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November 5, 2015

**VIA ELECTRONIC FILING**

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

**RE: *New York Transco, LLC, et al.***  
**Docket No. ER15-572-000**  
**Offer of Partial Settlement**

Dear Secretary Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.602 (2015), Applicants<sup>1</sup> hereby submit an Offer of Partial Settlement (“Settlement”) in the above-referenced proceeding on behalf of the signatories to the Settlement.<sup>2</sup> This Settlement resolves all of the issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-000 with respect to the Applicants’ proposed Transmission Owner Transmission Solutions Projects. The projects to be developed by NY Transco that were proposed by the Applicants in the NYPSC’s Alternating Current Transmission Proceeding, which are referred to in this proceeding as the “AC Projects,” are not subject to the terms of the Settlement, except as expressly provided in the Settlement.<sup>3</sup>

In accordance with Rule 602(c)(1), this Settlement filing consists of the following documents:

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<sup>1</sup> The Applicants are the New York Transco, LLC (“NY Transco”), Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric and Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

<sup>2</sup> The signatories include Applicants, New York Power Authority, Power Supply Long Island, New York Public Service Commission (“NYPSC”), New York State Department of State Utility Intervention Unit, City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State). Commission Trial Staff also has actively participated in the settlement discussions but is not a signatory to the Settlement.

<sup>3</sup> For example, the Settlement provides that the pending requests for rehearing in Docket No. ER15-572-000, insofar as they apply to the AC Projects, will be held in abeyance and provides for settlement negotiations to resume with respect to the AC Projects in the future.

1. This transmittal letter;
2. Explanatory Statement in Support of Offer of Partial Settlement;
3. Offer of Partial Settlement, which includes an Appendix A with revised versions of Schedule 13 (Section 6.13) and Attachment DD (Section 36) of the New York Independent System Operator, Inc. ("NYISO") Open Access Transmission Tariff ("OATT") that reflect revisions in accordance with the terms of the Settlement;
4. A proposed Commission letter order accepting the Settlement; and
5. A certificate of service.

Applicants are not filing the revised tariff sheets in electronic tariff format, pending Commission acceptance of the Settlement. Within 30 days of a Commission order accepting the Settlement, Applicants propose to collaborate with the NYISO to make a compliance filing in electronic tariff format consistent with Order No. 714 to ensure that the Applicants' "electronic tariff provisions reflect the Commission's actions." *Pacific Gas and Electric Company*, 132 FERC ¶ 61,073 at P 3 (2010)

Applicants respectfully request that the Settlement be transmitted to the presiding officer, Administrative Law Judge Sterner, for certification pursuant to Rule 602(b)(2)(i). In addition, Applicants respectfully request that Judge Sterner certify the Settlement to the Commission at the earliest possible date and that the Commission promptly approve the Settlement, without modification or condition, on the grounds that it is in the public interest, it represents the results of negotiations between Applicants and the active settlement parties in this proceeding, and it fully resolves all issues regarding the TOTS Projects in the proceeding.

Respectfully submitted,

/s/ Elias G. Farrah

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

<b>New York Transco, LLC</b>	)	
<b>New York Independent System Operator, Inc.</b>	)	
<b>Central Hudson Gas &amp; Elec. Corp.</b>	)	
<b>Consolidated Edison Co. of New York, Inc.</b>	)	
<b>Niagara Mohawk Power Corp., d/b/a</b>	)	<b>Docket No. ER15-572-000</b>
<b>National Grid</b>	)	
<b>New York State Elec. &amp; Gas Corp.</b>	)	
<b>Orange and Rockland Utilities, Inc.</b>	)	
<b>Rochester Gas and Electric Corp.</b>	)	

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

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”),<sup>1</sup> the Applicants in the above-captioned proceeding<sup>2</sup> submit this explanatory statement in support of the Offer of Settlement (“Settlement” or “Settlement Agreement”) among the Applicants and the Active Settlement Parties (each a “Settling Party” and collectively the “Settling Parties”)<sup>3</sup> to resolve all of the issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-000 with respect to the Applicants’ proposed Transmission Owner Transmission Solutions (“TOTS”) Projects.

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<sup>1</sup> 18 C.F.R. § 385.602 (2015).

<sup>2</sup> The Applicants are the New York Transco, LLC (“NY Transco”), Central Hudson Gas and Electric Corporation (“Central Hudson”), Consolidated Edison Company of New York, Inc. (“Con Edison”), Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”), New York State Electric and Gas Corporation (“NYSEG”), Orange and Rockland Utilities, Inc. (“O&R”), and Rochester Gas and Electric Corporation (“RG&E”).

<sup>3</sup> The Active Settlement Agreement Parties who attended all of the Settlement Agreement conferences and participated in Settlement Agreement negotiations are New York Power Authority (“NYPA”), Power Supply Long Island (“LIPA”), New York Public Service Commission (“NYPSC”), New York State Department of State Utility Intervention Unit, City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State). Commission Trial Staff also has actively participated in the Settlement Agreement discussions.

## I. INTRODUCTION

NY Transco is a New York limited liability company that is owned by affiliates of certain of the Applicants.<sup>4</sup> NY Transco was formed to plan, develop, construct, own, and operate major new high-voltage electric transmission projects in New York. NY Transco is a non-voting entity participating in the New York Independent System Operator, Inc. (“NYISO”). On December 4, 2014, Applicants submitted a filing (“December 4 Filing”) requesting that the Commission: (1) approve certain incentive rate treatments pursuant to section 219 of the Federal Power Act (“FPA”) and Order No. 679 for their investment in five interrelated high-voltage transmission projects in New York; (2) accept NY Transco’s transmission formula rate, which includes a formula rate template and protocols, to be effective on April 3, 2015; (3) approve NY Transco’s requested return on equity (“ROE”); (4) accept NY Transco’s cost allocation method to recover its revenue requirement; and (5) accept NY Transco’s proposed revisions to the NYISO Open Access Transmission Tariff (“OATT”) to include a proposed Transco Facilities Charge as Schedule 13 (Section 6.13) of the OATT and the proposed cost allocation and formula rate as Attachment DD (Section 36) of the OATT.

Numerous parties, including the Settling Parties, filed interventions, protests, comments, and answers in response to the December 4 Filing, and Applicants answered these filings.

On April 2, 2015, the Commission issued an order: (1) granting Applicants’ request for certain pre-commercial cost recovery incentives,<sup>5</sup> request for a 50 basis point adder for NY Transco’s membership in a regional transmission organization (“RTO”),<sup>6</sup> and request for a 50 basis point adder for the risks and challenges associated with developing the Edic to Pleasant

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<sup>4</sup> These affiliates are Consolidated Edison Transmission, LLC, Grid NY LLC, Iberdrola USA Networks New York Transco, LLC, and Central Hudson Electric Transmission, LLC.

<sup>5</sup> *New York Indep. Sys. Op., Inc.*, 151 FERC ¶ 61,004, at PP 76-78, 85 (2015) (“April 2 Order”).

<sup>6</sup> *Id.* at P 88.

Valley Project,<sup>7</sup> including the Applicants’ cost estimate risk sharing proposal associated with the ROE adders;<sup>8</sup> (2) accepting, for filing, NY Transco’s proposed formula rate and rate protocols, including a proposed base ROE and the methodology and procedures for tracking the pre-commercial cost recovery incentives granted by the Commission, but suspending them for a nominal period, subject to refund, and setting them for hearing and settlement judge procedures;<sup>9</sup> (3) declining the NYPSC’s request for cost recovery to be limited to the preliminary cost estimate identified by the NYPSC in a State proceeding;<sup>10</sup> (4) denying Applicants’ proposed hypothetical capital structure prior to securing financing for the projects;<sup>11</sup> (5) denying Applicants request for a 50 basis point adder for risks and challenges associated with developing the TOTS Projects, request for a risks and challenges adder for the Oakdale to Fraser Project, and request for a 50 basis point adder for forming as a Transco;<sup>12</sup> and, (6) denying Applicants’ proposed cost allocation provisions.<sup>13</sup>

Applicants, NYPSC, and NYPA filed requests for rehearing of the Commission’s April 2 Order. The Applicants requested rehearing of the Commission’s cost allocation ruling, the Commission’s denial of NY Transco’s proposed hypothetical capital structure incentive during the construction phase of its projects until long-term financing is secured, the Commission’s denial of additional ROE incentive adders based on the risks and challenges associated with developing the projects and for being a “Transco” as defined in the Commission’s regulations,

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<sup>7</sup> *Id.* at P 93.

<sup>8</sup> *Id.* at P 99, 111.

<sup>9</sup> *Id.* at PP 140-141.

<sup>10</sup> *Id.* at P 111.

<sup>11</sup> *Id.* at P 84.

<sup>12</sup> *Id.* at PP 92-93.

<sup>13</sup> *Id.* at PP 185-188.

and the Commission's denial of Applicants' request for waivers of certain accounting regulations.<sup>14</sup> NYPA also sought rehearing of the Commission's rejection of NY Transco's proposed cost allocation.<sup>15</sup> The NYPSC's rehearing requested that the Commission establish a cost recovery mechanism that includes certain cost containment measures, and reconsider the Commission's grant of a 50 basis point adder for RTO participation.<sup>16</sup> No other Settling Party filed a request for rehearing of the Commission's April 2 Order.

By order dated April 9, 2015, the Chief Judge designated the Honorable Steven L. Sterner to preside over settlement procedures.<sup>17</sup> Settlement conferences were held before Judge Sterner on May 5, 2015, May 21, 2015, June 3, 2015, July 20, 2015, August 28, 2015, September 16, 2015, September 24, 2015, and October 8, 2015. Following the initial settlement conference, Applicants responded to numerous data requests from Commission Trial Staff and the Settling Parties concerning the financial issues, cost allocation, and formula rate template and protocols. The Applicants, the Settling Parties, and FERC Trial Staff engaged in numerous settlement discussions and settlement conference calls between May 2015 and October 2015, which have resulted in this Settlement Agreement. This Settlement Agreement reflects the agreement of the Settling Parties to resolve all outstanding issues associated with the TOTS Projects, including issues related to the TOTS Projects that were set for hearing and issues pending on rehearing before the Commission in Docket No. ER15-572-000.

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<sup>14</sup> *New York Indep. Sys. Op., Inc.*, Applicants' Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015).

<sup>15</sup> *New York Indep. Sys. Op., Inc.*, NYPA's Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015).

<sup>16</sup> *New York Indep. Sys. Op., Inc.*, NYPSC's Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015). The NYPSC also sought clarification that Applicants will be held to a specific cost estimate and will not be allowed to apply above-estimate costs to an ROE incentive adder for participation in the NYISO.

<sup>17</sup> *New York Indep. Sys. Op., Inc.*, Docket No. ER15-572-000 (April 9, 2015) (unpublished).

## **II. SUMMARY OF SETTLEMENT AGREEMENT**

The Settling Parties have engaged in settlement negotiations resulting in this Settlement Agreement, which comprehensively resolves all issues set for hearing or pending on rehearing concerning the TOTS Projects. A summary of the provisions of the Settlement Agreement is included below. The Settlement Agreement binds each of the Settling Parties to the terms and conditions included therein.

Article I sets forth the procedural history of this proceeding.

Article II describes the scope of the Settlement Agreement. Articles 2.1 and 2.2 provide that, if approved by the Commission, the Settlement Agreement would resolve all issues set for hearing and pending on rehearing in Docket No. ER15-572-000 associated with the TOTS Projects, which are defined as the Ramapo to Rock Tavern (“RRT”) Project, the Staten Island Unbottling (“SIU”) Project, and NYSEG’s portion of the Marcy South Series Compensation Fraser to Coopers Corner Reconductoring (“MSSC”) Project. Article 2.2 clarifies that any costs expended on SIU with respect to the forced cooling portion of the project (“SIU Forced Cooling”) beyond the date of the Commission’s order approving this Settlement Agreement are not subject to the terms of this Settlement Agreement. Article 2.2 also clarifies that any costs expended on the SIU Forced Cooling project before the date of the Commission’s order approving this Settlement Agreement are subject to the terms of this Settlement, including the financial terms set forth in Article 3.2. Article 2.3 further provides that the Settlement Agreement includes the agreement of the Settling Parties with respect to the cost allocation to be proposed by NYPA in a future Section 205 filing with respect to NYPA’s portion of the MSSC Project. Article 2.4 provides that the base ROE, any ROE adders, and the capital structure provisions of the Settlement Agreement applicable to the TOTS Projects will also be utilized for purposes of Applicants’ recovery of its regulatory asset expense. Finally, Article 2.5 provides

that the projects proposed to be developed by NY Transco in the NYPSC's Alternating Current Transmission Proceeding<sup>18</sup> – the Edic to Pleasant Valley Project and the Oakdale to Fraser Project (together, the “AC Projects”) – are not subject to the terms of this Settlement Agreement. However, the Settling Parties agree that Docket No. ER15-572-000 shall remain open, but held in abeyance, with respect to the AC Projects until after the NYISO's “Viability and Sufficiency Assessment” is issued with respect to the AC Projects. Time periods and a process for resolution of issues associated with the AC Projects are set forth in Article 2.5.

Article III sets forth the terms and conditions of the Settlement Agreement. Article 3.2(a) establishes the base ROE for the TOTS Projects for three years from the date of the Commission's order approving the Settlement Agreement. In its December 4 Filing, the Applicants had proposed a base ROE of 10.60%, which was determined using the Commission's two-step discounted cash flow methodology. In the April 2 Order, the Commission set the base ROE for hearing,<sup>19</sup> and only the Applicants challenged the issue of the base ROE on rehearing. In Article 3.2(a) the Settling Parties agree that a base ROE of 9.5% shall apply to the costs of the TOTS Projects and shall remain in effect for at least three years after the date on which FERC approves the Settlement Agreement.

Article 3.2(b) establishes the total ROE adders allowed with respect to the TOTS Projects. In its December 4 Filing, the Applicants proposed three ROE adders: (1) a 50 basis point ROE adder for participation in an RTO; (2) a 50 basis point adder for NY Transco's status as a Transco; and (3) a 50 basis point adder for the risks and challenges associated with developing its proposed projects. In the April 2 Order, the Commission granted NY Transco the

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<sup>18</sup> See NYPSC, Order Instituting Proceeding, Case 12-T-0502, *et al.*, at pp. 1, 2 (Nov. 30, 2012).

<sup>19</sup> April 2 Order at PP 140-141.



50 basis point ROE adder for RTO participation<sup>20</sup> and denied the 50 basis point ROE adders for organizing as a Transco and for risks and challenges with respect to the TOTS Projects.<sup>21</sup> On rehearing, Applicants challenged the Commission’s rejection of the 50 basis point adder for risks and challenges for the TOTS Projects and the 50 basis point adder for being a “Transco.” On rehearing, the NYPSC objected to the Commission’s granting an adder for RTO participation by NY Transco. To resolve the differences of opinion reflected in pending rehearing requests regarding the amount of ROE basis point adders and the stated purpose of the adder, the Settling Parties agree in Article 3.2(b) that a single 50 basis point adder will be added to the base ROE for the TOTS Projects to account for benefits to customers, including congestion relief. The Settling Parties further agree that this adder will not apply to any capital costs incurred with respect to the TOTS Projects in order to reach commercial operation, above an aggregate capital investment amount of \$228 million. However, under Article 3.2(d), the 50 basis point adder will apply to any capital additions made after each project’s date of commercial operation for: (i) necessary repairs or replacements; (ii) additions or modifications that are required by the NYISO or any governmental authority; or (iii) investments that are consistent with good utility practice.

Article 3.2(c) establishes the capital structure applicable to the TOTS Projects. In its December 4 Filing, Applicants proposed to use a hypothetical capital structure consisting of 60% equity and 40% debt during the construction phase of the TOTS Projects until long-term financing is secured. The April 2 Order denied the use of the proposed hypothetical capital

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<sup>20</sup> *Id.* at P 88.

<sup>21</sup> *Id.* at PP 92-93. In the April 2 Order, the Commission granted a 50 basis point adder for risks and challenges for the Edic to Pleasant Valley Project. *Id.*

structure.<sup>22</sup> Applicants sought rehearing on this issue. To resolve the pending rehearing request on this issue, the Settling Parties agree that NY Transco shall use its actual capital structure up to 53% common equity, for the life of the TOTS Projects.

Article 3.3 sets forth the agreement among the Settling Parties with respect to cost allocation for the TOTS Projects only. In its December 4 Filing, Applicants proposed a cost allocation that applied to all New York transmission owners, including NYPA and LIPA. The April 2 Order rejected this cost allocation method because the TOTS Projects were not selected pursuant to a NYISO planning process or the result of a participant funded method, given that LIPA and NYPA did not voluntarily agree to bear these costs.<sup>23</sup> However, the Commission indicated that a cost allocation proposal based on such a voluntary agreement could be filed by Applicants. The Settlement Agreement constitutes such a voluntary agreement. The Settling Parties, including LIPA and NYPA, have agreed to the following cost allocation for the TOTS Projects:

<b>Transmission District</b>	<b>Allocation of the Costs of the TOTS Projects (%)</b>
Central Hudson	5.99
Con Edison/O&R	63.18
NYSEG/RG&E	10.12
National Grid	12.16
LIPA	8.55

The Settling Parties further agree that NYPA's load shall be treated the same as all other load serving entities ("LSEs") and NYPA as an LSE will be allocated costs for the TOTS Projects using the same percentage as the LSEs in each transmission district where NYPA serves

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<sup>22</sup> *Id.* at P 84.

<sup>23</sup> *Id.* at PP 185-190.

its customers. NYPA shall submit a Section 205 filing with FERC requesting to apply the same cost allocation percentages to NYPA's portion of the MSSC Project through the NYISO tariff. Applicants and LIPA have agreed to support that filing and the remaining Settling Parties have agreed either to support or not to oppose such a filing. The Settling Parties have agreed that cost recovery will be effectuated through the NYISO OATT by rate Schedule 13 (Section 6.13) and by a formula rate, which includes a formula rate template and protocols in Attachment DD (Section 36), as reflected in Appendix A of the Settlement Agreement. The Settling Parties also agree that any costs expended on Applicants' SIU Forced Cooling project that are incurred beyond the date of the Commission's order approving the Settlement Agreement are not subject to the terms of this Settlement Agreement, except that LIPA shall not be allocated any such costs.

Article 3.4 sets forth the terms that shall apply to the Applicants' formula rate template and protocols, which together comprise the formula rate. The Settling Parties agree that the formula rate template and protocols will be amended as set forth in Appendix A to this Settlement Agreement. The Settling Parties agree that the prudently-incurred costs of service for the NY Transco TOTS Projects, including those related to development and/or regulatory asset costs and ongoing administrative costs, will be recoverable through the formula rate.

In Article 3.5, the Settling Parties agree either to support or not to oppose the Settlement Agreement before the Commission and not to take any position adverse to the express terms of the Settlement Agreement in any related proceedings before the Commission or the NYPSC. Article 3.5 clarifies that the Settlement Agreement cannot bind NYPSC with respect to any NYPSC proceedings, and the Settlement Agreement cannot bind any Settling Party to any position with respect to the AC Projects.

Article 3.6 limits the ability of the Settling Parties to make any filings pursuant to Sections 205 or 206 of the FPA that are inconsistent with the terms agreed to in the Settlement Agreement.

Article 3.7 requires the Settling Parties to withdraw their requests for rehearing in Docket No. ER15-572-000 insofar as they apply to the TOTS Projects. Any requests for rehearing insofar as they apply to the AC Projects shall be held in abeyance until the Settlement Agreement discussions with respect to the AC Projects have concluded and the Commission has approved the financial terms applicable to the AC Projects.

Article 3.8 requires the Applicants to make a compliance filing with the Commission to implement the Settlement Agreement within 30 days of the Commission's approval of the Settlement Agreement, and Article 3.9 provides that Applicants shall submit any Section 205 filing necessary for NY Transco to acquire the TOTS Projects (including as intangible assets in exchange for cash contributions) or to implement the terms of the Settlement Agreement.

Article 3.10 provides that to the extent the Commission does not approve all aspects of this Settlement Agreement, the Settling Parties will have 30 days to withdraw their support for the Settlement Agreement.

Articles IV, V, VI, and VII address procedural aspects of the Settlement Agreement. Article 4.1 identifies when the Settlement Agreement will become effective. The Settlement Agreement shall be effective upon Commission approval. Article 5.1 provides that the Commission's approval of this Settlement Agreement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any Settling Party in a future proceeding, other than to enforce the terms of this Settlement Agreement, and shall not be used as evidence that a particular method is a "long-standing practice" or a "settled practice" as those

terms are used in applicable precedent. Article 6.1 describes the standard of review to be applied for any proposed modification of the Settlement Agreement. The standard of review for any modifications proposed by a Settling Party shall be the “public interest” application of the just and reasonable standard, as set forth in applicable precedent. The standard of review for any modifications proposed by the Commission acting *sua sponte* or at the request of a third party shall be the ordinary just and reasonable standard (rather than the “public interest” standard), as set forth in applicable precedent.

Article VII includes certain miscellaneous provisions and reservations of rights.

### **III. RESPONSES TO REQUIRED QUESTIONS**

In accordance with the Chief Administrative Law Judge’s October 15, 2003 *Notice to the Public: Information to be Provided with Settlement Agreement Agreements* (corrected October 23, 2003), the Settling Parties provide the following responses to the questions identified by the Chief Administrative Law Judge:

#### **1. What are the issues underlying the settlement and what are the major implications?**

The primary issues addressed by the Settlement Agreement are the financial terms that are components of NY Transco’s revenue requirement for the TOTS Projects, including the base ROE, the characterization of the 50 basis point ROE adder, the capital structure; the cost allocation under the NYISO OATT for the TOTS Projects; and, the severing of the AC Projects from the Settlement Agreement terms. This Settlement Agreement results in a *total* ROE (10%) for the TOTS Projects that is lower than the *base* ROE (10.60%) proposed by the Applicants and supported by the Applicants’ filing. The Settlement Agreement results in the same amount of basis point adders (50 basis points) for the TOTS Projects as granted by the Commission in the April 2 Order. The Settlement Agreement refers to the adder as accounting for benefits to

customers, including congestion relief, to resolve the NYPSC's objection on rehearing to having an adder for the stated purpose of participation in an RTO and Applicants' request for rehearing with respect to additional adders for other ratepayer benefits. Finally, the Settling Parties to this Settlement Agreement include NYPA and LIPA. Accordingly, the cost allocation set forth in this Settlement Agreement is voluntarily agreed to by all participants who will bear the costs of the TOTS Projects under the NYISO OATT.

**2. Whether any of the issues raise policy implications?**

No.

**3. Whether other pending cases may be affected?**

Yes. This Settlement Agreement requires that the requests for rehearing pending in Docket No. ER15-572-000 be withdrawn only insofar as they apply to the TOTS Projects. The requests for rehearing insofar as they apply to the AC Projects will remain pending, but held in abeyance, pending the occurrence of certain events in the NYISO process wherein the AC Projects may be considered. The Settling Parties will resume settlement discussions in Docket No. ER15-572-000 with respect to the AC Projects if the NYISO issues a "Viability and Sufficiency Assessment" with respect to the AC Projects. Article 5.1 of the Settlement Agreement provides that following Commission approval of the Settlement Agreement, the portions of the Commission's April 2 Order in Docket No. ER15-572-000 that relate to the TOTS Projects shall not constitute a precedent in any future proceeding, except to enforce the terms of this Settlement.

In addition, the Settlement Agreement requires the Settling Parties to take certain actions or abstain from taking certain actions with respect to any Section 205 made by NYPA to recover the costs associated with its portion of the MSSC Project.

**4. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved?**

The Settlement Agreement does not involve any issues of first impression, or previous reversals on the issues involved.

**5. Whether the proceeding is subject to the ordinary just and reasonable standard or whether there is *Mobile-Sierra* language requiring public interest findings (*i.e.*, the applicable standard of review)?**

The Settling Parties agree that the Settlement Agreement will be governed by the *Mobile-Sierra* doctrine, which requires public interest findings by the Commission for modification by the Settling Parties. Any changes to the Settlement Agreement proposed by non-Settling Parties, other non-parties, or the Commission will be subject to the ordinary just and reasonable standard of review (rather than the “public interest” standard).

#### IV. CONCLUSION

The Settlement Agreement will fully resolve all issues regarding the TOTS Projects that were set for hearing or are the subject of pending requests for rehearing in Docket No. ER15-572-000 in a fair and reasonable manner that is in the public interest. Commission approval of the Settlement Agreement will avoid the expense and risk associated with hearing proceedings and any subsequent litigation. For these reasons, Applicants respectfully request that the presiding Administrative Law Judge certify the Settlement Agreement to the Commission as soon as possible following the comment period, and that the Commission approve the Settlement Agreement without condition or modification at the earliest possible date following certification.

Respectfully submitted,

/s/ Elias G. Farrah

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*Counsel to the Applicants*

Dated: November 5, 2015



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<b>National Grid</b>	)	
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**OFFER OF PARTIAL SETTLEMENT**

**To:   Honorable Steven L. Sterner  
      Presiding Administrative Law Judge**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”),<sup>1</sup> the Applicants in the above-captioned proceeding<sup>2</sup> submit this Offer of Settlement (“Settlement” or “Settlement Agreement”) among the Applicants and the Active Settlement Parties (each a “Settling Party” and collectively the “Settling Parties”)<sup>3</sup> to resolve all of the issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-000 with respect to the Applicants’ proposed Transmission Owner Transmission Solutions (“TOTS”) Projects.<sup>4</sup> As to the TOTS Projects, this Settlement

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<sup>1</sup> 18 C.F.R. § 385.602 (2015).

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<sup>3</sup> The Active Settlement Parties who attended all of the settlement conferences and participated in settlement negotiations are New York Power Authority (“NYPA”), Power Supply Long Island (“LIPA”), New York Public Service Commission (“NYPSC”), New York State Department of State Utility Intervention Unit, City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State). Commission Trial Staff also has actively participated in the settlement discussions.

<sup>4</sup> The TOTS Projects are defined in Article 2.1 of this Settlement Agreement.

Agreement addresses all outstanding issues, including financial (revenue requirement) and cost allocation issues, and issues associated with the formula rate template and protocols and a related rate schedule.

## **ARTICLE I PROCEDURAL BACKGROUND**

NY Transco is a New York limited liability company that is owned by affiliates of the Applicants.<sup>5</sup> NY Transco was formed to plan, develop, construct, own, and operate major new high-voltage electric transmission projects in New York. NY Transco is a non-voting entity participating in the New York Independent System Operator, Inc. (“NYISO”). On December 4, 2014, Applicants submitted a filing (“December 4 Filing”) requesting that the Commission: (1) approve certain incentive rate treatments pursuant to section 219 of the Federal Power Act (“FPA”) and Order No. 679 for their investment in five interrelated high-voltage transmission projects in New York; (2) accept NY Transco’s transmission formula rate, which includes a formula rate template and protocols, to be effective on April 3, 2015; (3) approve NY Transco’s requested return on equity (“ROE”); (4) accept NY Transco’s cost allocation method to recover its revenue requirement; and (5) accept NY Transco’s proposed revisions to the NYISO Open Access Transmission Tariff (“OATT”) to include a proposed Transco Facilities Charge as Schedule 13 (Section 6.13) of the OATT and the proposed cost allocation and formula rate as Attachment DD (Section 36) of the OATT.

Numerous parties, including the Settling Parties, filed interventions, protests, comments, and answers in response to the December 4 Filing, and Applicants answered these filings.

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<sup>5</sup> These affiliates are Consolidated Edison Transmission, LLC, Grid NY LLC, Iberdrola USA Networks New York Transco, LLC, and Central Hudson Electric Transmission, LLC.

On April 2, 2015, the Commission issued an order: (1) granting Applicants’ request for certain pre-commercial cost recovery incentives,<sup>6</sup> request for a 50 basis point adder for NY Transco’s membership in a regional transmission organization (“RTO”),<sup>7</sup> and request for a 50 basis point adder for the risks and challenges associated with developing the Edic to Pleasant Valley Project,<sup>8</sup> including the Applicants’ cost estimate risk sharing proposal associated with the ROE adders;<sup>9</sup> (2) accepting, for filing, NY Transco’s proposed formula rate and protocols, including a proposed base ROE and the methodology and procedures for tracking the pre-commercial cost recovery incentives granted by the Commission, but suspending them for a nominal period, subject to refund, and setting them for hearing and settlement judge procedures;<sup>10</sup> (3) declining the NYPSC’s request for cost recovery to be limited to the preliminary cost estimate identified by the NYPSC in a State proceeding;<sup>11</sup> (4) denying Applicants’ proposed hypothetical capital structure prior to securing financing for the projects;<sup>12</sup> (5) denying Applicants request for a 50 basis point adder for risks and challenges associated with developing the TOTS Projects, request for a risks and challenges adder for the Oakdale to Fraser Project, and request for a 50 basis point adder for being a Transco;<sup>13</sup> and, (6) denying Applicants’ proposed cost allocation provisions.<sup>14</sup>

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<sup>6</sup> *New York Indep. Sys. Op., Inc.*, 151 FERC ¶ 61,004, at PP 76-78, 85 (2015) (“April 2 Order”).

<sup>7</sup> *Id.* at P 88.

<sup>8</sup> *Id.* at P 93.

<sup>9</sup> *Id.* at P 99, 111.

<sup>10</sup> *Id.* at PP 140-141.

<sup>11</sup> *Id.* at P 111.

<sup>12</sup> *Id.* at P 84.

<sup>13</sup> *Id.* at PP 92-93.

<sup>14</sup> *Id.* at PP 185-188.

Applicants, NYPSC, and NYPA filed requests for rehearing of the Commission's April 2 Order. The Applicants requested rehearing of the Commission's cost allocation ruling, the Commission's denial of NY Transco's proposed hypothetical capital structure incentive during the construction phase of its projects until long-term financing is secured, the Commission's denial of additional ROE incentive adders based on the risks and challenges associated with developing the projects and for being a "Transco" as defined in the Commission's regulations, and the Commission's denial of Applicants' request for waivers of certain accounting regulations.<sup>15</sup> NYPA also sought rehearing of the Commission's rejection of NY Transco's proposed cost allocation.<sup>16</sup> The NYPSC's rehearing requested that the Commission establish a cost recovery mechanism that includes certain cost containment measures, and reconsider the Commission's grant of a 50 basis point adder for RTO participation.<sup>17</sup> No other Settling Party filed a request for rehearing of the Commission's April 2 Order.

By order dated April 9, 2015, the Chief Judge designated the Honorable Steven L. Sterner to preside over settlement procedures.<sup>18</sup> Settlement conferences were held before Judge Sterner on May 5, 2015, May 21, 2015, June 3, 2015, July 20, 2015, August 28, 2015, September 16, 2015, September 24, 2015, and October 8, 2015. Following the initial settlement conference, Applicants responded to numerous informal requests for information as part of settlement discussions, including from Commission Trial Staff and the Settling Parties concerning the financial issues, cost allocation, and formula rate template and protocols. The Applicants, the

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<sup>15</sup> *New York Indep. Sys. Op., Inc.*, Applicants' Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015).

<sup>16</sup> *New York Indep. Sys. Op., Inc.*, NYPA's Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015). The NYPSC also sought clarification that Applicants will be held to a specific cost estimate and will not be allowed to apply above-estimate costs to an ROE incentive adder for participation in the NYISO.

<sup>17</sup> *New York Indep. Sys. Op., Inc.*, NYPSC's Request for Rehearing, Docket No. ER15-572-000 (May 5, 2015).

<sup>18</sup> *New York Indep. Sys. Op., Inc.*, Docket No. ER15-572-000 (April 9, 2015) (unpublished).

Settling Parties, and FERC Trial Staff engaged in numerous settlement discussions and settlement conference calls between May 2015 and October 2015, which have resulted in this Settlement Agreement. This Settlement reflects the agreement of the Settling Parties to resolve all outstanding issues associated with the TOTS Projects, including issues related to the TOTS Projects that were set for hearing and issues pending on rehearing before the Commission in Docket No. ER15-572-000.

This Settlement Agreement includes Appendix A, which contains the agreed-upon changes to NY Transco's formula rate template and protocols which will be included in Attachment DD (Section 36) of the NYISO OATT through a compliance filing after approval of the Settlement Agreement by the Commission. Appendix A also includes agreed-upon conforming revisions to Schedule 13 (Section 6.13) of the NYISO OATT.

## **ARTICLE II SCOPE OF SETTLEMENT**

2.1 Except as expressly set forth herein, this Settlement Agreement applies to the Applicants' TOTS Projects, which are defined to include the Ramapo to Rock Tavern ("RRT") Project, the Staten Island Unbottling ("SIU") Project, and NYSEG's portion of the Marcy South Series Compensation Fraser to Coopers Corner Reconductoring ("MSSC") Project.

2.2 Any costs expended on SIU with respect to the forced cooling portion of the project ("SIU Forced Cooling") beyond the date of the Commission's order approving this Settlement are not subject to the terms of this Settlement, including the limitations in Article 3.2(d), except as provided for in Article 3.3(e) with respect to LIPA. Any costs expended on the SIU Forced Cooling project before the date of the Commission's order approving this Settlement are subject to the terms of this Settlement, including the financial terms set forth in Article 3.2.

2.3 This Settlement Agreement also resolves any issues pending on rehearing in this Docket No. ER15-572-000 insofar as they relate to the TOTS Projects. This Settlement Agreement includes the agreement of the Settling Parties in Article 3.3(c) with respect to the cost allocation to be proposed by NYPA in a future Section 205 filing with respect to NYPA's portion of the MSSC Project. However, this Agreement does not apply to any issues related to NYPA's revenue requirement for the costs of its portion of the MSSC Project.

2.4 The base ROE, the 50 basis point adder to the ROE, and the capital structure provisions applicable to the TOTS Projects as a result of this Settlement shall also be utilized for purposes of NY Transco's recovery of its regulatory asset expense.

2.5 The projects to be developed by NY Transco that were proposed by the Applicants in the NYPSC's Alternating Current Transmission Proceeding<sup>19</sup> – the Edic to Pleasant Valley Project and the Oakdale to Fraser Project (together, the “AC Projects”) – are not subject to the terms of this Settlement Agreement except as expressly provided for in Article 3.7. The Settling Parties agree that Docket No. ER15-572-000 shall remain open but held in abeyance with respect to the Applicants' AC Projects, as they may be modified during the NYPSC/NYISO selection process, until such time as the NYISO makes a “Viability and Sufficiency Assessment” with respect to the AC Projects pursuant to Section 31.4.6.5 of Attachment Y of the NYISO OATT. Within 30 days after the NYISO's Viability and Sufficiency Assessment, the Settling Parties will agree in good faith on a date not more than three (3) months later to resume settlement negotiations in Docket No. ER15-572-000 to resolve the rates, terms, and conditions to be approved by the Commission for the Applicants' AC Projects. On or after that date, the Applicants will file a new Section 205 filing to address the cost allocation methodology to be applied to the AC

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<sup>19</sup> See NYPSC, Order Instituting Proceeding, Case 12-T-0502, *et al.*, at pp. 1, 2 (Nov. 30, 2012).

Projects. This Settlement Agreement is not intended to apply or to be interpreted as precedent applicable to, and shall not, prejudice the future resolution of the appropriate cost allocation to be applied to the AC Projects.

### **ARTICLE III TERMS OF SETTLEMENT**

3.1 The Settling Parties agree, subject to Commission approval, to be bound by the terms of this Settlement Agreement with respect to NY Transco's TOTS Projects.

3.2 The following financial terms shall apply to the TOTS Projects:

a. A base ROE of 9.5% shall apply to the capital costs of the TOTS Projects and shall remain in effect for a period commencing on the date that FERC approves the Settlement Agreement and ending no earlier than the date that is three years after the date on which FERC approves the Settlement Agreement. The base ROE can be modified with an effective date that is on or after that date pursuant to filings under Sections 205 or 206 of the FPA.

b. To account for benefits to customers, including congestion relief, 50 basis points shall be added to the base ROE for the NY Transco TOTS Projects, except that the 50 basis point adder will not apply to any capital costs incurred in order to reach commercial operation of the TOTS Projects, above an aggregate capital investment of \$228 million.

c. For the life of the TOTS Projects, the capital structure applicable to the revenue requirement for the TOTS Projects shall be NY Transco's actual capital structure, except that the common equity component of the capital structure ratio shall be capped at 53%.

d. The 50 basis point adder set forth in section 3.2(b) hereof shall apply to any capital additions made to the TOTS Projects after each project's date of commercial operation for: (i) necessary repairs or replacements; (ii) additions or modifications that are required by the

NYISO or any governmental authority; or (iii) investments that are consistent with good utility practice.

3.3 The following cost allocation terms shall apply to the TOTS Projects:

a. The following cost allocation shall be utilized for and applied to the TOTS Projects:

<b>Transmission District</b>	<b>Allocation of the Costs of the TOTS Projects (%)</b>
Central Hudson	5.99
Con Edison/O&R	63.18
NYSEG/RG&E	10.12
National Grid	12.16
LIPA	8.55

b. NYPA's load shall be treated the same as all other load serving entities ("LSEs") and NYPA as an LSE will be allocated costs for the TOTS Projects using the same percentage as the LSEs in each transmission district where NYPA serves its customers.

c. NYPA shall submit a Section 205 filing with FERC to determine the cost allocation to be applied to its portion of the MSSC Project. The Applicants and LIPA agree to support, and the other Settling Parties agree either to support or not to oppose a proposal made in such a filing by NYPA to apply these same cost allocation percentages to NYPA's MSSC Project through the NYISO tariff, except that all Settling Parties may take any position on any aspect other than cost allocation in NYPA's Section 205 filing or any other filing by NYPA related to its portion of the MSSC Project.

d. Cost recovery will be effectuated through Rate Schedule 13 (Section 6.13) of the NYISO OATT and by a formula rate template and protocols as set forth in Attachment DD (Section 36) of the NYISO OATT, each as reflected in Appendix A to this Settlement.



e. Any costs expended on Applicants' SIU Forced Cooling Project that are incurred beyond the date of the Commission's order approving this Settlement Agreement are not subject to the terms of this Settlement Agreement, provided however that LIPA shall not be allocated any such costs.

3.4 The following terms shall apply to the Applicants' formula rate template and protocols, which together comprise the formula rate:

a. The formula rate template and protocols will be amended as set forth in Appendix A to this Settlement Agreement.

b. The prudently-incurred costs of service for the NY Transco TOTS Projects, including those costs related to development, the regulatory asset, and ongoing administrative costs, will be recoverable through the formula rate.

3.5 The Settling Parties agree either to support or not to oppose this Settlement Agreement before the Commission and agree not to take any position adverse to the terms of this Settlement Agreement in any related proceedings before the Commission or the NYPSC. Notwithstanding the foregoing, this Settlement Agreement does not bind the NYPSC with respect to any NYPSC proceedings. This Settlement Agreement does not bind or require any Settling Party either to support or not to oppose the Applicants' AC Projects, nor does it restrict any Settling Party's ability to question the Applicants' or NY Transco's application of the formula rate template or protocols or to challenge any future costs for which the Applicants or NY Transco seek recovery from ratepayers.

3.6 The Settling Parties agree not to make any filings pursuant to Sections 205 or 206 of the FPA that are inconsistent with the terms agreed to in this Settlement Agreement.

3.7 Within thirty (30) days of the Commission's approval of this Settlement Agreement, the Settling Parties agree to withdraw their pending requests for rehearing in Docket No. ER15-572-000 insofar as the requests for rehearing relate to the TOTS Projects. Any pending requests for rehearing in Docket No. ER15-572-000, insofar as they apply to the AC Projects, shall be held in abeyance until the settlement discussions described in Article 2.5 of this Settlement have concluded and FERC has approved the financial terms applicable to the AC Projects identified in Article 2.5. Any such withdrawal is without prejudice to the same arguments being raised in other proceedings.

3.8 Within thirty (30) days of the date that the Commission approves this Settlement Agreement, the Applicants will make a compliance filing with the Commission to the extent necessary to implement the terms of this Settlement Agreement.

3.9 Applicants shall submit any Section 205 filing necessary for the NY Transco to acquire the TOTS Projects or rights thereto (including as intangible assets resulting from a cash contribution) and to implement the terms of this Settlement Agreement.

3.10 To the extent the Commission does not approve all aspects of this Settlement Agreement, the Settling Parties will have 30 days from the date the Commission issues an order approving this Settlement Agreement to withdraw their support for the Settlement Agreement.

#### **ARTICLE IV SETTLEMENT EFFECTIVE DATE**

4.1 This Settlement Agreement shall be effective on the date on which a Commission order approving this Settlement Agreement is issued ("Settlement Effective Date"). The Settlement Agreement shall bind the Settling Parties as of the Settlement Effective Date.

**ARTICLE V**  
**NO PRECEDENTIAL EFFECT**

5.1 Except as expressly provided for in this Settlement, this Settlement Agreement will not constitute a precedent in any future proceedings, including any proceeding for the AC Projects. Once this Settlement Agreement is approved by the Commission, the portions of the Commission's April 2 Order in Docket No. ER15-572-000 that relate to the TOTS Projects shall not constitute a precedent in any future proceeding, except to enforce the terms of this Settlement. This Settlement Agreement shall not be used as evidence that a particular method is a "long-standing practice" as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1975), or a "settled practice" as that term is used in *Public Service Comm. of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

**ARTICLE VI**  
**STANDARD OF REVIEW**

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

## **ARTICLE VII MISCELLANEOUS**

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

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

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

7.4 Interpretation. All Settling Parties participated in the drafting of this Settlement Agreement. No Settling Party shall be deemed the drafter of this Settlement Agreement, and this Settlement Agreement shall not be construed against any Party as the drafter.

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

7.6 Admissibility of Settlement. This Settlement Agreement is submitted pursuant to Rule 602(e) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(e) (2015). Unless and until the Settlement Agreement becomes effective pursuant to its terms, the Settlement Agreement shall be of no effect. Except for the NYPA filing contemplated by Article 3.3(c) above, the Settlement Agreement shall not be admissible in evidence or in any way described or discussed in any proceeding before any court or regulatory body (except in comments on the Settlement in this proceeding). In addition, the discussions that resulted in this

Settlement Agreement were conducted with the explicit understanding, pursuant to Rule 602(e), that all offers of settlement and any discussions relating thereto are and shall be privileged, shall be without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with this or any other proceeding except as specifically noted in this Settlement Agreement or in an action to enforce this Settlement Agreement.

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

7.8 Enforceability and Waiver. Any failure of any Settling Party (i) to enforce any of the provisions of this Settlement Agreement or (ii) to require compliance with any of its terms at any time during the term of this Settlement Agreement shall in no way affect the validity of this Settlement Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Settling Party thereafter to enforce any and each such provision. Commission approval of this Settlement Agreement shall constitute a grant of any waivers of the Commission's regulations that may be necessary to effectuate all of the provisions of this Settlement Agreement.

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

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

of, and to authorize this Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

7.11 Ambiguity. This Settlement Agreement is the result of negotiations among the Settling Parties and has been subject to review by each Settling Party and its respective counsel. Therefore, this Settlement Agreement shall be deemed the product of each Settling Party and no ambiguity in this Settlement Agreement shall be construed in favor of, or against, either Settling Party.

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

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

**[THE NEXT PAGE IS THE SIGNATURE PAGE]**

## SETTLEMENT AGREEMENT

### SIGNATURE PAGES

NEW YORK TRANSCO, LLC

By: James A. Lahtinen  
Name: James A. Lahtinen  
Title: Vice President - Regulatory Affairs  
Date: November 3, 2015

CENTRAL HUDSON GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CONSOLIDATED EDISON COMPANY OF  
NEW YORK, INC.  
ORANGE AND ROCKLAND UTILITIES,  
INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK STATE ELECTRIC AND GAS  
CORPORATION  
ROCHESTER GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_  
Name: Joseph J. Syta  
Title: Vice President, Controller & Treasurer  
Date: November 3, 2015

NIAGARA MOHAWK POWER  
CORPORATION d/b/a NATIONAL GRID

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
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NEW YORK POWER AUTHORITY

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POWER SUPPLY LONG ISLAND

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NEW YORK PUBLIC SERVICE  
COMMISSION

By: \_\_\_\_\_  
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Title: \_\_\_\_\_

Date: \_\_\_\_\_

CENTRAL HUDSON GAS AND ELECTRIC  
CORPORATION

By: 

Name: Paul A. Colbert

Title: Associate General Counsel-

Regulatory Affairs

Date: November 4, 2015

CONSOLIDATED EDISON COMPANY OF  
NEW YORK, INC.  
ORANGE AND ROCKLAND UTILITIES,  
INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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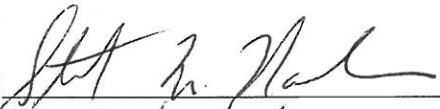
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CONSOLIDATED EDISON COMPANY OF  
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By:   
Name: Stuart Nachmias  
Title: VP, Energy Policy & Reg. Affairs  
Date: Nov. 3, 2015

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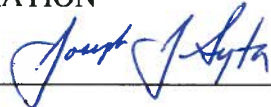
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Title: \_\_\_\_\_

Date: \_\_\_\_\_

NIAGARA MOHAWK POWER  
CORPORATION d/b/a NATIONAL GRID

By: Pamela A. Viapiano

Name: PAMELA A. VIAPIANO

Title: VICE PRESIDENT

Date: 11/4/2015

NEW YORK POWER AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

POWER SUPPLY LONG ISLAND

By: \_\_\_\_\_

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Date: \_\_\_\_\_

NEW YORK PUBLIC SERVICE  
COMMISSION

By: \_\_\_\_\_

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By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK POWER AUTHORITY

By: Gerard Vintore  
Name: Gerard Vintore  
Title: VP, FINANCE  
Date: 11/3/2013

POWER SUPPLY LONG ISLAND

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK PUBLIC SERVICE  
COMMISSION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## SETTLEMENT AGREEMENT

### SIGNATURE PAGES

NEW YORK TRANSCO, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CENTRAL HUDSON GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CONSOLIDATED EDISON COMPANY OF  
NEW YORK, INC.  
ORANGE AND ROCKLAND UTILITIES,  
INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK STATE ELECTRIC AND GAS  
CORPORATION  
ROCHESTER GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

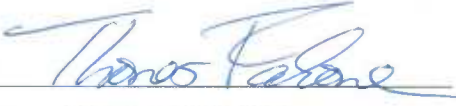
NIAGARA MOHAWK POWER  
CORPORATION d/b/a NATIONAL GRID

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK POWER AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

POWER SUPPLY LONG ISLAND

By:   
Name: Thomas Falcone  
Title: Chief Financial Officer  
Date: November 3, 2015

NEW YORK PUBLIC SERVICE  
COMMISSION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## SETTLEMENT AGREEMENT

### SIGNATURE PAGES

NEW YORK TRANSCO, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CENTRAL HUDSON GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CONSOLIDATED EDISON COMPANY OF  
NEW YORK, INC.  
ORANGE AND ROCKLAND UTILITIES,  
INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK STATE ELECTRIC AND GAS  
CORPORATION  
ROCHESTER GAS AND ELECTRIC  
CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NIAGARA MOHAWK POWER  
CORPORATION d/b/a NATIONAL GRID

By: \_\_\_\_\_

Name: \_\_\_\_\_

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Date: \_\_\_\_\_

NEW YORK POWER AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

POWER SUPPLY LONG ISLAND

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK PUBLIC SERVICE  
COMMISSION

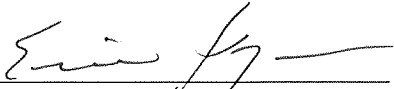
By: Kimberly A. Harriman

Name: Kimberly A. Harriman

Title: General Counsel

Date: November 4, 2015

NEW YORK STATE DEPARTMENT OF  
STATE UTILITY AND INTERVENTION  
UNIT

By:   
Name: Erin Hogan  
Title: Director  
Date: 11/3/15  
Docket No. ER15-572-000

NEW YORK ASSOCIATION OF PUBLIC  
POWER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CITY OF NEW YORK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

MUNICIPAL ELECTRIC UTILITIES  
ASSOCIATION OF NEW YORK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

MULTIPLE INTERVENORS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

NEW YORK STATE DEPARTMENT OF  
STATE UTILITY AND INTERVENTION  
UNIT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF NEW YORK

By: Kevin M. Lang

Name: Kevin M. Lang

Title: Partner, Couch White, LLP

Counsel for the City of New York

Date: November 3, 2015

NEW YORK ASSOCIATION OF PUBLIC  
POWER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MUNICIPAL ELECTRIC UTILITIES  
ASSOCIATION OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MULTIPLE INTERVENORS

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



NEW YORK STATE DEPARTMENT OF  
STATE UTILITY AND INTERVENTION  
UNIT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK ASSOCIATION OF PUBLIC  
POWER

By: Paul J. Pallas

Name: Paul J. Pallas

Title: President

Date: November 3, 2015

MUNICIPAL ELECTRIC UTILITIES  
ASSOCIATION OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MULTIPLE INTERVENORS

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK STATE DEPARTMENT OF  
STATE UTILITY AND INTERVENTION  
UNIT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK ASSOCIATION OF PUBLIC  
POWER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MUNICIPAL ELECTRIC UTILITIES  
ASSOCIATION OF NEW YORK

By: 

Name: James W Brew

Title: Counsel

Date: Nov. 4, 2015

MULTIPLE INTERVENORS

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK STATE DEPARTMENT OF  
STATE UTILITY AND INTERVENTION  
UNIT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

NEW YORK ASSOCIATION OF PUBLIC  
POWER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MUNICIPAL ELECTRIC UTILITIES  
ASSOCIATION OF NEW YORK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

MULTIPLE INTERVENORS

By: Michael B. Mager

Name: Michael B. Mager

Title: Partner, Couch White, LLP, counsel for Multiple Intervenors

Date: November 3, 2015

## **APPENDIX A**

**Section 6.13**  
**(Schedule 13)**

**NYISO OATT**

## **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 New York Transco LLC (“NY Transco”) projects, each of which is hereinafter referred to as an “Approved NYTP” and each of which has 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): (1) the Ramapo-to-Rock Tavern Project; (2) the Marcy South Series Compensation Fraser-to-Coopers Corner Reconductoring Project; and (3) the Staten Island Unbottling Project.<sup>1</sup> NY Transco may undertake an Approved NYTP and seek cost recovery through a TFC under this Schedule.<sup>2</sup>

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 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

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<sup>1</sup> Any costs incurred on the forced cooling portion of the Staten Island Unbottling Project after the date of the Commission’s order approving the Offer of Partial Settlement in Docket No. ER15-572-000 shall not be recovered through the TFC without further order of the Commission.

<sup>2</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.

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, NYPA, 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”) shall pay the TFC. The costs of each Approved NYTP shall be allocated as set forth in the 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**

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

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

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

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

$$\text{TFCRate}_{t,B} = \text{TFC}_{t,B} / \text{MWh}_{t,B}$$

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

$$\text{Charge}_{B,l,t} = \text{TFCRate}_{t,B} \times \text{MWh}_{l,t,B}$$

**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;

$\text{MWh}_{t,B}$  = Actual Energy Withdrawals in Transmission District t aggregated across all hours in Billing Period B;

$\text{MWh}_{l,t,B}$  = Actual Energy Withdrawals for Responsible LSE l in Transmission District t aggregated across all hours in Billing Period B;

Annual  $\text{RR}_{p,B}$  = 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<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;

Transmission District Cost Allocation<sub>t,p</sub> = 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.

**6.13.3.5** 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.

**Section 36**  
**(Attachment DD)**

**NYISO OATT**

## **36 Attachment DD - Rules to Allocate the Cost of New York Transco, LLC Transmission Facilities and Formula Rates**

### **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 New York Transco, LLC (“NY Transco”) projects, each of which has 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): (1) the Ramapo-to-Rock Tavern Project; (2) the Marcy South Series Compensation Fraser-to-Coopers Corners Reconductoring Project; and (3) the Staten Island Unbottling Project.<sup>1</sup>

#### **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.

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<sup>1</sup> Any costs incurred on the forced cooling portion of the Staten Island Unbottling Project after the date of the Commission’s order approving the offer of settlement in Docket No. ER15-572-000 shall not be recovered through the TFC without further order of the Commission.

**36.2 Attachment 1 to Attachment DD**

**36.2.1 Allocation Tables**

**36.2.1.1. TOTS Projects**

COST ALLOCATION TABLE	
Transmission District	Allocation of Project Costs (%)
Consolidated Edison Co. of NY, Inc. Orange and Rockland Utilities, Inc.	63.18
Long Island Power Authority	8.55
Niagara Mohawk Power Corp.	12.16
New York State Gas & Electric Corp. Rochester Gas and Electric Corp.	10.12
Central Hudson Gas & Electric Corp.	5.99
New York Power Authority	Load is treated the same as all other load serving entities (“LSEs”) and NYPA as an LSE will pay the same rate as the LSEs in each transmission district.

**36.3        Attachment 2 to Attachment DD**

**36.3.1     Formula Rates**

**36.3.1.1        Rate Formula Template**



Rate Formula Template  
Utilizing FERC Form 1 Data  
  
New York Transco LLC

Projected Annual Transmission Revenue Requirement  
For the 12 months ended 12/31/\_\_\_\_

Appendix A	Main body of the Formula Rate
Attachment 1	Detail of the Revenue Credits
Attachment 2	Monthly Plant and Accumulated Depreciation balances
Attachment 3	Cost Support Detail
Attachment 4	Calculations showing the revenue requirement by Investment, including any Incentives,
Attachment 5	Cost of Debt should Construction Financing be Obtained
Attachment 6a and 6b	Detail of the Accumulated Deferred Income Tax Balances
Attachment 7	True-Up calculations
Attachment 8	True-Up for the Construction Financing calculations in Attachment 5
Attachment 9	Depreciation Rates
Attachment 10	Workpapers

Formula Rate - Non-Levelized			Rate Formula Template Utilizing FERC Form 1 Data		Projected Annual Transmission Revenue Requirement For the 12 months ended 12/31/____	
			New York Transco LLC			
			(1)	(2)	(3)	
Line No.					Allocated Amount	
1	GROSS REVENUE REQUIREMENT	(line 74)		12 months	\$	-
REVENUE CREDITS			Total	Allocator		
2	Total Revenue Credits	Attachment 1, line 6	-	TP 1.0000		-
3	Net Revenue Requirement	(line 1 minus line 2)				-
4	True-up Adjustment	Attachment 7	-	DA 1.00000		-
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/\_\_\_\_\_

Line No.	(1)	(2)	New York Transco LLC		(4)	(5)
		Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
	<b>RATE BASE:</b>					
	GROSS PLANT IN SERVICE (Note M)					
6	Production	(Attach 2, line 75)	-	NA	-	-
7	Transmission	(Attach 2, line 15)	-	TP	1.0000	-
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)					
11	Production	(Attach 2, line 151)	-	NA	-	-
12	Transmission	(Attach 2, line 91)	-	TP	1.0000	-
13	Distribution	(Attach 2, line 106)	-	NA	-	-
14	General & Intangible	(Attach 2, lines 121 & 136)	-	W/S	-	-
15	TOTAL ACCUM. DEPRECIATION (sum lines 12-15)		-		-	-
	NET PLANT IN SERVICE					
17	Production	(line 6- line 12)	-			-
18	Transmission	(line 7- line 13)	-			-
19	Distribution	(line 8- line 14)	-			-
20	General & Intangible	(line 9- line 15)	-			-
21	TOTAL NET PLANT (sum lines 18-21)	(NP=1 if plant =0)	-	NP=	-	-
	ADJUSTMENTS TO RATE BASE (Note A)					
23	ADIT	(Attach 6a, line 9)	-	TP	1.0000	-
24	Account No. 255 (enter negative) (Note F)	(Attach 3, line 153)	-	NP	-	-
25	CWIP	(Attach 10)	-	DA	-	-
26	Unfunded Reserves (enter negative)	(Attach 3, line 170a)	-	DA	1.0000	-
27	Unamortized Regulatory Assets	(Attach 10) (Note L)	-	DA	1.0000	-
28	Unamortized Abandoned Plant	(Attach 10) (Note K)	-	DA	1.0000	-
29	TOTAL ADJUSTMENTS (sum lines 24-29)		-			-
30						
31	LAND HELD FOR FUTURE USE	Attachment 10	-	TP	1.0000	-
	WORKING CAPITAL (Note C)					
32	CWC	calculated (1/8 * Line 45)	-			-
33	Materials & Supplies (Note B)	(Attach 3, line 189)	-	TP	1.0000	-
34	Prepayments (Account 165 - Note C)	(Attach 3, line 170)	-	GP	-	-
35	TOTAL WORKING CAPITAL (sum lines 33-35)		-			-
36						
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/\_\_\_\_\_

(1)		(2)	(3)	(4)	(5)	
		Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
38	O&M					
39	Transmission	321.112.b	-	TP=	1.0000	-
40	Less Accounts 565, 561 and 561.1 to 561.8	321.96.b & 84.b to 92.b	-	TP=	1.0000	-
41	A&G	323.197.b	-	W/S	-	-
42	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Note D & Attach 3, line 171)	-	DA	-	-
43	Plus Transmission Related Reg. Comm. Exp.	(Note D & Attach 3, line 172)	-	TP=	1.0000	-
44	PBOP expense adjustment	(Attach 3, line 243)	-	TP=	1.0000	-
44a	Less Account 566	321.97.b	-	DA	-	-
44b	Amortization of Regulatory Assets	(Attach 10, line 2)	-	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					
47	Transmission	336.7.f (Note M)	-	TP	1.0000	-
48	General and Intangible	336.1.f + 336.10.f (Note M)	-	W/S	-	-
49	Amortization of Abandoned Plant	(Attach 3, line 155) (Note K)	-	DA	1.0000	-
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	$T = 1 - \{(1 - \text{SIT}) * (1 - \text{FIT}) / (1 - \text{SIT} * \text{FIT} * p)\} * (1 - n) =$		0.3962			
62	$\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / R)) =$		0.5023			
63	where WCLTD=(line 91) and R= (line 94)					
64	and FIT, SIT, p, & n are as given in footnote F.					
65	$1 / (1 - T) = (T \text{ from line 61})$		1.6560			
66	Amortized Investment Tax Credit (Attachment 4, line 14)		-			
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) (Attachment 3, line 175)	-
78	Less transmission plant included in OATT Ancillary Services (Note H) (Attachment 3, line 175)	-
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) [If line 76 equal zero, enter 1]	TP= 1.0000

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

	Form 1 Reference	\$	TP	Allocation				
83	Production	354.20.b	-	0.00	-			
84	Transmission	354.21.b	-	1.00	-			
85	Distribution	354.23.b	-	0.00	-	W&S Allocator		
86	Other	354.24,25,26.b	-	0.00	-	(\$ / Allocation)		
87	Total (sum lines 83-86) [TP equals 1 if there are no wages & salaries]	-	-	-	=	-	=	WS

88 RETURN (R) (Note J)

		\$	%	Cost	Weighted	
91	Long Term Debt (Attach 3, lines 249 & 270 or Attach 5) (Note G)	-	47%	3.28%	0.015	=WCLTD
92	Preferred Stock (Attachment 3, lines 251 & 273)	-	-	-	-	
93	Common Stock (Attachment 3, line 257)	-	53%	9.50%	0.050	
94	Total (sum lines 91-93)	-	-	-	0.066	=R

Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments

		(a) Non-incentive Investments from Attachment 4 (Note N)	(b) Incentive Investments from Attachment 4 (Note N)	(c) 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	Development of Base Carrying charge and Summary of Incentive and Non-Incentive Investments	-	-	-
100	Rev Requirement before Incentive Projects (Line 72)	-	-	-
101	Total Revenue Credits (Line 2)	-	-	-
102	Base Carrying Charge (used in Attach 4, Line 65) (Line 100 - Line 101)/ Line 99	-	-	-

Formula Rate - Non-Levelized

**SUPPORTING CALCULATIONS AND NOTES**

Rate Formula Template  
Utilizing FERC Form 1 Data

**New York Transco LLC**

For the 12 months ended 12/31/

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)

**Note  
Letter**

- 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. The formula uses the stated average of the beginning and end of year balances to prorate ADIT to comply with IRS normalization rules. 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 42 removes EPRI Annual Membership Dues listed in Form 1 at 353.f (enter FN1 line #),  
any EPRI Lobbying expenses included in line 42 of the template and all Regulatory Commission Expenses itemized at 351.h  
Line 42 removes all advertising included in Account 930.1, except safety, education or out-reach related advertising  
Line 42 removes all EEI and EPRI research, development and demonstration expenses and NY Transco will not participate in Eel or EPRI.  
Line 43 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 =	0.35	
SIT =	0.071	(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, an interest rate of 3.28% from Table 4 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 the completion of construction, 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 the actual capital structure up to 53% equity. Lines 93 will be capped at 53% equity. If the actual equity ratio exceeds 53%, the common stock ratio will be reset to 53% 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 such plant item abandoned.
- 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
- N Non-incentive investments are investments without ROE incentives and incentive investments are investments with ROE incentives

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

<b>Account 454 - Rent from Electric Property (300.19.b)</b>	Notes 1 & 3	
1 Rent from FERC Form No. 1		-
<b>Account 456 (including 456.1) (300.21.b and 300.22.b)</b>	Notes 1 & 3	
2 Other Electric Revenues (Note 2)		-
3 Professional Services		-
4 Revenues from Directly Assigned Transmission Facility Charges (Note 2)		-
5 Rent or Attachment Fees associated with Transmission Facilities		-
6 Total Revenue Credits	Sum lines 2-5 + line 1	-

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

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

**Attachment 2 - Cost Support**  
**New York Transco LLC**

**Plant in Service Worksheet**

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



31	<b><u>Calculation of Intangible Plant In Service</u></b>	Source (Less ARO, see Note M)		
32	December	p204.5.b	-	-
33	January	company records	-	-
34	February	company records	-	-
35	March	company records	-	-
36	April	company records	-	-
37	May	company records	-	-
38	June	company records	-	-
39	July	company records	-	-
40	August	company records	-	-
41	September	company records	-	-
42	October	company records	-	-
43	November	company records	-	-
44	December	p205.5.g	-	-
45	<b>Intangible Plant In Service</b>	(sum lines 32-44) /13		-
46	<b><u>Calculation of General Plant In Service</u></b>	Source (Less ARO, see Note M)		
47	December	p206.99.b	-	-
48	January	company records	-	-
49	February	company records	-	-
50	March	company records	-	-
51	April	company records	-	-
52	May	company records	-	-
53	June	company records	-	-
54	July	company records	-	-
55	August	company records	-	-
56	September	company records	-	-
57	October	company records	-	-
58	November	company records	-	-
59	December	p207.99.g	-	-
60	<b>General Plant In Service</b>	(sum lines 47-59) /13		-

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

### Accumulated Depreciation Worksheet

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

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

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

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

**Attachment 3 - Cost Support**  
**New York Transco LLC**

				Details
Numbering continues from Attachment 2		Beginning of Year	End of Year	Average Balance
153	Account No. 255 (enter negative)	267.8.h	-	-
154	Unamortized Abandoned Plant (recovery of abandoned plant requires a FERC order approving the amount and recovery period)	Attachment 10, line 2, col. (v)		-
155	Amortization of Abandoned Plant	Attachment 10, line 2, col. (h)		Amortization Expense -
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	-	

**Reserves**

170a	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers, 1 less the percent associated with an offsetting liability on the balance sheet	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g
Reserve 1		-	-	-	-	-	-
Reserve 2		-	-	-	-	-	-
Reserve 3		-	-	-	-	-	-
Reserve 4		-	-	-	-	-	-
...		-	-	-	-	-	-
...		-	-	-	-	-	-
Total							-

All unfunded reserves will be listed above, specifically including (but not limited to) all subaccounts for FERC Account Nos. 228.1 through 228.4. "Unfunded reserve" is defined as an accrued balance (1) created and increased by debiting an expense which is included in this formula rate (column (e)), using the same allocator in column (g) as used in the formula to allocate the amounts in the corresponding expense account) (2) in advance of an anticipated expenditure related to that expense (3) that is not deposited in a restricted account (e.g., set aside in an escrow account, see column (d)) with the earnings thereon retained within that account. Where a given reserve is only partially funded through accruals collected from customers, only the balance funded by customer collections shall serve as a rate base credit, see column (f). The source of monthly balance data is company records.

EPRI Dues Cost Support			EPRI & EEI Costs to be Excluded	Details
Allocated General & Common Expenses				
171	EPRI and EEI Dues to be excluded from the formula rate	EPRI Dues p353...f (enter FN1 line #)	-	

Regulatory Expense Related to Transmission Cost Support					Form 1 Amount	Transmission Related	Other	Details*
Directly Assigned A&G								
172	Regulatory Commission Exp Account 928	p323.189.b	-	-	-			
					* insert case specific detail and associated assignments here			

Multi-state Workpaper					New York	State 2	State 3	State 4	State 5	Weighed Average
Income Tax Rates										
Weighting					1					
173	SIT=State Income Tax Rate or Composite		0.0710							0.07
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					Form 1 Amount	Safety Related, Education, Siting & Outreach Related	Other	Details
Directly Assigned A&G								
174	General Advertising Exp Account 930.1	company records					-	
Safety advertising consists of any advertising whose primary purpose is to educate the recipient as to what is safe or is not safe. Education advertising consists of any advertising whose primary purpose is to educate the recipient as about transmission related facts or issues Outreach advertising consists of advertising whose primary purpose is to attract the attention of the recipient about a transmission related issue Siting advertising consists of advertising whose primary purpose is to inform the recipient about locating transmission facilities Lobbying expenses are not allowed to be included in account 930.1								

Excluded Plant Cost Support					Excluded Transmission Facilities	Transmission plant included in OATT Ancillary Services and not otherwise excluded	Description of the Facilities
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities							
175	Excluded Transmission Facilities		-	-	General Description of the Facilities		
					A worksheet will be provided if there are ever any excluded transmission plant or transmission plant in OATT Ancillary Services		
					Add more lines if necessary		

Materials & Supplies

			Stores Expense	Transmission Materials &	Construction Materials	Total
			Undistributed	Supplies	& Supplies	
			p227.16	p227.8	p227.5	
176	December	Column b	-	-	-	-
177	January	Company Records	-	-	-	-
178	February	Company Records	-	-	-	-
179	March	Company Records	-	-	-	-
180	April	Company Records	-	-	-	-
181	May	Company Records	-	-	-	-
182	June	Company Records	-	-	-	-
183	July	Company Records	-	-	-	-
184	August	Company Records	-	-	-	-
185	September	Company Records	-	-	-	-
186	October	Company Records	-	-	-	-
187	November	Company Records	-	-	-	-
188	December	Column c	-	-	-	-
189	Average					-

## PBOPs

Details

189	<u>Calculation of PBOP Expenses</u>		
190	<u>ConEd</u>		
191	Total PBOP expenses	\$	(8,800,000)
192	Labor dollars	\$	1,444,841,000
193	Cost per labor dollar	\$	(0.0061)
194	labor (labor not capitalized) current year	Company Records	-
195	PBOP Expense for current year		-
196	PBOP Expense in Account 926 for current year	Company Records	-
197	PBOP Adjustment for Appendix A, Line 44		-
198	Lines 191-193 cannot change absent approval or acceptance by FERC in a separate proceeding.		
198	<u>NiMo</u>		
199	Total PBOP expenses	\$	70,883,643
200	Labor dollars	\$	313,713,746
201	Cost per labor dollar	\$	0.2260
202	labor (labor not capitalized) current year	Company Records	-
203	PBOP Expense for current year		-
204	PBOP Expense in Account 926 for current year	Company Records	-
205	PBOP Adjustment for Appendix A, Line 44		-
206	Lines 199-201 cannot change absent approval or acceptance by FERC in a separate proceeding.		
207	<u>NYSEG</u>		
208	Total PBOP expenses	\$	2,057,829
209	Labor dollars	\$	187,586,000
210	Cost per labor dollar	\$	0.0110
211	labor (labor not capitalized) current year	Company Records	-
212	PBOP Expense for current year		-
213	PBOP Expense in Account 926 for current year	Company Records	-
214	PBOP Adjustment for Appendix A, Line 44		-
215	Lines 208-210 cannot change absent approval or acceptance by FERC in a separate proceeding.		



216	<b><u>RGE</u></b>		
217	Total PBOP expenses	\$	3,561,081
218	Labor dollars	\$	79,625,000
219	Cost per labor dollar	\$	0.0447
220	labor (labor not capitalized) current year	Company Records	-
221	PBOP Expense for current year		-
222	PBOP Expense in Account 926 for current year	Company Records	-
223	PBOP Adjustment for Appendix A, Line 44		-
224	Lines 217-219 cannot change absent approval or acceptance by FERC in a separate proceeding.		
225	<b><u>CHG&amp;E</u></b>		
226	Total PBOP expenses	\$	(3,863,900)
227	Labor dollars		108,206,368
228	Cost per labor dollar	\$	(0.0357)
229	labor (labor not capitalized) current year	Company Records	-
230	PBOP Expense for current year		-
231	PBOP Expense in Account 926 for current year	Company Records	-
232	PBOP Adjustment for Appendix A, Line 44		-
233	Lines 226-228 cannot change absent approval or acceptance by FERC in a separate proceeding.		
234	<b><u>New York Transco LLC</u></b>		
235	Total PBOP expenses	\$	-
236	Labor dollars	\$	-
237	Cost per labor dollar		\$0.000
238	labor (labor not capitalized) current year	Company Records	-
239	PBOP Expense for current year		-
240	PBOP Expense in Account 926 for current year	Company Records	-
241	PBOP Adjustment for Appendix A, Line 44		-
242	Lines 235-237 cannot change absent approval or acceptance by FERC in a separate proceeding.		
243	PBOP expense adjustment	(sum lines 197, 214, 205, 223, 232, & 241)	-

## COST OF CAPITAL

100

13 Month Avg.	Col. (n)
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The calculations below calculate that additional revenue requirement for 100 basis points of ROE and 1 percent change in the equity component to the capital structure.  
These amounts are then used to calculate the actual increase in revenue in the table below (starting on line 66) associated with the actual incentive authorized by the Commission.  
The use of the 100 basis point calculations do not presume any particular incentive (i.e., 100 basis points) being granted by the Commission.

New York Transco LLC				
Base ROE and Income Taxes Carrying Charge			Allocator	Result
1	Rate Base			-
2	BASE RETURN CALCULATION:			
		\$	%	
3	Long Term Debt (Appendix A, Line 91)	-	47%	3.28%
4	Preferred Stock (Appendix A, Line 92)	-	0%	0.00%
5	Common Stock (Appendix A, Line 93)	-	53%	9.50%
6	Total (sum lines 3-5)	-		6.58%
7	Return multiplied by Rate Base (line 1 * line 6)			-
8	INCOME TAXES			
9	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$ (Appendix A, line 61)	0.3962		
10	$CIT=(T/(1-T) * (1-(WCLTD/R))) =$	0.5023		
11	where WCLTD=(line 3) and R= (line 6)			
12	and FIT, SIT & p are as given in footnote F on Appendix A.			
13	$1 / (1 - T) = (T \text{ from line 9})$	1.6560		
14	Amortized Investment Tax Credit (266.8f) (enter negative)	-		
15	Income Tax Calculation = line 10 * line 7 * (1-n)	-		-
16	ITC adjustment (line 13 * line 14) * (1-n)	-	NP	-
17	Total Income Taxes (line 15 plus line 16)	-		-
18	Base Return and Income Taxes		Sum lines 7 and 17	-
19	Rate Base		Line 1	-
20	Return and Income Taxes at Base ROE		Line 18 / line 19	-

100 Basis Point Incentive ROE and Income Taxes Carrying Charge

Attachment 4

Result

21 Rate Base

22 100 Basis Point Incentive Return impact on

		\$	%	Cost	Weighted
23	Long Term Debt (line 3)	-	47%	3.28%	0.015
24	Preferred Stock (line 4)	-	0%	0.00%	-
25	Common Stock (line 5 plus 100 basis points)	-	53%	10.50%	0.056
26	Total (sum lines 24-26)	-			0.071

27 100 Basis Point Incentive Return multiplied by Rate Base (line 21 \* line 26)

28 INCOME TAXES

29  $T=1 - \frac{1}{1 - SIT} * (1 - FIT) / (1 - SIT * FIT * p)$  = (Appendix A, line 61) 0.3962

30  $CIT=(T/1-T) * (1-(WCLTD/R)) =$  0.5137

31 where WCLTD=(line 23) and R= (line 26)

32 and FIT, SIT & p are as given in footnote F on Appendix A.

33  $1 / (1 - T) = (T \text{ from line } 29)$  1.6560

34 Amortized Investment Tax Credit (line 14) -

35 Income Tax Calculation = line 30 \* line 27 \* (1-n) -

36 ITC adjustment (line 33 \* line 34) \* (1-n) - NP -

37 Total Income Taxes (line 35 plus line 36) -

38 Return and Income Taxes with 100 basis point increase in ROE Sum lines 27 and 37 -

39 Rate Base Line 21 -

40 Return and Income Taxes with 100 basis point increase in ROE Line 38 / line 39 -

41 Difference in Return and Income Taxes between Base ROE and 100 Basis Point Incentive Line 41- Line 20 -

Effect of 1% Increase in the Equity Ratio

Results

42 Rate Base

43 100 Basis Point Incentive Return

		\$	%	Cost	Weighted
44	Long Term Debt (line 3 minus 1% in equity ratio)	-	46%	3.28%	1.51%
45	Preferred Stock (line 4)	-	0%	0.00%	0.00%
46	Common Stock (line 5 plus 1% in equity ratio)	-	54%	9.50%	5.13%
47	Total (sum lines 44-46)	-			6.64%

48 Line 47 x line 42

49 INCOME TAXES

50  $T=1 - \frac{1}{1 - SIT} * (1 - FIT) / (1 - SIT * FIT * p)$  = (Appendix A, line 61) 0.3962

51  $CIT=(T/1-T) * (1-(WCLTD/R)) =$  0.5069

52 where WCLTD=(line 44) and R= (line 47)

53 and FIT, SIT & p are as given in footnote F on Appendix A.

54  $1 / (1 - T) = (T \text{ from line } 50)$  1.6560

55 Amortized Investment Tax Credit (line 14) -

56 Income Tax Calculation = line 51 \* line 48 \* (1-n) -

57 ITC adjustment (line 54 \* line 55) \* (1-n) - NP -

58 Total Income Taxes (line 56 plus line 57) -

59 Return and Income Taxes with 1% Increase in the Equity Ratio Sum lines 48 and 58 -

60 Rate Base Line 42 -

61 Return and Income Taxes with 1% Increase in the Equity Ratio Line 59 / line 60 -

62 Difference between Base ROE and 1% Increase in the Equity Ratio Line 61 - Line 20 -

Attachment 4

63 Revenue Requirement per project including incentives

64 Expense Allocator [Appendix A, lines 45, 48, and 59, less Appendix A, line 44b / Gross Transmission Plant In Service Column (l)] (Note B)

65 Base Carrying Charge (used in Line 102 Appendix A)

The table below breaks out the total revenue requirement on Appendix A separately for each investment. The total of Column (p) must equal the amount shown on Appendix A, Line 3.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
			ROE Authorized by FERC (Note C)	ROE Base (From Appendix A, line 93)	Incentive % Authorized by FERC			Equity % in Capital Structure (% above base %, -% below base %)(1 equals 1%)	Impact of Equity Component of Capital Structure(Col (b) x (i) x Line 62	Base Return and Tax (Line 65 x Col (b)	Gross Plant In Service (Note B)	Expense Allocator (line 64)	O&M, Taxes Other than Income (Col. (l) x Col. (n)	Depreciation/Amortization Expense	Total Revenues (Col. (h) + (j) + (k) +(n) +(o))
Line	Description	Net Investment (Note A)				Line 41	Col (e) / .01 x Col (f)	Incentive \$ (Col (b) x Col (g)							
66		-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-
66a		-	-	9.50%	-	-	-	-	-	-	-	-	-	-	-
66b		-	-	9.50%	-										
66c		-	-	9.50%	-										
...				9.50%											
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67	Total			9.50%				-		-	-	-	-	-	-

Check Sum Appendix A Line 3  
Difference (must be zero)

Note:

- A Column (b), Net Investment includes the Net Plant In Service, unamortized regulatory assets, unamortized abandoned plant and CWIP  
B Column (l), Gross Plant in Service excludes Regulatory Assets, CWIP, and Abandoned Plant.  
C Column (e), for each project with an incentive in column (e), note the docket No. in which FERC granted the incentive:-

Project	Docket No.	Note
TOTs 1 - Ramapo to Rock Tavern	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 2 - Staten Island Unbottling Feeder Split	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate
TOTs 3 - NYSEG's Marcy South Series Comp Fraser to Coopers Corner	ER15-572	Up to \$228 million for the 3 TOTs projects in aggregate

**Attachment 5 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology (Note 13)**  
New York Transco LLC  
HYPOTHETICAL EXAMPLE

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.

**Table 1**

<b>Total Loan Amount</b>	<b>\$ 200,000,000</b>
--------------------------	-----------------------

**Table 2**

<b>Internal Rate of Return<sup>1</sup></b>	<b>5.203%</b>
--	---------------

**Based on following Financial Formula<sup>2</sup>:**

$$NPV = 0 = \sum_{t=1}^N \frac{C_t}{(1+IRR)^{pwr(t)}}$$

**Table 3**

<b>Origination Fees</b>	
Underwriting Discount	-
Arrangement Fee	400,000
Upfront Fee	700,000
Rating Agency Fee	-
Legal Fees	1,000,000
<b>Total Issuance Expense</b>	<b>2,100,000</b>
<b>Annual Rating Agency Fee</b>	
Annual Rating Agency Fee	160,000
<b>Annual Bank Agency Fee</b>	
Annual Bank Agency Fee	50,000
<b>Revolving Credit Commitment Fee</b>	
Revolving Credit Commitment Fee	0.300%

**Table 4**

	2014	2015	2016	2017	2018	2019	2020
<b>LIBOR Rate</b>	0.64%	1.03%	1.60%	2.13%	2.13%	2.13%	2.13%
<b>Spread</b>	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
<b>Interest Rate</b>	2.89%	3.28%	3.85%	4.38%	4.38%	4.38%	4.38%

**Table 5**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year		Capital Expenditures (\$000's)	Principal Drawn In Quarter (\$000's)	Principal Drawn To Date (\$000's)	Interest & Principal (\$000's)	Origination Fees (\$000's)	Commitment & Utilization Fee (\$000's)	Net Cash Flows (\$000's)
				Cumulative Col. D	1/4 * Interest Rate from Line 16 x Col. E prior quarter and Principal repayment	Input in first Qtr of Loan	(line 1/1000 less Col. E prior quarter)*line 13/4 +line 12/4000+line 11/4000	(D-F-G-H)
3/31/2014	Q3	19,350	9,675	9,675		2,100		7,575
6/30/2014	Q4	19,350	9,675	19,350	70		195	9,410
9/30/2014	Q1	19,350	9,675	29,025	141		188	9,346
12/31/2014	Q2	19,350	9,675	38,700	211		181	9,283
3/31/2015	Q3	24,775	12,388	51,088	275		173	11,939
6/30/2015	Q4	24,775	12,388	63,475	418		164	11,805
9/30/2015	Q1	24,775	12,388	75,863	525		155	11,707
12/31/2015	Q2	24,775	12,388	88,250	628		146	11,614
3/31/2016	Q3	23,950	11,975	100,225	723		136	11,116
6/30/2016	Q4	23,950	11,975	112,200	962		127	10,886
9/30/2016	Q1	23,950	11,975	124,175	1,089		118	10,768
12/31/2016	Q2	23,950	11,975	136,150	1,205		109	10,661
3/31/2017	Q3	23,575	11,788	147,938	1,292		100	10,395
6/30/2017	Q4	23,575	11,788	159,725	1,615		92	10,080
9/30/2017	Q1	23,575	11,788	171,513	1,763		83	9,941
12/31/2017	Q2	23,575	11,788	183,300	1,893		74	9,820
3/31/2018	Q3	-	-	183,300	185,280			(185,280)

- Notes**
- The IRR is the input to Debt Cost shown on Appendix A, Page 4, Line 91 during the construction period, after obtaining project financing, in accordance with Note G of Appendix A.
  - 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  
t is each quarter  
Ct is the cash flow (Table 5, 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  
The Excel™ formula on line 2 is:  $=\text{round}(XIRR(\text{first quarter of loan Col A of Table 5}:\text{last quarter of loan Col A of Table 5}, \text{first quarter of loan Col I of Table 5}, \text{last quarter of loan Col I of Table 5}, 8\%), 4))$   
The 8% in the above formula is a seed number to ensure the formula produces a positive number.
  - Line 1 reflects the loan amount, the maximum amount that can be drawn on
  - 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.
  - The estimate of the average 3 month Libor forward rate for the year on line 14 is that published by Bloomberg Finance L.P. during August of the prior year and is true-up to actual average 3 month Libor rate for the year under the loan.
  - Table 5, Col. C reflect the capital expenditures in each quarter
  - Table 5, Col. D reflect the amount of the loan that is drawn down in the quarter
  - Table 5, Col. E is the amount of principle drawn down
  - Table 5, Col. F calculates the interest on the principle drawn down to date based on the applicable interest on line 16
  - Table 5, Col. G is the total origination fees in line 10 and is input in the first quarter that a portion of the loan is drawn
  - Table 5, Col. H is calculated as follows:  
(line 1/1000 less Col. E prior quarter)\*line 13/4 +line 12/4000+line 11/4000  
Where A = Loan amount in line 1 less the amount drawn down (Table 5, Col. (E)) in the prior quarter
  - 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
  - Prior to obtaining long term debt, the cost of debt, will be 3.28%. If NY Transco obtains project financing, the long term debt rate will be determined using the methodology in Attachment 5 and Attachment 5 contains a hypothetical example of the internal rate of return methodology; the methodology will be applied to actual amounts for use in Attachment A. After the first project is placed into service, NY Transco will use its actual cost of long term debt determined in Attachment 3. The capital structure will be the actual capital structure up to 53% equity.

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

Item		Transmission Related	Plant Related	Labor Related	Total	
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 row for each project.

	A	B Total	C Gas, Prod Or Other Related	D Transmission Related	E Plant Related	F Labor Related	G Justification
10 ADIT-190							
11a							
11b							
11c							
...							
12	Subtotal - p234	-	-	-	-	-	
13	Less FASB 109 Above if not separately removed						
14	Less FASB 106 Above if not separately removed						
15	Total	-	-	-	-	-	

Instructions for Account 190:

- 16 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C  
17 2. ADIT items related only to Transmission are directly assigned to Column D  
18 3. ADIT items related to Plant and not in Columns C & D are included in Column E  
19 4. ADIT items related to labor and not in Columns C & D are included in Column F  
20 5. 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	E	F	G
		Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
21 ADIT- 282							
22a							
22b							
22c							
...							
...							
...							
...							
...							
...							
23 Subtotal - p275		-	-	-	-	-	
24 Less FASB 109 Above if not separately removed							
25 Less FASB 106 Above if not separately removed							
26 Total		-	-	-	-	-	

- Instructions for Account 282:
- 27 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 28 2. ADIT items related only to Transmission are directly assigned to Column D
- 29 3. ADIT items related to Plant and not in Columns C & D are included in Column E
- 30 4. ADIT items related to labor and not in Columns C & D are included in Column F
- 31 5. 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	E	F	G
		Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	
32 ADIT- 283							
33a							
33b							
33c							
...							
...							
...							
...							
...							
...							
...							
34 Subtotal - p277		-	-	-	-	-	
35 Less FASB 109 Above if not separately removed							
36 Less FASB 106 Above if not separately removed							
37 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. 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	
1	1 ADIT- 282	-	-	-		From Acct. 282 total, below
2	2 ADIT-283	-	-	-		From Acct. 283 total, below
3	3 ADIT-190	-	-	-		From Acct. 190 total, below
4	4 Subtotal	-	-	-		
5	5 Wages & Salary Allocator			-		
6	6 NP		-			
7	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, dissimilar items with amounts exceeding \$100,000 will be listed separately. For ADIT directly related to project depreciation or CWIP, the balance must be shown in a separate row for each project.

	A	B	C	D	E	F	G
8	ADIT-190	Total	Gas, Prod Or Other Related	Transmission Related	Plant Related	Labor Related	Justification
9a							
9b							
9c							
...							
...							
...							
...							
...							
...							
...							
10	Subtotal - p234	-	-	-	-	-	
11	Less FASB 109 Above if not separately removed						
12	Less FASB 106 Above if not separately removed						
13	Total	-	-	-	-	-	

- Instructions for Account 190:
- 14 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 15 2. ADIT items related only to Transmission are directly assigned to Column D
- 16 3. ADIT items related to Plant and not in Columns C & D are included in Column E
- 17 4. ADIT items related to labor and not in Columns C & D are included in Column F
- 18 5. 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
19 ADIT- 282							
20a							
20b							
20c							
...							
...							
...							
...							
...							
...							
...							
21	Subtotal - p275	-	-	-	-	-	
22	Less FASB 109 Above if not separately removed						
23	Less FASB 106 Above if not separately removed						
24	Total	-	-	-	-	-	

- Instructions for Account 282:
- 25 1. ADIT Items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 26 2. ADIT Items related only to Transmission are directly assigned to Column D
- 27 3. ADIT Items related to Plant and not in Columns C & D are included in Column E
- 28 4. ADIT Items related to labor and not in Columns C & D are included in Column F
- 29 5. 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	
30	ADIT- 283						
31a							
31b							
31c							
...							
...							
...							
...							
...							
...							
...							
32	Subtotal - p277	-	-	-	-	-	
33	Less FASB 109 Above if not separately removed						
34	Less FASB 106 Above if not separately removed						
35	Total	-	-	-	-	-	

Instructions for Account 283:

- 36
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- 37
2. ADIT items related only to Transmission are directly assigned to Column D
- 38
3. ADIT items related to Plant and not in Columns C & D are included in Column E
- 39
4. ADIT items related to labor and not in Columns C & D are included in Column F
- 40
5. 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 (Note 3)**  
**New York Transco LLC**

2013		2013		Over (Under)
Revenue Requirement Billed (Note 1)		Actual Revenue Requirement (Note 2)		Recovery
\$2,000,000	Less	\$2,000,000	Equals	\$0

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.

<u>Calculation of Interest</u>					<u>Monthly</u>		
January	Year 2013	-	0.5500%	12	-	-	-
February	Year 2013	-	0.5500%	11	-	-	-
March	Year 2013	-	0.5500%	10	-	-	-
April	Year 2013	-	0.5500%	9	-	-	-
May	Year 2013	-	0.5500%	8	-	-	-
June	Year 2013	-	0.5500%	7	-	-	-
July	Year 2013	-	0.5500%	6	-	-	-
August	Year 2013	-	0.5500%	5	-	-	-
September	Year 2013	-	0.5500%	4	-	-	-
October	Year 2013	-	0.5500%	3	-	-	-
November	Year 2013	-	0.5500%	2	-	-	-
December	Year 2013	-	0.5500%	1	-	-	-
					<u>-</u>		-
					<u>Annual</u>		
January through December	Year 2014	-	0.5500%	12	-	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					<u>Monthly</u>		
January	Year 2015	-	0.5500%		-	-	-
February	Year 2015	-	0.5500%		-	-	-
March	Year 2015	-	0.5500%		-	-	-
April	Year 2015	-	0.5500%		-	-	-
May	Year 2015	-	0.5500%		-	-	-
June	Year 2015	-	0.5500%		-	-	-
July	Year 2015	-	0.5500%		-	-	-
August	Year 2015	-	0.5500%		-	-	-
September	Year 2015	-	0.5500%		-	-	-
October	Year 2015	-	0.5500%		-	-	-
November	Year 2015	-	0.5500%		-	-	-
December	Year 2015	-	0.5500%		-	-	-
					<u>-</u>		-
Total Amount of True-Up Adjustment					\$	-	
Less Over (Under) Recovery					\$	-	
Total Interest					\$	-	

Note 1: Revenue requirements billed is input, source data are the invoices from NYISO. The amounts exclude any true ups or prior period adjustments.

Note 2: The actual revenue requirement is input from Attachment 4, line 66, column p. The amounts exclude any true-ups or prior period adjustments.

Note 3: This "Example" sheet will be populated with actuals and used in each year's annual true-up calculation.

True-Up Interest Calculation

FERC Quarterly Interest Rate		Pursuant to 18 C.F.R. Section 18.35.19 (a)
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 (Note 1)**  
**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 cost of debt used in prior year true-ups (Note 2)	Based on Actual Final Cost of Debt (Note 3)			
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%	6.50%	\$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**

<b>Calculation of Interest for 2015 True-Up Period</b>						
An over or under collection will be recovered prorata over 2015, held for 2016, 2017, 2018, and 2019 and returned prorata over 2020						
					<b>Monthly</b>	
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	<b>155,460</b>
					<b>Annual</b>	
January through December	Year 2016	155,460	0.5400%	12.00	10,074	<b>165,534</b>
January through December	Year 2017	165,534	0.5800%	12.00	11,521	<b>177,055</b>
January through December	Year 2018	177,055	0.5700%	12.00	12,111	<b>189,166</b>
January through December	Year 2019	189,166	0.5700%	12.00	12,939	<b>202,104</b>
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	(202,104)	0.5700%		1,152	185,784
February	Year 2020	(185,784)	0.5700%		1,059	169,370
March	Year 2020	(169,370)	0.5700%		965	152,863
April	Year 2020	(152,863)	0.5700%		871	136,262
May	Year 2020	(136,262)	0.5700%		777	119,566
June	Year 2020	(119,566)	0.5700%		682	102,775
July	Year 2020	(102,775)	0.5700%		586	85,888
August	Year 2020	(85,888)	0.5700%		490	68,905
September	Year 2020	(68,905)	0.5700%		393	51,826
October	Year 2020	(51,826)	0.5700%		295	34,649
November	Year 2020	(34,649)	0.5700%		197	17,374
December	Year 2020	(17,374)	0.5700%		99	(0)
					7,566	
Total Amount of True-Up Adjustment for 2015 ATRR					\$	<b>209,670</b>
Less Over (Under) Recovery					\$	<b>(150,000)</b>
Total Interest					\$	<b>59,670</b>

<b>Calculation of Interest for 2016 True-Up Period</b>						
An over or under collection will be recovered prorata over 2016, held for 2017, 2018 and 2019 and returned prorata over 2020						
					<b>Monthly</b>	
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)	<b>(103,510)</b>
					<b>Annual</b>	
January through December	Year 2017	(103,510)	0.5800%	12.00	(7,204)	<b>(110,714)</b>
January through December	Year 2018	(110,714)	0.5700%	12.00	(7,573)	<b>(118,287)</b>
January through December	Year 2019	(118,287)	0.5700%	12.00	(8,091)	<b>(126,378)</b>
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>						
					<b>Monthly</b>	
January	Year 2020	<b>126,378</b>	0.5700%		(720)	(116,173)
February	Year 2020	116,173	0.5700%		(662)	(105,909)
March	Year 2020	105,909	0.5700%		(604)	(95,587)
April	Year 2020	95,587	0.5700%		(545)	(85,206)
May	Year 2020	85,206	0.5700%		(486)	(74,766)
June	Year 2020	74,766	0.5700%		(426)	(64,266)
July	Year 2020	64,266	0.5700%		(366)	(53,707)
August	Year 2020	53,707	0.5700%		(306)	(43,087)
September	Year 2020	43,087	0.5700%		(246)	(32,407)
October	Year 2020	32,407	0.5700%		(185)	(21,666)
November	Year 2020	21,666	0.5700%		(123)	(10,864)
December	Year 2020	10,864	0.5700%		(62)	0
					(4,731)	
Total Amount of True-Up Adjustment for 2016 ATRR					\$	<b>(131,109)</b>
Less Over (Under) Recovery					\$	<b>100,000</b>
Total Interest					\$	<b>(31,109)</b>

**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 prorata over 2017, held for 2018 and 2019, and returned prorata 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)		(26,595)
March	Year 2017	25,000	0.5800%	10.00	(1,450)		(26,450)
April	Year 2017	25,000	0.5800%	9.00	(1,305)		(26,305)
May	Year 2017	25,000	0.5800%	8.00	(1,160)		(26,160)
June	Year 2017	25,000	0.5800%	7.00	(1,015)		(26,015)
July	Year 2017	25,000	0.5800%	6.00	(870)		(25,870)
August	Year 2017	25,000	0.5800%	5.00	(725)		(25,725)
September	Year 2017	25,000	0.5800%	4.00	(580)		(25,580)
October	Year 2017	25,000	0.5800%	3.00	(435)		(25,435)
November	Year 2017	25,000	0.5800%	2.00	(290)		(25,290)
December	Year 2017	25,000	0.5800%	1.00	(145)		(25,145)
					(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)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>					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)		
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 prorata over 2018, held for 2019 and returned prorata 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)
<b>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</b>					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)		
Total Amount of True-Up Adjustment for 2018 ATRR					\$	(114,946)	
Less Over (Under) Recovery					\$	100,000	
Total Interest					\$	(14,946)	

Note 1: This 'Hypothetical Example' sheet will be populated with actuals and used in each year's annual true-up calculation.

Note 2: Enter the revenue requirement from the true-up for that year (Note 2)

Note 3: Enter the revenue requirement from re-running the prior year true-ups with the final cost of debt once all inputs to Attachment 5 are based on actual data.

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

Account Number	FERC Account	Rate (Annual) Percent
<b>TRANSMISSION PLANT</b>		
1 350.1	Land Rights	1.02
2 352	Structures and Improvements	2.05
3 353	Station Equipment	2.26
4 354	Towers and Fixtures	2.04
5 355	Poles and Fixtures	2.24
6 356	Overhead Conductor and Devices	2.22
7 357	Underground Conduit	2.05
8 358	Underground Conductor and Devices	2.39
9 359	Roads & Trails	1.17
10 <b>PRODUCTION PLANT</b>	All Accounts	0.00
11 <b>DISTRIBUTION PLANT</b>	All Accounts	0.00
<b>GENERAL PLANT</b>		
12 390	Structures & Improvements	3.36
13 391	Office Furniture & Equipment	5.24
14 392	Transportation Equipment	9.78
15 393	Stores Equipment	3.91
16 394	Tools, Shop & Garage Equipment	4.68
17 395	Laboratory Equipment	3.75
18 396	Power Operated Equipment	7.62
19 397	Communication Equipment	3.82
20 398	Miscellaneous Equipment	4.55
<b>INTANGIBLE PLANT</b>		
21 303	Miscellaneous Intangible Plant	
	5 Yr	20.00
	7 Yr	14.29
	10 Year	10.00
	15 year	6.67
	Transmission facility Contributions in Aid of Construction	Note 1

These depreciation and amortization 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. Once determined for a particular CIAC, the rate will not change for that CIAC absent Commission approval.

## Regulatory Assets

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)
										Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Jun. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31						
No.	Project Name	Recovery Amnt Approved *	Recovery Period Months *	Monthly Amort Exp (b) / (c)	Amort Periods this year	Current Amort Expense x (f)	% Allocated to Formula Rate *	Amort Exp In Formula Rate** (f) x (g)														Avg Unamortized Balance Sum (i) through (u) / 13	% Approved for Rate Base *	Allocated to Formula Rate (from (g))	Rate Base Balance x (w) x (x)	Project Code	Docket No	
1a				-	-	-	-	-														-	-	-	-	-		
1b				-	-	-	-	-														-	-	-	-	-		
1c				-	-	-	-	-														-	-	-	-	-		
...				-	-	-	-	-														-	-	-	-	-		
1x				-	-	-	-	-														-	-	-	-	-		
...				-	-	-	-	-														-	-	-	-	-		
1x				-	-	-	-	-														-	-	-	-	-		

2	Total Regulatory Asset in Rate Base (sum lines 1a-1x):	
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\* Non-zero values in these columns may only be established per FERC order

\*\*All amortizations of the Regulatory Asset are to be booked to Account 566

### Abandoned Plant

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	
										Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Jun. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31							
																							Avg Unamortized Balance Sum (i) through (u) / 13	% Approved for Rate Base *	Allocated to Formula Rate (from (g))	Rate Base Balance x (w) x (x)	(v)	Project Code	Docket No
No.	Project Name	Recovery Amnt Approved *	Recovery Period Months *	Monthly Amort Exp (b) / (c)	Amort Periods this year	Current Amort Expense x (f)	% Allocated to Formula Rate *	Amort Exp in Formula Rate (f) x (g)	2014	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015							
3a				-		-		-															-		-	-			
3b				-		-		-															-		-	-			
3c				-		-		-															-		-	-			
...				-		-		-															-		-	-			
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...				-		-		-															-		-	-			
3x				-		-		-															-		-	-			

4	Total Abandoned Plant in Rate Base (sum lines 3a-3x):
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\* Non-zero values in these columns may only be established per FERC order

## Land Held for Future Use (LHFU)

[illegible]

6	Total LHFU in rate base (sum lines 5a-5x):
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CWIP in Rate Base

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)
No.	Project Name	job ID	Construction Start Date	Estimated in-service date	Approval Doc. No.	Dec. 31	Jan. 31	Feb. 28/29	Mar. 31	Jun. 30	May 31	Jun. 30	Jul. 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Avg (f) through (r)	% approved for recovery	Rate Base Amnt (\$ x (t))
7a	0																		-	0.0%	-
7b																			-	0.0%	-
7c																			-	0.0%	-
...																			-	0.0%	-
...																			-	0.0%	-
...																			-	0.0%	-
...																			-	0.0%	-
7x																			-	0.0%	-
8	Total (sum lines 7a-7x)																		Total CWIP in Rate Base		-

Change to recovery percent in Column (t) requires FERC order

Actual Additions by FERC Account

The total of these additions should total the additions reported in the FERC Form No. 1 on page 206, lines 48 to 56

	Project	350	352	352	353	354	355	356	357	358	359	
		Land Rights	Structures and Improvements	Structures and Improvements - Equipment	Station Equipment	Towers and Fixtures	Poles and Fixtures	Overhead Conductor and Devices	Underground Conduit	Underground Conductor and Devices	Roads and Trails	Total
9a	Project 1											-
9b	Project 2											-
9c												-
...												-
...												-
...												-
...												-
...												-
...												-
...												-
...												-
...												-
...												-
9x												-
10	Total (sum lines 9a-9x)											-

Intangible Plant Detail

The total

	Item	Description	Source	Service Life	Amount
11a			Company Records		
11b			Company Records		
11c			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
...			Company Records		
11x			Company Records		
12	Total (sum lines 11a-11x) lies to p207.5.g				-

Detail of Affiliate Charges Included in NY Transco's Books as Requested by Certain Parties to the Filing

Transactions between NY Transco and any entity that is associated (affiliated) with NY Transco must be reported on page 429 of the Form No. 1. The chart below is to include all charges to the NYTransco by an affiliate, by Affiliate and by FERC account number

	Central Hudson G&E	Consolidated Edison	Niagara Mohawk	NY State E&G	Rochester G&E	Total
13a	101					-
13b	.....					-
13c	.....					-
.....	.....					-
.....	.....					-
.....	.....					-
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(sum lines 13a-13x)

### **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 fully populated with formulas intact 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 to demonstrate that each input to the formula rate is consistent with the requirements of the formula rate. 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>1</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 October 31 of the preceding Rate Year, or the next business day if October 1 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

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<sup>1</sup> As used in these protocols, "Service List" shall include but not be limited to: (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.



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 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>2</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

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<sup>2</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.

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 and amortization 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 all changes.

- 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 Attachment 7a.

### **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 with formula intact 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." Any delay past the date on which the last of the events listed in Section 3.a or 3.b occurs shall result in an equivalent extension of time for the submission of information requests and challenges, as described in Sections 4 and 5 below.
- 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 including but not limited to (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, and (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"). NY Transco shall accommodate interested parties that wish to participate in the Stakeholder Meeting via teleconference or webinar. 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 to enable any interested party to replicate the calculation of the Formula Rate.<sup>3</sup>
  - (ii) Shall provide supporting documentation and workpapers for the data used in the Annual Update that are not otherwise available in the FERC Form No. 1, including all adjustments made to the FERC Form No. 1 data in determining formula inputs.
  - (iii) Shall include a variance analysis of, at minimum, actual revenue requirement components of rate base, operating and maintenance expenses, depreciation and amortization 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 Annual Update with an explanation of changes.
  - (iv) Shall provide notice and a narrative summary of all changes in NY Transco's accounting policies and practices from those in effect for the

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<sup>3</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.

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, among other things, 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 mistakes and prior period adjustments,<sup>4</sup> (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 could impact the Formula Rate or the calculations under the 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 could impact the Formula Rate or the calculations under the Formula Rate within the next three years.

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

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<sup>4</sup> For purposes of these Protocols, “mistakes” shall mean errors or omissions regarding the values inputted into the Formula Rate template, such as, but not limited to, arithmetic and other inadvertent computational errors, erroneous Form No. 1 references or the like. Mistakes shall not include matters involving exercise of judgment or substantive differences of opinion regarding the derivation of an input that is more properly the subject of the annual review process.

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

- (vii) 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).
- (viii) Shall provide support for any deferred income tax account balances, including any Statement of Financial Accounting Standards Nos. 106 and 109 Adjustments.
- (ix) Shall identify and provide support for any costs and expenses related to any merger or acquisition of a jurisdictional facility (including, but not limited to, acquisition premiums and goodwill) that have been included in the Annual Update, including a citation to the FERC order approving the recovery of such costs and expenses; otherwise, any such costs that have been reported in the FERC Form No. 1 must be deducted from the costs to be recovered in the Annual Update.
- (x) Shall identify any asset retirement obligations ("ARO") included in the Annual Update, including a citation to the FERC order approving recovery of the ARO; otherwise, any such items reported in the FERC Form No. 1 must be deducted from the costs to be recovered in the Annual Update.

- (xi) Shall identify the specific amounts included in the Annual Update related to each transmission incentive project, a citation to the proceeding in which FERC granted the incentive, and provide a derivation of the value for each project.
  - (xii) Shall include a worksheet listing all the errors and corrections agreed to by NY Transco and any interested parties, or ordered by FERC, related to the previous Rate Year that have been incorporated into the current Annual Update.
- 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. No changes may be made to the ROE, capital structure, PBOP expenses, or depreciation and/or amortization rates absent a filing under Sections 205 or 206 of the Federal Power Act.
- g. Example – Timeline for 2015 Annual Update:

On or before September 30 of the first year, NY Transco will determine the projected Net Adjusted Revenue Requirement for the second 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 second 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 of the second year if no costs have been recovered under the Formula Rate during the first year. On or before September 30 of the second year, NY Transco will post the Annual Projection for the third Rate Year. On or before August 1 of the third year, NY Transco will post its first Annual Update, consisting of the True-up Adjustment for the second 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 fourth Rate Year posted on or before September 30 of the third year. The Annual Update posted August of the third year 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 submit 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 but not limited to challenges related to Accounting Changes, to the Annual Update (“Preliminary Challenge”). Interested persons may challenge through a Preliminary Challenge or a Formal Challenge: (i) whether NY Transco has properly calculated the Annual Update under review (including any corrections pursuant to Section 6); (ii) whether the costs included in the Annual Update are properly recordable and recorded, prudent, reasonable, and incurred according to appropriate procurement methods and cost control methodologies and otherwise consistent with NY Transco’s accounting policies, practices and procedures consistent with the USofA; (iii) whether the input data used in the Annual Update are accurate and correctly used in the Formula Rate; (iv) the effect of Accounting Changes; and (iv) whether the Formula Rate has been applied according to its terms, including the procedures in these Protocols. 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. Any Formal Challenges are to be filed in the NY Transco’s informational filing dockets.

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, reasonable, prudent, and incurred according to appropriate procurement methods and cost control methodologies 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; (iv) the effect of Accounting Changes; (iv) the Formula Rate has been applied according to its terms, including the procedures in these Protocols ; and (v) any other information that may reasonably have substantive effect on the calculation of the revenue requirement pursuant to the Formula Rate. 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. The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable

- 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. In the event an information request is not provided within 10 business days, the parties will mutually agree on an extension of the Review Period.

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. NY Transco shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege, in any subsequent FERC proceeding addressing NY Transco's Annual True-Up or Projected Net Revenue Requirement.

- d. Failure to pursue an issue through a Preliminary Challenge or to otherwise lodge a Formal Challenge regarding any issue as to a given Annual Update only bars pursuit of such issue with respect to that Annual Update, and in no event shall bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a 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 (“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. Failure to raise an issue in a Preliminary Challenge shall not bar an Interested Person from raising that issue in a Formal Challenge.

- 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 bear the burden, consistent with Section 205 of the Federal Power Act, of proving that it has correctly applied the terms of the Formula Rate consistent with these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.
- 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 less than 100% of CWIP in rate base, two FPNs will be assigned, one reflecting the CWIP balance in rate base and the other reflecting the balance accruing AFUDC. NY Transco will assign FPNs in such a way that an Interested Person can identify that the balances are associated with the same project.
  - (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, for which NY Transco is allowed to include 100%

of CWIP in rate base, NY Transco shall ensure that no AFUDC will be accrued under the associated FPN.

- (iv) For each CWIP Project, NY Transco shall prepare monthly work order summaries of costs incurred under the associated FPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in NY Transco's FERC Form No. 1. NY Transco shall use these summaries as data inputs into the Annual Update calculated pursuant to Section 3 and shall make such work orders summaries available upon request pursuant to the review procedures of Section 4.
  - (v) When a CWIP Project is, or portion thereof, is placed into service, NY Transco shall deduct from total CWIP the accumulated charges for work orders under the FPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
  - (vi) 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.

DRAFT

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20406

\_\_\_\_\_, 2015

In Reply refer To:  
New York Transco, LLC  
New York Independent System  
Operator, Inc.  
Central Hudson Gas & Elec. Corp.  
Consolidated Edison Co. of New  
York, Inc.  
Niagara Mohawk Power Corp.,  
d/b/a National Grid  
New York State Elec. & Gas Corp.  
Orange and Rockland Utilities, Inc.  
Rochester Gas and Electric Corp.

Docket No. ER15-572-000

Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, D.C. 20006

Attention: Elias G. Farrah  
Attorney for New York Transco, LLC

Dear Mr. Farrah:

On November 5, 2015, on behalf of the Applicants<sup>1</sup> and the signatories to a settlement,<sup>2</sup> you filed in the above-referenced docket an Offer of Partial Settlement to resolve all issues set for hearing or pending in requests for rehearing in Docket No. ER15-572-000 with respect to the

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<sup>1</sup> The Applicants are the New York Transco, LLC (“NY Transco”), Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric and Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

<sup>2</sup> The signatories include Applicants, New York Power Authority, Power Supply Long Island, New York Public Service Commission (“NYPSC”), New York State Department of State Utility Intervention Unit, City of New York, New York Association of Public Power, Municipal Electric Utilities Association of New York, and Multiple Intervenors (an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State). Commission Trial Staff also has actively participated in the settlement discussions but is not a signatory to the Settlement.

Applicants' proposed Transmission Owner Transmission Solutions projects. The projects to be developed by NY Transco that were proposed by the Applicants in the NYPSC's Alternating Current Transmission Proceeding – the Edic to Pleasant Valley Project and the Oakdale to Fraser Project – are not subject to the terms of the Offer of Partial Settlement except as provided in the Offer of Partial Settlement. You also submitted an Explanatory Statement concerning the Offer of Partial Settlement.

Comments in support of the Offer of Partial Settlement were filed by [INSERT]. On [INSERT], the presiding administrative law judge certified the settlement to the Federal Energy Regulatory Commission.

The subject settlement is in the public interest and is hereby approved. The Commission's approval of the Offer of Partial Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824e.

By direction of the Commission.

Secretary

cc: All Parties

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in this proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Washington, D.C. this 5<sup>th</sup> day of November, 2015.

/s/ Carlos L. Sisco

Carlos L. Sisco

Senior Paralegal

Winston & Strawn LLP

1700 K Street, N.W.

Washington, DC 20006-3817

202-282-5000