STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 25-1955-PET

Petition of Green Mountain Power Corporation for approval of its new Multi-Year Regulation Plan pursuant to 30 V.S.A. Sections 108, 209, 218, and 218d	

PREFILED SURREBUTTAL TESTIMONY OF
STEVEN D. HUNT
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

June 19, 2026

Summary: Mr. Hunt responds to Green Mountain Power Corporation's ("GMP" or "Company") Rebuttal Testimony regarding the issues discussed in his January 16, 2026 Prefiled Direct Testimony on behalf of the Vermont Department of Public Service ("Department" or "DPS").

Mr. Hunt Sponsors the Following Exhibit:

Exhibit DPS-SDH- 7 A.GMP.DPS.1-39

PREFILED SURREBUTTAL TESTIMONY OF STEVEN D. HUNT

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

A1. My name is Steven D. Hunt. My business address is 1850 Parkway Place, Marietta, GA 30067. I am a Principal at the firm GDS Associates, Inc. ("GDS"), a multi-disciplinary engineering and consulting firm offering expertise in regulatory ratemaking, accounting, economics, finance, and engineering on behalf of its clients related to matters associated with electric, gas and water utilities.

Q2. Are you the same Steven D. Hunt who previously filed direct testimony in this matter on January 16, 2026?

A2. Yes, I am.

Q3. Have you reviewed the rebuttal testimony filed in this proceeding on April 15, 2026 by GMP witnesses Laura Doane and Rob Bingel?

A3. Yes.

Q4. What is the purpose of your surrebuttal testimony?

A4. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony filed by GMP witnesses Laura Doane and Rob Bingel related to the Department's review and analysis of GMP's proposed Multi-Year Regulation Plan ("MYRP"). My surrebuttal testimony addresses two primary areas. First, I summarize the recommended adjustments that have either been accepted by GMP or are no longer being pursued by DPS. Second, I respond to GMP's discussion of the proposed MYRP adjustments relating to Return on Equity ("ROE"), as well as GMP's proposed timeline and procedures for reviewing the Quarterly Adjustor Mechanisms under the MYRP.

I. ACCEPTED MYRP ADJUSTMENTS

Q5. Does Ms. Doane's and Mr. Bingel's rebuttal testimony remove your concerns regarding the MYRP adjustments related to depreciation costs (Q8, page 7)?

A5. Yes. GMP agreed with my recommendation that the MYRP should be revised to explicitly state that changes to depreciation cost adjustments should be based on allowed capital expenditures less retirements. After reviewing GMP's proposed language revisions to the MYRP, I am satisfied with the proposed edits to the MYRP that depreciation costs will be net of retirements.

Q6. Does Ms. Doane's and Mr. Bingel's rebuttal testimony remove your concerns regarding the MYRP adjustments related to property taxes (Q9, pages 8-9)?

A6. Yes. Ms. Doane and Mr. Bingel have provided additional details on how GMP will calculate its property taxes. GMP's revised language in the MYRP states that the annual update will be based on prior-year actual property tax charges, known changes for the coming year, and the treatment of capital additions, including any effect from allowed capital expenditures approved by the Vermont Public Utility Commission ("Commission") year to year. After reviewing GMP's revised language to the MYRP, I am satisfied that the proposed edits should provide a reasonable level of certainty to the property tax computation so that it can be evaluated in future proceedings.

Q7. Does Ms. Doane's and Mr. Bingel's rebuttal testimony remove your concerns regarding GMP's proposed approach to updating long-term debt cost during the MYRP (Q10, pages 9-10)?

A7. Yes. GMP agreed to modify the proposal to provide that long-term debt costs will be updated annually during the term of the proposed MYRP, which will provide an opportunity to incorporate any prudent changes in debt costs during this period. After reviewing the proposed language revisions to the MYRP, I am satisfied with GMP's proposal to provide that long-term debt costs will be updated annually during the term of the proposed MYRP.

Q8. Regarding Ms. Doane's and Mr. Bingel's rebuttal testimony (Q18, pages 19-20) on the removal of the Major Storm Restoration Fund from the cost of service, what is your final recommendation?

A8. As I stated in my prefiled direct testimony in the FY27 Base Rate proceeding, I am satisfied with GMP's proposal regarding the removal of the $6 million pre-collection of the Major Storm Restoration Fund from the cost of service.

Q9. Regarding Ms. Doane's and Mr. Bingel's rebuttal testimony (Q20, pages 21-22) on GMP's proposed treatment of the unamortized debt discount and expense in rate base, what is your final recommendation?

A9. Although I recognize that GMP's treatment of unamortized debt discount and expense as a component of rate base rather than as a component in the development of the cost of capital, which is different from that allowed by the Federal Energy Regulatory Commission and other retail jurisdictions, I do not find the result of GMP's methodology to result in an outcome outside the zone of just and reasonable outcomes. Currently, I am not recommending any changes to the treatment of the unamortized debt discount and expense in rate base. However, I believe that this treatment should continue to be evaluated in future rate proceedings.

Q10. What is your final recommendation regarding GMP's proposed treatment for equity investments in rate base?

A10. In my prefiled direct testimony, I recommended that GMP's proposed treatment of certain specific investments in affiliates included in rate base be evaluated further in the FY27 Base Rate proceeding before concluding on the reasonableness of GMP's proposal. After reviewing and evaluating the cost-of-service schedules and as stated in my prefiled direct testimony filed in the FY27 Base Rate proceeding (Case No. 26-0096-TF), I am not recommending any proposed changes or modifications to GMP's treatment of the inclusion of Equity in Earnings for Investments in Affiliates.

II. OUTSTANDING MYRP ADJUSTMENTS

Q11. Please explain your initial recommendation regarding the MYRP adjustments related to ROE.

A11. In my prefiled direct testimony, I recommended that the Commission-approved ROE set in the FY27 Base Rate proceeding remain fixed throughout the MYRP term, as opposed to changing annually. Including an annual ROE adjustor based on the 10-year Treasury bond yield, GMP's annual cost of service is subject to an additional point of volatility and may be based on factors that cannot be predicted or measured to directly relate to GMP's utility operations.

Q12. Does GMP's proposal to extend the measurement period from three months to six months remove your concerns regarding the ROE adjuster (Q21, pages 22-24)?

A12. No. GMP's proposal as set forth in the proposed MYRP to extend the measurement period from three months to six months does not alleviate my concerns regarding increased risk of volatility. Fixing the ROE in the FY27 Base Rate proceeding (Case No. 26-0096-TF) and holding it steady throughout the term of the MYRP will add more certainty to rates and result in one less yearly cost-of-service adjustment for ratepayers.

Q13. Please explain why you continue to recommend that GMP's ROE remain fixed throughout the MYRP term.

A13. I continue to recommend that GMP's approved ROE established in the FY27 Base Rate proceeding remain fixed throughout the term of MYRP. Maintaining a constant ROE mitigates volatility risk associated with fluctuations in 10-year U.S. Treasury bond yields. GMP has not demonstrated that adjusting the ROE based solely on changes in 10-year U.S. Treasury bond yields appropriately reflects broader market conditions affecting electric utilities. Additionally, as noted in response to Q.GMP.DPS.1-39 (**Exhibit DPS-SDH-7**), other jurisdictions, including Maryland, Minnesota, Illinois, and Georgia, do not permit ROE updates during multi-year rate periods for these same reasons.[1]

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[1] Maryland: Potomac Elec. Power Company's Application for an Elec. Multi-Year Rate Plan, No. 89868, 2021 WL 3545073 (June 28, 2021) Paragraph 370
BGE Multi-Year Rate Plan Order, Order No. 89678, Case No. 9645, https://webpscxb.pscmaryland.com/DMS/home, ML 232998 (December 16, 2020) Paragraph 343, Pg. 153
Minnesota: In the Matter of the Application of Northern States Power Company, dba Xcel Energy, for Authority to Increase Rates for Electric Service in the State of Minnesota, No. E-002/GR-21-630, 2023 WL 4636746 (July 17, 2023) Pg. 150, No. 48
Illinois: Order on Ameren Illinois' Refiled Multi-Year Grid Plan, No. 24-0238, https://www.icc.illinois.gov/docket, (December 19, 2024) Pg. 270, No. 5
Georgia: Georgia Power Company's 2022 Rate Case Order Adopting Settlement Agreement, No. 44280, https://psc.ga.gov/, (December 20, 2022) Pg. 4-6 (Section I), Pg. 7-9, (Section IV).

While I support annual updates to long-term debt costs because such changes are known, measurable, and can be directly incorporated into the cost of capital, the determination of ROE requires significant judgment, reliance on assumptions, and a more comprehensive evaluation of market conditions. Reducing that analysis to a mechanical adjustment based solely on movements in 10-year U.S. Treasury Bond yield has not been shown to accurately reflect changes in GMP's overall risk profile or the return required by investors.

As currently structured, the ROE adjustment mechanism produces returns that exceed what is reasonable and necessary and is likely to continue doing so under the proposed MYRP, particularly in light of broader market conditions. Further, GMP's risk is mitigated during the MYRP due to reduced regulatory lag, as quarterly adjustment mechanisms allow for more frequent rate updates, in addition to the presence of earnings sharing bands under the Earnings Sharing Adjustment Mechanism ("ESAM"). The ESAM serves as a backstop to limiting the bandwidth by which the authorized return is not achieved when actual earnings differ from projected earnings at the time rates are set.

VI. REVIEW AND APPROVAL PROCEEDURES

Q14. Please explain your initial concerns with and recommendation for GMP's proposed timelines for the Department and Commission to review GMP's annual and quarterly rate adjustments under the MYRP.

A14. GMP's proposal results in a consistent series of filings over the course of each year to reflect updates to the Base Rate and other adjustors. The series of filings currently places and will continue to place a strain on the Department's time and resources, cause frequent rate changes for customers, and make it difficult for customers to adequately follow reasons for rate changes. I continue to recommend that GMP adjust its MYRP to make fewer rate filings and adjust rates no more than twice a year.

Q15. Does GMP witnesses Ms. Doane's and Mr. Bingel's rebuttal testimony remove your concerns regarding the proposed timelines to review and approve the numerous annual and quarterly rate adjustments (Q21, pages 22-24)?

A15. No. Ms. Doane and Mr. Bingel continue to support the current filing schedule, which GMP has proposed to maintain in the proposed MYRP. GMP agrees that two filings per year would reduce administrative burden but does not agree that it would improve things from a customer point of view. GMP asserts that timing of rate filings twice a year, in January and June, would require substantially reworking the operation of the current adjustors and mechanisms and would result in fewer but larger rate changes for customers. According to GMP, fewer rate changes, as proposed by the Department, are not preferable because, in GMP's opinion, they result in greater lag and larger collections or returns. Quarterly adjustments, GMP asserts, align more closely with underlying cost and revenue changes and generally results in smaller and more current rate impacts than a less frequent approach would.

Q16. Please explain why you continue to recommend your revised review and approval timeline for GMP's annual and quarterly filings throughout the MYRP term.

A16. While I recognize that quarterly adjustments may more closely track underlying costs, I continue to recommend semiannual adjustments because it would be in the best interest of both ratepayers and regulatory agencies. First, the current frequency of GMP's rate changes adds uncertainty and volatility to rates, making it more difficult to manage household or business budgets. More frequent adjustments are disruptive, especially when customers are trying to plan for consistent expenses over time. The argument that less frequent filings could lead to larger adjustments later is noted, but this will not always be the case where a potential rate decrease in a quarter is offset by a rate increase in the next quarter. From a customer standpoint, predictability is important. A rate design with fewer rate changes is easier to understand and plan for than continuous fluctuations throughout the year. Based upon my experience, most retail rate adjusting mechanisms are reviewed on an annual basis. A few that I am aware of allow for adjustments no more than twice per year, and I have not seen quarterly adjustments in other retail jurisdictions. Accordingly, a semiannual rate adjustment is more aligned with other retail jurisdictions that provide favorable rate treatments.

Second, while the existing adjustor mechanisms, such as the Power Supply and Retail Revenue Adjustor, may be designed to smooth costs, their frequency and complexity can make it difficult for customers to understand how their rates are determined. A semiannual filing process would allow for more complete and meaningful information to be presented in each update because quarterly filings may reflect short-term fluctuations in costs rather than sustained trends. Increased simplicity in filing frequency promotes greater transparency from a customer perspective, and fewer updates are easier to understand and evaluate than a high volume of incremental filings.

Finally, reducing the number of filings supports a more efficient and effective regulatory review process by lowering the administrative burden on the Commission, the Department, and other stakeholders without compromising oversight.

Q17. Does this conclude your direct testimony?

A17. Yes.