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
JACOB M. THOMAS
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

June 19, 2026

Summary: Mr. Thomas responds to rebuttal testimony regarding elements of the Multi-Year Regulation Plan ("MYRP") proposed by Green Mountain Power Corporation ("GMP"), including: (1) the Earnings Sharing Adjustment Mechanism; and (2) various elements of the Exogenous Change Adjustment on behalf of the Vermont Department of Public Service ("Department" or "DPS").

PREFILED SURREBUTTAL TESTIMONY OF JACOB M. THOMAS

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

A1. My name is Jacob M. Thomas. My business address is 1850 Parkway Place, Suite 800, Marietta, Georgia 30067. I am a Principal of the firm GDS Associates, Inc. ("GDS"). I am a registered professional engineer in Georgia and a member of the American Statistical Association.

Q2. Are you the same Jacob M. Thomas that previously provided testimony in this case?

A2. Yes. I have provided prefiled direct testimony on behalf of the Department in this proceeding on April 20, 2026.

Q3. What is the purpose of your surrebuttal testimony?

A3. The purpose of my prefiled surrebuttal testimony is to respond to the rebuttal testimony of Ms. Doane and Mr. Bingel regarding areas of GMP's MYRP, including: (1) the Earnings Sharing Adjustment Mechanism ("ESAM"); and (2) the Exogenous Change Adjustment ("ECA").

I. ESAM

Q4. What did you recommend in your prefiled direct testimony regarding the ESAM, and what was GMP's rebuttal to that recommendation?

A4. I recommended narrowing the upper efficiency band from +50 basis points (bps) to +20 bps and leaving the remaining ESAM structure as currently constructed. GMP has recommended an adjusted ESAM based on my recommendation through the rebuttal testimony of Ms. Doane and Mr. Bingel. Page 12 of their prefiled rebuttal testimony includes a table that fairly summarizes the positions of both parties, which I have copied here:

Feature	Current Plan	DPS Proposed	GMP Rebuttal Proposal
		Upside	
Upper efficiency band	No adjustment up to +50 bps above allowed ROE	No adjustment up to +20 bps above allowed ROE	No adjustment up to +20 bps above allowed ROE, same as DPS
Upper sharing band	+50 bps to +125 bps	+20 bps to +125 bps	+20 bps to +215 bps
Upper sharing %	75% Customer 25% GMP	No change from current	No change from current
Above upper sharing band	100% Customer	No change from current	No change from current
		Downside	
Lower efficiency band	No adjustment down to -50 bps below allowed ROE	No change from current	No adjustment down to -20 bps below allowed ROE
Lower sharing band	-50 bps to -150 bps	No change from current	-20 bps to -180 bps

GMP's new proposal maintains a symmetric efficiency band and extends the upper and lower sharing band limits. They also maintain asymmetric limits, with the upper sharing band extending to +215 bps and the lower sharing band extending to -180 bps.

Q5. What is your response to GMP's rebuttal proposal?

A5. I continue to recommend the proposed DPS structure. An asymmetrical efficiency band is justifiable by reason of the fact that a utility has some ability to affect, even if only to a small degree, the resultant earned ROE in a given year by instituting or not instituting operating cost controls. Ratepayers have no such agency to affect the actual earned ROE. Given this asymmetry in control, it is reasonable to provide an efficiency band that is asymmetric as I proposed in my prefiled direct testimony, with slightly more protection afforded to ratepayers. Extending the upper sharing band to +215 bps may not have any effect in the future based on the observation that in every historical year GMP has been under the MYRP structure, the actual ROEs have not even exceeded the current +50 bps threshold of the efficiency band. I would therefore recommend no adjustments to extremities of the upper or lower sharing bands.

II. ECA Elements

Q6. Please describe your recommendation and GMP's rebuttal with respect to the Major Storm Deductible and Major Storm cost threshold.

A6. In my prefiled direct testimony, I had recommended adjusting both the major storm deductible amount and the major storm cost threshold. I recommended tying these two separate-but-related elements to being a function of total distribution plant balances and that the deductible and cost threshold numbers would require the FY27 base rate filing.

In GMP's rebuttal position, they separately addressed the deductible and the cost threshold. Regarding the deductible, GMP's position is that the current deductible of $1.2 million is appropriate and should be maintained, noting that it is material today and that increasing the cost would shift additional risk to GMP over time.[1] Furthermore, GMP argues the mechanism is not designed to be modified through a general inflation index.

With respect to the major storm cost threshold of $1.2 million, GMP has recommended adjusting the threshold by the CPI-NE index in FY27 and each year thereafter during the

[1] See prefiled rebuttal testimony of Ms. Doane and Mr. Bingel at p. 16, lines 1-6.

MYRP period. This is a different recommendation from either party's position in prefiled direct testimony.

Q7. How do you respond to GMP's rebuttal testimony regarding the Major Storm deductible?

A7. I can appreciate GMP's position that the deductible should not be adjusted regularly through an inflationary index. The deductible has been fixed for many years now. However, I do maintain that it is appropriate from time to time to adjust the deductible to reflect the fact that costs have increased, meaning that the amount of storm recovery that ratepayers enjoy by having this deductible in place has decreased significantly.

The Handy-Whitman Index for the North Atlantic region indicates that the costs of electric distribution components have increased at a rate equivalent to or outpacing basic inflation in the region, as shown below in **Table 1**.

Table 1 - Cost Increase Comparisons

	Compound Average Growth Rate in Costs		
Component	2021-2026	2016-2026	2011-2026
Total Distribution Plant	11.86%	7.55%	6.11%
Poles, Towers & Fixtures	4.21%	3.29%	2.81%
Overhead Conductors & Devices	11.28%	6.10%	5.28%
Line Transformers	20.67%	12.79%	10.65%
Consumer Price Index - New England	4.25%	3.02%	2.45%

Note: Electric plant rates are derived from the Handy-Whitmann Index for the North Atlantic region

Further, the Commission has already approved significant investment in Zero-Outage Initiative ("ZOI") resiliency spending, and GMP continues to seek additional significant investment in ZOI initiatives which both act to provide a source of ROE for GMP shareholders and, according to GMP, will reduce the costs of restoration after major storms.[2] Finally, the ESAM provides another level of earnings protection for GMP. Given these facts, I do think it is reasonable to reset the deductible one time in the current MYRP plan and hold it constant throughout the MYRP period.

Q8. What do you recommend as the new deductible?

A8. Given the level of cost increase experienced for distribution plant equipment as indicated in the Handy-Whitman Index information I provided earlier, I have changed my recommendation from use of a plant-based factor for setting the deductible. I now recommend setting the new deductible using the CPI-NE dating back to 2019, as I recommended for non-major storm exogenous variables in my direct testimony. That method seeks to represent a balance between capturing all changes in costs since the MYRP structure has been put in place and capturing the most recent inflationary impacts. This results in a $1.5 million deductible.

Q9. Does this mean you no longer are recommending a deductible tied to distribution plant investment?

A9. Yes. I am recommending a deductible of $1.5 million to remain fixed for the duration of the MYRP period as a means to address some of GMP's concerns about the deductible not being an inflationary adjustment mechanism.

[2] See Case No. 25-1955-PET, Burle PFT, p. 32 at lines 15-16 (8/29/25).

Q10. What are the party's stances with respect to the Major Storm cost threshold?

A10. Similar to the major storm deductible, I had recommended a threshold tied to distribution plant investment. GMP has recommended adjusting the threshold by the CPI-NE index in FY27 and each year thereafter during the MYRP period.

Q11. How do you respond to GMP's rebuttal position?

A11. I believe that GMP's recommendation to adjust the Major Storm cost threshold by CPI beginning with FY27 is a fair compromise.

Q12. Please describe your recommendation and GMP's rebuttal position regarding the Major Customer Trigger of the Non-Storm Exogenous Change Adjustor.

A12. In my prefiled direct testimony, I recommended elimination of the trigger since the GlobalFoundries issue had been decided, the threshold was not well-defined, and the trigger was unlikely to be used. GMP generally agreed but felt that the trigger should remain in the MYRP and recommended a definition that a major customer should be defined as representing more than five percent or more of load.

Q13. What is your response to GMP's rebuttal position?

A13. I think it is a reasonable definition for a major customer trigger, and I accept GMP's response to my recommendation made in direct testimony.

Q14. Please describe your position and GMP's position regarding the Non-Storm Exogenous Change Adjustment Threshold and GMP's rebuttal to that position.

A14. In my prefiled direct testimony, I recommended adjusting the $1.2 million threshold to $1.5 million, using a CPI adjustment dating back to 2019 and then adjusting the threshold by CPI annually on a going-forward basis. GMP's rebuttal position as that the intention of the threshold is materiality, that the threshold is infrequently used, that it is not designed to be an inflationary index, and that using inflation would create additional complexity. For these reasons, GMP argues the current level of $1.2 million is appropriate.

Q15. What is your response to GMP's rebuttal position?

A15. I do agree that the non-storm threshold is designed to represent a material level of costs. However, I maintain that, in the face of rising costs of doing business, the definition of materiality will change over time. Just because a threshold was established some years ago and has not been adjusted to date does not mean that threshold is so fixed as to remain unchanged into perpetuity as costs rise. Especially when the threshold is coupled with the ESAM structure as a backstop measure to protect in large part GMP's opportunity to earn a Commission-approved rate of return. Therefore, I maintain my position that the threshold should be set to $1.5 million as I originally proposed.

I am willing to concede on my recommendation to further adjust the non-storm threshold by an inflationary index each year of the MYRP based on the fact that it does add additional complexity to the MYRP structure for a factor that is rarely used.

Q16. Can you summarize the positions of the parties with respect to the various elements of the ECA components?

A16. The following table should help summarize the positions of the various parties with respect to four components of the ECA.

ECA Element	DPS Direct	GMP Rebuttal	DPS Surrebuttal
Major Storm Deductible	New threshold tied to plant; adjust by CPI each year	Maintain current $1.2 million; no CPI adjustment	**New Position:** Set to $1.5 million; no CPI adjustment
Major Storm Threshold	New threshold tied to plant; adjust by CPI each year	Adjust current $1.2 million by CPI each plan year	**Agree:** Adjust current $1.2 million by CPI each plan year
Major Customer Trigger	Remove the trigger	Keep the trigger but define as any customer representing >5% of load	**Agree:** Keep the trigger but define as any customer representing >5% of load
Non-Storm Cost Threshold	Set to $1.5 million; adjust by CPI each year	Maintain current $1.2 million; no CPI adjustments	**New Position:** Set to $1.5 million; no CPI adjustment

III. Conclusion

Q14. Does this conclude your surrebuttal testimony?

A14. Yes.