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January 30, 2023

Via ePUC

Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, 4th Floor
Montpelier, VT 05620-2701

Re: FY2023 1st Quarter Report of Power Supply, Retail Revenue, and Exogenous Major Storm Adjustors

Dear Ms. Anderson:

In this Quarterly Adjustor Report for the first quarter of Fiscal Year 2023 (FY2023 Q1), Green Mountain Power (GMP) reports on: (1) results for the Power Supply and Retail Revenue Adjustor (PSRRA); (2) results for the Exogenous Major Storm Adjustor (EMSA); and (3) how these results are treated under the Multi-Year Regulation Plan, as filed in Case No. 21-3707-PET, and approved by the Commission on August 31, 2022 (the Plan). For the quarter, the net cumulative balance to be carried forward to the next quarter for the PSRRA is $6.344M, as detailed below. For the EMSA, while we report Major Storm expenses of $2.969M from two historic and severe weather events (including Winter Storm Elliott) that hit Vermont just before the end of the quarter, the rest of the Major Storm expenses will be reconciled and reported in the next quarterly filing. We expect these to be covered by the proactive Major Storm Restoration Fund already in effect, barring other compounding major storms.

Under the Plan, these quarterly results require that, beginning April 1, 2023, approximately $14.06M is collected, representing the $12.081M Cumulative Carry Forward balance previously reported that had accrued as of the end of FY2022 Q4, combined with the remaining $1.980M from the ongoing adjustment already approved by the Commission in Case No. 22-3035-TF. As described in the tariff filing accompanying this Report, GMP seeks to extend the period of collection for this balance through the end of the Plan (rather than over twelve months as the Plan would otherwise allow) in order to create a smooth path for customers.[1] The net result for customers will essentially be equivalent to the Current Power and Major Storm adjustor line item, from 0.61% down to 0.60%.

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[1] Specifically, on January 17, 2023, GMP submitted a request to amend the Plan to extend the default amortization period of collections or returns from twelve months to the remaining period of the Plan or twelve months, whichever

The details supporting these results are set forth in the Attachment to this filing and described below.

I. Power Supply and Retail Revenue Adjustor Report – First Quarter Fiscal Year 2023 Results

Attachment 1 to this letter sets forth the accounting details of our FY2023 Q1 PSRRA, and includes the following information:

- Tab 1: Actual Power Costs;
- Tab 2: Power Supply and Retail Revenue Adjustor Results;
- Tab 3: Variance Explanations;
- Tab 4: Retail Sales and Revenue Variances; and
- Tab 5: Supporting Workpapers – Power Costs

Below is a summary of these results and an explanation of the drivers of the variances between actual results and forecast.

1. Power Supply and Retail Revenue Adjustor – FY2023 Q1 Results

In FY2023 Q1, largely due to continued higher regional energy market costs and higher contract costs tied to the market, the net PSRRA calculation resulted in an under collection of $6.344M:

Retail Revenue Collected:	$5.584M more than forecast
Power Supply Costs (net):	$11.927M more than forecast Component A: $3.229M more than forecast Component B: $8.698M more than forecast (after Efficiency Band adjustment)
Total FY2022 Q4 PSRRA:	**$6.344M undercollection**

Primary factors driving the variance between actual results and the forecast for the quarter are as follows:

Retail Revenue and Sales Volume

Retail revenues were $5.584M, about 3.3%, higher than forecast.[2] The variance includes higher residential sales of $3.3M, as well as continued retail revenues from Global Foundries (GF) because its transition to become its own utility was not completed during the quarter as originally forecast.[3] On a MWh basis, sales were slightly lower than forecast, driven by overall

is longer. See Case No. 23-0141-PET.

[2] Retail sales volume was 13,620 MWh, or 1.3% lower than forecast with a positive $0.0077 per kWh average rate variance, which was 4.6% higher than forecast.

[3] While this delayed closing resulted in continued retail revenue from GF for the quarter and higher transmission costs than forecast as described below, this was essentially offset because no power purchase agreement revenues or

lower than forecasted large commercial and industrial sales that were somewhat offset by higher than forecasted residential sales. The weather this quarter was mild, with the overall impact being slightly lower loads than forecasted.

Power Supply

There are continued high regional and world energy markets following the Russian invasion of Ukraine last February, and after the last forecast, power supply costs were higher than forecast by $13.289M. Here are the details:

- Component A

Component A was $3.229M higher than forecast for the quarter. The largest Component A variances were associated with the somewhat delayed transition of GF to become its own utility, as GF separately reported to the Commission. The result was higher transmission costs that were driven by higher than forecasted peak loads that did not include GF. Benchmark costs also assumed $0.5M per month transition payments from GF that were not received due to the delay. As noted, these additional costs were offset by the higher retail revenues outlined above. GMP also received about $0.8M of unforeseen and mandated charges associated with the Mystic Cost of Service Agreement that were included in Forward Capacity Market (FCM) charges. As explained in our previous quarterly filing, the Mystic Capacity Payment is a new and unfortunate charge required by ISO-NE associated with an out-of-market cost of service agreement under which Mystic Units 8 and 9 in Massachusetts along with the Everett liquified natural gas terminal that supplies those units will continue to provide service for the region through May 2024. These costs that ISO-NE imposed across the region due to the Mystic Units are not in GMP's or other distribution utilities' control. Line loss charges were also higher than forecasted by approximately $0.74M due to higher regional energy market prices.

- Component B

Gross Component B costs were $10.06M above forecast. The primary reasons for the variance were higher energy market prices due to world events coupled with slightly higher purchase volumes and more net metering generation than forecasted. Lower generation from Ryegate and McNeil biomass facilities, Granite wind, and hydro units also resulted in the need to purchase replacement power at high market prices. Last August and again in November, GMP made short-term energy purchases to help reduce winter energy market exposure for customers; while this is reflected as a $4.5M variance because it occurred well after the forecast that set the benchmark, that transaction effectively reduced the need for higher spot market purchases for the month. Also contributing to costs for customers during the quarter was higher generation than

transition fee revenues were received from GF for the quarter, as described during Commission proceedings on GF's petition. See e.g., Final Order, Case Nos. 21-3707-PET; 22-0175-TF at Finding 21 (August 31, 2022) (noting that GF "treatment ensures that the impact of serving GF would be essentially neutral for customers regardless of whether GF's petition is granted or denied.")

forecasted from net metering projects, resulting in $2.292M of additional costs.[4] Other changes, such as higher than budgeted long term power purchase agreements tied to market changes as described in earlier quarterly reports, continue to have impacts and are expected to continue through fiscal year 2023. Fuel costs were also higher than forecasted in the first quarter, with generation from those units also greater than forecasted. REC revenue was also somewhat lower than anticipated as a result of a lower quantity of RECs that were transferred during the quarter than projected. All these variances were partially offset by higher revenues from resales at market prices higher than had been forecasted.

As required by the Plan, GMP absorbed the full amount of the "Efficiency Band" adjustor, which decreased the magnitude of the Component B variance for customers by $1.362M, yielding a net Component B variance of $8.698M above forecast for the quarter.[5]

As discussed above, all these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a total under collection of $6.344M for the quarter.

II. Exogenous Major Storm Adjustor – FY2023 Q1 Results

There were two very significant Major Storms right at the end of FY2023 Q1 impacting Vermont and the entire region. The incremental costs through December 31, 2022, included in this filing are $2.969M. Given the timing, a limited number of invoices were received and processed in FY2023 Q1, amounting to $0.273M, as set forth in Attachment 2. The remaining expenses are being invoiced and will be paid in the current and future quarters; these will be reported in future FY23 Adjustor Reports as required by the Plan. Consistent with the Plan, GMP will apply the $1.2M storm deductible prior to calculating the final adjustment associated with these storms. In addition, the Plan features a Major Storm Restoration Fund. This totals $6 million annually ($24 million over the course of the four-year Plan, with the balance not to exceed $12 million at any given time.)[6] GMP expects that proactive restoration fund will cover the cost of these two Major Storms once finalized and we expect to propose they be covered by the fund (rather than through the EMSA) in our next filing.

The table below shows Major Storm expenses and major Storm Restoration Fund balance and resulting EMSA.

[4] Net metering costs are based on billing cycles and are somewhat lagged. Therefore, the full quarter of actual energy generation is not captured. Net-metering costs in FY2023 Q1 are associated with physical generation that took place August through December, depending on customers billing cycles.

[5] The Efficiency Band amount was based on a higher per unit Cost Variance ($0.0107/kWh Component B rate variance coupled with retail sales volume of 1,018,337 MWh).

[6] *See* Plan at 9, 24.

Measurement Period	Reported Major Storm Expense	Major Storm Deductible	Major Storm Restoration Fund Collections	Expense Covered by Major Storm Restoration Fund	Major Storm Restoration Fund Balance	Exogenous Major Storm Adjustor
FY2023 Q1	$2,968,830	$1,200,000	$1,427,273 (including $6,946 in interest)	$1,768,830	($341,557)	$0

III. Quarterly Net Adjustment – Current and Prior Measurement Periods

Under the Plan now in effect, the Cumulative Carry Forward balance of the prior measurement period is greater than $1M, and two consecutive quarterly adjustments are in the same direction, the Cumulative Carry Forward balance will be reflected in energy statements starting the first day of the next quarter, unless otherwise ordered by the Commission.[7] Here, the FY2022 Q4 Cumulative Carry Forward of $12.081M will be triggered for collection beginning April 1, 2023, and the Quarterly Net Adjustment from FY2023 Q1 of $6.344M will be carried forward.

In accordance with the Plan, we will combine the FY22 Cumulative Carry Forward of $12.081M with $1.943M remaining from ongoing already-approved amounts on customer's energy statements associated with FY22 Q2 and Q3 results, so they will appear as a single line item as set forth in the Plan. Because we plan to cover both Major Storm expenses (with invoices received and to be reported next quarter) through the Major Storm Restoration Fund, those amounts are reported as required by the Plan but not included in the Cumulative Carry Forward.

IV. Cumulative Carry Forward

The chart below reflects the results of FY2023 Q1, and the calculation of the Cumulative Carry Forward since the beginning of FY2022:

Measurement Period	PSRRA $	Exogenous Major Storm Adjustor	Quarterly Net Adjustment $	Cumulative Carry Forward $	Collection (Return) to Customers
FY2022 Q1	$574,079	$0	$574,079	($3,223,143)	n/a
FY2022 Q2	$6,420,518	$0	$6,420,518	$6,420,518	($3,223,143)
FY2022 Q3	$905,263	$0	$905,263	$905,263	$6,420,518
FY2022 Q4	$11,175,244	$0	$11,175,244	$12,080,507	n/a
FY2023 Q1	$6,343,620	$0*	$6,343,620	$6,343,620	$12,080,507
*After expected application of Major Storm Restoration Fund					

[7] As noted above, GMP has filed a Petition to modify the Plan to extend the default amortization period for collections or returns of GMP's Quarterly Net Adjustment to the remaining term of the plan or 12 months, whichever is longer. See Case No. 23-0141-PET.

Under the Plan, $12.081M carried forward from the prior quarter is now triggered for collection, and the net amount of $6.344M from this quarter will roll forward to the next quarterly reporting period.

This filing will be reviewed by the Department of Public Service and subject to Commission approval pursuant to Section VII of the Plan. As noted, GMP filed a Petition to Amend the Plan to allow collection of adjustors over the remaining term of the Plan, or 12 months, whichever is longer. Consistent with this pending Petition, GMP is filing with this Report a tariff request to apply the total combined $14.06M adjustment to customers' energy statements starting April 1, 2023, through September 30, 2026. The proposed line-item collection to customers for this amount is 0.60% based on a percentage of expected retail revenue, which as noted above is essentially equivalent to the current surcharge percentage of 0.61%.

V. Conclusion

GMP appreciates the Commission's and Department's review of this filing. Thank you, and if you have any questions, please feel free to contact me.

Sincerely,

GREEN MOUNTAIN POWER

Robert Bingel

Encls.

cc:
Erin Brennan, Esq. & James Porter, Esq., Department of Public Service (via ePUC and email)