FIRST SET OF INFORMATION REQUESTS TO GRIDLIANCE WEST LLC FROM CALIFORNIA DEPARTMENT OF WATER RESOURCES STATE WATER PROJECT AND NORTHERN CALIFORNIA POWER AGENCY

2025 True-Up Adjustment and 2027 Annual Projection
Received October 19, 2026

CDWR NCPA-GLW-1.1

Refer to section 2(a) of GLW's Protocols. Please provide "a variance analysis of, at minimum, actual revenue requirement components of rate base, operating and maintenance expenses, depreciation expense, taxes, return on rate base, and revenue credits as compared to the corresponding components in the projected revenue requirement that was calculated for the prior Rate Year with an explanation of material changes."

Response:

Rate Base
GridLiance West LLC's ("GLW") 2025 true-up rate base is $628.9 million. That is $134.2 million higher than the $494.6 million in the 2025 projection. Construction work in progress (CWIP) accounts for almost all of the increase. The other components moved by smaller amounts that largely offset each other.

Construction Work in Progress: CWIP rose from $318.6 million to $447.2 million. The VEA Upgrades project requires materials with long lead times, and GLW made larger milestone payments than projected to secure those materials and hold the construction schedules. These payments are recorded in CWIP until the related facilities are placed in service.

Net Plant in Service: Gross plant in service was $3.6 million lower than projected because in-service dates for some capital projects moved compared with the projection. Since less plant was in service during the year, accumulated depreciation was also $2.1 million lower than projected. Together, these changes reduced net plant by $1.5 million, from $176.3 million to $174.8 million.

Accumulated Deferred Income Taxes: The ADIT balance, which reduces rate base, fell from $9.7 million in the projection to $3.5 million in the true-up due to an underestimation of CPI while drafting the 2025 Projection. The smaller deduction raised rate base by $6.2 million.

Working Capital: Working capital rose from $2.3 million to $3.3 million. Prepayments were about $0.7 million higher than projected. Cash working capital rose about $0.3 million because it is calculated as a share of O&M and A&G expenses, which were higher in total than projected (see below).

Revenue Requirement
GLW's 2025 true-up gross revenue requirement is $91.4 million. That is $7.4 million higher than the $84.0 million projected. The return on a larger rate base and higher O&M expense increased the revenue requirement. Lower depreciation, lower taxes other than income taxes, and lower A&G expense partly offset those increases.

Return on Rate Base: The return on rate base rose from $45.3 million to $56.6 million. The main reason is the $134.2 million increase in rate base, most of which is CWIP. A lower overall rate of return limited the increase. That rate fell from 9.15% to 9.01%, partly because the cost of debt dropped from 6.98% to 6.62%.

Income Taxes: Income taxes rose from $8.2 million to $10.4 million. Income taxes are calculated from the equity return, so they rise as the return on rate base rises.

Operations and Maintenance: O&M expense was $12.9 million, compared with $9.9 million projected. The increase came mainly from software purchases and from more use of third-party contractors than expected.

Administrative and General: A&G expense was $6.5 million, compared with $7.3 million projected. The decrease reflects a reallocation of employee resources and corporate support services.

Depreciation: Depreciation expense was $4.3 million, compared with $7.4 million projected. In-service dates for capital projects were updated, so less plant was placed in service and depreciated during 2025.

Taxes Other Than Income Taxes: Taxes other than income taxes were $0.7 million, compared with $5.9 million projected. Property taxes on major projects still under construction were capitalized into project costs instead of being charged to expense.

Line Item	2025 Projection	2025 True-Up	Change
Gross Plant	209,639,960	206,047,326	(3,592,634)
Accumulated Depreciation	(33,345,457)	(31,253,586)	2,091,870
Net Plant	**$ 176,294,503**	**$ 174,793,740**	**$ (1,500,763)**
ADIT	(9,686,585)	(3,511,246)	6,175,339
Unamortized Regulatory Assets	7,117,296	7,117,296	(1)
Working Capital	2,277,332	3,252,947	975,615
CWIP	318,643,863	447,200,529	128,556,666
Rate Base	**$ 494,646,409**	**$ 628,853,266**	**$ 134,206,857**
O&M	9,881,885	12,923,486	3,041,601
A&G	7,333,416	6,525,457	(807,959)
Total Depreciation	7,434,719	4,276,516	(3,158,203)
TOIT	5,865,001	681,349	(5,183,652)
Income Taxes	8,212,130	10,354,107	2,141,976
ROE × Rate Base	45,270,039	56,647,102	11,377,063
Revenue Requirement	**$ 83,997,191**	**$ 91,408,017**	**$ 7,410,826**

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CDWR NCPA-GLW-1.2

Refer to section 3(e) of GLW's Protocols. Please explain "any changes in GridLiance West's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based that affect the Formula Rate or calculation of the Annual Update."

Response:

Pursuant to Section 3(e) of GLW's Protocols, GLW confirms that no changes have been made to its accounting policies or practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based that would affect GLW's Formula Rate or the calculation of the 2025 Annual Update.

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CDWR NCPA-GLW-1.3

Refer to the 2025 Revenue True-Up Excel, tab 5 – True Up, line 2, cols. C and D.

a. Please confirm that (i) the "Adjusted Net Revenue Requirement" amount in Col. C does not include any Revenue Credits and (ii) the "Revenue Received" amount in Col. D does include Revenue Credits.

b. If the answers to subparts (a)(i) and (ii) are both "yes," please explain why it is appropriate to compare a projected revenue requirement without Revenue Credits to an actual revenue requirement with Revenue Credits for purposes of the true-up adjustment calculation.

Response:

a. GLW can confirm that (i) the "Adjusted Net Revenue Requirement" amount in Col. C does not include any Revenue Credits and (ii) the "Revenue Received" amount in Col. D does include Revenue Credits.
b. N/A

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CDWR NCPA-GLW-1.4

Refer to the 2025 Revenue True-Up Excel, tab 5 – True Up, line 2a.

a. Please provide a complete explanation of the nature of, and reason for, the claimed Prior Period Adjustment.
b. How did GLW discover the error that led to the Prior Period Adjustment?
c. Please provide (i) workpapers supporting the calculation of the Prior Period Adjustment and associated Interest Income amount and (ii) any additional supporting documentation.
d. Refer to section 6 of GLW's Protocols. Please provide the corrected "amended informational filing" for the rate year or rate years that the Prior Period Adjustment purports to correct.

Response:

a. The $0.3 MM Prior Period Adjustment corrects the interest calculation for the Prior Period Adjustment included in GLW's 2023 True-Up. Recalculating interest using the correct rates resulted in a $0.3 MM refund due to CAISO TAC participants. Please see Attachment CDWR NCPA-GLW-1.4(a) for additional explanation of both Prior Period Adjustments.

b. GLW identified the error during a comprehensive audit of the Prior Period Adjustment included in its 2023 True-Up. The audit identified incorrect interest rates, recalculated the interest using the correct rates, and resulted in the refund described in response (a).

c. See attached workpapers.

d. Please refer to the above explanations of the 2025 Prior Period Adjustment and the subsequent response in CDWR NCPA-GLW-1-6(a). GLW will include in its upcoming Informational Filing a complete explanation both the 2025 and 2023 Prior Period Adjustments and will include corrected Excel workbooks for the 2021 and 2022 True Up Adjustment calculations with that filing.

Attachment CDWR NCPA-GLW-1.4(a): Summary of 2023 Prior Period Adjustment and 2025 Prior Period Adjustment

Background

The Original Prior Period Adjustment (PPA), filed with the 2023 True-Up / 2025 Projection, corrected the calculation of the Total True Up Adjustment in the 2021 and 2022 true-ups. In the original true-up filings, "Revenue Received" on Attachment 5, Column D, Row 2 erroneously reflected cash received in the rate year from CAISO, excluding any true-up and TRBAA amounts. The corrected Revenue Received is the projected net revenue requirement before true-up (2021: $39,498,880; 2022: $39,171,566). This changed each year from an over-collection to an under-collection:

Year	True-Up as Filed	Corrected True-Up	Principal Correction
2021	($2,037,143)	$719,447	$2,756,590
2022	($934,981)	$6,188,328	$7,123,309
Total			**$9,879,899**

The principal correction is unchanged in the 2025 PPA. The 2025 PPA arises solely from revising the interest calculations.

Change 1 – Interest Rate Period Applied to the 2021 and 2022 True-Ups

The Original PPA calculated interest on the corrected true-ups using the same 7-quarter FERC rate windows used in the original filings. The revised calculation uses a forward-looking rate window beginning in Q1 of the true-up year and ending Q3 of the following year, applied over 24 months. See the "2021 & 2022 TU Calculations" tab of the worksheets provided in response to CDWR NCPA-GLW-1.4(c) (right side showing amended interest calculations using forward-looking rates, starting in 2021 for the 2021 Rate Year and 2022 for the 2022 Rate Year).

Year	Original PPA Interest	Revised Interest	Change
2021	$53,774	$47,360	($6,413)
2022	$407,722	$653,487	$245,765
Total	**$461,496**	**$700,848**	**$239,352**

Change 2 – Interest on the Prior Period Amounts

The Original PPA applied a single average monthly rate (0.6657%, based on Q1 2023–Q3 2024) to the combined $10,555,259 correction[1] for 24 months, producing $1,686,429 of interest.

[1] See the workpapers provided in response to CDWR NCPA-GLW-1.4(c), 2025 PPA Summary Tab, cell K8.

Pursuant to Section 6 of GLW's Protocols,[2] the revised calculation applies actual monthly FERC rates to each year's correction separately, reflecting when each true-up would otherwise have been collected:

- 2021 correction ($2,956,212): 24 months, January 2023 – December 2024 = $474,472
- 2022 correction ($7,838,398): 12 months, January 2024 – December 2024 = $664,696

Revised interest = $1,139,168, a decrease of ($547,261).

Result

	Original PPA	Revised	Difference
Principal correction	$9,879,899	$9,879,899	$0
Interest on true-ups	$461,496	$700,848	$239,352
Interest on prior period	$1,686,429	$1,139,168	($547,261)
Total Prior Period Due	**$12,241,687**	**$11,933,779**	**($307,909)**

The Original PPA over-recovered $307,909 from customers. Interest on this amount at actual monthly FERC rates for January 2025 – December 2026 (24 months) is ($44,678), for a total 2025 Prior Period Adjustment of ($352,586) to be returned to customers, filed with the 2027 Projection.

[2] *See* GLW Protocols at § 6 ("The applicable monthly interest rates for the Correction Period for an under-recovery or over-recovery shall be the average monthly interest rate determined in accordance 18 C.F.R § 35.19a for the period from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such under- recovery is reflected.").

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CDWR NCPA-GLW-1.5

Refer to the 2025 Revenue True-Up Excel, tab 11 - CWIP.

a. Please provide a description of work completed on the VEA Upgrades during calendar year 2025.
b. Please provide an estimated schedule for completion of the VEA Upgrades, including completed and projected milestone dates.
c. Please provide an estimate of total expected capital expenditures for the VEA Upgrades, by calendar year.

Response:

a. In the 2025 Rate, GLW completed the below activities on the VEA Upgrades project:
    - Managed BLM permitting through schedule delays, staffing changes, federal policy shifts, and the government shutdown using contingency, milestone, and recovery plans
    - Advanced the NEPA process through Administrative Final EIS and fatal-flaw review, resulting in a January 23, 2026 Final EIS publication date
    - Submitted revised Plans of Development and preliminary POD packages, coordinated early BLM review, and began resolving agency comments
    - Secured major environmental approvals, including the Cultural/Visual report and Section 401 certification
    - Completed key interconnection milestones by executing the DSL and NVE transmission interconnection agreements and supporting the FERC filing
    - Secured or advanced crossing permits and agreements with NDOT, CalNev, NVE, and Rough Hat Clark
    - Advanced aviation approvals through FAA no-hazard determinations and extensions, a positive DoD finding, and CCDOA permit processing
    - Obtained Laydown Yard land-use approvals and waivers, negotiated final terms, and executed leases
    - Progressed transmission and substation engineering from 90% design through complete IFC packages, including micro-pile and transformer-yard plans
    - Coordinated delivery and staging of conductors, 500kV monopoles, breakers, and Trout Canyon transformers

b.

Activity/Consultation	Estimated/Actual Completion Date	Status
BLM Project Scoping Period Started	August 7, 2023	Complete
BLM Draft Environmental Impact Statement	April 12, 2024	Complete
GLW Revised Plan of Development to BLM	March 2025	Complete
BLM Final Environmental Impact Statement	February 27, 2026	Complete
US Fish & Wildlife Biological Opinion	February 27, 2026	Complete
BLM Record of Decision	June 5, 2026	Complete
Public Utilities Commission of Nevada UEPA Phase 1 Permission to Construct (PTC)	July 13, 2026	Complete
BLM Right of Way Grant Executed	July 28, 2026	Complete
BLM Limited Notice to Proceed	July 31, 2026	Complete
Begin Construction	August 2026	Complete
Public Utilities Commission of Nevada UEPA Phase 2 Permission to Construct (PTC)	August 20, 2026	Complete
BLM Full Notice to Proceed	September 16, 2026	Complete
Construction Complete	June 2028	On Track

c.

Year	Capital (in Millions)
2027	352
2028	184

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CDWR NCPA-GLW-1.6

Refer to GLW's September 3, 2025 Answer in Docket No. ER25-597, at page 4, stating that "GridLiance West is in the process of amending its 2025 Informational Filing, per its obligation under Section 6 of its Protocols."

a. Please explain whether GLW is still in the process of amending its 2025 Informational Filing, and if so, when GLW expects to submit an amended 2025 Informational Filing.

b. Please explain whether GLW expects the amended 2025 Informational Filing to impact (i) the 2025 True-Up Adjustment or (ii) the 2027 Annual Projection.

Response:

a. Section 6 of GLW's Protocols states that GLW must file a correction to the Annual Update only when it "determines or concedes that corrections to the Annual Update are required, whether under Sections 4 or 5 of these Protocols" including but not limited to "corrections to its FERC Form No. 1, or input data used for a Rate Year that would have affected the Annual Update for that Rate Year." None of these conditions for re-filing have occurred.

   More specifically, the prior period adjustment included in the 2023 Annual Update and 2025 Projection filed in the Docket No. ER25-597 did not implicate corrections to the cost input data for any prior annual update. Rather, as explained in the response to NCPA-GLW-1.4(a), the prior period adjustment corrected an error made in Rate Years 2021 and 2022 to the calculation of the True-Up Adjustment. Thus, the PPA is correcting a calculation error, rather than a cost input error. No changes to the cost inputs to the 2023, 2022, or 2021 Annual Updates are implicated by the PPA.

   GLW acknowledges that the prior period adjustment was not adequately explained in its 2025 Informational Filing. GLW will provide a complete explanation of the adjustment in its upcoming informational filing to FERC and will include corrected Excel workbooks for the 2021 and 2022 True Up Adjustment calculations with that filing. GLW believes this consolidated approach is more efficient and avoids duplicative refilings while providing NCPA and DWR the information necessary to evaluate the adjustment and corrected calculations.

b. As stated above, GLW does not intend to amend its 2025 Informational Filing. There are no anticipated changes to the 2025 True-up Adjustment or the 2027 Annual Projection at this time.