STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Tariff filing of Green Mountain Power Corporation requesting a change in rates, effective October 1, 2026	)))	Case No. 26-____-TF
Petition of Green Mountain Power for approval of its new multi-year regulation plan pursuant to 30 V.S.A. §§ 209, 218, and 218d.	)))	Case No. 25-1955-PET

PREFILED DIRECT & SUPPLEMENTAL TESTIMONY OF LAURA DOANE & ROBERT A. BINGEL ON BEHALF OF GREEN MOUNTAIN POWER

January 16, 2026

Summary of Testimony

Ms. Doane and Mr. Bingel provide an overview of the filing material in support of the rate change. They present the overall cost of service that will continue GMP's ability to provide cost-effective, and reliable service for customers. They also review GMP's capital structure and cost of debt and equity for FY27 Rate Year. In addition, they describe minor modifications to GMP's Proposed New Multi-Year Regulation Plan ("Proposed Plan") and present GMP's initial FY28–FY30 rate forecasts and Debt Forecast for the term of the Proposed Plan.

Exhibit List

Exhibit GMP-LD-RB-1(Rev)	Revised Proposed Plan (Redline of Exh. GMP-LD-RB-1)
Exhibit GMP-LD-RB-2-Rev.	Revised Summary of Major Plan Elements (Redline of Exh. GMP-LD-RB-2)
Exhibit GMP-LD-RB-3	FY27 Rate Filing Schedules
Exhibit GMP-LD-RB-4	Itron Load Forecast
Exhibit GMP-LD-RB-5	Depreciation Study
Exhibit GMP-LD-RB-6	Cost of Working Capital Lead-Lag Report
Exhibit GMP-LD-RB-7	Cost of Service Study Report
Exhibit GMP-LD-RB-8	FY28–FY30 Initial Forecast
Exhibit GMP-LD-RB-9	GMP Debt Forecast

TABLE OF CONTENTS

PREFILED DIRECT & SUPPLEMENTAL TESTIMONY OF LAURA DOANE & ROBERT A. BINGEL ON BEHALF OF GREEN MOUNTAIN POWER

I. Introduction

Q1. Please state your names and occupations.

A1. **Laura Doane:** My name is Laura Doane, and I am employed by Green Mountain Power as the Manager of Operational Finance.

Rob Bingel: My name is Robert A. Bingel, and I am employed by Green Mountain Power as Manager, Financial Planning and Analysis.

Q2. Please describe your educational and business backgrounds.

A2. **Laura Doane**: I received a bachelor's degree in business administration from the University of Vermont in 2007 and have worked in accounting and utility finance positions since that time. I started in 2010 as a financial accounting and reporting analyst and most recently moved into the position of GMP's Manager of Operational Finance. In these positions I have worked on numerous aspects of GMP's regulatory finance and accounting structure, including fixed asset accounting, financial statements and audits, budgeting, forecasting, and cash management.

Rob Bingel: I have been employed for over 20 years at GMP. Besides my current role as Manager of Financial Planning and Analysis, I have worked as a financial analyst and purchasing manager at GMP. From 1995 to 1997, I worked as a production supervisor and engineer for Merck & Co., Inc. I began my career as a financial analyst at IBM in 1999. While at IBM, I forecasted spending and presented financial measurements for the manufacturing center. I joined GMP in 2005, and I currently am responsible for developing both annual and long-term financial forecasts. I hold a Bachelor of Science in Chemical Engineering from the Massachusetts Institute of Technology, a master's degree in chemical engineering from Cornell University, and a master's degree in business administration from the University of Texas at Austin. I served in the U.S. Army as both an active officer abroad and in the reserves.

Q3. Have you previously testified before the Public Utility Commission ("Commission" or "PUC")?

A3. **Laura Doane:** Yes, in addition to the regulation plan proceeding currently underway, I submitted testimony on behalf of GMP in the Zero Outages Initiative (ZOI) proceeding (Case No. 23-3501-PET).

Rob Bingel: Yes, in addition to the regulation plan proceeding currently underway, I provided testimony before the Commission in GMP's innovative products tariff riders proceeding (Docket No. 8794); GMP's 2017 Regulation Plan Extension case (Case No. 17-3232-PET); GMP's current Multi-Year Regulation Plan Proceeding (Case No. 21-3707-PET); and GMP's FY23 Rate Case (Case No. 22-0175-TF).

Q4. What is the purpose of your testimony?

A4. We provide an overview of the FY27 rate change requested in this filing and describe the components of the cost of service that will continue GMP's ability to provide cost-effective and reliable service for customers. We start with a summary of ratemaking mechanics and a description of the key changes between this filing and our most recent full cost of service rate filing (for FY23), in accordance with Commission Rule 2.402(B). We then describe the cost of service and rate base adjustments, as set forth in the detailed calculations submitted with this filing. We also review capital structure and identify revenues at current and proposed rates.

With regard to GMP's regulation plan filing that the Commission is reviewing in Case No. 25-1955-PET, we specifically describe minor modifications to the Proposed Plan and provide the initial FY28 to FY30 forecast required under the Proposed Plan. We also present GMP's Debt Forecast in accordance with the Section 108 treatment set forth in the Proposed Plan.

Finally, we provide an update to the Commission regarding GMP's Cost of Service Study that will serve as a foundation for later rate design review.

II. <u>Summary of GMP's Fiscal Year 2027 Rate Filing</u>

Q5. Please provide an overview of GMP's approach to ratemaking and the regulatory background regarding GMP's rate filing.

A5. As explained in more detail by Mr. Burke, GMP keeps customer affordability central as we develop each rate case. GMP faces similar cost pressures seen by other businesses in areas including health care, property taxes, and inventory. We focus on what we can control, keeping base capital in line with fixed, multi-year targets and structuring O&M updates carefully and efficiently, using the Plan's design and adjustors to smooth costs and limit volatility for customers. Much of the upward pressure on rates is external—including inflation, regional transmission costs, and energy market increases—so we update those items in this rate case and throughout the regulation plan period to keep changes more predictable. This lets us manage near-term costs and continue innovation and other essential work, including resilience investments that reduce outage costs now and also long-term risks for customers.

GMP is currently operating under a regulation plan approved in Case No. 21-3707-PET on August 31, 2022, and amended March 30, 2023, in Case No. 23-0141-PET and October 18, 2024, in Case No. 23-3501-PET ("Current Plan"). The Current Plan was authorized under 30 V.S.A. 218d following a year-long process that included a full rate case review for the FY23 rate case. The Current Plan established the process by which GMP has set rates for the four-year period that commenced October 1, 2022 (for FY23) and will end September 30, 2026 (for FY26).

This FY27 rate case filing provides an opportunity for a full cost of service review that complements GMP's petition to approve a new regulation plan in Case No. 25-1955-PET. The Proposed Plan under review in that case carries forward the major elements of the Current Plan. GMP seeks to operate under the Proposed Plan for four years, from October 1, 2026 (FY27) through September 30, 2030 (FY30).

Q6. Describe the elements of the FY27 base rate filing and FY28-FY30 forecasts for the regulation plan period.

A6. Our FY27 base rate request of 7.50% is based on a 12-month Test Year, which is FY25 (October 1, 2024–September 30, 2025) ("Test Year"); an interim year of FY26 (October 1, 2025–September 30, 2026) ("Interim Year"); and 12-month Rate Year for FY27 (October 1, 2026–September 30, 2027) ("Rate Year"). Consistent with the approach approved in prior rate cases, including the FY23 rate case and in the Current Plan, we have used forecasts for load and revenue for the FY27 period. This filing also incorporates the results of recently completed depreciation and working capital/lead-lag studies completed by expert consultants, as described below.

As outlined in our August 29, 2025, filing for the Proposed Plan, we include here initial forecasts for GMP's cost-of-service for FY28 through FY30, **Exh. GMP- LD-RB-8**. These forecasts provide insight into GMP's expectations of costs and savings in the years ahead; if the Proposed Plan is approved, these forecasts will be refreshed when GMP files its FY28 Annual Base Rates in June 2027 and will be used to smooth customer rates through FY30. We are also submitting with this filing GMP's Debt Forecast for FY27-FY30, consistent with Section IV.A.3.i of the Proposed Plan, regarding 30 V.S.A. § 108 financing approvals, **Exh. GMP-LD-RB-9**.

Q7. Can you identify the exhibits that support your testimony?

A7. Our testimony includes the following exhibits explained in more detail throughout our testimony:

- **Exh. GMP-LD-RB-1 (Rev.)** is a redline version of the Proposed Plan (previously submitted as **Exh. GMP-LD-RB-1** in Case No. 25-1955-PET), which includes modifications to the Proposed Plan and some of its attachments that GMP seeks, based upon further consideration of elements of the plan as described by Mr. Burke and Mr. Castonguay and our experience preparing the FY27 case.

- **Exh. GMP-LD-RB-2 (Rev.)** is a redline version of the Summary of Major Plan Elements, tracking these same revisions to the Proposed Plan.
- **Exh. GMP-LD-RB-3** consists of FY27 rate filing schedules that outline and support the major components of this rate filing. The index in this Exhibit outlines the calculations set forth in schedules supporting the filing, including all cost-of-service and rate-base adjustments.
- **Exh. GMP-LD-RB-4** is the load forecast prepared by an expert independent consultant, Itron, Inc. ("Itron").
- **Exh. GMP-LD-RB-5** is a Depreciation Study prepared by an expert independent consultant, Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett").
- **Exh. GMP-LD-RB-6** is a Cash Working Capital Report based on a Lead-Lag Study prepared by Gannett.
- **Exh. GMP-LD-RB-7** is a fully allocated by class Cost of Service Study prepared by an expert independent consultant, Current Energy Group.
- **Exh. GMP-LD-RB-8** contains GMP's Initial FY28–FY30 forecasts, which are provided as set forth in Section III.A of the Proposed Plan.
- **Exh. GMP-LD-RB-9** is GMP's Debt Forecast, as described in Section IV.A.3.i of the Proposed Plan.

III. Overview of Ratemaking Approach, Costs, and Changes from 2023 Rate Case

Q8. At a high level, can you please explain how GMP's cost of service is developed and identify the major components of the cost of service?

A8. Rates are determined based on the cost of service, which includes the amount required to ensure safe and reliable power for customers, while also allowing an opportunity to recover the cost of capital on investments. This revenue requirement for the Rate Year is then compared to the expected sales and other revenue for that year, with rates adjusted to cover the difference. The percentage change is calculated based on the gap between current rates and the rates needed for the Rate Year to meet the revenue requirement.

A key aspect of setting rates is determining the appropriate cost of providing service during the Rate Year. This involves evaluating the costs from the Test Year and making necessary adjustments for anticipated changes, leading to the Rate Year. Costs in the Rate Year's revenue requirement are included if they are just, reasonable, prudently incurred, and either known and measurable or capable of being reliably forecasted as approved by the Commission. GMP's cost of service has two main components: operating costs directly related to providing service to customers, and costs associated with GMP's investments for customers, known as rate base. This includes investments made or planned through the end of the Rate Year, along with related depreciation expenses, taxes, and financing costs.

We developed the FY27 Rate Year cost of service by starting with the actual costs incurred in the Test Year, FY25, which ended in September 2025. We then adjusted these costs based on known and measurable changes including those occurring during the

Interim Year, FY26, to reflect as accurately as possible the projected costs for the Rate Year. We developed the rate base in the same manner, starting with actual rate base in the Test Year and then adjusting to the Rate Year by taking into account the Interim Year, as described further below.

Q9. What aspects of GMP's rate filing reflect material differences in methodologies compared to those used in the 2023 rate case?

A9. This filing follows traditional ratemaking principles and the methodologies approved in the 2023 rate case, with limited exceptions that are detailed fully in this filing, in compliance with Commission Rule 2.402(B). The changes either are to promote greater accuracy between approved rates and actual costs, and therefore greater stability, or to accomplish other benefits for customers, so that approval of these items will result in just and reasonable rates with positive customer outcomes. The areas of material difference from the 2023 rate case are:

<u>Cost of Service and Rate Base Changes:</u>

Minor Storm Cost & Overtime and Other Pay. GMP uses a 5-year average of costs to calculate the Rate Year revenue required for restoration from storms that are not defined as "Major Storms" under GMP's Service Quality and Reliability Plan (SQRP) and the Proposed Plan. The data for the past five years showed that 2024 was an outlier, both within that period of time and when viewed historically. Specifically, costs in 2024 were three times higher than both the Test Year and the 5-year average, driven by the costs for 3 storms that would have qualified for Major Storm status but for the efficient and swift pace of restoration GMP was able to accomplish. Mr. Burke describes this in more detail. We have therefore excluded 2024 from the average utilized for the FY27 rate request for both Minor Storm Cost and Overtime and Other Pay. The effect of this change lowers the rate need for storm restoration from $6.717M to $4.385M and the need for overtime and other pay from $8.667M to $8.392M.

Consumer Price Index (CPI) Calculations. Due to the federal government shutdown, data for the CPI for September 2025 was not available at the time of preparing this filing. While GMP otherwise would utilize a 12-month average (from October 2025 to September 2025) of the change in the CPI for purposes of adjusting cost-of-service for various elements such as power supply, transmission, and minor storms, we have instead used an 11-month average ending in August 2025.

Zero Outages Initiative (ZOI) Inventory. As we implemented for the FY25 Earnings Sharing Mechanism Adjustment recently approved in Case No. 25-2967-TF, we have adjusted the Rate Base to remove from the inventory balance in the Test Year inventory that is being carried for ZOI projects.

ZOI Investment Through September 30, 2026. Consistent with the Commission's order in Case No. 23-3501-PET, we have included for Commission review and approval all ZOI projects that were completed and placed in service between April 1, 2025, and September 30, 2025, in this filing, a $36.4M investment. *See* **GMP-LD-RB-1 (Rev.)** at Attachment 10 and **Exh. GMP-LD-RB-3**, Schedule J. The FY27 base rate change from these projects is shown in Column O of the Cost of Service Summary Tab, in the amount of $8.6M.

Additional Energy Storage System (ESS) Investment. Consistent with the Commission's Order in Case No. 25-0948-PET, the FY27 Rate Case includes $12.9M of ESS investment for Commission review and approval. This represents systems installed for customers since last approval through September 30, 2025, under GMP's ESS Tariff and related riders. The effect of these additional ESS installations on the cost of service is shown separately in **Exh. GMP-LD-RB-3**, Schedule H and Column Q of the Cost of Service Summary Tab, in the amount of $4.7M. Mr. Castonguay describes new FY27 capital investments including Customer Driven Energy storage and the proposed Integrated Energy Storage Pilot in Zone 4 separately.

Broadband Investment. Consistent with GMP's Broadband Tariff Rider, approved in Case No. 21-0546-PET and extended in Case No. 24-0509-TF (Order of June 12, 2024), the filing also includes projects implemented under this tariff that were completed by September 30, 2025. The effect of these Broadband projects on the cost of service are shown separately in **Exh. GMP-LD-RB-3**, Schedule I, and in Column M of the Cost of Service Summary Tab, in the amount of $0.047M.

FY27 Resilience Investment. GMP seeks $76M in investments to be completed during the Rate Year related to resilience, in accordance with revisions to Attachment 11 of the Proposed Plan, **Exh. GMP-LD-RB-1 (Rev**.) Mr. Burke speaks further about this requested change. We note that GMP's proposal to add this resilience investment directly to base rates in FY27 aligns with how Climate Plan investments were brought into the

Current Plan and the FY23 approved rates.[1] The amount of this resilience investment is included directly with other expected rate year investment in **Exh. GMP-LD-RB-3**, Schedule D Rate Base adjustments.

GLOBAL FOUNDRIES U.S. 2 LLC (GF). This filing is the first with GF not included as a transmission-class retail customer, as the transition agreement approved in Case No. 21-1107-PET is expiring at the end of FY26. As such, no revenues nor any power supply costs are considered for GF manufacturing operations in Essex Junction (GF-owned property in Williston remains a commercial customer of GMP).

Day-Ahead Ancillary Services Initiative (DASI). As described further by Maria Fisher, the DASI has been in effect within the New England region since March 2025. With less than a year of operation, there are inherent limitations in the data set to support a full-year FY27 forecast for this item. Costs for the DASI – for GMP and all market participants – have significantly exceeded expectations provided by the Independent System Operator for New England (ISO-NE). Several stakeholders and market participants have already raised the need for redesign, and ISO-NE is expected to review the program after a year of data. In light of all of this, GMP annualized 6 months of actual DASI costs and included 50% of that amount in the FY27 forecast.

Incorporating Depreciation and Lead-Lag Studies. GMP completed through outside expert consultants Gannett Flemming Valuation and Rate Consultants, LLC a depreciation study and working capital lead-lag study, the results of which have both

[1] See Current MYRP § IV(A)(1)(i)(a), as approved in Case No. 21-3707-PET.

been included in this filing. Gannett's processes for these studies are outlined in the detailed written reports included in **Exhs. GMP-LD-RB-5 and LD-RB-6.** This included several site visits for the depreciation study and significant cash-flow review for the lead-lag study. GMP's last depreciation study, based on 2017 data, was included in rates in FY21. We last performed a lead-lag study in 2015.

Vehicle Leases. Since 2023, and as discussed in the last filing, GMP has been continuously evaluating when to lease heavy-duty vehicles instead of buying, when more beneficial for customers. In the last filing, we had forecasted entering into 15 operating leases for vehicles annually. We currently have 11 heavy-duty vehicles classified as capital leases. While there are detailed accounting rules on the classification between operating and capital leases, the differences are not material to rates. In the current filing, we are forecasting entering into 42 more capital leases, but this will only be done if it is beneficial for customers throughout the ownership period. There is no separate Fleet adjustment in this case, with Rate Year values equal to Test Year. The interest associated with the capital leases is included in the weighted average cost of capital short-term debt costs.

Contribution in Aid of Construction ("CIAC"). There was a *de minimis* balance reflected on books at the end of the Test Year; that has been zeroed out for the Rate Year, so that Rate Year equals Test Year with no adjustment.

Uncollectible Expense. While we applied the same 5-year average approach to the FY27 uncollectible expense amount as previously applied in rate cases, we then further adjusted the calculation by $0.250M to account for lower uncollectible expenses in FY27 caused by the second arrearage forgiveness approved for GMP's Energy Assistance Program, in Case No. 25-2300-TF.

<u>Debt and Equity Changes:</u>

Return on Equity ("ROE") – As discussed further below, we have submitted this filing without adjustment to the FY26 allowed ROE of 9.94% for the FY27 Rate Year. The Proposed Plan under review continues with substantially the same mechanisms in the Current Plan, including the ROE adjustment formula. GMP proposes to maintain the current ROE as the application of the adjustment mechanism would produce an outcome very close to the current ROE. This is also in line with the low-end of the range supported by current economic conditions using the standard methodologies previously applied by the Commission for setting ROE during rate proceedings, as described in the testimony of Julie Lieberman, who is a cost of capital expert.

GMP Debt Forecast. Though not related directly to the FY27 Rate Case request, GMP notes that its filing includes a Debt Forecast for the term of the Proposed Plan, FY27-FY30, in accordance with Section IV.A.3.i of the Proposed Plan. GMP's last request under Section 108 of Title 30 was approved in October in Case No. 25-1856-PET. **Exh. GMP-LD-RB-9** shows GMP's forecasted debt needs for each year from FY27 through FY30, based upon known and expected capital investment and GMP's approved capital structure.

Q10. Can you summarize the principal cost drivers of the rate filing?

A10. As noted above and in Mr. Burke's testimony, just under half of this year's rate change results from external factors including regional power supply market increases and continued increases in transmission and net-metering costs. There are also increased cost pressures for goods and services, health care, and property taxes. Through careful management and cost controls, we have been able to mitigate some of these cost pressures. The rate request also reflects a weaker revenue forecast than in recent years, which Itron attributes to losses of load in the large commercial sector from the last few years that are not bouncing back while residential service continues to show modest growth stemming from electric vehicle and heat pump adoption.

Q11. How were the forecasted Rate Year load and revenues calculated?

A11. GMP uses Itron to develop the forecasted load, as we have for regulation plan base rate filings since 2007. Itron has developed load projections that are used in regulatory proceedings in Vermont and many other states. Itron uses regression analysis to develop their sales forecast. GMP provides Itron billed data from prior periods and forecasted solar net-metering installed capacity. While developing the 2026 Rate Case earlier this year, GMP reached out to some of its largest customers to receive their expected sales for the upcoming year and provides this information to Itron. Itron carried over those adjustments in the 2027 Rate Year. GMP also gives Itron any known changes to customer loads due to factors such as business closures, expansions, and electrification investments. That 2026 data was also carried over to the 2027 Rate Year. Itron combines our feedback with the regression analysis of data inputs they gather, such as expected economic growth and appliance efficiency standards, to develop their forecast. Please see **Exh. GMP-LD-RB-4** for Itron's load and revenue forecast report.

IV. Cost of Service Details and Adjustments

Q12. Let's turn to the details of your cost-of-service calculations for FY27. Please summarize the different Schedules included in Exh. GMP-LD-RB-3.

A12. **Exh. GMP-LD-RB-3** contains ten schedules, with supporting sub-schedules:

Schedule A is the index for the exhibit.

Schedule B is a summary of the FY27 base rate change.

Schedule C sets forth GMP's cost of service for the 2027 rate period and the resulting revenue increase based on a comparison of those costs with revenues from customers. The FY27 Rate Year cost of service is $890.828M and the resulting revenue deficiency between this number and the forecasted Rate Year revenue from customers is $62.166M, resulting in a revenue adjustment increase of 7.50%. Details on each of the cost-of-service adjustments are outlined in sub-schedules C-1 to C-33 of **Exh. GMP-LD-RB-3.**

Schedule D sets forth GMP's FY27 Rate Year rate base investment of $2,203.349M. It reflects 13-month average balances for the Test Year, adjusted for known and measurable changes to derive *pro forma* Rate Year balances. Details on each of the rate base adjustments are outlined in sub-schedules D-1 to D-17 in **Exh. GMP-LD-RB-3**.

Schedule E identifies GMP's *pro forma* Rate Year cost of capital. It reflects 13-month average test period balances of long-term debt, short-term debt (including capital leases), and common equity, adjusted for known and measurable changes to derive capital balances as of the end of the Rate Year. For FY27, the overall weighted average cost of capital is 7.34% with a cost of debt of 4.72%. As noted previously and in Julie Lieberman's testimony, we have included a cost of common equity of 9.94%.

Schedule F refers to the Itron Revenue Forecast in **Exh. GMP-LD-RB-4.**

Schedule G shows the Current Plan separate line-item bill adjustors that will cease September 30, 2026, namely the Major Storm Restoration Fund.

Schedule H summarizes the impacts on the cost of service of the Energy Storage Systems projects GMP is requesting to include in base rates in the FY27 filing.

Schedule I summarizes the impacts on the cost of service of the Broadband projects GMP is requesting to include in base rates in the FY27 filing.

Schedule J summarizes the impacts on the cost of service of the ZOI projects GMP is requesting to include in base rates in the FY27 filing.

Q13. Can you please identify and summarize the major cost-of-service adjustments and the witness who supports each adjustment?

A13. The known and measurable adjustments to the cost of service ("COS") from the Test Year to the Rate Year are summarized in the following table, along with which witness provides support for each one. Our testimony following this table describes each of the relevant FY27 COS adjustments that we support. The COS adjustments assigned to Ms. Fischer, Mr. Castonguay, and Mr. Burke are addressed in their respective testimony.

Adj. No	Description	Witness	Adj. Total ($000s)
COS 1	Purchased Power, Net	Fischer	(5,317)
COS 2a	Production – Fuel	Fischer	(496)
COS 2b	Production Joint-Owned O&M Costs	Castonguay	366
COS 2c	Production GMP Owned O&M Expense	Fischer	1,190

Adj. No	Description	Witness	Adj. Total ($000s)
COS 3	Transmission by Others	Fischer	19,205
COS 4	Other Transmission-Related Costs	Fischer	1,398
COS 5	O&M – Salaries and Wages	Doane/Bingel	1,669
COS 6	O&M – Overtime and Other Pay	Doane/Bingel	966
COS 7	O&M – Minor Storm Restoration	Burke	(518)
COS 8	O&M – Vegetation Management.	Burke	309
COS 9	A&G Capitalized	Doane/Bingel	(2,585)
COS 10	O&M – Benefits – Active Medical	Doane/Bingel	1,591
COS 11	O&M – Benefits – Pension	Doane/Bingel	(1,939)
COS 12	O&M – Benefits – Retiree Medical	Doane/Bingel	1,730
COS 13	O&M – Benefits – 401(k) Match	Doane/Bingel	44
COS 14	O&M – Insurance Premium Expense	Doane/Bingel	992
COS 15	Intentionally Left Blank[2]		
COS 16	O&M – Test Year to Rate Year One-time Items	Doane/Bingel	(1,753)
COS 17	Carrying Costs on REC Inventory	Doane/Bingel	290
COS 18	Amortization of Debt – Discount Expense	Doane/Bingel	66
COS 19	Credit Facility Fees	Doane/Bingel	50

[2] For ease of Commission and Department review, we have preserved COS adjustment numbering from the last full cost of service rate review. Adjustment rows intentionally left blank represent items in the last cost of service filing that are not required or included in the FY27 rate case.

Adj. No	Description	Witness	Adj. Total ($000s)
COS 20	Other Taxes, Primarily Payroll Taxes	Doane/Bingel	246
COS 21	Federal & State Income Taxes	Doane/Bingel	9,872
COS 22	Municipal Taxes	Doane/Bingel	5,199
COS 23	Depreciation Expense	Doane/Bingel	9,435
COS 24	Accretion Expense	Doane/Bingel	7
COS 25	Reg Assets, Deferred Debts, Reg Liabilities Amortizations	Doane/Bingel	(6,052)
COS 26	Equity-in-Earnings of Affiliates	Doane/Bingel	6,348
COS 27	Other Operating Revenue	Doane/Bingel	(2,248)
COS 28	Intentionally Left Blank		
COS 29	Intentionally Left Blank		
COS 30	Tier III Adjustment	Doane/Bingel	751
COS 31	Gross Revenue and Fuel Gross Receipt Taxes	Doane/Bingel	780
COS 32	Uncollectible Expense	Doane/Bingel	888
COS 33	Return on Utility Rate Base	Doane/Bingel	8,412

Q14. Before turning to specific adjustments, can you speak further about how O&M costs are handled in the FY27 case?

A14. Consistent with the approach for O&M costs outlined in GMP's Proposed Plan, FY27 O&M expenses in this filing are handled through standard ratemaking methodologies, including either known-and-measurable adjustments, or multi-year averages where appropriate for certain O&M categories that are consistent with past practice. For the remainder of the regulation plan period, **Exh. GMP-LD-RB-1 (Rev.),** Attachment 1a, 1b, and 1c outline how each category of O&M cost will be treated.

Q15. Please explain COS Adjustment No. 5 – O&M – Salaries and Wages.

A15. This adjustment captures the Test Year to Rate Year cost of service change in O&M straight-time salaries and wages for employees. Over-time, other pay (i.e., on-call pay), and production payroll are reflected in other adjustments and are excluded here. The FY27 O&M salaries and wages amount was calculated as follows:

- The annual salaries and wages for all GMP job positions (filled and vacant) were calculated based on salary and wage rates in effect as of January 1, 2025.
- Updates were made to reflect the impacts on salaries and wages of actual and planned retirements, new positions added, pay changes (progressions and upgrades), vacant positions, and any department changes that occurred through September 2025.
- These projected annual salaries and wages were adjusted to FY27 by incorporating GMP's known annual compensation adjustment, which occurs annually in January. The projected compensation adjustments in this filing were 4% for January 2026 and 3% for January 2027 in line with the labor agreement that is and will be in effect for those periods.
- The O&M portion of FY27 salaries and wages was calculated by applying the actual Test Year O&M salaries and wages percentage (O&M salaries and

wages as a percentage of total salaries and wages) to the total FY27 salaries and wages.

- Finally, the FY27 production salaries and wages amount was deducted from the FY27 O&M salaries and wages.

The FY27 O&M salaries and wages excluding production are $38.783M, which is an increase of $1.669M over the Test Year amount of $37.114M.

Q16. Please explain COS Adjustment No. 6 – O&M – Overtime and Other Pay.

A16. This adjustment captures the Test Year to Rate Year cost-of-service increase in O&M overtime and other pay (i.e., on-call pay) for employees. Production overtime is reflected in another adjustment and not included in this adjustment. Major storm overtime and other pay are excluded from this adjustment because incremental major storm costs are not reflected in base rates. The FY27 O&M overtime and other pay is the four-year average (FY21 to FY2025, excluding FY2024) of these costs escalated to 2027 dollars. Consistent with the adjustment GMP made for Minor Storm, described further in Mr. Burke's testimony, we have excluded FY2024 overtime and other pay from the average as an outlier. The escalation factors reflect actual union contract increases for 2026 and 2027. The FY27 O&M overtime and other pay expenses are $8.392M—an increase of $0.966M over the Test Year amount of $7.427M.

Q17. Please explain COS Adjustment No. 9 – A&G Capitalized.

A17. This adjustment reflects the Test-Year-to-Rate-Year change in cost of service attributable to A&G costs that are capitalized through the capital overhead rates applied to property, plant, and equipment construction projects. The net reduction in capitalized A&G costs of $2.585M results from an updated Rate Year calculation that produces a lower A&G capitalization rate: projected investment growth outpaces the increase in A&G costs required to implement those investments, thereby reducing A&G as a percentage of total capital activity. The Test Year amount is based upon the A&G rate that was applied consistently across all years of the Current Plan. That rate was established in the 2023 traditional rate case and carried forward throughout the Current Plan term. The Rate Year amount incorporates projected 2027 capital projects—including the proposed resilience investments described elsewhere and in Mr. Burke's testimony—and reflects expected changes, over the term of the Proposed Plan, in the A&G costs eligible for capitalization. This results in an FY27 Rate Year reduction for customers of $2.585M compared to the Test Year.

Q18. Please explain COS Adjustment No. 10 – O&M – Benefits – Active Medical.

A18. This adjustment captures the Test Year to Rate Year cost of service increase in O&M active medical costs. The Rate Year O&M active medical cost was calculated by applying an annual 7.19% market trend rate to the Test Year cost. As in prior rate cases, this trend rate was developed by Willis Towers Watson ("WTW"), GMP's benefits consultant, based on our active medical claims over the last twelve months. It represents the weighted average of a forecasted increase of 6.80% in medical and 9.03% for pharmacy. The GMP forecasted trend is lower than WTW Survey Average and CIGNA forecast. The FY27 Active Medical Expense is $12.270M—an increase of $1.591M over the Test Year amount of $10.679M.

Q19. Please explain COS Adjustment No. 11 – O&M – Benefits – Pension.

A19. This adjustment captures the Test Year to Rate Year cost of service decrease in O&M pension plan expense. The pension plan was closed several years ago and is only available for retirees under its terms and current employees if their tenure began earlier than 2010. The FY27 total pension cost was developed by WTW. The FY27 O&M pension expense is $4.283M, which is a decrease of $1.939M from the Test Year amount of $6.221M. Fortunately, annual contribution to the plan will increase with the required approved usage of the surplus in Retiree Medical (discussed below) and those additional contributions will further reduce the service cost of the pension, mainly through the elimination of the plan's Pension Benefit Guaranty Corporation variable rate premium.

Q20. Please explain COS Adjustment No. 12 – O&M – Benefits - Retiree Medical.

A20. This adjustment captures the Test Year to Rate Year cost of service increase in O&M Benefits – Retiree Medical expense. Retiree medical benefits are available to a limited number of pension eligible employees. The FY27 total retiree medical expense was developed by WTW and reflects a Retirement Board approved change that requires GMP to deploy $20M of the surplus accrued in the Retiree Medical plan indirectly through paying for Active Medical and using the freed-up funds to reduce costs and risks related to the underfunded pension. This is the only other purpose permitted for these surplus funds without generating a significant capital tax gain; the decision to require the swap was based upon its long-term customer savings and reduced risk. Utilizing the surplus in the Retiree Medical plan means that it generates less interest revenue and therefore provides a lower credit to O&M than when the surplus sat idle. As explained above, this lower credit is offset by the lower Pension Plan forecasted expense created by the swap. Over time, this will significantly reduce pension underfunding and reduce costs for customers. The FY27 O&M retiree medical adjustment is a credit of $0.866M which is $1.730M less than the Test Year credit amount of $2.596M.

Q21. Please explain COS Adjustment No. 13 – O&M – Benefits – 401(k) Match.

A21. This adjustment captures the Test Year to Rate Year cost of service increase in O&M 401(k) company match expense. The FY27 401(k) cost tracks with related expenses by incorporating salary and wage changes from the FY25 Test Year to FY27 that are eligible for the match and adjusting the number of eligible employees and match percentage from the Test Year to the Rate Year. GMP closed the defined benefit pension plan over 15 years ago. Employees hired before the plan was closed are eligible for and receive a 4.75% 401(k) match while employees hired after the defined benefit pension plan was closed are eligible to receive a 401(k) match at the rate of 7.5%. The Test Year O&M overhead rate is applied to the FY27 401(k) match cost to calculate the FY27 O&M 401(k) match expense of $2.766M, an increase of $0.044M from the Test Year amount of $2.722M.

Q22. Please explain COS Adjustment No. 14 – O&M – Insurance Premium Expense.

A22. This adjustment captures the Test Year to Rate Year cost of service increase in insurance expense. For determining FY27 premiums, we have taken the last two-year average in insurance costs increases, as we did in the FY23 rate case. Specifically, the FY27 total insurance cost was calculated by applying the percentage change in insurance premium costs experienced in the Test Year and Interim Year to the Test Year cost to develop the FY27 cost. The FY27 O&M insurance expense was calculated by applying the Test Year O&M overhead rate to the FY27 total insurance cost, yielding the FY27 O&M Insurance expense of $4.376M, an increase of $0.992M over the Test Year amount of $3.385M.

Q23. Please explain COS Adjustment No. 16 – O&M – Test Year to Rate Year One-Time Items.

A23. This adjustment captures the Test Year to Rate Year cost-of-service decrease in one-time costs. It removes one-time costs that were incurred in the Test Year but not expected to recur in the Rate Year; costs expected to be incurred in the Rate Year that were not reflected in the Test Year; and other miscellaneous cost-of-service adjustments. This adjustment was developed by each department through specific review of their Test Year and Rate Year actual expenses and budgets. This results in a net reduction to the FY27 cost of service of $1.753M.

Q24. Please explain COS Adjustment No. 17 – Carrying Costs on REC Inventory.

A24. This adjustment increases the Rate Year cost of service for the return on the REC inventory we maintain. Consistent with the Department's recommendation in Case No. 18-0974-TF and the Commission's orders, we recover the carrying cost on the inventory at a rate equal to our credit facility borrowing rate, rather than at the weighted-average cost of capital. The inventory levels reflect 13-month average balances as forecasted by GMP's power supply team. For FY27, this amount is expected to be $0.290M.

Q25. Please explain COS Adjustment No. 18 – Amortization of Debt – Discount Expense.

A25. This adjustment captures the Test Year to Rate Year cost-of-service increase in the amortization of expenses incurred in the issuance of debt securities. The FY27 amortization is $0.649M, which is an increase of $0.066M from the Test Year amount of $0.582M.

Q26. Please explain COS Adjustment No. 19 – Credit Facility Fees.

A26. This adjustment captures the Test Year to Rate Year cost-of-service increase in letters of credit fees and fees based on the unutilized portion of GMP's credit facility. The FY27 fees are $0.166M, which is an increase of $0.050M from the Test Year amount of $0.116M.

Q27. Please explain COS Adjustment No. 20 – Other Taxes, Primarily Payroll Taxes.

A27. This adjustment incorporates the impacts that Test Year to Rate Year changes in salaries and wages will have on payroll income taxes. The FY27 payroll taxes expense was calculated by applying the annual compensation adjustment percentages used to calculate the COS Adjustment No. 5 – O&M – Salaries and Wages adjustment to the Test Year Payroll Taxes expense. The FY27 payroll taxes expense is $3.706M, which is an increase of $0.246M from the Test Year amount of $3.460M.

Q28. Please explain COS Adjustment No. 21 – Federal & State Income Taxes.

A28. This adjustment reflects federal and state income taxes, which were calculated based on statutory income tax rates adjusted for book and tax permanent differences and income tax credits. This adjustment reflects a federal income tax rate of 21.1399% and the return to customers of the tax reform Accumulated Deferred Income Taxes ("ADIT") balance over 33 years. The FY27 Federal & State Income Taxes expense is $36.901M, which is an increase of $9.872M from the Test Year amount of $27.028M.

Q29. Please explain COS Adjustment No. 22 – Municipal Taxes.

A29. This adjustment captures the Test Year to Rate Year cost of service increase in property taxes. The FY27 property tax expense was calculated by applying the 5-year average of changes experienced between FY2021 and FY2025 of 6.0% in property tax billings to the Test Year property tax expense to calculate the Rate Year property tax expense. The FY27 property tax expense is $46.157M, which is an increase of $5.199M over the Test Year amount of $40.958M.

Q30. Please explain COS Adjustment No. 23 – Depreciation Expense.

A30. This adjustment captures the Test Year to Rate Year cost-of-service increase in depreciation expense. This adjustment incorporates the annualized impact of plant additions and retirements through the Test Year and those that have occurred or will occur through the end of the Rate Year and therefore reflects the higher level of approved investment in storage and resilience, among others, that have occurred since the Test Year. It also incorporates the modest outcome of the updated depreciation study that was performed as part of this proceeding, showing approximately $0.150M annually in net increased depreciation expense due to adjustments to the schedules and rates of depreciation. The depreciation study is provided as **Exh. GMP-LD-RB-5** and is discussed further below in Question 50. The overall FY27 depreciation expense adjustment is $85.591M, an increase of $9.435M over the Test Year amount of $76.156M.

Q31. Please explain COS Adjustment No. 24 – Accretion Expense.

A31. This adjustment captures the Test Year to Rate Year cost-of-service increase in accretion expense. It is based on a schedule prepared by GMP to support the annual financial audit. The FY27 accretion expense is $0.377M, which is an increase of $0.007M over the Test Year amount of $0.370M.

Q32. Please explain COS Adjustment No. 25 – Reg Assets, Deferred Debits, Reg Liabilities Amortizations.

A32. This adjustment captures the Test Year to Rate Year cost-of-service decrease in the amortization of various regulatory assets, deferred debits, and regulatory credits. The net FY27 amortization is $3.773M, which is a $6.052M decrease from the Test Year net amortization of $9.825M. The variance is mainly caused by the removal of the Major Storm Restoration Fund from the Proposed Plan.

Q33. Please explain COS Adjustment No. 26 – Equity-in-Earnings of Affiliates.

A33. This adjustment captures the Test Year to Rate Year cost-of-service decrease stemming from the increase in equity in earnings from investments in affiliates. The FY27 equity in earnings from investments in affiliates is $93.138M, which is an increase of $6.348M from the Test Year amount of $86.790M. This increase in equity in earnings directly lowers GMP's cost of service. The increase is largely attributable to increased VT Transco earnings resulting from additional equity investments that have been made or will need to be made by GMP into VT Transco during FY26 (the Interim Period) and FY27. VELCO witness Michele Nelson discusses these additional equity investments in her testimony. VT Transco creates a significant recurring customer benefit of more than $19M per year, and this amount grows with each additional VT Transco investment.

Q34. Please explain COS Adjustment No. 27 – Other Operating Revenues.

A34. This adjustment captures the Test Year to Rate Year cost-of-service decrease in non-retail utility revenue. Revenue associated with categories such as mutual aid of other utilities, pole attachments, various services such as disconnects and reconnects, transmission capacity resales, and contributions in aid of construction fall into this category. Revenue associated with innovation programs also falls into this adjustment. Adjustments in this category for typically recurring items are based upon forecasts and multi-year averages for the category of mutual aid, which has high year-over-year volatility. This category has captured transition payments from GF to GMP, based upon GF's transition from a retail customer of GMP to its own electric utility, which payments end September 30, 2026. The FY27 Other Operating Revenue is $24.012M, which is a decrease of $2.248M from the Test Year amount of $26.260M. Excluding the GF transition payments, Other Operating Revenue increased from the Test Year to the Rate Year by $0.752M, due to higher revenue from innovation programs slightly offset by lower mutual aid based on the historic 3-year average adjusted for inflation.

Q35. Please explain COS Adjustment No. 30 Tier III Adjustment.

A35. This adjustment captures the true-up required from the difference between FY2025 Rate Case Tier III balance as compared to FY2025 Actual, consistent with the Commission's Order in the FY23 rate case, Case No. 22-0175-TF. The FY2025 Rate Case balance reflected the December 31, 2023, balance of $24,876 and the actual thirteen-month average balance for FY2025 is $33,263. The difference of $8,388 at the pre-tax weighted average cost of capital of 8.95% determines the adjustment needed of $0.751M.

Q36. Please explain COS Adjustment No. 31 – Gross Revenue and Fuel Gross Receipt Taxes.

A36. This adjustment captures the Test Year to Rate Year cost-of-service increase from Gross Revenue and Fuel Gross Receipts taxes. This adjustment is calculated by applying the gross revenue tax rate (0.525%) and fuel gross receipts tax rate (0.50%) now in effect to the FY27 revenue components subject to these taxes. The total FY27 tax is $9.406M, which is an increase of $0.780M over the Test Year amount of $8.626M.

Q37. Please explain COS Adjustment No. 32 – Uncollectible Expense.

A37. This adjustment calculates the FY27 uncollectible expense by reviewing the historical five-year trend (2021–2025) of the ratio of uncollectible expense to retail revenue. The overall trend ratio of 0.32% was then applied to the FY27 retail revenue to calculate the Rate Year Uncollectible Expense. Given the recent approved change in GMP's Energy Assistance Program to provide a second arrearage forgiveness to eligible customers (see Case No. 25-2300-TF), a further $0.250M downward adjustment was incorporated. The total FY27 uncollectible expense is $2.564M, which is $0.888M increase from the Test Year amount of $1.676M.

Q38. Please explain COS Adjustment No. 33 – Return on Utility Rate Base.

A38. This adjustment reflects the change to return on utility rate base resulting from applying the weighted average cost of capital from **Exh. GMP-LD-RB-3**, **Schedule E** to the FY27 13-month average rate base from **Exh. GMP-LD-RB-3**, **Schedule D**, as further discussed below. This results in an increase of $8.412M in the Rate Year compared to the Test Year.

V. <u>Rate Base Details and Adjustments</u>

Q39. Please describe the rate base in this filing.

A39. The rate base, which reflects the 13-month average level of investment for the Test Year ending September 30, 2025, and adjusted for known-and-measurable changes through the Interim Year and to the end of the Rate Year (September 30, 2027), is summarized in **Exh. GMP-LD-RB-3**, Schedule D.

Q40. Please explain how the Test Year plant balances were adjusted.

A40. We started with the plant balances at the end of the Test Year and added monthly capital additions through the end of the Rate Year. Mr. Hassan discusses capital additions further in his testimony, and Mr. Burke describes resilience investments included in the FY27 Rate Case. Based on these calculations, we calculated a 13-month average balance for plant in service for the Rate Year. Growth-related capital projects are included in the above calculation, consistent with prior rate cases.

Q41. Please identify the witnesses who support the rate base adjustments contained in Schedule D of Exhibit GMP-LD-RB-3.

A41. The following table summarizes the rate base adjustments to the FY25 Test Year and indicates which witness provides support for each adjustment. Our testimony following this table describes each of the adjustments in the table we support (RB5 through RB17). Mr. Castonguay, Mr. Hassan, and Mr. Burke address the capital plant additions associated with rate base adjustments RB1 through RB5, listed below.

Adj. No	Description	Witness	**Adj. Total ($000s)**
RB 1	Production	Castonguay	20,894
RB 2	Transmission	Hassan	19,299
RB 3	Distribution	Hassan, Burke	196,615
RB 4	General & Intangible	Hassan	(8,817)
RB 5	Construction Work in Progress	Doane/Bingel	(78,314)
RB 6	Investment in Affiliates	Doane/Bingel	13,780
RB 7	Community Energy & Efficiency Development	Doane/Bingel	(1,475)
RB 8	Unamortized Debt Discount & Expense	Doane/Bingel	(339)
RB 9	Regulatory Assets, Deferred Debits	Doane/Bingel	(1,089)
RB 10	Working Capital Allowance	Doane/Bingel	(3,239)
RB 11	Accumulated Depreciation	Doane/Bingel	132,992
RB 12	Contribution in Aid of Construction (CIAC)	Doane/Bingel	(21)
RB 13	Accumulated Deferred Income Taxes & Tax Reform Liability	Doane/Bingel	8,247
RB 14	Accumulated Deferred Investment Tax Credits	Doane/Bingel	16,510
RB 15	Regulatory Liabilities	Doane/Bingel	(916)
RB 16	Accrued Pension Expense	Doane/Bingel	(13,583)
RB 17	Accrued Post-Retirement Medical Expense	Doane/Bingel	12,622

RB18	Capital Leases – Right of Use Assets	Doane/Bingel	295
RB19	Capital Leases – Lease Liability	Doane/Bingel	(447)

Q42. Please explain RB Adjustment No. 5 – Construction Work in Progress (CWIP).

A42. The FY27 CWIP rate base balance was calculated based on the Test Year monthly CWIP balances on projects under construction excluding construction projects accruing AFUDC. The FY27 CWIP rate base balance was $19.051M, which is a decrease of $78.314M from the Test Year total CWIP balance of $97.365M. The difference is based upon the exclusion of projects accruing AFUDC.

Q43. Please explain RB Adjustment No. 6 – Investment in Affiliates.

A43. This adjustment reflects the various equity investments and includes the planned dissolution of GMP JV Microgrid in October 2026 (reduction of $37.285M), and additional equity investments in VT Transco in December 2025 and 2026 as detailed in Michele Nelson's testimony. The FY27 Investment in Affiliates rate base balance is $792.676M, which is an increase of $13.780M from the Test Year balance of $778.896M.

Q44. Please explain RB Adjustment No. 7 – Community Energy and Efficiency Development ("CEED") Fund.

A44. This adjustment represents the Test Year to Rate Year decrease in the CEED Fund balance. No additional CEED Fund investments are required. The decrease is attributable to the recurring annual CEED Fund amortization. The FY27 rate base balance is $0.547M, which is a decrease of $1.475M from the Test Year balance of $2.022M.

Q45. Please explain RB Adjustment No. 8 – Unamortized Debt Discount and Expense.

A45. This adjustment reflects unamortized deferred debt issuance costs. The FY27 rate base balance is $4.703M, which is a decrease of $0.339M from the Test Year balance of $5.042M.

Q46. Please explain RB Adjustment No. 9 – Regulatory Assets and Deferred Debits.

A46. This adjustment reflects the unamortized balances of the regulatory assets and deferred debits. The FY27 rate base balance is $60.411M, which is a $1.089M decrease from the Test Year balance of $61.500M.

Q47. Please explain RB Adjustment No. 10 – Working Capital Allowance.

A47. This adjustment reflects materials and supplies including fuel, prepayments, Millstone 3 nuclear fuel, and cash working capital requirements. The cash working capital requirement was calculated using a lead-lag study approach. The lead-lag study developed lead-lag factors for the time between when services were rendered and the receipt of revenues for such services and between when labor and other costs were incurred and when payments were made for such costs. The FY27 rate base balance is $96.047M, which is a decrease of $3.239M from the Test Year balance of $99.286M.

Q48. Explain how the Cost of Working Capital Lead/Lag Study was conducted.

A48. The purpose of this Cash Working Capital Report, set forth in **Exh. GMP-LD-RB-6**, is to determine, using a lead-lag study, the amount of investor-supplied cash required for GMP to finance our day-to-day operations between the time service is provided and the time revenues are collected, net of the timing of payments to suppliers. The study was prepared by our consultant Gannett and is based on a detailed analysis of GMP's actual revenue collection patterns and expense payment practices during the twelve months ended September 30, 2024. Consistent with longstanding ratemaking principles, the report applies a lead-lag methodology to measure the net timing difference between revenue lags and cost-of-service leads, thereby quantifying the appropriate cash working capital component of rate base on which GMP may earn a regulated rate of return.

The lead-lag study results show that GMP experiences an overall revenue lag of 37.3 days and aggregate expense lead days that offset a substantial portion of that lag, yielding a net cash working capital requirement of $21.091M based on the 2024 cost of service. Specifically, the study calculates $73.599M of revenue-related cash working capital, offset by $52.508M of expense-related cash working capital, resulting in the recommended net amount to be included in rate base. These results reflect detailed, line-item-specific analyses of major expense categories—including purchased power, transmission, payroll, benefits, taxes, and interest—using actual invoice and payment data and are summarized on Schedule HW-1 and supported by Schedules HW-2 through HW-34 in **Exh. GMP-LD-RB-6**. The report concludes that $21.091M represents a reasonable and supportable cash working capital allowance for GMP, with the established lead-lag days to be applied to future test years to determine cash working capital requirements on a consistent and transparent basis.

Q49. Please explain RB Adjustment No. 11 – Accumulated Depreciation.

A49. This adjustment reflects the accumulated depreciation balance as of September 30, 2025 (end of the Test Year) adjusted for Interim Period and Rate Year retirements and depreciation expense. The FY27 rate base balance is $1,043,871M, which is an increase of $132,992M from the Test Year balance of $910,879M. This result reflects the Depreciation Study GMP completed in 2025.

Q50. Please summarize the outcome of the depreciation study completed for this rate filing.

A50. The depreciation study currently in effect was implemented in the FY21 rate case and was based on plant data as of December 31, 2017. Consistent with longstanding regulatory practice and as directed by the Commission, GMP committed to performing its next depreciation study in FY25, five years from the last implementation. During the Current Plan period, depreciation rates have remained fixed and have only been adjusted to reflect approved plant additions. The Commission directed that the results of the FY25 depreciation study be reviewed as part of a future cost-of-service proceeding. Accordingly, GMP is incorporating the results of the FY25 depreciation study into this FY27 rate case.

External consultant Gannett provides a thorough review of the methodology and outcomes in **Exh. GMP-LD-RB-5**. The study updates depreciation parameters using the same fundamental methodological approach employed in prior GMP studies, while incorporating greater functional detail to align with evolving FERC reporting expectations, including more granular treatment of computer and IT-related plant, as required by FERC Order 898.

Based on approximately $2.52B of total plant reviewed, the study results in a *de minimis* net change to overall annual depreciation expense. While individual functions show offsetting increases and decreases, the implied weighted-average annual accrual rate remains nearly flat, declining slightly from 3.3909% under current rates to 3.3850% under the FY25 study. Despite investment growth since 2017, total annual depreciation expense increases by only approximately $0.150M, or about 0.17% relative to current accruals, reflecting longer expected service lives across the asset base and demonstrating the stability and reasonableness of the updated depreciation parameters.

Q51. Please explain RB Adjustment No. 12 – Customer Advances for Construction (CIAC).

A51. This adjustment reflects the CIAC book and tax difference. The difference is no longer amortized over time and passed- through when booked. The FY27 rate base balance is $0M, which is reduction of $0.021M from the *de minimis* Test Year balance of $0.021M.

Q52. Please explain RB Adjustment No. 13 – Accumulated Deferred Income Taxes and Tax Reform Regulatory Liability.

A52. This adjustment reflects the impacts of temporary book and income tax differences and the protected plant regulatory liability which is being returned to customers over 33 years in accordance with prior orders. The FY27 rate base balance is $482.868M, which is an increase of $8.247M from the Test Year balance of $474.621M. This is a credit to Rate Base and reduces Rate Base.

Q53. Please explain RB Adjustment No. 14 – Accumulated Deferred Investment Tax Credits.

A53. This adjustment reflects the Investment Tax Credits ("ITC") that have been taken as a deduction on the corporate tax return but not yet returned to customers through rates. We amortize the deferred ITC over the depreciable life of the property, plant, and equipment that generated the ITC. The FY27 rate base balance is $17.139M, which is an increase of $16.510M from the Test Year balance of $0.630M. The forecasted investments in ESS drive this tax credits increase.

Q54. Please explain RB Adjustment No. 15 – Regulatory Liabilities.

A54. This adjustment reflects the unamortized balances of regulatory liabilities. The FY27 rate base balance was $14.489M, which is a decrease of $0.916M from the Test Year balance of $15.405M.

Q55. Please explain RB Adjustment No. 16 – Accrued Pension Expense.

A55. This adjustment reflects the cumulative funding into the pension plan beyond cumulative costs. The FY27 rate base balance is $20.092M, which is an increased credit of $13.583M from the Test Year balance of $6.509M. The increase in credit to Rate Base is related to the additional pension funding, as explained above.

Q56. Please explain RB Adjustment No. 17 – Accrued Post-Ret. Medical Expense.

A56. This adjustment reflects the difference between post-retirement medical plan assets compared to plan obligations. The FY27 rate base balance was $1.914M, which is a reduction in credit of $12.622M from the Test Year balance of $14.536M. The decrease in credit to Rate Base is related to the required pension funding swap, as explained above.

Q57. **Please explain RB Adjustments No. 18 – Capital Leases – Right of Use Assets.**

A57. This adjustment reflects the fair value of the leased asset and is mostly offset by the lease liability that represents the current and long-term portion of the lease obligation. The FY27 rate base balance is $2.802M, which is an increase of $0.295M from the Test Year balance of $2.507M.

Q58. **Please explain RB Adjustments No. 19 – Capital Leases – Lease Liability.**

A58. This adjustment reflects the current- and long-term portion of the lease obligation. The FY27 rate base balance is $2.924M, which is an increase of $0.447M from the Test Year balance of $2.477M.

VI. GMP's Capital Structure and Cost of Debt & Equity

Q59. Please describe GMP's capital structure for the Test Year and Rate Year.

A59. The capital structure for the Test Year and the Rate Year are identified below:

Test Year	In $000s	
Long-term Debt	$1,003,692	44.16%
Credit Facility	$121,083	5.33%
Total Equity	$1,1148,206	50.52%
Total Capital	$2,272,982	

Rate Year

Long-term Debt	$1,205,231	48.15%
Credit Facility	$39.951	1.60%
Total Equity	$1,258,144	50.26%
Total Capital	$2,503,326	

The cost of each component of the capital structure is set out in **Exh. GMP-LD-RB-3**, Schedule E. As indicated, the cost of capital in the Rate Year consists of 4.74% for long-term debt, 4.03% for credit facility debt, and 9.94% for equity. The cost of long- and short-term debt reflects per-books numbers and estimates for new issuances through the end of the Rate Year (described below). The Rate Year weighted after-tax cost of capital identified on the exhibit is 7.34%.

Q60. How is GMP proposing to handle Return on Equity for the FY27 rate period?

A60. As described earlier in our testimony, GMP has reflected in this rate filing the existing ROE of 9.94%. This ROE was established in the FY26 Annual Base Rate filing under the Current Plan using the ROE adjustment formula in that Plan. As part of this case, GMP requested a market-based ROE analysis from external expert, Julie Lieberman, to establish what ROE would be justified using standard methodologies relied on by the Commission for setting ROE. This analysis, outlined in Ms. Lieberman's testimony, would result in an ROE range of 9.91% - 10.91%, based on market risk, volatility, and a comparison with authorized returns of similarly situated peer utilities in the U.S. Ms. Lieberman's analysis provides important context for the Commission's consideration, and her proposed ROE range is just and reasonable given current market conditions and federal risk factors.

GMP is proposing to maintain the existing ROE if the Proposed Plan is adopted in substantially the same form as proposed. This is within the low end of the range offered by Ms. Lieberman; it is also consistent with applying the Proposed Plan's methodology to the period July 1, 2025, to September 30, 2025, as well as with using the longer six-month measurement period GMP has included in the Proposed Plan, demonstrating that the capital cost environment has not substantially changed since the last filing

As discussed in our testimony supporting the Proposed Plan, we seek to continue critical components of our Current Plan, and to manage risk further by establishing recovery of appropriate carrying costs for items as described in our initial testimony. If the Proposed Plan is not adopted or is substantially modified to include provisions that have not previously been implemented, do not have a track record of performance, or present greater risks, the approach to setting the ROE would no longer be appropriate.

Q61. Were any adjustments made to the common stock equity component of the capital structure?

A61. Yes. As in prior years, we reduced our common stock equity balance by approximately \$5.694M to reflect the portion of common stock equity balance that supports non-utility operations.

VII. Proposed Plan Revisions, FY28–FY30 Forecasts, and FY27-FY30 Debt Forecast

Q62. Is GMP making any modifications to the Proposed Plan filed August 29, 2025?

A62. Yes. After further evaluation of the Proposed Plan and additional information developed since filing the Plan, including additional ZOI work GMP has completed in the past several months that has informed our approach for planned resilience work, we are revising the Proposed Plan in several small but important ways:

Resilience Projects – As Mr. Burke details, we have included a specific capital investment amount of $76M in FY27 for resilience projects in rates and are proposing a locked capital amount of $341M closed to plant (inclusive of FY27) over the term of the Proposed Plan for resilience investments. These amounts will be tracked separately from base capital, with similar flexibility in year-to-year spending within this separate category, to allow for the most cost-effective coordination and implementation of this work over the term of the Proposed Plan.

Customer Driven Storage – Since our August filing, we have refined the proposed approach to this investment, as further described by Mr. Castonguay. Specifically, we are setting $17.1M in proposed capital investment in FY27 for the ESS program and $7.2M for a planned Innovation Pilot for storage for customers located in Zone 4 of the East Jamaica EJ-G7 circuit. For years beyond FY27, GMP will propose to handle any further storage investments under a "not to exceed" approach as set forth in the Proposed Plan, with projects only included in rates once completed and closed to plant, subject to Commission review and approval.

Payroll – While we initially asked to re-forecast these costs in the event of material changes, we recognize that GMP can manage any changes and the risks associated with it and so we have removed this feature of the Proposed Plan, instead keeping payroll fixed based on initial forecasts, as in the Current Plan.

A&G –Because GMP is now forecasting the total amount of capital placed into service over the four years of the Proposed Plan, GMP is proposing that A&G be forecasted and fixed upfront, rather than adjusted on an annual basis.

All of these proposed revisions are outlined in the attached redline version of the Proposed Plan, **Exh. GMP-LD-RB-1(Rev.)**. We have also updated the summary of the major elements of the plan in **Exh. GMP-LD-RB-2(Rev.)**.

Q63. Can you describe how GMP's Initial FY28–FY30 forecasts were developed?

A63. Our three-year forecasts for the FY28–FY30 periods and supporting schedules are provided in **Exh. GMP-LD-RB-8**. The various cost-of-service and rate base categories contained in these Initial Forecasts were developed using methodologies outlined in the Proposed Plan. We have prepared an updated version of Attachment 1 to the Proposed Plan, which summarizes these specific methodologies for each cost-of-service and rate base category including a new column which describes how the initial FY27 to FY30 forecasts were developed for each category. See **Exh. GMP-LD-RB-1 (Rev.)**, revised Attachment 1.

Q64. Can you summarize how these Initial Forecasts are used and will be updated under the Proposed Plan?

A64. These Initial Forecasts serve essentially the same purpose as in the Current Plan and provide the foundation for setting the primary components of the cost of service over the Proposed Plan period. Consistent with the Current Plan, final debt costs will not be established until the updated forecasts are filed in FY28, given the changes that are experienced there. See revised Attachment 1 to the Proposed Plan contained in **Exh. GMP-LD-RB-1 (Rev.)** We then propose to use the Initial Rate-Smoothing Mechanism for FY28–FY30, after setting FY27 under this cost-of-service filing.

When our FY28 base rate request is filed in June 2027, we will also file updated forecasts using the methodology specified in the Proposed Plan. In subsequent years, annual base rates will only change based on the methodologies and adjustments authorized under the Plan, unless otherwise ordered by the Commission.

Q65. The Proposed Plan included a process for Section 108 review of GMP's proposed debt issuances during the regulation plan period. Can you please describe the Debt Forecast you have developed?

A65. **Exh. GMP-LD-RB-9** is GMP's Debt Forecast for the FY27-30 period. We developed the FY27-30 Debt Forecast based upon the expected capital investment, including resilience investment and required VT Transco equity requirement, consistent with the Initial Forecasts. The FY27-30 forecast is based on the Commission-approved capital structure of 50% Debt, 50% Equity, plus or minus 1%. As need for financing arises, GMP first uses its credit facility until either the amount borrowed under the line limits GMP liquidity or a debt ratio of 51% is reached. Equity and Long-Term Debt are then issued to rebalance the capital structure and repay the credit facility. Given that the capital investments are fixed in the forecast, the annual need for debt and equity is known in advance, subject only to the limited exceptions in the Proposed Plan, all of which would require Commission review and approval. Volatility in storms, power supply prices and revenue, mostly from weather, could temporarily affect liquidity but not the long term need to maintain the capital structure.

Q66. How will GMP implement the Debt Forecast if approved by the Commission as set forth in the Proposed Plan?

A66. The Debt Forecast shows a total of $430M in long-term debt issuances over the course of the four-year Proposed Plan, to support investments in infrastructure for customer services and programs while accounting for refinancing of prior issuances reaching maturity and respecting at all times GMP's required capital structure. The Debt Forecast shows the projected amount of issuances by year, along with the maximum potential interest rate that would conform to the Debt Forecast. GMP will manage its long-term debt issuances year to year within the total $430M projected amount, and will update the Commission on its performance at each notice of issuance filing and in its refreshed forecasts submitted with the Annual Base Rate filings. If any planned issuance falls outside the requirements of the Debt Forecast, GMP will not use the notice procedure set forth in the Proposed Plan and Attachment 13, but will instead file a separate Section 108 petition for Commission consideration.

Q67. Can you summarize why you believe the Commission should approve GMP's Debt Forecast as a part of its review of the Proposed Plan?

A67. The Commission should approve GMP's Debt Forecast as part of its review of the Proposed Plan because GMP's Section 108 proposal provides a review of GMP's expected debt financing, adds valuable market flexibility, and reduces costs while improving efficiency. This process will enable GMP to go to market with a 21-day notice period, allowing us to leverage market opportunities more cost effectively for customers. By reducing the number of subsequent, individual regulatory proceedings, the process will lower costs and improve efficiency for GMP, the Department, and the Commission. In the event GMP's needed debt financing varies from the Debt Forecast, a Section 108 petition and full proceeding would be required.

VIII. Update on GMP's Cost of Service Study and Upcoming Rate Design Work

Q68. GMP previously reported that it would complete a fully allocated class cost-of-service study in late 2025 or early 2026. What is the status of that work?

A68. GMP has completed its fully allocated class cost-of-service study (the "FACCOSS") in early 2026. A narrative report prepared by GMP's retained expert consultants, Current Energy Group ("CEG"), describing the methodology, assumptions, and purpose of the study along with a summary of results is attached to this testimony as **Exh. GMP-LD-RB-7**. GMP undertook this study to update its class cost-of-service analysis and provide a current analytical foundation for future rate design discussions.

Q69. Please describe the process GMP used to complete the FACCOSS.

A69. The FACCOSS was prepared using a traditional embedded cost-of-service methodology consistent with Commission precedent and standard industry practice. CEG performed the study in concert with GMP teammates across several departments to functionalize costs by major utility function; classify costs by demand-, energy-, and customer-related drivers; and allocate those costs to rate schedules using billing determinants and load data. The goal of the study was to provide an updated analysis of relative class cost responsibility, not to prescribe specific rate changes. A detailed description of the study framework and assumptions is included in the attached narrative report, **Exh. GMP-LD-RB-7**.

Q70. In brief, what were the results of the FACCOSS?

A70. The FACCOSS results indicate that the relative cost responsibility among customer classes has stayed similar and not materially changed since GMP's prior class cost-of-service analysis, meaning GMP's current class revenue allocations remain broadly aligned with embedded cost responsibility. While the study reflects updated data and system conditions, the differences between the study results and GMP's currently approved class revenue allocations are nominal. See **Exh. GMP-LD-RB-7** at 1 ("The COSS results described below, when apportioned to 2025 revenue, show only nominal allocation shifts between classes, indicating fidelity between GMP's current allocation and any changes that may be appropriately recommended after further work.")

Q71. How does the completion of the FACCOSS inform this FY27 rate filing?

A71. The FACCOSS helped us confirm that the FY27 cost-of-service rate change can proceed using the class revenue allocations currently in effect. Because the study results differ only nominally from existing allocations, GMP is not proposing any class reallocation as part of this filing. Instead, GMP proposes to apply the FY27 revenue requirement adjustment on a uniform basis across classes, while using the FACCOSS results themselves as a foundation for further analysis and any potential future rate design work.

Q72. How does GMP anticipate using the FACCOSS results going forward?

A72. GMP views the FACCOSS as an important analytical foundation rather than a rate design endpoint. The study results will be used to support further evaluation of rate structures, pricing signals, and potential future rate design changes, which may include more targeted analyses of marginal or incremental costs and consideration of different balances between fixed and volumetric charges, time-based pricing structures, or other refinements. Any such work would be undertaken with additional analysis, stakeholder engagement, and coordination with the Department and the Commission. This would be consistent with the Commission's recent workshop process on electric utility rate design, Case No. 25-2192-INV, and would allow these issues to be addressed in a future proceeding rather than in this FY27 filing.

Q73. Does this conclude your testimony?

A73. Yes.

I, Laura Doane, 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, VT on the 16th day of January, 2026.

Laura Doane

Laura Doane

Case No. 26-____-TF
Green Mountain Power Corporation
FY27 Rate Case & Proposed Plan
January 16, 2026

I, Robert Bingel, 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 Colchester, Vermont on the 16th day of January, 2026.

Robert Bingel