impact the Formula Rate or the calculations under the

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<sup>6</sup> It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of determining the actual Net Adjusted Revenue Requirement for a given Rate Year 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 is discontinued, equivalent information as that provided in the discontinued form shall be utilized.

Formula Rate within the next three years; and (2) any changes in the ISO OATT from the provisions of the ISO OATT in effect during the calendar year upon which the most recent Net Revenue Requirement was based and that, in NY Transco's reasonable judgment, could impact the Formula Rate or the calculations under the Formula Rate within the next three years.

(iii) Shall be subject to review and challenge in accordance with the procedures set forth in Sections 4, 5, and 6 of these Protocols.

(iv) Shall be subject to review and challenge in accordance with the procedures set forth in these Protocols with respect to the prudence of any costs and expenditures included for recovery in the Annual Update; provided, however, that nothing in these Protocols is intended to modify the Commission's applicable precedent with respect to the burden of going forward or burden of proof under formula rates in such prudence challenges; and

(v) 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).

f. The following Formula Rate inputs shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or 206 proceeding:  
(i) rate of return on common equity ("ROE"); (ii) "Post-Employment Benefits other than Pensions" pursuant to Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("PBOP") charges; and (iii) the depreciation and/or amortization rates as

set forth in Attachment 9 to the Formula Rate template.

**g. Example – Timeline for 2015 Annual Update:**

On or before September 30, 2013, NY Transco will determine the projected Net Adjusted Revenue Requirement for the 2014 Rate Year, which is expected to be the first year that costs are recovered from ISO customers under the Formula Rate. NY Transco will post the Annual Projection for the 2014 Rate Year in accordance with Section 1 above. NY Transco will not determine a True-up Adjustment or post an Annual Update on August 1, 2014 if no costs have been recovered under the Formula Rate during 2013. On or before September 30, 2014, NY Transco will post the Annual Projection for the 2015 Rate Year. On or before August 1, 2015, NY Transco will post its first Annual Update, consisting of the True-up Adjustment for the 2014 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 2016 Rate Year posted on or before September 30, 2015. The Annual Update posted August 1, 2015 will be subject to the customer review and challenge procedures described in Sections 4, 5, and 6 of these Protocols.

**Section 4. Annual Review Procedures**

Each Annual Update shall be subject to the following review procedures (“Annual Review Procedures”):

- a. Interested Persons shall have up to 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 NY Transco), 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 NY Transco in writing of any specific challenges, including challenges related to Accounting Changes, to the Annual Update (“Preliminary Challenge”). NY Transco shall promptly cause to be posted all Preliminary Challenges at a publicly accessible location on the ISO internet website and a link to the website will be electronically served upon the Service List.

NY Transco shall respond in writing to a Preliminary Challenge within twenty (20) business days of receipt, and its response shall notify the challenging party of the extent to which NY Transco agrees or disagrees with the challenge. If NY Transco disagrees with the Preliminary Challenge, its response shall include supporting documentation. NY Transco shall promptly cause to be posted responses to all Preliminary Challenges at a publicly accessible location on the ISO internet website and a link to the website will be electronically served upon the Service List.

- b. Interested Persons shall have up to one hundred twenty (120) calendar days after each annual Publication Date (unless such period is extended with the written consent of NY Transco) to serve reasonable information requests on NY Transco. Information requests shall be limited to what is necessary to determine if: (i) NY Transco has properly calculated the Annual Update under review (including any corrections pursuant to Section 6); (ii) the costs included in the Annual Update are properly recordable and recorded, prudently incurred, and otherwise consistent



with NY Transco's accounting policies, practices and procedures consistent with the USofA; (iii) the input data used in the Annual Update are accurate and correctly used in the Formula Rate; and (iv) the Formula Rate has been applied according to its terms, including the procedures in these Protocols. Information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined to be appropriate by FERC in the context of prior NY Transco Annual Updates, except that such information requests shall be permitted if they (i) seek to determine if there has been a change in circumstances, (ii) are in connection with corrections pursuant to Section 6, or (iii) relate to costs or allocations that have not previously been challenged and adjudicated by FERC. NY Transco shall cause any information requests received to be posted at a publicly accessible location on the ISO internet website and shall electronically serve a link to the website upon the Service List.

- c. NY Transco shall make a good faith effort to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests.

To the extent NY Transco and any Interested Person(s) are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, NY Transco or any Interested Person may petition the FERC to appoint an Administrative Law Judge as a discovery master to resolve the discovery dispute(s) in accordance with these Protocols and consistent with the FERC's discovery rules.

- d. Preliminary Challenges, or Formal Challenges as described in Section 5 below,

related to Accounting Changes shall be treated in the same manner under these Protocols as other challenges to the Annual Update. Failure to make a Preliminary Challenge with respect to an Accounting Change in an Annual Update shall not act as a bar with respect to a Formal Challenge with respect to that Annual Update, nor shall such failure bar a subsequent Preliminary Challenge related to a subsequent Annual Update to the extent such Accounting Change affects the subsequent Annual Update.

- e. If a change made by NY Transco to its accounting policies, practices or procedures, or their application to the Formula Rate, pursuant to Section 3(e)(ii) of these Protocols is found by the FERC to be unjust, unreasonable, and/or unduly discriminatory or preferential, then the calculation of the charges to be assessed during the Rate Year then under review, and the charges to be assessed during any subsequent Rate Years, including any True-up Adjustments, shall not include such change, but shall include any lawful remedy that may be prescribed by FERC to ensure that the Formula Rate continues to operate in a manner that is just, reasonable, and not unduly discriminatory or preferential.

## **Section 5. Resolution of Challenges**

- a. NY Transco shall appoint a senior representative to attempt to resolve any Preliminary Challenge. If NY Transco and any Interested Person have not resolved any Preliminary Challenge to the Annual Update within sixty (60) calendar days after the end of the Review Period (unless such period is extended with the written consent of NY Transco to continue efforts to resolve the Preliminary Challenge), such Interested Person may, within thirty (30) calendar

days thereafter, file a challenge with the FERC, pursuant to 18 C.F.R. § 385.206 (“Formal Challenge”), which shall be served on NY Transco by electronic service on the date of such filing. Subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions, all information and correspondence produced by NY Transco pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate.

b. Any response by NY Transco to a Formal Challenge must be submitted to the FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and NY Transco shall serve on the filing party(ies) and the Service List by electronic service on the date of such filing.

c. In any proceeding concerning a given year’s Annual Update (including corrections) or Accounting Change(s), NY Transco shall demonstrate the justness and reasonableness of the rate resulting from its application of the Formula Rate by demonstrating that it has reasonably and accurately calculated the Annual Update and/or reasonably adopted and applied the Accounting Change.

d. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of NY Transco to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, an application seeking changes to the Formula Rate or to any of the stated value inputs requiring a Section 205 filing under these Protocols (including, but not limited to, ROE, depreciation and amortization rates, and PBOPs), or the right of any other party or the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder.

e. NY Transco may, at its discretion and at a time of its choosing, make a limited filing pursuant to Section 205 to modify stated values in the Formula Rate for amortization and depreciation rates, or PBOP rates. The sole issue in any such limited Section 205 proceeding shall be whether such proposed change(s) is just and reasonable, and it shall not address other aspects of the Formula Rate.

## **Section 6. Changes to Annual Updates**

If NY Transco determines or concedes that corrections to the Annual Update are required, whether under Sections 4 or 5 of these Protocols, including but not limited to those requiring corrections to its FERC Form No. 1, or input data used for a Rate Year that would have affected the Annual Update for that Rate Year, NY Transco shall promptly notify the Service List, file a correction to the Annual Update with the FERC as an amended informational filing, and cause such information to be posted at a publicly accessible location on the ISO internet website. Such corrections shall be subject to review at the time they are made and shall be reflected in the next Annual Update, with interest. A corrected posting shall reset the deadlines under Section 4 and 5 of the Protocols for Interested Person review and the revised dates shall run from the posting date(s) for each of the corrections. The scope of review shall be limited to the aspects of the Formula Rate affected by the corrections. Interest on any over- or under-recovery due to corrections for preceding True-up Adjustments shall be calculated monthly on such over- or under-recovery from January 1 of the corrected Rate Year through December 31 of the Rate Year in which such over- or under-recovery is reflected ("Correction Period"). The applicable monthly interest rates for the Correction Period for an over-recovery shall be determined in accordance with the Formula Rate true-up worksheet divided by twelve (12) for each month from the beginning of the Correction Period through December 31 of the Rate Year

immediately preceding the Rate Year in which such over-recovery is reflected. The applicable monthly interest rates for the Correction Period for an under-recovery shall be the annual interest rate determined in accordance 18 C.F.R § 35.19a divided by twelve (12) for each month from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such under-recovery is reflected.

## **Section 7. Construction Work in Progress**

- a. Accounting. For each transmission project for which NY Transco has been authorized by a Commission order to include Construction Work in Progress (“CWIP”) in transmission rate base (“CWIP Project”), NY Transco shall use the following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.
  - (i) NY Transco shall assign each CWIP Project a unique Funding Project Number (“FPN”) for internal cost tracking purposes. For a CWIP Project for which the NY Transco is recovering 50% of CWIP in rate base, two FPNs will be assigned, one reflecting the CWIP balance in rate base and the other reflecting the balancing accruing AFUDC.
  - (ii) NY Transco shall record actual construction costs to each FPN through work orders that are coded to correspond to the FPN for each CWIP Project. Such work orders shall be segregated from work orders for transmission projects for which the Commission has not authorized NY Transco to include CWIP in rate base.
  - (iii) For each CWIP Project, NY Transco shall ensure that no AFUDC will be accrued under the associated FPN.

(iv) For transmission projects for which the Commission has not authorized NY Transco to include CWIP in rate base, NY Transco shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.

b. *Annual Reporting.* For each CWIP Project, NY Transco shall file a report with the Commission at the time of NY Transco's Annual Update that shall include the following information concerning each such project:

(i) the actual amount of CWIP recorded for each project;

(ii) any amounts recorded in related FERC accounts or subaccounts, such as AFUDC and regulatory liability;

(iii) the resulting effect of CWIP on the revenue requirement;

(iv) a statement of the current status of each project; and the estimated in-service date for each project.