GB II New Haven LLC
Docket No: 26-06-03
GB II New Haven LLC Application to Establish 2027 Revenue Requirements

Response to RRU-10
Witness: Michael Bruneau

QUESTION:

(DEPRECIATION AND AMORTIZATION EXPENSE) Application, Ex. GB II-2; Sch. B-3.0, Sch. WP C-2.1; Bruneau PFT, pp. 9-10, 15 (Table 1). Depreciation and amortization expense for the 2027 Rate Year is reported as $5,662,307 on Schedule B-3.0 and Schedule C-1.0. However, Schedule WP C-2.1 reports "Total Depreciation & Amortization Expense" of $5,719,392. The difference of $57,085 is the ARO accretion included in the "Amortization Expense," which Schedule C-1.0 presents as a separate line item.

a. Provide the asset-level listing supporting Utility Plant in Service as of December 31, 2026, and December 31, 2027, showing for each asset, the account number, asset ID, description, in-service date, book life, remaining book life, original cost, estimated residual value, accumulated book depreciation, current-period book depreciation, net book value, tax life, accumulated tax depreciation, and current-period tax depreciation.

b. Reconcile the $5,662,307 of depreciation and amortization on Schedule B3.0 to the $5,719,392 shown on Schedule WP C-2.1 and confirm that ARO accretion of $57,085 is recovered only once in the 2027 revenue requirement.

c. Confirm that the LM6000 Simulator, NERC-Mandated DME, LM6000 PI Historian (Hardware), and S7 Project (Hardware) are fully depreciated and that each is carried in the rate base at a zero net book value. Additionally, state the gross cost and accumulated depreciation of each as of December 31, 2026.

d. Identify each asset whose book life expires during the 2027 rate year, state the resulting partial-year depreciation, and reconcile that treatment to Sch. WP B-1.0.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. See attached Exhibit RRU-10.

b. The amount shown on Schedule WP C-2.1 includes the accretion expense. Confirmed that the accretion expense is only recovered once in the 2027 revenue requirement.

c. Confirmed.

    a. LM6000 Simulator: Both gross cost and accumulated depreciation equal $0.226 million
    b. NERC-Mandated DME: Both gross cost and accumulated depreciation equal $0.295 million

c. LM6000 PI Historian (Hardware): Both gross cost and accumulated depreciation equal $0.018 million

d. S7 Project (Hardware): Both gross cost and accumulated depreciation equal $0.162 million

d. There is no asset with a book life expiring during the 2027 rate year.

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Response to RRU-11
Witness: Michael Bruneau

QUESTION:

(UTILITY PLANT IN SERVICE – INTERCONNECTION) Application, Ex. GB II1, p. 1; Ex. GB II-2; Bruneau PFT, p. 20; Sch. B-1.0, Sch. B-2.0, Sch. B-2.1, and Sch. WP B-2.1. The filing describes the interconnection investment in three different amounts: (1) The Company states that the filing reflects interconnection capital investment of $5.710 million and refers to "the additional $6.831 million" as intangible plant. See Bruneau PFT, p. 20; (2) Schedule WP B-2.1 shows the same $6,830,840 as $5,616,000 of direct cost in FERC Account 353 plus $1,214,840 of allocated soft costs; and (3) Exhibit GB II-1, p. 1 shows it as "Intangible Plant In Service (Interconnection)" of $5,881,632 plus capitalized allowance for funds used during construction? (AFUDC) of $949,208. Separately, Schedules B-2.0 and B-2.1 classify the entire $6,830,840 as FERC Account 353, Station equipment, within Transmission Plant (a tangible account) while Schedules B-1.0 and B-5.0 and the Company in prefiled testimony (Bruneau PFT, p. 20) describe it as "Intangible Plant," and FERC Account 303 (Intangible Plant Software) carries only $622,668.

a. Reconcile the $5,710,000, $5,616,000, and $5,881,632 interconnection figures, identify which is the direct capital cost approved by the Authority and in which Decision, and explain how each ties to the $6,830,840 gross balance.

b. State whether the $6,830,840 is recorded in FERC Account 353 (Station equipment) or as intangible plant, and identify the FERC Uniform System of Accounts basis for that classification.

c. Explain the basis for applying a 20-year straight-line tax life and no bonus depreciation to this asset, given that Schedules B-2.0 and B-2.1 classify it as tangible transmission station equipment.

d. Quantify the effect on 2027 accumulated deferred income taxes, rate base, and the AFRR if the asset were treated as tangible 15-year Modified Accelerated Cost Recovery System (MACRS) property eligible for bonus depreciation.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

The correct breakdown of the $6.831 million amount is $5.616 million toward Direct Costs and $1.215 million toward Soft Costs. The Company has maintained the same previously established tax life and bonus depreciation characteristics that have been consistent with all previous AFRR proceedings.

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Response to RRU-12
Witness: Michael Bruneau

QUESTION:

(SPARE PARTS INVENTORY) Application, Ex. GB II-2; Sch. B-4.0, Sch. WP B-4.1; Bruneau PFT, p. 22. The Company states that average spare parts inventory for the 13 months ending April 2026 was $2.469 million and that the Company applied a 1% historical turnover escalated by 3.30%. Bruneau PFT, p. 22 . However, Schedule WP B-4.1 does not use the 13-month average of $2,468,913. It begins with the single April 2026 ending balance of $2,453,644, adds $102,026 of "Open POs and Reqs.," and then applies the 1% turnover and 3.30% escalation to produce $2,556,514. The 13-month average is $44,183 below the $2,513,096 approved for 2026, yet the 2027 request is $43,418 above it and the entire increase is substantially attributable to the open purchase orders and requisitions. In the 2026 AFRR Decision, the Authority directed the Company on a going-forward basis to apply the historical average actual turnover rate and to strive for accuracy in its forecasts and pro forma adjustments.

a. Explain why the April 2026 point-in-time ending balance rather than the 13month average was used as the starting point, and provide the 2027 spare parts inventory recomputed using the 13-month average of $2,468,913.

b. Identify each item comprising the $102,026 of "Open POs and Reqs.," including purchase order number, date issued, vendor, amount, and expected receipt date, and state whether any had been received as of April 30, 2026.

c. Explain the basis for including in rate base inventory that has been ordered but not received, and identify any Authority Decision approving that treatment.

d. Confirm whether the 1% turnover rate applied is the historical average actual turnover rate the Authority directed the Company to use, and provide the actual annual turnover for each of 2021 through 2025 supporting it.

e. Provide the full spare parts inventory listing as of the response date with an age analysis and the date of last usage and last purchase for each item, and identify any write-offs or disposals of obsolete inventory in 2021, 2022, 2023, 2024, and 2025.

Provide supporting calculations in an unlocked Excel format with all formulas intact and transparent. For any hardcoded values, provide supporting source documentation or provide references to supporting workpapers already in the record.

RESPONSE:

a. The Company utilized the approach established in prior AFRR proceedings. The nearest ending balance (Apr'26) is a better approximation of the forecasted 2027 inventory. If the 13-month average is used, the inventory increases to $2.572 million.

b. See attached Exhibit RRU-12.b.

c. The Company has consistently utilized the approach that has been established in prior AFRR proceedings. Also, please note that the Spare Parts Inventory is included in the true-up calculation in each AFRR, therefore any divergence between forecast vs. actuals is corrected in that calculation.

d. The historical turnover rate has typically fluctuated between 1 – 3%. Also, please note that the Spare Parts Inventory is included in the true-up calculation in each AFRR, therefore any divergence between forecast vs. actuals is corrected in that calculation.

e. The Company does not fully understand the request, can it be further clarified. Also, please note that the Spare Parts Inventory is included in the true-up calculation in each AFRR, therefore any divergence between forecast vs. actuals is corrected in that calculation.