

# ENGLEMAN FALLON, PLLC

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November 30, 2018

## VIA E-TARIFF

Ms. Kimberly D. Bose  
Secretary Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: *DesertLink, LLC*, Docket No. ER17-135-005, Compliance Filing

Dear Ms. Bose:

DesertLink, LLC (“DesertLink”) submits this filing in compliance with the Commission’s Order of November 1, 2018 (“Order”) accepting the uncontested Offer of Settlement. To comply with commitments made to Commission Trial Staff, the Order required DesertLink to make a compliance filing to revise tariff records in eTariff to reflect the following edits: (1) correct the typographical error in Appendix III, Note N; (2) change Appendix III, Note O to add language requested by Trial Staff and agreed to by DesertLink; and (3) in Attachment 10, delete the second sentence of Note A as well as the asterisks in Lines 1 and 2.

This filing consists of the following materials:

- This Transmission Letter;
- Appendix III (marked), to reflect items (1) and (2) above, inclusive of Attachment 10 to Appendix III (marked) to reflect item (3) above, included as Attachment A to this filing;
- Appendix III, inclusive of Attachment 10 (clean), included as Attachment B to this filing;
- A PDF version of Appendix III, included as Attachment C;
- A PDF version of Attachment 10, included as Attachment D to this filing;

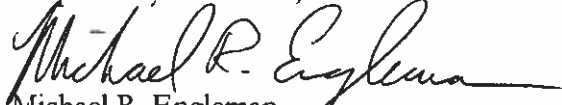
Should you have any questions concerning this filing, please contact the undersigned.

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Respectfully submitted,



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**Counsel for DesertLink, LLC**

Attachments

cc: Service List - Docket Nos. ER17-135-000

For the 12 months ended  
12/31/\_\_\_

Line No.	(1)	(2) <u>Source</u>	(3)	(4)	(5) <u>Allocated Amount</u>
1	GROSS REVENUE REQUIREMENT, without incentives	(Page 3, Line 49)			#DIV/0!
	REVENUE CREDITS	(Note A)	<u>Total</u>	<u>Allocator (W)</u>	
2	Account No. 454	(Page 4, Line 20)	-	TP #DIV/0!	#DIV/0!
3	Account No. 456.1	(Page 4, Line 21)	-	TP #DIV/0!	#DIV/0!
4	Revenues from Grandfathered Interzonal Transactions	(Note B)	-	TP #DIV/0!	#DIV/0!
5	Revenues from service provided by the ISO at a discount		-	TP #DIV/0!	#DIV/0!
6	TOTAL REVENUE CREDITS	(Sum of Lines 2 through 5)	-		#DIV/0!
7	Prior Period Adjustments	Attachment 11, Line 18, Col. B	-	DA 1.0000	-
8	True-up Adjustment with Interest	Attachment 3, Line 9, Col. J	#DIV/0!	DA 1.0000	#DIV/0!
9	NET ANNUAL TRANSMISSION REVENUE REQUIREMENT	(Line 1 less Line 6 plus Lines 7 and 8)			<u>#DIV/0!</u>

Rate Formula Template  
Utilizing FERC Form 1 Data  
DesertLink, LLC

For the 12 months ended  
12/31/\_\_\_\_

Line No.	(1) RATE BASE: (Note R)	(2) Source	(3) Company Total	(4) Allocator (W)	(5) Transmission (Col 3 times Col 4)
	GROSS PLANT IN SERVICE	Note C			
1	Production	205.46.g for end of year, records for other months	-	N/A	-
2	Transmission	Attachment 4, Line 14, Col. (b)	-	TP	#DIV/0!
3	Distribution	207.75.g for end of year, records for other months	-	N/A	-
4	General & Intangible	Attachment 4, Line 14, Col. (c)	-	WS	#DIV/0!
5	TOTAL GROSS PLANT	(Sum of Lines 1 through 4)	-	GP=	#DIV/0!
	ACCUMULATED DEPRECIATION	Note C			
7	Production	219.20-24.c for end of year, records for other months	-	N/A	-
8	Transmission	Attachment 4, Line 14, Col. (h)	-	TP	#DIV/0!
9	Distribution	219.26.c for end of year, records for other months	-	N/A	-
10	General & Intangible	Attachment 4, Line 14, Col. (i)	-	WS	#DIV/0!
11	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 7 through 10)	-		#DIV/0!
	NET PLANT IN SERVICE				
13	Production	(Line 1 - Line 7)	-		-
14	Transmission	(Line 2 - Line 8)	-		#DIV/0!
15	Distribution	(Line 3 - Line 9)	-		-
16	General & Intangible	(Line 4 - Line 10)	-		#DIV/0!
17	TOTAL NET PLANT	( Sum of Lines 13 through 16)	-	NP=	#DIV/0!
	ADJUSTMENTS TO RATE BASE				
19	Account No. 281 (enter negative)	Attachment 4, Line 28, Col. (d) (Note D)	-	N/A	-
20	Account No. 282 (enter negative)	Attachment 4, Line 28, Col. (e) (Note D)	-	NP	#DIV/0!
21	Account No. 283 (enter negative)	Attachment 4, Line 28, Col. (f) (Note D)	-	NP	#DIV/0!
22	Account No. 190	Attachment 4, Line 28, Col. (g) (Note D)	-	NP	#DIV/0!
23	Account No. 255 (enter negative)	Attachment 4, Line 28, Col. (h) (Note D)	-	NP	#DIV/0!
24	Unfunded Reserves (enter negative)	Attachment 4, Line 43, Col. (h)	-	DA	1.0000
25	CWIP	Attachment 4, Line 14, Col. (d)	-	DA	1.0000
26	Unamortized Regulatory Asset	Attachment 4, Line 28, Col. (b) (Note E)	-	DA	1.0000
27	Unamortized Abandoned Plant	Attachment 4, Line 28, Col. (c) (Note F)	-	DA	1.0000
28	TOTAL ADJUSTMENTS	( Sum of Lines 19 through 27)	-		#DIV/0!
29	LAND HELD FOR FUTURE USE	Attachment 4, Line 14, Col. (e) (Note G)	-	TP	#DIV/0!
	WORKING CAPITAL	Note H			
31	Cash Working Capital	1/8*(Page 3, Line 17 minus Page 3, Line 14)	-		#DIV/0!
32	Materials & Supplies	Attachment 4, Line 14, Col. (f)	-	TP	#DIV/0!
33	Prepayments (Account 165)	Attachment 4, Line 14, Col. (g)	-	GP	#DIV/0!
34	TOTAL WORKING CAPITAL	( Sum of Lines 31 through 33)	-		#DIV/0!
35	RATE BASE	( Sum of Lines 17, 28, 29, and 34)	-		#DIV/0!
	Formula Rate - Non-Levelized				

Rate Formula Template  
Utilizing FERC Form 1 Data  
DesertLink, LLC

For the 12 months ended  
12/31/\_\_\_\_

Line No.	(1)	(2) Source	(3) Company Total	(4) Allocator (W)	(5) Transmission (Col 3 times Col 4)
	O&M				
1	Transmission	321.112.b	-	TP #DIV/0!	#DIV/0!
2	Less Account 566 (Misc Trans Expense)	321.97.b	-	TP #DIV/0!	#DIV/0!
3	Less Account 565	321.96.b	-	TP #DIV/0!	#DIV/0!
4	A&G	323.197.b	-	WS #DIV/0!	#DIV/0!
5	Less FERC Annual Fees	351.h (Note I)	-	WS #DIV/0!	#DIV/0!
6	Less EPRI Dues	Note J	-	WS #DIV/0!	#DIV/0!
7	Less Reg. Commission Expense Account 928	Note J	-	WS #DIV/0!	#DIV/0!
8	Less: Non-safety Advertising account 930.1	Note J	-	WS #DIV/0!	#DIV/0!
9					
10	Plus Transmission Related Reg. Comm. Exp.	Note K	-	TP #DIV/0!	#DIV/0!
11					
12	Plus Transmission Lease Payments in Acct 565	Note V	-	DA 1.0000	-
13	Account 566				
14	Amortization of Regulatory Asset	Note E	-	DA 1.0000	-
15	Misc. Transmission Expense (less amort. of regulatory asset)	321.97.b less line 14	-	TP #DIV/0!	#DIV/0!
16	Total Account 566	(Sum of Lines 14 through 15) Ties to 321.97b	-		#DIV/0!
17	TOTAL O&M	(Sum of Lines 1, 4, 10, 12, and 16 less Sum of Lines 2, 3, and 5 through 8)	-		#DIV/0!
18	DEPRECIATION EXPENSE	Note C			
19	Transmission	336.7.b&d	-	TP #DIV/0!	#DIV/0!
20	General & Intangible	336.10.b&d, 336.1.b&d	-	WS #DIV/0!	#DIV/0!
21	Amortization of Abandoned Plant	Note F	-	DA 1.0000	-
22	TOTAL DEPRECIATION	(Sum of Lines 19 through 21)	-		#DIV/0!
23	TAXES OTHER THAN INCOME TAXES (Note M)				
24	LABOR RELATED				
25	Payroll	263.i	-	WS #DIV/0!	#DIV/0!
26	Highway and vehicle	263.i	-	WS #DIV/0!	#DIV/0!
27	PLANT RELATED				
28	Property	263.i	-	GP #DIV/0!	#DIV/0!
29	Gross Receipts	263.i	-	N/A -	-
30	Other	263.i	-	GP #DIV/0!	#DIV/0!
31	Payments in lieu of taxes	263.i	-	GP #DIV/0!	#DIV/0!
32	TOTAL OTHER TAXES	(Sum of Lines 25 through 31)	-		#DIV/0!
33	INCOME TAXES (Note N)	Note N			
34	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$		0.00%		
35	$CIT=(T/1-T) * (1-(WCLTD/R)) =$	WCLTD = Page 4, Line 15, R = Page 4, Line 18	0.00%		
36	FIT & SIT & P				
37					
38	$1 / (1 - T) =$ (from line 35)	$1 / (1 - T)$ , T from Line 35	1.0000		
39	Amortized Investment Tax Credit	266.8f (enter negative) (Note D)	-		
40	Excess Deferred Income Taxes	Company books and records	-		
41	Tax Effect of Permanent Differences	Note O	-		
42	Income Tax Calculation	(Line 35 times Line 48)	-	N/A -	-
43	ITC adjustment	(Line 38 times Line 39)	-	NP #DIV/0!	#DIV/0!
44	Excess Deferred Income Tax Adjustment	(Line 38 times Line 40)	-	NP #DIV/0!	#DIV/0!
45	Permanent Differences Tax Adjustment	(Line 38 times Line 41)	-	NP #DIV/0!	#DIV/0!
46	Total Income Taxes	(Sum of Lines 42 through 45)	-		#DIV/0!
47	RETURN				
48	Rate Base times Return	(Page 2, Line 35 times Page 4, Line 18)	-	N/A -	#DIV/0!
49	GROSS REVENUE REQUIREMENT	(Sum of Lines 17, 22, 32, 46, and 48)	-		#DIV/0!

For the 12 months ended  
12/31/\_\_\_\_

Line No.	(1)	(2)	(3)	(4)	(5)
<b>SUPPORTING CALCULATIONS AND NOTES</b>					
TRANSMISSION PLANT INCLUDED IN ISO RATES					
1	Total Transmission plant	(Page 2, Line 2, Col. 3)			-
2	Less Transmission plant excluded from ISO rates	(Note P)			-
3	Less Transmission plant included in OATT Ancillary Service rates	(Note S)			-
4	Transmission plant included in ISO rates	(Line 1 minus Lines 2 and 3)			-
5	Percentage of Transmission plant included in ISO Rates	(Line 4 divided by Line 1)		TP =	#DIV/0!
6	WAGES & SALARY ALLOCATOR (W&S)				
		Form 1 Reference	\$	TP	Allocation
7	Production	354.20.b	-	-	-
8	Transmission	354.21.b	-	#DIV/0!	#DIV/0!
9	Distribution	354.23.b	-	-	-
10	Other	354.24,25,26.b	-	-	-
11	Total (W&S Allocator is 1 if lines 7-10 are zero)	(Sum of Lines 7 through 10)	-	#DIV/0!	#DIV/0! = WS
12	RETURN (R)				
13			\$	%	Cost
14					Weighted
15	Long Term Debt	Attachment 5, Line 8 (Notes Q & R)	-	50.0%	3.22%
16	Preferred Stock (112.3.c)	Attachment 5, Line 9 (Notes Q & R)	-	0.0%	0.00%
17	Common Stock	Attachment 5, Line 10 (Notes Q, R, and T)	-	50.0%	9.80%
18	Total	(Sum of Lines 15 through 17)	-		6.51% = R
19	REVENUE CREDITS				
20	ACCOUNT 454 (RENT FROM ELECTRICPROPERTY)	Attachment 12, Line 8, Col. C (Note U)			-
21	ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)	Attachment 12, Line 18, Col. C (Note A)			-

Rate Formula Template  
Utilizing FERC Form 1 Data  
DesertLink, LLC

For the 12 months ended  
12/31/

General Note: References to pages in this formula rate template are indicated as: (Page #, Line #, Col. #)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Notes

- A The revenues credited on page 1, lines 2-6, shall include only the amounts received by DesertLink for service rendered using facilities for which recovery is provided under this tariff. They do not include revenues associated with FERC annual charges, gross receipts taxes, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- B Company will not have any grandfathered agreements. Therefore, this line shall remain zero.
- C Plant In Service, Accumulated Depreciation, and Depreciation Expenses shall exclude Asset Retirement Obligation amounts.
- D Balances in Accounts 190, 281, 282 and 283 classified in the FERC Form 1 as Electric-related, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income. Account 281 is not allocated to Transmission.
- E Recovery of Regulatory Asset permitted only for pre-commercial and formation expenses as authorized by the Commission. Recovery of any other regulatory assets requires authorization from the Commission. A carrying charge equal to the AFUDC rate will be applied to the Regulatory Asset prior to the rate year when costs are first recovered.
- F Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
- G Identified in FERC Form 1, or Company records if not so indicated on the FERC Form 1, as being transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 17, column 5 minus amortization of Regulatory Asset at page 3, line 14, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on page 111, line 57 in the Form 1.
- I The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff. To the extent the charges are separately identified on the FERC Form 1, page 350, column 1, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified in the FERC Form 1, page 350 will be obtained from Company books and records.
- J Page 3, Line 6 - Subtract all EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses in account 928 itemized at 351.h, and non-safety related advertising included in Account 930.1.
- K Page 3, Line 8-Add back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- M Includes only FICA, unemployment, highway, property, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere. Enter the line number on page 262-63 upon which each item is identified. To the extent individual types of taxes are separately identified on the FERC Form 1, page 262, column a, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified in the FERC Form 1, page 262-63 will be obtained from Company books and records.
- N FIT is the weighted average Federal income tax rate and SIT is the weighted average State income tax rate, both from Attachment 7, and p is the "the percentage of federal income tax deductible for state income taxes". A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/(1-T)) (page 3, line 26). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (1/(1-T)).
 

Inputs Required:	FIT =	0.0%	(Weighted Average Federal Income Tax Rate (Attachment 7, line 4, col. (i)))
	SIT =	0.0%	(Weighted Average State Income Tax Rate (Attachment 7, line 8, col. (i)))
	p =	0.0%	(Percent of federal income tax deductible for state purposes)
- O The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Appendix III that are not the result of a timing difference. Tax Effect equals Permanent Differences multiplied by T.
- P Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- Q The cost of debt will be determined based on the financing in place during each stage of project development. Before debt is obtained, a proxy interest rate which will be supported in the original Section 205 filing will be used. This rate is provided on Attachment 8 line 36. If construction debt (wherein principal is drawn down over time) is issued, the rate plus an amortization of fees projected to be incurred on the construction debt during the rate year will be the cost of debt. This construction debt rate (inclusive of fees) will be reset and true-up every year using the method on Attachment 9 for multi-year construction projects. Once non-construction debt is obtained, the actual interest rate and fees on the debt in place at the end of the year such non-construction debt is obtained will become the cost of debt. In the first full year after non-construction debt is obtained, the cost of debt will be the actual cost of debt determined using the method on Attachment 5.
 

A hypothetical capital structure of 50% Equity and 50% debt will be used until the first transmission asset is placed in service, or until otherwise authorized by the Commission. After the facilities are placed in service, the lesser of a 50% equity hypothetical capital structure or the actual capital structure (with respect to equity) will be used.
- R Calculate rate base using 13 month average balance, except ADIT. The calculation of ADIT in the annual true-up calculation will use the beginning-of-year and end-of-year balances, and will be performed in accordance with IRS regulation Section 1.167(l)-1(h)(6). The calculation of ADIT in the annual projection will be performed in accordance with IRS Regulation Section 1.167(l)-1(h)(6).
- S Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- T The rate of return on common equity ("ROE") will be supported in the original Section 205 filing and shall, at no time during the life of the Project, be higher than 9.8%, including adders. No change in ROE may be made absent a filing with FERC.
- U Includes only income related to transmission facilities, such as pole attachments, rentals and special use from general ledger.
- V Add back any lease expense of transmission assets used to provide service under this tariff included in account 565. Amount to be obtained from company books and records.
- W DA = Direct Assignment; GP = Gross Plant Allocator (page 2, line 5); N/A = Not Applicable; NP = Net Plant Allocator (page 2, line 17); TP = Transmission Plant Allocator (page 4, line 5); WS = Wage and Salary Allocator (page 4, line 11).

For the twelve months ended 12/31/\_\_\_\_

Attachment 10  
Depreciation Rates  
DesertLink, LLC

**INITIAL PROPOSED TRANSMISSION AND GENERAL PLANT DEPRECIATION RATES**

Line No.	INTANGIBLE PLANT	Initial Annual Depreciation Rates (Notes A and B)
1	301.0 Organization	2.00%
2	302.0 Franchises and Consents	2.00%
3	303.0 Computer Software	7.68%
TRANSMISSION PLANT		
4	350.2 Land Rights	1.55%
5	352.0 Structures & Improvements	0.99%
6	353.0 Station Equipment	1.67%
7	354.0 Towers & Fixtures	1.48%
8	355.0 Poles & Fixtures	2.52%
9	356.0 Overhead Conductors & Devices	2.26%
10	357.0 Underground Conduit	1.61%
11	358.0 Underground Conduit & Devices	2.21%
12	359.0 Roads and Trails	1.74%
GENERAL PLANT		
13	391.0 Office Furniture & Equipment	5.00%
14	391.1 Computer Hardware	20.00%
15	392.0 Transportation Equipment	9.44%
16	393.0 Stores Equipment	5.00%
17	397.0 Communication Equipment	6.67%

Notes

A Taken directly from DesertLink affiliate Nevada Power Company for property in same FERC accounts, other than Accounts 301.0 and 302.0.

B These depreciation rates will not be changed absent a FERC order.