**Central Maine Power Company (CMP)**

**2023 ISO New England Inc. Transmission, Markets and Services Tariff**

**Docket No. ER20-2054**

**Office of Public Advocate (OMPA)**

**Data/Information Request No. 1**

**October 17, 2023**

**OMPA-CMP-1-7 Supplemental 3**

**Q:** Please refer to MPUC 1-32 – Attachment 1.

1. Line 11. Craft and Commerce. The CMP’s description of this expense suggests that it is a public relations expense. Such an expense is not allowable in rates. Please provide more detail regarding the expense and why it is allowable in rates.

2. Line 14. Service Public Affairs. This also appears to be public relations and advertising expenses that are not allowable in rates. Again, please provide more detail regarding the expense and why it is allowable in rates.

3. Line 15. This item does not appear to relate to the provision of service to Transmission Service customers that should instead be charged to the DG Contractor.

4. Lines 3-10. CMP Legal (Americans With Disabilities Act (“ADA”) Expenses. If CMP loses any of these legal actions involving CMP’s violations of the ADA, all the associated expenses should be excluded from rates. Does CMP intend to reverse these expenses if it is unsuccessful in its litigation.

**Supplemental 3**

**A:**

**Line 11.** Craft and Commerce. The CMP’s description of this expense suggests that it is a public relations expense. Such an expense is not allowable in rates. Please provide more detail regarding the expense and why it is allowable in rates.

**Initial Response:** Line 11 Craft & Commerce – CMP engaged Craft & Commerce to assist with media advertising, planning and management. This helped CMP to deploy positive messaging delivered across local media channels including digital, television, print and radio, reinforcing CMP’s support for the communities it serves. CMP was better able to communicate and inform its support provided through the programs CMP participates in with multiple organizations, such as Mainers Make a Difference, Community Champions, Maine Public Holiday Programming, and a Toy Drive. This engagement supported advertising for venues such as a bus stop forecast, NBC storm center, Maine good news amplification, and through local news. CMP further stated in its response that while this cost was booked to FERC account 923 Outside Services, it would be more appropriate to record the cost to FERC account 930.1 General Advertising.

**Supplemental Response 3:** FERC Account 930.1, General Advertising states this account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere. Note A to FERC Account 930.1 General Advertising further states “[p]roperly includible in this account is the cost of advertising activities on a local or national basis of a good will or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc.”

Craft & Commerce engaged in advertising activities consistent with FERC Account 930.1, and these costs are appropriately reflected as general advertising expense and recoverable in the transmission formula rate. The transmission formula rate allows for recovery of specific transmission related expenses included in FERC Account 930.1, General Advertising. Since these advertising activities pertained to CMP’s company operations and similar matters, it is appropriate to recover these costs from both distribution and transmission customers.

CMP also notes that public relations expenses recorded in FERC Account 923, Outside Services are recoverable in the transmission formula rate. FERC Account 923, Outside Services, states, among other things, that this account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. Items included in FERC Account 923, Outside Services are “[f]ees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, *public relations counsel*, tax consultants, etc.” (Emphasis added).

Charges to FERC Account 923, Outside Services, are recovered in the transmission formula rate, as the transmission formula rate recovers A&G costs recorded in FERC Account 923, Outside Services via the transmission wage and salary allocation factor.

**Line 14.** Serra Public Affairs. This also appears to be public relations and advertising expenses that are not allowable in rates. Again, please provide more detail regarding the expense and why it is allowable in rates.

**Initial Response:** Line 14 Serra Public Affairs – This vendor is a strategic media and content creation agency.  Serra Public Affairs assisted CMP with the production of videos for digital and television campaigns. CMP further stated in its response that while this cost was booked to FERC account 923 Outside Services, it would be more appropriate to record the cost to FERC account 930.1 General Advertising.

**Supplemental Response 3:** Serra Public Affairs provided CMP support in 2022 in four primary areas: (1) video production, (2) media strategy, (3) media outreach and response, and (4) various general support activities including but not limited to: media training, general consulting services on messaging and reputational support activities. The full ranges of services provided by Serra Public Affairs in 2022 was $182,391, which includes the services associated with the $116,850 “CMP Brand” costs. In addition, $3,250 was recorded to FERC Account 921 Office Supplies and $62,290 was recorded to FERC Account 426.4 Expenditures for Certain Civic, Political and Related Activities. The $116,850 “CMP Brand” cost was originally recorded to FERC Account 923, Outside Services. CMP notes Serra Public Affairs services for CMP under FERC Account 426.4 Certain Civic, Political and Related Activities were properly recorded to this account from the outset, and CMP has *not* sought recovery of that cost in the transmission formula rate.

Upon obtaining additional information regarding these costs, CMP has determined that while a good faith argument could be made that some of the $116,850 “CMP Brand” cost could properly be recorded to FERC Account 930.1, General Advertising, FERC Account 923, Outside Services is in fact the most appropriate account for these services. FERC Account 923 is the account to which the “CMP Brand” services were original recorded. In any case, the formula rate allows for the recovery of costs falling under both FERC Account 923 and FERC Account 930.1.

FERC Account 930.1, General Advertising states this account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere. Note A to FERC Account 930.1 General Advertising further states “[p]roperly includible in this account is the cost of advertising activities on a local or national basis of a good will or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company’s operations, such as, the cost of providing service, the company’s efforts to improve the quality of service, the company’s efforts to improve and protect the environment, etc.” The transmission formula rate allows for recovery of specific transmission related expenses included in FERC Account 930.1, General Advertising.

FERC Account 923, Outside Services, states, among other things, that this account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. Items included in FERC Account 923, Outside Services are “[f]ees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, *public relations counsel*, tax consultants, etc.” (Emphasis added). Charges to FERC Account 923, Outside Services, are recovered in the transmission formula rate, as the transmission formula rate recovers A&G costs recorded in FERC Account 923, Outside Services via the transmission wage and salary allocation factor.

**Line 15.** This item does not appear to relate to the provision of service to Transmission Service customers that should instead be charged to the DG Contractor.

**Initial Response:** Line 15 in MPUC-CMP-1-32 Attachment 1, DG Contractor Investigation expenses is for an audit expense on CMP’s distributed generation (DG) program and a DG contractor.

**Supplemental 3:** FERC Account 923, Outside Services, states, among other things, this account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. Items included in FERC Account 923, Outside Services item are “[f]ees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.

Notwithstanding the foregoing, CMP has determined that it will remove from its transmission revenue requirements the cost of the external audit of the DG Program and DG contractor reported in FERC Account 923, Outside Services. Based on the information CMP has at this time, CMP anticipates that it will reduce FERC Account 923, Outside Services for the cost of the external audit of the DG Program and DG contractor in its 2024 Informational Filing.

**Lines 3-10.** CMP Legal (Americans With Disabilities Act (“ADA”) Expenses. If CMP loses any of these legal actions involving CMP’s violations of the ADA, all the associated expenses should be excluded from rates. Does CMP intend to reverse these expenses if it is unsuccessful in its litigation.

**Partial Initial Response:** Lines 3-10 in MPUC-CMP-1-32 Attachment 1, identify various legal matters and the legal fees paid to outside Counsel to defend litigation against CMP. These costs are appropriately included in CMP’s transmission formula rate pursuant to FERC Docket No. ER20-2054 (i.e., the Settled Formula Rate). The OMPA-CMP-1-7 requests related to amounts paid to plaintiffs and their Counsel are outside the scope of this proceeding as those amounts are not recoverable through rates and not paid by ratepayers. Accordingly, CMP objects to the data request for amounts paid to plaintiffs and their Counsel.

**Supplemental 3:** CMP does not include in the rates it charges to customers any penalties and settlement costs arising from legal matters. However, CMP does include prudently incurred expenses, which include the cost to defend itself in legal matters. As such, CMP will not exclude any prudently incurred cost arising from these legal matters, irrespective of their outcome. Correspondingly, any costs arising from these legal matters that are determined to not have been prudently incurred will be excluded from rates.

**Response Prepared and Submitted By:** James Clemente