

Person(s) Responsible for Response: Mike Burke, VP, Field Operations

Q:DPS:GMP.1-5: Please estimate the amount of major storm costs that will be avoided by the Zone 4 tariff investments.

Response: This Zone 4 work is forecasted to be NPV positive for all customers. As proposed, when fully constructed, two circuits will have a complete resiliency solution, with significant additional work in the two neighboring circuits that together will impact major storm costs for the four circuits. Completing the T&D phase of ZOI with the Zone 4 energy storage will provide important data to help forecast future savings from avoided storm costs. Please also refer to the Final Order in Case No. 23-3501-PET at 23-24, 27, discussing the need to develop data on operational savings through initial ZOI projects, and response to Q:DPS:GMP.1-26, below.

Person(s) Responsible for Response: Josh Castonguay, VP, Chief Innovation Officer, Generation and Power Supply.

Q:DPS:GMP.1-6: Please explain in detail how GMP calculates and allocates capitalized Administrative and General (A&G) expenses for energy storage projects under the proposed Zone 4 Energy Storage Tariff.

- a. Please include the formula or burden rate applied and the components included in the A&G allocation.**

Response: At the time of each traditional cost of service filing, GMP conducts an A&G study to determine the appropriate A&G capitalized rate to use for capital projects. Capitalized A&G ensures these costs are fairly allocated to the longer assets rather than being fully expensed in the current year. The most recent study was performed in the FY23 traditional cost of service case (Case No. 22-0175-TF) for a rate of 6.16% to be applied to capital projects in the current MYRP. Please see Attachment DPS.GMP.1-6 for this calculation. Please also see Case No. 17-3112-INV for another example in a prior rate case. The rate of 6.16% applied to energy storage capital projects is the same percentage applied to other GMP capital projects during the MYRP.

Application of this A&G rate to capital projects results in reduced O&M expenses in the rate year for customers. For example, in the FY23 COS filing, GMP's cost of service was reduced by \$6M due to A&G being capitalized. Subsequent filings have also resulted in similar reductions in the cost of service due to capitalized A&G.

Person(s) Responsible for Response: Rob Bingel, Manager, Financial Planning and Analysis.

Q:DPS:GMP.1-7: In reference to Exhibit GMP-JC-4, please explain the basis for including “Capitalized A&G” as a “Total Revenue” or benefit in the financial model.

- a. Please provide any internal or external accounting guidance GMP relies on to support this classification as a benefit in a cost-benefit test.**

Response: The treatment of capitalized A&G in the Zone 4 Energy Storage Tariff is consistent with how GMP's other capitalized energy storage programs have been modeled, reviewed, and approved, including the original Energy Storage System tariff approved in Case No. 19-3167-TF (see Exh. PUC-Info Request 1-c, with capitalized A&G) and the more recent extension of that program (see Case No. 23-1335-TF, Final Order Approving Tariff Revisions at 4 (08/17/2023) (noting financial analysis included capitalized A&G costs).

- a. Please see response above and Response to Q:DPS:GMP.1-6

Person(s) Responsible for Response: Rob Bingel, Manager, Financial Planning and Analysis.

Q:DPS:GMP.1-8: Please clarify whether the inclusion of Capitalized A&G in the “Total Revenue” section of Exhibit GMP-JC-4 reflects actual cash inflows, avoided expenditures, or some other form of economic benefit to ratepayers.

Response: The inclusion of Capitalized A&G reflects costs that, if not capitalized, would otherwise flow as expense in the rate year.

Person(s) Responsible for Response: Rob Bingel, Manager, Financial Planning and Analysis.