STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 26-0096-TF

Tariff filing of Green Mountain Power Corporation for a 7.5% rate increase effective with bills rendered on or after October 1, 2026	

PREFILED DIRECT TESTIMONY OF WALTER (TJ) POOR AND SHAWN ENTERLINE ON BEHALF OF THE VERMONT DEPARTMENT OF PUBLIC SERVICE

April 20, 2026

Summary: Mr. Poor and Mr. Enterline outline the Vermont Department of Public Service's ("Department") recommendations regarding Green Mountain Power Corporation's ("GMP") proposed resilience capital spending, Integrated Energy Storage Pilot, proposed capital investment associated with the Energy Storage Service Tariff, GMP's forecasted power supply expenses, including Tier I Renewable Energy Standard Costs, and GMP's proposed Return on Equity.

Mr. Poor and Mr. Enterline Sponsor the Following Exhibits:

Exhibit DPS-WP-SE-1	Enterline Resume
Exhibit DPS-WP-SE-2	Historical and Proposed Base Rates Compared to Inflation
Exhibit DPS-WP-SE-3	Response to Discovery Q.DPS.GMP.1-86
Exhibit DPS-WP-SE-4	Response to Discovery Q.DPS.GMP.1-83a–f.
Exhibit DPS-WP-SE-5	Utility Ratepayer Cost Test (Modified Discovery Attachment DPS.GMP.1-97)
Exhibit DPS-WP-SE-6	Modified Discovery Attachment DPS.GMP.2-71
Exhibit DPS-WP-SE-7	Response to Discovery Q.DPS.GMP.2-63
Exhibit DPS-WP-SE-8	Response to Discovery Q.DPS.GMP.1-74a–d.

PREFILED DIRECT TESTIMONY OF WALTER (TJ) POOR & SHAWN ENTERLINE

Q1. Please state your name, title, and business address.

A1. Mr. Poor: My name is Walter (TJ) Poor. I am the Director of Regulated Utility Planning for the Department. My business address is 112 State Street, Montpelier, Vermont.

Mr. Enterline: My name is Shawn Enterline. I am the Chief of Finance and Economics at the Department, 112 State Street, Montpelier, Vermont.

Q2. Please describe your professional background and experience.

A2. Mr. Poor: Since December of 2021, I have been in my current position where I direct the Department's Regulated Utility Planning Division, conducting analyses on a broad range of utility, energy, and climate policy matters. From 2019-2021, I was the Director of the Department's Efficiency & Energy Resources Division, where I oversaw the policy for, and regulation of, efficiency and distribution utilities, particularly as it pertains to their implementation of transformational programs. From 2015-2019, I was a Senior Power Supply Analyst at Vermont Public Power Supply Authority ("VPPSA"), where I managed wholesale and retail power supply on behalf of VPPSA's Membership. From 2006-2015, I worked for the Department at various levels on a range of activities including comprehensive energy planning, energy efficiency policy and oversight, and economic evaluation of State energy policies and 30 V.S.A. § 248 petitions. I hold a Master of Science

in Environmental Law from Vermont Law School and a Bachelor of Science in Sport Management from the University of Massachusetts-Amherst.

Mr. Enterline: I have 28 years of experience in the electric and gas industry as an analyst and consultant with an emphasis on integrated resource planning. Integrated Resource Plan ("IRP") related work has given me the opportunity to quantify the financial impacts of a range of supply side, demand side and regulatory policies. My utility employment history includes Unitil Corporation, Pacific Gas and Electric, Burlington Electric Department, Green Mountain Power and the Vermont Public Power Supply Authority. My consulting employment history includes the Vermont Energy Investment Corporation, Dunsky Consulting and the Regulatory Assistance Project. A copy of my resume is attached as **Exhibit DPS-WP-SE-1**.

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

A3. Mr. Poor: Yes. I have testified before the Commission in numerous proceedings on behalf of the Department, including Case No. 23-3501-PET (GMP's petition for approval of its "Zero Outages Initiative" or "ZOI"), and most recently, in Case No. 25-1955-PET, GMP's petition for a new Multi-Year Regulation Plan ("MYRP").

Mr. Enterline: Yes. I have testified before the Commission in a number of rate cases and IRP proceedings; However, this is my first time testifying as the Chief of Finance on behalf of the Department.

Q4. What is the purpose of your testimony in this proceeding?

A4. Mr. Poor & Mr. Enterline: Our testimony describes the Department's position related to GMP's proposed FY2027 spending in five areas:

1. **Part I** of our testimony introduces the Department's witnesses and provides context for the Department's consideration of GMP's proposals.
2. **Part II** of our testimony addresses GMP's proposed capital spending on resilience projects.
3. **Part III** of our testimony addresses GMP's proposed Integrated Energy Storage Pilot and GMP's proposed capital investment associated with the Energy Storage Service Tariff.
4. **Part IV** of our testimony addresses GMP's forecasted power supply expenses, including Tier I Renewable Energy Standard Costs.
5. **Part V** of our testimony addresses GMP's Return on Equity ("ROE").
6. **Part VI** concludes our testimony.

I. CONTEXT & AFFORDABILITY

Q5. Please introduce the other witnesses testifying on behalf of the Department.

A5. Mr. Poor & Mr. Enterline: The Department has worked together with GDS Associates, Inc. ("GDS") to undertake a comprehensive review of GMP's rate filing. Carol Flint, the Department's Director of Consumer Affairs and Public Information, addresses public comments and affordability concerns. From GDS, Steven Hunt addresses several financial and accounting issues; Cynthia Zamora addresses ROE; Michael Ivey discusses capital projects and pole inspection methodologies; and Jacob Thomas presents the Department's cumulative adjustments to GMP's cost-of-service model.

Q6. Please provide some context for this rate proceeding.

A6. Mr. Poor & Mr. Enterline: GMP's forecasted total cost of service for retail revenue collections is $192 million greater in FY30 than it was in FY25, a 23% increase.[1] While there are many unknowns over the next five years, other costs are expected to add to this burden that have materialized even since GMP's testimony was submitted, including ramifications from increasing storm costs, the Iran war, and further transmission cost increases.[2] In addition, GMP's rate increase proposal did not include major storm cost restoration, removing pre-collection of certain costs that will almost certainly accrue to ratepayers. In other words, with no action, GMP's forecasted total cost of service likely understates the costs that Vermont ratepayers are facing and will face in coming years.

GMP's recent historic rates and forecasted rates both show significant increases above the rate of inflation. **Exhibit DPS-WP-SE-2** shows that, under GMP's current MYRP, the Company's rates have been trending upward and have risen above the rate of inflation in three out of the past four years. Based on its current filing and the five-year forward inflation expectation rate from the Federal Reserve Bank of St. Louis, GMP's rates are projected to continue rising at above-inflationary rates. On a cumulative basis (since October 2022), GMP's proposed rates are projected to increase by 38% by FY30, which is almost twice the cumulative rate of inflation (19.67%) over that same time period. This

[1] See Case No. 26-0096-TF, Exhibit GMP-LD-RB-3, page 3, Row "Total Cost of Service to Ultimate Consumers" reporting FY25 as $835 million, and Exhibit GMP-LD-RB-8, page 4, Row "Smoothed Total Cost of Service to Ultimate Consumer", estimating FY30 as $1.027 billion.
[2] See, e.g., the Federal Energy Regulatory Commission Case *Coakley v. Bangor Hydro-Elec. Co.*, Motion, Docket Nos. EL11-66-001, EL-11-66-004, EL-11-66-005, at n.2 (Apr. 2, 2026).

comparison shows that even small differences in annual growth rates compound over time and can result in large and meaningful differences in costs in the future.

These increased costs come at a time when Vermonters' income is expected to increase at rates ranging from 2.2% to 3.8% annually or about 16% between Fiscal Years 2026 and 2030. [3] Importantly, costs continue to rise in other areas of daily living, including health care and education. Simply put, Vermonters are feeling the economic pinch. A U.S. Census Bureau survey between August and September of 2024 indicated that over 100,000 Vermonters (23%) were unable to pay an energy bill in full in the last year. [4] Department witness Ms. Carol Flint, in her testimony, describes the data GMP is reporting on electric disconnections as well as the dozens of comments from Vermonters submitted in this proceeding, most urging the Commission to deny GMP's requested rate increase for affordability reasons. Undertaking a critical review of all forecasted costs has perhaps never been more important in Vermont than it is now, with rising costs of housing, health care, groceries, education, and energy all impacting affordability. It is with this lens that we review GMP's proposed investments.

In Part II of this testimony, we recognize that Vermont must determine what level of additional, proactive grid resilience investment Vermonters can afford in the near term to

[3] *See* Kavet, Rockler & Assocs., 2026 January Economic Review and Revenue Forecast Update at 47, available at: https://ljfo.vermont.gov/subjects/revenue-and-tax/state-forecasts/consensus-revenue-forecasts-legislative-economic-outlook.
[4] U.S. Census Bureau, *Household Pulse Survey Interactive Tool*, https://www.census.gov/data-tools/demo/hhp/#/?measures=ENERGYBILL&s_state=00050&periodSelector=9&periodFilter=9 (last visited 4/20/2026).

avoid even more expensive storm costs in the future, and balance that versus Vermont's acute affordability issues.

II. CAPITAL SPENDING ON RESILIENCE PROJECTS

Q7. Please describe GMP's proposal for capital spending on resilience projects.

A7. Mr. Poor: GMP proposes to "set and lock resilience investments from the outset of the [MYRP], separate from routine base capital."[5] GMP seeks to establish defined, upfront resilience capital amounts for FY27 through FY30, and manage the four-year total with annual spending flexibility similar to how GMP generally manages capital investments now. In testimony, GMP asserts that it will document projects consistent with its capital documentation standards and, furthermore, will select and prioritize projects using several criteria to be supported by annual benefit/cost analyses ("BCA").[6] In terms of dollars, GMP has proposed a total of $341 million in resilience-based capital expenditures over the four years of the MYRP, with an FY27 amount of $76 m[7]

GMP's resilience proposal is set within a Vermont climate that is changing; the last decade saw the State's warmest years on record, and temperatures are expected to continue rising.[8] This, in turn, is expected to bring higher winds, heavier rain or snowfall, and flooding. The impacts of these extreme weather events are wide-ranging, and associated costs are already being reflected in electric rates – adding to the multi-faceted affordability challenges facing

[5] Case No. 26-0096-TF, Burke PFT at 18.
[6] *Id*. at 48-49.
[7] *Id*. at 50.
[8] *See, e.g.,* Vermont Today, Vermont Agency of Natural Resources Climate Action Office, available at: https://climatechange.vermont.gov/vermont-today.

Vermont ratepayers. As conditions evolve, Vermonters will continue to rely on electricity to provide an increasing number of daily necessities and capabilities. This testimony seeks to balance a reasonable level of investment in resilience with broad affordability concerns as articulated above.

Q8. Do you agree with the proposal to "set and lock" resilience investments from the outset of the MYRP, separating them from base capital investments?

A8. Mr. Poor: Resilience investments should be explicitly accounted for as part of total capital expenditures. With appropriate transparency, including BCA and reporting, it is my opinion that this could happen within a single overall capital investment structure. Identifying resilience investments separately has the benefit of clearly bucketing certain types of investments. It is possible that, at some point, the line blurs between resilience investments and "routine" capital investment. However, GMP has clearly identified in its testimony the specific resilience investments it proposes – at least for FY27. I do not object to these being identified separately, where transparent estimation of the benefits and costs can be made to inform decision making and track performance relative to metrics with financial consequences. However, total capital spending over the term of the MYRP is also an important consideration, as both Base Capital and Resilience components contribute to overall rate impacts. Therefore, while GMP may separate its capital investments into two large "buckets" — resilience and base— the Department will review capital investments for their overall rate impact in addition to the rate impact of specific resilience investments.

Q9. Please describe expectations for the BCA associated with resilience projects.

A9. Mr. Poor: As described in my testimony in Case No. 25-1955-PET: [9]

> The Department cannot support hundreds of millions of dollars in investments without seeing a BCA that would enable the Department to determine if the scale of the investments is reasonable, and if the benefits are likely to materialize for *ratepayers.* GMP's BCA is highly anticipated by the Department.
>
> Indeed, provision of robust BCA is an expectation set by the Commission in its Final Order in Case No. 23-3501-PET, where the Commission agreed with the Department and indicated that "GMP must improve its upfront financial planning and analysis" in support of resilience investments. Moreover, the Commission reminded GMP that its role is to "*ensure that ratepayers, who will be paying for the ZOI investments for decades, derive meaningful benefits from [resilience projects] and are shielded from unnecessary financial risk.* Therefore, [the Commission] expect[s] to see more detailed planning from GMP in the near-term future before [the Commission] authorize[s] [GMP] to expand the scale of the ZOI program." In the same vein, the Department expects GMP to perform risk and vulnerability analyses that are inputs into an overall financial BCA for a resilience investment of the magnitude we are anticipating will be filed (emphasis added).

Q10. Did GMP meet those expectations?

A10. Mr. Poor: No, but GMP's BCA is a significant step forward in considering the tradeoffs between benefits and costs of resilience investments. I am not aware of a BCA previously completed by GMP or another Vermont distribution utility that provides the level of detail and analysis for a single year's worth of projects that GMP provides in its analysis. This work from GMP constitutes meaningful progress. However, the Commission set, and the Department adopted, a specific standard. GMP's analysis shows the estimated resilience project impacts using a "Total Resource Cost" ("TRC") analysis[10], which measures benefits beyond those that accrue to the utility and their collective ratepayers. More

[9] Case No. 25-1955-PET, Poor PFT at 6.
[10] See Case No. 26-0096-TF, **Exhibit DPS-WP-SE-3** (Discovery A.DPS.GMP.1-86).

specifically, it measures certain benefits that accrue to *society.* The TRC analysis is a critical component of evaluation; it can and should help inform resilience investment levels. However, GMP did not provide a ratepayer BCA showing the impact of their proposed investments to *utility ratepayers* and thus falls short of expectations laid out by the Commission and the Department. Therefore, in addition to the TRC test, the Department continues to recommend that GMP conduct a Utility Cost Test ("UCT") so that GMP and regulators can better understand the potential impacts and tradeoffs of a particular resilience-capital-investment decision.[11]

The difference between these two analyses—the TRC test and the UCT—is most pronounced when considering the "Value of Lost Load" ("VOLL"). VOLL measures the impact of avoided outages to the specific customers who will no longer have to experience them. VOLL is a substantial benefit in the TRC analysis, but VOLL does not apply in the UCT because it accrues to certain *customers* but not to the *utility ratepayers* as a whole, which is specifically what the UCT measures. GMP, for the first time, has provided a VOLL in its TRC analysis to support its investment proposal. This inclusion provides substantially more information for the Commission's consideration than ever before, including in Case No. 23-3501-PET, providing a new data point to illuminate impacts to different groups of beneficiaries. The data helps facilitate thoughtful choices within the

[11] In other instances, other BCA tests may be appropriate. For example, if there are significant greenhouse gas impacts associated with a utility investment, a "societal" test that values those impacts may be appropriate. A societal perspective if often associated with screening of energy efficiency investments, including in Vermont. When efficiency budgets are set, Vermont also considers ratepayer impacts – requiring a benefit cost ratio above 1 through a minimum performance requirement.

broader context such as I described above and that Ms. Flint describes in her testimony. But VOLL, in the context of a TRC test, must be considered in tandem with a UCT in order to help regulators determine how much money certain ratepayers should pay for a benefit that does not necessarily accrue to them.

Q11. Does the Department suggest any improvements to GMP's BCA?

A11. Mr. Poor: Yes. Beyond including a ratepayer impact analysis through a UCT, I suggest three (3) feasible enhancements to the BCA that will improve planning and likely outcomes for ratepayers. I then suggest one (1) immediate improvement to the BCA model to properly consider investments in a BCA.

First, regarding enhancements to the BCA: GMP should perform risk and vulnerability analyses to inform the BCA. As noted above, this is an expectation of the Department. The Department understands that projections of outages included in GMP's BCA were based upon historical data. While challenging, scenarios of future risks and vulnerability based on climate projections can and would help GMP prioritize and better value the impact of their investments. If storms are expected to increase in frequency and duration, as asserted by GMP, such risk and vulnerability analyses can not only help identify infrastructure that is most likely to be affected by storms and the cost to restore infrastructure from damage, but can help evaluate the types, severity, and frequency of storms with quantifiable information that improves UCT and TRC analyses.

Second, the future is unpredictable. Scenarios where key variables, like the effectiveness of resilience investments and the severity/frequency of storms, are stressed and varied will provide a better understanding of the potential impact of investments under a range of possible futures. Thus, I recommend risk and vulnerability assessment and scenario planning, which will better inform future decision making on key topics such as needed investment types, locations, and levels of investment.

Third, a feeder-by-feeder BCA, where resilience investments are measured on a more granular basis, could help better prioritize investments. The data appears to be available in GMP's BCA, but while costs are reported by feeder, benefits are not clearly reported in this manner. Where ratepayer funds are scarce, knowing which feeders with proposed resilience upgrades provide the most benefit to the most customers is a helpful data point.

Next, regarding an immediate improvement to the model, I suggest a correction to the Discount rate used to value future costs and benefits. GMP submitted its most recent version of its BCA as Discovery Attachment A.PSD.GMP.1-97. In its BCA, GMP uses one discount rate for all utility-system costs and benefits (GMP's average post-tax cost of capital), with a separate societal discount rate for Customer Resilience Value (2%, a typical societal discount rate), with results reported as a benefit-cost-ratio that combines both.[12] Discount rates reflect the time value of money. I suggest that GMP use only one time value

[12] See Case No. 26-0096-TF, Exhibit GMP-AE-2 (BCA Model); **Exhibit DPS-WP-SE-4** (Discovery A.DPS.GMP.1-83c).

of money for a given BCA perspective (e.g. TRC, UTC) so that the analysis considers the time value of the stream of future costs or benefits the same way. Treating benefits and costs differently within the same BCA has the potential to create inefficient outcomes by biasing one input (in this case, VOLL benefits over time) over another income (utility costs over time). At the very least, treating benefits and costs differently decreases transparency. In this case, GMP has discounted future costs more than future benefits, which introduces bias toward more overall investment. The National Standard Practice Manual ("NSPM"), the principles of which are cited by GMP witness Mr. Eiden (footnote 8 on page 13 of Eiden's PFT), should apply to GMP's analysis. The NSPM, on page 5-16, notes "a single discount rate is typically used for conducting a BCA. A single discount rate is typically applied to all the benefits and costs, even though the benefits and costs are associated with energy resources with different costs of capital and risk profiles." The NSPM also explains that "a single discount rate is typically applied to a BCA, even though different parties affected by the resources in the BCA have different time preferences."[13]

Mr. Eiden highlights in Exhibit DPS-WP-SE-4 (Discovery A.DPS.GMP.1-83) that the NSPM says that use of a single discount rate is *typical* for BCA analysis, but other treatments are allowed, and cites Decision 24-05-064 of the California Public Utility Commission ("CPUC") as justification. I acknowledge that *typical* does not mean required, but GMP has not adequately justified an atypical treatment. The cited CPUC case does

[13] National Energy Screening Project, National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources at 5-16, 5-17, (August 2020), available at: https://naseo.org/nesp/nspm.

require BCA using a "hybrid" approach using different discount rates for benefits and costs in a single analysis, but the CPUC decision *also* requires the use of two other discount rate approaches (a societal and a Weighted Average Cost of Capital ("WACC") approach), both of which use the same discount rate in the numerator and denominator. GMP did not conduct this type of scenario analysis. Thus, my recommended approach is to conduct both a UCT and a TRC test – with internally consistent discount rates. The UCT should use GMP's post-tax cost of capital to value both future costs and future benefits. The TRC test should use 2% or another appropriate societal discount rate to value both future costs and future benefits. The atypical hybrid approach may be used, but should in this case be used only as an additional, third scenario.

Finally, I note that GMP's capital documentation standards, available in Case No. 25-1955-PET as Exhibit GMP-MB-1, state: "the primary purpose of a [BCA] is to measure the financial impacts of proceeding with a capital project or program from the ratepayers' perspective." This clearly indicates a Utility Cost Test analysis. GMP refers to these capital documentation standards as setting the framework for analyses for their capital projects. However, GMP has not conducted an analysis from the ratepayer perspective, thereby ignoring the very framework to which they cite.

Q12. Did the Department provide any analysis to show the impacts to the utility's ratepayers overall, using something closer to a UCT analysis?

A12. Mr. Poor: Yes. I recognize that Mr. Eiden has recommended in Exhibit DPS-WP-SE-3 (Discovery A.DPS.GMP.1-86) that a more fullsome UCT analysis would include costs and

benefits that were discussed qualitatively but not quantified. I agree and encourage GMP to provide a more fulsome analysis, consistent with its capital documentation standards, which require benefit-cost analysis from a ratepayer perspective for all projects over $2 million unless exempted. The Department intends to address the applicability of these standards to resilience projects in more detail in testimony for Case No. 25-1955-PET. However, since GMP did not provide an analysis of impact to ratepayers consistent with its capital documentation standards or consistent with stated Commission and Department expectations, I have provided **Exhibit DPS-WP-SE-5** to help facilitate a recommendation from the Department. I understand that Mr. Eiden also recommended that his analysis not be modified without including unquantified benefits. The Department will be pleased to discuss with GMP and respond in this case to any more robust UCT analyses it may wish to provide. In the absence of that additional information, Exhibit DPS-WP-SE-5 can be informative.

Exhibit DPS-WP-SE-5 modifies GMP's revised BCA (provided in Discovery Attachment A.DPS.GMP.1-97) in two ways. First, I changed the discount rate where necessary to use the average post-tax cost of capital. That affected all benefits for customer resilience value, reducing the BCR significantly. Next, I deleted what I understand to be the VOLL-derived customer resilience benefits associated with GMP's proposed resilience investments. To be clear, I believe there is some customer resilience value associated with resilience investments, for those customers whose outages have been reduced. However, that value does not accrue to ratepayers under the UCT. My proposed adjustment to remove customer

resilience value makes the first adjustment regarding discount rate moot – the deleted values are the same ones that changed with what I believe to be an appropriate discount rate, absent scenario analysis. In Exhibit DPS-WP-SE-5, I highlighted in yellow where I deleted values that do not impact ratepayers under the UCT.[14] A summary of the results is provided in **Table 1**, below:

Project Type	Line Phases	(A) NPV Total Incremental Benefits	(B) NPV Total Incremental Costs	(C) (A ⁄ B) Benefit Cost Ratio
OH Spacer	1-Phase	$ 546,814	$ 2,268,584	0.24
OH Spacer	3-Phase	$ 2,494,993	$ 8,169,183	0.31
UG CIC	1-Phase	$ 2,415,162	$ 6,748,987	0.36
Total		**$ 5,456,969**	**$ 17,186,754**	**0.32**

Table 1

As can be seen in column (C), removing the economic value to certain customers shows a benefit-cost ratio under one, indicating that the value of these proposed investments to utility ratepayers is not expected to exceed the associated costs to those same utility ratepayers, by a substantial margin.

Q13. How does this inform your recommendation for resilience spending?

A13. Mr. Poor: From strictly a ratepayer perspective, Table 1 above demonstrates the cost ineffectiveness of GMP's proposed resilience investments as a whole. Given significant electric rate increases over recent years, both in percentage and quantity, as well as the

[14] In Exhibit DPS-WP-SE-5, columns O and P of the "Results" tab, the yellow highlighted values for backup value were deleted because they are based on the Customer Resilience Value identified by the ICE calculator. However, they assumed this resilience value at the utility's post-tax cost of capital. If this is correct, it would make the TRC BCA more positive than GMP reported.

undeniable rise in statewide affordability concerns, I remain cautious about supporting utility investments that lack clear beneficial returns for ratepayers. That said, I acknowledge the need to continue improving the performance of GMP's worst-performing lines, and I recognize Vermont's longstanding policy of supporting the improvement of grid-related resilience and reliability. Section 219 of Title 30 of the Vermont Statutes requires that a utility provide "reasonably adequate service" to its customers. GMP's Service Quality Reliability Plan ("SQRP") requires that GMP identify the ten worst performing circuits on its system annually and then institute "economically feasible" measures to improve the reliability of these circuits. At least some resilience investments should be "reasonable" and "economically feasible," even if they do not necessarily pass a UCT. In turn, this requires an understanding and consideration of the context in which Vermonters are living. Thus, a balance is necessary. I suggest a starting place is to work, over time, to address GMP's 10 worst performing circuits. Then, the next group of resilience investments can be considered. Re-consideration is always necessary – at some point the "worst-performing" circuits will in practice be performing well (however that may be defined in the future), and we might not need to make further investments.

Q14. In striking that balance, what are your specific recommendations for resilience spending for FY27, as well as FY28-30?

A14. Mr. Poor: In striking that balance, I recommend that, in FY27, GMP make resilience investments on its two worst performing circuits, as identified by GMP based on five years of outage data provided in Discovery Attachment A.DPS.GMP.2-71 and that are not

already part of resilience investments approved pursuant to Case No. 23-3501-PET.[15] These two worst performing circuits are (1) the CH-G11 circuit in Springfield and (2) the DM-G6 circuit in Brattleboro. In **Exhibit DPS-WP-SE-6**, I provide a modified Attachment DPS.GMP.2-71. On the right hand side of the exhibit, highlighted in yellow, I add the mitigation cost for each circuit (based on that provided in GMP's BCA) as well as the Cost per Customer for reference. For CH-G11 and DM-G6, mitigation costs are estimated to be approximately $28.3 million. I recommend this level of resilience funding for FY27 and, furthermore, I recommend this level of funding be maintained throughout the proposed MYRP in FY28-FY30. Thus, I recommend a total of $113.2 million be allocated for resilience funding over the course of the proposed MYRP. Over four years, GMP will be able to address the 10 worst performing circuits on its system (that are not already subject to resilience investments) and have approximately $37 million to continue to address future resilience needs, as will be identified by annual BCAs with base rate filings. Of note, my recommendation is contingent upon the adoption and use of performance mechanisms with financial consequences related to this spending, ensuring outcomes that are promised are actually delivered. The Department intends to address performance mechanisms with financial consequences in more detail in Case No. 25-1955-PET, the GMP MYRP proceeding running concurrently with this rate case.

[15] Circuit EJ-G7 in Brattleboro is the second worst performing circuit in this table, however it was approved for resilience investment in 23-3501-PET.

Q15. Is the Department proposing that only resilience investments that pass a UCT be made?

A15. Mr. Poor: No. As I describe above, the rudimentary UCT analysis I provided shows that GMP's proposed resilience investments do not create ratepayer benefits that outweigh project costs. Despite this, the Department is recommending continued resilience investment for the worst-performing circuits. To be clear, once these circuits have been addressed, this does not imply that the Department would support resilience investments in the next set of worst-performing circuits. As will be discussed in the Department's forthcoming Resilience Proceeding recommendations, it is becoming imperative to define standards for "reasonably adequate service" as customers electrify while facing extreme weather and affordability challenges. Having a performance standard that considers the granularity of measurement (e.g., systemwide, per-circuit, per customer) will greatly simplify regulatory decision-making on prudent levels of resilience investment.

My recommendation above is made based on my qualitative assessment of the current context of electricity prices, Vermonters' ability to afford electricity, and the continued need to make progress toward improved resilience and "reasonably adequate service" to all customers.

Q16. Does the Department have other recommendations about GMP's resilience spending?

A16. Mr. Poor: Yes. Consistent with its positions in Case No. 25-1955-PET, the Department's recommendation regarding resilience spending is contingent on improvements to capital

spending documentation requirements, and performance metrics with financial outcomes. We expect these two areas to be addressed in that proceeding.

III. GMP'S PROPOSED INTEGRATED ENERGY STORAGE PILOT AND ENERGY SERVICE STORAGE TARIFF

Q17. Please briefly describe GMP's proposed Integrated Energy Storage Pilot.

A17. Mr. Poor: As explained by GMP, the proposed Integrated Energy Storage Pilot ("IES Pilot") is a deployment of approximately 300 residential storage systems to customers on the EJ-G7 circuit, one of GMP's worst performing circuits that was approved for resilience investments for Zones 1-3 as part of Case No. 23-3501-PET. Capital expenditures under the pilot are estimated to be approximately $7.22 million. Unlike GMP's successful Energy Storage Services ("ESS") tariff, these batteries will be delivered at no cost to the customer.[16] GMP asserts that the pilot will allow GMP "to refine and advance integrating comprehensive resiliency solutions" and that this pilot will allow for "real world analysis for how they perform as part of holistic and integrated storm response, and how to best use data from their performance to calculate restoration cost savings."[17]

Q18. Do you agree that GMP should be authorized for up to ~$7.2 million in capital expenditures for the Integrated Energy Storage Pilot?

A18. Mr. Poor: No. GMP has not shown that any information will be gained from the IES Pilot that will allow for real world performance analysis as part of holistic and integrated storm response. GMP also has not shown that information to support the calculation of restoration cost savings could not otherwise be obtained through current programs (or hasn't already

[16] Case No. 26-0096-TF, Castonguay PFT at 16-18; Exhibit GMP-JC-4 at 3.
[17] Case No. 26-0096-TF, Exhibit GMP-JC-4 at 3.

been obtained by such programs), or at lower cost. The capital expenditure associated with the proposed pilot should not be approved.

GMP's Grafton Resiliency Zone Pilot ("Grafton Pilot") deployed 42 batteries (46 including customers who already had a battery through the ESS Tariff) in the town of Grafton, which had experienced over 20 outages in the three years preceding the Pilot's launch. In the Grafton Pilot, storage systems were offered to 62 customers at no cost, but 16 (26%) did not participate in the program despite significant outreach including a partnership with the town, town meeting participation, door knocking, phone calls, letters, and home visits. This outreach is similar to what GMP has proposed for the IES Pilot, which includes "meetings, door-to-door conversations, phone calls, emails, and other targeted outreach and education."[18] For the Grafton Pilot, some customers had already made significant investment in a fossil generator, or for some it was their second home, and these customers did not participate.[19] Other challenges could include sufficient arrangements for mobile homes or wiring, service panel, or other upgrades necessary to install a system. It is very unlikely that GMP will achieve a 100% participation rate in the proposed IES pilot.

According to A.DPS.GMP.2-63, provided here as **Exhibit DPS-WP-SE-7**: during the IES Pilot, if customers within a zone do not have storage, GMP will restore the Zone 4 line as they do today. Since 100% participation in the IES Pilot is unlikely and because storm

[18] Case No. 26-0096-TF, Castonguay PFT at 21.
[19] Report No. 22A-3112, Grafton Resiliency Zone Pilot Final Report.

response will not be changing, the IES pilot will not provide information about how batteries perform as part of holistic and integrated storm response or information that will help determine how to best calculate restoration cost savings. The systems may provide information about how participating customers ride through storms. However, this information can be gathered by customers who already participate in the ESS tariff, or who participate in the Energy Storage Access Program ("ESAP")[20] tariff. Another pilot that comes at a cost to ratepayers greater than the cost of current methods to gather the same information (i.e. the ESS Tariff) is not a good investment for ratepayers.

Exhibit GMP-JC-6 is a financial model for the IES. This analysis is from a ratepayer perspective, and it does show positive Net Present Value ("NPV") to ratepayers. In considering whether to move forward with the Pilot, the overall NPV is important. However, consideration of the relative benefits to ratepayers between the IES Pilot and the ESS tariff is critical in this analysis. The financial model for the ESS tariff is provided in Exhibit GMP-JC-5, which when compared to Exhibit GMP-JC-6 shows that the ESS tariff provides greater ratepayer benefit than the IES Pilot. This is due to the customer contribution under the ESS.

GMP's updated resilience BCA provided in Attachment A.DPS.GMP.1-97 also includes a tab for the IES Pilot. The BCA reports a ratepayer benefit cost ratio of 1.09. Under a TRC

[20] The ESAP uses grant funding from the Public Service Department to support installation of storage systems in low-income households.

test (and using the atypical hybrid discount rate approach that biases benefits, as discussed above), the BCA shows estimated resilience benefits are marginal, at about $160,000, moving the benefit cost ratio to 1.11. While this does help improve the BCA, these same resilience benefits accrue to customers who participate in the ESS tariff. Notably, in no analysis does GMP account for additional costs for the "focus on direct customer outreach and service" including the aforementioned "meetings, door-to-door conversations, phone calls, emails, and other targeted outreach and communication"[21] that is expected for the IES pilot.

Finally, GMP has not shown how a tariff that might come from this pilot would not be discriminatory. While this is not necessarily required for an innovative pilot offering, the history of GMP's effort to provide free batteries to customers is telling. The Commission in its Order in Case No. 23-3501-PET (p.29) called on GMP to "provide testimony and/or legal briefing as to whether and how providing the same residential storage systems to one class of customers at no cost but charging a different class of customers for the same service is consistent with 30 V.S.A. §§ 225 and 229." This issue was not resolved in Case No. 25-0719-TF, GMP's proposed "Zone 4" energy storage tariff, which was later withdrawn in favor of the IES Pilot. The pilot approach avoids the question. If the pilot – in this instance further testing a proven technology – is unlikely to evolve into a tariff because it would be discriminatory, then any information gained would be of lesser value as the program would be unlikely to be continued.

[21] Case No. 26-0096-TF, Castonguay PFT at 21.

The IES pilot is more costly than alternatives that provide similar service, would not provide additional information that would help GMP reduce future costs, and may be discriminatory. Capital expenditures associated with the pilot should not be approved.

Q19. GMP has also requested approval for capital expenditures associated with its Energy Services Storage (ESS) Tariff. Do you agree with these capital expenditures?

A19. Mr. Poor: Yes, provided that performance metrics with financial consequences are established. GMP has provided a BCA that shows ratepayers are likely benefiting from the ESS as currently constructed. In my testimony in case 25-1955-PET, I discuss the establishment of an appropriate risk/reward balance. With these performance metrics with financial consequences, the ESS program should continue benefiting all ratepayers, and associated capital expenditures should continue.

IV. POWER SUPPLY EXPENSES

Q20. Please explain any adjustments you recommend to GMP's estimated power supply expenses for the FY27 base rate.

A20. Mr. Poor: I have reviewed GMP's forecasted power supply expenses for FY27, as well as helpful responses to discovery related to power supply. I find GMP's estimates to be reasonable. Under the MYRP, only actual costs will be passed through to ratepayers, except those that fall under the Efficiency Band associated with "Component B" costs. I have only one recommended adjustment.

GMP currently maintains a carbon-free portfolio, meaning that it retires attributes associated with non-emitting resources equivalent to its load. In Calendar Year ("CY")

2024, after the retirement of those attributes, GMP's retail sales were met with 78.9% renewables and 21.1% nuclear generation. CY2025 is expected to be similar (settlement of environmental attributes for CY2025 is not yet complete, so precise attribute levels are not available). GMP also expects to maintain a 100% carbon-free portfolio in Fiscal Year ("FY") 2027.[22] Vermont's Renewable Energy Standard (RES) requires GMP to be 63% renewable until 2030, when GMP is required to be 100% renewable. GMP has retired environmental attributes in excess of the Company's minimum compliance obligations, and expects to continue to do so. While over-complying with the RES marginally enhances the value of GMP's RES Tier III programs, the core benefit is a societal reduction in emissions. According to GMP, the incremental cost for these societal emissions reductions is estimated to be approximately $3.4 million for CY2026 and $4.2million for CY27, using the projected market price of Tier I Renewable Energy Credits of $4.80/MWh.[23]

When determining whether to exceed statutory RES requirements, a utility must make a judgment based on the societal value of reducing emissions balanced against the impact to ratepayers. This is similar to the tradeoff I discuss above in the context of resilience: how much should utility ratepayers pay for a societal benefit that accrues to a different group of beneficiaries. When rates are holding steady and costs of achieving a societal benefit are low, then it may make sense to invest some level of funds above and beyond what is required for such societal benefit. When rates are increasing annually at amounts above

[22] See Case No. 26-0096-TF, Fischer PFT at 27; **Exhibit DPS-WP-SE-8** (Discovery A.DPS.GMP.1-74).
[23] Exhibit DPS-WP-SE-8 (A.DPS.GMP.1-74b).

and beyond what Vermonters can afford, every discretionary expenditure of ratepayer funds must be re-examined.

In light of the affordability challenges facing Vermont that I describe in Part I above and Ms. Flint describes in her testimony, I recommend that GMP plan to meet but not exceed its statutory requirements for renewability in FY27. Thus, GMP's FY2027 base rate power supply expenses should be reduced by $3.75 million. This amount is an estimate of GMP's estimated FY costs for RES overcompliance, based on a weighted average of calendar year costs, less $250,000 to account for the lost value associated with Tier 3 measures.[24]

I do not believe that GMP's decision making is, or has been, fundamentally flawed. It is not my intent to second guess past decisions for a 100% carbon-free portfolio. Indeed, GMP's choice to maintain a 100% carbon-free portfolio is defensible under the least-cost planning rubric of Title 30 as long as the emissions reductions achieved cost less than a Social Cost of Carbon, which GMP's investments are likely to have done. That said, least-cost planning requires balancing achievement of environmental goals with other state priorities including affordability, reliability, and sustainability. Given current circumstances, I recommend changing the emphasis for FY2027 to lower the overall rate impact associated with this filing. With my proposed adjustment, GMP's portfolio remains

[24] $250,000 is a rough estimate, I have not performed any calculations to determine the additional Tier III cost to ratepayers. When a Tier III measure increases load, that measure faces a penalty (reduction in Tier III savings) associated with electric emissions that are created by that additional load. That penalty is zero if a utility is carbon free.

environmentally sound – including approximately 21% nuclear attributes GMP's portfolio would still be 84% non-emitting – and ratepayers will see some modest relief.

V. RETURN ON EQUITY

Q21. Why is ROE a significant consideration in utility regulation, and why has it become a focus for the Department in this case?

A21. Mr. Enterline: ROE is a significant consideration because it sits at the intersection of two current regulatory challenges; (1) maintaining affordable electric rates while ensuring utilities can (2) attract the capital needed to provide reliable, resilient electric service. An allowed ROE directly affects a utility's ability to attract capital and therefore must be set at a level that is consistent with *Hope* and *Bluefield* standards, discussed in further detail by Department witness Cynthia Zamora.[25] *Hope* and *Bluefield* indicate that ROE must be high enough to maintain financial integrity, support access to capital, and fairly compensate equity investors for the risks they bear. From an affordability perspective, ROE directly impacts rates and customer bills. ROE is a focus for the Department because it represents a discrete choice point within the cost of service and rate setting process where sound data and judgement are needed to weigh these considerations.

Q22. Are you familiar with Ms. Zamora's testimony recommending that GMP's ROE be set at 8.91% based on her analysis?

A22. Mr. Enterline: Yes.

[25] *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia,* 262 U.S. 679, 693 (1923); *Federal Power Commission v. Hope Natural Gas Co.,* 320 U.S. 591, 603 (1944); See Case No. 26-0096-TF, Prefiled Direct Testimony of Cynthia Zamora at 11 (Apr. 20, 2026).

Q23. Does Ms. Zamora's testimony and recommendation stand on its own to demonstrate that 8.91% reflects the appropriate ROE for GMP?

A23. Mr. Enterline: Yes. Ms. Zamora's testimony not only documents the financial methodology behind the ROE recommendation but also references the Commission's own precedent on the topic. Specifically, Ms. Zamora's testimony cites the Commission's Orders in Docket Nos. 7803/7843, which emphasize that "the Board has substantial discretion to weigh factors so as to achieve the overarching goal of authorizing a [ROE] that is fair and reasonable to all stakeholders. The critical element is the reasonableness of the result, not necessarily the methodology used to achieve it." [26]

Q24. Is there any recent regulatory literature that supports the Commission's discretion on ROE?

A24. Mr. Enterline: Yes. Recent regulatory literature has recognized that Commissions have a substantial amount of discretion, and that the authorized ROE is ultimately a policy choice, not merely a mechanical output of financial models. The application of the just and reasonable standard in this context can integrate "a wide range of different perspectives and interests, including those of consumers as well as the investors in the relevant regulated entity. As a result, judicial opinions widely describe this standard as encapsulating a 'zone of reasonableness' where rates and the resulting revenue levels are permissibly legal."[27] Ms. Zamora's testimony and methodology shows that 8.91% is the appropriate ROE for

[26] VT PUC Order in Dockets Nos. 7803/7843. See also Cynthia Zamora's testimony at page 12.
[27] *LeBel et al.,* Improving Utility Performance Incentives in the United States: A Policy, Legal and Financial Framework for Utility Business Model Reform *at page 31 (Regulatory Assistance Project Oct. 2023).*

GMP, and as discussed in more detail below, there are additional considerations weighing in favor of that result within the range of potential ROE choices.

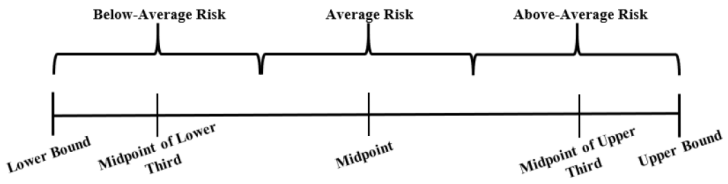
Q21. Can you provide a recent example where the "zone of reasonableness" has been applied?

A21. Mr. Enterline: Yes. The Federal Energy Regulatory Commission ("FERC") recently applied the zone of reasonableness concept in its Opinion No. 594[28] which deals with the ROE for New England's transmission owners.

Q22. How was the zone of reasonableness concept structured in FERC's opinion?

A22. Mr. Enterline: FERC divided up the zone of reasonableness into three equal sub-zones (See **Figure 1** below)[29] where the lower third represents below-average risk, the middle third represents average risk, and the upper third represents above-average risk. Within these three sub-zones, FERC identified three midpoints, which represent the central tendency – the best starting point – for determining the range of presumptively just and reasonable ROEs.

Figure 1: Ranges of Presumptively Just and Reasonable Base ROEs



[28] Martha Coakley, Attorney General of the Commonwealth of Massachusetts v. Bangor Hydro-Elec. Co., Opinion No. 594, 194 FERC ¶ 61,208, (2026).
[29] Id. at 45, Subsection 82.

Q23. How can this structure help a Commission exercise its discretion in choosing an ROE?

A23. Mr. Enterline: In addition to using qualitative assessments of risk, this structure offers Commissions a more quantitative structure to assess (and visualize) how risk factors into their choice of an ROE.

Q24. How might this structure be applied in this case?

A24. Mr. Enterline: Low, average, and high ROE estimates are provided in Department witness Cynthia Zamora's testimony and are restated below. These ROE estimates range from a weighted average low of 8.07% to a weighted average high of 9.75%, a span of 1.68%. These three points can be used as a proxy for the midpoint of each of the three risk sub-zones.

Methodology	Low	Ave	High	Ave. High – Ave. Low	1/6th
Constant Growth DCF	7.37%	8.62%	9.86%		
Multi-Stage DCF	7.90%	8.57%	9.23%		
CAPM	10.27%	10.54%	10.80%		
Weighted Average	**8.07%**	**8.91%**	**9.75%**	1.68%	0.28%

To create three equal sub-zones using these weighted averages, subtract the weighted average low from the weighted average high (1.68%) and divide by six. Using this method, the following table calculates three equal sub-zones around the three weighted averages from the previous table.

Low Risk Sub-Zone			Average Risk Sub-Zone			High Risk Sub-Zone		
-1/6th	-1/6th	-1/6th	-1/6th	0	+1/6th	+1/6th	+1/6th	+1/6th
Low	Ave	High	Low	Ave	High	Low	Ave	High
7.79%	**8.07%**	8.35%	8.63%	**8.91%**	9.19%	9.47%	**9.75%**	10.03%

Q25. Where does GMP's requested ROE fit into FERC's structure?

A25. Mr. Enterline: GMP has requested an ROE of 9.94%, which falls into the upper half of the high-risk sub-zone.

Q26. Do the risks that GMP holds justify choosing an ROE in the upper half of the high-risk sub-zone?

A26. Mr. Enterline: No. As discussed in the next question, the MYRP mitigates all of the major risks that GMP faces. For this reason, GMP's ROE does not belong in the high-risk sub-zone.

Q27. What risk category does the Department propose for GMP?

A27. Mr. Enterline: Categorically, the risks that GMP faces are practically identical to the proxy group of utilities. GMP faces power market, earnings, major storm-related outage and weather/temperature-related revenue risks just as the proxy group of utilities do. Importantly, GMP's MYRP mitigates all four of these risks through a series of adjustment mechanisms, namely the (1) Power Supply Adjustor, (2) Earnings Sharing Adjustor Mechanism, (3) the Exogenous Major Storm Changes component of the Exogenous Change Adjustment, and the (4) Retail Revenue Adjustor respectively.[30] Because the MYRP ensures that GMP collects its costs with very little regulatory or time lag, the Department maintains that GMP's risk profile is certainly not in the high-risk category and is, at most, average risk. The midpoint within the average risk range is 8.91%, which is the Department's recommended ROE.

[30] Source: '25-1955-PET – 2025.10.31 GMP MYRP Redline.pdf', Sections VI.A, VI.B and VI.C, pages 22-28

Q28. What impact would an 8.91% ROE be expected to have on GMP's ability to raise capital?

A28. Mr. Enterline: According to GMP's ROE history as summarized during discovery in A.DPS.GMP.1-202, GMP's actual returns have varied from a low of 7.57% in 2023 to a high of 8.98% in 2025 with returns during the 2021-2022 period being in between.

Year	Allowed ROE	Return Before ESAM	Return After ESAM Adjustment
2021	8.20%	8.14%	N/A
2022	8.57%	8.78%	N/A
2023	8.57%	7.09%	**7.57%**
2024	9.58%	7.39%	**8.57%**
2025	9.97%	7.90%	**8.98%**

In discovery, the Department inquired about GMP's experience accessing capital when the authorized ROE was between 8.20% and 8.57%. As seen in Exhibit DPS-CLZ-2, GMP's response indicated that "[d]uring the FY21 to FY23 timeframe, GMP raised $139 million in First Mortgage Bonds and $30 million in equity…[and]...the credit spreads on each of the issued bonds were consistent with market conditions at the time for similarly rated entities." Based on this experience, and given the history of actual returns from 2021–2025, an 8.91% ROE would not be expected to have a negative impact on GMP's ability to raise capital.

Q29. What impact would an 8.91% ROE have on GMP's customer costs?

A29. Mr. Enterline: In FY27, the impact is approximately $15.4 million which represents a 1.73% decrease in GMP's Total Cost of Service to Ultimate Customers[31] (Requested COS in FY27 in the following table). If the Department's recommended 8.91% ROE is adopted

[31] 26-0096-TF, Exh GMP-LD-RB-3, Sch. B. Note the small rounding error between this exhibit and the native version as it appears in 'COS Filing Format FY27 Traditional.xlsx' on the COS RB Summary tab.

by the Commission, cost saving for customers would recur each following year of the MYRP and grow as the equity portion of the capital structure grows. As shown in the following table, $15.4 million is a product of the (1) basis point reduction, (2) the weight for equity, (3) the 2027 net rate base as requested by GMP and the (4) tax gross-up factor.

#	Item	Value	Source
1	GMP's Requested ROE	9.94%	GMP
2	DPS's Proposed ROE	8.91%	GDS
3	Basis Point Reduction	103	#1 - #2
4	Weight for Equity	50.26%	GMP
5	2027 Net Rate Base	$2,157,917,456	GMP
6	Effective Tax Rate	27.7161%	GMP
7	Tax Gross Up Factor	1.3834	1/(1-#6)
8	COS Savings in FY 2027	$15,454,424	(#3/10,000) * (#4*#5) * #7
9	Requested COS in FY27	$890,826,538	GMP
10	% Reduction in COS	1.73%	#8 / #9

VI. CONCLUSION

Q30. Please summarize your testimony.

A30. Mr. Poor & Mr. Enterline: In sum, our testimony seeks to balance immediate ratepayer impact with desired long-term societal benefits. In seeking to strike an appropriate balance of the considerations in this case, our recommendations are built on: relevant, accurate and timely data; proven methodological practices; and the exercise of sound judgment. We recognize, however, there is no one "right" answer. By all objective measures, GMP is a healthy and successful business enterprise that does well by its investors. We do not seek to put that in jeopardy. We do, however, seek a modest reduction in the company's ROE

to ensure a reasonable investor return outcome that better balances attracting capital on favorable terms with maintaining costs for customers. That is because our responsibility is to keep top of mind that growing portion of GMP's 62,000 customers who struggle to pay their monthly electricity bill at current rates, let alone be able to absorb an even higher bill. GMP has proposed a 7.5% increase in rates, following immediately upon a rate increase of over 7% just last year. We propose instead a rate increase of 5.14%.

We want GMP to make those capital investments that deliver verifiable, cost-effective progress toward resilience and climate goals at a rate trajectory that better meets the moment. Further, GMP is an acknowledged national leader in successful, innovative utility initiatives, and rightfully so. It should come as no surprise then, especially for GMP, that we do not support, for example, spending Vermont ratepayer dollars on an expensive pilot that does not appear to be designed to truly innovate. In sum, our testimony in this case is designed to provide the Commission with as clear a record as possible of our goals, methods and recommended outcomes.

Q31. Does this conclude your testimony?

A31. Mr. Poor & Mr. Enterline: Yes.