

**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 Regulation Plan)

GREEN MOUNTAIN POWER’S REPLY BRIEF

Green Mountain Power (“GMP”) submits the following reply brief in further support of GMP’s proposed Zero Outages Initiative (“ZOI”) and in response to the Department of Public Service’s (“DPS” or the “Department”) Post-Hearing Brief.

The Department’s brief shows areas of agreement with GMP’s proposal to address the impact on customers’ electric service caused by the uncontested climate crisis Vermont is facing. We both agree that action is needed to help customers. For example, their “Option III” – which the Department states in briefing is their preference – is sized to improve two circuits, directly benefiting about 5,000 customers.¹ While we appreciate the acknowledgement that this work is needed, and that the Department has moved past the initial “Option I” recommendation,² GMP knows more can be done now to help more people.

As further outlined in GMP’s brief and proposal for decision, all the areas raised by the Department are addressed through GMP’s proposal which includes continued outreach and engagement; further project planning; annual data reporting and performance measures; and appropriate and thorough regulatory review of investments made as a part of this initiative if

¹ GMP Br. at 23–28, 30; GMP Proposed Findings of Fact and Order (“PFD”) at 36–39. GMP’s request instead seeks to address about 40 circuits and over 50,000 customers in the next two years. GMP PFD ¶¶ 87–92.

² Ms. Margolis accurately described on the stand how this recommendation would likely delay ZOI work by well over two years, not a “few additional months” as stated in the Department’s brief. GMP PFD ¶ 107.

approved. The reason why GMP seeks approval of ZOI at this requested scale and at this time – as opposed to proceeding at a smaller scale or with further delay – is because of the truly frightening, dangerous, and extremely expensive storm damage Vermont has experienced just in the past two years since its current regulation plan was approved. This initiative meets the need of GMP customers by creating a strategic opportunity through significantly accelerated investments in proven solutions across each circuit throughout GMP’s territory, starting with the worst-hit areas first. This approach, combined with continued and robust reporting and regulatory oversight that places investments into rates only after Commission approval, will ensure ZOI delivers for customers.

In September 2021, GMP filed the current Multi-Year Regulation Plan (“MYRP”) coupled with a rate case filed just a few months later to set baseline costs and expected budgets for the following four fiscal years. GMP incorporated an annual level of Climate Plan spending in its capital budgets consistent with the Commission’s Climate Plan approval and the GMP 2021 Integrated Resource Plan (“IRP”). To further help defray and smooth unexpected cost spikes for customers from climate change damage that was just starting to take hold, GMP proposed and the Commission included in the MYRP for the first time a specific, additional fund of \$6M/year to help cover the cost of major storms.³ The level of the fund was meant to be sized appropriately to avoid cost spikes to customers after every large storm. To ensure GMP was not collecting more for storm costs than needed, the MYRP included a refund mechanism for customers to receive funds back if storm costs were less than the fund collections.⁴

³ Case Nos. 21-3707-PET/22-0175-TF, Aug. 31, 2022 Final Order at 10-11.

⁴ *Id.* at 10-11 (imposing \$12M agreed-upon cap for storm restoration fund); *see also* Case No. 21-3707-PET, Sept. 1, 2021 Direct Prefiled Testimony of Edmund Ryan and Rob Bingel at 29 (GMP would “return the [storm restoration] funds to customers if the fund accumulates a significant balance.”).

Within a year of the Plan’s approval, these assumptions were blown out of the water. By the end of FY23, GMP’s customers had incurred \$45M in major storm costs – more than ever before – representing 40% of all storm costs over the past decade.⁵ GMP proposed further methods to smooth these unexpected, extremely significant costs for customers by carrying them on GMP’s books longer, delaying the start of recovery, and offsetting them with any positive results in revenue or power supply. Even after these steps, climate change-driven storms kept coming and the amounts needed to cover the damage climbed. By the time GMP filed rebuttal testimony in April, that amount had climbed to \$65M.⁶ Together with all other storm costs (including those that do not qualify as “major storms”),⁷ this new normal of climate-driven extreme storms has caused \$90M in restoration costs since the MYRP went into effect, far higher than had been anticipated and approved at that time.⁸ And as of the writing of this reply brief, Vermont has experienced again a climate change-driven storm with catastrophic flooding and heartbreaking impacts, created by the remnants of Hurricane Beryl, which rapidly strengthened to a Category 5 storm earlier in the season and further east in the ocean than ever seen, driven by record-warm temperatures in the Atlantic that have led to dire predictions about the 2024 hurricane season.⁹

Something more has to be done, now. These storms are not stopping, and further delay continues to put customers at risk both with safety and escalating storm restoration costs. With

⁵ GMP’s PFD at ¶¶ 7-8.

⁶ GMP PFD at ¶ 9.

⁷ Non-major storms are budgeted in advance during GMP’s traditional rate filing that bookends the MYRP period and reflect recent historical averages; GMP, not customers, therefore pay for excess costs when incurred and customers only share in these under the asymmetrical Earnings Sharing Adjustor Mechanism in the plan. GMP PFD at 3, n. 4.

⁸ Tr. 6/11/24 at 27 (Burke).

⁹ See <https://www.climate.gov/news-features/event-tracker/category-5-hurricane-beryl-makes-explosive-start-2024-atlantic-season>.

even the most optimistic mitigation of climate change, we will continue to see a worsening of the now-inexorable pattern of wetter, windier, more frequent, and more damaging storms. Every storm is a concerning risk for more impact. And there are not just storm repair dollars at stake. Communities and customers have been, and will continue to be, severely affected by these storms. During the winter of 2022-23 preceding the ZOI filing, some were out of power for days during extreme cold, during storms where neighboring states saw deaths due to the lack of heat and power.¹⁰ Following that winter season, the Commission recognized the widespread community impacts and for the first time opened a docket on statewide utility storm response in Vermont.¹¹ What Vermont has experienced in these storms – and in the major flooding just a few months later in July 2023, and again during storms last fall, and again this past winter through this April – has been a major wake up call. Climate change impacts are accelerating, driving much more extreme, frequent storms than Vermont has seen in the past. Despite planning and support for the initial resiliency investments GMP has implemented, the infrastructure that GMP customers depend on remains highly vulnerable to this worsening weather and the capital investment limit set in the MYRP is inadequate to meet the urgent need.¹²

In the wake of the 2022-23 winter season, GMP went out and spoke with impacted Vermonters in over 30 community meetings, open to the public with many publicly warned through town officials, to hear what they experienced and tell them about our storm response. Rural communities, with many residents of limited means and other vulnerabilities present at

¹⁰ For example, in the bitter cold and heavy snows of the 2022-23 winter storms that caused widespread power outages and lack of heat in the regions, communities around Buffalo, New York lost more than 30 residents because of failures to anticipate the length and severity of the impacts.
<https://nytimes.com/2023/06/02/nyregion/buffalo-blizzard-emergency-response.html>.

¹¹ Case No. 23-0834-INV, opened Mar. 15, 2023 with workshop held Sept. 21, 2023.

¹² GMP PFD ¶¶ 1-5; GMP Br. at 13 (quoting Bill Jordan’s comments at the Commission’s 2023 Storm Workshop).

these meetings, were particularly hard-hit. Residents and town officials shared stories of struggling to help neighbors cut off for days by large, downed trees, power lines, and heavy wet snow.¹³ The Department's brief does not represent the work GMP did with communities prior to developing ZOI. What preceded this filing was an extensive set of meetings that led to ongoing, direct engagement with communities in GMP's territory hardest hit by storm damage.¹⁴ With this input, GMP set to work developing a comprehensive, zoned approach by circuit to accelerate and deepen the use of tools we already have at our disposal to avoid outages. GMP filed the ZOI petition soon after and in response to the Commission's own public hearing on storm response – spurred by that same devastating winter – in which the Department itself noted the need to think differently and be innovative.¹⁵

GMP filed this petition to address proactively the immense damage and unbudgeted costs customers have experienced, doing so after extensive outreach, with thoughtful planning, and as quickly as possible after the 2022-23 winter season. It is disheartening that the Department puts aside these customer calls for action now, as well as GMP's outreach, planning, and response to this crisis. DPS's view regarding the timing of the petition, and its suggestion that the petition was filed for some reason other than to address these severe customer impacts, are unsupported and misplaced. GMP's most senior line workers tell us they have never seen anything like the deluges, heavy wet snow, and wind these storms have brought – now with an increasing frequency – and how incredibly concerned they are that we need to do more to prepare to keep

¹³ GMP Br. at 13–14.

¹⁴ In addition, GMP made clear in its testimony that GMP is constantly in contact with customers and communities leading up to and during storms through the call center, direct outreach, and more. Tiana Smith pf. reb. at 7-10.

¹⁵ GMP Br. at 13 (quoting Bill Jordan's comments at the Commission's 2023 Storm Workshop). *See also* Case No. 23-0834-INV, Tr. 9/21/24 at 115:11-23.

customers and colleagues safe.¹⁶ Indeed, the Department’s own witnesses do not dispute the size of the problem or the impact of storms on customers,¹⁷ even if those same sentiments do not come through strongly in DPS’ brief. There is an urgent need to do more now to keep customers safe and protect Vermont’s future, and that is what ZOI is about.

The Department’s brief also does not recognize the unexpected and sharp rise in damaging storms as a reason for filing the ZOI petition, and instead mischaracterizes the Strategic Opportunity Exception in the MYRP as requiring novel *solutions* rather than new *circumstances*.¹⁸ If that requirement were read into the MYRP as the Department suggests, it would unreasonably prevent GMP from responding to new circumstances in a way that benefits and protects customers using time-tested tools, which would be inconsistent with both the plain language and intent of the provision. And regardless, while the components of the ZOI are widely used and proven, the overall comprehensive ZOI approach is, in fact, a new solution – as the Department’s own witnesses acknowledge¹⁹ – and the increasing storm severity is both new and dire. It is clear ZOI meets the language and intent of the Strategic Opportunity Exception.

The Department also overlooks the cost-benefit information GMP has provided here and would continue to provide for each project as they are completed and submitted for Commission review. GMP’s testimony includes direct comparisons of unbudgeted storm costs in the past two years to the current capped investment levels; proof that the three techniques of undergrounding,

¹⁶ Donald Mills & Kyle Buxton pf. reb. at 3–8, 12.

¹⁷ GMP PFD ¶¶ 4-5, 10.

¹⁸ See DPS Br. at 8 (citing Case No. 21-3707-PET, Joshua Castonguay pf. at 21 (explaining that the MYRP exceptions were designed to retain “flexibility to respond to novel *opportunities*”) (emphasis added)). The Department’s contention that strategic opportunities need to be “novel in ... form,” finds no support in the record. DPS Br. at 8. For example, the Department itself notes that a strategic opportunity could be the purchase of a generating facility for sale – hardly novel in form, though again the situation is new. DPS Br. at 12, n. 38.

¹⁹ GMP PFD ¶ 28.

storm hardening, and storage work for customers are the least-cost option for their applications; and a commitment to document individual projects as required by the MYRP so that the Department and Commission can confirm they are appropriate before they are included in rates. GMP has provided cost-benefit information – just not the particular type of analysis the Department envisions, because as the record demonstrates that would require speculation on the extent and location of future storms and would be wholly inadequate to capture the diverse impacts customers experience beyond storm restoration costs. That analysis is also not required to evaluate this petition under the MYRP or Section 218d and the record demonstrates that this component of ZOI will result in just and reasonable rates for customers.

The Department similarly does not acknowledge the benefits of the regulatory accounting treatment GMP has proposed, which will not add investments to rate base until projects are completed and reviewed for approval after the fact by the Commission. Instead, its brief repeats a speculative estimate projecting the entirety of ZOI investments requested by them in discovery and extending well beyond this petition, without also recognizing that Vermont could easily see far more in storm damage within the same time horizon if deeper investments are not made.²⁰ That is the evolving and volatile reality – unknown, unbudgeted, repeating storm costs year after year, with the attendant damage to communities and the real risk of safety to customers.

These investments work, can be monitored and controlled by GMP, the Department, and the Commission, and are amortized over decades, lowering their immediate cost impact to customers while creating a more reliable, resilient electric system that can support them every

²⁰ The \$1.5B figure mentioned in press reports, in the Department’s discovery to GMP, and repeatedly in the Department’s brief was based only upon a straight calculation of the current per mile estimate of storm hardening multiplied by all GMP system miles to which that could apply. It is not and never was intended to be an estimate of what the ZOI investment – which will be done through strategic choices of zoned investments starting with the hardest-hit areas in GMP territory – actually will cost. *See* Exh. DPS-AM-3.

day. The Department dismisses zero outages as a goal – but over 80,000 of GMP’s customers experienced exactly that last year and, with focus and investment, so can the rest. GMP’s ZOI is about equity for all customers, not just those in already storm-hardened areas. Customers in even the most rural, vulnerable areas should have electric service they can count on all the time, just as many other communities have for years.

The Department’s brief also overlooks the importance of ZOI investments to keeping future rates affordable for customers in the face of this climate crisis. The accelerating rate pressure from storm restoration is a clear signal to act, not a reason to limit necessary investment now and wait.²¹ With so many cost pressures that are out of GMP’s control, it is important to do everything possible to address those costs that can be mitigated. Customers cannot afford tens of millions in unbudgeted, unknown storm costs year after year, with not enough progress to bend the cost curve of future maintenance and service so that rates do not continue to climb in the years ahead.

We are in a climate crisis. We have a solution that we know works once deployed. If we do not act now, customers will continue to bear these rate impacts in addition to all the direct

²¹ See DPS Br. at 18-19, Table 1. While the table is somewhat difficult to follow (for example, several of the entries appear to reverse the information in the “rate increase/decrease” column and the “reason” column, so it is not clear how all the values in the Table are added), it does make clear that major storm expense is a substantial driver – in fact the largest driver – of rate increases over the period measured, representing on its own nearly *half* of the total increase. This is especially remarkable in a period with high inflationary pressure as well as energy market disruptions from the war in Ukraine. The Department also uses Table 1 to single out GMP with a negative focus without mentioning the context of the many rate changes at other distribution utilities in Vermont, and regionally, over the same time period, or the steps GMP has taken to mitigate these changes for customers. The Department also cites GMP’s recent FY25 base rate filing, without stating that this requested change is actually lower than the projected smoothed base rate change expected for the same year that was filed during the approval of the FY24 base rates as required by the MYRP, even with approved and included additions.

impacts of storms. As regulators in other states have also recognized, there is no choice here but to respond to the crisis we are already in.²²

There are other differences between the Department's recommendations and the evidence in this case. For example, as explained in more detail in GMP's PFD, the project-by-project master planning analysis DPS seeks is not in line with how capital projects are approved under the MYRP.²³ The Commission can be assured that all ZOI projects will benefit customers before the investments are included in rates, through the regulatory approval process GMP proposes and the capital planning and documentation process – in place through multiple regulation plans – that is intended to address just this.²⁴ As further assurance, GMP has committed to substantial ongoing data reporting and agrees a ZOI-specific addition to its SQRP can serve as a way to measure and provide a performance guarantee to customers.²⁵

Another example is seen in the Department's support of penalty metrics. The Department has agreed with all the data reporting metrics GMP proposes and has also proposed to address ZOI-specific SQRP performance guarantees following an approval in this case.²⁶ They nevertheless also continue to support the same proposed penalty metrics described in their

²² GMP Br. at 4-5.

²³ *See e.g.*, GMP PFD ¶ 112 (DPS's master planning process is inefficient and calls for the commitment of significant resources to design projects before any spending is even approved). In addition, the Department summarizes its position on the use of the Strategic Opportunity Exception as "simply" asking only for GMP to use the "the robust and transparent planning processes within the existing frameworks specifically created by GMP and approved by the Commission." DPS Br. at 11-12. That is exactly what is proposed here. ZOI uses the previously approved Climate Plan and Broadband Deployment Rider framework as well as the project-by-project capital planning process required of all MYRP capital work. None of the existing frameworks under the MYRP or programs approved as exceptions to the MYRP call for a whole-program master plan with the specific cost-benefit analysis the DPS describes. GMP has also committed to including ZOI planning in its upcoming IRP and future regulation plans.

²⁴ DPS agrees and expects that this approved process would apply to all ZOI projects. GMP PFD ¶ 43.

²⁵ GMP Br. at 32-33.

²⁶ GMP Br. at 33-38 & Attachment 1. With respect to proposed data reporting and SQRP revisions, the Department has not clarified its final request on these issues as requested by Commission staff, Tr. 6/11/24 at 247-48, other than to generally reiterate its prefiled testimony.

opening testimony without modifying their recommendation based upon evidence of deficiencies in these metrics presented during this case. *See* GMP Br. at 37-44. This underscores the benefit of instead pursuing a separate, thoughtful approach to performance guarantees for ZOI investments through GMP's SQRP update, as proposed by some Department witnesses and agreed to at the hearing by GMP.

The Department also continues to recommend, if their preferred Option III is approved, a separate filing prior to commencing further work on the two circuits this option would benefit.²⁷ ZOI is not a pilot, and though the data gathered from completing two circuits in full is valuable, there is no reason or support in the record to require further check in filings prior to implementing that work. The driving goal of this Petition is to help customers who need it the most – as many as possible, as fast as possible – and to thereby start reducing storm costs for all customers. The Department's proposed Option III would limit improvements to about 5,000 customers on two circuits, not permitting GMP to accelerate improvements on all 20 least-reliable circuits and beyond.

In the face of this climate crisis, delay in implementing these additional investments is neither responsible nor in customers' best interest. This is particularly true given all the regulatory accounting and approval processes proposed by GMP for these investments, and the fact that additional planning for future ZOI investments can proceed at the same time as, and be informed by, this first component of work. GMP remains focused on the safety of customers and colleagues, our top priority, while delivering reliable cost-effective service. GMP seeks to implement the ZOI as a direct, immediate, and necessary part of fulfilling those commitments. GMP asks that the Commission allow this important initiative to proceed now at a scale that can

²⁷ Walter (TJ) Poor pf. surreb. at 9; Tr. 6/11/24 at 175-76 (Poor).

meaningfully address the increasing storm costs and risks customers face, knowing that there are robust protections in place to ensure investments made through ZOI are prudent and will deliver benefits to customers.

Conclusion

For the reasons set forth in GMP's Post-Hearing Brief, Proposed Findings of Fact, and in this reply, GMP respectfully requests that the PUC approve the Zero Outages Initiative as proposed by GMP and set forth in the evidence and its post-hearing briefing under the Strategic Opportunity Exception provision of GMP's MYRP.

Dated at Burlington, Vermont, this 12th day of July 2024.

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