

Proposal for Adoption of the LIPA PPTN Formula Rate Methodology and Implementing Protocols

Requested Action

The Long Island Power Authority (“LIPA” or “Authority”) staff (“Staff”) proposes the adoption of a formula rate template and implementing protocols, effective July 1, 2026, for the calculation of an annual revenue requirement for the recovery of costs incurred by LIPA in the construction, ownership and operation of transmission facilities and network upgrades pursuant to its role as a Designated Entity under the Public Policy Transmission Project planning process (“LIPA PPTN Formula Rate”). The formula rate template will account for costs incurred by LIPA and determine LIPA’s annual transmission revenue requirement (“ATRR”) across a July 1 to June 30 period (“Rate Year”) that uses the prior calendar year’s historical cost of service as a projection for the Rate Year revenue requirement.

Authority to Adopt Formula Rate

LIPA was created by the New York State Legislature pursuant to the Long Island Power Authority Act, Title 1-A of Article 5 (§ 1020 *et seq.*) of the New York Public Authorities Law, as amended by certain provisions of the LIPA Reform Act.¹ The LIPA Board of Trustees (“LIPA Board” or “Board”) is empowered to set rates and charges for the construction and operation of the LIPA transmission system at the lowest level consistent with sound fiscal and operating practices and which provide for safe and adequate service pursuant to Sections 1020-f(u) and 1020-s of the Public Authorities Law.²

Under the LIPA Reform Act, LIPA is required to submit a proposed rate increase for New York Department of Public Service (“NY DPS”) if it would increase the rates and charges by an amount that would increase LIPA’s annual revenues by more than two and one-half percent (2.5%) of the prior year’s total annual revenues.³ LIPA has conferred with the NY DPS and reported its determination that this proposal does not trigger that requirement.

Background on LIPA Participation in the NYISO Public Policy Transmission Planning Process and the Identification of Designated Entities

LIPA is responsible for planning and maintaining its transmission and distribution facilities within the Long Island Transmission District in order to support the reliable and cost-effective service to retail customers on Long Island. LIPA voluntarily participates in the Public Policy Transmission Planning Process which is administered by the New York Independent System Operator (“NYISO”). This planning process involves the assessment of needs for transmission solutions within the New York State bulk power transmission system driven by public policy requirements, as identified by the New York Public Service Commission (“NY PSC”). LIPA provides

¹ See N.Y. Pub. Auth. Law, §§ 1020 *et seq.* and LIPA Reform Act, ch. 173, 2013 N.Y. Laws.

² *Id.* at N.Y. Pub. Auth. Law, §§ 1020-f (u) (establishment of rates) and 1020-s (Board jurisdiction).

³ *Id.* § 1020-f(u)(2).

recommendations to NY PSC regarding the potential for public policy requirements to drive transmission needs within the Long Island Transmission District. Upon a NY PSC determination that there are public policy requirements driving an identified need for transmission solutions within the NYS bulk power transmission, the NYISO conducts a solicitation of proposals and selects the more efficient or cost-effective transmission solution(s) to such identified needs. A selected solution, is referred to as a “Public Policy Transmission Project.” The NYISO also identifies “Designated Entities” responsible for constructing, owning and operating transmission facilities and associated network upgrades to the existing transmission system, which are necessary to implement the overall Public Policy Transmission Project. A Designated Entity can include the selected developer, an entity partnering with the selected developer and an interconnecting transmission owner which owns facilities that are to be replaced, or upgraded, as part of the overall Public Policy Transmission Project.

In June 2023, the NYISO selected a transmission solution, referred to as the Propel Project, as the Public Policy Transmission Project addressing the Long Island Offshore Public Policy Transmission Need that had been identified by the NY PSC.⁴ LIPA has been classified as a Designated Entity for constructing, owning, and operating certain transmission facilities and network upgrades which are necessary to implement the Propel Project. LIPA has initiated planning, including equipment procurement, for its assigned project elements and network upgrades. Consequently, LIPA has prepared, and now proposes to adopt, the LIPA PPTN Formula Rate for the accounting of its costs incurred as a Designated Entity and to calculate an annual revenue requirement for the transmission facilities and network upgrades within the Long Island Transmission District constructed and owned by LIPA as a Designated Entity under the Public Policy Transmission Project planning process.

LIPA PPTN Formula Rate Proposal

Staff proposes the adoption of the LIPA PPTN Formula Rate to accommodate the cost recovery of transmission facilities and network upgrades constructed, owned and operated by LIPA pursuant to its role as a Designated Entity under the Public Policy Transmission Project planning process. The formula rate template will account for costs incurred by LIPA and determine LIPA’s annual transmission revenue requirement (“ATRR”) across a July 1 to June 30 period (“Rate Year”) that uses the prior calendar year’s historical cost of service as a projection for the Rate Year revenue requirement.


Inputs to the LIPA PPTN Formula Rate will be sourced from LIPA’s audited financial reports and accounting records maintained by LIPA in manner equivalent to FERC Form No. 1 requirements and procedures. Further, the LIPA PPTN Formula Rate will include a return on equity of 9.75% as well as a deemed capital structure of 51% Equity and 49% Long-term Debt. The LIPA PPTN Formula Rate will include the following elements:

⁴ NYISO, *Long Island Offshore Wind Export Public Policy Transmission Plan: A Report from the New York Independent System Operator*, Appendix P (June 13, 2023), <https://www.nyiso.com/documents/20142/38391083/Long-Island-Offshore-Wind-Export-Public-Policy-Transmission-Planning-Appendices-2023-6-13.pdf/34c9a7dc-b6a5-b281-abed-ea09fcd72b4>.



Long Island Power Authority

Line Item	Item Description	Source
1	A) Net Electric Plant in Service	
2	Net Transmission Plant	
3	Net General Plant	
4	B) Rate Base Adjustments	
5	* Cash Working Capital	
6	* Materials & Supplies	
7	* Prepayments	
8	* Land Held for Future Use	
9	* CWIP	
10	* Regulatory Asset	
11	* Abandoned Plant	
12	TOTAL (sum lines 2-11)	



Long Island Power Authority

Line Item	Item Description	Source
1	Operation & Maintenance Expense	O&M Expense (FERC Accounts 560-573)
2	Administration & General Expenses	A&G Expense (FERC Accounts 920-935)
3	Depreciation & Amortization Expense	Depreciation Expense (Project Specific Depreciation + Depreciation for FERC Accounts 390-399)
4	TOTAL OPERATING EXPENSE	O&M + A&G + Depreciation Expense
5	RATE BASE	Rate Base
6	Return on Rate Base	Rate Base * Rate of Return
6a	Total Project Specific Return Adjustment	Project Specific Adjustment
7	TOTAL REVENUE REQUIREMENT	Operating Expense + Return on Rate Base + Project Specific Return Adjustments
8	Incentive Return	Project Specific Incentive Return
9	True-up Adjustment	True Up
10	Taxes (PILOT)	Taxes
11	NET ADJUSTED REVENUE REQUIREMENT	(sum lines 7-10)

The annual revenue requirement calculated through the LIPA PPTN Formula Rate will be recovered in a Rate Year covering a July 1 to June 30 period using the prior calendar year's historical cost of service as a proxy projection for the Rate Year revenue requirement. Actual costs

will be determined the following year and any difference between transmission revenues received and actual costs during a calendar year will be reflected as a true-up adjustment during the subsequent Rate Year. For the true-up adjustment process, calendar year actual costs will be determined the following year and any difference between transmission revenues received and actual costs during a calendar year will be reflected as an adjustment during the subsequent Rate Year. Any true-up adjustments will be calculated with interest. The use of historical cost of services as a proxy projection with a true-up adjustment for actual costs adheres to established cost-of-service principles for electric utilities.

This public input process will include notice of the applicable ATRR, a public information request window, challenge period and, if necessary, dispute resolution procedures. Specifically, LIPA will hold a remotely accessible stakeholder meeting for interested parties between 20 and 40 days after the posting of the ATRR for the applicable Rate Year. Interested parties will have a 120-day period within which to submit information requests. Disputes regarding information requests and responses thereto will be reviewed and acted upon by a Discovery Master, which shall be the Chief Executive Officer for LIPA. Interested parties will have a review period of commensurate to the later of 60 days following the closing of the information request window or 30 days after LIPA has responded to all timely information requests. By no later than the close of the review period, interested parties may file a challenge, in writing, regarding the data and inputs used in the calculation of the ATRR as well as LIPA's compliance with the Formula Rate and implementing protocols. Parties that have filed a challenge will have until 30 days after the LIPA Staff response to request further review by the LIPA Board. Formal Board review of a challenge will include submission of written briefs and other supporting evidence to a Hearing Officer, which shall be the LIPA Chief Financial Officer. Thereafter, the Hearing Officer will provide a report and recommendation to the LIPA Board. The Board must make a final determination by the later of 30 calendar days after issuance of the Hearing Officer's report and recommendation or the next Board Meeting following such report and recommendation. Any required ATRR adjustments resulting from the public review process will be reflected, with interest, in the following year's true-up adjustment.

Financial Impacts to LIPA Customers

LIPA PPTN Formula Rate and Implementing Protocols.

The cost recovery of the Long Island Offshore Public Policy Transmission Need Project is subject to statewide cost allocation on a load ratio share basis. The current load ratio share allocation for LIPA, as a load-serving entity, is approximately 12.5%.

Attachments

- (1) Formula Rate Template
- (2) Formula Rate Implementing Protocols

ATTACHMENT 1
Formula Rate Template



Annual Transmission Revenue Requirement
Public Policy Transmission Need
LIPA Designated Project

Formula Rate Template

**Long Island Power Authority
Annual Transmission Revenue Requirement
Formula Rate Template
Index**

<u>Name</u>	<u>Description</u>
Summary	Annual Revenue Requirement
1 O&M Expense	Operation & Maintenance Expense Summary
2 A&G Expense	Administrative And General Expenses
3 Depreciation	Annual Depreciation & Amortization Expenses
4 Rate Base	Rate Base Calculation
5 Project Specific Adjustment	Revenue Requirement Adjustment - Project Specific
6 Project Spec IR	Project Specific Incentive Return
6a Incentive Return	Information for Incentive Return Calculations
7 Capital Structure B	Base Capital Structure And Cost Of Capital
8 True Up	True Up
A.1 Accounting Inputs	FERC Accounting Input - LIPA
A.2 Rate Base Adjustments	Rate Base Adjustment Items Supported by Work Papers
A.3 T&G Plant	Accounting (T&G Plant) Input - LIPA
A.4 Step Up Transformers	Step Up Transformers Removal
A.5 Land	Land Held for Future Use
A.6 Project Specific_ACC _PPTN	PPTN Specific Accounting Information
B.1 LIPA Depreciation	LIPA Transmission Plant and General Plant Depreciation
C.1 Capital Structure Inputs	Input for Capital Structure and Cost of Funds
D.1 Taxes	Payment in Lieu of Taxes
E.1 Labor	Labor Ratio Calculations

Line Item	Item Description	Source
1	Operation & Maintenance Expense	<input type="text"/> O&M Expense (FERC Accounts 560-573)
2	Administration & General Expenses	<input type="text"/> A&G Expense (FERC Accounts 920-935)
3	Depreciation & Amortization Expense	<input type="text"/> Depreciation Expense (Project Specific Depreciation + Depreciation for FERC Accounts 390-399)
4	TOTAL OPERATING EXPENSE	<input type="text" value="\$ -"/> O&M + A&G + Depreciation Expense
5	<u>RATE BASE</u>	<input type="text" value="\$ -"/> Rate Base
6	Return on Rate Base	<input type="text"/> Rate Base * Rate of Return
6a	Total Project Specific Return Adjustment	<input type="text"/> Project Specific Adjustment
7	TOTAL REVENUE REQUIREMENT	<input type="text"/> Operating Expense + Return on Rate Base + Project Specific Return Adjustments
8	Incentive Return	<input type="text" value="\$ -"/> Project Specific Incentive Return
9	True-up Adjustment	<input type="text" value="\$ -"/> True Up
10	Taxes (PILOT)	<input type="text" value="\$ -"/> Taxes
11	NET ADJUSTED REVENUE REQUIREMENT	<input type="text"/> (sum lines 7-10)

Line Item	FERC Account Number	Account Description	Account Balance	Source	PPTN Ratio	Total O&M Allocated to PPTN
Operation:						
1	560	Supervision & Engineering	\$ -	A.1 Accounting Inputs Line 219		
2	561	Load Dispatching	\$ -	A.1 Accounting Inputs Line 220-225		
3	562	Station Expenses	\$ -	A.1 Accounting Inputs Line 226		
4	563	Overhead line expense	\$ -	A.1 Accounting Inputs Line 227		
5	564	Underground line expenses	\$ -	A.1 Accounting Inputs Line 228		
6	566	Misc. Trans. Expenses	\$ -	A.1 Accounting Inputs Line 229		
7		Total Operation	\$ -	(sum lines 1-6)		
MAINTENANCE:						
8	568	Supervision & Engineering	\$ -	A.1 Accounting Inputs Line 229		
9	569	Structures	\$ -	A.1 Accounting Inputs Line 233		
10	570	Station Equipment	\$ -	A.1 Accounting Inputs Line 234		
11	571	Overhead Lines	\$ -	A.1 Accounting Inputs Line 235		
12	572	Underground Lines	\$ -	A.1 Accounting Inputs Line 236		
13	573	Misc. Transm. Plant	\$ -	A.1 Accounting Inputs Line 237		
14		Total Maintenance	\$ -	(sum lines 8-13)		
15		TOTAL O&M	\$ -	(sum lines 7 & 14)		
ADJUSTMENTS:						
16		Step-Up Transformers		A.4 Step up Transformers		
17		Other	\$ -			
18						
19		TOTAL ADJUSTMENTS	\$ -	(sum lines 16-17)		
20		TOTAL ADJUSTED O&M TRANSMISSION	\$ -	(sum lines 15 & 19)		

Line Item	FERC Account Number	Account Description	Total	Source	Labor Ratio	PPTN Ratio	Transmission (\$)
1	920	A&G Salaries	\$ -	A.1 Accounting Inputs Line 286			
2	921	Office Supplies & Expenses	\$ -	A.1 Accounting Inputs Line 287			
3	922	Admin. Exp. Transferred-Cr	\$ -	A.1 Accounting Inputs			
4	923	Outside Services Employed	\$ -	A.1 Accounting Inputs Line 288			
5	924	Property Insurance	\$ -	A.1 Accounting Inputs Line 289			
6	925	Injuries & Damages Insurance	\$ -	A.1 Accounting Inputs Line 290			
7	926	Employee Pensions & Benefits	\$ -	A.1 Accounting Inputs Line 291			
8	928	Reg. Commission Expenses	\$ -	A.1 Accounting Inputs Line 292			
9	930	Obsolete/Excess Inv	\$ -	A.1 Accounting Inputs Line 293-294			
10	931	Rents	\$ -	A.1 Accounting Inputs Line 295			
11	935	Maint of General Plant A/C 932	\$ -	A.1 Accounting Inputs Line 296			
12		TOTAL	\$ -	(sum lines 1-11)			
13		TOTAL A&G Expense	\$ -	Line 12			

<u>Line Item</u>	<u>FERC Account Number</u>	<u>Account Description</u>	<u>Source</u>	<u>Transmission</u>	<u>General Plant</u>	<u>Transmission Labor Ratio</u>	<u>General Plant Allocated to Transmission</u>	<u>PPTN Ratio</u>	<u>Total Annual Depreciation Allocation</u>
1	390	Structures & Improvements	B.1 LIPA Depreciation Line 12		\$ -				
2	391	Office Furniture & Equipment	B.1 LIPA Depreciation Line 13		\$ -				
3	392	Transportation Equipment	B.1 LIPA Depreciation Line 14-16		\$ -				
4	393	Stores Equipment	B.1 LIPA Depreciation		\$ -				
5	394	Tools, Shop & Garage Equipment	B.1 LIPA Depreciation Line 17		\$ -				
6	395	Laboratory Equipment	B.1 LIPA Depreciation Line 18		\$ -				
7	396	Power Operated Equipment	B.1 LIPA Depreciation Line 19		\$ -				
8	397	Communication Equipment	B.1 LIPA Depreciation Line 20		\$ -				
9	398	Miscellaneous Equipment	B.1 LIPA Depreciation Line 21		\$ -				
10	399	Other Tangible Property	B.1 LIPA Depreciation		\$ -				
11		Unadjusted General Plant Depreciation							
Project Specific Depreciation - LIPA PPTN									
12	352	Structures and improvements	A.6 Project Specific_ACC_PPTN Line 3	\$ -					
13	353	Station equipment	A.6 Project Specific_ACC_PPTN Line 4	\$ -					
14	354	Towers and fixtures	A.6 Project Specific_ACC_PPTN Line 5	\$ -					
15	355	Poles and fixtures	A.6 Project Specific_ACC_PPTN Line 6	\$ -					
16	356	Overhead conductors and devices	A.6 Project Specific_ACC_PPTN Line 7	\$ -					
17	357	Underground conduit	A.6 Project Specific_ACC_PPTN Line 8	\$ -					
18	358	Underground conductors and devices	A.6 Project Specific_ACC_PPTN Line 9	\$ -					
19		TOTAL	(Sum lines 1-18)	\$ -	\$ -				

Item Description	Source	Account Total	Transmission Labor Ratio	General Plant Allocated to Transmission	PPTN Allocation	Total Transmision	Rate of Return	Return on Rate Base
A) Net Electric Plant in Service								
Net Transmission Plant	A.1 Accounting Inputs	\$ -						
Net General Plant	A.1 Accounting Inputs	\$ -						
B) Rate Base Adjustments								
* Cash Working Capital	O&M + A&G							
* Materials & Supplies	A.2 Rate Base Adjustments Line 2	\$ -			\$ -			
* Prepayments	A.2 Rate Base Adjustments Line 3	\$ -			\$ -			
* Land Held for Future Use	A.5 Land Line 1	\$ -			\$ -			
* CWIP	A.2 Rate Base Adjustments Line 1	\$ -			\$ -			
* Abandoned Plant	A.2 Rate Base Adjustments Line 4	\$ -			\$ -			
* Regulatory Asset	A.2 Rate Base Adjustments Line 5	\$ -			\$ -			
TOTAL (sum lines 2-11)						\$ -		

Line Item	Item Description	Source	Structure	Cost Rate	Weighted Average
<u>Project XXXX</u>					
1	Long Term Debt	Capital Structure Inputs	49.00%	xx.xx%	
2	Total Debt	Capital Structure Inputs	49.00%		
3	Equity	Capital Structure Inputs	51.00%	9.75%	4.97%
4	WACC		100%		
5	Project Net Plant	6 Project Spec IR Line 1a			\$ -
6	Project Base Return	7 Capital Structures Line 4 * Line 5			
7	Project Allowed Return	Line 4 * Line 5			
8	Project XXXX Specific Retrun Adjustment	Line 7 - Line 6			
9	<u>Total Project Adjustments</u>				<input type="text"/>

Line Item	Item Description	Source	Total	Notes
1	Gross Transmission Plant - Total	A.3 T&G Plant Line 13	\$ -	
1a	Transmission Accumulated Depreciation	A.3 T&G Plant Line 13 Depreciation	\$ -	
1b	Transmission CWIP, Regulatory Asset and Abandoned Plant	4 - Rate Base Sum Lines 5, 7-9	\$ -	
2	Net Transmission Plant - Total	Line 1-Line 1a- Line 1b	\$ -	
O&M TRANSMISSION EXPENSE				
3	Total O&M Allocated to Transmission	O&M + A&G		
GENERAL DEPRECIATION EXPENSE				
5	Total General Depreciation Expense	3 - Depreciation Line 19		
6	Annual Allocation Factor for Expenses	Formula (Line 3 + Line 5)/Line 1		
RETURN				
7	Return on Rate Base	4 - Rate Base Line 12		
8	Annual Allocation Factor for Return on Rate Base	Line 7/Line 2		

Line No.	Project Name and #	Type	Project Gross Plant (\$)	Project Accumulated Depreciation (\$)	Annual Allocation Factor for Expenses	Annual Allocation for Expenses (\$)	Project Net Plant (\$)	Annual Allocation Factor for Return	Annual Return Charge (\$)	Project Depreciation/Amortization Expense (\$)	Annual Revenue Requirement (\$)	Incentive Return in basis Points	Incentive Return (\$)	Discount	Project Specific Capital Structure and Cost Of Capital	Total Annual Revenue Requirement (\$)	True-Up Adjustment (\$)	Net Revenue Requirement (\$)
					Line 6	Col. 3 * Col. 5			(Col. 7 * Col. 8)	(Note E)	(Sum Col. 6, 9 & 10)	Per Approval	Col 7 * Col 12			(Sum Col. 11 + 13 + 14 + 14a)	True Up Line 2	Sum Col. 15 + 16
1a	XXXX						-											
1b																		
1c																		
1d																		
1e																		
1f																		
1g																		
1h																		
1i																		
1j																		
1k																		
1l																		
1m																		
Total			\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -

Line Item	Item Description	Source	Structure	Cost Rate	Weighted Average	Notes
1	Long Term Debt	Capital Structure	49.00%	xx.xx%		Cost of LIPA's Long term Taxable Debt
2	Total Debt	Capital Structure	49.00%			
3	Equity	Capital Structure with Cost Rate adjusted	51.00%	xx%		
4	WACC	Capital Structure	100.00%			
5	Rate Base	4 - Rate Base Lines 2-11				
6	100 Basis Point Incentive Return multiplied by Rate Base	Line 4* Line 5				
7	Return on Rate Base	Line 5 * Capital Structure B Line 4				
8	Incremental Return for 100 basis point increase in ROE	Line 6 - Line 7				
9	Net Transmission Plant	4 - Rate Base Line 2			\$	-
10	Incremental Return for 100 basis point increase in ROE divided by Rate Base	Line 8/Line 9				

Line Item	Item Description	Source	Structure	Cost Rate	Weighted Average	Notes
1	Long Term Debt	C.1 Capital Structure Inputs Line 1	49.00%	xx.xx%		Cost of LIPA's Long term Taxable Debt
2	Total Debt		49.00%			
3	Equity	C.1 Capital Structure Inputs Line 2	51.00%	9.75%	4.97%	
4	WACC		100%			

(A) Line No.	(B) Project Name	(C) Project Number	(D) Actual Revenues Received	(E) Actual Net Revenue Requirement	(F) True-Up Adjustment Principal Under/(Over)	(G) Prior Period Adjustment	(H) Applicable Interest Rate on Under/(Over)	(I) True-Up Adjustment Interest Under/(Over)	(J) Total True-Up Adjustment
			ARR Using Actual Cost Data		Col. (E) - Col. (D)	If Applicable	Line No. 3	(Column F + Column G) x Column H x 24 months	Column F + Column G + Column I
1a			-	-	-		0%	-	-
1b			-	-	-		0%	-	-
1c			-	-	-		0%	-	-
1d			-	-	-		0%	-	-
1e									
...									
...									
2	Total								-

Notes

The interest rate in cell P& is a placeholder interest rate taken from FERC. It should be updated regularly based on a combination of FERC guidance and LIPA's circumstances. Currently there are no True Up Adjustments as this is the first PPTN filing and therefore nothing to True Up. This will be used in the future.

3	Interest Rate	Source
	0.00%	https://www.ferc.gov/interest-calculation-rates-and-methodology

Published @ <https://www.ferc.gov/interest-calculation-rates-and-methodology>

Applicable Annual Quarter	Annual Rate	Monthly Rate	Monthly Rate
Second Quarter 20xx	0.00%	Jun	0.00%
		May	0.00%
		Apr	0.00%
First Quarter 20xx	0.00%	Mar	0.00%
		Feb	0.00%
		Jan	0.00%
Fourth Quarter 20xx	0.00%	Dec	0.00%
		Nov	0.00%
		Oct	0.00%
Third Quarter 20xx	0.00%	Sep	0.00%
		Aug	0.00%
		Jul	0.00%
Second Quarter 20xx	0.00%	Jun	0.00%
		May	0.00%
		Apr	0.00%
First Quarter 20xx	0.00%	Mar	0.00%
		Feb	0.00%
		Jan	0.00%

Account Inputs & Adjustments				Account Balances							
Line No.	FERC No.	Account Description	Allocators	20XX (in \$000)	20XX -1 (in \$000)						
Revenue											
1		Delivery Charge (RDM Target)		-	-						
2		T&D Property Tax (RDM Target)		-	-						
3		Merchant Function Charge (RDM Target)		-	-						
4		Power Supply Charge		-	-						
5		Energy Efficiency and Distributed Energy (DER)		-	-						
6		New York State Assessment		-	-						
7		Suffolk Property Tax Settlement		-	-						
8		Visual Benefits Assessment (VBA)		-	-						
9		Revenue Related PILOTS		-	-						
10		RDM Collection(Refund)		-	-						
11		DSA Collection(Refund)		-	-						
12		Other Regulatory Amortizations and Deferrals		-	-						
13		Miscellaneous Revenues		-	-						
14		TOTAL REVENUE		-	-						
Expenses											
Fuel and Purchased Power											
15		Capacity Charges		-	-						
16		National Grid (PSA)		-	-						
17		Purchased Power		-	-						
18		Natural Gas		-	-						
19		Fuel Oil		-	-						
20		Renewable Power		-	-						
21		Transmission		-	-						
22		Nine Mile Nuclear		-	-						
23		Regional Greenhouse Gas Initiative (RGGI)		-	-						
24		Zero Emissions Credits		-	-						
25		Fuel and Power Supply Management Services		-	-						
26		Other		-	-						
27		National Grid (PSA) Property Taxes		-	-						
28		Fast Track Units Property Taxes		-	-						
29		Nine Mile Point Property Taxes		-	-						
30		Fuel and Purchased Power		-	-						
O&M Expenses											
31		Transmission & Distribution		-	-						
32		Business Services		-	-						
33		Customer Services		-	-						
34		Energy Efficiency & DER		-	-						
35		Construction & Operations Services		-	-						
36		Power System Management		-	-						
37		Emergency Preparedness		-	-						
38		Utility 2.0 Costs		-	-						
39		Information Technology & Cybersecurity		-	-						
40		Asset Management & Reliability		-	-						
41		Storm Restoration-T&D		-	-						
42		Storm Restoration-Business Services		-	-						
43		Storm Restoration-Customer		-	-						
44		NYS Assessment		-	-						
45		Accrual of Asset Retirement Obligation		-	-						
46		Pension (PSEG Operating Expenses)		-	-						
47		OPEB (PSEG Operating Expenses)		-	-						
48		Miscellaneous		-	-						
49		Uncollectible Accounts Delivery		-	-						
50		Uncollectible Accounts Fuel & Power		-	-						
51		LIPA Operating Expenses		-	-						
52		O&M Expenses		-	-						
Cash Reductions to O&M											
53		Other Interest Costs		-	-						
54		Suffolk Property Tax Settlement (Principal)		-	-						
55		Visual Benefits Assessment (Principal)		-	-						
56		PSEG Long Island OPEB Expenses		-	-						
57		Cash Reductions to O&M		-	-						
PILOTS & Taxes											
58		PILOTS - Property-Based Taxes		-	-						
59		PILOTS - Revenue-Based Taxes		-	-						
60		PILOTS & Taxes		-	-						
Other Income and Deductions											
61		Short-Term Investment Income		-	-						
62		Suffolk Property Tax Settlement		-	-						
63		Visual Benefits Assessment		-	-						
64		Nuclear Decommissioning Trust Fund		-	-						
65		Earnings on OPEB Account		-	-						
66		PSEG Long Island Funding Accounts		-	-						
67		Miscellaneous Income and Deductions - LIPA		-	-						
68		Miscellaneous Income and Deductions - PSEG Long Island		-	-						
69		Build America Bonds Subsidy - U.S. Treasury		-	-						
70		Efficiency & DER - RGGI Funding		-	-						
71		Other Grant Income		-	-						
72		Other Income and Deductions		-	-						
Debt Service Plus Coverage											
73		UDSA Debt Service		-	-						
74		LIPA Debt Service		-	-						
75		Coverage		-	-						
76		Debt Service Plus Coverage		-	-						
77		TOTAL EXPENSES		-	-						
78		Revenue Surplus / (Shortfall)		-	-						
Assets: Production Plant - Nuclear Production				Book Cost	Allocated Reserve	Net Book Value	Depreciation	Book Cost	Allocated Reserve	Net Book Value	Depreciation
79	320	Land and land rights		-	-	-	-	-	-	-	
80	321	Structures and improvements		-	-	-	-	-	-	-	
81	322	Reactor plant equipment		-	-	-	-	-	-	-	
82	323	Turbogenerator units		-	-	-	-	-	-	-	
83	324	Accessory electric equipment		-	-	-	-	-	-	-	
84	325	Misc. power plant equipment		-	-	-	-	-	-	-	
85	326	Asset Retirement Obligations		-	-	-	-	-	-	-	

86	Sub-total: Production Plant - Nuclear Production Assets							
	Assets: Transmission Plant							
87	350	Land and land rights	-	-	-	-	-	-
88	351	Cirg land and rights of way	-	-	-	-	-	-
89	352	Structures and improvements	-	-	-	-	-	-
90	353	Station equipment	-	-	-	-	-	-
91	354	Towers and fixtures	-	-	-	-	-	-
92	355	Poles and fixtures	-	-	-	-	-	-
93	356	Overhead conductors and devices	-	-	-	-	-	-
94	357	Underground conduit	-	-	-	-	-	-
95	358	Underground conductors and devices	-	-	-	-	-	-
96	Sub-total: Transmission Plant Assets							
	Assets: Distribution Plant							
97	360	Land and land rights	-	-	-	-	-	-
98	361	Structures and improvements	-	-	-	-	-	-
99	362	Station equipment	-	-	-	-	-	-
100	364	Poles, towers, and fixtures	-	-	-	-	-	-
101	365	Overhead Conductors and Devices Primary	-	-	-	-	-	-
102	365	Overhead Conductors and Devices Secondary	-	-	-	-	-	-
103	366	Underground conduit	-	-	-	-	-	-
104	367	Underground Conductors and Devices Primary	-	-	-	-	-	-
105	367	Underground Conductors and Devices Secondary	-	-	-	-	-	-
106	368	Line transformers-OH TRANSFORMERS	-	-	-	-	-	-
107	368	Line transformers-OH PROTECT EQUIPT	-	-	-	-	-	-
108	368	Line transformers-UG TRANSFORMERS	-	-	-	-	-	-
109	368	Line transformers-UG PROTECT EQUIPT	-	-	-	-	-	-
110	369	Services-OU	-	-	-	-	-	-
111	369	Services-UG	-	-	-	-	-	-
112	370	Meters	-	-	-	-	-	-
113	371	Installations on customers' premises (Outdoor Lights)	-	-	-	-	-	-
114	372	Leased assets on customers' property	-	-	-	-	-	-
115	373	Street lighting and signal systems	-	-	-	-	-	-
116	Sub-total: Distribution Plant Assets							
	Assets: General Plant							
117	389	Land and land rights	-	-	-	-	-	-
118	390	Structures and improvements	-	-	-	-	-	-
119	391	Office furniture and equipment-Includes Computers	-	-	-	-	-	-
120	392	Transportation equipment-TRAILERS NON OFFICE	-	-	-	-	-	-
121	392	Transportation equipment-PASS CARS VANS LIGHT TRUCK	-	-	-	-	-	-
122	392	Transportation equipment-HEAVY TRUCKS >=12KLB	-	-	-	-	-	-
123	394	Tools, shop, and garage equipment	-	-	-	-	-	-
124	395	Laboratory equipment	-	-	-	-	-	-
125	396	Power operated equipment	-	-	-	-	-	-
126	397	Communication equipment	-	-	-	-	-	-
127	398	Misc. equipment	-	-	-	-	-	-
128	Sub-total: General Plant Assets							
129	TOTAL ASSETS							
	FERC Revenue							
130	440	Residential sales	-	-	-	-	-	-
131	442	Commercial and industrial sales	-	-	-	-	-	-
132	444	Public street and highway lighting	-	-	-	-	-	-
133	445	Other sales to public authorities	-	-	-	-	-	-
134	446	Sales to railroads and railways	-	-	-	-	-	-
135	447	Sales for resale	-	-	-	-	-	-
136	448	Interdepartmental sales	-	-	-	-	-	-
137	Sub-total: Sales of Electricity							
138	449	Provision for Rate Refunds	-	-	-	-	-	-
139	450	Forfeited discounts	-	-	-	-	-	-
140	451	Miscellaneous service revenues	-	-	-	-	-	-
141	454	Rent from electric property	-	-	-	-	-	-
142	456	Other electric revenues	-	-	-	-	-	-
143	456	Revenues from Transmission of Electricity of Others	-	-	-	-	-	-
144	Sub-total: Other Operating Revenues							
145	TOTAL FERC REVENUE							
	FERC Expenses							
	Expenses: Operating Nuclear Power Generation							
146	517	Operation supervision and engineering (Major only)	-	-	-	-	-	-
147	518	Nuclear fuel expense (Major only)	-	-	-	-	-	-
148	524	Miscellaneous nuclear power expenses (Major only)	-	-	-	-	-	-
149	Sub-total: Operating Nuclear Power Generation Expenses							
	Expenses: Operating Other Power Generation							
150	546	Operation supervision and engineering	-	-	-	-	-	-
151	547	Fuel	-	-	-	-	-	-
152	Sub-total: Operating Other Power Generation Expenses							
	Expenses: Operating Other Power Supply							
153	555	Purchased power	-	-	-	-	-	-
154	Sub-total: Operating Other Power Supply Expenses							
	Expenses: Operating Regional Market							
155	575.2	Day-ahead and real-time market administration	-	-	-	-	-	-
156	575.6	Market monitoring and compliance	-	-	-	-	-	-
157	Sub-total: Operating Regional Market Expenses							
158	TOTAL POWER							
	Expenses: Transmission - O & M							
159	560	Operation supervision and engineering	-	-	-	-	-	-
160	561.2	Load dispatch - Monitor and operate transmission system	-	-	-	-	-	-
161	561.4	Scheduling, system control and dispatch services	-	-	-	-	-	-
162	561.5	Reliability planning and standards development	-	-	-	-	-	-
163	561.6	Transmission service studies	-	-	-	-	-	-
164	561.7	Generation interconnection studies	-	-	-	-	-	-
165	561.8	Reliability planning and standards development services	-	-	-	-	-	-
166	562	Station expenses	-	-	-	-	-	-
167	563	Overhead line expense (Major only)	-	-	-	-	-	-
168	564	Underground line expenses (Major only)	-	-	-	-	-	-
169	566	Misc. Transmission Exp	-	-	-	-	-	-
170	567	Rents	-	-	-	-	-	-
171	Sub-total: Operating Transmission Expenses							
172	569	Maintenance of structures	-	-	-	-	-	-
173	570	Maintenance of station equipment	-	-	-	-	-	-
174	571	Maintenance of overhead lines	-	-	-	-	-	-
175	572	Maintenance of underground lines	-	-	-	-	-	-
176	572	Maintenance of Transmission Plant	-	-	-	-	-	-
176	Sub-total: Maintenance Transmission Expenses							
177	TOTAL TRANSMISSION							

Expenses: Distribution - O & M							
178	580	Operation supervision and engineering	89.07%	-	-	-	-
179	581	Load dispatching	81.83%	-	-	-	-
180	582	Station expenses	74.20%	-	-	-	-
181	583	Overhead line expenses	50.54%	-	-	-	-
182	584	Underground line expenses	49.25%	-	-	-	-
183	585	Meter expenses	62.61%	-	-	-	-
184	587	Customer installation expenses	0.00%	-	-	-	-
185	588	Misc. distribution expenses	40.11%	-	-	-	-
186	589	Rents	1.11%	-	-	-	-
187		Sub-total: Operating Distribution Expenses		-	-	-	-
Expenses: Maintenance Distribution Expenses							
188	590	Maintenance supervision and engineering	64.32%	-	-	-	-
189	591	Maintenance of Structures	6.10%	-	-	-	-
190	592	Maintenance of station equipment	75.64%	-	-	-	-
191	593	Maintenance of overhead lines	27.38%	-	-	-	-
192	594	Maintenance of underground lines	54.63%	-	-	-	-
193	595	Maintenance of line transformers	52.23%	-	-	-	-
194	597	Maintenance of line meters	0.00%	-	-	-	-
195	598	Maintenance of Misc. distribution plant	79.72%	-	-	-	-
196		Sub-total: Maintenance Distribution Expenses		-	-	-	-
197		TOTAL DISTRIBUTION		-	-	-	-
Expenses: Cust. Accounts Expenses							
198	901	Cust A/C Supervision	0.00%	-	-	-	-
199	902	Meter reading expenses	91.74%	-	-	-	-
200	903	Customer records and collection expenses-Collections	81.38%	-	-	-	-
201	903	Customer records and collection expenses-Revenue Operations	0.00%	-	-	-	-
202	903	Customer records and collection expenses-Customer Service-Call Center	81.38%	-	-	-	-
203	903	Customer records and collection expenses-Customer Service-Customer Offices	81.38%	-	-	-	-
204	903	Customer records and collection expenses-Billing Postage	0.00%	-	-	-	-
205	903	Customer records and collection expenses-BackOffice Billing	81.38%	-	-	-	-
206	903	Customer records and collection expenses-Other	81.38%	-	-	-	-
207	904	Uncollectible accounts	0.00%	-	-	-	-
208		Sub-total: Customer Accounts Expenses		-	-	-	-
Expenses: Admin & Gen. - O & M							
209	908	Customer Service Assistance Expenses	13.83%	-	-	-	-
210	908	Customer Service Assistance Expenses-EE	11.29%	-	-	-	-
211	909	Informational and instructional advertising expenses (Major only)	15.01%	-	-	-	-
212	910	Miscellaneous customer service and informational expenses (Major only)	57.52%	-	-	-	-
213		Sub-total: Customer Service & Info Expenses		-	-	-	-
Expenses: Admin & Gen. - O & M							
214	920	Administrative and general salaries		-	-	-	-
215	921	Office supplies and expenses		-	-	-	-
216	923	Outside services employed		-	-	-	-
217	924	Property insurance		-	-	-	-
218	925	Injuries and Damages		-	-	-	-
219	926	Employee pensions and benefits		-	-	-	-
220	928	Regulatory Expenses		-	-	-	-
221	930	General Advertising Expenses		-	-	-	-
222	930	Misc. general expenses		-	-	-	-
223	931	Rents		-	-	-	-
224	935	Maintenance of general plant		-	-	-	-
225		Sub-total: Admin & Gen. - O & M		-	-	-	-
226		TOTAL FERC EXPENSES		-	-	-	-
Other Utility Operating Income/Expense							
227	411	Accretion Expense-Electric		-	-	-	-
228	408	Taxes other than income taxes-Plant		-	-	-	-
229	408	Taxes other than income taxes-Labor		-	-	-	-
230	419	Investment Income & Other Income		-	-	-	-
231	421	Grant Income		-	-	-	-
232	427	Other interest expense		-	-	-	-
233	428	Bond Issuance Costs Expense (2018 and Forward)		-	-	-	-
234		TOTAL OTHER		-	-	-	-
Adjustments for FERC Rev Req View:							
235		Debt Service		-	-	-	-
236		Coverage		-	-	-	-
237	456	Suffolk Property Tax Settlement (Principal)		-	-	-	-
238	456	Visual Benefits Assessment (Principal)		-	-	-	-
239	419	Nuclear Decommissioning Trust Fund		-	-	-	-
240		Sub-total: Adjustments for FERC Rev Req View		-	-	-	-
241		TOTAL REVENUE REQUIREMENT - Per FERC		-	-	-	-
Depreciation Expense							
Depreciation Expense: Other Plant							
242	320-326	Production Plant- Nuclear Productions		-	-	-	-
243	350-358	Transmission Plant		-	-	-	-
244	389-398	General Plant		-	-	-	-
245	121	LIPA nonutility property		-	-	-	-
246		Sub-total: Other Plant Depreciation Expense		-	-	-	-
Depreciation Expense: Distribution							
247	360	Land and land rights		-	-	-	-
248	361	Structures and improvements		-	-	-	-
249	362	Station equipment		-	-	-	-
250	364	Poles, towers, and fixtures		-	-	-	-
251	365	Overhead conductors and devices		-	-	-	-
252	366	Underground conduit		-	-	-	-
253	367	Underground conductors and devices		-	-	-	-
254	368	Line transformers		-	-	-	-
255	369	Services		-	-	-	-
256	370	Meters		-	-	-	-
257	371	Customer outdoor lights		-	-	-	-
258	372	Leased assets on customers' property		-	-	-	-
259	373	Street lighting and signal systems		-	-	-	-
260		Sub-total: Distribution Depreciation Expense		-	-	-	-
Depreciation Expense: Other							
261	403	PSEG LI/LIPA Depreciation		-	-	-	-
262	403	LIPA Deferred Amortized Expenses		-	-	-	-
263	403	Operations and maintenance-amortization of regulatory items		-	-	-	-
264	404	PSEG LI Depreciation		-	-	-	-
265		Sub-total: Other Depreciation Expense		-	-	-	-
266		TOTAL DEPRECIATION EXPENSE (PER FERC REV REQ VIEW)		-	-	-	-

Line Item	Item Description	Total	Source
1	CWIP/CNCC (Construction Work in Progress/Not Classified)	\$ -	Work Paper ACC_PPTN_B_1
2	Materials and Supplies	\$ -	Work Paper ACC_PPTN_C_1
3	Pre Payments	\$ -	Work Paper ACC_PPTN_C_2
4	Abandoned Plant	\$ -	Work Paper ACC_PPTN_C_3
5	Regulatory Asset	\$ -	Work Paper ACC_PPTN_C_RA

Line No.		Current Year				Past Year				Average		
		Plant in Service (\$) (1)	Accumulated Depreciation (\$) (2)	Plant in Service - Net (\$) (3)	Depreciation Expense (\$) (4)	Plant in Service (\$) (5)	Accumulated Depreciation (\$) (6)	Plant in Service - Net (\$) (7)	Depreciation Expense (\$) (8)	Plant in Service (\$) (9)	Accumulated Depreciation (\$) (10)	Plant in Service - Net (\$) (11)
TRANSMISSION												
1	Transmission - Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Total Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Transmission - Cost of Removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Excluded Transmission											
6	Adjustments to Rate Base (If necessary)											
7												
8												
9												
10												
11	Total Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Net Adjusted Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL												
14	General - Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Total General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Adjustments to Rate Base (If necessary)											
18												
19												
20	Total Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Net Adjusted General Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Line Item	Item Description	Total
1	Transmission Plant in Service	-
2	Generator Step-Up Transformer Plant-in-Service	-
3	Ratio	
4	Transmission Maintenance	\$ -
5	Removed Step-Up Transmission O&M	

Line Item	Item Description	Total	Source
1	Land Held for Future Use - PPTN	\$ -	Work Paper ACC_PPTN_B_2
2	Total	\$ -	

Line Item	Project Name	Ferc Account Number	Name	Plant in Service	Accumulated Depreciation	Plant in Service (Net)	Depreciation Rate ⁽¹⁾	Depreciation Expense	Source
1		350	Land and land rights	\$ -	\$ -	\$ -	1.58%	\$ -	Work Paper ACC_PPTN_D
2		351	Clrg land and rights of way	\$ -	\$ -	\$ -	0.00%	\$ -	
3		352	Structures and improvements	\$ -	\$ -	\$ -	1.90%	\$ -	
4		353	Station equipment	\$ -	\$ -	\$ -	2.40%	\$ -	
5	LIPA PPTN	354	Towers and fixtures	\$ -	\$ -	\$ -	2.23%	\$ -	
6		355	Poles and fixtures	\$ -	\$ -	\$ -	2.43%	\$ -	
7		356	Overhead conductors and devices	\$ -	\$ -	\$ -	1.92%	\$ -	
8		357	Underground conduit	\$ -	\$ -	\$ -	1.51%	\$ -	
9		358	Underground conductors and devices	\$ -	\$ -	\$ -	1.89%	\$ -	
10		Total Excluding Accounts 350 ~ 351		\$ -	\$ -	\$ -		\$ -	
11		Grand Total		\$ -	\$ -	\$ -		\$ -	

Note

(1) The depreciation and/or amortization rates are implemented as the result of LIPA's most recent depreciation study, as performed from time to time and will be made available. Relevant supporting workpapers shall be made available upon request, pursuant to the Protocols.

Line Item	Ferc Account Number	Name	Current Year				Previous Year				Source	Notes
			Electric Plant In Service (\$)	Accumulated Depreciation (\$)	Electric Plant In Service (Net \$)	Depreciation Expense (\$)	Electric Plant In Service (\$)	Accumulated Depreciation (\$)	Electric Plant In Service (Net \$)	Depreciation Expense (\$)		
Transmission Plant												
1		350 Land & Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
2		351 Cirg land and rights of way	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
3		352 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
4		353 Station Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
5		354 Towers & Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
6		355 Poles & Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
7		356 Overhead Conductors & Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
8		357 Underground Conduit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
9		358 Underground Conductors & Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
10		359 Roads & Trails	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
		Cost of Removal										
11		Total Excluding Accounts 350-351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
12		Grand Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
General Plant												
13		389 Land & Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
14		390 Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
15		391 Office furniture and equipment-Includes Computers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
16		392 Transportation equipment-TRAILERS NON OFFICE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
17		392 Transportation equipment-PASS CARS VANS LIGHT TRUCK	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
18		392 Transportation equipment-HEAVY TRUCKS >=12KLB	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
19		394 Tools, shop, and garage equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
20		395 Laboratory equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
21		396 Power operated equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
22		397 Communication equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
23		398 Misc. equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
24		Total Excluding Accounts 389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A.1 Accounting Inputs
25		Grand Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Line Item	Item Description	Source	Capitalization Ratio	Cost Rate
1	Long Term Debt	Proposed	49.00%	xx.xx%
2	Equity	Proposed	51.00%	9.75%

Line Item	Item Description	Source	Company Total	PPTN Ratio	Allocated to PPTN
1	PILOTs - Property-Based Taxes	A.1 Accounting Inputs Line 78	\$ -		
2	PILOTs - Revenue-Based Taxes	A.1 Accounting Inputs Line 79	\$ -		
3					
4					
5					
6					
7					
8					
9					
10	Total		\$ -		\$ -

Line Item	Item Description	Source	Total	Ratio
1	Operating Regional Market Expenses	A.1 Accounting Inputs (Accounts 572 and 575)	\$ -	
2	Distribution	A.1 Accounting Inputs (Accounts 580-589 and 590-598)	\$ -	
3	Transmission	A.1 Accounting Inputs (Accounts 560-572)	\$ -	
4	Customer Accounts	A.1 Accounting Inputs (Accounts 560-572)	\$ -	
5	TOTAL LABOR	Sum lines 5 and 7	\$ -	0%

ATTACHMENT 2
Formula Rate Implementing Protocol

II. LIPA Formula Rate Implementation Protocols

II.1 General

- (a) LIPA employs a Formula Rate in accordance with the Protocols set forth herein to calculate its Annual Transmission Revenue Requirement (“ATRR”) for transmission projects and upgrades that have been undertaken by LIPA as the Designated Entity (“LIPA Designated Project”) pursuant to the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT and are therefore eligible for the recovery of costs through the LIPA Regulated Transmission Facilities Charge (“LIPA RTFC”) described in Section 6.10.5 of Schedule 10 of the ISO OATT.¹

- (b) LIPA employs an Annual Update Process, which refreshes the calculation of the ATRR by populating the Formula with prior-year information from the Financial Report contained in the LIPA annual report and other historical data from LIPA’s books and records, which are maintained in substantially the same format as selected pages of the FERC Form No. 1, identifying project-specific revenue requirements for LIPA Designated Projects. Implementation of the Annual Update Process does not affect any changes to the Formula Rate itself.

- (c) LIPA will hold a Stakeholder Meeting each year to provide an opportunity for Interested Parties to obtain information about the Annual Update. All Stakeholder Meetings will be remotely accessible to Interested Parties.

II.2 Protocols Definitions:

¹ Capitalized terms used but not defined in these Protocols have meanings ascribed thereto in the ISO Open Access Transmission Tariff (“OATT”).

Attachment 2 – Formula Rate Implementation Protocol

“Accounting Change” means any change in accounting that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate, including: (A) any change in LIPA’s accounting policies, practices and procedures that affects the Formula Rate or calculations under the Formula (including changes resulting from revisions to the U.S. generally accepted accounting principles from those in effect during the Calendar Year upon which the most recent Actual ATRR was based); (B) any change in LIPA’s policies for application of allocation factors to cost inputs within the Formula Rate from the allocation factors in use for the Initial Rate Year or Calendar Year upon which the immediately preceding True-Up Adjustment was based, where such change affects the Formula Rate or calculations under the Formula; (C) the initial implementation of an accounting standard or policy; (D) the implementation of new estimation methods or policies that change prior estimates; and (E) the correction of errors and prior-period adjustments.

“Actual Annual Transmission Revenue Requirement” (“Actual ATRR”) means the actual net annual transmission revenue requirement calculated in accordance with the Formula Rate, using as inputs only those costs and credits properly recorded in LIPA’s most recent Financial Report (to the extent the Formula Rate specifies Financial Report data as the input source) or data reconcilable to the Financial Report by the application of clearly identified and supported information that is properly recorded in LIPA’s books and records, which books and records are maintained in accordance with (A) the FERC Uniform System of Accounts; (B) LIPA’s internal accounting policies and practices; (C) U.S. generally accepted accounting principles; and (D) LIPA’s policies for application of allocation factors to cost inputs to a Formula Rate. Where the reconciliation to the Financial Report is

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provided through a workpaper, the inputs to the workpaper shall be either taken directly from the Financial Report or reconcilable to the Financial Report by the application of clearly identified and supported information.

“Annual Review Procedures” means the procedures for review of each Annual Update, as described in these Protocols.

“Annual Update” means the calculation and publication of the Actual ATRR for the prior Calendar Year, and the Projected ATRR (including the True-Up Adjustment and any Prior Period Adjustment, if applicable) to be applicable for the upcoming Rate Year.

“Annual Update Process” means the annual process by which LIPA calculates the Annual Update and makes it available to Interested Parties.

“Calendar Year” means January 1st through December 31st of a given year.

“Challenge” means a written notification by an Interested Party to LIPA, during the Review Period, of any specific challenge to the Annual Update pursuant to these Protocols and submitted to LIPA.

“Correction Period” means the Rate Year in which such over- or under-recovery is reflected.

“Discovery Master” means LIPA’s Chief Executive Officer, designated by the LIPA Board of Trustees to oversee a proceeding to resolve procedural matters and discovery dispute(s) in accordance with these Protocols.

“Discovery Period” means the period for serving Information Requests, commencing as of the calendar day immediately following the Publication Date and ending one hundred twenty (120) calendar days after the Publication Date. The Discovery Period may be extended only as provided in Section II.4(a) of this

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“Financial Report” means the independently audited financial statements contained in the LIPA annual report which is issued in March of each year for the prior Calendar Year.

“Formula” means the cost-of-service template and associated schedules shown in Section I of this Attachment.

“Formula Rate” means the Formula together with the Protocols.

“Hearing Officer” means LIPA’s Chief Financial Officer, designated by the LIPA Board of Trustees to oversee a proceeding to resolve Challenge(s) in accordance with these Protocols. In addition, in a procedural matter or discovery dispute, the Hearing Officer is responsible for making a Recommended Decision to the LIPA Board of Trustees as set forth in Section II.4 of this Attachment.

“Hearing Officer’s Recommended Decision” means the document that sets forth the Hearing Officer’s recommendation to the LIPA Board of Trustees on each issue in a Challenge pursuant to Section II.4 of this Attachment.

“Information Request” means a request to LIPA by an Interested Party within the Discovery Period for information or documents relating to an Annual Update as provided for in these Protocols.

“Initial Rate Year” means the initial period, from the date the rates are first made effective by the LIPA Board of Trustees through June 30, 2027.

“Interested Party” includes, but is not limited to, customers served by LIPA or a New York Transmission Owner which may be allocated costs of a LIPA Designated Project, the New York Department of Public Service, and consumer advocacy agencies.

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“LIPA Designated Project” means LIPA’s portion of a transmission project that is eligible for cost recovery through a LIPA RTFC pursuant to Section 6.10 of Rate Schedule 10 of the ISO OATT. This includes any transmission project for which the ISO has designated LIPA as the Designated Entity to build, own, and recover the costs, in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.

“LIPA Exploder List” means an e-mail list maintained by LIPA that includes all Interested Parties who have notified LIPA of their intent to be included. Interested Parties can subscribe to the LIPA Exploder List on the LIPA website.

“LIPA Form 1 Equivalent” means a form that presents LIPA’s financial information in substantially the same format as selected pages of the FERC Form No. 1.

“LIPA Rate Protocols” means the Formula Rate implementation protocols adopted by the LIPA Board of Trustees on June 24, 2026 as they may be amended and updated and set forth herein.

“LIPA Regulated Transmission Facilities Charge” (“LIPA RTFC”) means a charge for the recovery of costs undertaken by LIPA for a LIPA Designated Project calculated in accordance with the formula set forth in Section 6.10.3 of the NYISO OATT.

“Other Developers” is defined as that term is defined in Section 31.1.1 of Attachment Y of the ISO OATT.

“Prior Period Adjustment” means any change to the True-Up Adjustment agreed upon or determined through the review and challenge procedures outlined in these Protocols that is carried forward with interest to the subsequent True-Up

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Adjustment.

“Projected Annual Transmission Revenue Requirement” (“Projected ATRR”)

means the Actual ATRR for the *prior Calendar Year* as adjusted to reflect the True-Up Adjustment and any Prior Period Adjustments.

“Publication Date” means the date of the posting on the LIPA website (in a workable Excel format with cell formulas and links intact) of the Annual Update.

Aside from the Initial Rate Year, the Publication Date shall be no later than July 1st, provided, however, that if July 1st should fall on a weekend or a holiday, then the posting shall be due no later than the next business day, and the Publication Date shall correspond to the actual posting or filing date. For the Initial Rate Year, the Publication Date may occur after July 1st pursuant to the provisions set forth in Section II.3(h).

“Rate Year” means July 1st of a given Calendar Year through June 30th of the succeeding Calendar Year.

“Record” means (1) Information Requests; (2) LIPA’s responses to Information Requests; (3); the Challenge; (4) all documents that support the facts in a Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; (5) LIPA’s written responses to the Challenge(s); the Hearing Officer’s Recommended Decision, if applicable; and (6) such other materials and information that may have been submitted to or developed by, the LIPA Board of Trustees.

“Review Period” means the period during which an Interested Party may review the Annual Update calculations and make a Challenge. The Review Period commences as of the calendar day immediately following the Publication Date and

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ends on the later of sixty (60) calendar days after the close of the Discovery Period or thirty (30) calendar days after LIPA has responded to all timely submitted information requests.

“Stakeholder Meeting” means a meeting and conference call (in webinar format) that shall permit LIPA to explain and clarify the Annual Update, the procedures for which are set forth in Section II.3.

“True-Up Adjustment” means the amount of under- or over-collection of LIPA’s Actual ATRR during the preceding Calendar Year, measured by the difference between the Actual ATRR and the transmission revenues received by LIPA during the preceding Calendar Year, plus interest, as calculated on Schedule 8 True-Up of the Formula using the interest rates specified in 18 C.F.R. § 35.19a.

II.3 Annual Update Process

- (a) The Projected ATRR derived pursuant to the Formula Rate each year shall be applicable to services during the upcoming Rate Year.
- (b) As part of the Annual Update Process, on or before the Publication Date of each year, LIPA shall:
 - (i) Calculate the Actual ATRR for the preceding Calendar Year;
 - (ii) Calculate the Projected ATRR, reflecting the True-Up Adjustment and any Prior Period Adjustments, for the upcoming Rate Year; and
 - (iii) Post on the LIPA website (and on the ISO website via a link to the LIPA website):
 - (A) the Annual Update, including a data-populated Formula Rate Template and underlying workpapers in native “workable” Excel file format with all formulas and links intact;

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(B) sufficiently detailed supporting documentation, including underlying data and calculations and a populated version of the LIPA Form 1 Equivalent, that explains the source and derivation of any data affecting the Formula that is not drawn directly from LIPA’s Financial Report, such that Interested Parties can replicate the calculation of the Formula results using the Financial Report and can verify that each input is consistent with the requirements of the Formula Rate; and

(C) the date, time, location, and call-in information for the Stakeholder Meeting.

(c) The Annual Update for the Rate Year:

(i) Shall identify and provide a narrative explanation of any Accounting Changes and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;

(ii) Shall identify and provide a narrative explanation of any items included in the Formula at an amount other than the lowest level consistent with sound fiscal and operating practices of the Authority and which provide for safe and adequate service, and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;

(iii) Shall be based on LIPA’s Financial Report;

(iv) Shall provide the Formula Rate calculations and all inputs thereto, including but not limited to ATRR components of rate base, operating and maintenance expenses, depreciation expense,² taxes, return on rate base, as well as supporting

² The depreciation and/or amortization rates as set forth in Schedule A.6 of the Formula are implemented as the result of LIPA’s most recent depreciation study, as performed from time to time and will be made available. Relevant supporting workpapers shall be made available upon request, pursuant to the Protocols.

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documentation and workpapers for data that are used in the Formula Rate that are not otherwise available in the Financial Report;³

(v) Shall provide underlying data for Formula Rate inputs that provide greater granularity than is required for the Financial Report;

(vi) Shall be subject to challenge and review in accordance with the procedures set forth in these LIPA Rate Protocols;

(vii) Shall not seek to modify the Formula Rate and shall not be subject to challenge by anyone seeking to modify the Formula Rate (i.e., all such modifications/amendments to the Formula Rate shall require, as applicable, review, authorization, and implementation by the LIPA Board of Trustees in accordance with Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u)(4));

(viii) Shall identify any changes in the Formula references to LIPA’s Financial Report;

(ix) Shall identify all material adjustments made to LIPA’s Financial Report data in determining Formula inputs, including relevant footnotes to the Financial Report and any adjustments not shown in the Financial Report; and

(x) Shall reflect any corrections or modifications to LIPA’s Financial Report if said corrections or modifications are made prior to the Publication Date and would affect the True-Up Adjustment for a prior Rate Year. The True-Up Adjustment for each Rate Year(s) affected by the corrections or modifications shall be updated to

³ It is the intent that the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be either taken directly from LIPA’s Financial Report or reconcilable to the Financial Report by the application of clearly identified and supported information.

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reflect the corrected or modified Financial Report and the Annual Update and shall incorporate the changes in such True-Up Adjustment for the next effective Rate Year(s), with interest. Corrections or modifications to a Financial Report filed after the Publication Date of an Annual Update and not included in a revised Annual Update shall be incorporated in the next True-Up Adjustment or Annual Update, as applicable. LIPA shall report in a timely manner to Interested Parties, via the LIPA Exploder List, any corrections or modifications to its Financial Report, that affect the past or present implementation of the Formula Rate, whether such corrections or modifications have the effect of increasing or decreasing the resulting transmission rates.

(d) Within one (1) business day of the Publication Date, LIPA shall notify Interested Parties via the LIPA Exploder List of the posting of the Annual Update and the date, time, location, and call-in information for the Stakeholder Meeting.

(e) In conducting such a meeting, LIPA shall provide Interested Parties with an opportunity to seek information and clarification concerning the Annual Update. The Stakeholder Meeting shall be held no earlier than twenty (20) calendar days and no later than forty (40) calendar days after the Publication Date. LIPA shall provide notice of the Stakeholder Meeting no less than fifteen (15) calendar days prior to such meeting via the LIPA Exploder List and by posting on the LIPA website (and on the ISO website via a link to the LIPA website).

(f) Joint Informational Meeting

To the extent that LIPA is recovering the costs of LIPA Designated Project that is a portion of a transmission project that is eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment

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Y of the ISO OATT, LIPA shall endeavor to coordinate on holding an annual joint informational meeting with other Transmission Owners and Other Developers that are using formula rates to recover the costs of transmission projects in furtherance of the same transmission project. No less than fifteen (15) calendar days prior to such meeting, LIPA shall provide notice of the joint informational meeting, including the date, time, location, and call-in information, via the LIPA Exploder List and by posting this information on the LIPA website (and on the ISO website via a link to the LIPA website). LIPA shall make the joint informational meeting remotely accessible to Interested Parties.

(g) Example – Timeline for 2027 Annual Update

On or before July 1, 2027, LIPA will post its Annual Update, consisting of the Projected ATRR for the 2027 Rate Year including any True-Up Adjustment determined pursuant to Section II.3(c). The Annual Update posted July 1, 2027 will be subject to the customer review and challenge procedures described in these Protocols.

(h) Partial Initial Rate Year and First Annual Update Recovering for a Partial Initial Rate Year

(i) Partial Initial Rate Year

In the event that LIPA's calculation of the Projected ATRR for the Initial Rate Year will not be completed by July 1 for input into calculation of the LIPA RTFC and initial use of the Formula Rate covers only part of the Rate Year, LIPA will nevertheless prepare its Projected ATRR for the Initial Rate Year using the most recent information available, and cause such projection to be posted at a publicly accessible location on the website maintained by LIPA and through a link on the

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ISO website.

(ii) Annual Update Process for a Partial Initial Rate Year

The Projected ATRR for a partial Initial Rate Year will reflect LIPA’s annual net revenue requirement only over the remaining months during the partial Initial Rate Year. LIPA will conduct a Stakeholder Meeting with Interested Parties on the projected ATRR for the partial Initial Rate Year between twenty (20) to forty (40) calendar days after posting. For the Initial Rate Year, any changes resulting from the Annual Review Procedures pursuant to Section II.4 will be reflected in the 2026 True-Up Adjustment, which will be included in the Annual Update for the 2027 Rate Year. The 2026 True-Up Adjustment also will reflect adjustments based upon the Projected ATRR for the partial Initial Rate Year and the Actual ATRR for that partial Initial Rate Year.

II.4 Interested Parties’ Annual Review Procedures

Each Annual Update shall be subject to the following Annual Review Procedures:

(a) Discovery Period

(i) Interested Parties shall have up to one hundred twenty (120) calendar days after the Publication Date (unless such period is extended with the written consent of LIPA) to submit Information Requests to LIPA. If the deadline for Interested Parties should fall on a weekend or a holiday, then Information Requests shall be due no later than the next business day. Such Information Requests shall be limited to what is or may reasonably be necessary to determine:

(A) The extent or effect of an Accounting Change;

(B) Whether the Annual Update fails to include data properly recorded

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in accordance with these Protocols;

(C) The proper application of the Formula Rate and the procedures in these Protocols;

(D) The accuracy of data and consistency with the Formula Rate of the calculations included in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;

(E) That the ATRR meets the requirements of Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u) for LIPA's rates be established at the lowest level consistent with sound fiscal and operating practices of the Long Island Power Authority;

(F) The effect of any change to the underlying Financial Report; and

(G) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate or aid in the understanding or derivation of such charge.

The Information Requests shall not otherwise be directed to ascertain whether the Formula Rate or the calculated charges meets the comparability standard or meets the requirements of Article 5, Title 1-A of the New York Public Authorities Law, Sections 1020-f(u).

(ii) LIPA 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. LIPA shall respond to all Information Requests submitted during the Discovery Period by no later than thirty (30) calendar days after the close of the Discovery Period. If the deadline should fall on a weekend or a holiday, then LIPA's responses to Information Requests shall be due no later than the next

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business day.

(iii) LIPA shall post all Information Requests, and LIPA’s responses to Information Requests, on the LIPA website (and on the ISO website via a link to the LIPA website) and will distribute a link to the website to Interested Parties via the LIPA Exploder List; except, however, if responses to Information Requests include material deemed by LIPA to be confidential pursuant to Freedom of Information Law (“FOIL”), Article 6 (Sections 84-90) of the NYS Public Officers Law, such information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by LIPA and the requesting party.

(iv) To the extent LIPA and any Interested Party are unable to resolve disputes related to Information Requests submitted in accordance with these Annual Review Procedures, LIPA or any Interested Party may request LIPA’s Chief Executive Officer as the Discovery Master to resolve the dispute(s) in accordance with these Protocols.

(v) The Discovery Master shall not expand the scope of the dispute proceeding beyond the scope established in these Protocols. The Discovery Master will review the original Information Request, all responsive records or a concise description of their nature and contents, and any explanation for the recommended continued withholding of records pursuant to established FOIL privileges. After conducting independent review and in the Discovery Master’s sole discretion, the Discovery Master shall issue to LIPA and the Interested Party a written decision: (i) affirming LIPA’s decision to withhold records or designate materials in its response to an Information Request as confidential and providing a concise justification for such

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decision; (ii) reversing LIPA’s decision and ordering the posting of records in response to an Information Request; or (iii) issuing protective orders or make other arrangements for the review of information requested in an Information Request. The Discovery Master’s written decision shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the NYCPLR.

(b) Challenges and Resolution of Challenges

(i) Any Interested Party shall have up to one hundred eighty (180) calendar days after the Publication Date, including the duration of the Review Period to review the inputs, supporting explanations, allocations, and calculations, and to submit a Challenge to LIPA. The Review Period ends on the later of (1) sixty (60) calendar days after the close of the Discovery Period; or (2) thirty (30) calendar days after LIPA has responded to all timely submitted information requests. If the deadline for Interested Parties to submit Challenges should fall on a weekend or holiday, then such Challenge shall be due no later than the next business day. An Interested Party submitting a Challenge must notify LIPA if it is also party to a pending dispute related to Information Requests submitted in accordance with these Annual Review Procedures and LIPA will hold resolution of the Interested Party’s Challenge in abeyance to allow the pending dispute related to Information Requests to proceed. An Interested Party submitting a Challenge must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its Challenge.

(ii) Challenges shall satisfy all of the following requirements:

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(A) Clearly identify the action or inaction which is alleged to violate the Formula Rate or Protocols;

(B) Explain how the action or inaction violates the Formula Rate or Protocols;

(C) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Challenge, including:

(1) The extent or effect of an Accounting Change;

(2) Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;

(3) The proper application of the Formula Rate and procedures in these Protocols;

(4) The accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;

(5) The effect of any change to the underlying Uniform System of Accounts or the Financial Report; or

(6) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.

(D) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief; and

(E) Include all documents that support the facts in the Challenge in

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possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits.

(iii) Challenges shall be limited to all issues that may be necessary to determine:

(1) the extent or effect of an Accounting Change; (2) whether the Annual Update fails to include data properly recorded in accordance with these Protocols; (3) the proper application of the Formula Rate and procedures in these Protocols; (4) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review; (5) the effect of any change to the underlying Financial Report; or (6) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.

(iv) LIPA Staff shall promptly post all Challenges, and written responses by LIPA to Challenges, on the LIPA website (and on the ISO website via a link to the LIPA website) and will distribute a link to the website to Interested Parties via the LIPA Exploder List; except, however, if Challenges or responses to Challenges include material deemed by LIPA to be confidential pursuant to FOIL, such information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by LIPA and the requesting party.

(v) LIPA Staff shall make a good faith effort to respond to a Challenge within twenty (20) business days and LIPA, acting through designated senior representative(s) and any Interested Party(ies) raising a Challenge shall resolve the Challenge within sixty (60) calendar days after LIPA's response, subject to

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extension with written consent of LIPA and the Interested Party(ies) to continue efforts to resolve the Challenge.

(vi) If LIPA Staff senior representatives and the Interested Party(ies) have not resolved the Challenge within sixty (60) calendar days after LIPA’s response (unless such period is extended), the Interested Party(ies) may, within thirty (30) calendar days thereafter, escalate the Challenge by requesting review and action of the matter by the Hearing Officer and providing notice to LIPA Staff.

(vii) Within twenty (20) calendar days of requesting Hearing Officer review, the challenging Interested Party(ies) will submit to the Hearing Officer and to LIPA Staff, a brief including all supporting information for the explanation of its position.

(viii) Within twenty (20) calendar days of receipt of the brief of the Interested Party(ies) LIPA Staff will submit a responsive brief to the Hearing Officer and to the challenging Interested Party(ies).

(ix) The Hearing Officer shall review the Record and make an initial determination and recommendation to the LIPA Board of Trustees (“Hearing Officer’s Recommended Decision”) by sixty (60) calendar days after the close of briefing or extended by unilateral decision of the Hearing Officer for good cause. If the deadline should fall on a weekend or a holiday, then the Hearing Officer’s Recommended Decision shall be due no later than the next business day. The Hearing Officer’s Recommended Decision shall state the Hearing Officer’s findings and conclusions, and the reasons or basis thereof, on all material issues of fact and law, or discretion based on the Record.

(x) The LIPA Board of Trustees shall act on the Hearing Officer’s Recommended Decision and the underlying Challenge based on the Record by the later of thirty (30)

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calendar days of the issuance of a Hearing Officer’s Recommended Decision or the next Board Meeting following the issuance of the Hearing Officer’s Recommended Decision. The LIPA Board of Trustees will issue a Memorandum of Resolution on the Challenge recording its decision and response to the Hearing Officer’s Recommended Decision and the Record.

(xi) If resolution to a Challenge results in a change to an Annual Update or Accounting Change, such change will be documented through a Memorandum of Resolution. In any Memorandum of Resolution on a Challenge that results in a change to an Annual Update or an Accounting Change, the Board of Trustees shall provide the basis for its determination consistent with Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u), with respect to the correctness of its Annual Update and/or the Accounting Change, and with respect to proving that LIPA has correctly applied the terms of the Formula Rate consistent with these Protocols. Any Memorandum of Resolution issued by the LIPA Board of Trustees to a Challenge shall be provided by LIPA to the challenging Interested Party(ies) on the date of such issuance and shall also be sent to the LIPA Exploder List on the date of such issuance.

(xii) The LIPA Board of Trustees’ final determination shall be binding, subject only to judicial review in the courts of the State of New York pursuant to Article 78 of the NYCPLR.

(xiii) Failure to make a Challenge as to any Annual Update shall not act as a bar to a Challenge related to the same issue in any subsequent Annual Update to the extent such issue affects the subsequent Annual Update.

(c) Challenges to Accounting Changes

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- (i) Challenges related to Accounting Changes are not intended to serve as a means of pursuing changes to the Formula Rate.
- (ii) Failure to make a Challenge with respect to an Accounting Change to an Annual Update shall not act as a bar with respect to making a Challenge with respect to that Accounting Change in any subsequent Annual Update to the extent such Accounting Change affects the subsequent Annual Update.
- (iii) Challenges related to Accounting Changes shall be subject to the procedures and limitations in Section II.4(b) of this Attachment. It is recognized that resolution of Challenges concerning Accounting Changes may necessitate adjustments to the Formula input data for the applicable Annual Update or changes to the Formula to achieve an end result consistent with Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u) and the intent of the Formula.

II.5 Changes Pursuant to Annual Update Process

Any changes to the data inputs, including but not limited to revisions to LIPA's Financial Report, or as the result of any proceeding to consider the Annual Update, or as a result of the Annual Review Procedures set forth herein, shall be incorporated into the Formula and into the charges produced by the Formula (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year as a Prior Period Adjustment. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any associated refunds or surcharges. However, actual refunds or surcharges (with interest) shall be made, as appropriate, in the event that the Formula Rate is replaced by a stated rate for LIPA.

If LIPA determines that changes to the Annual Update are required, LIPA shall promptly notify the LIPA Exploder List, file a correction to the Annual Update with the FERC as an

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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 II.3 and II.4 of the Protocols for Interested Parties' 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 July 1 of the corrected Rate Year through June 30 of the Rate Year in which such over- or under-recovery is reflected ("Correction Period") in accordance 18 C.F.R § 35.19a.

II.6 Changes to the Formula Rate

- (a) Any modification to the Formula or to these Protocols requires review and approval by the LIPA Board of Trustees. The following Formula inputs shall be stated values to be used in the Formula until changed pursuant to a Memorandum of Resolution issued by the Board: (i) rate of return of deemed common equity; (ii) Post-Retirement Benefits other than Pensions ("PBOPs") expense; and (iii) deemed debt/equity ratio.
- (b) Except as specifically provided herein, nothing in these Protocols shall be deemed to limit in any way (i) the right of LIPA to adopt and implement, with approval of the LIPA Board of Trustees a change the Formula Rate or any of its stated inputs or to replace the Formula Rate with a stated rate, or (ii) the right of any other party to challenge inputs to, or the implementation of, or to request changes to, the Formula Rate pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u)(4).

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- (c) In the event that a change in the Formula Rate is approved by the LIPA Board of Trustees:
- (i) A Memorandum of Resolution will be issued, approving the change in the Formula Rate and authorizing and directing LIPA Staff to undertake such actions as are necessary to implement such approved changes.
- (ii) Any change in the cost allocation methodology for a LIPA Designated Project that allocates costs to market participants outside of the Long Island Transmission District shall be filed with, and subject to review by FERC solely with respect to whether there is comparability in the derivation of the cost allocation for market participants such that LIPA has demonstrated that the approved change in cost allocation is compliant with the Order No. 1000 cost allocation principles, there are benefits provided by the project to market participants outside of the Long Island Transmission District, and that the basis of allocation is roughly commensurate to the identified benefits.

II.7 Informational Filing

By sixty (60) calendar days following the close of the Review Period, LIPA shall submit to FERC an informational filing of its Annual Update for the Rate Year. If the deadline should fall on a weekend or a holiday recognized by the state of New York, then the informational filing shall be due no later than the next business day. Within one (1) business day of submitting the informational filing, LIPA shall notify Interested Parties via the LIPA Exploder List that it has made its informational filing, and shall post the docket number assigned to the informational filing on the LIPA website (and on the ISO website via a link to the LIPA website). This informational filing to FERC must include the information that is reasonably necessary to determine that the

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Annual Update for the Rate Year meets the applicable standard of comparability applied to LIPA's rates and charges.