STATE OF VERMONT PUBLIC UTILITY COMMISSION

Case No.	
In re: CARES Act Paycheck)
Protection Program Loan to)
Green Mountain Power Corporation)

§ 108(a)(1) NOTICE OF EMERGENCY INDEBTEDNESS, OR IN THE ALTERNATIVE, § 108(a) PETITION FOR CONSENT TO INCUR INDEBTEDNESS

Green Mountain Power Corporation (GMP), pursuant to 30 V.S.A. § 108(a) and the Public Utility Commission (Commission) Order Approving Standards and Procedures Regarding Financing Petitions and Notices of Emergency Financing (2/13/2020), gives notice of emergency indebtedness, or alternatively, petitions the Commission for consent to incur debt. Title 30, Section 108(a) provides that a Corporation subject to the jurisdiction of the Commission "shall not mortgage nor pledge any of its corporate property nor issue any stocks, bonds, notes, or other evidences of indebtedness without the consent of the [Commission]." Section 108(a)(1), however, establishes an exception to the consent requirement if a debt is "payable within one year from the date of issue" and "such borrowing is necessary as an emergency to restore service immediately after damage by disaster or provided total evidences of indebtedness so payable within one year from the date of issue do not exceed 20 percent of its total assets." GMP should qualify for an exception as provided by Section 108(a)(1) for the reasons detailed below, as it continues to deliver essential services safely and reliably for customers:

- The CARES Act and its Paycheck Protection Program (PPP), through the Small Business Administration (SBA), provides loans and loan guarantees to small businesses affected by the coronavirus state of emergency. The loans are made through banks that work with the SBA.
- 2. On April 9, 2020, GMP applied to Key bank for an SBA-backed PPP loan in the maximum amount of \$10,000,000. GMP received an application number from its lender April 16, 2020 and today received notice of approval; neither the final amount of indebtedness nor the disbursement date are presently known, but under program rules Loan funds must be disbursed within 10 calendar days of approval.

- 3. The loan matures two years from the date of disbursement. The loan is unsecured and allows for prepayment without penalty.
- 4. A borrower may apply for forgiveness of the loan. The amount of loan forgiveness will be calculated (and potentially reduced) in accordance with the requirements of the PPP, which permits forgiveness if proceeds are used for certain designated expenses related to continuity of operations during the Covid-19 emergency.
- 5. Forgiveness is applied for eight weeks after loan origination. Forgiveness would limit the indebtedness to less than one year. GMP intends to utilize the proceeds in a manner that permits forgiveness and to file a timely application for forgiveness of the loan.
- 6. The coronavirus emergency is an unprecedented natural disaster. States of emergency have been declared by the federal government, the State of Vermont, and by all other states. While the PPP loan is not needed to "restore service immediately after damage by disaster," 30 V.S.A. § 108(a)(1), it is needed to maintain service for our customers during and in the aftermath of the coronavirus states of emergency.
- 7. GMP, like other utility providers, has taken many proactive steps to mitigate financial hardships and provide stability for customers. GMP currently has a moratorium on disconnections consistent with the Commission's Order in Case No. 20-0703-PET, and continues to incur costs related to the provision of service, regardless of the customer's ability to pay. Many of GMP's customers, including commercial & industrial customers with jobsite shutdowns, have been significantly impacted by this emergency; loads have also declined significantly in these sectors due to the pandemic, and important required safety measures. As a result, Vermonters have seen unprecedented spikes in unemployment related to this emergency. It is not yet clear whether these disruptions will be short-term; even if so, the depth of the impacts to customers may cause GMP to experience cash flow impacts because of both reduced load, even though operations expenses continue, and the potential inability of customers to pay for electricity.
- 8. GMP is an essential service provider that must maintain operations during and after the state of emergency. GMP, like other utilities, continues to respond to emergency outages and other critical service needs, and to maintain its system for safe and reliable operations. GMP intends to utilize the PPP funds solely for the purpose of funding payroll to maintain operations for the benefit of its customers during this crisis.

- 9. Allowing GMP the tools to maintain service is consistent with the general good of the State. 30 V.S.A. § 108(a).
- 10. GMP's debt to capitalization ratio, with this loan, and assuming that it is not forgiven, would be at approximately 51%. GMP's current year indebtedness, with this loan, and assuming that it is not forgiven, represents approximately 3.62% of GMP's total assets, well under the exception set forth in Section 108.
- 11. GMP understands that the Commission's <u>Standards and Procedures Regarding Financing</u>

 <u>Petitions and Notices of Emergency Financing</u> require notice to be given ten days prior to the financing. The short timeframes required of the PPP funding process make the ten day notice requirement a challenge; GMP is providing notice promptly upon receiving approval notice of its efforts to utilize this tool to maintain operations on behalf of customers.
- 12. GMP will promptly submit written notice to the Commission when it has received a final determination as to whether and what amount of the loan balance is forgiven pursuant to the requirements of the PPP.
- 13. Simultaneous with this filing, GMP has asked the Department of Public Service for a 30 V.S.A. § 202(f) determination. GMP understands that the Department will submit a response on that and this filing promptly to the Commission.
- 14. GMP submits this Notice in conformity with Section 108 and the Commission's recent order, and also respectfully requests that, to the extent it finds it necessary, the Commission find that this indebtedness will be consistent with the general good of the state.

Dated at Rutland, Vermont, this 17th day of April, 2020.

Green Mountain Power Corporation:

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By:__

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