

NextEra Energy Transmission New York, Inc.

Rate Year 2023 Annual True-Up

Response to NYSEG/RG&E Information Requests

Information Requests submitted on: July 3, 2024

NEET NY responses provided on: July 25, 2024

1. Operating and Maintenance Expenses

Please provide backup support for all line items below pertaining to O&M expenses as detailed below.

- a) Please explain in detail the Transmission O&M of \$19.3 million on Appendix A, page 3 of 5, line 45 TOTAL O&M (cell J153) that includes amounts from Form 1 page 320-323 including account 561.5 Reliability, Planning and Standards Development for an amount of \$10,503,422. Specifically, please provide an itemized list of every expenditure greater than or equal to \$10,000 with a description for each expenditure and the accounting/legal rationale for its treatment as O&M expense and placement in specific FERC accounts. For clarity, multiple payments to personnel or other entities of amounts less than \$10,000 that total \$10,000 or more for the same general scope of work/services should be aggregated into groups. Information provided should be at a level of detail sufficient for an independent assessment of whether each line item has been appropriately applied to Empire State Line Project formula rate cost allocation and recorded to the specific FERC accounts for which they have been allocated by NEET NY.

While this information request covers all O&M of \$19.3 million, there is particular interest in understanding the detailed accounting of the dollars in account 561.5 which appear to be disproportionately large for the transmission plant in service and transmission mileage of the Empire State Line Project.

- b) Please explain the included amount in account 561.5 Transmission Studies for the New York Renewable Connect of \$238,759 on Form 1 page 231, a project related to Long Island offshore wind exports and how this is consistent with the approved cost allocation in Section 3.5 of the May 25, 2018 Offer of Settlement.
- c) Please explain in expanded detail the individual activities reflected in account 561.5 expenses and how they each relate directly to the operation and maintenance of the Empire State Line Project supporting their zonal cost allocation “beneficiaries pay” approach and do not apply to any other planning work, projects or acquisitions of NEET NY as determined in the May 25, 2018 Offer of Settlement.

NEET NY Response:

a. Detail of requested O&M expenses and associated descriptions are as follows:

Account 560 – Operation, Supervision and Engineering		
Description	Amount	Justification
Affiliate Payroll and Benefits	\$ 601,397	Charges to this account include the cost of labor and expenses incurred in the supervision of the operation of the transmission system. Activities accounted for include direct switching, controlling system voltages, operating reporting for budgeting purposes, supervision station operation among others.
Business Travel & Meals	\$42,987	
Outside Services	\$635,756	
Materials and Supplies	\$33,359	
<i>Aggregate of items below \$10k</i>	\$6,481	
TOTAL	\$1,319,980	
Account 561.2 – Load Dispatch Monitor and Operate Transmission System		
Description	Amount	Justification
Affiliate Payroll and Benefits	\$ 1,255,362	Charges include the cost of labor, materials and expenses to monitor, assess, manage and operate the transmission facilities in real-time to maintain safe and reliable operation.
Business Travel & Meals	\$37,549	
Outside Services	\$11,607	
<i>Aggregate of items below \$10k</i>	\$7,206	
TOTAL	\$1,311,724	
Account 561.5 – Reliability, Planning and Standards Development		
Description	Amount	Justification
Affiliate Payroll and Benefits	\$3,298,495	Charges included account for the cost of labor, materials and expenses incurred for the system planning of the interconnected bulk electric transmission systems within a planning authority area.
Business Travel & Meals	\$126,090	
Environmental Services	\$354,720	
Education & Training	\$31,697	
Land Rights & Options	\$138,710	
Outside Services	\$6,569,432	
<i>Aggregate of items below \$10k</i>	(15,722)	
TOTAL	\$10,503,422	
Account 561.8 – Reliability Planning and Standards Development Services		
Description	Amount	Justification
Outside Services	\$30,742	This account includes the fees/expenses for outside services incurred by the regional transmission service provider and billed to the transmission owner.
TOTAL	\$30,742	
Account 562 – Station Expenses		
Description	Amount	Justification
<i>Aggregate of items below \$10k</i>	\$(4,659)	This account includes a credit for prior period returned payment.
TOTAL	\$(4,659)	
Account 567 – Rents		
Description	Amount	Justification
Rent, Fees and Licenses	\$ 42,160	Charges to this account include rental of property used in connection with the operation of the transmission system.
TOTAL	\$42,160	
Account 568 – Maintenance supervision and engineering		
Description	Amount	Justification
Affiliate Payroll and Benefits	\$108,446	This account includes charges for the cost of labor and expenses incurred supervising maintenance of the transmission system.
Outside Services	\$27,068	
<i>Aggregate of items below \$10k</i>	\$5,304	
TOTAL	\$140,818	
Account 569.2 – Maintenance of Computer Software		
Description	Amount	Justification
<i>Aggregate of items below \$10k</i>	\$185	

TOTAL	\$185	This account includes charges for the cost expenses incurred for computer software products serving the transmission function.
Account 571 – Maintenance of overhead lines		
Description	Amount	Justification
<i>Aggregate of items below \$10k</i>	\$7,090	Charges to this account include labor, materials and expenses for maintaining transmission plant.
TOTAL	\$7,090	
Account 921 – Office Supplies & Expenses		
Description	Amount	Justification
Business Travel & Meals	\$35,494	This account includes office supplies and expenses incurred for the general and administrative function of operating the business. The costs of various administrative and general departments include items such as office supplies, membership fees, travel and postage.
Environmental Services	\$31,744	
Materials & Supplies	\$113,840	
Rent, Fees and Licenses	\$30,411	
<i>Aggregate of items below \$10k</i>	\$26,235	
TOTAL	\$237,724	
Account 922 – Administrative expenses transferred – Credit		
Description	Amount	Justification
<i>Aggregate of items below \$10k</i>	\$4,603	Account includes the credits for administrative costs that have been capitalized as part of construction work in progress.
TOTAL	\$4,603	
Account 923 – Outside Services Employed		
Description	Amount	Justification
Affiliate Payroll and Benefits	\$4,062,708	Charges to this account include the fees and expenses for general services not applicable to the operation function. These costs include payroll, benefits and expenses of performing an administrative or general function and are not considered an employee of NEET NY. These activities include payroll and benefits for accounting, finance, administrative employees, audit fees, internal counsel and other.
Business Travel & Meals	\$50,860	
Outside Services	\$1,071,419	
Materials & Supplies	\$193,897	
Education & Training	\$12,005	
Rent, Fees and Licenses	\$113,709	
<i>Aggregate of amounts below \$10k</i>	\$63,996	
TOTAL	\$5,568,594	
Account 925 – Injuries & Damages		
Description	Amount	Justification
Insurance Expense: Casualty, Liability & Workers Comp	\$109,544	This account includes charges for the cost of premiums paid to insurance companies for liability, casualty and workmen's compensation policies.
TOTAL	\$109,544	
926 – Employee Pensions & Benefits		
Description	Amount	Justification
<i>Aggregate of items below \$10k</i>	\$1,208	This account includes expenses in connection with employee welfare and benefit for employees.
TOTAL	\$1,208	
TOTAL - \$19,273,135		

- b. Please see response to part c below.
- c. Article 3.5 of the May 25, 2018 Offer of Settlement (“2018 Settlement Agreement”) only precludes application of the “beneficiaries pay” cost allocation methodology stipulated therein to “other projects and acquisitions of NEET NY.” It does not preclude application of the cost allocation to NEET NY’s above-the-line expenditures – such as those properly recorded in FERC Account 561.5 – that are not related to other projects or acquisitions of NEET NY. NEET NY’s expenses recorded to FERC Account 561.5 include the cost of labor, materials, and expenses incurred for the system planning of the interconnected bulk electric transmission systems within the NYISO, and do not include costs for any projects or acquisitions of NEET NY. NEET NY’s

transmission planning-related expenses during 2023 were properly charged to Account 561.5 and recovered through implementation of NEET NY's formula rate.¹

Pursuant to NEET NY's formula rate accepted by and on file with the Federal Energy Regulatory Commission (the "Commission"), total transmission O&M expense shown at Appendix A, page 3, line 45, consists of Transmission expense plus A&G expense functionalized to transmission. Consistent with FERC'S Uniform System of Accounts and NEET NY's FERC Form 1, NEET NY's expenses related to reliability, planning, and standards development have been recorded to FERC Account 561.5 and included in Transmission expense shown at Appendix A, page 3, line 39 of NEET NY's Rate Year 2023 Annual True-up and appropriately incorporated into NEET NY's Rate Year 2023 Annual Transmission Revenue Requirement.

Accordingly, the inputs to NEET NY's cost of service for Rate Year 2023 have been properly recorded and both the formula rate and 2018 Settlement Agreement have been applied according to their terms.

¹ The Commission has recognized that incumbent transmission owners' transmission planning-related costs – such as NEET NY's – are expensed to transmission operations and maintenance accounts that are typically included in transmission formula rates. See *NextEra Energy Transmission New York, Inc.*, 161 FERC ¶ 61,138 at 26 (2017).