

**STIPULATION REGARDING PRELIMINARY CHALLENGE OF THE MAINE  
PUBLIC UTILITIES COMMISSION TO THE 2023 INFORMATIONAL FILING OF  
CENTRAL MAINE POWER COMPANY**

Central Maine Power Company (“CMP”), the Maine Public Utilities Commission (“MPUC”), and the Maine Office of the Public Advocate (“MOPA”) enter into this Stipulation to provide for the resolution of CMP’s Local Service Informational Filing (“2023 Informational Filing”) that identifies the data used to update its Local Network Service (“LNS”) formula rates, the calculations performed using that data, the results of such calculations, and the basis for any adjustment to Schedule 1 charges. CMP, MPUC and the MOPA may be referred to herein individually as a “Party” collectively as the “Parties.”

On July 31, 2023, the Participating Transmission Owners Administrative Committee (“PTO AC”), on behalf of New England’s Participating Transmission Owners (“PTOs”), submitted to the Federal Energy Regulatory Commission (“FERC” or the “Commission”) for informational purposes materials identifying updated rates and associated revenue requirements for Regional Service, Local Service, and Schedule 12C Costs effective January 1, 2024 – December 31, 2024 (“Annual Update”) under the Settled Formula Rate in Attachment F of the ISO-NE Open Access Transmission Tariff (“ISO-NE OATT”).<sup>1</sup> This included updated rates and associated revenue requirements for CMP Local Service.

On August 14, 2023, during the Information Exchange Period, the MOPA submitted information request OMPA-CMP-1-7 to CMP. This information request sought, among other things, an explanation of the nature of the costs included in CMP’s revenue requirement’s that

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<sup>1</sup> The ISO-NE OATT is Section II of the ISO Tariff. Consistent with the Formula Rate Protocols, the Annual Update and draft informational filings were posted on the ISO-NE website on June 15, 2023.

were labeled as “CMP Brand” incurred by vendors Craft & Commerce and Serra Public Affairs, as well as certain legal costs described as “CMP Legal Support ADA Suit” and “CMP Legal Support ADA Suit 165K” (“ADA Litigation”). On September 1 and 7, 2023, CMP provided an initial response and supplemental response to the MOPA providing detailed explanations of each expense.

Discovery requests regarding information reflected in the 2023 Informational Filing were issued to CMP by the MPUC and the MOPA, and CMP provided written responses to such requests. This discovery effort occurred from July 11, 2023 until mid-November 2023.

Specifically, on September 29, 2023, the MOPA submitted a follow-up inquiry to CMP stating that the expenses for Craft & Commerce and Serra Public Affairs appeared to be “public relations” expenses that are “not allowable in rates,” and requested further information regarding why such expenses are properly included in transmission rates. In its follow-up correspondence, the MOPA also commented on the ADA Litigation costs, stating that “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.” CMP provided further detailed responses to the MOPA on October 17, 2023, explaining why such expenses were recoverable in transmission rates.

On November 2, 2023, representatives from CMP, MPUC and the MOPA participated in a telephonic meeting to further discuss OMPA-CMP-1-7. Specifically, the MOPA reiterated its request for an explanation regarding why the Craft & Commerce and Serra Public Affairs, and ADA Litigation costs were properly included in transmission rates. CMP referred the MOPA back to its October 17 response, and provided further explanation to the MOPA during the

meeting. At the conclusion of the meeting, the MOPA requested further follow up with respect to the Craft & Commerce cost, the Serra Public Affairs cost and the ADA Litigation costs.

Then, on November 15, 2023, the MOPA submitted an Informal Challenge to CMP, in which it challenged “the inclusion in CMP’s transmission rates 1) the cost of institutional advertising, and 2) the cost of litigating claims in which CMP did not prevail, all as more thoroughly described in our previous information requests.” Thereafter, CMP provided a Response to the Informal Challenge on December 22, 2023. On January 30, 2024, the MOPA indicated via email that they will “not move forward with any further action regarding CMP’s 2023 annual transmission formula rate filing”.

CMP, MPUC, and MOPA have resolved all of the issues identified in the discovery requests, and the Stipulation between the Parties regarding the accounting adjustments is set forth below:

**I. MPUC Information Requests and Resolutions**

CMP responded to the Data Requests submitted by the MPUC and those responses did not result in adjustments to the filed local transmission revenue requirements.

**II. MOPA Information Requests and Resolutions**

In Data Request OMPA-CMP-007, MOPA requested, among other things, that CMP explain the nature of items marked with asterisks in CMP’s response to MPUC-CMP-1-32 Attachment 1. Upon review of the “CMP Brand” costs reported on lines 11 through 14 included in FERC account 923 Outside Services it was determined that those costs in the amount of

\$2,454,776 would have been more appropriate to be recorded to FERC account 930.1 General Advertising.

FERC Account 930.1 General Advertising, Note A states “properly 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.”

To determine the impact from this reclassification, CMP updated internally its 2022 settled formula rate calculation by reducing FERC account 923 and increasing FERC account 930.1 by the same \$2,454,776 amount. The Administrative and General Expenses allocated to transmission are then reduced by \$551,892 and the General Advertising expense specific to Transmission is increased \$551,892 (\$2,454,776 multiplied by the transmission wage and salary factor of 22.48%). As shown in response to OMPA-CMP-007 Supplemental, the result from this reclassification is a decrease of \$535,489 to the local customer revenue requirement. This reclassification will be reflected as a prior period adjustment per Attachment 2 of Appendix B, Worksheet 1, Column A, Line 8 for rates effective January 1, 2025. The impact of this reclassification is an increase of \$553,944 to the regional customer revenue requirement. This reclassification will be reflected as a prior period adjustment per Attachment 1 of Appendix B, Worksheet 1, Column A, Line 7 for rates effective January 1, 2025.

#### **Other Matters**

In addition to the issues identified above resulting in a correction by CMP or agreement between the parties, there were other information requests from the MPUC and MOPA that were

not part of the MOPA informal challenge. These matters are considered resolved for purposes of the 2023 Informational Filing.

### **III. Miscellaneous**

1. The Parties agree that this Stipulation, standing alone, does not effect a change to CMP's transmission rates under the ISO-NE OATT or Schedule 21-CMP, and that CMP must implement any corrections or other changes discussed herein through separate filings to FERC.
2. CMP will incorporate this Stipulation item as an adjustment in the 2024 Informational Filing in local network service as a prior period adjustment per Attachment 2 of Appendix B, Worksheet 1, Column A, Line 8.
3. This Stipulation is a final and complete resolution of the MPUC and MOPA information requests to CMP's 2023 Informational Filing.
4. Except as otherwise provided herein, the Parties shall not be deemed to have approved, accepted, agreed to, or consented to any fact, concept, theory, principle, or method through this Stipulation.
5. The discussions that produced this Stipulation have been conducted with the understanding, pursuant to Rules 602 and 606 of FERC's regulations, that all offers of settlement, and any discussions relating thereto, are and shall be privileged, without prejudice to the Parties, and are not to be used in any manner in connection with this or any other proceeding, unless needed to support the enforcement of the terms of the Stipulation. Specifically, should CMP fail to implement any of the terms of this Stipulation, MPUC and MOPA retain the right to submit the executed Stipulation to FERC in support of an action seeking enforcement of the Stipulation's terms.

Agreed to this \_\_\_\_ day of April XX, 2024, by the undersigned:

**Central Maine Power Company**

*Peter Cohen*

By:

Name: Peter Cohen

Title: VP Maine Regulatory

*Andrea VanLuling*

By:

Name: Andrea VanLuling

Title: V.P. and Controller, Central Maine Power

**Maine Public Utilities Commission**

By: Amy Dumeny

Name: Amy Dumeny

Title: Administrative Director

**Maine Office of the Public Advocate**

By: Andrew Landry

Name: Andrew Landry

Title: Deputy Public Advocate