

Versant Power, Maine Public District (MPD)
2021 Attachment J Rate Formula of the Versant Power Open Access Transmission Tariff for
Maine Public District (MPD OATT) Annual Update

Docket No. ER20-1977

Maine Public Utilities Commission (MPUC)
Data/Information Request No. 1

May 11, 2021

General Questions:

- 1-1. Please provide a copy of all data requests submitted by all parties on the Annual Transmission Formula Rate Update filings, along with responses to those data requests. In addition, please provide this information on a continuing basis.
- 1-2. Please identify any errors identified by Maine Public District (“MPD”) since its May 3, 2021 informational filing, or any errors identified by Versant Power in its 2020 FERC Form 1 (“2020 FF1”) filing since the April 2021 filing. In addition, please provide this information on a continuing basis.
- 1-3. Please provide the materiality memo (or the relevant equivalent) developed to support the 2020 financial reporting and accounting applicable to Versant Power. In addition, explain how the materiality threshold was applied to any known accounting misstatements during 2020. To the extent that the materiality threshold was applied to known accounting misstatements during 2020, please identify all misstatements associated with amounts included in the wholesale transmission formula rate and provide the associated amounts and FERC accounts impacted.
- 1-4. Please provide a list of all accounting policy and process changes from 2018 through 2020 that impact accounting information used in the development of the wholesale transmission formula rate. For each accounting change, please provide a description of the change and the FERC accounts affected.
- 1-5. Please provide a list of all changes made in the presentation of the financial information in the 2020 FERC Form No. 1 compared to the previous year that affect any input into the wholesale transmission formula rate.

Intangible Plant in Service:

- 1-6. In reference to Versant Power’s 2020 FF1 page 204, line 4, column c, Account 303 – Miscellaneous Intangible Plant, please explain and provide a detailed description of the Additions in the amount of \$3,418,625.

Transmission Plant in Service:

- 1-7. Please provide for all transmission plant that was placed in service in MPD in 2020: a description of each project and project number; the in-service date of each project; the purpose of each project; and the costs associated with each project by FERC Account(s).
- 1-8. Please identify any capital leases (i.e., any lease or right to use asset that is capitalized on the balance sheet) and their corresponding amounts included in the formula rate (e.g., General Plant, Transmission Plant).

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- 1-9. Please discuss Versant Power's accounting for FERC reporting purposes for interest expense on capitalized leases and provide the accounts used to record the interest expense.
- 1-10. Please provide a workable Excel spreadsheet that shows how Versant Power calculates its AFUDC rate for capitalizing transmission investment, including the ROE used in that calculation and the FERC Accounts to which the AFUDC costs were recorded. In addition, please provide the derivation and the source of the debt cost and ROE used in the AFUDC capital structure.
- 1-11. Please discuss the treatment of affiliate borrowings in the computation of the AFUDC rate, including money pool borrowings.
- 1-12. Please describe the method used to accrue AFUDC and the frequency of compounding. Illustrate this method using the largest two work orders (by dollar) for 2020.
- 1-13. In reference to Versant Power's 2020 FF1 page 206, line 50, column c, Account 353 – Station Equipment, please explain and provide a detailed description of the Additions in the amount of \$10,196,447, including a description of each project; the in-service date of each project; and the costs associated with each project by FERC Account(s).
- 1-14. In reference to Versant Power's 2020 FF1 page 206, line 52, column c, Account 355 – Poles and Fixtures, please explain and provide a detailed description of the Additions in the amount of \$6,712,963, including a description of each project; the in-service date of each project; and the costs associated with each project by FERC Account(s).
- 1-15. In reference to Versant Power's 2020 FF1 page 206, line 53, column c, Account 356 – Overhead Conductors and Devices, please provide a detailed description of the Additions in the amount of \$3,987,726, including a description of each project; the in-service date of each project; and the costs associated with each project by FERC Account(s).

General Plant in Service:

- 1-16. In reference to Versant Power's 2020 FF1 page 207, line 87, column d, Account 390 – Structures and Improvements, please provide a detailed description of the Retirements in the amount of \$2,765,325.
- 1-17. In reference to Versant Power's 2020 FF1 page 206, line 88, column c, Account 391 – Office Furniture and Equipment, please provide a detailed description of the Additions in the amount of \$3,007,036, including the date in-service of each addition.
- 1-18. In reference to Versant Power's 2020 FF1 page 206, line 89, column c, Account 392 – Transportation Equipment, please provide a detailed description of the Additions in the amount of \$1,323,721, including the date in-service of each addition.
- 1-19. In reference to Versant Power's 2020 FF1 page 206, line 93, column c, Account 396 – Power Operated Equipment, please provide a detailed description of the Additions in the amount of \$11,997,943, including the date in-service of each addition.

Regulatory Assets and Liabilities:

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- 1-20. Please identify any regulatory assets reported in the 2020 FF1 that now or in the future are expected to affect the charges under the Formula Rate as a result of amortization through expenses, if and when approved by the appropriate regulatory body. In your response, please provide the allocation of such amounts to MPD and Bangor Hydro District (“BHD”), and the allocation factor(s) used. If any such expenses were directly assigned to MPD and/or BHD, provide a description of how these amounts were assigned to each district, supplying any relevant workpapers supporting the allocation by district.
- 1-21. Please provide the date and docket number referencing each FERC approval of the creation of the regulatory asset.

Depreciation:

- 1-22. In reference to Versant Power’s 2020 FF1 page 200, line 21, Accumulated Intangible Depreciation, please explain and provide supporting documentation for the increase of approximately \$2.5 million, or 16%, from the 2019 balance.
- 1-23. In reference to Versant Power’s 2020 FF1 page 219, line 25, Total Transmission Accumulated Depreciation, please explain and provide supporting documentation for the increase of approximately \$13.7 million, or 10%, from the 2019 balance.
- 1-24. Please identify any impairments recorded in 2020. For each impairment, please provide a description of the asset impaired, the cause of the impairment, and the accounting used to record the impairment.

Operation and Maintenance (“O&M”) and Administrative and General (“A&G”) Expenses:

- 1-25. Please identify any contingent liabilities recognized in 2020.
- 1-26. Please identify any expense associated with a lease that is included in the wholesale transmission formula rate other than the actual lease payment made to lessors.
- 1-27. Please identify the nature and amount of any one-time expenses that were written-off to any transmission O&M account or A&G account during 2020. In addition, please identify the FERC account numbers where such write-offs were recorded.
- 1-28. Please identify any costs, by FERC Account(s) and corresponding amounts, related to Versant Power’s CIS system that are included in MPD’s revenue requirement.
- 1-29. Please identify the FERC Account(s) and corresponding amounts that were recorded in 2020 related to each capital IT project over \$250,000, including a description and purpose of each project.
- 1-30. Please provide a full reconciliation of FERC Account 926 Employee Pension and Benefits including, as applicable, amounts designated to MPD.
- 1-31. Please identify and quantify any extraordinary expenses that were booked to either the transmission O&M accounts or the A&G accounts during 2020 and identify all the FERC Accounts to which they were recorded.

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- 1-32. Please identify the following related to each occurrence of a major destructive event (i.e., storm, fire, etc.) in 2020:
- a. The FERC Account(s) and corresponding amounts, for all expenditures both expenses and capital, that were recorded related to restoration costs incurred for repair work.
 - b. Any pending insurance claims and the amounts associated with anticipated reimbursements from these claims.
 - c. The FERC Account(s) where the reimbursements in (b) above will be recorded.
 - d. Verify whether MPD or Versant Power self-insures for property insurance by setting aside reserves. If so, please identify what FERC Account these reserves are held.
 - e. For each major storm event, provide the amount included in expense and capital and provide support for the split between transmission and distribution for overheads and other indirect costs.
- 1-33. In reference to WP FF1 Reconciliation, line 62, Post-Retirement Benefits Other than Pensions (PBOP), please provide back-up, in working Excel spreadsheet format, of the amount shown of \$386,335.
- 1-34. In reference to Versant Power's 2020 FF1 page 323, line 184, Account 923 – Outside Services Employed, please provide a detailed tabulation of every entry booked to this account during 2020, including name, long description of cost item and amount.
- 1-35. In reference to Versant Power's 2020 FF1 page 323, line 187, column b, Account 926 – Employee Pensions and Benefits, please explain and provide supporting documentation for the increase of approximately \$2.8 million, or 103%, from the 2019 balance.
- 1-36. State whether Versant Power incurred or paid any monetary penalties for violations of NERC Reliability Standards during 2020. If so, please respond to the following:
- a. The amount of the penalties;
 - b. The FERC accounts where such penalties were recorded; and
 - c. The nature of the alleged violation that gave rise to the penalty.
- 1-37. Please identify all credit facilities outstanding during 2020. For each credit facility, provide the amount of upfront and commitment fees recorded to expense in 2020 and the offsetting FERC account(s) charged, and identify any portion of the credit facility required to comply with provisions of specific a debt agreement. Also, explain the treatment of the fees in the determination of cost of debt for computing the AFUDC rate.
- 1-38. Please provide a discussion of any amended Federal income tax returns filed during 2020 that impact the income tax positions or excess and deficient ADIT balances for MPD. The discussion should identify the specific items of income and deductions changed, the amount

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by which the items changed, the reason for the income tax amendment, the tax years being amended, and book accounting journal entries reflecting the amendments to the tax return.

- 1-39. Please identify all expenditures for lobbying and other civic, political and related activities incurred during 2020 and included in MPD's formula rate update. This identification should include, but not be limited to:
- a. Identification of the organization for which the expenditure was made;
 - b. Identification of each amount during 2020;
 - c. Identification of the FERC Account where the donation was recorded;
 - d. Identification of all related expenditures incurred in 2020 that would not have been incurred but for the expenditure for civic, political and lobbying activities, including the details on these expenditures requested in items a. through c. above; and
 - e. If there were no lobbying and other civic, political and related activities expenditures incurred during 2020 that have been included in MPD's formula rate updates, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Transmission Losses:

- 1-40. Please provide a list of all generation and transmission facilities that have been constructed and interconnected to MPD's transmission system since the last time it completed a loss study.

The following questions pertain to the spreadsheet file "2020 - 2021 Actual Charges":

General Template Issues:

- 1-41. In reference to Exhibit 1a, Excel Cell N14, the reference stated does not correspond to the calculation presented, please rectify.
- 1-42. In reference to Exhibit 1a, Excel Cells N24, N29, N34, the references stated do not correspond to the calculations presented, please rectify.
- 1-43. In reference to Exhibit 1b, Excel Cell J23, the reference stated does not correspond to the calculation presented, please rectify.
- 1-44. In reference to Exhibit 1b, Excel Cell F27, the reference stated does not correspond to the calculation presented, please rectify.
- 1-45. In reference to Exhibit 1b, Excel Cells A32:A41 and Excel Cell J41, the line numbers are not correct, please rectify.
- 1-46. In reference to Exhibit 4, Excel Cell Y38, the reference stated does not correspond to the calculation presented, please rectify.

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- 1-47. In reference to Exhibit 4, Excel Cell D40, Transmission Prepayments December 2019 amount, please explain why the amount shown of \$2,635,066 does not correspond to the amount in Versant Power's 2020 FF1 page 111, line 57, column d, of \$4,171,849.
- 1-48. In reference to Exhibit 4, Excel Cell P43, Transmission Materials and Supplies - Transmission Plant December 2020 amount, please explain why the amount shown of \$2,018,418 does not correspond to the amount in Versant Power's 2020 FF1 page 227, line 8, column c, of \$12,027.
- 1-49. In reference to Exhibit 4, Excel Cell W52, line 10r is not included in the calculation shown, please adjust calculation if said cell should be included in the calculation or adjust the reference to exclude the cell.
- 1-50. In reference to Exhibit 5, Excel Cell L18, the reference stated does not correspond to the calculation presented, please rectify.
- 1-51. In reference to Exhibit 5, Excel Cell D30, amount shown is an input, please link to the reference stated.
- 1-52. In reference to WP EADIT Liability, Excel Cell Q11, the reference stated does not correspond to the calculation presented, please rectify.
- 1-53. In reference to WP EADIT Liability, Excel Cell Q12, the reference stated does not correspond to the calculation presented, please rectify.
- 1-54. In reference to WP EADIT Liability, Excel Cell Q15, the reference stated does not correspond to the calculation presented, please rectify.
- 1-55. In reference to WP EADIT Allocators, Excel Cell H18, the reference stated does not correspond to the calculation presented, please rectify.
- 1-56. In reference to WP Unprotected EADIT Amort, Excel Cell F10, the reference stated does not correspond to the calculation presented, please rectify.
- 1-57. In reference to WP DTA(L) Detail, Excel Cell J128, the reference stated does not correspond to the calculation presented, please rectify.
- 1-58. In reference to WP LNS Allocator, Excel Cell E11, the reference stated does not correspond to the calculation presented, please rectify.
- 1-59. In reference to WP LNS Allocator, Excel Cell E19, the reference stated does not correspond to the calculation presented, please rectify.
- 1-60. In reference to WP LNS Allocator, Excel Cell E20, the reference stated does not correspond to the calculation presented, please rectify.
- 1-61. In reference to WP LNS Allocator, Excel Cell E21, the reference stated does not correspond to the calculation presented, please rectify.
- 1-62. In reference to WP LNS Allocator, Excel Cell E22, the reference stated does not correspond to the calculation presented, please rectify.

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- 1-63. In reference to WP LNS Allocator, Excel Cell E23, the reference stated does not correspond to the calculation presented, please rectify.
- 1-64. In reference to WP LNS Allocator, Excel Cell E27, the reference stated does not correspond to the calculation presented, please rectify.
- 1-65. In reference to WP LNS Allocator, Excel Cell E28, the reference stated does not correspond to the calculation presented, please rectify.
- 1-66. In reference to WP LNS Allocator, Excel Cell E30, the reference stated does not correspond to the calculation presented, please rectify.
- 1-67. In reference to WP Transaction Costs, Excel Cell J25, the reference stated does not correspond to the calculation presented, please rectify.
- 1-68. In reference to WP Transaction Costs, Excel Cell J37, the reference stated does not correspond to the calculation presented, please rectify.
- 1-69. In reference to WP FF1 Reconciliation, Excel Cells D90:F90, MPD Other Regulatory Commission Expenses (Distribution), please explain the reasoning for the removal of the breakdown for BHD and MPD and the summation formula, as were in the Settled template.

The following questions pertain to the spreadsheet file “2021 - 2022 Estimated Charges”:

General Template Issues:

- 1-70. In reference to Exhibit 4, Excel Cell Y38, the reference stated does not correspond to the calculation presented, please rectify.
- 1-71. In reference to Exhibit 4, Excel Cell D40, Transmission Prepayments December 2019 amount, please explain why the amount shown of \$2,635,066 does not correspond to the amount in Versant Power’s 2020 FF1 page 111, line 57, column d, of \$4,171,849.
- 1-72. In reference to Exhibit 4, Excel Cell P43, Transmission Materials and Supplies - Transmission Plant December 2020 amount, please explain why the amount shown of \$2,018,418 does not correspond to the amount in Versant Power’s 2020 FF1 page 227, line 8, column c, of \$12,027.
- 1-73. In reference to Exhibit 4, Excel Cell W52, line 10r is not included in the calculation shown, please adjust calculation if said cell should be included in the calculation or adjust the reference to exclude the cell.
- 1-74. In reference to Exhibit 5, Excel Cell L18, the reference stated does not correspond to the calculation presented, please rectify.
- 1-75. In reference to Exhibit 5, Excel Cell D30, amount shown is an input, please link to the reference stated.
- 1-76. In reference to WP EADIT Liability, Excel Cell Q11, the reference stated does not correspond to the calculation presented, please rectify.

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- 1-77. In reference to WP EADIT Liability, Excel Cell Q12, the reference stated does not correspond to the calculation presented, please rectify.
- 1-78. In reference to WP EADIT Liability, Excel Cell Q15, the reference stated does not correspond to the calculation presented, please rectify.
- 1-79. In reference to WP EADIT Allocators, Excel Cell H18, the reference stated does not correspond to the calculation presented, please rectify.
- 1-80. In reference to WP Unprotected EADIT Amort, Excel Cell F10, the reference stated does not correspond to the calculation presented, please rectify.
- 1-81. In reference to WP DTA(L) Detail, Excel Cell J128, the reference stated does not correspond to the calculation presented, please rectify.
- 1-82. In reference to WP LNS Allocator, Excel Cell E11, the reference stated does not correspond to the calculation presented, please rectify.
- 1-83. In reference to WP LNS Allocator, Excel Cell E19, the reference stated does not correspond to the calculation presented, please rectify.
- 1-84. In reference to WP LNS Allocator, Excel Cell E20, the reference stated does not correspond to the calculation presented, please rectify.
- 1-85. In reference to WP LNS Allocator, Excel Cell E21, the reference stated does not correspond to the calculation presented, please rectify.
- 1-86. In reference to WP LNS Allocator, Excel Cell E22, the reference stated does not correspond to the calculation presented, please rectify.
- 1-87. In reference to WP LNS Allocator, Excel Cell E23, the reference stated does not correspond to the calculation presented, please rectify.
- 1-88. In reference to WP LNS Allocator, Excel Cell E27, the reference stated does not correspond to the calculation presented, please rectify.
- 1-89. In reference to WP LNS Allocator, Excel Cell E28, the reference stated does not correspond to the calculation presented, please rectify.
- 1-90. In reference to WP LNS Allocator, Excel Cell E30, the reference stated does not correspond to the calculation presented, please rectify.
- 1-91. In reference to WP Transaction Costs, Excel Cell J25, the reference stated does not correspond to the calculation presented, please rectify.
- 1-92. In reference to WP Transaction Costs, Excel Cell J37, the reference stated does not correspond to the calculation presented, please rectify.
- 1-93. In reference to WP FF1 Reconciliation, Excel Cells D90:F90, MPD Other Regulatory Commission Expenses (Distribution), please explain the reasoning for the removal of the breakdown for BHD and MPD and the summation formula, as were in the Settled template.