

**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 AROOSTOOK ENERGY ASSOCIATION**

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 Aroostook Energy Association (“AEA”) on July 11, 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.

VERSANT POWER'S RESPONSES TO
DATA/INFORMATION REQUEST NO. 2
OF AROOSTOOK ENERGY ASSOCIATION ("AEA")
REGARDING 2022 MAINE PUBLIC DISTRICT OATT
FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-1

In reference to VP's response to AEA 1-4, AEA seeks to verify that no merger costs were inadvertently recorded to accounts recovered in MPD transmission rates. To complete that verification, AEA needs to understand the nature of costs totaling \$8,494 identified by VP as merger-related and recorded to Account 426. Please provide a schedule of merger-related costs recorded incurred in 2021 including:

- a) Date of transaction,
- b) FERC Account to which cost was recorded,
- c) Amount,
- d) Description of the service or transaction, and
- e) Vendor (as applicable)

RESPONSE NO. AEA-MPD-2-1

Account No. 426 values are not included in the calculation of charges under the MPD OATT Formula Rate. Versant Power thus objects to this request insofar as it seeks information that has no bearing upon charges under the formula rate and is thus outside of the scope of this proceeding.

Response Prepared By: Counsel

List of Attachments: None

VERSANT POWER'S RESPONSES TO
DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-2

In reference to VP's response to AEA 1-8, please address the following:

- a) Confirm that audit-related refunds to wholesale customers total \$1,506,649¹, while refunds to retail customers total only \$1,547²;
- b) Explain any differences between the methodology used to compute wholesale refunds and the methodology used to compute retail refunds;
- c) Provide the revised formula rates and any other analysis used to compute wholesale refunds associated with the FERC Audit;
- d) Provide the revised formula rates and any other analysis used to compute retail refunds associated with the FERC Audit; and
- e) Explain why audit-related refunds payable to wholesale customers are materially greater than those refunds payable to retail customers (i.e., why do wholesale customers receive refunds of \$1,506,649 while retail customers receive refunds of only \$1,547).

RESPONSE NO. AEA-MPD-2-2

- a) Not confirmed. The figures referenced in the data request reflect refunds to MPD customers only. BHD customers also received refunds.
- b) Wholesale and retail refunds were calculated with consistent methodologies.
- c) See AEA-MPD-2-2 Attachments A through E. Note that all of these files are CUI//PRIV and will be provided only in accordance with a Protective Agreement with Versant Power.
- d) See response to AEA-MPD-2-2(c).
- e) Refunds were paid in accordance with the Audit Report issued in Docket No. FA20-9.

Response Prepared By: Counsel

List of Attachments: AEA-MPD-2-2 Attachments A through E

¹ On May 20, 2022, VP filed a refund report in FERC Docket No. FA20-9-000 documenting refunds to wholesale customers totaling \$1,506,649 including \$110,214 payable to EMEC, \$318,257 payable to Houlton, \$81,046 payable to Van Buren, \$93,280 payable to Evergreen, \$491,394 payable to Ashland, and \$412,458 payable to Ft. Fairfield.

² See 2022-2023 Estimated Charges, WP Retail Adjustments, Lines 2-3.

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DATA/INFORMATION REQUEST NO. 2
OF AROOSTOOK ENERGY ASSOCIATION ("AEA")
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-3

In reference to VP's response to AEA 1-10, please confirm that project 334E (Tibbetts St RTU Upgrade) involved construction on BHD transmission facilities rather than MPD transmission facilities.

RESPONSE NO. AEA-MPD-2-3

It is confirmed that Project 334E, Tibbetts St RTU Upgrade, involved construction on BHD transmission facilities. The assets have been reclassified in Versant Power's fixed asset subledger.

Response Prepared By: Sarah Hesseltine, Manager, Financial Reporting

List of Attachments: None

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DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-4

Please provide VP's total PBOP expense recorded to Account 926 in 2021, by district (i.e., BHD and MPD) and confirm that the amount provided is included in Exhibit 5, at line 19(a) of the 2022 MPD Transmission Rate (Estimated) template.

RESPONSE NO. AEA-MPD-2-4

Versant Power's total PBOP expense recorded to Account 926 is presented by District on WP FF1 Reconciliation, namely on line 62(a) for BHD and line 62(b) for MPD. These values are included in the MPD OATT Formula Rate in Exhibit 5, at line 19(a).

Response Prepared By: Tim Olesniewicz, Senior Rates and Regulatory Analyst

List of Attachments: None

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DATA/INFORMATION REQUEST NO. 2
OF AROOSTOOK ENERGY ASSOCIATION ("AEA")
REGARDING 2022 MAINE PUBLIC DISTRICT OATT
FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-5

In reference to VP's response to AEA 1-33, please address the following:

- a) Provide a breakout of monthly CP associated with traffic signals and identify the class wherein such load is included in AEA-MPD-1-33 Attachment A;
- b) March and April CP for Large SubT, Large T, Large Primary, and Large Secondary classes are identical. Does this reflect an error in VP's computation of CP?
- c) July and August CP for Large SubT, Large T, Large Primary, and Large Secondary classes are identical. Does this reflect an error in VP's computation of CP?
- d) October and December CP for Large SubT, Large T, Large Primary, and Large Secondary classes are identical. Does this reflect an error in VP's computation of CP?

RESPONSE NO. AEA-MPD-2-5

- a) Versant Power does not track that specific end use.
- b) See AEA-MPD-2-5 Attachment A. Yes there was an error identified and this was corrected in the filing on July 26, 2022 in Docket No. ER20-1977-000.
- c) See AEA-MPD-2-5 Attachment A Yes there was an error identified and this was corrected in the filing on July 26, 2022 in Docket No. ER20-1977-000.
- d) See AEA-MPD-2-5 Attachment A Yes there was an error identified and this was corrected in the filing on July 26, 2022 in Docket No. ER20-1977-000.

Response Prepared By: Emily Turner, Sales and Revenue Associate Analyst

List of Attachments: AEA-MPD-2-5 Attachment A

VERSANT POWER'S RESPONSES TO
DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-6

In reference to Exhibit 4, lines 1, 3, and 5, please provide December 31, 2020 balances, by FERC account, for the following asset groups:

- a) MPD transmission Plant (Exhibit 4, line 1),
- b) MPD General Plant (Exhibit 4, line 3), and
- c) MPD Intangible Plant (Exhibit 4, line 5).

RESPONSE NO. AEA-MPD-2-6

See AEA-MPD-2-6 Attachment A. Please note that these balances represent values for Versant Power as a whole. In addition, these balances do not include allocation of General and Intangible balances or adjustments made to rate base relative to Exhibit 4.

Response Prepared By: Sarah Hesseltine, Manager, Financial Reporting

List of Attachments: AEA-MPD-2-6 Attachment A

VERSANT POWER'S RESPONSES TO
DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-7

In reference to VP's response to MPUC-MPD 1-26, please provide a detailed explanation of why VP did not record the one-time adjustment totaling \$2,162,596 as an extraordinary deduction within Account No. 435.³

RESPONSE NO. AEA-MPD-2-7

Versant Power objects to this request insofar as it seeks information that is outside of the scope of this proceeding. Whether or not an adjustment is an extraordinary expense has no bearing upon the amounts charged under the MPD OATT Formula Rate.

Response Prepared By: Counsel

List of Attachments: None

³ See 18 C.F.R. Part 101, General Instruction No. 7.

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DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-8

In reference to VP's response to AEA-MPD 1-29, please provide the following information:

- a) Provide salaries and wages for System Operations, by operation (i.e., Transmission, Distribution, Customer, A&G) for 2020 and 2021;
- b) Explain whether VP increased the headcount of Systems Operations team members in 2021;
- c) Explain whether VP changed methodologies for functionalizing salaries within the "Engineering & Operations" category included on AEA-MPD-1-29 Attachment A in 2021;
- d) Explain why total Engineering & Operations salaries declined by approximately 5% in 2021;
- e) Explain why Distribution-related Engineering & Operations salaries declined by approximately 15% in 2021; and
- f) Explain why Transmission-related Engineering & Operations salaries increased by approximately 24% in 2021.

RESPONSE NO. AEA-MPD-2-8

- a) See AEA-MPD-2-8 Attachment A.
- b) System Operations headcount increased by 3 full time employees in 2021 compared to 2020.
- c) Versant Power did not change methodologies for functionalizing salaries within the Engineering and Operations category included on AEA-MPD-1-29 Attachment A in 2021.
- d) Total Engineering and Operations salaries declined by approximately 5% in 2021 due to fewer experienced storms compared to 2020, which was partially offset by increased headcount in System Operations and Field Operations, and increased Asset Management labor.
- e) Distribution-related Engineering & Operations salaries declined by approximately 15% in 2021 due primarily to fewer experienced storms in 2021 compared to 2020 and slightly offset by increased positions in Field Operations.
- f) Transmission-related Engineering & Operations salaries increased by approximately 24% in 2021 due primarily to increased headcount in System Operations to allow for

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DATA/INFORMATION REQUEST NO. 2
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REGARDING 2022 MAINE PUBLIC DISTRICT OATT
FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

succession planning related to planned retirements within the department and increased Asset Management labor.

Response Prepared By: Jennifer Ireland, Controller, Versant Power

List of Attachments: AEA-MPD-2-8 Attachment A

VERSANT POWER'S RESPONSES TO
DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-9

Please provide the Salaries and Wages allocator authorized by the MPUC for use in determining VP's currently authorized distribution revenue requirement.

RESPONSE NO. AEA-MPD-2-9

For MPUC filings, when required, Versant Power uses the inverse of the Transmission Salaries and Wages allocator related to the test year in the Company's Distribution rate case. (i.e. $1 - \text{Salaries and Wages Allocator}$). The most recently used allocator was 86.37%, based on a 2019 Test Year.

Response Prepared By: Jennifer Ireland, Controller, Versant Power

List of Attachments: None

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DATA/INFORMATION REQUEST NO. 2
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FERC DOCKET NO. ER20-1977-000

RESPONSES PROVIDED AUGUST 1, 2022

QUESTION NO. AEA-MPD-2-10

In reference to VP's response to AEA 1-30, please provide the following:

- a) The effective transmission service agreement between VP and Terraform,
- b) The effective interconnection agreement between VP and Terraform,
- c) The effective transmission service agreement between VP and Houlton Water Company, and
- d) The effective interconnection agreement between VP and Houlton Water Company.

RESPONSE NO. AEA-MPD-2-10

(a)-(c) The currently effective transmission service agreements between Versant Power and Terraform and Versant Power and Houlton Water Company were conforming agreements to the FERC pro forma transmission service agreement at the time they were executed (in 2006 and 2020, respectively). Similarly, the currently effective interconnection agreement between Versant Power and Terraform was conforming to the FERC pro forma large generator interconnection agreement at the time it was executed in 2006.

(d) The effective interconnection agreement between Versant Power and Houlton Water Company is publicly available in FERC's eTariff system under Versant Power's Service Agreements, and was filed with FERC in Docket No. ER20-2018-000.

Response Prepared By: Counsel

List of Attachments: None