

**STATE OF VERMONT  
PUBLIC UTILITY COMMISSION**

Case No. 23-3501-PET

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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	
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**REPLY BRIEF OF THE  
VERMONT DEPARTMENT OF PUBLIC SERVICE**

## I. INTRODUCTION

The Vermont Department of Public Service (“Department”) rejects the narrative reflected in Green Mountain Power Corporation’s (“GMP” or “Company”) post-hearing brief (“GMP Brief”). As a matter of policy, the Department recognizes that a resilient grid is essential for customers, and resiliency measures are important. In short, the Department could not have been clearer in this proceeding about its general support for a more resilient grid.<sup>1</sup> The actual issue at hand in this proceeding is the manner by which GMP arrived at its ZOI proposal: whether or not GMP appropriately developed and proposed its ZOI in a way that not only considers but effectuates (1) forward-looking risk analysis of resilience threats and system vulnerabilities; (2) short- and long-term cost benefit analyses; (3) any and all cost-effective alternatives to proposed work; (4) input from customers on the value of resilience, willingness and ability to pay for resilience, and prioritization of investments, based upon fully transparent presentations and discussions; (5) collaborative efforts with the Department, the Vermont Public Utility Commission (“Commission”), and other affected stakeholders; and (6) the regulatory frameworks already established that exist to ensure a reasonable balance is struck between a degree of resilience and reasonable rates. Therefore, the Department cannot recommend the Commission approve GMP’s ZOI proposal as filed.

## II. ARGUMENT

### A. *The Department’s ZOI counterproposals more accurately reflect the comprehensive resiliency planning occurring in other states.*

To support its position in this proceeding, GMP cites to other state commissions and utilities considering grid resilience.<sup>2</sup> But these cited proceedings only work against GMP and,

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<sup>1</sup> See Case No. 23-3501-PET, Walter Poor (“Poor”) pf at 2, 11.

<sup>2</sup> GMP Brief at 4-5.

actually, mirror the Department's recommendations. For example, when describing Central Maine Power's ("CMP") recent rate increase, GMP does not fully explain the Maine Public Utilities Commission's intent to host an entire proceeding to explore the appropriate balance between grid resilience and affordability for ratepayers.<sup>3</sup> CMP also already operates pursuant to a resilience plan with a full cost-benefit analysis incorporated therein.<sup>4</sup> In New York, National Grid has formed a Climate Resilience Working Group with numerous stakeholders to guide its planning.<sup>5</sup> National Grid also conducted a comprehensive Climate Change Vulnerability Study with a Business Case Justification therein including System Reliability scoring, Criticality scoring, and Community Resilience Scoring—much more than GMP has provided in this instant proceeding.<sup>6</sup> Regarding GMP's reliance on New Hampshire's Eversource, GMP fails to include the critical fact that Eversource's latest rate-increase proposal, inclusive of resilience measures, would implement performance-based regulation to ensure customers are protected and regulators can follow progress: "[Eversource's performance-based regulation proposal] is designed to avoid the 'unpredictability' of sequential base-rate filings and associated step adjustments, the utility said. It would move some costs into base rates and includes 'enforceable reliability metrics,' including penalties associated with the frequency and duration of outages, according to the filing."<sup>7</sup> Of note, Eversource proposes \$182 million over four years, whereas GMP seeks in this current instance \$280 million over two years, and as much as \$1.5 billion over six years—a marked difference,

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<sup>3</sup> <https://www.pressherald.com/2024/06/12/cmp-bills-to-go-up-this-summer-after-regulators-approve-rate-hikes-tied-to-storm-costs/>

<sup>4</sup> <https://www.cmpco.com/documents/40117/126017242/Climate+Change+Protection+Plan.pdf/b065323d-0a58-f02d-47e9-522dde1e916c?t=1714493960288;> [https://npr-brightspot.s3.amazonaws.com/legacy/sites/mpbn/files/201912/april\\_2019\\_resilience\\_plan\\_2019-00194.pdf](https://npr-brightspot.s3.amazonaws.com/legacy/sites/mpbn/files/201912/april_2019_resilience_plan_2019-00194.pdf)

<sup>5</sup> <https://www.nationalgridus.com/media/pdfs/our-company/national-grid-crwg-overview.pdf>

<sup>6</sup> [https://www.nationalgridus.com/media/pdfs/our-company/national-grid-climate-change-resilience-plan\\_2023.pdf](https://www.nationalgridus.com/media/pdfs/our-company/national-grid-climate-change-resilience-plan_2023.pdf)

<sup>7</sup> [https://www.utilitydive.com/news/eversource-new-hampshire-proposes-182-million-distribution-rate-increase-PBR/719071/;](https://www.utilitydive.com/news/eversource-new-hampshire-proposes-182-million-distribution-rate-increase-PBR/719071/) [https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-070.html.](https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-070.html)

particularly given GMP's smaller customer base.<sup>8</sup> Eversource is also analyzing hazards, vulnerabilities, alternatives, and conducting cost-benefit reviews.<sup>9</sup> Had GMP come forth with a proposal similar to Eversource's—which echoes the Department's counterproposals—perhaps the Department's position in this proceeding would have been different.

***B. GMP improperly conflates the Department's interim-metric recommendations with its separate Service Quality Reporting Plan (“SQRP”) recommendations.***

The Department recommends the interim metrics, targets, and penalty mechanisms proposed by Mr. Mara, Mr. Thomas, and Mr. Foley because of the significant additional capital investment that GMP proposes to spend immediately. More specifically, the interim-metric reporting recommended by Mr. Mara, Mr. Thomas, and Mr. Foley is meant to occur outside of the SQRP and as a supplemental reporting tool for understanding the specific impacts, outputs, and outcomes of the novel ZOI capital investment.<sup>10</sup> The Department proposes its interim metrics, targets, and reporting mechanisms as a system of checks and balances for any spending approved now so regulators, GMP, and customers can monitor and learn the exact impacts of GMP's proposed spending before more ratepayer dollars are invested without evidence that the ZOI will be in customers' best interests.

In turn, the recommendations that Ms. Flint and Mr. Jordan make for ZOI-specific updates to the quasi-permanent SQRP cater to the overall long-term ZOI impacts and how well the Company is delivering on its promise of zero outages. Ms. Flint's and Mr. Jordan's SQRP recommendations would establish long-term measurement protocols, based upon the interim

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<sup>8</sup> Id.

<sup>9</sup> Id.; [https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-161/LETTERS-MEMOS-TARIFFS/20-161\\_2021-05-28\\_EVERSOURCE\\_SYSTEM\\_ASSESSMENT.PDF](https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-161/LETTERS-MEMOS-TARIFFS/20-161_2021-05-28_EVERSOURCE_SYSTEM_ASSESSMENT.PDF).

<sup>10</sup> See Case No. 23-3501-PET Sean Foley (“Foley”) pf. & pf. sur.; Kevin Mara (“Mara”) pf. & pf. sur.; and Jacob Thomas (“Thomas”) pf. & pf. sur.;

metrics, that provide the Department and the Commission with more accurate information about customer service and reliability.<sup>11</sup> The reporting recommended by Mr. Mara, Mr. Thomas, and Mr. Foley could most certainly inform any ZOI specific updates to the SQRP not because that is the best place for reporting of metrics, but because GMP's customers who are footing this bill need to have reassurance that each project results in the anticipated outcome and that the entire ZOI will result in overall material benefits to customers at just and reasonable rates.

***C. The Department's recommendations in this proceeding will not delay the ZOI.***

The Department continues to question GMP's repeated assertion that the ZOI must be approved now, as filed, to benefit customers. In fact, GMP argues, without evidentiary support, that "waiting" to implement the ZOI will not be in the best interest of customers.<sup>12</sup> However, the Department never recommended that GMP "wait" to begin the ZOI. While the Department's Option I urges more appropriate planning on GMP's part, the Department's Option II is still on the table and has always offered a generous \$50 million over the current capital spending cap for GMP to start this work now while the Company continues to develop its ZOI.<sup>13</sup> Under this proposal, GMP would be able to implement resiliency across circuits, establishing interim metrics to be evaluated while the broader ZOI is properly planned. Option III is even more generous with an \$80 million increase over the current \$119/year capital spending cap, improving reliability on its least-reliable circuit (EJ-G7) and on a circuit with several of the worst-performing Zones (56G1) where GMP has indicated it has completed more of the planning legwork.<sup>14</sup> Many actions

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<sup>11</sup> See Case No. 23-3501-PET Bill Jordan ("Jordan") pf. & pf. sur. and Carol Flint ("Flint") pf. & pf. sur.

<sup>12</sup> GMP Brief at 7; See also GMP Brief at 13 (GMP claims that the "ZOI provides critical resilience work, at the *right* scale, focused in the *right* places, in order to provide the *greatest benefit* for customers..." but – as described in detail in the Department's post-hearing brief, there is no evidentiary support to justify this assertion) (emphasis added).

<sup>13</sup> See Poor pf. at 12.

<sup>14</sup> See Poor pf. sur. at 8-9.

intended to address climate change are urgent, but there is equal urgency in protecting ratepayers via the existing balanced regulatory framework that is directed toward ensuring the prudent use of ratepayer dollars. The Department has proposed metrics, targets, and penalties that, if the Commission approves, would allow the ZOI to move faster with appropriate ratepayer protections.

***D. The ZOI is not business-as-usual and should not be treated as such.***

In its brief, GMP indicated that if a certain circuit does not receive Department of Energy funding, GMP would “work it into the initial ZOI planning.”<sup>15</sup> This assertion is especially concerning as initial ZOI planning should already be complete, not pending. GMP’s new approach of asking for money now and planning later, especially with a capital spending ask of this magnitude, cannot reasonably be deemed beneficial for customers. GMP explains that, in the past, GMP has always requested rate inclusion of a project only after the project was placed in service, but the ZOI is not business-as-usual for the Company.<sup>16</sup> This \$1.5 billion+ of ratepayer funds—if spent but subsequently determined improper for inclusion in rates—could financially jeopardize the Company. Arguably, this initiative is almost too big to fail, and to expect regulators to assess the merits and cost-effectiveness of this initiative without due regard for customary ratepayer protection analysis is unreasonable and risks unduly burdensome financial consequences for the ratepayers, many of whom are already struggling to pay their electricity bills.<sup>17</sup>

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<sup>15</sup> GMP Brief at 21, n.43.

<sup>16</sup> Id. at 32.

<sup>17</sup> In GMP’s recently filed rate increase request of 5.26% in Case No. 24-1709-TF, many members of the public have already written to the Commission to “express...opposition to this increase.” Commenters have noted that GMP’s recent rate increases, including its current request—much of which is, in fact, not storm related—are “completely unsustainable” and have requested that the Company “[w]ork within the present means.” See Public Comment of Erica Walch (7/10/24); Public Comment of Sarah Kemp (7/8/24); Public Comment of Carolee Gulley (7/2/24).

### III. CONCLUSION

In support of its position, GMP draws attention to its many firsts: one of the first innovative pilot programs; the first-in-the-nation residential energy storage system and bring your own device tariffs; the first utility renewable-only microgrid; deployment of whole-neighborhood, all-electric resilience solutions; and more listed.<sup>18</sup> While these milestones are commendable, being “first” is not the goal. Rather, the goal is to protect ratepayers by ensuring that they are provided with reliable and safe electricity service at just and reasonable rates.<sup>19</sup> Unfortunately, the evidentiary record in this case fails to make clear whether GMP's ZOI as proposed meets this statutory mandate. And the magnitude of the proposed ZOI—demonstrably larger an initiative than any of the above—demands more ratepayer protections than GMP has offered in this proceeding. Thus, for the reasons set forth in the evidentiary record, in the Department's post-hearing brief of July 1, 2024, and herein, the Department respectfully recommends that the Commission reject GMP's ZOI as proposed and, instead, adopt one of the Department's three proposed Options. These Options were developed with Vermonters in mind and will afford the necessary ratepayer protections during a time of ever-increasing electric rates and further, necessary ZOI planning.

#### VERMONT DEPARTMENT OF PUBLIC SERVICE

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<sup>18</sup> GMP Brief at 6.  
<sup>19</sup> 30 V.S.A. § 218d.