STATE OF VERMONT
PUBLIC UTILITY COMMISSION

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	)))	Case No. 25-1955-PET
Tariff filing of Green Mountain Power Corporation for a 7.5% rate increase effective with bills rendered on or after October 1, 2026	)))	Case No. 26-0096-TF

PREFILED REBUTTAL TESTIMONY OF JULIE LIEBERMAN ON BEHALF OF GREEN MOUNTAIN POWER

May 27, 2026

Summary of Testimony

Ms. Lieberman responds to the return on equity ("ROE") recommendations and risk assessments sponsored by Vermont Department of Public Service witnesses Cynthia Zamora, Walter (TJ) Poor, and Shawn Enterline. Ms. Lieberman explains why GMP's proposed 9.94% ROE remains reasonable and consistent with current capital market conditions, comparable utility authorizations, and GMP's risk profile. Ms. Lieberman also addresses shortcomings in the DPS witnesses' use of historical and book-value growth metrics, their treatment of CAPM results, and their characterization of GMP's regulatory and business risk under the proposed MYRP and why the Commission should decline to adopt opinions based on these shortcomings.

PREFILED REBUTTAL TESTIMONY OF
JULIE LIEBERMAN
ON BEHALF OF GREEN MOUNTAIN POWER

I. Introduction

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

A1. My name is Julie F. Lieberman, and I am employed by Atrium Economics, LLC ("Atrium") as a Managing Consultant. Atrium is a management consulting and economic advisory firm, focused on the North American energy industry. Based in Hilton Head, South Carolina, Atrium specializes in utility regulatory support, ratemaking, financial advisory services, energy market strategies, market assessments, energy commodity contracting and procurement, economic feasibility studies, and capital market analyses. My Atrium business address is 10 Hospital Center Commons, Suite 400, Hilton Head, South Carolina, 29926.

Q2. Have you previously submitted testimony in this proceeding?

A2. Yes, I previously provided prefiled direct testimony in this proceeding on January 16, 2026.

Q3. What is the purpose of your testimony?

A3. The purpose of my rebuttal testimony is to respond to the testimony of Vermont Department of Public Service ("DPS") witnesses Cynthia Zamora, Walter (TJ) Poor, and Shawn Enterline regarding Green Mountain Power Corporation's ("GMP") proposed Return on Equity ("ROE"), risk profile, and operation of the proposed Multi-Year

Regulation Plan ("MYRP"). I explain why GMP's proposed 9.94% ROE, which is at the low-end of the ROE range supported by my analysis, continues to represent a fair and reasonable return consistent with prevailing capital market conditions, recent authorized utility ROEs, and GMP's relative business and regulatory risks.

Q4. What are the principal issues addressed in your rebuttal testimony?

A4. My rebuttal testimony addresses several key issues. First, I respond to Ms. Zamora's recommendation of an 8.91% ROE and explain why that recommendation materially understates GMP's cost of equity. Second, I address shortcomings in Ms. Zamora's reliance on historical growth rates, book value growth rates, and sustainable growth methodologies. Third, I explain why Ms. Zamora's additional discounting of Capital Asset Pricing Model ("CAPM") results is unsupported in the current interest rate environment. Finally, I respond to the DPS witnesses' characterization of GMP's risk profile and explain why GMP remains exposed to meaningful business and regulatory risk under the proposed MYRP.

Q5. Does Ms. Zamora's recommended ROE satisfy the standards established in Bluefield and Hope?

A5. No. Although Ms. Zamora references the Bluefield and Hope standards and claims to adhere to them[1], her recommended ROE of 8.91% does not reasonably satisfy the requirement that returns be commensurate with those earned by enterprises of similar

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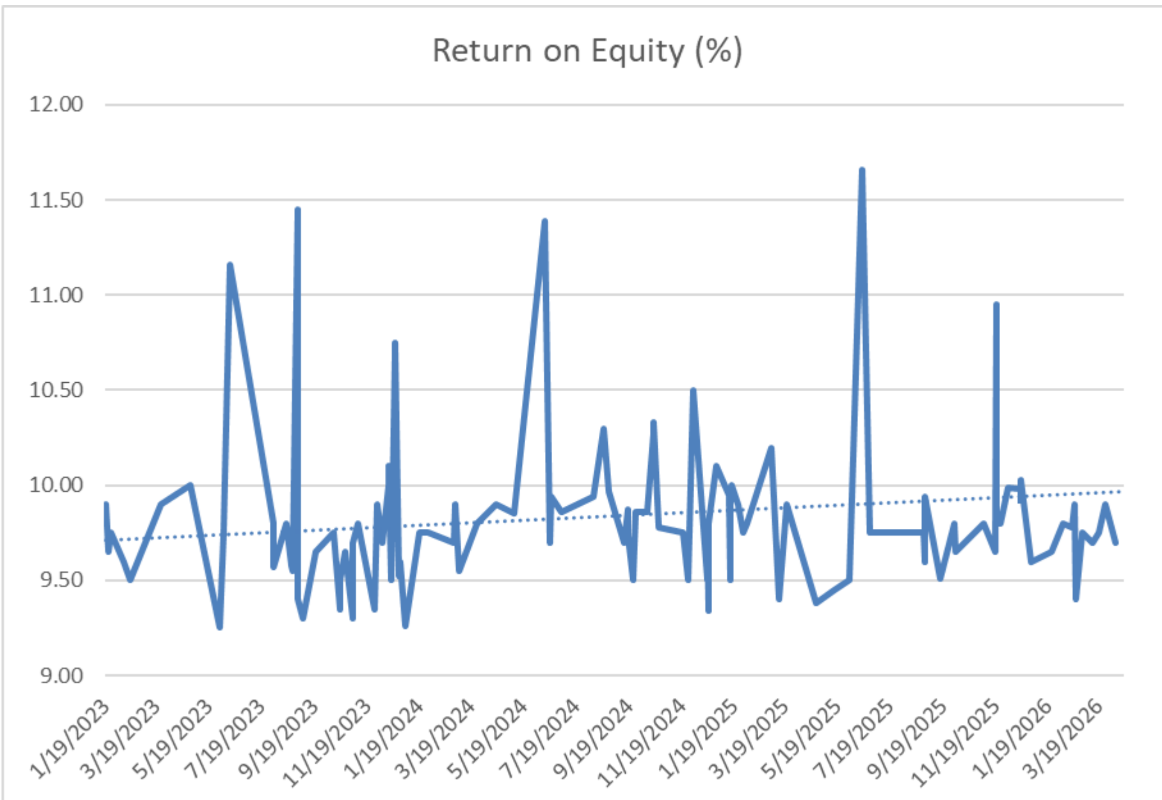
[1] *See* A.GMP.DPS.1-30

risk. As shown below in Figure 1, looking back over the last three years (since the beginning of 2023), there has not been a single ROE issued below 9% and the majority of the ROEs authorized during this time period are between 9.75% and 10%, with the trend over the period currently approaching 10% and continuing upward.

Figure 1: Vertically Integrated Electric ROEs 2023-present



I am unable to reconcile Ms. Zamora's response to GMP's Discovery Request A.GMP.DPS.1-30, where she acknowledges that the return must be comparable to other investments of similar risk, but still recommends a return that is lower than any other return authorized in the last few years across all vertically integrated electric utilities. In Ms. Zamora's response to the above-mentioned discovery request, she seems to equate using a market-based DCF and CAPM analysis as sufficient to satisfy the comparability principle of the fair return standard. But that principle dictates that the results produced from a market-based DCF and CAPM analysis must be comparable to returns of other investments of similar risk. Her recommendation is not comparable to other returns of similar risk, as shown in Figure 1. GMP's proposal to keep its current ROE of 9.94% for Fiscal Year 2027, is well within the range my analysis shows to be just and reasonable. This is consistent with prevailing utility authorizations for vertically integrated electric utilities and current capital market expectations, particularly given GMP's risk profile.

In her testimony, Ms. Zamora highlights the risk reducing attributes of the MYRP but then recommends shifting greater risk to GMP by fixing ROE for the rate plan period at a rate so low that it does not meet the fair return standard. If Ms. Zamora's recommendation were implemented at the ROE she promotes, it would undermine the risk reducing attributes of the MYRP that help keep GMP financially sound and able to provide reliable service.

Q6. Do you agree with the 2024 and 2025 ROE averages that Ms. Zamora cites in Q. 21 of her testimony, at the bottom of page 8, where she states that "According to Regulatory Research Associates, the average ROE approved electric general rate cases (excluding limited-issue rider cases) was 9.70% in 2025 and 9.77% in 2024"?

A6. No, I do not. Ms. Zamora was asked in discovery for her support for the claimed ROE averages and provided a document that made no reference to either 2024 or 2025 ROEs.[2] The correct calculated average for RRA data in 2024 and 2025 was 9.81% and 9.78%,

[2] See Zamora Discovery Response A.GMP.DSP.1-29_Attachment 1.

respectively for all authorized electric ROEs (excluding limited issue riders); and was 9.88% and 9.87% for 2024 and 2025, respectively, for Vertically Integrated Electric Utilities.

Q7. Are the proxy group comparisons used by DPS fully comparable to GMP?

A7. No. Ms. Zamora includes certain utilities, including Con Edison and PSE&G, that are significantly larger and predominantly wires-focused utilities and are not fully comparable to GMP's vertically integrated operations and risk profile. GMP faces broader operational and financial risks associated with generation, power supply, and integrated utility management. DPS testimony itself acknowledges that GMP resides at the weaker end of the "excellent" business risk category identified by S&P, which supports the conclusion that GMP's risk profile is above average relative to many regulated electric utilities.

Q8. Why do you disagree with Ms. Zamora's use of historical, book value, and sustainable growth rates?

A8. As I discuss in my Direct Testimony, earnings growth is the most meaningful measure of growth among the investment community and that investors base their investment decisions on analysts' expectations of growth in earnings.[3] Historical growth rates are inherently backward-looking and reflect economic conditions, inflation environments, accounting outcomes, and utility operating circumstances that differ materially from

[3] Lieberman Direct at p. 45, Q&A 44.

those prevailing today. Book value growth rates are similarly inappropriate because book value is an accounting construct that may be affected by deferred taxes, pension adjustments, regulatory assets and liabilities, impairments, and goodwill, rather than economic growth expectations. Sustainable growth methodologies are also limited because they assume growth can occur only through retained earnings and do not appropriately recognize external financing opportunities, accelerated capital recovery mechanisms, acquisitions, strategic investments, or expanding rate base opportunities that influence investor expectations and utility valuation. Utilities finance a substantial portion of their capital investment with debt and Ms. Zamora's sustainable growth rate entirely disregards debt as a source for growth.

Q9. Do you have any technical concerns with Ms. Zamora's DCF analysis?

A9. I do. I take exception to her misapplication of the Gordon Growth Model in her DCF analysis and her use of historical, book value and sustainable growth rates. These flaws in her DCF analysis combine to materially understate the ROE range. As explained in my testimony,[4] it is necessary and customary to adjust dividend yields by ½ the earnings growth rate. The Gordon Growth Model, upon which Ms. Zamora and I both rely, is based on the premise that the current stock price is equal to next year's dividend yield divided by the constant cost of equity less the growth rate in dividends. The formula is given below:

[4] Lieberman Direct at p. 44,Q&A 41.

$$P = \frac{D_1}{r - g}$$

Where:

P = the Current Stock Price
D_1 = the Value of next year's dividends
r = the Constant cost of equity for the Company
g = the Constant growth rate expected for dividends

The formula can be used to solve for r, the Constant cost of equity as shown below:

$$r = \frac{D_1}{P} + g$$

Ms. Zamora has reflected only the current dividend yield (D_0) and has not factored growth in dividends over the year in the dividend yield. Ms. Zamora's exclusion of dividend growth in year 1 understates Ms. Zamora's ROE estimate by 6.5 basis points at the low end [3.62% x (1 +(.5 × 3.62%)) – 3.62%] and 11.5 basis points at the high end [3.75% x (1 +(.5 × 6.11%)) – 3.75%]. The required adjustment accounts for dividend growth over the upcoming twelve-month period, assuming that investors that purchase stock today will, on average, receive dividends over the next twelve months that are roughly half-way between the current dividend level and next year's dividend level.

Q10. Why do you disagree with Ms. Zamora's treatment of CAPM results?

A10. Ms. Zamora discounts CAPM-derived results after already moderating her ex-ante CAPM outputs through averaging with historical risk premium measures. There is no analytical support for applying an additional reduction to CAPM results after that adjustment has already been made. The current interest rate environment is fundamental to the analysis because Treasury yields form the baseline from which equity investors determine required returns. Investors compare utility equity returns to alternative investment opportunities, including fixed-income investments. Consequently, the current higher interest rate environment necessarily increases the return investors require from utility equity investments.

Q11. Do you have other concerns with Ms. Zamora's CAPM calculation?

A11. Yes. Both Ms. Zamora and I have calculated an ex-ante market risk premium, by calculating the forward-looking return on the S&P 500 using a DCF analysis. Ms. Zamora has limited the growth rates of the S&P 500 companies to 20 percent. This eliminated 37 companies, comprising 19 percent of the market cap of S&P 500 companies that both pay dividends and have an earnings growth rate. By eliminating these companies, Ms. Zamora has materially understated the forward-looking return of the S&P 500, and by extension the ex-ante market risk premium that is derived from the forward-looking return of the S&P 500. Specifically, by modifying Ms. Zamora's calculations to include those 37 companies with growth in excess of 20 percent (shown in A.GMP.DPS.1-31_Attachment 1, WP_One-Step S&P 500_ValueLine), the total market return would be 17.08 percent and the ex-ante market risk premium would be 12.31 percent. This would result in an average ex-ante CAPM result of 14.03 percent, versus the 10.80 percent that Ms. Zamora reported for her ex-ante CAPM results – a difference of 323 basis points. When averaged with her ex-post CAPM results of 10.27 percent, her CAPM average would be 12.15 percent, rather than the 10.54 set forth in Ms. Zamora's testimony, a difference of 161 basis points.

Q12. Can you summarize what adjustments or corrections to DPS's recommendation are needed to align it with your own analysis?

A12. If Ms. Zamora relied solely on earnings growth rates in her DCF analyses, rather than incorporating historical and sustainable growth rates, had adjusted her dividend yield for estimated dividend growth in year 1, had not eliminated companies in her ex-ante market risk premium calculation with growth rates in excess of 20 percent, and had weighted her results equally across all three of her analyses, our results would have been relatively aligned. Ms. Zamora's results would be roughly as shown below:

Methodology	Range	Average	Adjustment	Revised
Constant Growth DCF	9.73% to 9.86%*	9.80%	.11%***	9.91%
Multi-Stage DCF	7.90% to 9.23%	8.57%	.09%***	8.66%
CAPM	10.27% to 14.03%**	12.15%		12.15%
Recommended Range	**7.90% to 14.03%**			**10.24%**
Midpoint of Rec. Range	**10.97%**			

*Uses only forward-looking earnings growth rates; ** Includes all positive growth rates without limiting growth for S&P 500 companies to 20 percent; ***adjustment for growth in dividend yields at the end of year 1 (1/2 the earnings growth rate).

Q13. Do you agree with the DPS witnesses Zamora, Poor and Enterline's characterization of GMP's risk profile under the MYRP?

A13. No. While the MYRP contains mechanisms intended to moderate volatility, GMP continues to retain substantial business and regulatory risk. GMP remains exposed to storm-related risks, inflationary pressures, capital spending execution risks, earnings attrition, regulatory lag, and operational risks associated with managing a vertically integrated electric utility system. Moreover, GMP has historically experienced periods of under-earning notwithstanding the presence of adjustment mechanisms.[5] The MYRP does not eliminate the need for a reasonable ROE that adequately compensates investors for these ongoing risks.

Q14. What is your overall conclusion?

A14. GMP's proposed 9.94% ROE, which is under my ROE estimate of 10.50%, continues to be fair, reasonable, and fully supported by current capital market conditions, recent authorized electric utility ROEs, and GMP's relative risk profile. This ROE appropriately supports GMP's financial integrity, ability to attract capital on reasonable terms, and ability to provide safe and reliable service throughout the term of the proposed MYRP.

Q15. Does this conclude your testimony at this time?

A15. Yes, it does.

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[5] *See, e.g.,* Commission Order, January 7, 2026 (Case No. 25-2967-TF) ("However, for this tariff filing, GMP explains that its actual ROE for FY25 without the ESAM was 7.90%, a variance of 207 basis points below the allowed ROE of 9.97%)

I, Julie Lieberman, declare that the testimony and exhibits that I have sponsored are true and accurate to the best of my knowledge and belief and were prepared by me or under my direct supervision. I understand that if the above statement is false, I may be subject to sanctions by the Commission pursuant to 30 V.S.A. § 30.

Dated at Sudbury, Massachusetts on the 27th day of May, 2026.

Julie Lieberman