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Witness: David L. Gladey, Jeffrey Richard and Marisa B. Paruta
Request from: New England Connectivity and Telecommunications Association

Question:

(FERC Accounts) Select a 2025 Work Order involving a request by a third-party attacher (identity redacted) that includes pole replacements and tree trimming and describe in detail the accounting treatment including the assignment of costs to FERC account(s) and the timing of the assignment of costs starting with receipt of the third party's make ready payment.

Response:

Please refer to the Company's response to NECTA-058[i], which provides a detailed description of the accounting treatment for a request by a third-party attacher when there is a make-ready payment. In order to be further responsive to this question, the Company chose Work Order 23124642/attachment license 1893209 and corresponding accounting work order/field work order 80436797 as an example that includes pole replacements and tree trimming. The FERC accounts assigned to this work order were capital FERC accounts 107010 and 108030 and expense FERC accounts 593010 and 593040. Please refer to NECTA-074, Attachment 1, for the detail of costs including the make ready payments that were applied in March 2026 to reimbursement Cost Element A68 across the four FERC accounts noted above.

Prior Referenced Response:

[i] NECTA-058 Question:

(FERC Accounts) Explain how Eversource accounts for make-ready payments for pole replacements from third-party attachers, including whether the investment for such poles is booked to FERC Account 364, and how salvage value is accounted for.

NECTA-058 Response:

When a pole replacement work order is written, the responsible party creates the work order in the Company's work management system by selecting a specific work order type and enters 'estimates' into the work order by selecting Compatible Units, which are the assets that are expected to be installed and removed, which creates the FERC Split and the allocation of charges between the FERC Accounts. The combination of the work order type and Compatible Units determines the specific FERC Utility Accounts (typically 364 - Poles, Towers, and Fixtures, and 365 - Overhead Conductors and Devices, for pole replacement work) that the capital expenditures will be applied to when the work order is placed in-service. When the work is about to begin, the work order is approved, set to 'open' status, and can start receiving charges. These costs are allocated based on the FERC Split established, and records the capital expenditures to FERC Account 107010 (Construction Work in Progress) and estimated costs to remove retirement

units to FERC Account 108030 (Cost of Removal). Any proceeds received from removed infrastructure that is sold for scrap, for example, is recorded to FERC Account 108040 (Salvage).

When make ready work is billed to the third-party attacher, the Company records a Receivable from the third party attacher, and an equal and offsetting credit to the specific work order written for that pole replacement, which is reflected as a credit in the work order. The credit is applied based on the FERC Split between FERC Accounts 107010 and 108030 based on the estimate established when the work order was written. Charges or credits are not disseminated at the FERC Utility Account levels in the Company's plant asset records while the work order is in 'open' status and in FERC Account 107010.

When the installed assets are deemed 'used and useful,' the work order is placed into 'in-service' status and the capital expenditures in FERC Account 107010 are moved to FERC Account 106 (Completed Construction not Classified), while charges in FERC Account 108030 remain unchanged. At this time, the assets placed in service begin to depreciate in their assigned Utility Account (364 or 365) while the Company continues to work on finalizing all costs to the work order.

After all invoices are received, all make ready billable amounts have been paid by third party attachers, drawings are finalized and the pre-requisites/tasks in the work management system are completed, and the final costs and credits appropriately flow through the FERC Split, the work order is closed/posted to the Continuing Property Records (CPR). Once the work order is closed, the final costs of the asset in FERC Account 106 are moved to FERC Account 101010 (Utility Plant in Service) and unitized/posted to the CPR with their specific retirement units in Utility Accounts 364 and 365 based on final costs. The final Cost of Removal in FERC Account 108030 is moved to FERC Account 108010 (Accumulated Provision for Depreciation – Cost of Removal). Any salvage proceeds in FERC Account 108040 are moved to FERC Account 108010 (Accumulated Provision for Depreciation – Salvage) upon final close.