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 DIRECT TESTIMONY OF
WALTER (TJ) POOR
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

January 16, 2026

Summary: Mr. Poor outlines the Vermont Department of Public Service's ("Department") overall review of Green Mountain Power Corporation's ("GMP") proposed Multi-Year Regulation Plan and introduces the Department's other witnesses. Mr. Poor also provides his assessment and recommendations regarding (1) GMP's proposed treatment of resilience investments; (2) other proposed components of GMP's base rates; and (3) mechanisms to better balance risk and rewards between ratepayers and GMP.

Mr. Poor Sponsors the Following Exhibits:

Exhibit DPS-WP-1	A.DPS.GMP.1-5 and A.DPS.GMP.1-7

PREFILED DIRECT TESTIMONY OF WALTER (TJ) POOR

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

A1. 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.

Q2. Please describe your professional background and experience.

A2. 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.

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

A3. 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"). Most recently I testified in Case No. 24-3579-PET.

I - OVERVIEW

Q4. Please provide a summary of GMP's proposal for a new Multi-Year Regulation Plan ("MYRP").

A4. GMP operates under an MYRP that went into effect in October of 2022 and is in effect through October of 2026. Pursuant to 30 V.S.A. § 218d, GMP has proposed a new MYRP to provide the overarching structure for its rate setting for the next four years from fiscal year ("FY") 2027 through FY2030. The initial year's rates are proposed to be established in a FY 2027 rate case that is expected to be filed concurrently with this testimony.

GMP proposes several modifications to its new MYRP:

1. GMP proposes to continue the current framework for a fixed level of base capital investment over the life of the MYRP, but proposes to treat focused resilience work separate from base capital. These resilience investments are proposed to have project plans annually with "not to exceed" investment amounts for each year, and forecasts through FY 2030.
2. GMP proposes to remove advance collection of storm costs, instead recovering all major storm-related costs through the existing exogenous change adjustor.

3. GMP proposes that costs associated with customer-requested energy storage systems be added to base rates under a new framework intended to provide a regulatory accounting mechanism to manage investments in the program over the term of the MYRP.
4. GMP proposes to remove the "strategic investment and unexpected circumstances" exception for additional capital spending, allowing for two very specific known circumstances if they come to fruition: (1) the aforementioned Customer Driven Storage Programs; and (2) Searsburg and Deerfield Wind Project upgrades.
5. GMP proposes to expand the annual reforecast of expenses (including operations and maintenance costs) to include more categories of costs updated each year.
6. GMP proposes to recover the carrying cost at short-term debt rates of any balances associated with rate smoothing adjustors.

Q5. What is the purpose of your testimony in this proceeding?

A5. My testimony provides an overview of the Department's response to GMP's proposed new MYRP and its recommended changes, starting with how the Department is considering review of the MYRP structure. My testimony also introduces the other witnesses testifying on behalf of the Department. In Part II of my testimony, I specifically address: (1) GMP's proposed structure for resilience investments separate from base capital expenditures; (2) the proposal for costs associated with customer requested energy storage systems being added to base rates under a new framework; and (3) the removal of the "strategic investment and unexpected circumstances" exception for additional capital spending, and replacing it with specific provisions. In Part III of my testimony, I suggest several additional changes that are intended to better balance risk and rewards between ratepayers and GMP.

Q6. Please introduce any other witnesses testifying on behalf of the Department.

A6. Mr. Steven Hunt addresses GMP's proposed modification of the MYRP to remove pre-collection of storm costs, treatment for equity investments in rate base, cost of debt in rate base, and recommends MYRP adjustments for depreciation costs, property taxes, and return on equity. Mr. Hunt also recommends streamlined reporting with rate changes occurring only twice per year. Mr. Jacob Thomas addresses the proposed inclusion of ZOI-related resilience investments in the MYRP, the structure of the Earnings Sharing Adjustment Mechanism ("ESAM"), and the treatment of the Exogenous Change Adjustment ("ECA"). Mr. Thomas recommends MYRP adjustments to the ESAM and both the "Non-Storm" and "Major Storm" components of the ECA.

Q7. Please describe how the Department views the MYRP structure.

A7. GMP currently operates under a four-year MYRP authorized by the General Assembly in 30 V.S.A. §218d and approved by the Commission in Case No. 21-3707-PET. Generally, the Department views GMP's MYRP as a useful mechanism to provide rate stability for customers while aligning efficient, innovative, and high-quality service to customers with the opportunity for GMP to earn a just and reasonable rate of return. The MYRP should appropriately balance risks and rewards between ratepayers and GMP. With the recommendations outlined in my testimony as well as those of the other Department witnesses, the Department remains supportive of the MYRP regulatory structure while advancing adjustments to ensure rates remain just and reasonable for ratepayers when this new MYRP takes effect.

II – GMP's PROPOSED MYRP MODIFICATIONS

Q8. Please provide the Department's view on GMP's proposal to structure resilience investments separate from base capital expenditures.

A8. GMP has indicated that it expects to continue significant additional resilience investments pursuant to its so-called ZOI[1], which was approved in part in Case No. 23-3501-PET. In its proposed MYRP, GMP has proposed to structure ZOI resilience capital investments separate from base capital expenditures. GMP has not yet provided any sort of benefit-cost analysis ("BCA") to indicate that these investments are in the interest of ratepayers, instead suggesting that such BCA will be provided with its base rate filing in mid-January.[2]

While GMP has yet to publicly share its BCA, GMP appears to have already decided that these investments are worthwhile—recommending a specific cost treatment within the MYRP and qualitatively touting their potential benefits in testimony without reference to cost to ratepayers, or whether that cost exceeds the benefit. This concerns the Department.

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[1] The Commission, in its Final Order in 23-3501-PET, flagged that "zero customer outages on the GMP distribution grid is likely a physical impossibility" and they "strongly encourage[d] GMP to ensure that its customers are provided with accurate and realistic information about the potential benefits of GMP." The term "Zero Outages Initiative" does not reflect a likely outcome from resilience investments, and the Department continues to encourage GMP to find alternative ways to label their initiative. That said, we continue to use the term in this testimony as it is now a known reference point for discussion.

[2] See, for example, Exhibit DPS-WP-1 which includes discovery responses A.DPS.GMP.1-5 ("GMP is in the process of conducting benefit cost analysis of resilience work to be proposed in the FY rate case. . .") and 1-7 ("Benefit cost analysis supporting specific proposed FY27 resilience investments will be filed with the FY27 rate case…").

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.[3] 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."[4] 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. The Department has not yet seen that detailed planning, nor has the Department seen the proposed amount of investment in resilience, and so I, on behalf of the Department, cannot make an informed recommendation as to whether GMP's proposal to make resilience investments and/or treat them separately is reasonable.

[3] Case No. 23-3501-PET, Final Order of 10/18/24 at 22.
[4] Id. at 24.

I do note that in Case No. 25-0339-PET, the proceeding examining utility resilience that was borne from GMP's ZOI proceeding, GMP has been a helpful participant. In that proceeding GMP shared an example where it had started using the Interruption Cost Estimate ("ICE") tool for valuing resilience investments.[5] GMP has previously expressed reservations about the ICE tool, but from the Department's perspective, it provides an example of the quantification of costs and benefits we would expect GMP to demonstrate to justify resilience investments. The ICE tool itself is one possible tool—but not the only one —that could begin to provide a quantification of resilience value.

While the Case No. 25-0339-PET resilience proceeding is not complete and the Department's recommendations have not yet been distributed, GMP can expect that risk and vulnerability assessments, including valuation using a BCA, will be part of the Department's recommendation for significant capital investments. This is consistent with the Commission's Final Order in Case No. 23-3501-PET and a reasonable expectation for the largest and only investor-owned electric utility in Vermont.

[5] https://epuc.vermont.gov/?q=downloadfile/768124/203332, slide 12. The ICE calculator was developed by Lawrence Berkeley National Lab and is available at https://icecalculator.com/

Q9. Please provide the Department's recommendation on GMP's proposed removal of the "strategic and unexpected circumstances exception" for additional capital spending.

A9. The Department supports GMP's proposed changes to the Strategic Opportunity Exemption. In Case No. 23-3501-PET, GMP's proposal was made via a discrete portion of Section IV(A)(6) of the current MYRP, the "Strategic Opportunity Exemption." Generally, the MYRP is structured to strike a reasonable risk/reward balance for ratepayers and shareholders, allowing for a relative degree of retail rate stability over its term. In Case No. 23-3501-PET, GMP proposed the ZOI under this exemption, the scale and magnitude of which was far beyond the exemption's original scope.

GMP's new MYRP proposal in this proceeding effectively eliminates the Strategic Opportunities Exemption, except for the potential investment in the following upcoming opportunities: (1) the potential to repower the Searsburg Wind generating facility and the option to purchase the nearby Deerfield Wind generating facility; and (2) new rate treatment for costs associated with customer-requested energy storage systems. These opportunities will be evaluated on their own merits. They should be explored by GMP as part of traditional least-cost planning under 30 V.S.A. § 218c. As a matter of course for power supply investments, any proposal related to these projects and programs will include BCAs that show the expected net value of such investment to ratepayers.

The Department appreciates GMP responding to our position in Case No. 23-3501-PET and narrowing this exception from the current MYRP. Because GMP will need to provide a BCA for approval of those projects if they choose to present them, the impact on the balance of risks and rewards of the MYRP and the impacts on rates can be considered at that time.

Q10. Please provide the Department's view on GMP's proposal for costs associated with customer-requested energy storage systems being added to base rates.

A10. GMP has proposed a "Customer Driven Storage Program" provision of the new MYRP to provide a regulatory accounting mechanism to manage investments in the program over the term of the MYRP. As described by Witness Castonguay on page 18 of his prefiled direct testimony, this MYRP component is proposed to provide an opportunity to set any recommended level of base investment on customer storage programs under a proposed tariff, including financial modeling of expected revenues and benefits. This plan generally follows the approach approved by the Commission in Case No. 24-1715-PET. I recommend that GMP's proposal for treatment of the Customer Driven Storge Program in the MYRP be approved, so long as it is paired with performance standards as described below. I expect that this structure for customer-driven storage will continue to provide opportunity for the Commission and Department to periodically review the storage program and ensure continued benefits for ratepayers.

III – RECOMMENDATIONS TO BETTER BALANCE RISKS AND REWARDS BETWEEN GMP AND ITS CUSTOMERS

Q11. Please identify any other recommendations or observations you have for the MYRP at this time.

A11. I have three other recommendations for GMP's proposed MYRP:

1. Specific initiatives and mature programs (i.e., those that are beyond the pilot stage) should have clear, measurable metrics and performance standards that provide GMP an opportunity to earn a fair return, while sharing benefits with ratepayers and appropriately allocating risk.
2. I recommend two changes related to power supply adjustors: (a) "Transmission by Others" should be moved from Component A to Component B under GMP's Power Supply and Retail Revenue Adjustor ("PSRRA"); and (b) the Efficiency Band associated with Component B should be indexed to inflation.
3. I have observations related to GMP's capital documentation standards, with potential recommended changes depending on the details of GMP's base rate filing.

Q12. Please describe your recommendations related to program performance mechanisms.

A12. GMP, where possible, should earn revenue based on outcomes, rather than spending. This aligns their profits with activities that benefit ratepayers, drives efficiencies, and fosters innovation. Indeed, much of the MYRP structure seeks to achieve these goals. However, in two particular areas, the structure of the MYRP continues to reward investment rather than outcomes. GMP's resilience and energy storage investments should be subject to performance standards that reward desired outcomes, as opposed to rewarding money spent. This will provide transparency for the investment and, equally as important, a clear measure of success. If the desired outcome is achieved, then GMP should be able to earn. If the desired outcome is not achieved, ratepayer risk of bearing the costs of the investment should be mitigated. I recommend that GMP propose clear, measurable outcomes related to its resilience and storage investments with associated financial consequences.

In its Final Order in Case No. 23-3501-PET, the Commission indicated that GMP should "anticipate that [the Commission] will expect future requests for additional ZOI spending to be paired with proposed performance metrics that carry financial consequences."[6] It is unclear whether GMP will propose such performance metrics with its base rate filing — as of yet they have not. To the extent that resilience investments are included as capital expenditures in the MYRP (whether they are separate from base expenditures or not), I respectfully recommend that the Commission require GMP to propose performance metrics that carry financial consequences. The Department suggests that these metrics be based on specific outcomes that GMP expects will be achieved. The specific values would be informed by the BCA expected in the base rate filing, as well as by resilience investments already made by GMP both via their ZOI investments and previous investments made under their base capital structure.

[6] Id. at 27.

Of note, GMP's Energy Storage Services ("ESS") programs should encourage GMP to maximize benefits for ratepayers. For this program, GMP usually does forecast impacts to its ratepayers, with such analyses relying on several forecasts of future avoided costs and battery performance, among other things. The capital investments associated with storage are then approved based on these forecasts. If the forecasted benefits do not materialize, then ratepayers suffer 100% of the underperformance. If the benefits exceed the forecast, then ratepayers receive 100% of the benefits. In either case, GMP earns a return on its capital investment, shielded from risk associated with actual performance of the investment. The ESS program is sufficiently mature to, instead, base GMP's earnings on outcomes, i.e., the actual benefits accrued by Vermonters and not just the projection of those benefits.

As the MYRP evolves, and program delivery continues to mature, it is important to keep focused on outcomes to ratepayers, both related to service and cost. Setting performance metrics for GMP's resilience spending will better foster innovation, drive efficiency, and lead to better outcomes for ratepayers.

Q13. Please describe your recommendations regarding the PSRRA.

A13. GMP's current MYRP contains both of its PSRRAs, which track quarterly variances against forecasted amounts as established in base rate filings. As described by Witness Fischer on pages 20-22 of her prefiled direct testimony, these adjustors decouple retail revenue from retail electricity sales and encourage GMP to manage costs that are meaningfully under GMP's control. Specifically, the PSRRA is broken into two categories: Components "A" and "B," where Component A consists of costs that GMP has limited ability to influence, and Component B consists of costs over which GMP does have some degree of control. Component A costs are fully reconciled—in other words, any difference between base rate forecasts and actual costs is passed through to ratepayers, while Component B cost variances are shared between ratepayers and GMP. This is done through an asymmetrical "Efficiency Band," where GMP retains the first $150,000 of quarterly favorable variances (actual cost/kWh is lower than benchmark calculation) and absorbs the first $307,000 of quarterly unfavorable variances. Beyond those thresholds, GMP retains or absorbs 10% of additional variance, with the remainder passed through to customers. GMP is proposing no changes to this general cost-sharing structure and one change to a Component of the PSRRA.

First, I address the addition of the ISO-New England Day-Ahead Ancillary Services Initiative ("DASI"), which replaced the former Forward Reserve Market. GMP proposes to include this new charge in Component A. I agree with this proposed categorization. While GMP seeks to optimize value of flexible assets and its response to evolving markets, DASI charges are largely outside the direct control of the utility and appropriately fall within Component A.

Second, I address the remainder of PSRRA cost categories. With one exception, I agree with GMP's proposal to maintain the current characterization of costs in Components A and B. One cost category in Component A in both the current MYRP and GMP's proposed MYRP is "Transmission by Others," which is largely made up of Regional Network Service ("RNS") Charges, whereby regional transmission costs are allocated to load serving entities based on their load at the zonal monthly peak. While the RNS rates themselves are not under the influence of GMP, increasingly GMP's peak load is—with GMP's expanding fleet of storage and flexible load resources reaching nearly 75MW of energy storage deployed[7] with more on the way. As noted by Witness Castonguay, "with energy storage and flexible loads we can now reduce what would otherwise be even more significant rate impacts due to these increases [in regional transmission costs]. . . . The storage systems will be able to react, providing us with a unique cost management tool."[8] Given GMP's growing ability to control their peak load through storage and other resources, I propose "Transmission by Others" be moved from Component A to Component B. This recommendation, in conjunction with my energy storage performance mechanism proposal above, will appropriately balance ratepayer investment in programs with the opportunity for GMP to earn a just and reasonable return. Moreover, my recommendations will enhance GMP's focus on those critical costs over which they have control, increase their efficiency and incentive to innovate, and provide benefits to ratepayers.

[7] Prefiled Direct Testimony of Witness Castonguay 7.
[8] Castonguay at 10.

Finally, I recommend that the Efficiency Band associated with Component B be indexed to inflation. The Band itself is intended to allocate risk and reward for categories of costs that GMP can control. By recommending that the absolute dollars associated with favorable and unfavorable variances remain the same in absolute dollar terms, GMP has effectively changed (reduced) the relative risk to itself. GMP has not provided any justification for this reduced risk. I recommend that the Efficiency Band be adjusted for inflation to maintain the current risk/reward balance.

Q14. Please describe your recommendation regarding Capital Documentation Standards.

A14. The Department continues to recommend that robust BCAs be provided to justify resilience projects *prior* to their implementation, given the potential magnitude of such spending. To date, GMP has not yet provided any BCA for proposed resilience spending in the proposed MYRP. Absent this submission, it may be appropriate to consider amending GMP's current capital documentation standards, which were developed and approved prior to the introduction of substantial ZOI and resilience investments, to require BCAs for all investments in these categories (no exceptions).

In the ZOI proceeding, GMP stated that it would follow its Capital Documentation Standards.[9] However, GMP's Capital Documentation Standards[10] only require BCAs for

[9] See prefiled Direct Testimony of Witness Burke, page 17: "GMP will continue using the capital documentation standards. . . . These standards ensure GMP documents the scope, justification, and *customer benefit* of capital projects before commencing construction." (emphasis added)
[10] Exhibit GMP-MB-1.

"Major Projects" (over $2 million) and even then still allow significant exemptions for projects greater than $2 million, including projects that address immediate safety hazards, in-kind replacements of damaged or no longer functional equipment, and projects that "address a regulatory requirement" or are reliability projects without viable alternatives. The capital folders provided in GMP's 2025 base rates included ZOI projects, but all were less than $2 million, and therefore no BCAs were provided. In fact, BCAs for any capital projects are quite rare. The Department is concerned that resilience investments could be routinely broken down into smaller components that are below the $2 million threshold that requires BCAs or otherwise deemed by GMP to meet exemptions from BCAs. This creates a situation where GMP follows its capital documentation standards, but very few projects are actually subject to a robust BCA. In that scenario, clarity as to ratepayer benefits would remain elusive.

I recognize that there may be an effective balance to be struck between completing a BCA for a resilience "portfolio"—such as the so-called ZOI investments—and performing such analysis on each individual component. GMP's expected BCA to be filed with its base rates will be informative in this regard. With this information, the Department will better be able to recommend whether the Capital Documentation Standards need to be amended to better ensure that resilience investments proposed by GMP throughout a MYRP term continue to be reasonable. I expect to address this topic in surrebuttal testimony based on the presumed information to be provided by GMP.

Q15. Do you have any other additional issues to raise?

A15. Yes. The Department's review of the MYRP structure, with a new proposed MYRP submitted in the Fall and associated base rates filed in mid-January, is challenged by insufficient information, with a significant amount of useful information expected to come months later in GMP's base rate filing. Statute largely dictates the timing of filings, where the Commission must act on an alternative regulation petition within 12 months,[11] while GMP's base rates must be approved by the Commission within seven months.[12] Because of lack of information in some key areas, a full recommendation on some components of the MYRP—such as the proposed resilience investment structure—cannot yet be made. The Department expects that its next round of testimony, with expected capital investments known, will allow us to better understand the balance of risks and rewards for GMP shareholders and ratepayers of the proposed new MYRP.

Q16. Does this conclude your testimony?

A16. Yes, it does.

[11] 30 V.S.A. § 218d(f).
[12] 30 V.S.A. § 227(a).