



LS Power Grid New York Corporation I
2024 Annual Update Stakeholder Meeting
August 11, 2025

Outline

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 - Formula Rate
- Annual Update for 2024 Rate Year
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Background

Company, Project, and Formula Rate

Background – General

Overview of the Company and the Project

- LS Power Grid New York Corporation I (“LSPG New York”) is a transmission-only company formed to develop, own, and operate transmission projects in the state of New York.
- LSPG New York, jointly with the New York Power Authority (“NYPA”), was selected through NYISO’s Order No. 1000 competitive process to develop new 345 kV transmission facilities between the existing Marcy/Edic substations near Utica and the existing New Scotland and Rotterdam substations near Albany (“Segment A Project”).
- Initial Segment A facilities were energized in May 2021, and the full Segment A project was placed in service in December 2023.
- More information is available at lspgridnewyork.com

Background – Regulatory

Selected Regulatory Filings and Orders

- December 31, 2019 – transmission formula rate and request for certain incentives in Docket No. ER20-716.
- May 26, 2020 – FERC grants requested incentives while setting hearing and settlement procedures for other matters.
 - Regulatory asset for precommercial costs.
 - Hypothetical capital structure through construction (47% debt/53 % equity).
 - ROE adders: 50 bps for RTO participation and 50 bps for development risks.
- April 1, 2021 – Settlement agreement submitted to Commission.
- June 17, 2021 – Commission accepts settlement agreement.
 - Segment A Project subject to a base ROE of 9.65% plus 50 bp adder for benefits to customers (including congestion relief) and a 50 bp adder for development risks and challenges.
 - Five-year moratorium on changes to agreed provisions and six-year moratorium on depreciation rates.
 - Cost containment and risk sharing mechanism.

Cost Containment/Risk Sharing Mechanisms

Key Provisions

LSPG New York is bound by certain cost containment and risk sharing mechanisms for the Segment A Project defined in the project proposal and settlement agreement

- Cost Cap¹ – Twenty percent of Segment A Project costs greater than the binding cost cap of \$316.5 million plus AFUDC do not receive any ROE.
- Adjusted Cost Cap¹ – Segment A Project costs below \$261 million plus AFUDC earn tiered ROE incentives.

¹ Terms as defined in and subject to the settlement agreement filed in FERC Docket No. ER20-716.

Cost Containment/Risk Sharing Mechanisms

Applicability

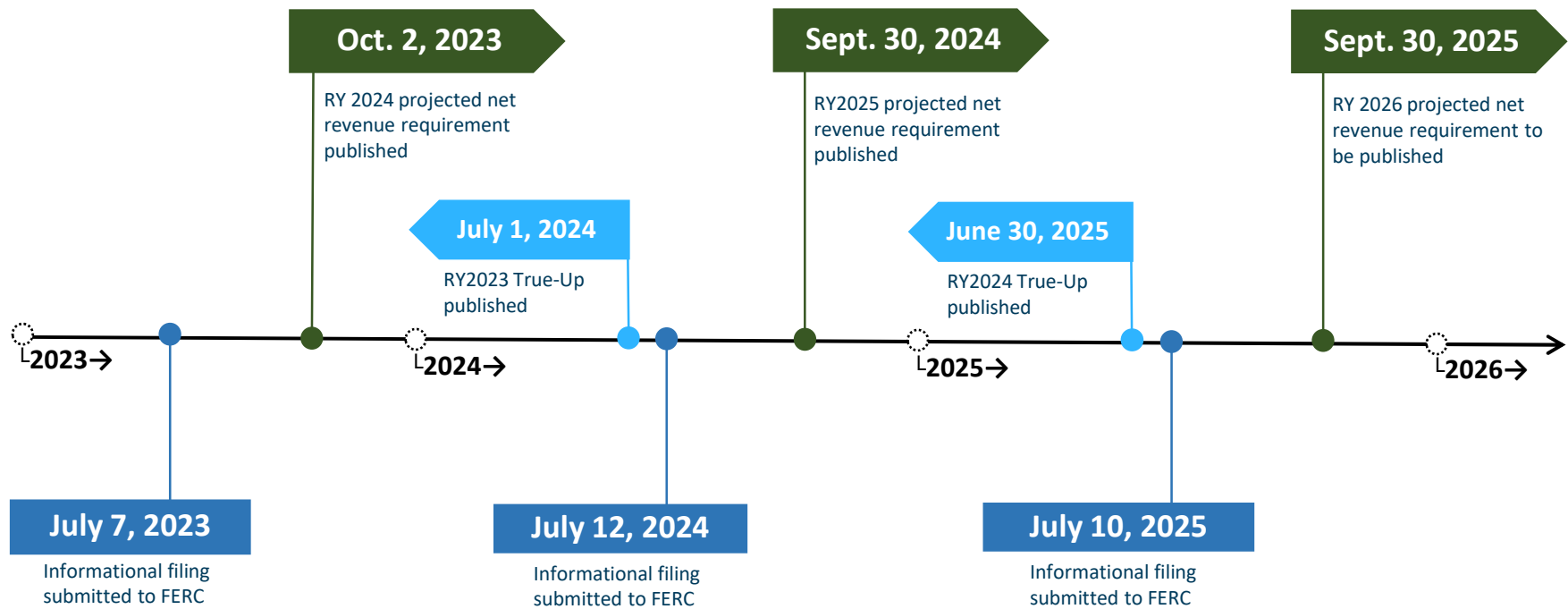
Cost containment and risk sharing mechanisms defined in the Protocols were formally applied after the entire Segment A Project was placed in service in December 2023. No adjustments were needed.

On June 11, 2024, LSPGNY published an informational workpaper to show:

- Final assets owned by LSPG New York and NYPA and total rate base of the assets
- Accounting entries for asset transfers between the parties that changed ownership (none)
- Costs greater than the Cost Cap or less than the Adjusted Cost Cap
 - No Segment A Project costs were greater than the Cost Cap
 - No Segment A Project costs were less than the Adjusted Cost Cap

Formula Rate Timeline

General Update Process



Formula Rate Timeline

Selected 2025 milestones

- April 16 – 2024 FERC Form No. 1 submitted to FERC
- June 30 – Publication of 2024 Annual Update (including True-up Adjustment)
- July 10 – Informational filing submitted in FERC Docket No. [ER25-2850](#)
- August 11 – 2024 Annual Update (True-Up) meeting
- September 30 – Publication of 2026 Projection
- October 31 – Last day to incorporate corrections into 2026 Projection
- January 1, 2026 – Scheduled end of information request period

Annual Update

2024 Rate Year

2024 Annual Update

Revenue Requirement Components

Construction on the Segment A Project was completed in December 2023, so 2024 was the first full year in service.

Appendix A Item	2023 Annual Update As corrected September 30, 2024	2024 Annual Update
Average Rate Base	\$ 298,798,696	\$ 448,288,332
Rate of Return ¹	8.28%	8.30%
Return on Rate Base	\$ 24,730,313	\$ 37,211,660
Incentive Return	\$ 1,852,711	\$ 2,734,721
Income Taxes	\$ 5,552,229	\$ 8,099,339
Total Incentive Return & Income Taxes	\$ 7,404,941	\$ 10,834,061
Operating Expenses:		
O&M and A&G Expenses	\$ 13,434,046	\$ 15,840,361
Depreciation Expenses	\$ 8,399,672	\$ 11,755,673
Non-income taxes	\$ 1,481,937	\$ (1,080,123)
Total Operating Expenses	\$ 23,315,655	\$ 26,516,001
Gross Revenue Requirement	\$ 55,450,909	\$ 74,561,721
Less: Revenue Credits	\$ 123,102	\$ 142,384
Net Revenue Requirement	\$ 55,327,807	\$ 74,419,337

¹ Refer to Weighted Average Cost of Capital (WACC) calculation provided in separate slide.

Weighted Average Cost of Capital

WACC Calculation for 2024 True-up

WACC Element	Weight	Cost	Weighted	
Long Term Debt	48.7%	6.88%	3.35%	
Preferred Stock	-	-	-	
Common Stock	51.3%	9.65%	4.95%	
Total			8.30%	= Return

Refer to Attachment 3 (Cost Support worksheet) in the published Annual Update for more detail.

True-up Adjustment

Calculation of True-up Adjustment including interest

True-Up Adjustment (including interest) ¹	
Calculated Actual 2024 Annual Revenue Requirement (Att. 5 , Line 3, Column C)	\$ 74,419,337
Annual 2024 Revenue Received from NYISO (Att. 5 , Line 3, Column D)	\$ 77,586,037
Under/(Over) Recovery of Revenue Requirement	\$ (3,166,700)
Average Monthly Interest Rate	0.68%
Interest For 24 Months	\$ (517,892)
Total Under/(Over) Recovery Including Interest	\$ (3,684,591)

True-up Adjustment will be incorporated into 2026 Projection to be published by September 30, 2025.

Discussion

Formula rate materials are posted online:

nyiso.com/billing-rates

lspgridnewyork.com/documents

Direct inquiries, information requests, and challenges to:

rates@lspgridnewyork.com

Disclaimer

Notwithstanding requirements and terms defined in the LS Power Grid New York Corporation I (LSPG New York) formula rate implementation protocols and terms commonly used in FERC ratemaking (e.g., 'projected', 'projection'), this document and any related discussions may contain certain statements that describe LSPG New York management's beliefs concerning future financial performance, future business conditions and prospects, growth opportunities and the outlook for the electric transmission industry based upon information currently available. Such statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and are often identified by words such as "anticipates", "believes", "intends", "estimates", "expects", "projects", "projected", "shall", "will", "should", "could", "may", and similar phrases. Such forward-looking statements are based upon assumptions management believes are reasonable. Such forward-looking statements are subject to important risks, uncertainties and other factors which could cause actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements. These important risks, uncertainties and other factors include: future economic conditions in regional, national and international markets and their effects on prices, costs and availability of required goods and services; market perception of the energy industry and LSPG New York; changes in business strategy, operations or development plans; the outcome of contract negotiations for goods and services; effects of current or proposed state and federal legislative and regulatory actions or developments, including deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that LSPG New York may charge; adverse changes in applicable laws, regulations, rules, principles or practices governing tax, accounting and environmental matters; financial market conditions and performance, including changes in interest rates and credit spreads and in availability and cost of capital; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including cyber terrorism; and weather conditions, including weather-related damage. Given these uncertainties, you should not rely on forward-looking information.