

**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
WALTER (TJ) POOR
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE**

May 13, 2024

Summary: My surrebuttal testimony introduces the surrebuttal testimony of the Vermont Department of Public Service's ("Department") witnesses. I address Mr. Burke's rebuttal testimony related to the use of the Strategic Opportunity provision in Green Mountain Power Corporation's ("GMP") Multi-Year Rate Plan ("MYRP"). Finally, while **Option I** remains the Department's primary recommendation, I describe another alternative, called **Option III** herein, for consideration by the Vermont Public Utility Commission ("Commission").

1 **Q1. Please state your name and occupation.**

2 A1. My name is Walter (TJ) Poor. I am the Director of Regulated Utility Planning for the
3 Department.

4 **Q2. Have you previously submitted testimony in this proceeding?**

5 A2. Yes, I previously provided prefiled direct testimony on March 15, 2024.

6 **Q3. What is the purpose of your testimony today?**

7 A3. I introduce the Department’s witnesses providing surrebuttal testimony. Next, I respond
8 to Mr. Burke’s testimony, disagreeing with the argument that GMP’s Phase 1 Zero Outages
9 Initiative (“ZOI”) proposal is of the scale or substance contemplated by the Strategic
10 Opportunity exemption contained in the MYRP. Finally, I describe a potential third Option
11 for the Commission to consider, known as **Option III**, which was informed by information
12 provided in GMP’s rebuttal testimony.

13 **Q4. Please introduce the Department’s other witnesses.**

14 A4. Please refer to the table below:

Witness	Description of Testimony
Anne Margolis	Ms. Margolis responds to GMP witnesses on planning, project selection criteria, and metrics. She also recommends that future ZOI work be folded into the existing Integrated Resource Planning and MYRP paradigm, and proposes the Commission open a proceeding to develop a statewide resiliency evaluation and metrics framework.
Claire McIlvennie	Ms. McIlvennie describes Vermont’s current environmental justice and energy equity policy and makes recommendations to ensure ZOI investments serve GMP customers equitably.
Steven Hunt	Mr. Hunt responds to the surrebuttal testimony of GMP witness Laura Doane and continues to uphold recommendations made in his prefiled direct testimony.

Kevin Mara	Mr. Mara responds to GMP witnesses Michael Burke and Joshua Castonguay. Ultimately, Mr. Mara modifies one of the interim metrics proposed in his direct prefiled testimony.
Carol Flint	Ms. Flint discusses GMP’s Service Quality Reliability Plan (“SQRP”) and continues to recommend changes in SQRP metrics that would allow regulators to better evaluate and provide for equitable outcomes for GMP’s ratepayers.
Bill Jordan	Mr. Jordan responds to GMP’s rebuttal testimony, describes two remaining areas of disagreement between GMP and the Department, and recommends some revisions to Rule 4.900.
Jacob Thomas	Mr. Thomas provides a recommendation for a performance-based incentive structure tied to performance metrics reflective of the third optional treatment of GMP’s ZOI being recommended by other Department witnesses in surrebuttal testimony.

1 **Q5. GMP disagrees with your previous testimony that the scale and scope of the proposed**
2 **ZOI does not fit within the intent of the Strategic Opportunity provision of the**
3 **MYRP. Has GMP’s testimony persuaded you?**

4 A5. No. GMP is misusing the Strategic Opportunity provision, perhaps from a
5 misunderstanding of the historical record. Mr. Burke, on page 21 of his prefiled rebuttal
6 testimony states that GMP is “utilizing the same approach here as we did in the Climate
7 Plan, approved by the Commission as a strategic opportunity during our last regulation
8 plan and then incorporated into our Integrated Resource Plan (IRP) and next regulation
9 plan.” This is not accurate. The Climate Plan was not approved as a strategic opportunity.
10 Instead, GMP’s 2020-2022 MYRP, approved in 2019, contained a provision – separate
11 from the “Strategic Opportunity” provision – that specifically allowed GMP to propose a

1 Climate Resiliency Plan.¹ The 2023 MYRP does not include that Climate Resiliency Plan
2 provision.

3 In approving the Climate Plan, the Commission clearly guided GMP to propose such
4 investments holistically within their IRP and MYRP.² In turn, GMP included climate
5 resilience planning in its 2021 IRP and climate resilience spending in its 2023 MYRP.³
6 With the submission of this petition, GMP has reverted to a separate and supplemental
7 climate resilience planning and spending paradigm, which, in my view, is contrary to the
8 spirit of the Commission’s directive.

9 **Q6. What are the requirements for Unexpected Circumstances and Strategic**
10 **Opportunities in GMP’s MYRP, pursuant to which the ZOI was filed?**

11 A6. GMP’s MYRP notes that Strategic Opportunities “help to advance GMP’s objectives of
12 lower-cost service to customers and increased integration of distributed energy resources”
13 and that “[i]n its petition for relief, GMP will bear the burden of demonstrating that the
14 proposed investments, expenses, and revenue for unexpected circumstances or new
15 strategic opportunities are in customers’ best interests and will result in just and reasonable
16 rates in the long run.”⁴

¹ See Case No. 18-1633-PET – 2019.06.07 – Compliance Filing – 2019-06-07 GMP Revised, Final MYRP, page 11 (“Notwithstanding the other provisions of this [MYRP], GMP may file a [Climate Resiliency Plan] proposing additional capital expenditures and/or targeted operational & maintenance expenses for climate change mitigation or storm hardening of GMP’s transmission and distribution system”).

² PUC Case No. 20-0276-PET 2020.09.24 Final Order Approving Green Mountain Power Corporation’s Climate Plan, page 2: “The Commission directs GMP to include climate resiliency planning in its 2021 Integrated Resource Plan and any future multi-year regulation plans it proposes.”

³ PUC Case 21-3707-PET 2022.09.14 GMP Final New Regulation Plan, specifically page 7, referring to capital expenditures, “These amounts will include... climate resiliency work similar to work described in the Climate Plan approved by the Commission in Case No. 20-0276-PET. . .”

⁴ Petition of GMP for approval of its new Multi-Year Regulation Plan, July 19, 2020, p. 11, Case No. 21-3707-PET.

1 **Q7 Has GMP sufficiently demonstrated that this Phase 1 ZOI investment will result in**
2 **lower-cost service to customers, and will result in just and reasonable rates in the long**
3 **run?**

4 A7. No. GMP has asserted as much⁵ but has not provided proof in the form of a financial
5 analysis in response to Department various discovery requests.⁶

6 **Q8. Are there other reasons why a demonstration of cost-effectiveness is important?**

7 A8. Yes. Without such a demonstration, it is impossible to understand the costs customers will
8 bear to improve the system to the promised standard (zero outages), whether those costs
9 are reasonable, and whether they are lower than alternatives. Significant investments must
10 come in the context of other costs borne by Vermont ratepayers. On page 13 of my prefiled
11 direct testimony, I provided a chart of GMP's recent rate changes, which reflected an
12 8.38% rate increase for GMP customers between October 1, 2022 and October 1, 2023.
13 Since my March 15, 2024, prefiled direct testimony, GMP's Major Storm Adjustment line-
14 item charge increased from 2.43% to 3.39%, culminating in a total rate increase of 9.42%
15 for GMP customers over a span of just a year and a half. Please refer to **Updated Table 3**
16 below:

⁵ For example, with emphasis added: "These investments will be long-lived capital assets that will save on operations including storm response and vegetation management while providing many tangible benefits to the grid and for customers as described in the supporting testimony and exhibits." (Petition for Strategic Opportunities Exemption of October 9, 2023, p. 8); "The ZOI is just an acceleration of work we are already doing to build a more resilient and *cost-effective system* in the face of extreme weather. It also results in the grid transformation necessary to achieve the electrification and decarbonization goals of Vermont. *The ZOI is a more cost-effective solution than the status quo* as all climate trends and predictions are showing an increase in severe storms in recent years, with 2023 being the worst (in addition to increasing threats from cyber and physical attacks)." (GMP Responses to DPS First Set of Discovery Requests, p. 73); and "Additionally, ZOI is designed to *deliver a more cost-effective system for all compared to the status quo* in the face of the cost challenges outlined in response to Q.DPS.GMP.1-118 above." (GMP Responses to DPS First Set of Discovery Requests, p. 164).

⁶ See, for example, A.DPS.GMP.1-72, stating "we have not performed any long-term...benefit-cost analysis."

Updated Table 3: Recent GMP Rate Changes⁷

Date	Increase/Decrease Amount	Reason
10/1/2022	Base Rate change of 2.34%	<ul style="list-style-type: none"> - Removed 1.34% Past Storm and Power Fixed Charge - Removed 0.19% Emerald Ash Borer Adjustor - Implemented Major Storm Restoration Fund Adjustor of 0.90% - Changed Current Energy/Major Storm Adjustor from -0.49% to 0.61%
3/5/2023	<ul style="list-style-type: none"> - Residential from \$1.00 to \$1.50 - Commercial from \$1.67 to \$3.00 - Industrial from \$55.50 to \$75.00 	Electric Assistance Program revised via Case No. 22-5173-TF, to update eligibility threshold from 150% of the federal poverty level to 185% in accordance with a state statute passed by the legislature. At the same time, the per meter, per month fees were updated. Rate revenue impact estimated to be 0.3%.
4/1/2023	Current Energy/Major Storm Adjustor from 0.61% to 0.60%	Adjusted pursuant to MYRP.
7/1/2023	Current Energy/Major Storm Adjustor from 0.60% to 0.89%	Adjusted pursuant to MYRP.
10/1/2023	Base Rate change of 5.29%	<ul style="list-style-type: none"> - Current Energy/Major Storm Adjustor from 0.89% to 2.43% - Major Storm Restoration Fund Adjustor from 0.90% to 0.83%
4/1/2024	Major Storm Adjustment	Major Storm Adjustment line-item charge from 2.43% to 3.39%
Total Increase	9.42%	October 1, 2022 – April 1, 2024

⁷ Updated Table 3 was created in consultation with Department witness Mr. Sean Foley.

1 **Q9. Should GMP be allowed to proceed without demonstrating that Phase 1 of the ZOI**
2 **will result in lower-cost service to customers and will result in just and reasonable**
3 **rates in the long run?**

4 A9. Not as proposed. This is the first proposed Strategic Opportunities Exemption requested
5 by GMP. Without holding the project to one of the very few guidelines on what constitutes
6 a valid such Exemption, the number and magnitude of requests could ultimately dwarf the
7 authorized MYRP spending and therefore pervert the intent of that planning framework. In
8 my prefiled direct testimony, I provided some background on the Strategic Opportunities
9 Exemption as well as an example of what may constitute such an exemption.⁸ The example
10 provided is not anywhere near the scale of GMP's ZOI.

11 **Q10. Please remind the Commission of the Department's Option I recommendation and**
12 **alternative Option II.**

13 A10. As described in my prefiled testimony, the Department's primary recommendation is
14 **Option I**, where GMP engages in a more meaningful and robust planning process before
15 beginning its ZOI investment. In **Option I**, GMP would integrate its ZOI planning with
16 its next IRP and future MYRPs, including meaningful engagement with customers,
17 communities, and other stakeholders to decide how GMP will select and prioritize
18 hardening, microgrid, and storage deployments. Cost estimates for the entire project, as
19 well as a suite of resilience and reliability metrics would be developed. The alternative,
20 **Option II**, recommends that GMP's preliminary Phase I investment be capped at \$50
21 million and that the Commission approve and GMP adopt a set of interim resilience and

⁸ Case No. 23-3501-PET, Poor PFT of 3/15/24 at 6, fn.3.

1 reliability performance-based metrics. The Department also developed interim
2 performance compensation mechanisms with defined minimum and targeted performance
3 levels, and formulas to calculate any necessary disallowances. Regardless of the options
4 provided above, the Department also recommended that GMP collaborate with the
5 Department and update GMP's outdated SQRP.

6 **Q11. Please describe your newly proposed Option III.**

7 A11. GMP in its rebuttal testimony described two circuits on which they are in the initial stages
8 of the hardening, undergrounding, and storage work that would be accomplished under the
9 ZOI – the EJ-G7 and 56G1 circuits. GMP articulates that these projects would
10 “demonstrate the effectiveness of ZOI” and “outline any learnings and improvements for
11 continued work.”⁹ They reviewed these projects using the Selection Criteria in the Climate
12 Plan that has been carried forward into GMP's IRP process. According to GMP, the
13 “performance and initial cost/benefit information from these projects – based upon actual
14 installations – will address the Department's desire for further analysis. . .”¹⁰ While that
15 remains to be seen, the two projects would provide the Department, GMP, and the
16 Commission with information to set and revise metrics as well as tie compensation to
17 performance for future efforts. GMP estimates the cost of this work on the two circuits to
18 be approximately \$80 million.

⁹ Pf reb. Testimony of Mr. Burke, page 15.

¹⁰ Pf reb. Testimony of Mr. Burke, page 17.

1 Given the apparently advanced nature of these two circuits in the planning process, the
2 Department proposes another alternative to **Option I**, called **Option III**, that would cap
3 Phase I investment at \$80 million, allowing for the EJ-G7 and 56G1 circuits to be fully
4 completed. The Department suggests that this allowance be conditioned upon GMP filing
5 notice with the Commission and Department, with 45 days for the Department (or other
6 entity) to request investigation. Such notice should include a full, transparent benefit-cost
7 analysis for the two circuits. The notice mechanism is similar to other filings that GMP
8 must make before spending ratepayer dollars (including innovative pilots), and would not
9 constitute any sort of pre-approval, whether or not there is an investigation. In addition,
10 Mr. Thomas's surrebuttal testimony proposes interim metrics and performance targets for
11 **Option III**.

12
13 Similar to **Option II**, **Option III** could allow for GMP to undertake more investments to
14 harden, underground, and provide storage, refine project selection criteria, develop
15 permanent performance-based metrics through focused engagement with customers and
16 stakeholders, and finalize a master infrastructure plan. These specific projects could allow
17 for better testing of the establishment of new and innovative metrics and allow this first
18 phase to advance more quickly. The remaining two years of the current MYRP allow for
19 approximately \$238 million in capital spending. Allowing an \$80 million increase in the
20 capital spending cap is approximately a 33% increase in allowable spending over the last
21 two years of the MYRP.

1 **Q12. Has GMP provided quantitative analysis supporting the benefits and costs of**
2 **investments on these two circuits?**

3 A12. No, in fact GMP continues to generally make claims about future reductions in costs, while
4 not providing any quantitative analysis. For example, see page 42 of Mr. Burke’s rebuttal
5 testimony: “[A]ll of this will also lead to electric service at a cost that it is not only just and
6 reasonable compared to the repeated, increasing costs of storm repair and maintenance...
7 as costs will go down over time....” When asked in discovery to provide the quantitative
8 analysis to support this statement, Mr. Burke refers to other non-responsive answers,
9 including DPS.GMP.3-8 which says “[c]onducting specific analysis of future cost
10 savings...is unknowable, but we know the savings will be substantial.” The Department
11 questions GMP’s “knowledge” of costs savings when GMP admits ZOI costs are
12 “unknowable.” See also Mr. Castonguay’s rebuttal testimony, asserting that the ZOI will
13 “be more cost-effective than the status quo,” but he provides no quantitative analysis to
14 support such a statement when asked.¹¹ This follows substantial earlier discovery (see
15 above footnotes 2 and 3).

16
17 GMP cannot have it both ways – it cannot say that costs will go down, or assert cost-
18 effectiveness, but then refuse to do a cost-effectiveness analysis on the basis that the future
19 is “unknowable.” All forward-looking forecasts are speculative on some level, however
20 that is why GMP undergoes a robust IRP process. Forecasting potential future outcomes
21 is a normal utility endeavor in decisions beyond the IRP process as well. For example, in

¹¹ See A.DPS.GMP.3-16.

1 my experience when making a power supply investment, GMP projects the future revenues
2 associated with the investments and compares those to its projected avoided costs. This
3 process allows the utility to understand potential future risks and opportunities and develop
4 a decision-making framework to best position Vermont ratepayers in the face of future
5 uncertainties. Potential uncertainty is not an excuse to avoid such analysis.

6 The Department's original \$50 million threshold for **Option II** was based on a level that
7 could reasonably be considered to fit into the "Strategic Opportunity" exemption in the
8 MYRP. It has the benefit of being based on GMP's estimate of investing in storm
9 hardening, undergrounding, and storage on two of the worst performing circuits in its
10 territory. It could provide a test case for future, similar investments that are then made
11 pursuant IRP planning and MYRP capital budgeting processes. **Option III's** 33% increase
12 in capital expenditures over the last two years of the MYRP proposal can similarly be
13 considered closer to the scope of the Strategic Opportunity exemption (as differentiated
14 from more than doubling capital expenditures as initially proposed by GMP). It provides
15 GMP, the Commission, and the Department with the opportunity to learn to ensure future
16 investments – if such investments are warranted after full assessment of potential benefits
17 and costs – are in the best interests of ratepayers. The advantage to **Option III** is that it is
18 focused on two known circuits where planning has already been completed. The primary
19 difference between **Option II** and **Option III** is the specific focus on two identified
20 circuits, and the associated increase in the capital expenditure cap.

1 All proposed Options include changes to SQRP, as proposed by Ms. Flint and Mr. Jordan,
2 and contemplate the need for broader engagement and planning efforts as part of GMP's
3 IRP and MYRP, as described by Ms. Margolis and Ms. McIlvennie.

4 **Q13. Do you have any other thoughts about GMP's refusal to estimate the benefits and**
5 **costs of their proposal?**

6 A13. GMP seems to expect the Commission to approve over a *quarter-billion*-dollar investment
7 with only cursory analysis of the economic impacts. That would imply that such
8 investments are warranted at *any cost*. GMP has not made the case that these investments
9 are mandatory. While some limited impacts *may* be "unknowable," GMP has a
10 responsibility to quantify impacts to the best of its ability and consider various potential
11 futures in order to best choose the best path forward; instead GMP has relied on its
12 substantial public relations and marketing efforts to carry the day. Fortunately for
13 ratepayers, GMP is a regulated utility needing to abide by the statutory and regulatory
14 frameworks that have been established to ensure fulsome review of potential investment of
15 ratepayer dollars. The ZOI could well be in the public interest, but GMP cannot just skip
16 the process of analyzing and proposing projects pursuant to regulation because it thinks its
17 proposal is good. That would set a poor precedent for future investments.

18
19 GMP may argue that these investments will go through rate review – but such after-the-
20 fact review brings its own challenges. For instance, a disallowance of a *quarter-billion*
21 dollars of investment after the fact would likely put the Company at substantial financial
22 risk – lowering its credit rating and causing costs to ratepayers.

1 **Q14. Can you summarize and prioritize the Department's recommendations?**

2 A14. The Department's primary recommendation remains **Option I**, where the ZOI undergoes
3 the planning that was envisioned by the Commission in approving the Climate Plan and
4 MYRP, before GMP's capital expenditure cap is increased. The Department has two
5 alternative recommendations, if the Commission prefers to increase investment without
6 more robust planning first. **Option II** allows for an increase in \$50 million to the capital
7 expenditure cap under the MYRP, with interim metrics, performance targets, and
8 compensation tied to performance. **Option III** allows for an increase in \$80 million to the
9 capital expenditure cap under the MYRP to support the two circuits identified by GMP
10 where it appears greater planning has already occurred, on the condition that a cost-benefit
11 analysis is filed with notice of the specific project investment becoming imminent. Interim
12 metrics and compensation tied to performance are also features of **Option III**.

13
14 In order of preference, **Option I** remains the Department's primary recommendation, to
15 ensure that ZOI follows the regulatory and statutory framework laid out to ensure efficient
16 ratepayer investment. **Option III** is the Department's second preference because it is
17 directly connected to planning that appears to have already occurred, and it more closely
18 aligns with the Commission's Climate Plan and MYRP Orders. **Option II** would be the
19 last choice, but still better than the ZOI as proposed by GMP.

20 **Q15. Does this conclude your testimony?**

21 A15. Yes, it does.