

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 24-1848-TF

Tariff filing of City of Burlington Electric Department requesting a 5.5% rate increase effective with service rendered on and after August 1, 2024	
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**PREFILED DIRECT TESTIMONY OF
ADAM JACOBS

ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE**

December 11, 2024

Summary: Mr. Jacobs addresses the proposed rate increase request with a focus on the City of Burlington Electric Department (“BED”) power supply costs, including owned and contract resources, as well as BED’s projected Renewable Energy Standard compliance costs. Mr. Jacobs finds BED’s projected net power costs to be reasonable and recommends no adjustments.

Mr. Jacobs Sponsors the Following Exhibits:

Exhibit DPS-AJ-1	BED Discovery Response to Q.DPS.BED.1-24
Exhibit DPS-AJ-2	BED Discovery Response to Q.DPS.BED.1-22
Exhibit DPS-AJ-3	BED Discovery Response to Q.DPS.BED.1-25

Prefiled Direct Testimony
of
Adam Jacobs

1 **Q1. Please state your name, title, and business address.**

2 A1. My name is Adam Jacobs. I am a Utilities Economic Analyst for the Vermont
3 Department of Public Service (“Department”). My business address is 112 State Street,
4 Montpelier, Vermont.

5 **Q2. Please describe your professional background and experience.**

6 A2. I have worked for the Department since February of 2022. From 2019 to 2022, I was a
7 Commercial Energy Consultant for Optimal Energy, Inc., where I supported the
8 development, measurement, and verification of low carbon thermal HVAC and fuel
9 switching programs for Mass Save on behalf of the Massachusetts Energy Efficiency
10 Advisory Council. From 2015 to 2019, I served as Energy Manager for the City of
11 Boston, Massachusetts, where I implemented building efficiency improvements across
12 Boston’s municipal building portfolio and was responsible for the city’s greenhouse gas
13 emissions inventory and reporting. From 2012 to 2015, I was an Energy Analyst for
14 Johnson Controls, Inc., where I conducted energy audits for commercial data centers and
15 completed our client’s annual emissions inventory reporting to the Carbon Disclosure
16 Project. I have a Master of Science from Northeastern University in Energy Systems and
17 a Bachelor of Arts degree from Boston University in Environmental Analysis and Policy.

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Q3. Have you ever testified before the Vermont Public Utility Commission?

A3. Yes, most recently in Case Nos. 23-0542-TF, 23-0864-TF, 23-1240-TF 23-2044-TF, 23-3943-TF, and 23-3799-PET.

Q4. What is the purpose of your testimony in this case?

A4. The purpose of my testimony is to describe the Department's review of the City of Burlington Electric Department ("BED") power supply costs, including owned and contract resources, and BED's projected Renewable Energy Standard compliance costs. I also discuss relevant costs that were not embedded in this rate increase filing and changes that have impacted BED's projected power costs since filing. Overall, I find BED's projected net power costs to be reasonable and recommend no adjustments.

Q5. Please describe the materials you reviewed.

A5. I reviewed BED's petition, the prefiled testimony of Emily Stebbins-Wheelock and James Gibbons, and exhibits related thereto. I also reviewed BED's first set of discovery responses dated October 4, 2024. I also engaged in informal communication with BED staff throughout my review of this petition.

Q6. Please describe the primary factors driving BED's power costs.

A6. As described in the pre-filed testimony of Emily Stebbins-Wheelock and James Gibbons, BED's power costs are increasing due to \$1.33 million in higher ISO New England and VELCO transmission costs, and expense increases for wind and Hydro Quebec contracts, partially offset by the expiration of ISO New England's Mystic contract and BED's Great River Hydro Contract.¹

¹ Pre-filed Direct Testimony of Emily Stebbins-Wheelock and James Gibbons at 5-6, filed June 14, 2024.

1 **Q7. Please describe your review of BED’s forecasted power supply costs and whether**
2 **you find these forecasts to be reasonable.**

3 A7. Overall, BED’s power supply cost projections are reasonable, and I find no cause to
4 recommend adjustments. McNeil is BED’s single largest generating resource and its
5 production and performance in the market substantially impacts BED’s net power costs.
6 BED also has significant operational control and discretion over this resource, compared
7 to other long-term contracts for wind and hydroelectric power with outputs more dictated
8 by weather. For these reasons, McNeil is a focus of the Department’s review when it
9 comes to BED’s power supply costs. Unlike BED’s 2022 and 2023 rate cases where BED
10 used the most recent 12 months production data, BED has assumed Rate Year McNeil
11 production is equal to Test Year McNeil production. BED explains this decision noting
12 that the most recent 12 months production was historically low, reflecting poor wood
13 harvesting conditions and more outages than usual.² This is a reasonable adjustment if
14 BED believes wood harvest conditions have improved and the unusual amount of outages
15 from the most recent 12 months are unlikely to persist into the rate year. BED also
16 includes two separate annual amortization expenses for previously approved amounts
17 pertaining to costs associated with the McNeil woodfired power plant. The first is for the
18 annual 7-year amortization amount of \$164,344 for a 2019 turbine overhaul, approved in
19 Case No. 21-2186-TF.³ The second is for the annual 8-year amortization amount of
20 \$520,279 of lost revenues resulting from the difference between forward and actual

² Stebbins-Wheelock and Gibbons pf. at 7.

³ Stebbins-Wheelock and Gibbons pf. at 8.

1 prices for the sale of excess energy from December 2022 to March 2023, approved in 23-
2 2044-TF.⁴

3 **Q8. Please briefly describe your review of BED’s Renewable Energy Standard (“RES”)**
4 **costs and whether new requirements enacted in Act 179 of 2024 (H.289) will have**
5 **any impact in the rate year.**

6 A8. BED maintains its 100% renewable status, and its associated exemptions under 30 VSA
7 Chapter 89, through retirement of renewable energy credits (“RECs”) from Tier I eligible
8 resources. BED sells some of its higher-value RECs from its owned or contracted sources
9 and purchases lower-value RECs from the renewable resource market for RES compliance
10 purposes.⁵ As noted in Exhibit DPS-AJ-1 (BED’s discovery response to Q.DPS.BED.1-
11 24), BED has not included any additional cost related to Act 179 in its cost of service for
12 the rate year. I recommend no adjustments to BED’s RES costs embedded in this filing.

13 **Q9. Does BED’s filing include any expenditure related to District Energy?**

14 A9. No, BED has stated in discovery that they have not included any ratepayer spending
15 related to District Energy in the rate year and BED does not expect to expend ratepayer
16 funds on District Energy in the rate year.⁶

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18 **Q10. Do any changes since BED’s filing result in any recommended downward**
19 **adjustments to BED’s power supply costs?**

⁴ Stebbins-Wheelock and Gibbons pf. at 5.

⁵ See Burlington Electric Department, *Our Energy Portfolio*, <https://www.burlingtonelectric.com/our-energy-portfolio/> (as of 11/19/24).

⁶ See Exhibit DPS-AJ-2 (BED response to Q.DPS.BED.1-22).

1 A10. No, changes that have occurred since BED's filing of this case do not result in any
2 recommended downward adjustments to power supply costs. Of note are two major
3 changes to BED's power supply: one being a new power purchase agreement for energy
4 and RECs and another being a new, lower contract price for the Hydro Quebec US
5 ("HQUS") agreement. As noted in Exhibit DPS-AJ-3 (BED's discovery response to
6 Q.DPS.BED.1-25), BED executed a contract for energy and RECs on September 19,
7 2024, that results in a net cost increase of \$142,101.56. Additionally, the HQUS contract
8 price for the period of November 1, 2024, through October 31, 2025, has been set at
9 \$67.20/MWh, compared to the \$69.77/MWh assumed in BED's original filing for this
10 case. This price change impacts 9 of the 12 months of the rate year and reduces power
11 supply costs by \$100,661.76 compared to BED's original filing.⁷ Due to the fact that the
12 net impact of these changes since BED filed would serve to increase their costs, I
13 recommend no downward adjustments.

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15 **Q11. Based on the analysis and findings described in your testimony, do you recommend**
16 **any adjustments to BED's net power costs?**

17 A11. No, I find BED's estimated net power costs to be reasonable and recommend no
18 adjustments.

19 **Q12. Does this conclude your testimony?**

20 A12. Yes

⁷ Based on the \$2.57/MWh reduction in price for BED's 9 megawatt share of the HQUS contract (7 days per week/16 hours per day) for period of the rate year beginning 11/1/24 and ending 7/31/25.