

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 18-1633-PET

Petition of Green Mountain Power Corporation for approval of a multi-year regulation plan pursuant to 30 V.S.A § 209, 218, and 218d	
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Order entered: 03/14/2019

INFORMATION REQUESTS

The Vermont Public Utility Commission (the “Commission”) requests the following information from the parties indicated below. Responses should be filed in the form of testimony or exhibits by no later than March 28, 2019.

Requests for Green Mountain Power Corporation (“GMP”)

1. In its direct case, GMP stated that the cost of service calculated in Case No. 18-0974-TF would serve as the base year for annual forecasted adjustments to GMP’s base rates starting in fiscal year 2020.¹ In its rebuttal case, GMP has proposed that certain components of base rates would be set using a three-year forecast and fixed for the term of the plan.² How will this change in methodology affect base rates? Please identify which methodology would result in higher base rates in fiscal year 2020 and explain why. If GMP is unable to calculate base rates for fiscal year 2020 under either methodology, please explain why.
2. In Case No. 17-3142-PET, the Commission stated that “If utilities, regulators, and alternative regulation plans are to be trusted and accepted by ratepayers, then the transparency of and opportunity for meaningful participation in crafting and implementing such plans must be at least comparable to the degree of accessibility and transparency in traditional regulation.”³ Please explain how regulators and members of the public will be able to review GMP’s three-year forecast that is used to set base rates.

¹ Ryan pf. (6/04/2018) at 3; Exh. GMP-ER-1 (6/04/18).

² Exh. GMP-ER-1 (REV).

³ Vermont Department of Public Service request for workshop on utility rate regulation, Case No. 17-3142-PET, Order of 7/23/2018 at 5.

Please explain how the base-rate setting process described in GMP's rebuttal case will offer a level of accessibility and transparency that is comparable to a traditional rate case.

3. The Multi-Year Regulation Plan provides for a fixed amount of capital investment in the amount of \$256.5 million over the term of the plan. The Commission wants to understand the basis for the proposed amount of capital investment and how the proposed capital investments would be reviewed by regulators.
 - a. Please explain whether project folders and financial analyses for each of the capital investments described in Exhibit BO-1 have been provided to the Department of Public Service. If not, does the Multi-Year Regulation Plan provide an opportunity for the review of capital investments before they are included in base rates? Please explain how this process would be as transparent as a traditional rate case.
 - b. Exhibit BO-1 describes a number of capital investments. How did GMP prioritize these investments? Please identify the capital investments that GMP considered including in its capital budget but has decided to defer until after the term of the Multi-Year Regulation Plan. For each investment that would be deferred, please explain why.
 - c. How will GMP and regulators be able to assess whether GMP has successfully managed its capital spending after the projects are completed? For example, Exhibit GMP-BO-1 states that in FY 2020, "GMP will do smaller electronics upgrade projects at certain substations to bring the communications, controls, and security capabilities in these facilities to an acceptable level. These projects are estimated to be between \$50,000 and \$100,000 each and are necessary for continued reliable and secure operations." How will regulators assess whether this task was completed in a cost-effective manner?
 - d. Will the cost of upgrades to GMP's distribution system necessary to interconnect new generation, such as upgrades needed to address transmission ground-fault overvoltage that are described in GMP's tariff filing in Case No. 19-0441-TF, be included in the \$256.5 million figure proposed by GMP?

4. What protections does the Multi-Year Regulation Plan have for ratepayers in the event that capital spending is less than forecasted and therefore less than the amount included in rates?
5. Please identify each provision of the Multi-Year Regulation Plan that allocates risk between GMP's shareholders and GMP's customers. For each provision:
 - a. Describe the risk and the factors creating the risk.
 - b. Describe how the risk can affect GMP's shareholders.
 - c. Describe how the risk can affect GMP's customers.
6. In case 18-3160-PET, the Commission approved a special contract for GlobalFoundries. One of the terms of that special contract was that GlobalFoundries would be exempt from any adjustors approved in the multi-year rate plan case, with one exception for major storm expenditures that are reasonably related to transmission infrastructure repairs.
 - a. How does that special contract affect the calculation of each proposed adjustor?
 - b. How does that special contract affect the calculation of the Earnings Sharing Adjustment Mechanism?
7. The Commission is interested in the relationship between the Earnings Sharing Adjustor Mechanism and the other adjustors provided for in the plan. Some of the other adjustors have deadbands and/or deductibles. If all other items matched forecasted costs, are those deadbands and deductibles of sufficient magnitude that some combination of them could result in GMP's earnings being above or below the deadband for the Earnings Sharing Adjustment Mechanism?
8. Please explain the circumstances under which GMP might not collect its authorized revenue despite the Revenue Adjustor.
9. Assuming that GMP collects its authorized revenue, what variables will affect whether GMP earns its authorized rate of return?
10. Which of the variables that will affect GMP's ability to earn its authorized rate of return are within GMP's control?
11. Which of these variables are already accounted for in other adjustment mechanisms, such as the Power Supply Adjustor, Merger Savings Adjustor, Revenue Adjustor, Emerald Ash Borer Adjustor, and the Exogenous Change Adjustor? Please identify with

specificity each variable that is not accounted for in any mechanism in the Multi-Year Regulation Plan.

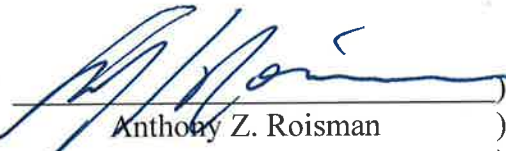
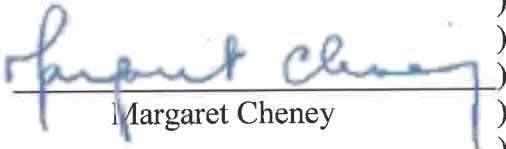

12. Does the Earnings Sharing Adjustor Mechanism create a risk of double recovery of variables that are already accounted for in another mechanism? Why or why not?
13. The Earning Sharing Adjustment Mechanism contains a dead band and shared band which will allow GMP to earn more than its authorized return on equity under certain circumstances. Why should GMP be allowed to earn more than its authorized return on equity?
14. If GMP's proposal to collect all the costs of a major storm in one quarter had been in effect over the last five years, what would the range of quarterly bill impacts have been for an average customer?
15. Now that GMP is proposing to collect \$8 million per year over the life of the plan to recover major storm expenses from periods before the plan, are those costs going to be recovered in base rates rather than in the major storm adjustor line item on the bill? Why or why not?

Questions for the Department of Public Service

- (1) Mr. Allen has testified that GMP's proposed capital spending cap is "reasonable." Please explain the basis for the Department's opinion.
- (2) Please explain whether the Department has had or will have an opportunity to review the capital investments described in Exhibit BO-1 before these investments are recovered in base rates. Please explain whether the Multi-Year Regulation Plan provides a sufficient opportunity for the Department to review GMP's new capital investments.

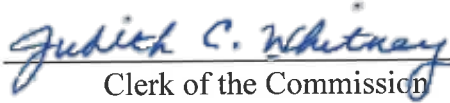
SO ORDERED.

Dated at Montpelier, Vermont, this 14th day of March, 2019.

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Anthony Z. Roisman)	PUBLIC UTILITY
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Margaret Cheney)	COMMISSION
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)	
Sarah Hofmann)	OF VERMONT

OFFICE OF THE CLERK

Filed: March 14, 2019

Attest: 
Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

PUC Case No. 18-1633-PET - SERVICE LIST

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