



LS Power Grid California (LSPGC)

2025 Annual Update

Responses to CDWR-NCPA Information Request Set 1 received September 29, 2026

October 14, 2026

CDWR-NCPA 1.1

Please provide (a) an unredacted copy of the currently effective APSA for the Gates project, including Appendix E; (b) an unredacted copy of all amendments to the APSA for the Gates project; and (c) an explanation of any amendments to the APSA since it was originally executed.

LSPGC Response 1.1

- (a) Please refer to CONFIDENTIAL Exhibit CDWR-NCPA 1.1.a-1, the May 19, 2020 Approved Project Sponsor Agreement (APSA) and CONFIDENTIAL Exhibit CDWR-NCPA 1.1.a-2, the January 15, 2025 Second Amendment to the APSA. Together, these documents constitute the currently effective APSA for the Gates (Orchard Substation) Project.
- (b) Please refer to CONFIDENTIAL Exhibit CDWR-NCPA 1-1.b, the September 28, 2023 First Amendment to the APSA and CONFIDENTIAL Exhibit CDWR-NCPA 1.1.a-2, the January 15, 2025 Second Amendment to the APSA.
- (c) The First Amendment to the APSA, executed September 28, 2023, extended the Latest Energization Date from June 1, 2024, to February 1, 2025, to account for delays projected by PG&E for completion of the interconnection facilities at the existing Gates substation.

The Second Amendment to the APSA, executed January 15, 2025, extended the Latest Energization Date from February 1, 2025, to May 1, 2025, to account for additional delays projected by PG&E for completion of the interconnection facilities at the existing Gates Substation. The Gates (Orchard Substation) Project was placed in service and under CAISO operational control on March 12, 2025.



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CDWR-NCPA 1.2

Refer to Attachment 11, line 1b. Please provide (a) an explanation of how each of the claimed Excluded Costs for the Gates project are permitted by the APSA and (b) any available documentation (contracts, invoices, etc.) demonstrating the nature and validity of the claimed Excluded Costs. To the extent possible, to facilitate comparison please include a summary document in a similar format to LSPGC's March 20, 2025 Response to DWR's and NCPA's Informal Challenge, CONFIDENTIAL Exhibit 2.

LSPGC Response 1.2

LSPGC expects to provide a response to CDWR-NCPA 1.2 no later than October 23, 2026.



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CDWR-NCPA 1.3

Refer to LSPGC's March 20, 2025 Response to DWR's and NCPA's Informal Challenge, CONFIDENTIAL Exhibit 2. For any claimed Excluded Costs that were included in Exhibit 2 on a projected/forecasted basis, please (1) identify any such Excluded Costs in which the actuals increased or decreased as compared to the projection by more than 25% and (2) explain the drivers for the increase or decrease.

LSPGC Response 1.3

LSPGC expects to provide a response to CDWR-NCPA 1.3 no later than October 23, 2026.



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CDWR-NCPA 1.4

Please (1) explain how LSPGC recognizes any write-offs or adjustments to its recorded costs on an accounting basis related to cost containment measures and (2) identify where any such write-offs or adjustments are reflected in LSPGC's FERC Form 1 for rate year 2025.

LSPGC Response 1.4

- (1) LSPGC tracks project costs through a work order structure that separates costs subject to the cost caps from costs excluded from caps. Project costs are initially recorded in FERC Account 107, *Construction Work in Progress – Electric*. The related pre-commercial costs are initially recorded in FERC Account 182.3, *Other Regulatory Assets*.

Each month, LSPGC's Accounting and Project Management teams review the project work orders and their charges, and compare cumulative costs subject to the cap against the cost cap. When cumulative capped costs exceed the cap, LSPGC records a journal entry to reclassify the value over the cap. In accordance with the instructions in Section 2 of Attachment 11 (Binding Cost Containment Commitments Worksheet for Gates and Round Mountain) of LSPGC's formula rate template, the pre-commercial regulatory asset costs are the first costs subject to adjustment to meet the cost cap and those are reclassified from Account 182.3 to FERC Account 426.5, *Other Deductions*. Project costs recorded in Account 107 that exceed the cost cap are reclassified from Account 107 to Account 426.5. LSPGC records the amounts in Account 426.5 under a parallel work order structure for project tracking purposes. Account 426.5 is not included in LSPGC's calculation of transmission revenue requirement.

- (2) In addition to the Form No. 1 pages for the accounts described above, explanations of the write-offs for values exceeding cost caps are described in LSPGC's FERC Form No. 1 for the year ended December 31, 2025, on Page 122, Note 2(h), Note 2(i), and Note 4; and on Page 232, line 1, column (e), including the footnote.



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CDWR-NCPA 1.5

Refer to Attachment 1a, line 1b. Please explain why the amount of claimed Excluded Costs increases each month the Gates project was in service in 2025.

LSPGC Response 1.5

Attachment 1a, Line 1b shows cumulative Excluded Costs (i.e., the ending balance each month). The monthly increases following the Gates Project's in-service date reflect project close-out costs. These are costs for work performed or obligations incurred to complete the projects that are recorded after the facilities are placed in service. These close-out costs are a normal part of completing a transmission construction project and include items such as final contractor and vendor work, retention payments, environmental mitigation and monitoring, site restoration, and permitting compliance. Close-out costs that fall within the Excluded Cost categories under APSA are recorded as Excluded Costs as they are incurred, which is why the balance in Line 1b continues to increase in the months after the in-service date.

The Excluded Costs line in the 2025 Annual Update also includes utility-level items that are not specifically related to the Gates Project (e.g., field operations equipment, grid software). LSPGC has recognized an opportunity to improve clarity and transparency and has included a separate line item for Other (i.e., non-project) costs in its 2026 and 2027 Projections.



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CDWR-NCPA 1.6

Refer to LSPGC's March 20, 2025 Response to DWR's and NCPA's Informal Challenge. Please confirm that LSPGC's explanation of why no ROE reduction applies for the Gates project remains complete and accurate. Please supplement the March 20, 2025 Response if necessary.

LSPGC Response 1.6

LSPGC confirms that its explanation in its March 20, 2025 Response to DWR's and NCPA's Informal Challenge remains complete and accurate. As explained in that response, LSPGC energized and transferred operational control of the Gates (Orchard Substation) Project to CAISO on March 12, 2025. Accordingly, the Gates (Orchard Substation) Project achieved its in-service date before May 1, 2025, the Latest Energization Date specified in the effective APSA provided in response to CDWR-NCPA 1.1(a). Therefore, no ROE reduction applies to the Gates (Orchard Substation) Project for the Schedule Guarantee, and no supplement to LSPGC's March 20, 2025 Response is necessary.