

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

Versant Power

)

Docket No. ER20-2054-000

**RESPONSES OF VERSANT POWER TO THE
THIRD SET OF INFORMATIONAL DATA REQUESTS
OF THE MASSACHUSETTS ATTORNEY GENERAL’S OFFICE ET AL.**

In accordance with Attachment F, Appendix C of the ISO New England Inc. Open Access Transmission Tariff (the “Protocols”), Versant Power hereby submits these Responses to the Second Set of Information Requests tendered by the Massachusetts Attorney General’s Office, the Connecticut Office of Consumer Counsel, the Maine Office of the Public Advocate, the New Hampshire Office of Consumer Advocate, and the Rhode Island Division of Public Utilities and Carriers on September 13, 2024 (hereinafter, the “Data Requests”).

Versant Power’s responses are based upon the best available information known to it as of the date of this response. While a good faith attempt has been made to identify all applicable objections, it may later be determined that further objections are relevant and appropriate. Accordingly, Versant Power expressly reserves the right to raise any such additional objections, concerning both general and specific matters, at any time that they may later be identified.

Versant Power objects to the Data Requests to the extent that they seek information not in the possession or control of Versant Power, seek information in a form other than that in which Versant Power’s files and records are maintained, seek information or documents protected by an applicable privilege, doctrine, law, or rule, and/or require Versant Power to undertake new studies or analyses. Versant Power further objects to the Data Requests as unduly burdensome to the extent that they request “any” or “all” materials.

Versant Power provides its attached responses to the Data Requests subject to and without waiver of the foregoing objections.

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RESPONSES PROVIDED SEPTEMBER 30, 2024

QUESTION NO. CA-VP-3-1

Please provide a list of all regulatory amortizations from Account Nos. 182.3 or 254 during 2023, including the expense account to which the regulatory amortization was recorded. For each amortization recorded to an account recoverable under the formula rate, please identify the FERC docket in which recovery of the amortization was approved by FERC.

RESPONSE NO. CA-VP-3-1

See CA-BHD-3-1 Attachment A for a list of regulatory amortizations during 2023, none of which are recoverable under the ISO-NE OATT Attachment F formula rate.

Response Prepared By: Sarah Hesseltine, Manager, Financial Reporting

List of Attachments: CA-BHD-3-1 Attachment A

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QUESTION NO. CA-VP-3-2

Refer to Att 3 – Att F – App A (ATRR), WS 3 Inv Base Detail. Please provide a description of each Accumulated Deferred Income Tax (“ADIT”) item recorded as of December 31, 2022 and December 31, 2023 and explain why each balance should or should not be included as a transmission balance within WS 3, lines 11-17.

RESPONSE NO. CA-VP-3-2

WP ATT VP-2, Lines 2, 6 and 10 detail twenty-seven Accumulated Deferred Income Taxes (“ADITs”) reflecting adjustments to items of Rate Base. These Adjustments to Rate Base reflect the recognition that the timing of the recognition and recovery of costs incurred should align with economics to incur so both customers and the utility do not obtain endure benefit and/or injury as the result of differences between tax law and FERC Accounting Rules.

The following description for each ADIT is detailed below:

Cost of Removal – Transmission – Adjustment reflects the difference in timing of the

recognition of capitalized costs for the removal of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Net Salvage – Transmission – Adjustment reflects the difference in timing of the recognition of salvage costs of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Interest Capitalized for Tax – Transmission – Adjustment reflects the difference in timing of the recognition of interest capitalized of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

263(A) Overheads – Transmission - reflects the difference in timing of the recognition of indirect costs capitalized to plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Replacement/Repair Deduction – Transmission - reflects the difference in deductibility versus capitalization of certain repairs and/or replacement costs between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

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State Required Construction – FERC - reflects the difference in the recognition of certain capitalized costs for plane investments required by the State between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Tax Gains (Losses) - Transmission - reflects the difference in gains (losses) incurred with the retirement of capitalized costs as the result of differing cost recovery systems (depreciation) between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Other – FERC - reflects the difference in timing of the recognition and/or cost recovery of capitalized costs between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Depreciation – Bangor Hydro (Transmission) - reflects the difference in timing of the cost recovery (depreciation) of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Depreciation – Bangor Hydro (General) - reflects the difference in timing of the cost recovery (depreciation) of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Misc. 1995-97 RAR Adjustments - reflects the audit adjustments related to the cost recovery (depreciation) of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Customer Information System - reflects the difference in timing of the cost recovery (depreciation) of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Section 174 (R&D) - reflects the difference in timing of the cost recovery (depreciation) of plant assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Reg. Asset – FASB 158 - reflects the difference in timing of the cost recognition of Regulatory Assets recognized as future recovery of expenses incurred under FASB 158 between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Prepaid Insurance - reflects the difference in timing of the cost recognition of Prepaid Assets between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

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NEB kWh Lost Revenue Regulatory Deferral - reflects the difference in timing of the cost recognition of regulatory losses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Prepaid IT Support - reflects the difference in timing of the cost recognition of Prepaid IT Support between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Property Taxes - reflects the difference in timing of the cost recognition of Property Taxes between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

FASB 106 Liability - reflects the difference in timing of the cost recognition of Post-Retirement Medical Expenses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Self-Insured Medical Reserve - reflects the difference in timing of the cost recognition of Medical Expenses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Research & Development Credits - reflects the recognition of future benefits of Research & Development Credits authorized by the Internal Revenue Code and Maine Revised Statutes.

Accrued Pension - reflects the difference in timing of the cost recognition of Pension Expenses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Supplemental Executive Retirement Plan (SERP) - reflects the difference in timing of the cost recognition of SERP Expenses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Net Operating Losses - reflects the recognition of future benefits of Net Operating Losses authorized by the Internal Revenue Code and Maine Revised Statutes.

Sales Tax Reserve - reflects the difference in timing of the cost recognition of certain Sales Tax Expenses between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

AFUDC/FERC Audit Refunds - reflects the difference in timing of the cost recognition of AFUDC/FERC Audit Refunds between FERC Accounting and the Internal Revenue Code and Maine Revised Statutes.

Response Prepared By: David Davoren, Director, Tax & Procurement

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List of Attachments: None

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QUESTION NO. CA-VP-3-3

Does the company record amortization of Excess or Deficient Accumulated Deferred Income Tax ("EDIT")? If so, please identify the FERC docket in which authority to amortize EDIT was granted, and confirm whether the EDIT amortization reflected in the 2024 Annual Update was authorized by FERC.

RESPONSE NO. CA-VP-3-3

Yes, amortization of Excess and Deficient Accumulated Deferred Income Taxes are included in the ATRR detailed on Worksheet 10, Deficient/(Excess) ADIT Worksheet.

Authorization was provided in FERC Docket No. ER20-2133.

Response Prepared By: David Davoren, Director, Tax & Procurement

List of Attachments: None

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QUESTION NO. CA-VP-3-4

Are any radial transmission lines included as a component of the company's Regional Service Plant or Forecasted Regional Service Additions? If so, please identify any such facilities and explain why they are included as Regional Service Plant or Forecasted Regional Service Additions.

RESPONSE NO. CA-VP-3-4

No, there are no radial lines included in the Regional Service Plant or Forecasted Regional Service Additions.

Response Prepared By: David Norman, PE, Mgr., Reg. Support

List of Attachments: None

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QUESTION NO. CA-VP-3-5

Are any generator interconnections, generator leads, or generator step-up facilities included as a component of Transmission Plant in the 2024 Annual Update? If so, please identify any such facilities and explain why they are included as Transmission Plant.

RESPONSE NO. CA-VP-3-5

No, there are no generator interconnections, leads or step-up facilities included in the Regional Service Plant.

Response Prepared By: David Norman, PE, Mgr., Reg. Support

List of Attachments: None

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QUESTION NO. CA-VP-3-6

Refer to Att – 3 – Att F – App B – Att 1 (Regional), WS 4 Forecast. For each project included in the 2024 and 2025 Forecasted Regional Service Additions, please identify the primary justification for the project. State whether the basis for each project is one or more of the following categories:

- (a) NERC Reliability,
- (b) Local Reliability,
- (c) Reliability for N-1-1 events,
- (d) Reliability for other Extreme Events,
- (e) Load Growth,
- (f) Import / Interregional Integration,
- (g) Generator Interconnection – Proposed Projects,
- (h) Generator Interconnection – Projected Projects,
- (i) Public Policy Projects,
- (j) Remedial Action Scheme / Special Protection Scheme alternatives, or
- (k) Other (please describe).

RESPONSE NO. CA-VP-3-6

Orrington RTU Replacement	NERC Reliability, Reliability
Gen. Interconnect – QP620 FS	Generator Interconnection – Proposed
Keene Rd. Reactor Bank	NERC Reliability
KR 345 Heat Pump	NERC Reliability, Reliability
Keene Rd RTU Upgrade	NERC Reliability, Reliability
Boggy Statcom Addition	NERC Reliability
SVC ICON	NERC Reliability, Reliability

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Powersville Breaker Fail Initiate

NERC Reliability, Reliability

Response Prepared By: David Norman, PE, Mgr., Reg. Support

List of Attachments: None

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QUESTION NO. CA-VP-3-7

Please describe the methods and procedures the company used to capitalize overhead costs to Construction Work in Progress ("CWIP") in the 2024 Annual Update. Include in your response a description of the methods and procedures the company used to account for, track, report, and review overhead labor, labor-related costs, and other costs allocated to construction projects.

RESPONSE NO. CA-VP-3-7

Versant Power calculates pre-determined overhead rates periodically throughout the year based on forecasted annual costs trued up in December for actual costs. Rates are developed for employee benefit costs, transportation costs, storeroom costs and general and administrative (G&A) costs. Additionally, payroll taxes associated with labor charged to capital are also capitalized through a payroll tax burden.

Versant Power reviews each cost line within the O&M budget to determine whether it is eligible for capitalization. Eligible expenses are then categorized as either employee benefit costs, storeroom costs, transportation costs or general and administrative costs. Each pool of costs is then assessed to determine the percentage of costs that should be capitalized through an overhead allocation based on the percentage of relative capital costs to total costs. The rate for each burden is calculated based on the expected amount of relative capital costs to be charged for the year. G&A burden rates are calculated based on the results of a time study conducted in accordance with FERC Electric Plant Instructions.

Rates are initially calculated for the year based on budgeted O&M and capital costs and entered in Oracle Financial Information System (FIS).

Rates are recalculated at each forecast period throughout the year and updated in FIS if a material variance in expected overheads arises. Final rates are calculated at the end of the year based on actual costs through November and the amount of capitalized overheads are trued up to ensure the appropriate amount of overheads are allocated between capital and O&M.

All labor dollars charged to capital receive the employee benefit burden allocation and payroll tax burden allocation. All union labor dollars charged to capital receive the transportation burden allocation. All labor dollars (with the exception of labor charged for internal use software), contract labor and direct purchases receive the G&A burden allocation. All inventory dollars charged to capital receive the storeroom burden allocation. All outside services and direct purchases charged to capital receive the G&A burden allocation.

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The overheads increase capital and are offset to a clearing account. A subsequent journal entry is done to zero the clearing account and reduce O&M. Allocation percentages are based on the inputs to the calculation of the rates.

Response Prepared By: Sarah Hesseltine, Manager, Financial Reporting

List of Attachments: None