

To: Cross Sound Cable Company, LLC (“Company”)
From: New England States Committee on Electricity (“NESCOE”)
Date: March 26, 2021
Subject: Schedule 17 Process – Questions/Information Requests

NESCOE appreciated the Company’s March 11, 2021 interactive briefing session (“Briefing Session”) in connection with the potential recovery of “IROL-CIP Costs.” NESCOE submits the following questions and requests pursuant to the process set forth in Section 2.1(C) of Schedule 17 of ISO New England’s Open Access Transmission Tariff. To allow time for additional follow-up, if needed, NESCOE respectfully asks that you provide responses no later than April 9, 2021. Please contact jasonmarshall@nescoe.com and dorothycapra@nescoe.com with any questions.

1. Please provide the PowerPoint presentation that the Company used in the Briefing Session.
2. If the Federal Energy Regulatory Commission (“FERC”) does not approve the Company’s request to implement a Regulatory Asset for recovery of prior-incurred IROL-CIP costs, please explain how that will affect the Company’s subsequent Section 205 filing for recovery of IROL-CIP costs under the Schedule 17 process.
3. Please refer to the Company’s Annual Incremental Revenue Requirement of Interconnection Reliability Operating Limits BES Cyber System template (“AIRR Template”). When will the Company request payment by ISO-NE of the “IROL-CIP Revenue Requirement” shown in Worksheet 1 of the AIRR Template (i.e., \$322,025) associated with the Regulatory Asset costs? Would it be upon any FERC acceptance of the initial Section 205 filing that the Company intends to make? Or would the Company request payment for costs associated with the Regulatory Asset only after FERC approves the Company’s subsequent Section 205 filing for recovery of IROL-CIP costs accrued after May 2021?
4. Please identify in Schedule 17 or elsewhere the justification for recovering interest expense on incremental IROL-CIP costs as calculated in Worksheet 9 of the AIRR Template.
5. Worksheet 8 appears to include five months of estimated costs for 2021 in connection with the Regulatory Asset. Please identify in Schedule 17 or elsewhere the justification for recovering estimated costs rather than costs incurred.
6. Will the Company update any of the estimated IROL-CIP costs for January 2021 through May 2021 with actual costs before filing the AIRR Template with FERC? How will the Company address the situation if actual costs incurred differ from the estimated costs included in the Regulatory Asset?

7. Identify and provide the specific sources of the inputs on Worksheet 5 Capitalization in the AIRR Template. Also, explain what is included in the “Goodwill” credit to common equity on Line 34 of Worksheet 5.
8. Identify the nature and purposes of the costs included in all “Table 2 – Other CIP Compliance Costs” worksheets in the AIRR Template (worksheet Nos. 11, 15, 19, 23 and 27). Explain how such costs are “incremental” and specifically tied to the ISO-NE’s IROL-CIP designation. To the extent possible, provide invoices or other documentation as support for these expenses. If invoices or other documentation are not available, explain how these costs were estimated.
9. Identify the nature and purposes of the Software/ Application Licenses, Maintenance and Support, and Upgrade Costs included in all “Table 3 – Cost Summary by CIP Requirement” worksheets in the AIRR (worksheet Nos. 12, 16, 20, 24 and 28). Explain why such costs are “incremental” and specifically tied to the ISO-NE’s IROL-CIP designation. To the extent possible, provide invoices or other documentation as support for these expenses. If invoices or other documentation are not available, explain how these costs were estimated.
10. Referring to the Labor Costs (\$/hour) in all “Table 4 – CIP Requirement Details” worksheets in the AIRR (worksheet Nos. 13, 17, 21, 25 and 29), identify the types of overhead expenses included in these rates and the percentage split between direct labor cost and overheads. What is the basis for the assumption that hourly labor costs have increased by 2% per year between 2016 and 2020?
11. Referring to the following requirements identified in all “Table 4 – CIP Requirement Details” worksheets in the AIRR (worksheet Nos. 13, 17, 21, 25 and 29), please explain (1) the specific types of activities in which Facility and Compliance Staff must be involved to comply with these requirements, (2) why such activities are “incremental” and specifically tied to the ISO-NE’s IROL-CIP designation, and (3) how the hours of Staff time were determined:
 - a. CIP-003-6 R1 Maintain Approved Cyber Security Policy.
 - b. CIP 004-6 R1 Security Awareness Program.
 - c. CIP 006-6 R1 Physical Security Plan.
 - d. CIP-007-6 R3 Malicious Code Prevention.
 - e. CIP-008-5 R2 Implement Incident Response Plan.
 - f. CIP-010-2 R3 Vulnerability Assessments
12. Please confirm that the Company in the past has not charged time to specific accounts associated with meeting the IROL-CIP requirements. Does the Company intend to begin tracking time in connection with its requested recovery of IROL-CIP costs under the Schedule 17 process?

13. Regarding the Company's proposal to use a return on equity (ROE) of 10.57%, which is equal to the current base ROE approved by FERC for the New England Transmission Owners, NESCOE understands from the Briefing Session that the Company intends to use whatever the current base ROE is for the New England Transmission Owners. Please confirm that this understanding is correct. Also, please explain how the Company intends to handle any future changes in the base ROE; *i.e.*, will the Company modify the base ROE on a partial-year basis?