

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 23-3501-PET

Petition of Green Mountain Power for
approval of its zero outages initiative as a
strategic opportunity pursuant to 30 V.S.A. §
218d and GMP's multi-year rate plan

**PREFILED SURREBUTTAL TESTIMONY OF
JACOB M. THOMAS
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE**

May 13, 2024

Summary: My Surrebuttal Testimony provides a recommendation for a performance-based incentive structure tied to performance metrics reflective of the third optional treatment of Green Mountain Power's ("GMP" or "Company") Zero Outage Initiative ("ZOI") being recommended by other Vermont Department of Public Service ("Department" or "DPS") witnesses in surrebuttal testimony.

Mr. Thomas Sponsors the Following Exhibit:

Exhibit DPS-JMT-8

Option III Recommended Framework

1 **Q1. Please state your full name, address, and occupation.**

2 A1. My name is Jacob M. Thomas. My business address is 1850 Parkway Place, Suite 800,
3 Marietta, Georgia 30067. I am a Principal at GDS Associates, Inc. (“GDS”).

4 **Q2. Are you the same Jacob M. Thomas who previously filed direct testimony in this**
5 **matter on March 15, 2024?**

6 A2. Yes, I am.

7 **Q3. Please summarize your Prefiled Direct Testimony.**

8 A3. My pre-filed direct testimony, filed jointly with Mr. Sean Foley, discussed the potential
9 implications for retail rates of GMP’s ZOI proposal. We also discussed performance-
10 based risk born by ratepayers for the ZOI if GMP’s investments failed to reduce or
11 eliminate outages at a sufficient level. With such risk identified, we formulated a
12 performance-based incentive structure tied to five performance metrics defined by
13 Department witness Mr. Kevin Mara in his prefiled direct testimony. The structure we
14 recommended would be included in an option supported by the Department in which
15 only \$50 million of investment was approved for the initial ZOI, as opposed to the \$250
16 million sought by GMP (identified as **Option II** by Department witnesses).

17 **Q4. Do you have any responses to rebuttal testimony offered by any GMP witnesses?**

18 A4. No, I do not.

19 **Q5. Then what is the purpose of your surrebuttal testimony?**

20 A5. Other Department witnesses are developing **Option III** through surrebuttal testimony,
21 in which \$80 million of the investment in ZOI would be allowed. The Department’s
22 position is that the same five metrics and a similar incentive performance structure

1 would be in place in **Option III**. My surrebuttal testimony develops new incentive
2 performance equations for the five metrics in light of an \$80 million investment in ZOI.
3 My **Option III** recommended framework is provided as **Exhibit DPS-JMT-8**.

4 **Q6. How is this framework different from the framework you recommended for**
5 **Option II in your pre-filed testimony?**

6 A6. There are two differences. First is the dollar amount of disallowance for each metric.
7 Given an \$80 million investment in **Option III** versus a \$50 million investment in
8 **Option II**, I scaled up the maximum disallowance for each metric by a factor of 8-to-5
9 or 1.60. The resultant maximum disallowance per metric in **Option III** is therefore
10 \$331,000. This still represents a 50/50 sharing of risks between shareholders and
11 ratepayers. Secondly, DPS witness Mr. Mara, in his surrebuttal testimony, has adjusted
12 his performance target for Battery Failed to Supply Index from 5% to 1%. Therefore,
13 Performance Metric 4 in my framework has been adjusted to reflect that change, as seen
14 in Exhibit DPS-JMT-8, page 4.

15 **Q7. Does this conclude your surrebuttal testimony?**

16 A7. Yes.