



DesertLink, LLC

2022 Annual Update

Responses to Six Cities Data Request Set 1 received September 12, 2023

October 3, 2023

General Questions:

Six Cities 1-1. Please provide a copy of DesertLink’s data responses provided to all other parties’ data requests submitted during the review period for, and with respect to, DesertLink’s 2022 Annual Update (the “2022 Annual Update”). In addition, please provide this information on a continuing basis during the review period.

DesertLink response: In accordance with Section 4.a.iv of DesertLink’s formula rate implementation protocols, DesertLink publishes information requests and responses on the ‘Documents’ page of its website (desertlinktransmission.com/documents) and distributes this link to interested parties included on its service list. While DesertLink has received no other data requests to date for this update cycle, please refer to the aforementioned link for any future data requests and responses by DesertLink.

Six Cities 1-2. Please identify the nature and dollar impact of any revisions to the data used in the 2022 Annual Update that DesertLink has identified since the posting of the formula rate on DesertLink’s website. Please update the response to this request if there are any subsequent revisions during the review period.

DesertLink response: DesertLink has not identified any revisions to the data used in the 2022 Annual Update posted on DesertLink’s website.

Six Cities 1-3. Please identify all costs that would be recorded for financial purposes in DesertLink’s FERC accounts but are, for ratemaking purposes, treated differently in the determination of transmission rates in the 2022 Annual Update.

DesertLink response: DesertLink has not identified any costs that would be recorded for financial purposes in DesertLink’s FERC accounts but are, for ratemaking purposes, treated differently in the determination of transmission rates in the 2022 Annual Update.

Six Cities 1-4. Please provide information explaining all changes to DesertLink’s accounting guidelines and procedures from 2021 to 2022 that impacted costs recorded to DesertLink’s FERC accounts related to Transmission, General, or A&G functions during the review period.

DesertLink response: As reported on the ‘Documents’ page of the DesertLink website (desertlinktransmission.com/documents) in the document [2023-06-30 – DesertLink 2022 Annual Update Notice & Disclosures](#), there are no changes to DesertLink’s accounting guidelines and procedures that impacted costs recorded to DesertLink’s FERC accounts related to Transmission, General, or A&G functions during the review period

Six Cities 1-5. Please provide information addressing any reporting changes to DesertLink’s 2022 Form 1 that impacted the costs included in the 2022 Annual Update.

DesertLink response: There are no reporting changes to DesertLink’s 2022 Form 1 that impacted the costs included in the 2022 Annual Update.

Six Cities 1-6. Other than Accounting Change #8 listed in the “DesertLink 2022 Annual Update Notice and Disclosures” document dated June 30, 2023, to the extent that there are any other charges from DesertLink affiliates that are included in the 2022 Annual Update, please provide detailed information supporting such costs by functional group and FERC account as charged by DesertLink’s affiliates.

DesertLink response: There are no additional charges from DesertLink affiliates that are included in the 2022 Annual Update.

Six Cities 1-7. Please provide an update on all audit findings of FERC and state commissions that were made available to DesertLink since January 1, 2022. In addition, please provide:

- a. A copy of the audit report;
- b. A copy of any refund reports associated with the audit; and
- c. Identification of all adjustments that have been incorporated into the 2022 Annual Update that were the result of the audit.

DesertLink response: There are no audit findings of FERC or state commissions that were made available to DesertLink since January 1, 2022.

Six Cities 1-8. Please identify the FERC account(s) in which DesertLink records revenues received and expenses incurred in connection with the provision of mutual aid services to other functions or

companies. To the extent that DesertLink included such revenues and/or expenses in the 2022 Annual Update, please provide the amounts by FERC account.

DesertLink response: DesertLink did not receive revenues or incur expenses in connection with the provision of mutual aid services to other functions or companies during 2022 and thus no such revenues or expenses are included in the 2022 Annual Update.

Six Cities 1-9. Please identify the nature and amount of any one-time expenses that were written-off (*e.g.*, abandoned CWIP) to any Transmission O&M account or A&G account during 2022. In addition, please identify the FERC account(s) where such write-offs were recorded as well as the FERC docket number and/or order authorizing the recovery of the canceled project costs in DesertLink's transmission rates.

DesertLink response: DesertLink did not incur any one-time expenses that were written-off to any Transmission O&M account or A&G account during 2022.

Six Cities 1-10. To the extent included in the 2022 Annual Update, please identify all expenditures for lobbying, regulatory affairs, and other civic, political, and related activities recorded in A&G accounts or Transmission O&M accounts during 2022, by FERC account and amount, and provide the basis for including such expenses in 2022 Annual Update.

DesertLink response: DesertLink has interpreted the reference to "regulatory affairs" to mean expenses other than those properly recorded to FERC Account 928 (Regulatory Commission Expenses). DesertLink did not include any expenditures for lobbying, regulatory affairs, and other civic, political, and related activities in the 2022 Annual Update.

Six Cities 1-11. To the extent included in the 2022 Annual Update, please identify all charitable donation expenditures incurred during 2022, by FERC account and amount, and provide the basis for including such expenditures in 2022 Annual Update.

DesertLink response: DesertLink did not incur during 2022 and did not include in the 2022 Annual Update, any charitable donation expenditures.

Six Cities 1-12. Please identify the FERC account(s) in which DesertLink records monetary penalties assessed for violations of NERC Reliability Standards and explain whether these accounts and the costs of any such monetary penalties are included in the 2022 Annual Update. To the extent such penalties have been included in the 2022 Annual Update, please provide the following information.

- a. The amount of each such penalty included in the 2022 Annual Update, by FERC account; and
- b. The nature of the alleged violation that gave rise to each such penalty.

DesertLink response: DesertLink would record monetary penalties assessed for violations of NERC Reliability Standards to FERC Account 426.3 (Penalties). FERC Account 426.3 is not included in DesertLink's formula rate so no such penalties have been included in the 2022 Annual Update.

Six Cities 1-13. Please identify the FERC account(s) in which DesertLink records monetary penalties assessed for violations of the Internal Revenue Code and/or federal Treasury Regulations and explain whether these accounts and the costs of any such monetary penalties are included in the 2022 Annual Update. To the extent such penalties have been included in the 2022 Annual Update, please provide the following information:

- a. The amount of each such penalty included in the 2022 Annual Update, by FERC account; and
- b. The nature of the alleged violation that gave rise to each such penalty.

DesertLink response: DesertLink would record monetary penalties to FERC Account 426.3 (Penalties). FERC Account 426.3 is not included in DesertLink's formula rate so no such penalties have been included in the 2022 Annual Update.

Six Cities 1-14. Please indicate whether the 2022 Annual Update includes any payments and expenses resulting from employment practices that were found to be discriminatory by a judicial or administrative decree, or that were the result of a compromise settlement or consent decree. To the extent the 2022 Annual Update includes such costs, please identify the FERC account(s) in which DesertLink recorded the payments and expenses, and provide the associated amounts booked to each account for 2022.

DesertLink response: DesertLink's 2022 Annual Update did not include any payments or expenses resulting from employment practices that were found to be discriminatory by a judicial or administrative decree or that were the result of a compromise settlement or consent decree.

Six Cities 1-15. Please identify the following related to major destructive events (*i.e.*, storms, fires, etc.) that occurred in 2022, or the costs of which were incurred in 2022, and are included in the 2022 Annual Update:

- a. The FERC account(s) and corresponding amounts that were recorded related to restoration costs incurred for repair work, separately identifying any amounts associated with plant and labor costs (non-capitalized portion);
- b. Any pending insurance claims and the amounts associated with anticipated reimbursements from these claims;
- c. The FERC account(s) in which the reimbursements in subpart “b” above will be or have been recorded; and
- d. Verify whether DesertLink self-insures against injuries or property losses by setting aside reserves. If so, please identify the FERC account(s) in which reserves are recorded, and specify the amount(s) of the reserve(s) as of (i) January 1, 2022; and (ii) December 31, 2022.

DesertLink response: DesertLink did not incur during 2022, and did not include in the 2022 Annual Update, any costs related to major destructive events that occurred in 2022. DesertLink does not self-insure against injuries or property losses.

Six Cities 1-16. Please quantify by FERC account any cancelled capital projects written off by DesertLink during 2022.

DesertLink response: DesertLink did not write off any capital projects during 2022.

The following questions pertain DesertLink’s Revised FERC Form No. 1 for 2022 (“2022 FERC Form 1”) filed at FERC on June 27, 2023:

Six Cities 1-17. With reference to DesertLink’s 2022 FERC Form 1, page 320-323, line 97, FERC Account (566) Miscellaneous Transmission Expenses, please provide the following.

- a. A detailed discussion of the major drivers for the increase in the expense from \$449,354 in 2021 to \$585,215 in 2022; and

DesertLink response: The major driver for the increase in FERC Account 566 expense is increased overhead costs related to increased operations and maintenance services provided by a third party.

- b. A detailed listing and a comprehensive description of all transactions, including individual amounts, recorded in the total amounts of \$449,354 and \$585,215, for the years 2021 and 2022, respectively, in workable Excel format.

DesertLink response: Please refer to the worksheet “Six Cities 1-17” in the exhibit workbook included with this response for a summary of the data. For the detailed listing of transactions, please contact rates@desertlinktransmission.com to arrange delivery of the voluminous file.

Six Cities 1-18. With reference to DesertLink’s 2022 FERC Form 1, page 320-323, line 107, FERC Account (570) Maintenance of Station Equipment, please provide the following:

- a. A detailed discussion of the major drivers for the increase in the expense from \$87,444 in 2021 to \$247,763 in 2022; and

DesertLink response: The increase is due to substation bus support repairs and relay maintenance that occurred in 2022.

- b. A detailed listing and a comprehensive description of all transactions, including individual amounts, recorded in the total amounts of \$87,444 and \$247,763, for the years 2021 and 2022, respectively, in workable Excel format.

DesertLink response: Please refer to the worksheet "Six Cities 1-18" in the exhibit workbook included with this response for a summary of the data. For the detailed listing of transactions, please contact rates@desertlinktransmission.com to arrange delivery of the voluminous file.

Six Cities 1-19. With reference to DesertLink's 2022 FERC Form 1, page 320-323, line 108, FERC Account (571) Maintenance of Overhead Lines, please provide the following:

- a. A detailed discussion of the major drivers for the increase in the expense from \$32,136 in 2021 to \$468,535 in 2022; and

DesertLink response: The increase is driven by required access road repairs due to damage from monsoon rain floods that occurred in 2022.

- b. A detailed listing and a comprehensive description of all transactions, including individual amounts, recorded in the total amounts of \$32,136 and \$468,535, for the years 2021 and 2022, respectively, in workable Excel format.

DesertLink response: Please refer to the worksheet "Six Cities 1-19" in the exhibit workbook included with this response for a summary of the data. For the detailed listing of transactions, please contact rates@desertlinktransmission.com to arrange delivery of the voluminous file.

The following questions pertain to the spreadsheet file

"20230630_DesertLink_2022_Annual_Update.xlsx" ("2022 Annual Update") posted on DesertLink's website:

Six Cities 1-20. In reference to the 2022 Annual Update worksheet labeled "Appendix III," Excel cell K90, please explain the reasons for the increase in Transmission O&M expense from \$1,270,026 in the 2021 Annual Update to \$2,020,772 in the 2022 Annual Update.

DesertLink response: The overall increase in Transmission O&M is primarily due to required access road repairs that occurred in 2022 as discussed in response to Six Cities 1-19.

Six Cities 1-21. In reference to the 2022 Annual Update worksheet labeled “Appendix III,” Excel cell K59, please explain the reasons for the large variance in Account No. 282, from (\$3,639,739) in the 2021 Annual Update to (\$6,657,104) in the 2022 Annual Update.

DesertLink response: The value for account 282 represents a cumulative amount. The indicated change in account 282 from the 2021 Annual Update to 2022 Annual Update is due to higher cumulative tax depreciation over book depreciation between the two periods, resulting in higher deferred tax liability.

Six Cities 1-22. In reference to the 2022 Annual Update worksheet labeled “WP1 – ADIT,” Excel cell F7, Rate year, please confirm whether this cell should be populated or not. If it should be populated, please identify the appropriate rate year that should be used in that cell.

DesertLink response: In the worksheet “WP1 – ADIT”, Excel cell F7 was inadvertently left blank and should have included the label “2022”.

The following questions pertain to the PDF file “20230630_DesertLink_2022_Annual_Update-Attachment_A.pdf” (“Attachment A”) posted on DesertLink’s website:

Six Cities 1-23. In reference to Attachment A, page 1, Line No. 6, “Gross Plant In Service – Excluded Costs,” please provide a detailed listing and description of the plant that is reflected in the amount of \$57,963,904.

DesertLink response: Please refer to the worksheet “Six Cities 1-23” in the exhibit workbook included with this response for a detailed listing and description of items and the definitions for Excluded Costs in Appendix E of the Approved Project Sponsor Agreement.

Six Cities 1-24. In reference to Attachment A, page 1, Line No. 7, “Gross Plant In Service – Other costs,” please explain the nature of the gross plant amount of \$1,113,550.

DesertLink response: The “Gross Plant In Service – Other Costs” in the amount of \$1,113,550 includes post-construction obligations related to interconnections with adjacent utilities for the Harry Allen to Eldorado 500 kV Transmission Project and capital expenditures that have occurred outside of, and subsequent to, the original Harry Allen to Eldorado 500 kV Transmission Project, including a minor substation capital project in 2021.