

**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  
STEVEN D. HUNT  
ON BEHALF OF THE  
VERMONT DEPARTMENT OF PUBLIC SERVICE**

May 13, 2024

Summary: My surrebuttal testimony responds to Green Mountain Power Corporation's rebuttal testimony regarding the issues discussed in my March 15, 2024 prefiled direct testimony.

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

2 A1. My name is Steven D. Hunt. My business address is 1850 Parkway Place, Suite 800,  
3 Marietta, Georgia 30067, reflecting a change to the address stated in my Prefiled Direct  
4 Testimony. I am a Principal at GDS Associates, Inc. (“GDS”).

5 **Q2. Are you the same Steven D. Hunt who previously filed direct testimony in this**  
6 **matter on March 15, 2024?**

7 A2. Yes, I am.

8 **Q3. Please summarize your prefiled direct testimony.**

9 A3. My prefiled direct testimony proposed accounting and rate solutions regarding the  
10 implementation of GMP’s Zero Outage Initiative (“ZOI”) rate proposal to (1) exclude  
11 incremental non-capital internal costs from rate recovery if GMP cannot provide a  
12 measurable criteria and/or baseline to demonstrate that GMP is incurring such costs in  
13 excess of those costs included in existing rates and as a result of ZOI projects; (2) utilize  
14 regulatory asset and liability accounts to record Vermont Department of Public Service  
15 (“Department”) recommended incentives and penalties based on performance-based  
16 outcomes; and (3) include known and measurable cost savings as a credit to incremental  
17 ZOI project costs deferred as a regulatory asset for rate recovery.

18 **Q4. Have you reviewed the rebuttal testimony filed by GMP witness Laura Doane in**  
19 **this matter on April 15, 2024?**

20 A4. Yes. Ms. Doane’s testimony focused on addressing the concerns and recommendations  
21 made in my prefiled direct testimony.

1 **Q5. Does Ms. Doane’s rebuttal testimony remove your concerns regarding the**  
2 **treatment of incremental non-capital internal costs?**

3 A5. No. Ms. Doane does state that it is possible for GMP to track and document incremental  
4 operation and maintenance costs associated with ZOI projects using well-established  
5 methods but does not provide a list and explanation of the methods that will be used,  
6 with the exception of a short discussion of incremental labor. This is concerning because  
7 the Department will have to consider and potentially dispute the appropriateness of a  
8 particular method used in a future rate proceeding when it can be addressed now and  
9 implemented in a manner accepted by the Department and Vermont Public Utility  
10 Commission (“Commission”). By deferring the matter, there is a risk that GMP would  
11 not have tracked costs as they were incurred in a manner to comply with an appropriate  
12 method to distinguish incremental cost from ongoing costs recovered under existing  
13 rates.

14  
15 When discussing incremental labor, Ms. Doane states that labor charges can be  
16 differentiated between time spent by an already existing employee and that spent by a  
17 new hire or contractor on ZOI projects, such that only costs from a contractor or newly  
18 hired employee would be deferred in the ZOI regulatory asset.<sup>1</sup> As previously stated,  
19 determining internal labor and administrative and general costs associated with ZOI  
20 projects to be incremental to GMP is very challenging and may not be possible.<sup>2</sup> GMP

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<sup>1</sup> Rebuttal Testimony of Laura Doane, Page 4:2-5.

<sup>2</sup> Prefiled Direct Testimony of Steven Hunt, Page 7:3-4.

1 has not proposed how it will determine labor or administrative and general costs to be  
2 incremental by any measurable standard or baseline to demonstrate that the cost is an  
3 amount above labor costs included in current rates and a direct result of ZOI projects.  
4 Considering the labor example provided by Ms. Doane, it does not demonstrate that the  
5 addition of a new hire results in GMP incurring costs above labor costs included in  
6 current rates or related to additional full-time equivalents above the level included in  
7 current rates. For example, a new hire as a result of attrition is not considered  
8 incremental. The methodology for determining incremental costs should be developed  
9 by GMP before it seeks rate recovery. If there is no clear methodology for determining  
10 incremental O&M, maybe it should not be a part of the ZOI regulatory asset and should  
11 be recovered through the MYRP as all other costs are treated.

12 **Q6. Does Ms. Doane’s rebuttal testimony remove your concerns regarding the**  
13 **treatment of ZOI-related cost savings?**

14 A6. Yes, in part. I appreciate Ms. Doane’s clarification that GMP does plan to incorporate  
15 the retirement of capital assets that are removed as part of a ZOI project when calculated  
16 plant-in-service balances by netting the depreciation of the retired asset against the  
17 depreciation of the new ZOI project asset placed in service.<sup>3</sup> Ms. Doane also notes that  
18 cost savings will be provided directly back to customers through avoided or reduced  
19 major storm costs by reduced storm adjustments under the MYRP Major Storm  
20 Adjustor.<sup>4</sup> It is further explained that other savings that materialize over time will be

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<sup>3</sup> Prefiled Rebuttal Testimony of Laura Doane, Page 8:1-11.

<sup>4</sup> Prefiled Rebuttal Testimony of Laura Doane, Page 6:11-18.

1 passed through to customers in future rate proceedings when savings are known and  
2 measurable. GMP commits that it will be able to highlight savings as they occur and  
3 incorporate them into future rate filings that are based on historical actual costs for  
4 Commission review under the MYRP proceedings.<sup>5</sup> Accordingly, I no longer find it  
5 necessary to track cost savings through a credit to the ZOI project regulatory asset for  
6 items other than the effects of retirements, as Ms. Doane clarified. I do find it important  
7 that GMP tracks its cost reductions that are associated with its ZOI projects to ensure  
8 appropriate known and measurable adjustments and considerations are made in future  
9 rate proceedings.

10 **Q7. Do you continue to believe GMP should track performance-based outcomes as a**  
11 **regulatory asset and regulatory liability?**

12 A7. Yes. To the extent the Commission directs the use of incentives and penalties based on  
13 performance-based outcomes that will be collected or refunded in future rates, a  
14 regulatory asset and regulatory liability is appropriate to use for such amounts.

15 **Q8. Does this conclude your surrebuttal testimony?**

16 A8. Yes.

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<sup>5</sup> Prefiled Rebuttal Testimony of Laura Doane, Pages 6-7.