



September 30, 2025

LS Power Grid New York 2026 Projection Posting Notice and Stakeholder Information

In accordance with the LS Power Grid New York Corporation I (“LSPG New York”) Formula Rate Implementation Protocols (“Protocols”) included in Section 6.10.6.2.1 of the New York Independent System Operator, Inc. (“NYISO”) Open Access Transmission Tariff, LSPG New York provides this notice of the posting of its projected Net Adjusted Revenue Requirement for rate year 2026 (“2026 Projection”) on the NYISO website (nyiso.com/billing-rates) along with additional stakeholder information herein. The 2026 Projection includes the populated formula rate template and additional workpapers in native Excel and PDF formats. LSPG New York has also posted the 2026 Projection and this document to its website (lspowergrid.com/utilities/lspower-grid-new-york) under Postings & Notices > Formula Rates > 2026.

Please direct inquiries, information requests, and challenges to rates@lspgridnewyork.com.

Cost Containment and Risk Sharing Mechanism

In accordance with Section 1.E.4. of the Protocols, LSPG New York has included a work paper with the populated formula rate template to demonstrate compliance with cost containment commitments for the Marcy to New Scotland 345 kV Upgrade Project (Segment A). The values are consistent with those in the 2024 Informational Workpaper published June 11, 2024, except that the total Project Costs reflect an additional \$1.25 million of trailing costs as also shown on the workpaper included with the November 5, 2024 revised 2025 Projection. The workpaper included with the 2026 Projection continues to show that Project Costs do not exceed Cost Cap and Project Costs are not below the Adjusted Cost Cap, so no adjustments are required to comply with the cost containment and risk sharing mechanism.

Accounting Changes and Disclosures

Section 1.E.5 of the Protocols calls for LSPG New York to identify any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”) along with a narrative explanation of the individual impact of such changes on the projected Net Adjusted Revenue Requirement.

Accounting Changes

1. New standard or policy (Protocols Section 1.E.5.a.i)

Pursuant to Order 898 in FERC Docket No. RM21-11, certain plant has been reclassified to newly created FERC accounts effective January 1, 2025. Existing depreciation rates are being applied to the newly classified plant until LSPGNY's next depreciation rate study, the timing of which is subject to the moratorium period provision in the settlement agreement resolving FERC Docket No. ER20-716. The reclassification of plant to new FERC accounts has no effect on the projected net revenue requirement.

2. Issues of first impression (Protocols Section 1.E.5.a.ii)

None to report.

3. Corrections and prior period adjustments (Protocols Section 1.E.5.a.iii)

None to report.

4. New estimation methods (Protocols Section 1.E.5.a.iv)

None to report.

5. Income tax elections (Protocols Section 1.E.5.a.v)

A New York State tax law change enacted on April 19, 2021, increased the income tax rate from 6.5% to 7.25% for taxpayers with business income base exceeding \$5 million. The tax rate was effective for tax years beginning on or after January 1, 2021, and before January 1, 2024. This tax law change was expected to affect LSPG New York for 2023. The 2023 projected revenue requirement was based on the 7.25% tax rate. However, actual taxable income for 2023 did not exceed \$5 million and, as such, the 6.5% tax rate applied to the 2023 tax year. The actual revenue requirement (true-up) for 2023 was based on the 6.5% tax rate.

In May 2023, New York State enacted a law that extended the increased corporate franchise tax rate 7.25 percent for a three-year period, through tax year 2026, for taxpayers with taxable income greater than \$5 million. The tax rate is 6.5 percent for other taxpayers. LSPG New York did not record regulatory assets or regulatory liabilities for deficient ADIT or excess ADIT during 2023.

The tax provision in the 2024 formula rate templates was based on a 26.73% composite tax rate (i.e., reflecting the 7.25% NYS rate). This was the appropriate tax rate to determine 2024 New York State income tax liability. However, the 7.25% tax rate is not expected to apply when the temporary differences reverse. The LSPG New York formula rate template is not designed to use different tax rates to compute current tax expense and deferred expense for the same tax year. As a result, deferred tax expense was recovered at an amount that is

higher than the amount estimated for the deferred tax liability (based on the expected reversal dates of the temporary differences and the tax rates expected to apply in such years). The difference in deferred tax expense computed in the 2024 template and the expected tax liabilities upon reversal of the underlying temporary differences is \$161,885. In the 2026 Projection, Attachment 8 (Annual Excess or Deficient Accumulated Deferred Income Taxes Worksheet) is being used to reduce the 2026 revenue requirement by this amount plus a tax gross-up for a total of \$219,164.

Other Disclosures:

6. Fair Value Adjustments (Protocols Section 1.E.5.b)
None to report.
7. Reorganization/Merger (Protocols Section 1.E.5.c)
None to report.