

## **Appendix A**

**EXHIBIT LSPGNY-100**

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

**LS Power Grid New York Corporation I                      |                      Docket No. ER21-\_\_-000**

**DIRECT TESTIMONY OF JOSEPH L. MYERS**

1    **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS**

2    A.     My name is Joseph L. Myers. My business address is One Tower Center, 21st Floor, East  
3           Brunswick, New Jersey, 08816.

4    **Q.     IN WHAT CAPACITY ARE YOU EMPLOYED?**

5    A.     I am Senior Vice President and Chief Accounting Officer for LS Power Development,  
6           LLC (“LSP Development”), which is the general partner and manager of LS Power  
7           Associates, L.P. (“LS Power”), which is an indirect owner of LS Power Grid New York  
8           Corporation I (“LSPGNY”). LSP Development is a Delaware limited liability company  
9           and the employer of the staff for LS Power.

10   **Q.     PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.**

11   A.     I obtained a Bachelor of Science in Commerce, majoring in Accounting, from Rider  
12           University (previously Rider College) in 1984. I received a Masters of Business

Administration with a concentration in Finance from St. John's University of New York in 1994. I am licensed as a Certified Public Accountant in the State of New Jersey.

**Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

A. From 1984 to 1987, I held staff accounting positions with Louis Linowitz and Company and Whittaker, Clark, and Daniels, Inc. From 1987 to 1996, I was employed by Asea Brown Boveri, Inc. (ABB), where I held several financial positions at both the corporate and operational levels, including Financial Controller, Manager of Financial Analysis, and Supervisor of Consolidations. My responsibilities included project finance accounting, business analysis, project control, business systems implementation, forecasting, budgeting, financial reporting, and taxation. From 1996 to 1998, I was employed by Datascope Corporation in Paramus, New Jersey, as the Operations Controller for the Patient Monitoring Division. In this capacity, I was primarily responsible for operational and financial control, strategic planning, and the financial evaluation of product development opportunities. From 1998 to 2004, I was employed as the Controller for Consolidated Edison Development, Inc., a wholly owned subsidiary of Consolidated Edison Inc., where I was responsible for the accounting, financial reporting, financial planning and analysis, and tax matters for power generation and infrastructure projects including the development and evaluation of potential investment opportunities. From 2004 to 2007, I was the Director of Corporate Accounting for Foster Wheeler Ltd. located in Clinton, New Jersey. I was responsible for the coordination and management of the corporate accounting function, including the preparation of financial statements and other financial reports; and responsible for developing and administering sound accounting principles to assure accurate financial reporting. I also was the Sarbanes

Oxley Compliance Officer for the corporate headquarters. In 2007, I joined LS Power and over time assumed my current responsibilities.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?**

A. Yes. I have submitted testimony before the Public Utility Commission of Texas in Docket Nos. 40604 and 43950 and the Federal Energy Regulatory Commission (“FERC” or “Commission”) in Docket Nos. ER16-453, ER17-135, ER19-605, ER20-716, ER20-2504, ER20-2656, and ER21-491.

**Q. WHAT ARE YOUR RESPONSIBILITIES AS SENIOR VICE PRESIDENT AND CHIEF ACCOUNTING OFFICER?**

A. I manage LSP Development’s corporate accounting organization to ensure that financial information for all LS Power business activities, including those of LSPGNY, is collected, summarized, and reported in accordance with accounting principles generally accepted in the United States. Further, LSP Development’s corporate accounting organization helps to ensure that the books and records of LSPGNY are maintained in a manner consistent with sound regulatory policies and procedures to reflect compliance with rules established and regulatory orders issued by the Commission and other applicable regulatory bodies.

**Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

A. The purpose of my testimony is to describe the pre-commercial and formation costs incurred as part of LSPGNY’s regulatory asset.

1    **Q.     PLEASE DESCRIBE LSPGNY AND ITS BUSINESS.**

2    A.     LSPGNY is a transmission-only company established to develop, own, and operate  
3           transmission facilities in New York. LSPGNY participated in the New York Energy  
4           Highway process beginning in 2012, including Case 12-T-0502 conducted by the New  
5           York Public Service Commission, which led to the Public Policy Transmission Planning  
6           Process conducted by the New York Independent System Operator (“NYISO”).  
7           LSPGNY, jointly with the New York Power Authority (“NYPA”), submitted proposals  
8           for Segment A and Segment B in the NYISO process, and in April 2019, the NYISO  
9           Board selected LSPGNY and NYPA’s double-circuit proposal for Segment A. Since  
10          April 2019, LSPGNY has been engineering, permitting, constructing, and operating the  
11          Segment A project, which had an initial segment energized and placed in service on May  
12          28, 2021, and is on schedule to be fully operational prior to the end of 2023.

13   **Q.     WHAT IS THE BASIS OF LSPGNY’S REGULATORY ASSET?**

14   A.     In the May 26, 2020 order in Docket No. ER20-716-001 (“May 2020 Order”), the  
15          Commission granted LSPGNY’s request for a Regulatory Asset Incentive including  
16          deferred recovery of all prudently-incurred pre-commercial, start-up, and development  
17          costs not capitalized for Segment A, as well as costs related to its proposal for Segment  
18          B. *LS Power Grid New York Corporation I, et al.*, 171 FERC ¶ 61,159 at P 23 (2020).

**Q. HOW DID LSPGNY ACCOUNT FOR DEFERRED PRE-COMMERCIAL COSTS?**

A. Following the May 2020 Order, LSPGNY established a regulatory asset made up of work orders used to identify and track pre-commercial and formation costs related to the Segment A and Segment B projects. Each work order was assigned a cost category to define the types of costs incurred related to pre-commercial and formation activities. The five cost categories were: (1) business services, which were services provided to support daily operations such as cash management, accounting, and invoicing; (2) legal and regulatory expenses, which included legal and other services provided to support various filings at FERC, including the filing to establish formula rates; (3) start-up costs, including permitting, surveying, feasibility studies, engineering, and consulting fees; (4) planning activities, which included costs associated with participating in the regional planning process; and (5) carrying charges.

**Q. WERE THE PRE-COMMERICAL COSTS PRUDENTLY INCURRED AND PROPERLY RECORDED?**

A. Yes. Developing a cost tracking process through the use of specific work orders allowed for the proper classification of costs as the appropriate general ledger account. Account 182.3, Regulatory Assets, was embedded in each unique work order. Training was provided to employees on the purpose and use of these unique work orders. In addition, all costs were monitored and periodically reviewed to ensure prudence and appropriateness.

1 **Q. ARE THERE OTHER CHARGES NOT SPECIFICALLY RELATED TO THE**  
2 **PROJECTS THAT WERE ELIGIBLE FOR DEFERRAL?**

3 A. No, all costs deferred as part of the regulatory asset incentive were exclusively related to  
4 the Segment A and Segment B projects.

5 **Q. PLEASE SUMMARIZE THE PRE-COMMERCIAL COSTS DEFERRED AS A**  
6 **REGULATORY ASSET BY LSPGNY.**

7 A. As described above, the pre-commercial costs deferred by LSPGNY were included in  
8 five cost categories: business services, legal and regulatory expenses, start-up costs,  
9 planning activities, and carrying charges. All costs incurred would have ordinarily been  
10 recognized as expenses when incurred. A breakdown of these costs, separated into these  
11 categories, is included as Exhibit LSPGNY-101. A brief description of the costs in each  
12 of these categories is as follows:

13 **Business Services:** Services provided to support the daily operations of  
14 LSPGNY. Types of costs include, but aren't limited to, internal and external labor  
15 costs related to accounting, front office support, cash management, recurring  
16 FERC compliance obligations and tax.

17 **Legal and Regulatory Expenses:** Internal and external labor costs related to  
18 regulatory filings required to conduct business and address dockets on file with  
19 regulatory agencies. Types of costs include, but aren't limited to, legal,  
20 consulting, regulatory filing fees, other regulatory fees, accountants, engineers,  
21 witnesses, and traveling expenses.

**Start-up Costs:** Formation and other costs associated with business development. Types of costs include, but aren't limited to, state filing fees, legal fees, and internal labor costs.

**Planning Activities:** Costs associated with participation in the regional planning process. Types of costs include, but are not limited to, developing reliability standards for the planning and operation of the system, transmission information collection, and internal and external labor costs. This category also includes costs associated with participating in the solicitations for Segments A and B.

**Carrying Charges:** Accrued at the rate equal to LSPGNY's AFUDC on the unamortized regulatory asset balance until included in rate base.

Total costs incurred and recorded as a regulatory asset during the pre-commercial period and carrying charges calculated from May 2020 through December 2021 are \$6.68 million for Segment A and \$3.63 million for Segment B for a total of \$10.31 million for the projects. Exhibit LSPGNY-101 shows the costs by category for each project. The regulatory asset for Segment A includes costs that were incurred through the initial energization date, and the regulatory asset for Segment B represents costs incurred prior to the NYISO Board selection decision. Calculation of the carrying charges for both Segments continues through December 2021, after which LSPGNY anticipates authorization from the Commission to begin including the regulatory asset in rates.

The types of costs incurred in each category and for each segment were driven by business activities occurring during the pre-commercial period. The costs associated with business formation activities, legal and regulatory costs associated with FERC filings,



1 and costs related to the day-to day business operations of LSPGNY were primarily for  
2 Segment A. In addition, in March 2021, the regulatory asset increased as a result of a  
3 payable entry recorded to address a change in project percentages between NYPA and  
4 LSPGNY as set forth in ER20-716-004.

5 **Q. HAVE ANY OF THE COSTS INCLUDED IN THE REGULATORY ASSET BEEN**  
6 **INCLUDED AS CONSTRUCTION WORK IN PROGRESS (“CWIP”)?**

7 **A.** No, all costs included in the regulatory asset are costs that would have otherwise been  
8 expensed when incurred and have not been included as CWIP.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 **A.** Yes.

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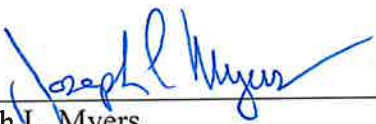
LS Power Grid New York Corporation I

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Docket No. ER21-\_\_-000

**AFFIRMATION**

I, Joseph L. Myers, swear and affirm that the foregoing Direct Testimony was prepared by me or under my direct supervision, and that the statements contained therein are true and correct to the best of my knowledge and belief.

  
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Joseph L. Myers  
Dated: 10/11/21