

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

Versant Power

)

Docket No. ER20-1977-000

**INITIAL RESPONSES OF VERSANT POWER TO THE  
SECOND SET OF INFORMATIONAL DATA REQUESTS  
OF THE MAINE PUBLIC UTILITIES COMMISSION**

In accordance with the Protocols for Implementing and Reviewing Charges Established by the Attachment J Rate Formulas (the “Protocols”) of the Versant Power Open Access Transmission Tariff for Maine Public District (“MPD OATT”), Versant Power hereby submits these Initial Responses to the Second Informational Data Requests tendered by the Maine Public Utilities Commission (“MPUC”) on July 15, 2022 (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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**QUESTION NO. MPUC-MPD-2-1**

In reference to responses MPUC-MPD-1-03, please verify that there were no internal accounting memos or other communications providing refinements in accounting or FERC Form No. 1 financial reporting, accounting classification guidance, or capitalization guidance that impact accounting information used as inputs to the wholesale transmission formula rate. For each item identified under the criteria below, please provide a detailed description and accounts affected.

**RESPONSE NO. MPUC-MPD-2-1**

Versant Power did not make any changes that impact the accounting information used as inputs to the wholesale transmission formula in 2021.

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-2**

Please provide a detailed discussion of Versant Power's accounting methodology for computing the Allowance for Funds Used During Construction ("AFUDC") rate used to capitalize construction costs in 2021. In doing so, please identify and discuss any known deviations from the AFUDC requirements provided in the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts (18 C.F.R. Part 101, Electric Plant Instruction No. 3(17)) and FPC Order No. 561. In addition, please discuss any modifications to Versant Power accounting practices for AFUDC since 2020.

**RESPONSE NO. MPUC-MPD-2-2**

*See* MPUC-MPD-2-02 Attachment A.

**Response Prepared By:** Sarah Hesseltine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-02 Attachment A

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**QUESTION NO. MPUC-MPD-2-3**

Please provide the calculation and formula supporting all AFUDC rates (debt and equity) applied to construction costs for 2021. Please provide this information in spreadsheets showing all inputs (common stock, preferred stock, long term debt, short term debt, and average construction work in progress ("CWIP")), and provide supporting documentation and calculations that provide for verification of the equity and debt rates derived.

**RESPONSE NO. MPUC-MPD-2-3**

*See* MPUC-MPD-2-03 Attachment A.

**Response Prepared By:** Sarah Hesseltine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-03 Attachment A

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**QUESTION NO. MPUC-MPD-2-4**

In relation to AFUDC, FPC Order No. 561, 57 FPC 608 (1977), requires public utilities to derive an annual AFUDC rate based on estimated short-term debt and CWIP balances. The order also requires public utilities to monitor actual experience and adjust to actual at year-end if a significant deviation (25 basis points) from the estimate should occur. Please explain how Versant Power complies with this AFUDC requirement and provide the calculation performed in 2021 to determine if a significant deviation exists.

**RESPONSE NO. MPUC-MPD-2-4**

Versant Power did not have any outstanding short-term debt in 2021 and as such, the weighted average cost of short-term debt is zero. In the event that Versant Power did have outstanding short-term debt, the AFUDC rates would be recalculated on a quarterly basis to determine if a significant deviation exists per the Company's AFUDC policy. *See* MPUC-MPD-2-02 Attachment A.

**Response Prepared By:** Sarah Hesseltine, Manager, Financial Reporting

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-5**

Please list and provide monthly balances of all short-term debt borrowings outstanding during 2021 from affiliates, including money pool borrowings, and explain whether any affiliated borrowings were excluded from the short-term debt component of any AFUDC rate calculations.

**RESPONSE NO. MPUC-MPD-2-5**

The company had no short-term debt borrowings outstanding during 2021 from affiliates, including money pool borrowings.

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-6**

Please list and provide monthly balances of all third-party, short-term debt borrowings outstanding during 2021 and identify any amount that was excluded from the AFUDC rate calculation and provide a justification for such exclusions.

**RESPONSE NO. MPUC-MPD-2-6**

The Company had no outstanding balances of third-party, short-term debt borrowings during 2021.

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power.

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-7**

In reference to responses MPUC-MPD-1-07 Attachment A, MPUC-MPD-1-27, and MPUC-MPD-1-28 Attachment A, pertaining to increases in Account 303 — Miscellaneous Intangible Plant, MPD CAYENTA UTILITIES CIS, please provide detailed support, including Excel documentation for the amount shown of \$10,030,105.

**RESPONSE NO. MPUC-MPD-2-7**

*See* MPUC-MPD-2-07 Attachment A, which reflects total project costs associated with the MPD CIS Consolidation project, including those costs allocated to Intangible (\$10,030,105) and General plant (\$755,471).

**Response Prepared By:** Sarah Hesseltine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-07 Attachment A



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**QUESTION NO. MPUC-MPD-2-8**

In reference to response MPUC-MPD-1-08 Attachment A, pertaining to transmission plant placed in service in 2021, please provide detailed support, including Excel documentation for the following line items:

- a. Excel Row 5, L1176 Rebuild Phase 3, for the amount shown of \$1,475,960.
- b. Excel Row 6, L1176 Rebuild Phase 3, for the amount shown of \$4,452,531.
- c. Excel Row 8, Line 6909 TRPI, for the amount shown of \$1,540,387.
- d. Excel Row 13, Line 6930 TRPI, for the amount shown of \$1,065,601.
- e. Excel Row 46, Line 1176 Rebuild Phase 1, for the amount shown of \$1,298,223.
- f. Excel Row 47, Line 1176 Rebuild Phase 1, for the amount shown of \$5,050,589.

**RESPONSE NO. MPUC-MPD-2-8**

*See* MPUC-MPD-2-08 Attachment A, which reflects total project costs associated with the assets placed into service that are listed in sub parts a through f above.

**Response Prepared By:** Sarah Hesseltine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-08 Attachment A

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**QUESTION NO. MPUC-MPD-2-9**

In reference to response MPUC-MPD-1-16 Attachment A, pertaining to increases in Account 355 — Poles and Fixtures, please provide detailed support, including Excel documentation for the following line items:

- a. Excel Row 39, Line 6930 TRPI, for the amount shown of \$1,065,601.
- b. Excel Row 40, Line 1176 Rebuild Phase 1, for the amount shown of \$1,298,223.
- c. Excel Row 41, L1176 Rebuild Phase 3, for the amount shown of \$1,475,960.
- d. Excel Row 42, Line 6909 TRPI, for the amount shown of \$1,540,387.

**RESPONSE NO. MPUC-MPD-2-9**

The book cost of Versant Power assets includes the direct cost of the asset plus an allocation of indirect costs associated with the project. As such, individual expenditure line items are not allocated to a specific asset. Attached is a list of project costs associated with the listing of specific assets, as requested in subparts a through d. *See* MPUC-MPD-2-09 Attachment A.

**Response Prepared By:** Sarah Hesseltnine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-09 Attachment A

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**QUESTION NO. MPUC-MPD-2-10**

In reference to response MPUC-MPD-1-17 Attachment A, pertaining to increases in Account 356 — Overhead Conductors and Devices, please provide detailed support, including Excel documentation for the following line items:

- a. Excel Row 34, Line 4407 Rebuild Part V, for the amount shown of \$843,642.
- b. Excel Row 36, L1176 Rebuild Phase 3, for the amount shown of \$4,452,531.
- c. Excel Row 37, Line 1176 Rebuild Phase 1, for the amount shown of \$5,050,589.

**RESPONSE NO. MPUC-MPD-2-10**

The book cost of Versant Power assets includes the direct cost of the asset plus an allocation of indirect costs associated with the project. As such, individual expenditure line items are not allocated to a specific asset. Attached is a list of project costs associated with the listing of specific assets, as requested in subparts a through c. *See* MPUC-MPD-2-10 Attachment A.

**Response Prepared By:** Sarah Hesseltnine, Manager, Financial Reporting

**List of Attachments:** MPUC-MPD-2-10 Attachment A

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**QUESTION NO. MPUC-MPD-2-11**

In reference to response MPUC-MPD-1-26, pertaining to Versant Power recording "a one-time bad debt expense to Account 904 to adjust for differences between its Customer Information System customer receivables balance and the general ledger balance", please provide detailed support, including Excel documentation for the amount of the adjustment of \$2,162,596 and confirm if any of this amount was included in the MPD OATT Formula Rate.

**RESPONSE NO. MPUC-MPD-2-11**

Versant Power's response to MPUC-MPD-1-26 mistakenly included the wrong dollar amount for its one-time adjustment to bad debt expense to Account 904. The correct amount is \$1,994,801 and reflects the differences between Versant Power's Customer Information System customer receivable balance and the general ledger balance. Detailed support for the amount of the adjustment is provided in MPUC-MPD-2-11 Attachments A. The amount included in the MPD OATT Formula Rate related to this entry was \$127,776. This is calculated as the expense amount multiplied by the company revenue allocator and the revenue allocator (i.e., \$1,994,801 \* 20.77% \* 30.84%).

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power

**List of Attachments:** MPUC-2-11 Attachment A

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**QUESTION NO. MPUC-MPD-2-12**

In reference to response MPUC-MPD-1-34 Attachment A, illustrating 2020-2021 year over year changes to Account 926 — Employee Pensions and Benefits, please provide detailed support, including Excel documentation for the following increases shown in line items:

- a. Excel Row 7, 401(k) & Pension & Post Retirement Freeze, for the increase amount shown of \$1,261,296.
- b. Excel Row 9, Bonus Accrual, for the increase amount shown of \$1,246,328.
- c. Excel Row 14, Medical, for the increase amount shown of \$1,229,588.

**RESPONSE NO. MPUC-MPD-2-12**

*See* MPUC-MPD-2-12 Attachment A. Included in this Attachment is a restated response to MPUC-MPD-1-34. This restatement reflects a common classification between 2021 and 2020 costs, specifically related to 401k, pension, and post-retirement expenses. As a result, the variance identified in part (a) above is negligible and detailed support is not included.

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power

**List of Attachments:** MPUC-MPD-2-12 Attachment A

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**QUESTION NO. MPUC-MPD-2-13**

Please provide individual substation one-lines for each substation included in the Company's transmission plant account.

**RESPONSE NO. MPUC-MPD-2-13**

Please see MPUC-MPD-2-15 Attachment A. This information is CEII.

**Response Prepared By:** David Norman, Mgr., Regulatory Support

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-14**

For calendar year 2020 and 2021, please include the following hourly data:

- a. Generation output by unit (MW and MVAR),
- b. Substation load (MW and MVAR),
- c. Behind-the-meter generation by substation (MW and MVAR), and
- d. Tie-line flows, including direction from source to sink.

**RESPONSE NO. MPUC-MPD-2-14**

Versant Power will provide a response.

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**QUESTION NO. MPUC-MPD-2-15**

Please provide a detailed system one-line including line impedances for each segment, normal and emergency ratings for each line and transformer, and substation names.

**RESPONSE NO. MPUC-MPD-2-15**

Please see MPUC-MPD-2-15 Attachment A, which includes the detailed system diagrams of each substation and line segments including substation names. Line impedances and ratings are not part of these diagrams, but are included in the model provided in the Response to MPUC-MPD-2-16. This information is CEII.

**Response Prepared By:** David Norman, Mgr., Regulatory Support

**List of Attachments:** MPUC-MPD-2-15 Attachment A CEII



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**QUESTION NO. MPUC-MPD-2-16**

Please provide a 2022 Summer peak power flow model in PSS/E.RAW/.SAV format or PSLF format.

**RESPONSE NO. MPUC-MPD-2-16**

Versant Power will provide a response.

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**QUESTION NO. MPUC-MPD-2-17**

Please provide modeling parameters for any transmission or generation facilities that have been added to the transmission system since January 1, 2020, with enough specificity to add such facilities to the power flow model referenced in MPUC-MPD-2-16.

**RESPONSE NO. MPUC-MPD-2-17**

None of the generation facilities submitting requests to be added to the Transmission system are operational at this time.

**Response Prepared By:** David Norman, Mgr. of Regulatory Support

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-18**

Please provide the completed Interconnection Applications for any generators requesting interconnection to the Company transmission system since January 1, 2020.

**RESPONSE NO. MPUC-MPD-2-18**

Please see MPUC-MPD-2-18 Attachments A — G. These attachments are Protected Materials as they contain Customer Information.

**Response Prepared By:** David Norman, Mgr. of Regulatory Support

**List of Attachments:**

MPUC-MPD-2-18 Attachment A  
MPUC-MPD-2-18 Attachment B  
MPUC-MPD-2-18 Attachment C  
MPUC-MPD-2-18 Attachment D  
MPUC-MPD-2-18 Attachment E  
MPUC-MPD-2-18 Attachment F  
MPUC-MPD-2-18 Attachment G

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**QUESTION NO. MPUC-MPD-2-19**

In reference to response AEA-MPD-1-3, discussing the accounting policy change for subsidiaries, please

- a. Identify the subsidiaries previously accounted for under the consolidation method.
- b. Provide the accounting entries, with associated detail explanations, to change to the equity method of accounting.
- c. Provide the date the accounting change occurred.

**RESPONSE NO. MPUC-MPD-2-19**

- a. The subsidiaries previously accounted for under the consolidation method are Bangor Fiber and Bangor Var.
- b. Journal entries were not recorded to make this change. Within Versant Power's financial information system, Bangor Fiber and Bangor Var are set up as separate companies. When reporting for FERC, the balances associated with these companies are excluded from individual statement lines and reported as changes in the investment balance and in equity earnings.
- c. This accounting change was effective for the reporting period ending December 31, 2020.

**Response Prepared By:** Jennifer Ireland, Controller, Versant Power

**List of Attachments:** None

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**QUESTION NO. MPUC-MPD-2-20**

In reference to response AEA-MPD-1-8, please provide all workpapers supporting the refund amount for each finding in the FERC audit report in Docket No. FA20-9-000.

**RESPONSE NO. MPUC-MPD-2-20**

Please see response to AEA-MPD-2-2 and AEA-MPD-2-2 Attachments A through E, which are designated as Protected Materials.

**Response Prepared By:** Counsel

**List of Attachments:** None