

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Tariff filing of Green Mountain Power Corporation)
requesting a change in rates, effective October 1,) Case No. 26-____-TF
2026)

Petition of Green Mountain Power for approval of its)
new multi-year regulation plan pursuant to 30 V.S.A.) Case No. 25-1955-PET
§§ 209, 218, and 218d.)

**PREFILED DIRECT & SUPPLEMENTAL TESTIMONY
OF MICHELE C. NELSON
ON BEHALF OF GREEN MOUNTAIN POWER**

January 16, 2026

Summary of Testimony

Ms. Nelson sponsors VT Transco's costs for the FY27 Rate Year, which is used by Green Mountain Power ("GMP") in its calculation of the FY27 cost of service. Ms. Nelson also sponsors VT Transco's three-year forecast for the FY28–FY30 period, which is used by GMP in developing the FY28–FY30 cost-of-service forecast under GMP's proposed new regulation plan, filed in Case No. 25-1955-PET ("Proposed Plan").

Exhibit List

Exhibit GMP-MCN-1	FY25 and FY27 Revenues and Costs
Exhibit GMP-MCN-2	CY23 – CY25 Cash Flows and Capitalization
Exhibit GMP-MCN-3	CY23 – CY27 CAPEX and Plant
Exhibit GMP-MCN-4	FY25 and FY27 RNS Revenue
Exhibit GMP-MCN-5	FY28 – FY30 Three-Year Forecast of Revenues and Costs

**PREFILED DIRECT & SUPPLEMENTAL TESTIMONY
OF MICHELE C. NELSON
ON BEHALF OF GREEN MOUNTAIN POWER**

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

2 A1. My name is Michele C. Nelson, and my business address is 366 Pinnacle Ridge Road,
3 Rutland, Vermont 05701. I am employed by Vermont Electric Power Company, Inc.,
4 (“VELCO”) where I am Chief Financial Officer and Treasurer (“CFO”). VELCO is the
5 manager of Vermont Transco LLC (“VT Transco”).

6 Q2. Please describe your educational and business background.

7 A2. I am the Chief Financial Officer and Treasurer of VELCO, and I have served in these
8 roles since February 5, 2015. Previously, I served as Vice President of Finance and
9 Treasurer at VELCO during the period between 2012 and 2015 and Manager of
10 Accounting, Forecasting and Assistant Treasurer and Treasurer during the period
11 between 1995 and 2012. I earned a Bachelor of Science degree in Business
12 Administration from the University of Vermont.

13 Q3. Please describe your responsibilities at VELCO.

14 A3. In my capacity as CFO I am directly responsible for VELCO's and VT Transco's
15 finances, financial reporting, general accounting, taxes, and forecasting.

16 Q4. Have you previously testified before the Public Utility Commission
17 (“Commission”)?

18 A4. Yes. I provided both equity and debt financing testimony in connection with VT
19 Transco and in GMP's 2017 rate filing (Case No. 17-3112-INV). In addition, since April

1 2017, I have also provided testimony in connection with: VT Transco's acquisition of
2 ownership interest in the Highgate Transmission Facility (Case Nos. I7-2758-PET and
3 18-2901-PET); VT Transco's financing filings under 30 V.S.A § 108 (Case Nos. 17-
4 0240-PET, 17-3570-PET, 18-3291-PET, 19-0806-PET, 21-3724-PET, 22-4510-PET, 23-
5 2857-PET, 24-0074-PET, 24-3198-PET, and 25-0183-PET); a Vermont Electric
6 Transmission Company, Inc. financing filing under 30 V.S.A § 108 (22-3028-PET), and
7 an accounting order relating to the equity interest previously held by VT Transco in
8 Utopus Insights, Inc. (Case No. 17-5013-ACCT). I also submitted testimony on behalf of
9 GMP in their previous rate case (Case No. 22-0175-TF).

10 **Q5. What is the purpose of your testimony in this case?**

11 A5. I support the projected VT Transco costs and revenues for GMP's test year, which is
12 fiscal year 2025 ("FY25"), or October 1, 2024–September 30, 2025 ("Test Year") and the
13 rate year which is fiscal year 2027 ("FY27") or October 1, 2026–September 30, 2027
14 ("Rate Year"). I understand that Maria Fischer, GMP's power supply witness, relies on
15 these projections in developing GMP's power supply costs for the Rate Year. In
16 addition, I also provide VT Transco's three-year forecast, which GMP relies on to
17 develop its annual forecasts for the FY28–FY30 rate periods as part of its Proposed Plan
18 in Case No. 25-1955-PET.

19 **Q6. Can you summarize your testimony?**

20 A6. Yes, in summary, VT Transco's revenue requirement as shown in **Exh. GMP-MCN-1**, is
21 projected to increase by \$36.49 million between GMP's Test Year and Rate Year, and of

1 this \$21.14 million will be paid by Vermont distribution utilities under the 1991 Vermont
2 Transmission Agreement (“91VTA”). Although VT Transco costs are increasing under
3 the 91VTA, its earnings to the Vermont owners are likewise forecasted to increase by
4 approximately \$11.76¹ million over the same period.

5 In its three-year forecast, VT Transco’s total revenue is projected to increase by
6 approximately \$15.8M annually for FY28–FY30. Over the same forecast period, revenue
7 under the 91VTA is projected to increase from \$52.0M to \$54.6M and earnings before
8 taxes are projected to increase from \$112.2M to \$149.8M, largely due to the increase of
9 the return of equity and related income taxes due to the additional equity needed to fund
10 construction costs. (**Exh. GMP-MCN-5**).

11 **Q7. Please describe how VT Transco recovers its costs.**

12 A7. VT Transco operates under a series of contracts that are structured to provide it with
13 payments to recover 100% of its operating expenses, taxes, and financing costs, as well
14 as a return on equity. The majority of VT Transco costs are recovered through two
15 tariffs: (1) the ISO-New England, Inc. Open Access Transmission Tariff (“ISO-NE
16 OATT”) and (2) the 91VTA.² Most of VT Transco’s costs are recovered through the
17 ISO-NE OATT for Regional Network Service (“RNS”).

¹ As explained in response to question 9 below, VT Transco’s \$278,000 income from nonutility operations for FY25 as shown on lines 17 and 22 of **Exh. GMP-MCN-1** does not impact the revenue requirements under the ISO-NE OATT or 91VTA.

² VT Transco also recovers a small portion of its revenue requirement through its Schedule 21 for Local Service and other contracts for rents of electric property. Because RNS under the ISO-NE OATT and the 91VTA are the primary vehicles through which VT Transco recovers its costs, for the purpose of simplifying my testimony, I focus on those tariffs.

1 Under the ISO-NE OATT, VT Transco's Annual Transmission Revenue
2 Requirement ("ATRR") is an RNS rate year forecast subject to annual true up based on
3 actual and forecasted data relating to the costs of Pooled Transmission Facilities ("PTF")
4 **(Exh. GMP-MCN-4)**. PTF are the transmission facilities (rated 115 kV³ or above) that
5 move power on the New England Transmission System. PTF are owned by the
6 transmission owners in New England, like VT Transco, which are operated by ISO-NE
7 and used by load-serving entities that are charged for that use through the RNS billings.
8 VT Transco's share of these RNS revenues generally represents approximately 80–84%
9 of its total revenue requirement.

10 The remaining VT Transco costs are recovered from the Vermont distribution
11 utilities through the 91VTA. Essentially, the 91VTA is a top-off mechanism, meaning
12 that VT Transco must first accrue the portion of its revenue requirement that is covered
13 by the ISO-NE OATT and, only after doing so, will the 91VTA provide the balance.
14 Every month, the 91VTA balance changes based on accrued revenue from RNS under the
15 ISO-NE OATT and changes in VT Transco's expenses.

³ Transmission facilities rated 69 kV that were PTF as of December 3, 2003 continue to be classified as PTF.

I. **FY25 Rate Period Revenues and Costs**

1 **Q8. Do you have exhibits that detail VT Transco's Test Year and Rate Year revenues**
2 **and expenses?**

3 A8. Yes, the following exhibits contain detailed information on VT Transco's revenues and
4 operating expenses, cash flows and capitalization, and capital expenditures relevant to the
5 FY25 rate period:

- 6 • VT Transco 12-month Test Year and projected Rate Year annual revenues and
7 costs are summarized in **Exh. GMP-MCN-1**. This exhibit identifies VT
8 Transco's full revenue requirement and the associated revenues by source,
9 including RNS under the ISO-NE OATT and the 91VTA. GMP's share of the
10 91VTA was 76.46% in the Test Year.
- 11 • VELCO's cash flows ("sources and uses of cash" including capitalization) and
12 capitalization for calendar year 2023 ("CY23") through calendar year 2025
13 ("CY25") are summarized on **Exh. GMP-MCN-2**. The cash flows reflect
14 cash provided by operations, capital expenditures, debt requirements, and
15 annual equity infusions for the relevant calendar years that enter into the
16 determination of VT Transco's RNS ATRR and resulting revenue under the
17 ISO-NE OATT as shown in **Exh. GMP-MCN-4**. At year-end 2023, 2024,
18 and 2025, VT Transco received \$27.7M, \$35.3M, and \$28.9M respectively in
19 additional equity. These funds were used to repay the debt incurred by VT
20 Transco under its line of credit and maintain its equity component in its

1 capital structure between 56%-60%. The return on equity and applicable
2 income taxes for these equity infusions accounts for some of the change in the
3 VT Transco earnings before tax between the Test Year and Rate Year that is
4 identified in **Exh. GMP-MCN-1**.

- 5 • VT Transco's capital expenditures ("Capex") are reflected in **Exh. GMP-**
6 **MCN-3**. This exhibit identifies VT Transco's actual and projected Capex for
7 CY23–CY27, highlighting major construction projects and summarizing the
8 impact on capital expenditures, additions to plant in service, and gross plant
9 by categories. This exhibit supports the construction expenditure values
10 reflected in **Exh. GMP-MCN-2**. VT Transco's actual and projected Capex
11 for CY23–CY27, as summarized in **Exh. GMP-MCN-3**, enter into the
12 determination of VT Transco's RNS ATRR and resulting Test Year and FY27
13 Rate Year revenue shown in **Exh. GMP-MCN-4**.
- 14 • VT Transco's RNS ATRR and the ensuing revenue stream is set out in **Exh.**
15 **GMP-MCN-4**. As noted above, the calendar year amounts shown in **Exh.**
16 **GMP-MCN-2** and **Exh. GMP-MCN-3** support VT Transco's RNS ATRR
17 and resulting FY25 and FY27 RNS revenues.
- 18 • VT Transco's three-year forecast of revenues and costs for FY28–FY30 are
19 provided in **Exh. GMP-MCN-5**.

1 **Q9. Please describe the changes in budgeted VT Transco costs and revenues between the**
2 **FY25 Test Year and FY27 rate period and the major reasons for the increases.**

3 **A9.** **Exh. GMP-MCN-1** shows that VT Transco's revenue requirement is projected to
4 increase by \$36.46 million between GMP's Test Year and Rate Year, of which \$21.14
5 million will be paid by Vermont distribution utilities under the 91VTA.

6 There are two components to the projected increase in revenue requirement:
7 operating costs and earnings before tax. VT Transco's operating costs are projected to
8 increase approximately \$24.70 million between the Test Year and Rate Year. This net
9 change is made up of a \$14.06 million increase related to property taxes and depreciation
10 from major construction projects placed in service in CY24, CY25, and CY26 as shown
11 on **Exh. GMP-MCN-3**. These projects include fiber optic and radio expansion, structure
12 replacement program, the K42 line rebuild, and the substation conditions assessment
13 program. VT Transco is also forecasting an increase of \$6.67 million in maintenance and
14 administrative expenses as shown on lines 7–8 of **Exh. GMP-MCN-1**, an increase of
15 \$1.72 million in interest expenses as shown on line 11, and an increase of \$2.20 million
16 related to allowance for funds used during construction (AFUDC) as shown on line 15.
17 These increases result in the final \$24.70 Test Year to Rate Year change.

18 The second component of the increased revenue requirement - earnings before tax
19 - is projected to increase approximately \$11.76 million under the regulated tariffs (see
20 lines 18–21 in **Exh. GMP-MCN-1**). As shown in **Exh. GMP-MCN-2**, VT Transco
21 increased its amount of equity in 2023 by \$27.72 million, in 2024 by \$35.26 million and
22 in 2025 by \$28.93 million to fund capital projects mentioned above. There is one major

1 component to this increased equity-- the return on the \$90.91 million equity and related
2 income taxes over the years of CY23-CY25, as shown on lines 18 and 19 of **Exh. GMP-**
3 **MCN-1**. The return on equity increased by \$9.86 million and the associated income
4 taxes increased by \$2.31 million. VT Transco also had additional earnings of \$278,000
5 in the Test Year. However, these earnings are from nonutility operations and do not
6 impact VT Transco's revenue requirements under the ISO-NE OATT or 91VTA. There
7 are no forecasted nonutility earnings for the Rate Year.

8 About 49% of the \$36.46 million increase in revenue requirement from the Test
9 Year to the Rate Year is offset by \$17.79 million in higher RNS reimbursements under
10 the ISO-NE OATT (shown on **Exh. GMP-MCN-1**), leaving the remaining increase of
11 \$21.14 million to be paid under the 91VTA (see line 3 of **Exh. GMP-MCN-1**). In the
12 FY25 Test Year, the ISO-NE OATT covered approximately 80% of VT Transco's
13 revenue requirement. In the Rate Year, 76% of VT Transco's revenue requirement will
14 be covered under the ISO-NE OATT. The decrease from 80% to 76% is due to increased
15 operating costs in the rate year and a two year lag in the RNS revenue requirement under
16 the ISO-NE OATT.

17 **Q10. Please describe the change in revenues associated with the ISO-NE OATT in more
18 detail.**

19 A10. As explained in response to question 7 and shown in **Exh. GMP-MCN-4**, ISO-NE
20 OATT RNS billings recover the costs of historic investments, as well as the cost of
21 projected capital additions for PTF that will be placed in service during the calendar year

1 forecast period.⁴ For the Test Year, payments were based on pro-rated actual costs for
2 CY22 and CY23, plus a pro-rated forecast of costs related to CY24 and CY25 PTF
3 capital additions. Because the RNS ATRR is based in part on projections, it is subject to
4 annual true up (with interest) to actual costs over the relevant RNS Rate Year. VT
5 Transco's calculation of its projected RNS ATRR and the Rate Year revenue stream is set
6 out in **Exh. GMP-MCN-4**. It should be noted that the year-to-year RNS net revenue
7 requirement and, therefore revenues, depends on a number of factors, including the
8 trajectory of capital spending, the relative magnitude of capital expenditure to existing
9 plant in a given year (PTF %), and the accuracy of projected plant addition costs pro-
10 formed into rates.

11 **Q11. Can you please summarize any benefits GMP's participation in VT Transco's
12 ownership structure creates for Vermont customers?**

13 A11. Vermont customers benefit from GMP's participation in VT Transco's ownership
14 structure in several ways. GMP's participation helps VT Transco manage its capital
15 structure with more agility, which allows VT Transco to better respond to changes in
16 regulatory policy and market conditions over time. As the Commission is aware, VT
17 Transco's ownership by all Vermont Distribution Utilities means that Vermont customers
18 benefit from the earnings created by equity investments the owners make in VT Transco.

⁴ RNS transitioned to a calendar year rate year beginning January 1, 2022. RNS billings continue to recover, subject to annual true up, the cost related to historic and projected PTF additions—albeit that two years of PTF additions are projected to span the gap between the availability of historic data from the most recent FERC Form No. 1 and the calendar year RNS rate year (e.g. RNS billings beginning January 1, 2022 are based on historic 2020 costs plus the cost of projected PTF additions for 2021 and 2022).

1 As governed by the operating agreement, VT Transco offers equity to all of its owners
2 based on their transmission cost share. Where any particular owner is, for whatever
3 reason, unable to take its share, that share is re-offered to the remaining owners
4 proportionally. That situation can result from a variety of reasons where, for instance,
5 timing may be inconvenient for financial or governance reasons. GMP has always been
6 able to take its share of the equity and more when needed, which benefits GMP
7 customers through a return on GMP's equity in VT Transco, as discussed in Ms. Doane
8 and Mr. Bingel's testimony. This flexibility not only allows VT Transco to respond
9 quickly to changing circumstances, but it also enables VT Transco to maximize the
10 financial value it delivers back to Vermont customers. By optimizing its capital structure
11 over time, VT Transco is able to get the best balance of weighted average cost of capital,
12 which benefits all Vermont customers. GMP's participation has thus played an important
13 role helping VT Transco deliver value sustainably to Vermont customers, including GMP
14 customers.

II. VT Transco Three Year Forecast

15 **Q12. What additional information are you providing in support of GMP's FY28–FY30
16 forecasts?**

17 A12. In addition to the Test Year and Rate Year information provided above, I have also
18 attached VT Transco's three-year forecast as **Exh. GMP-MCN-5**. This analysis reflects
19 actuals through September of 2025 and provides estimates for periods beyond that date. I
20 understand that GMP's forecasts for the FY28–FY30 period rely on this information for

1 power supply transmission costs and estimates of equity in earnings associated with
2 GMP's investments in VT Transco.

3 **Q13. Can you describe how VT Transco's three-year forecast is developed and how often**
4 **it is updated?**

5 A13. VT Transco's forecast is developed using a model that calculates values for plant,
6 depreciation, debt, interest, equity, taxes, and annual revenue requirements based on
7 actual and forecasted data inputs and assumptions. The model derives financial
8 statements from these calculated values and is updated monthly for actual data and
9 updated periodically as necessary for known changes in forecast data or assumptions.

10 **Q14. Does that conclude your testimony at this time?**

11 A14. Yes, it does.

I, Michele Nelson, declare that the testimony and exhibits that I have sponsored are true and accurate to the best of my knowledge and belief and were prepared by me or under my direct supervision. I understand that if the above statement is false, I may be subject to sanctions by the Commission pursuant to 30 V.S.A. § 30.

Dated at Rutland, Vermont on the 16th day of January, 2026.



Michele Nelson