

## Attachment C

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

**New York Power Authority**

)

**Docket No. ER22-\_\_-000**

**PREPARED DIRECT TESTIMONY  
OF SCOTT TETENMAN  
ON BEHALF OF THE NEW YORK POWER AUTHORITY**

**July 28, 2022**

1   **I.     INTRODUCTION**

2   **Q.     Please state your name and business address.**

3   A.     My name is Scott Tetenman. My business address is 123 Main Street, White Plains,  
4           NY 10601.

5   **Q.     By whom are you employed and in what capacity?**

6   A.     I am the Senior Vice President of Finance for the New York Power Authority  
7           ("NYPA"), which is a corporate municipal instrumentality and political subdivision  
8           of the State of New York.

9   **Q.     Would you please summarize your educational and professional background?**

10  A.     I received a bachelor's degree in Business Administration from Northeastern  
11          University in 1991 and attained a Master of Business Administration degree in  
12          Finance from the University of Miami in 1992. My professional experience  
13          includes 11 years in NYPA's finance department; three years as the Manager of  
14          Finance and Treasury for an anaerobic digestion company; five and one-half years  
15          as the Vice President of Finance for a coal mining entity; three and one-half years  
16          as the Vice President of Structured Finance for a small commercial bank; and 11  
17          years working in the securities industry and related fields.

18                 This is my fifth time submitting testimony before the Federal Energy  
19                 Regulatory Commission ("FERC" or "Commission"). Most recently, I submitted  
20                 direct testimony earlier this year in Docket No. ER22-1014-000 in support of  
21                 transmission incentives and cost containment for NYPA's investment in the Smart  
22                 Path Connect Project.

1    **II.    PURPOSE AND SCOPE OF TESTIMONY**

2    **Q.    What is the purpose and scope of your testimony in this proceeding?**

3    A.    The purpose of my testimony is to provide context to the depreciation rate changes  
4           proposed by NYPA and present the impact from the proposed changes in  
5           transmission and general property depreciation rates recommended by the Alliance  
6           Consulting Group and present.

7    **III.   DEPRECIATION RATES**

8    **Q.    Does NYPA have a transmission formula rate authorized by the Commission?**

9    A.    Yes. NYPA has a transmission formula rate by which it recovers its transmission  
10          revenue requirement. NYPA's transmission formula rate was initially established  
11          by Commission order on January 19, 2017, approving NYPA's formula rate  
12          settlement in Docket No. ER16-835. NYPA has requested, and the Commission  
13          has approved, several changes to NYPA's transmission formula rate since that time.

14   **Q.    When were NYPA's current depreciation rates approved by the Commission?**

15   A.    The Docket No. ER16-835 settlement included depreciation rates for transmission  
16          and general property as part of NYPA's transmission formula rate. Pursuant to the  
17          terms of that settlement, NYPA requested a change to its depreciation rates on  
18          February 22, 2017, which FERC assigned to Docket Nos. ER17-1010 and EL17-  
19          67. The parties to that proceeding reached an uncontested settlement, which the  
20          Commission approved on November 21, 2017. According to the terms of the  
21          settlement, the depreciation rates became effective March 1, 2017. The  
22          depreciation rates contained in that settlement are the depreciation rates included in  
23          NYPA's transmission formula rate today and are used by NYPA to record

1           depreciation expense on its books of account.

2   **Q.   Why is NYPA proposing changes to its depreciation rates at this time?**

3   A.   It has been over five years since NYPA updated its transmission and general  
4       depreciation rates. During this time, NYPA has added \$750 M in transmission  
5       plant (net of retirements) and \$183 M in general plant (net of retirements). This  
6       represents a 34% increase in transmission plant and a 14% increase in general plant.  
7       Given these additions and the time since NYPA last determined its depreciation  
8       rates, NYPA commissioned a depreciation study to update its transmission and  
9       general plant depreciation rates. It is customary for utilities to update their  
10      depreciation rates after a five-year period, especially in instances where there have  
11      been significant plant additions.

12   **Q.   Who did NYPA select to perform the update to its depreciation rates?**

13   A.   NYPA selected Alliance Consulting Group (“Alliance”), an experienced consulting  
14      company in depreciation services. Alliance’s consultant, Mr. Dane Watson, has  
15      extensive experience performing depreciation studies and is familiar with NYPA,  
16      having performed NYPA’s depreciation studies that were the basis for the  
17      settlement in Docket Nos. ER17-1010 and EL17-67.

18   **Q.   Upon what vintage data did Alliance rely in performing its transmission plant**  
19      **and general plant depreciation studies?**

20   A.   For its transmission plant depreciation study, Alliance relied upon data as of  
21      December 31, 2020. For its general plant depreciation study, Alliance used data as  
22      of December 31, 2019.

1   **Q.     Briefly summarize the approach Alliance used to determine new depreciation**  
2       **rates?**

3   A.     Alliance conducted the transmission plant and general plant depreciation studies  
4           using the traditional depreciation study approach for life and net salvage, including  
5           the broad group, average life, remaining life depreciation system. This  
6           methodology has been adopted by numerous state commissions and FERC. For  
7           general plant, Alliance recommends that NYPA use vintage group amortization for  
8           certain accounts, such as office furniture, with high volumes and low value items.  
9           NYPA plans to adopt this recommendation.

10   **Q.     Is NYPA including the depreciation study reports with this filing?**

11   A.     Yes. NYPA is including the testimony of Mr. Watson, Partner of Alliance  
12           Consulting Group, along with the Alliance transmission and general plant  
13           depreciation study reports, as NYPA Exhibit Nos. NYP-200 – NYP-203.

14   **Q.     Summarize the impacts of Alliance’s recommended depreciation rates on**  
15       **NYPAs annual transmission revenue requirement.**

16   A.     As stated in Mr. Watson’s testimony, the change in depreciation rates results in a  
17           \$7.4 M increase in transmission depreciation expense using asset data as of  
18           December 31, 2020. Also as stated in Mr. Watson’s testimony, the change in  
19           depreciation rates results in a \$1.9 M decrease in general plant expense using asset  
20           data as of December 31, 2019.<sup>1</sup>

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<sup>1</sup> Approximately 35% of general plant depreciation expense is included in the annual transmission revenue requirement.

1   **Q.    Have you done calculations of the impacts from the depreciation rate changes**  
2       **using more recent data?**

3    A.    Yes, I have. Using NYPA financial data as of December 31, 2021, which is more  
4           indicate of the prospective impacts of these depreciation rate changes, I anticipate  
5           transmission depreciation expense to increase by \$8.7 M and general depreciation  
6           expense to decrease by \$1.1 M annually.

7   **Q.    What impact will these depreciation rate changes have on NYPA's annual**  
8       **transmission revenue requirement?**

9    A.    Given that 35% of the general depreciation decrease will be allocated to the  
10          transmission function and using asset data as of December 31, 2021, NYPA  
11          anticipates its transmission function annual depreciation expense to increase by  
12          \$8.3 M, which is approximately a 3% increase to the current NTAC annual revenue  
13          requirement.

14   **Q.    When will NYPA implement these new depreciation rates?**

15   A.    NYPA is requesting an effective date for its proposed depreciation rate changes of  
16          October 1, 2022. NYPA plans to begin using the proposed depreciation rates to  
17          record depreciation expense on its books beginning October 1, 2022.

18   **Q.    When will NYPA's annual transmission revenue requirement reflect the**  
19       **impact of these depreciation rates?**

20   A.    Assuming these depreciation rates are approved later this year, the NYPA annual  
21          transmission revenue requirement will reflect the calendar year 2022 impacts of  
22          these new depreciation rates beginning July 2023, consistent with NYPA's formula  
23          rate implementation protocols. The full 12-month impact of the new depreciation  
24          rates will not get reflected until the annual transmission revenue requirement

1 change in July 2024.

2 **Q. Does this conclude your testimony on the depreciation rate changes?**

3 A. Yes, it does.

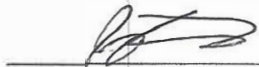
Respectfully submitted,



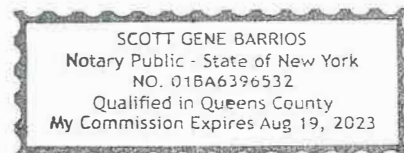
Scott Tetenman

Dated: July 28, 2022

Subscribed and Sworn to before me on this 28<sup>th</sup> day of July, 2022.



Notary Public



My commission expires: 08/19/2023