LS Power Grid
New York

LS Power Grid New York Corporation I

2025 Annual Update Stakeholder Meeting

August 11, 2026

Outline

- Introductions
- Background
  - Company and Project
  - Cost Containment/Risk Sharing
  - Formula Rate
- Annual Update for 2025 Rate Year
  - Known Error
  - Revenue Requirement Components
  - True- Up Adjustment
- Discussion

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
  lspowergrid.com/utilities/ls-power-grid-new-york

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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 pre-commercial 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 Cap[1] – 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 Cap[1] – 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

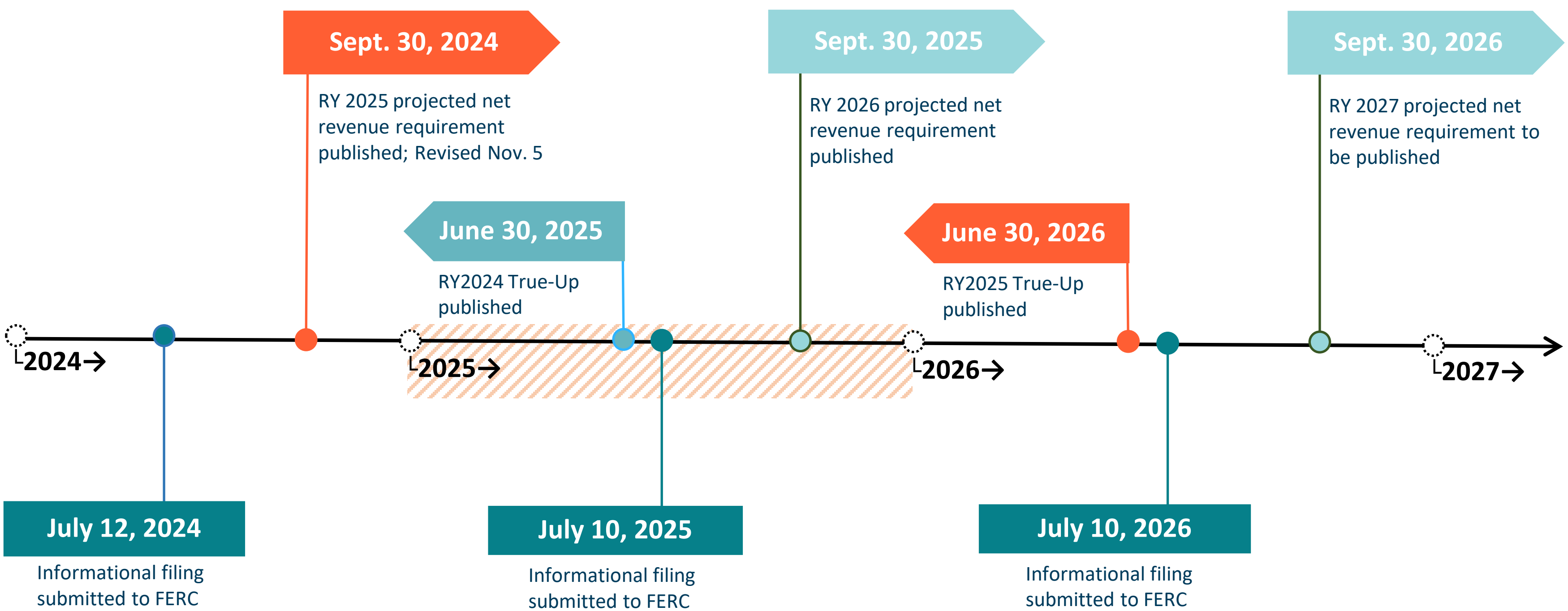
Cost containment and risk sharing mechanisms defined in the Protocols were formally applied after the entire Segment A Project was placed in service in December 2023. No adjustments were needed.

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 2026 milestones

- April 15 – 2025 FERC Form No. 1 submitted to FERC
- June 30 – Publication of 2025 Annual Update (including True-Up Adjustment)
- July 10 – Informational filing submitted in FERC Docket No. ER26-3146
- August 11 – 2025 Annual Update (True-Up) meeting
- September 30 – Publication of 2027 Projection
- October 31 – Last day to incorporate corrections into 2027 Projection
- January 1, 2027 – Scheduled end of information request period

Annual Update

2025 Rate Year

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Known Error

Income Tax Calculation – Tax Effect of Permanent Differences

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Workpaper for Permanent Book/Tax Differences
2025 Annual Update (Actual)

The book/tax differences reflected in recoverable income tax expense are differences between revenues and expenses reflected in the revenue requirement and revenue and deductions reflected in taxable income. As such, non-operating (below-the-line) expenses and income are not included (e.g., accrual of AFUDC-equity). Book depreciation of capitalized AFUDC-equity is reflected in ratemaking, but not for income tax purposes, and, thus, is a permanent book/tax difference in this context. Similarly, amortization of the regulatory asset for pre-commercial carrying charges accrued at an after-tax equity rate of return is permanent difference between recoverable expenses and tax deductions.

Permanent differences per tax return	**Amount per Formula Rate Template**	
1 Depreciation of AFUDC-equity	522,114	
2 Amortization of carrying charge-equity	70,052	
3 Total permanent book/tax differences	592,166	
4 Tax rate	26.14%	= Appendix A, Page 3, Line 65, Column (3)
5 Tax effect of permanent book/tax differences	**154,763**	**→ To Attachment 3, Line 207**
6 Tax gross-up factor	1.3538	= 1 / (1-tax rate)
7 Permanent Differences Tax Adjustment	209,521	= Line 5 / Line 7

2025 Annual Update published June 30

- Line 5 of work paper calculated Tax Effect of Permanent Book/Tax Differences.
- This value did not correctly flow to Attachment 3, Line 207.
- Consequently, a value was missing in the Income Tax calculation on Appendix A, Page 3, Line 72.
- The corrected Total Revenue Requirement Appendix A, Page 3, Line 79 is **$77,438,701** (vs. $77,229,180 as originally published).
- LSPGNY will publish a revised 2025 Annual Update ahead of the 2027 Projection and values on the slides herein reflect this correction.

Multi-jurisdictional Workpaper

		New York	State 2	State 3	State 4	State 5	Weighed Average
	Income Tax Rates						
	Weighting	100%					
206	SIT=Composite State Income Tax Rate	6.50%					6.50%
	SIT will include multiple state or local income tax rates, if applicable, weighted based on the apportionment methodologies of each jurisdiction and the number of days in the year that the rates are effective.						
207	The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Appendix A that are not the result of a timing difference. If any, a workpaper showing the calculation will be attached.						154,763

71	Investment Tax Credit Amortization Adjustment	(Attachment 3, line 174) (Note D)	-	NP	1.0000	-
72	Permanent Differences Tax Adjustment	(Attach 3, line 207 * line 65)	209,521	NP	1.0000	209,521
73	Excess/Deficient Deferred Taxes Adjustment	Attach 8, line 58 (proj.), line 91 (actual) Note F	-	NP	1.0000	-
74	Total Income Taxes	(Sum lines 72 to 73)	7,991,842			7,991,842

2025 Annual Update

Revenue Requirement Components

Appendix A Item (reference)	2025 Annual Update As published September 30, 2026	2025 Annual Update With tax correction to be published
Average Rate Base (Line 40)	$ 441,506,342	$ 441,506,342
Rate of Return[1] (Line 99)	7.81%	7.81%
Return on Rate Base (Line 76)	**$ 34,495,190**	**$ 34,495,190**
Incentive Return (Line 78)	$ 2,759,962	$ 2,759,962
Income Taxes (Line 74)	$ 7,782,321	$ 7,991,842
Total Incentive Return & Income Taxes	**$ 10,542,283**	**$ 10,751,804**
Operating Expenses: O&M and A&G Expenses (Line 48) Depreciation Expenses (Line 54) Non-income taxes (Line 63)	 $ 18,852,405 $ 12,042,740 $ 1,296,562	 $ 18,852,405 $ 12,042,740 $ 1,296,562
Total Operating Expenses	**$ 32,191,707**	**$ 32,191,707**
Gross Revenue Requirement (Line 79)	**$ 77,229,180**	**$ 77,438,701**
Less: Revenue Credits (Line 2)	$ 218,957	$ 218,957
Net Revenue Requirement	**$ 77,010,223**	**$ 77,219,744**

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

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Weighted Average Cost of Capital

WACC Calculation for 2025 Annual Update

WACC Element	Weight	Cost	Weighted	
Long Term Debt	48.37%	5.85%	2.83%	
Preferred Stock	-	-	-	
Common Stock	51.63%	9.65%	4.98%	
Total			7.81%	= 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 2025 Annual Revenue Requirement (with tax correction) (Att. 5 , Line 3, Column C)	$ 77,219,744
Annual 2025 Revenue Received from NYISO (Att. 5 , Line 3, Column D)	$ 72,968,585
Under/(Over) Recovery of Revenue Requirement	$ 4,251,159
Average Monthly Interest Rate	0.61%
Interest For 24 Months	$ 625,285
Total Under/(Over) Recovery Including Interest	**$ 4,876,444**

True- Up Adjustment will be incorporated into 2027 Projection to be published by September 30, 2026.

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Discussion

Formula rate materials are posted online:

nyiso.com/billing-rates

lspowergrid.com/utilities/ls-power-grid-new-york

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.