

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	Hearings via videoconference June 23 and 24, 2026
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And

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	Hearings via videoconference June 23 and 24, 2026
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Order entered: 08/28/2026

PRESENT: Edward McNamara, Chair
 Margaret Cheney, Commissioner
 J. Riley Allen, Commissioner

APPEARANCES: Erin C. Brennan, Esq.
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FINAL ORDER

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I. INTRODUCTION

In this order, the Vermont Public Utility Commission (“Commission”) partially approves Green Mountain Power Corporation’s (“GMP”) proposed 7.06% rate increase and a new Multi-Year Regulation Plan (“MYRP”), both to take effect on October 1, 2026.

This order reflects a balance between two vital but at times competing interests. We are acutely aware of the financial challenges confronting GMP’s ratepayers in today’s economy. We are mindful that a rate increase—at any level—imposes a substantial burden on many of those customers, particularly those with limited incomes. The inflationary costs that are hitting all Vermonters—higher health care, fuel, and other expenses—are also affecting companies, including GMP. Electric utilities are allowed to recover reasonable costs to provide service to their customers, and GMP’s increased costs are reflected in the rate increase approved today. The rate increase and MYRP approved today also seek to balance affordability with ensuring a regulatory structure that allows GMP to access the financial resources necessary to operate in a capital-intensive industry.

At the same time, GMP is confronting novel operational challenges caused by more frequent and severe storm events. It is becoming increasingly apparent that changing climate patterns necessitate new investments and hardening of the grid to ensure that GMP continues to provide safe and reliable service to its customers.

In deciding these cases, we seek to set a balanced approach to mitigate immediate ratepayer impacts while enabling GMP to continue investing in new resilience upgrades. Throughout this order we discuss in detail various components of GMP's proposed MYRP and overall cost of service. We dedicate a significant portion of our discussion sections to the interplay between affordability, GMP's proposed resilience projects, and GMP's financial risk while operating under the MYRP.

Our resolution of the various underlying issues in these cases will require GMP to file a revised cost of service that reflects a 9.04% authorized rate of return on equity and authorizes GMP to spend \$113.2 million on new resilience projects over the four-year term of the MYRP. GMP will need to recalculate the actual rate increase based on the decisions we make in this order, but we anticipate that GMP's proposed rate increase will be reduced from 7.06% to approximately 5.5%.

II. PROCEDURAL HISTORY

On August 31, 2022, the Commission approved GMP's current alternative regulation plan in Case No. 21-3707-PET. This plan will expire on September 30, 2026, or upon the implementation of a successor regulation plan, whichever occurs first.

On October 18, 2024, in Case No. 23-3501-PET, the Commission issued an order authorizing an amendment to the current MYRP allowing GMP to spend up to \$150 million on resilience projects over the remaining term of the MYRP.

On August 29, 2025, GMP filed its petition in Case No. 25-1955-PET requesting that the Commission approve the proposed MYRP pursuant to 30 V.S.A. §§ 108, 209, 218, and 218d.

On November 3, 2025, the Commission held a workshop in Case No. 25-1955-PET, which was attended by representatives of GMP and the Department.

On November 26, 2025, GMP filed responses to the Commission's information requests during the workshop.

On December 11, 2025, the Commission held a public hearing in Case No. 25-1955-PET, which was attended by representatives of GMP, the Department, and a few members of the public. The Commission received public comments that raised concerns about high rates and addressed GMP's capital spending and long-term planning.

On January 16, 2026, the Department filed direct prefiled testimony in Case No. 25-1955-PET addressing the structure of the proposed MYRP.

On January 16, 2026, GMP filed a petition with supporting testimony and exhibits in Case No. 26-0096-TF. GMP initially requested a 7.5% increase in base rates effective on bills rendered on or after October 1, 2026 (“FY27 Rate Case”). GMP’s testimony and exhibits included initial forecasts for all years of the proposed MYRP. GMP filed its rate case material concurrently as supplemental direct testimony in Case No. 25-1955-PET.

On February 17, 2026, the Department recommended that the Commission investigate GMP’s proposed rate increase.

On March 2, 2026, the Commission opened an investigation into GMP’s proposed rate increase. The Commission’s order consolidated the schedules for Cases 25-1955-PET and 26-0096-TF. The parties were directed to submit all future filings in both cases.

On March 5, 2026, the Commission held a public hearing on GMP’s proposed rate increase. The Commission did not receive any comments during this hearing.

On April 15, 2026, GMP filed rebuttal testimony addressing the MYRP.

On April 20, 2026, the Department filed prefiled direct testimony addressing GMP’s proposed rate increase.

On May 27, 2026, GMP filed rebuttal testimony addressing the proposed rate increase.

On June 19, 2026, the Department filed surrebuttal testimony addressing both the proposed MYRP and the proposed rate increase.

On June 23 and 24, 2026, the Commission conducted a joint evidentiary hearing via video conference for Cases 25-1955-PET and 26-0096-TF.

On July 1, 2026, GMP filed revised rebuttal testimony for witnesses Robert A. Bingel and Laura Doane as well as supplemental testimony for witness Julie Lieberman. GMP also filed exhibit GMP-LD-RB-1 (Rev.3), the proposed 2027 Multi-Year Regulation Plan.

On July 15, 2026, GMP and the Department filed post-hearing briefs addressing both cases. GMP also filed proposed findings of fact.

On July 24, 2026, GMP and the Department filed reply briefs.

III. PUBLIC COMMENTS

Over the course of these proceedings, the Commission received 52 written comments from members of the public. We also received comments from the public during the public hearing held on December 11, 2026.

With one exception, all of the comments raised opposition to and concerns about GMP's proposed rate increase. Many of the comments expressed frustration about GMP's current rates and raised concerns about the affordability of a rate increase. There were several discrete issues addressed by the comments, including the efficiency charge, electrification, net-metering, and executive compensation.

In setting GMP's rates, we take a comprehensive look at the company's underlying expenses to determine an appropriate amount of revenue that GMP must have the opportunity to generate to operate its network safely and reliability. This is not an easy task. It entails the review of hundreds of pages of testimony, numerous exhibits, and detailed financial documents. Our review must also be completed within the framework of existing state and federal law, which imposes various requirements and limitations on the breadth and scope of our review. These requirements are discussed in detail throughout this order.

We strongly encourage members of the public to review this order in its entirety to gain a detailed understanding of the rate setting process and our resolution of these cases, which are exhaustive in scope. We also stress that the public comments that we received, particularly the concerns expressed about affordability, have had considerable influence on the outcome of these cases and on many of the decisions we made regarding GMP's rates.

IV. THE PROPOSED MULTI-YEAR REGULATION PLAN

Legal Standard

Title 30, Section 218d authorizes the Commission to approve alternative regulation plans for electric and natural gas companies. The Commission, on its own motion or on the motion of the Department or a company operating under an alternative regulation plan, may investigate any alternative regulation plan that is in effect and, following notice and an opportunity for hearing, may terminate or modify the alternative regulation plan upon a finding of good cause.¹

¹ 30 V.S.A. § 218d(i).

To approve a petition to approve a new alternative regulation plan or amend an existing plan, the Commission must find that the proposed form of alternative regulation will:

- (1) establish a system of regulation in which . . . companies have clear incentives to provide least-cost energy service to their customers;
- (2) provide just and reasonable rates for service to all classes of customers;
- (3) deliver safe and reliable service;
- (4) offer incentives for innovations and improved performance that advance state energy policy such as increasing reliance on Vermont-based renewable energy and decreasing the extent to which the financial success of distribution utilities between rate cases is linked to increased sales to end use customers and may be threatened by decreases in those sales;
- (5) promote improved quality of service, reliability, and service choices;
- (6) encourage innovation in the provision of service;
- (7) establish a reasonably balanced system of risks and rewards that encourages the company to operate as efficiently as possible using sound management practices; and
- (8) provide a reasonable opportunity, under sound and economical management, to earn a fair rate of return, provided such opportunity must be consistent with flexible design of alternative regulation and with the inclusion of effective financial incentives in such alternatives.²

In the case of an investor-owned company such as GMP, the Commission will approve an alternative regulation plan only if we find that the plan “will not have an adverse impact on the electric company’s eligibility for rate-regulated accounting in accordance with generally accepted accounting standards if applicable; and reasonably preserve the availability of equity and debt capital resources to the company on favorable terms and conditions.”³

Finally, alternative regulation may include changes or alternatives to traditional ratemaking procedures, standards, and mechanisms if the Commission finds that alternative regulation will promote the public good and will support the required findings in 30 V.S.A. § 218d(a).⁴

Findings on the MYRP

Based on GMP’s petition and the accompanying record in this proceeding, the Commission makes the following findings of fact regarding the MYRP.

² 30 V.S.A. § 218d(a)(1-8).

³ 30 V.S.A. § 218d(m).

⁴ 30 V.S.A. § 218d(d).

A. Summary of the proposed MYRP

1. The proposed MYRP will take effect on October 1, 2026.⁵ It will terminate on September 30, 2030. The proposed MYRP does not include an extension provision. Exh. GMP-LD-RB-1 (Rev. 3) at Section I.

2. The proposed MYRP continues the general framework of the current MYRP, which was initially approved by the Commission in 2022.⁶ Michael Burke, GMP (“Burke”) 8/29/25 pf. at 12.

3. The term of the proposed MYRP includes four discrete rate periods that align with GMP’s fiscal year (“FY”) calendar: FY27 (October 1, 2026–September 30, 2027), FY28 (October 1, 2027–September 30, 2028), FY29 (October 1, 2028–September 30, 2029), and FY30 (October 1, 2029–September 30, 2030). Exh. GMP-LD-RB-1 (Rev. 3) at Section I.

4. The current MYRP requires that GMP file a cost-of-service rate case to set base rates in FY27, which resulted in GMP filing the rate case that has been under review in Case No. 26-0096-TF and is resolved as part of this order. The proposed MYRP will likewise require that GMP file a cost-of-service rate case to set base rates for the fiscal year following the termination of the plan. Exh. GMP-LD-RB-1 (Rev. 3) at Section II.

5. Under the proposed MYRP, GMP will file annual base rate filings on June 1 of each year (starting June 1, 2027). The proposed base rate adjustments will use methods and formulas set out in the proposed MYRP. These annual base rate filings will be subject to Department review and comment and ultimately Commission approval. The Department will file comments within 60 days of each annual base rate filing. Exh. GMP-LD-RB-1 (Rev. 3) at Section III.

⁵ 30 V.S.A. § 218d(g) states that “[a]n alternative regulation plan shall take effect not sooner than 30 days following its approval by the Commission.” The current MYRP expires on September 30, 2026. GMP requests that the proposed MYRP take effect on October 1, 2026.

⁶ *Petition of Green Mountain Power Corporation for approval of a multi-year regulation plan pursuant to 30 V.S.A. § 209, 218, and 218d*, Case No. 21-3707-PET, and *Tariff filing of Green Mountain Power requesting a 2.34% increase in base rates effective on bills rendered on or after October 1, 2022*, Case No. 22-0175-TF, Order of 8/31/22; and as modified in *Petition of Green Mountain Power for approval of a modification to adjustor provisions in its multi-year regulation plan, pursuant to 30 V.S.A. §§ 209, 218, and 218d*, Case No. 23-0141-PET, Order of 3/30/23; and in *Petition of Green Mountain Power for approval of its zero outages initiative as a strategic opportunity pursuant to 30 V.S.A. § 218d and GMP’s multi-year regulation plan*, Case No. 23-3501-PET, Order of 10/18/24.

6. GMP will post the annual base rate filing on its website at the time of filing. GMP will also provide individual customer notice through bill notification of each annual base rate adjustment at the time of filing. Exh. GMP-LD-RB-1 (Rev. 3) at Section III.C.

7. The proposed MYRP includes three general methods, or categories, for accounting for costs and rate treatment of each discrete component of GMP's cost of service. These categories include: (1) costs that are fixed over the term of the proposed MYRP based on the outcome of the FY27 Rate Case (Case No. 26-0096-TF); (2) costs that are based on a formula or calculation performed annually; or (3) costs that are subject to adjustors under the proposed MYRP. The treatment for each expense category is detailed in the MYRP Attachments 1a, 1b, and 1c. Laura Doane and Rob Bingel, GMP ("Doane & Bingel") 8/29/25 pf. at 23-24; exh. GMP-LD-RB-1 (Rev. 3), Attachments 1(a), 1(b) & 1(c) (Summary of COS Treatment under the proposed MYRP).

Discussion

At the outset of our discussion of the proposed MYRP, we emphasize that our review is based on a wholistic approach to the plan. Throughout this order, we analyze discrete components of the proposed MYRP in separate discussion sections. However, our review of these individual components is informed by the broader context of GMP's comprehensive proposal. We consider how each component fits within the overall structure of the plan. In doing so, we are mindful that a change in one aspect of GMP's proposal may have a corollary impact on other components of the plan. This is particularly true for the elements of the plan that have a stronger impact on GMP's overall financial risk, particularly in setting the Earnings Sharing Adjustment Mechanism ("ESAM") and the underlying return on equity ("ROE").

Ultimately, our objective in reviewing GMP's proposed MYRP is to ensure that the plan satisfies the Section 218d criteria listed above. This analysis requires careful consideration of the various benefits and potential drawbacks for both GMP and its ratepayers. Our discussion sections below highlight several areas where there is a tension between those interests. Our resolution of these issues remains firmly fixed to the Section 218d criteria. However, it is important to emphasize that our focus is also framed by the statutory standard that GMP's rates

remain “just and reasonable.”⁷ We also remain mindful of Vermont’s overarching energy policy goal that the State can “meet its energy service needs in a manner that is adequate, reliable, secure, and sustainable; that ensures affordability and encourages the State’s economic vitality, the efficient use of energy resources, and cost-effective demand-side management; and that is environmentally sound.”⁸

B. Operating and Maintenance Costs

8. GMP’s Operating and Maintenance (“O&M”) costs consist of the following cost categories: Other Power Supply, Transmission – Other, Distribution, Customer Accounting, Customer Service and Information, Sales and Administrative, and General Categories of the cost of service. These costs generally include payroll and benefits, Digsafe expenses, non-major storm costs, various types of outside services, and consumables. Exh. GMP-LD-RB-1 (Rev. 3) at IV.A.3.

9. O&M cost types over which GMP has a level of control will either be set at the outset of the MYRP, changed annually based on third-party or other factual information, or updated annually for inflation based on an external, publicly available index (in which only the inflation rate is adjusted to reflect more current inflation rates). Exh. GMP-LD-RB-1 (Rev. 3) at IV.A.3.

10. O&M cost types over which GMP has relatively little or no control will be re-forecasted annually based on updated actuarial reports, consultant reports, or GMP’s known and measurable bids or other cost information. Exh. GMP-LD-RB-1 (Rev. 3) at IV.A.3.

C. Base Capital, Depreciation, and Property Taxes

11. The proposed MYRP includes a fixed four-year capital budget for GMP’s “Base Capital” spending. Base Capital spending includes all capital expenditures that are closed to Plant in Service in each fiscal year except: resilience projects; customer-driven storage investments; investments for Searsburg repowering and acquisition of Deerfield Wind (if approved by the Commission); resilience projects approved by the Commission in Case No. 23-3501-PET; and other investments specifically approved after an amendment to the MYRP. Burke 8/29/25 pf. at 16; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.1.i.

⁷ 30 V.S.A. § 225.

⁸ 30 V.S.A. § 202a.

12. The proposed MYRP includes annual investment targets for Base Capital spending for each year of the plan. GMP, however, will have the same year-to-year flexibility over the course of the proposed MYRP term that has been in place during the current MYRP. This structure enables GMP to manage capital projects over a multi-year planning horizon. As proposed, the MYRP includes the following investment targets over the term of the plan: \$133 million in FY27; \$111 million in FY28; \$115 million in FY29; \$122 million in FY30; or approximately \$480 million in aggregate over the term of the plan. Burke 8/29/25 pf. at 16; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.1.i.

13. The fixed amounts for GMP's Base Capital spending targets and Base Capital aggregate spending under the proposed MYRP are consistent with spending under the current MYRP. Base Capital spending under the current MYRP totals approximately \$476 million over four years when accounting for inflation. Kamran Hassan, GMP ("Hassan") 1/16/26 pf. supp. at 7.

14. Each year, GMP develops its Base Capital budgets on a department-by-department basis. The budgets are based on strategic priorities and operational needs. Each department has an anticipated set of projects for the year, and the review process allows for necessary substitution and reallocation during the year to respond to various factors such as delays in permitting, easements, materials, or contractor availability that may affect schedules for completion. For all capital projects, GMP will continue to adhere to capital documentation standards set out in the Memorandum of Understanding between GMP and the Department in Case No. 17-3112-PET. Burke 8/29/25 pf. at 16-17.

15. The proposed MYRP requires that the annual Base Capital investment for FY27 will be set by the outcome of the rate case in Case No. 26-0096-TF. That amount is resolved as part of this order. Capital forecasts for the remaining three years of the proposed MYRP are informed by known and measurable documentation, by review of department-level spending and any larger one-time projects that may have influenced the FY27 level, and by an internal, management-level review of future anticipated capital needs across departments. Hassan 1/16/26 pf. supp. at 34.

16. Depreciation costs will be fixed for the term of the proposed MYRP based on the projected plant-in-service balance at the beginning of the plan, the expected annual plant

additions, and associated retirements. This forecast will be adjusted to reflect any allowed capital expenditures, net of retirements, approved by the Commission year-to-year over the term of the plan. Doane & Bingel 4/15/26 pf. reb. at 7; exh. GMP-LD-RB-1 (Rev. 3) at 9.

17. GMP completed a depreciation study during the pendency of these cases. GMP incorporated the results of the deprecation study into its cost-of-service filing in Case No. 26-0096-TF. The proposed MYRP requires that GMP incorporate the results of the depreciation study into future rate adjustments over the term of the proposed MYRP. Doane & Bingel 1/16/26 pf. at 13-14; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.1.ii; exh. GMP-LB-RB-5.

18. Property tax amounts will be forecast through FY30 at the outset of the proposed MYRP and subsequently updated in each annual base rate filing. The annual update will be based on prior-year actual property tax charges, known changes for the coming year, the assessment of capital additions, including any effect from allowed capital expenditures approved by the Commission year to year, and any applicable credits or exemptions. Doane & Bingel 4/15/26 pf. reb. at 8-9; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.1.ii.

D. Cost of Capital, Debt Forecast, and Return on Equity

19. The proposed MYRP requires GMP's FY27 cost of debt to be set as part of the FY27 rate case, which is resolved as part of this order. Initial estimates for future debt costs in FY28 through FY30 will be based on updated forecasts for base rates that are submitted on June 1, 2027. Under the proposed MYRP, long-term debt costs will then be updated annually as part of GMP's annual base rate filing to reflect both past and forecasted debt issuances. Doane & Bingel 4/15/26 pf. reb. at 9-10; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.3.i.

20. The proposed MYRP requires GMP to use a 50/50 debt-to-equity ratio, plus or minus 1%, in all forecasting under the MYRP. Exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.3.ii.

21. The proposed MYRP includes a debt forecast provision. This provision would authorize GMP to issue new debt issuances that are consistent with the debt forecast without seeking approval under 30 V.S.A. § 108 during the term of the proposed MYRP. Doane & Bingel 8/29/25 pf. at 17; Doane & Bingel 1/16/26 pf. supp. at 47.

22. GMP's proposed FY27-FY30 debt forecast, which totals \$430 million in long-term debt issuances over four years, is based on expected capital investment, including resilience

investment and Vermont Transco equity requirements. The forecast uses GMP's current capital structure of 50% debt and 50% equity. Doane & Bingel 1/16/26 pf. supp. at 45-46.

23. The proposed MYRP requires the initial authorized rate of return on equity investments ("ROE") to be determined through the FY27 rate case, which is resolved as part of this order. For the remaining three years of the plan, the ROE will be updated annually using a specified formula. The annual calculations will be included with GMP's annual base rate filings. Exh. GMP-LD-RB-1 (Rev. 3) at Sections III.D, IV.D and Attachment 3.

24. GMP's proposed ROE formula uses the same general methodology as the current MYRP. It adjusts the authorized ROE annually by applying 50% of the change in the 10-year Treasury bond yield during a defined measurement period. Doane & Bingel 8/29/25 pf. at 29-31; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.D and Attachment 3.

25. GMP proposes one substantive modification to the ROE formula methodology. The proposed MYRP would extend the Treasury bond measurement period from three months to six months to reduce short-term volatility in annual ROE adjustments. The current plan uses a three-month measuring period from February 15 to May 15. The proposed MYRP sets the six-month measuring period as October 1 through March 31. Doane & Bingel 8/29/25 pf. at 29-31; exh. GMP-LD-RB-1 (Rev. 3) at Attachment 3.

Discussion

Return on Equity

We first address the parties' arguments on the authorized ROE components of the MYRP. The Department recommends that the Commission transition away from annual, formulaic adjustments to GMP's ROE. Instead, the Department argues that the Commission should establish an ROE that remains fixed for the full term of the plan. The Department asserts that a fixed ROE will reduce both ratepayer and shareholder risk and "ensure that the balance struck by the Commission" in adopting an ROE in the rate case "remains intact over the course of the Plan."⁹

We decline to adopt the Department's recommendation to fix the ROE for the full term of the MYRP. Establishing a fixed ROE would lead to a greater degree of rate stability and

⁹ Department brief at 28.

certainty for GMP's ratepayers. However, we note that the broader economy is currently experiencing high inflation, there is volatility in both the equity and debt markets, and recent global events have resulted in further uncertainty and disruptions to energy markets. Locking the ROE at the rate we set today could result in an ROE that falls out of sync with actual market performance and expectations and could, in turn, cause customers to overpay or affect GMP's ability to access capital at reasonable terms. Considering these economic conditions, which carry a substantially higher degree of uncertainty than when we approved the current ROE formula, we conclude that a fixed ROE would expose both ratepayers and GMP to an unnecessary degree of financial risk.

The parties in this case also presented testimony and arguments raising concerns about continued reliance on U.S. Treasury yields as a benchmark for ROE adjustments. This approach has served as a reasonable proxy for assessing perceived investment risk fluctuations over the terms of GMP's most recent alternative regulation plans. We also value the transparency and simplicity of this approach. However, we are open-minded about considering alternative formulas in the future. We strongly encourage the Department and GMP to collaborate in advance of any future alternative regulation filings to evaluate potential alternatives to the current ROE formula. The parties should consider whether there are alternative securities, such as a 30-year Treasury yield, or formulas that could be used to transparently adjust the ROE in a manner that reasonably reflects investor expectations.

Debt Forecast Plan

We also decline to authorize GMP's proposed debt forecast process. Section 108 requires that:

A domestic corporation subject to the jurisdiction of the Public Utility Commission shall not mortgage nor pledge any of its corporate property nor issue any stocks, bonds, notes, or other evidences of indebtedness without the consent of the Public Utility Commission given on petition and after opportunity for hearing of the corporation or its incorporators and a finding of the Commission that the proposed action will be consistent with the general good of the State.

We requested that the parties provide legal briefing on whether GMP's proposed debt forecast process is consistent with Section 108. In response to this request, GMP asserts that its proposed approach "does not reduce Commission oversight of debt financing; rather, it shifts the review

and approval to the point where it is most meaningful—during comprehensive review of the FY27 rate case.”¹⁰ With respect to its legal argument, GMP points to Section 218d, which authorizes the Commission to approve alternative regulation plans that include “changes or additions to, waivers of, or alternatives to, traditional rate-making procedures, standards, and mechanisms.” GMP also cites to prior Commission orders that establish precedent that Section 108 does not “mandate a specific level of review of a financing petition” and that the Commission has previously authorized “blanket” financing approvals under Section 108.¹¹

We are not persuaded by GMP’s legal arguments. A debt financing subject to Section 108 involves a mortgage, pledged assets, or other “evidence of indebtedness.” Although the issuance of debt ultimately affects GMP’s cost of service, Commission approval of a debt issuance is not a “traditional rate-making procedure[], standard[], and mechanism[].” Instead, Section 108 approval constitutes a determination that the issuance of a financial instrument is consistent with the public good. This is a different standard and different process than the traditional ratemaking requirements set out in 30 V.S.A. §§ 225-227 and our rate case precedents. Accordingly, we decline to rely on Section 218d to authorize this request.

To the extent that the Commission has authorized “blanket” Section 108 approval in the past, it has only done so in the context of authorizing *de minimis* regulation for hydroelectric merchant electric generators subject to federal regulation or competitive telecommunications providers.¹² In these cases, the Commission stressed that *de minimis* Section 108 approval is justified where the following three factors are present: (1) there is a wholesale generator selling output into New England wholesale markets; (2) there is no Vermont-specific state interest to be protected by future financings; and (3) the case involves a competitive energy supplier that requires greater flexibility than a vertically integrated utility in responding to market conditions. None of these three factors is satisfied by GMP’s request.

¹⁰ GMP brief at 21-22.

¹¹ GMP brief at 23.

¹² See, e.g., *Petition of HQI US Holding LLC*, Case No. 22-4668-PET, Order of 2/1/23 (authorizing *de minimis* regulation for a merchant electric generator); *Petition of USGen New England, Inc.*, Docket 7038, Order of 3/25/05 (authorizing *de minimis* regulation of a merchant electric generator); *Petition of New England Power Company*, Order of 6/29/98 (authorizing *de minimis* regulation of a merchant electric generator); *Petition of Burlington Telephone Company*, Docket 5276, Order of 5/3/88 (authorizing blanket financing approval of a long-distance telephone provider). We also note that Section 108(b) expressly exempts most competitive telecommunications providers. No such exemption has been carved out for electric distribution utilities.

These cases also make clear that *de minimis* regulation under Section 108 is not intended for regulated electric distribution utilities. As we emphasized in Case No. 22-4668-PET, the petitioner in that case was “*not a Vermont electric retail utility*, but a wholesale electric generator selling its output into the New England wholesale power market.”¹³ A bankruptcy or substantial financial disruption that adversely affects a merchant generator will have little, if any, impact on Vermont ratepayers. The same cannot be said for GMP and Vermont’s other electric distribution utilities, whose ratepayers rely on our judicious enforcement of the safeguards embedded in Title 30, including the debt review process under Section 108. The underlying policy justifications for authorizing *de minimis* regulation for merchant generators do not apply to GMP, and we are not prepared to expand this type of regulation to a rate-regulated distribution utility.

Our ruling on this issue is not wholly based on a disagreement with GMP’s rationale for modifying the Section 108 process. We acknowledge that there may be administrative efficiencies and benefits that flow from expediting the debt review process through an alternative regulation plan. However, we conclude that the existing statutory framework and our precedents do not allow the Commission to authorize GMP’s request. Absent an express carve-out or exemption for an electric distribution utility under Section 108, such as the telecommunications exemption under Section 108(b), we decline to approve the proposed debt forecast as part of our approval of the proposed MYRP.

E. Resilience Spending

26. Vermont’s climate is changing. The last decade included the warmest years on record in Vermont, and temperatures are expected to continue rising. These weather trends are also expected to bring higher winds, heavier rain and snowfall, and flooding. Walter “TJ” Poor and Shawn Enterline, Department (“Poor and Enterline”) 4/20/26 pf. at 6.

27. In response to the changing climate and increased storm damage, GMP seeks to accelerate its capital investments in new resilience projects to mitigate the potential damage to its network from severe weather. Burke 8/29/25 pf. at 18; Poor and Enterline 4/20/26 pf. at 6.

28. During the first year of completing projects that were authorized in Case No. 23-3501-PET, GMP constructed 44 miles of underground cable in conduit and 34 miles of storm-

¹³ Case No. 22-4668-PET, Order of 2/1/23 at 13 (emphasis added).

hardened spacer cable, including relocation of cross-country lines and feeder backup ties that improve resilience across multiple circuits and crew safety. Burke 1/16/26 pf. supp. at 17-19, 48.

29. As of September 2025, five severe weather events had occurred in the areas where GMP completed these 78 miles of upgrades. These weather events caused two outages on these sections of GMP's grid. On the EJ-G7 circuit, which was included in Commission's Case No. 23-3501-PET order, GMP's data shows that there has been an almost 95% reduction in customer hours out across the entire circuit during high wind events. Burke 1/16/26 pf. supp. at 22.

30. GMP proposes to expand its resilience investments as part of the MYRP. GMP plans to set a fixed four-year overall amount for resilience investments that will be completed during the term of the proposed MYRP. These investments will be tracked separately from Base Capital. GMP will conduct annual scoping, circuit-level prioritization, and benefit-cost analysis ("BCAs") in support of the work that is proposed for each year. GMP will use this process to target its least reliable circuits for upgrades using defined criteria. Burke 1/16/26 pf. supp. at 17-19, 48-49; exh. GMP-LD-RB-1 (Rev. 3), Attachment 11.

31. The total level of resilience investment over the four-year term of the MYRP will be set at the outset of the plan. The overall cap will allow for flexibility for annual spending and project selection. Burke 1/16/26 pf. supp. at 17-19, 48-49; exh. GMP LD-RB-1 (Rev. 3) at Section IV.A.1.iv.

32. GMP proposes to include a locked cap of \$341 million in resilience investment over the term of the proposed MYRP. This amounts to an average annual investment of approximately \$85 million. Burke 1/16/26 pf. supp. at 50.

33. GMP has submitted known and measurable documentation for approximately \$76 million of investments it proposes to complete on ten circuits in FY27. GMP has not submitted known and measurable documentation or BCAs in support of the remaining projects that would be completed over the term of the plan. Burke 1/16/26 pf. supp. at 33-38; Poor and Enterline 4/20/26 pf. at 8; 6/24/26 H'g Rec. Part 4 at [1:42:58, 1:43:35] (Poor).

34. The BCAs that GMP initially completed in support of its proposed resilience spending showed the estimated resilience projects' impacts using a Total Resource Cost ("TRC") analysis. A TRC analysis measures benefits beyond those that accrue to the utility and its collective ratepayers. Poor and Enterline 4/20/26 pf. at 8-9.

35. GMP's initial BCAs did not expressly include Utility Cost Tests ("UCTs"). A UCT shows the impacts of proposed investments on a utility's ratepayers. Poor and Enterline 4/20/26 pf. at 9.

36. An example of the difference between the outputs of the TRC and UCT analyses is how they value the Value of Lost Load ("VOLL"). VOLL measures the impact of avoided outages on the specific customers who will no longer experience them. VOLL is a substantial benefit in the TRC analysis. However, VOLL does not apply in the UCT because it accrues to certain customers but not to the utility's ratepayers as a whole. Poor and Enterline 4/20/26 pf. at 9.

37. GMP's TRC results produce an average benefit-cost ratio of 11.42, or \$11.42 of value for every dollar spent. Andy Eiden, GMP ("Eiden") 5/27/26 pf. reb. at 26; exh. GMP-AE-3.

38. In response to the Department's direct testimony, GMP completed a UCT analysis for its proposed resilience investments. The results of this analysis showed \$0.43 of ratepayer value for every dollar invested. Eiden pf. at 26; exh. GMP-AE-3; Poor and Enterline 6/19/26 pf. surreb. at 4.

39. Some resilience investments can be reasonable and economically feasible even if they do not pass a UCT test. Poor and Enterline 4/20/26 pf. at 16.

40. GMP's two worst performing circuits that were not included with the resilience upgrades authorized by the Commission's order in Case 23-3501-PET are the CH-G11 in Springfield and the DM-G6 circuit in Brattleboro. The estimated mitigation cost for these two circuits is \$28.3 million. Poor and Enterline 4/20/26 pf. at 17.

41. GMP's forecasted total cost of service for retail revenue collections in FY 30 is \$192 million higher than it was in FY25. This amounts to a projected 23% increase over this period. Poor and Enterline 4/20/26 pf. at 4.

42. GMP'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. Poor and Enterline 4/20/26 pf. at 4

Discussion

Introduction

GMP and the Department sharply disagree on the appropriate amount of resilience spending that should be authorized under the MYRP. The Department does not challenge whether GMP should be making these types of resilience upgrades. Nor has the Department raised traditional rate-making arguments, such as known-and-measurable or prudence challenges, against any specific projects to be included in GMP's FY27 budget. Instead, the Department's concerns relate mostly to rate impacts, GMP's internal planning processes, and the level of financial rigor that was included in the benefit-cost analyses ("BCAs") that GMP produced in support of these projects.

The parties' arguments and responses are summarized in more detail below. However, at the outset of this discussion, it is important to emphasize the parties' general agreement that these types of resilience projects are important and necessary for hardening GMP's distribution grid. There is no dispute that Vermont's climate is changing. Likewise, there is no dispute that in recent years Vermont has experienced more frequent and severe storms that have led to increased outages throughout GMP's distribution system. In light of these considerations, in our final order in Case 23-3501-PET, we made clear that "[w]e are convinced that GMP should pursue increased investments to mitigate storm impacts."¹⁴ Like the Department and GMP, we agree—as a general matter—that GMP should be moving forward with supplemental resilience upgrades in its network.

Our task in this case, therefore, is not to evaluate the necessity of GMP's proposed resilience projects, which we discussed at length in our final order in Case 23-3501-PET. Instead, our focus is on establishing the appropriate trajectory and scale of investments that GMP will be authorized to complete over the term of the MYRP. Although our analysis is heavily informed by underlying policy considerations, our resolution of this issue also remains firmly grounded in traditional ratemaking standards. These investments will be operational, included on GMP's books, and embedded in customers' rates for decades into the future. Accordingly,

¹⁴*Petition of GMP for approval of its zero outages initiative as a strategic opportunity pursuant to 30 V.S.A. § 218d and GMP's multi-year regulation plan*, Order of 10/18/24, at 4.

we must take particular care to ensure that GMP's resilience spending is carefully considered and consistent with least-cost planning principles. Most importantly, we must conclude that the resilience spending will result in just and reasonable rates and serve the best interests of GMP's customers.

As discussed below, based on these considerations, we have decided to adopt the Department's recommended amount of supplemental resilience spending over the term of the MYRP.

The Parties' Positions

GMP proposes to invest \$76 million in resilience projects during FY27 and an aggregate total of \$341 million in resilience investments over the four-year term of the proposed MYRP. GMP's proposal is intended to address the circuits on its system that have experienced the most significant reliability challenges and storm-related impacts. GMP represents that its proposed investments are supported by BCAs, project-level planning, and its experience implementing resilience projects that were approved by the Commission in Case No. 23-3501-PET.

The Department recommends that the Commission reduce GMP's overall proposed resilience spending to \$113.2 million over the term of the MYRP. This recommendation reflects the Department's position that some resilience investments may be reasonable and economically feasible even if they do not pass a UCT analysis. The Department developed its recommendation by identifying GMP's two worst performing circuits that are not part of the resilience upgrades authorized by our order in Case 23-3501-PET. These circuits are the CH-G11 in Springfield and the DM-G6 circuit in Brattleboro. The estimated mitigation cost for these two circuits is \$28.3 million. The Department recommends that this \$28.3 million set the resilience investment total for FY27 and be used as a baseline average for the remaining three years of the MYRP, resulting in a total investment of \$113.2 million over the term of the MYRP. The Department contends that this approach appropriately balances the benefits of resilience investments against the costs imposed on all GMP ratepayers. The Department also asserts that its recommendation is consistent with Vermont's energy-affordability and least-cost planning principles.

Benefit-Cost Analyses

The parties submitted extensive testimony and briefing regarding the BCAs that GMP completed in support of its proposed \$341 million of resilience spending.

The Department's principal concerns focus on the rigor, extent, and quality of the BCAs that GMP completed at the outset of these proceedings. In particular, the Department raises concerns that GMP initially completed only a TRC analysis before filing its proposed annual resilience spending budgets. The Department contends that GMP should also have conducted a separate UCT test for its proposed projects, the results of which the Department contends cast doubt on the financial performance of the resilience spending. The Department further argues that BCAs should have been completed for all of GMP's proposed \$341 million of new resilience spending, not just the \$76 million that GMP proposes to complete in FY27.

GMP counters that although it did not initially conduct a discrete UCT analysis, each of the individual factors that would constitute a UCT analysis was included in its initial BCAs. GMP argues that it proceeded to complete separate UCTs for its proposed spending, which, when considered in tandem with TRC analyses, justify proceeding with its proposed spending. GMP also states that the structure of its proposed MYRP will allow it to complete BCAs for all discrete projects before they are completed in future years and placed into rate base.

The parties' arguments on the BCAs are relevant to, but ultimately not dispositive of, our authorization of an appropriate amount of capital spending under the MYRP. As an initial matter, we do not question the need for GMP to conduct a comprehensive BCA in advance of proposing a new resilience project. Indeed, it is our expectation that GMP will complete both TRC and UCT analyses for its future resilience projects. The parties appear to agree on this approach.

In addressing the parties' arguments on this issue, we emphasize that our principal concern for the BCA process is to ensure that GMP's resilience planning focuses on developing cost-effective upgrades for circuits that are most in need of storm hardening. Robust financial analysis at the outset of the project planning process should be a cornerstone of GMP's resilience spending. Each discrete project must be scrutinized in detail to ensure that it achieves its resilience objectives with the least-cost investment.

Future decisions about whether to allow GMP to include its resilience investments in rate base will not, however, be determined solely by the results of a BCA. As with all capital projects, our determination on whether to authorize rate-base treatment of resilience investments will be governed by our traditional ratemaking standards, particularly the used-and-useful and prudence tests. In completing these analyses, we expect that the results of the BCA analyses will be factored in tandem with other underlying reliability, financial, and policy considerations. This traditional approach, supplemented by a robust BCA, should prioritize least-cost planning and mitigate against over-engineering individual resilience projects.

Therefore, at least for now, we decline to set a specific benchmark, or number, that must be achieved through the BCA before GMP proceeds with a resilience project. We recognize that GMP must have some flexibility in its planning process, and we do not intend to establish overly proscriptive regulatory standards that could potentially impede the development of appropriate resilience projects. That said, the BCAs must be designed to generate reliable and cost-effective results. Like the Department, we have reviewed GMP's BCAs for the initial resilience projects, including the updated BCAs that expressly include the UCT results. Our review of these BCAs gives us some caution about the models' inputs and their results. For example, we are concerned that the TRC analyses may overstate the commercial and industrial benefits that could be expected from the proposed resilience investments. We are also concerned that the model's underlying assumptions may not accurately reflect GMP's rural service territory. We recognize that the BCAs nonetheless show potential for meaningful benefits from these investments. Therefore, for purposes of resolving these cases, we agree with the Department that GMP should pursue resilience investments over the course of the MYRP and that refined BCAs may help to evaluate future projects. We anticipate that GMP will direct resources to refining its modeling and BCAs for future investments.

The parties are advised that we intend to conduct a separate workshop process in the near future, which will include an assessment of the modeling used for resilience BCAs. In advance of this process, we strongly encourage GMP and the Department to consult on the BCA modeling before GMP prepares its next set of BCAs for future resilience projects. We would not expect this consultation to result in a full agreement. Instead, we would expect the parties to identify the most impactful assumptions and the reasonableness of those assumptions, which in

turn would establish a foundation for a future workshop with meaningful results. After this process is completed, we would be open to GMP pursuing amendments to the MYRP to increase the spending limits for resilience investments. GMP is directed to file a request with the Commission to open a workshop proceeding when it is prepared to present an updated approach to its BCA models after any consultation with the Department.

Rate of Investment, Affordability, and Least-Cost Service

In Case No. 23-3501-PET, we authorized an initial tranche of resilience investments because we recognized the need for immediate action while concluding that GMP had to develop more detailed planning and financial analyses before committing to a larger resilience program. We explained that the initial projects should provide baseline data concerning actual construction costs, project performance, and the costs and benefits of different resilience strategies. In setting an amount of resilience spending for the MYRP, we will continue to follow this approach.

At the outset of this discussion, we stress that immediate ratepayer impacts and broader affordability concerns are central to our analysis of GMP's proposal. The evidence in these cases highlights the dramatic increases in wholesale energy and transmission costs that have affected Vermont's distribution utilities in recent years. We are currently in the midst of a multi-year cycle of relatively high rate increases for nearly all electric distribution utilities in Vermont, including GMP. Indeed, GMP's rates have been increasing at a level that has outpaced inflation, which itself remains relatively high. Based on current market conditions, we do not anticipate relief from the wholesale energy and transmission costs that have been affecting rates. These costs may be largely outside GMP's control, but we cannot overlook these concerns when evaluating GMP's proposed capital spending and the corresponding rate impacts it entails.

GMP's testimony highlights that its proposed resilience investments would result in an annual rate increase of approximately 1% — a figure that downplays the longer-term financial impact on customers. First, this is an impact that will accumulate and increase each year of the MYRP. Second, and of more fundamental concern, is that these resilience investments include long-lived assets. Although they will depreciate, these investments will affect GMP's rates for decades into the future, well beyond the term of the MYRP. GMP's UCT analysis does show that these investments are expected to partially offset their costs, but we remain concerned about the immediate rate impact on GMP's customers. Resilience is an important component of safe

and reliable electric service, but as the Department observes, the direct benefits of some resilience projects may be concentrated among customers on particular circuits while the costs are recovered from the broader population of GMP ratepayers. These factors have significantly influenced our decision in this case.

In addition to our reservations about GMP's BCAs discussed above, we are concerned that GMP does not yet have sufficient experience with its initial set of resilience projects to justify such a substantial escalation from the rate of investment that we authorized in Case No. 23-3501-PET. GMP proposes to invest \$341 million in resilience projects over the term of the MYRP. That amount alone represents an approximately 70% increase to GMP's baseline capital expenditures over the term of MYRP. It is a substantial investment for a utility of GMP's size. Preliminary data from GMP's initial resilience investments show meaningful achievement. However, GMP's resilience investments remain limited to a relatively short timeframe and a finite number of storms. When making investments that are intended to last for several decades at this scale, GMP's ratepayers will benefit from more experience and greater certainty about the actual benefits of the projects.

We recognize that GMP is not in a unique position in responding to climate-driven resilience problems. Grid hardening and resilience are notable goals for all electric distribution utilities, and we expect that new approaches and best practices in resilience spending will evolve nationwide as technologies develop and additional experience is gained. It is possible that frontloading resilience spending could lock GMP into a particular approach and foreclose the adoption of newer, potentially lower-cost solutions to resilience spending as grid-hardening techniques evolve.

With these considerations in mind, we intend to maintain the general approach to resilience spending that we authorized in Case No. 23-3501-PET. We find that the Department's recommendation is consistent with this approach. It will allow GMP to invest a net total of \$113.2 million over the four-year term of the MYRP. It also achieves our overall objective of shielding ratepayers from excessive cost and risk while authorizing GMP to proceed with resilience projects at a meaningful pace. This outcome does not reject resilience investment. It authorizes on average approximately \$28 million per year over the term of the MYRP, an amount that will enable continued investment in the portions of GMP's system experiencing the

most significant reliability challenges. Most importantly, this outcome continues to build on the Case No. 23-3501-PET framework, which prioritizes iterative development of GMP's resilience program. It also emphasizes that future spending should be supported by more detailed planning, actual project-cost information, and evidence concerning project performance. For the time being, we remain committed to this framework, which is grounded in ensuring that GMP's resilience investments remain consistent with the just-and-reasonable standard and requires GMP's planning processes to prioritize least-cost planning principles.

We also highlight that the evidence filed in this case shows that the \$113.2 million should be sufficient for GMP to upgrade its ten worst-performing circuits over the term of the MYRP, enabling GMP to complete projects that benefit its customers most in need of upgrades.

Accordingly, we authorize \$113.2 million of resilience capital spending for the term of the MYRP. In making this decision, we are not setting discrete annual budgets for GMP. Instead, GMP will be able to best determine the scope and timing of investments based on the overall budget cap that we have authorized. This order, therefore, may affect GMP's capital budget for its FY27 rate case and possibly the regulatory accounting treatment of these projects under the MYRP. Those changes should be made as part of the revised cost of service and MYRP compliance filings that we require as part of this order.

The Commission expects the resilience investments authorized in this order to be accompanied by appropriate reporting and accountability. The information developed through this process will assist the Commission and the Department in evaluating whether future resilience investments are producing the benefits anticipated by GMP and whether additional spending is warranted. As we discussed above, we plan to convene a workshop to address GMP's underlying resilience planning processes. Following the completion of that process, we would consider amendments to the MYRP that authorize additional spending.

Finally, we want to make clear that in the future, we expect GMP to evaluate whether and how resilience spending can be included in GMP's overall capital budget. Although we approve the MYRP with a discrete budget for resilience spending, GMP's should evaluate whether future alternative regulation plans can eliminate the distinction between Base Capital and resilience spending. From the ratepayer perspective, there is no distinction between resilience and Base

Capital spending. If the resilience program continues to develop, and potentially expand, it may be preferable to remove this distinction.

F. Adjustor Mechanisms

43. The proposed MYRP continues the three adjustors used in the current MYRP: (1) the Power Supply and Retail Revenue Adjustor (“PSRRA”); (2) the Exogenous Change Adjustment; and (3) the ESAM. Each of these adjustors, including modifications under the proposed MYRP, is described below.

Power Supply and Retail Revenue Adjustor

44. The PSRRA consists of two components: a power supply adjustor and a retail revenue adjustor. Combined, the PSRRA decouples GMP’s financial performance from changes in retail sales. It also splits short-term variations in net power costs between GMP and ratepayers. Maria Fischer, GMP (“Fischer”) 8/29/25 pf. at 20.

45. The PSRRA framework regularly tracks actual costs and sales, fully decouples retail revenue from retail electricity sales, and maintains an incentive for GMP to manage costs that are within its control. Fischer 8/29/25 pf. at 20.

46. The retail revenue adjustor collects from, or returns to, customers the difference between actual retail revenue and the forecasted retail revenue amount that was included in base rates for each measurement quarter. Fischer 8/29/25 pf. at 16-17.

47. The power supply adjustor collects from, or returns to, customers the difference between actual power supply costs and forecasted power supply costs included in base rates for each measurement quarter, as adjusted by the power supply efficiency calculation. Power costs are split into Components A and B. Fischer 8/29/25 pf. at 16-17.

48. Component A consists of costs that GMP has limited ability to influence in the short term. These include expenses such as regional capacity and transmission charges, which are primarily driven by regional infrastructure investments, ISO-New England’s market design, and weather-dependent peak loads in Vermont and New England. Fischer 8/29/25 pf. at 21.

49. Based on the externally driven nature of the costs and revenues included in Component A and GMP’s limited control over these costs, the proposed MYRP allows for full reconciliation of these costs. This means any variances between forecasted and actual amounts

on a quarterly basis are passed through to customers via the adjustor on a dollar-for-dollar basis. Fischer 8/29/25 pf. at 21.

50. Component B is made up of costs associated with the purchase, generation, and sale of energy, along with renewable energy credit (“REC”) revenues and Renewable Energy Standard (“RES”) compliance expenses. GMP has some degree of control over Component B costs, which are therefore subject to a sharing efficiency band. Fischer 8/29/25 pf. at 21.

51. The Component B quarterly sharing mechanism is based on a cost variance calculation that compares actual per-kWh costs to a benchmark based on forecasted retail sales volume and Component B costs. The resulting difference is subject to an efficiency band. Fischer 8/29/25 pf. at 22.

52. GMP updated the Component B efficiency band to +\$175,000 for favorable variances retained by GMP and -\$350,000 for unfavorable variances absorbed by GMP. If costs fall within the efficiency band, there is no rate recovery or return to customers. This framework maintains the existing asymmetric structure from the current MYRP. Fischer 4/15/26 pf. at 11; exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.2.ii.

Discussion

Under the current MYRP’s Component B efficiency band, GMP retains the first \$150,000 of favorable quarterly Component B variances and absorbs the first \$307,000 of unfavorable quarterly Component B variances. This asymmetric structure recognizes that GMP, and not its ratepayers, has some ability to control its power supply costs. The structure is intended to create an incentive for GMP to achieve cost savings where feasible while providing a moderate degree of downside risk protection for ratepayers and GMP alike.

In this proceeding, the Department proposed updating the Component B efficiency band dollar amounts to account for inflation in order “to maintain the current risk/reward balance.”¹⁵ GMP presented a counter proposal that changes the efficiency band values from \$150,000 to \$175,000 and from \$307,000 to \$350,000. The Department accepted this change.¹⁶ The resulting efficiency band increases the dollar thresholds while maintaining an asymmetric

¹⁵ Poor 1/16/26 pf. at 15.

¹⁶ 6/24/26 H’g Rec. Part 4 at [5:09] (Poor).

structure in favor of customers. We agree with the parties that this is an appropriate modification to the MYRP structure. Therefore, we approve this update to the Component B efficiency band structure.

Exogenous Change Adjustment

53. The Exogenous Change Adjustment includes two components: (1) Exogenous Major Storm Changes and (2) Exogenous Non-Storm Changes. Exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.

54. The major storm mechanism distinguishes between a per-storm threshold and an annual deductible. The per-storm threshold determines whether a storm qualifies as a “Major Storm.” The annual deductible determines the aggregate annual level of qualifying Major Storm costs that GMP absorbs before recovery from customers. Doane & Bingel 4/15/26 pf. reb. at 15; Exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.2.

55. The proposed MYRP includes a per-storm threshold of \$1.228 million for FY27. The plan requires that this amount be updated in the annual base rate filing using the CPI-NE inflation index. Exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.2.

56. The proposed MYRP retains the current annual major storm deductible of \$1.2 million. Exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.2.

57. To the extent GMP experiences one or more major storms in a fiscal year, it may recover those costs from customers, minus a one-time annual \$1.2 million deductible that is deducted from the total aggregate cost associated with all qualifying major storms in any given fiscal year. This deductible is applied once to the total aggregate cost associated with all qualifying major storms in a given fiscal year and is not applied twice to costs associated with an individual storm if collection extends into a second fiscal year. Doane & Bingel 8/29/25 pf. at 37-38; exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.2.

58. The annual major storm deductible is designed to establish a material level of cost that GMP must absorb before exogenous recovery is available. Doane & Bingel 4/15/26 pf. reb. at 15-16.

59. Under GMP’s proposal, minor storm costs are to be set through the FY27 rate case, which is resolved as part of this order. Major storm costs will continue to be recovered through the existing exogenous major storm adjustor. Doane & Bingel 8/29/25 pf. at 43.

60. The exogenous non-storm change adjustment is intended to address unexpected circumstances that have a material impact on costs or revenues and are outside GMP's control. Qualifying categories include the following: changes in tax laws; changes in generally accepted accounting principles; Federal Energy Regulatory Commission ("FERC") or ISO-NE rule or tariff changes not included in the power supply adjustor; other regulatory, judicial, or legislative changes; loss of a major customer (as defined in the MYRP as a customer that represents more than 5% of load); and major unplanned non-storm costs or investments. Doane & Bingel 8/29/25 pf. at 34-35; exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.1.

61. Under the proposed MYRP, exogenous non-storm changes are material only if the incremental costs in aggregate exceed \$1.2 million in a measurement period. If the threshold is not met, GMP absorbs the changes below that amount. Doane & Bingel 8/29/25 pf. at 35; Exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.1.

62. If the \$1.2 million threshold is met, GMP may seek recovery of the total incremental impact of the qualifying exogenous non-storm change through an annual filing subject to Department review and Commission approval. Doane & Bingel 8/29/25 pf. at 35; exh. GMP-LD-RB-1 (Rev. 3) Section VI.B.1.

63. The Handy-Witman Index for the North Atlantic region indicates that the costs of electric distribution components have increased at a rate equivalent to or outpacing inflation in the region during the time that GMP has been operating under the current MYRP. Jacob Thomas, DPS ("Thomas") 6/19/26 pf. surreb. at 6 (MYRP).

64. Using the CPI-NE index to make a one-time inflationary adjustment dating to 2019 for the \$1.2 annual major storm and non-storm exogenous change deductibles results in a \$1.5 million value for these deductibles. Thomas 6/19/26 pf. surreb. at 6 (MYRP).

Discussion

The Department recommends three changes to the current MYRP that would affect GMP's exogenous change adjustment mechanisms. The Department proposes to increase the per-storm threshold, the annual deductible for qualifying major storms, and the exogenous non-storm change threshold. Each of these changes would result in GMP absorbing higher levels of costs before recovery from customers and before the adjustor mechanism would apply.

GMP agreed to increase the per-storm threshold from \$1.2 million to \$1.228 million for FY27 with annual increases using the CPI-NE index. The parties are in agreement on this approach, which we approve.¹⁷

For the major storm deductible and non-storm exogenous adjustor threshold, the Department argues that the Commission should increase GMP's proposed values from \$1.2 million to \$1.5 million. In support of this argument, the Department asserts that because "the deductible has remained unchanged for many years . . . the level of storm-cost protection the deductible was intended to provide ratepayers has eroded over time."¹⁸ The Department, therefore, proposes that the amount of the proposed deductible and threshold be revised "using a one-time inflationary adjustment using the CPI-NE beginning in 2019."¹⁹ This approach "seeks to represent a balance between capturing all changes in costs since the MYRP structure has been put into place and capturing the most recent inflationary impacts."²⁰ Under this approach, the deductible and threshold would remain fixed at \$1.5 million over the term of the proposed MYRP.

GMP maintains that the major storm deductible and the exogenous non-storm change threshold should remain unchanged from the current MYRP amounts. GMP asserts that the deductible should not be indexed to inflation because it is "a risk-allocation mechanism, not an index of prevailing restoration costs" and "a materiality screen that defines the level of costs that GMP must absorb before triggering exogenous recovery."²¹ Regarding the exogenous non-storm change threshold, GMP argues that indexing this amount to inflation would "transform the threshold into a cost-escalation index that gradually expands the category of changes GMP must absorb, without reference to the type of underlying events that may be reflected in this category."²²

We adopt the Department's proposal to increase the major storm deductible and the exogenous non-storm change threshold to \$1.5 million. We acknowledge GMP's position that these mechanisms are risk-management components embedded with the MYRP. They reflect

¹⁷ Thomas 6/19/26 pf. surreb. at 6 (MYRP).

¹⁸ Department brief at 33.

¹⁹ Department brief at 34.

²⁰ Thomas 6/19/26 pf. surreb. at 4-5.

²¹ GMP reply brief at 15-16.

²² GMP reply brief at 17.

the level of storm-related and other unanticipated costs that GMP is expected to manage through its normal operations before extraordinary relief is available. However, as GMP also highlights, one of the underlying purposes of these mechanisms is to set a materiality threshold. Such a threshold, by necessity, is set using a dollar value. For these values to remain “material,” they must reflect GMP’s overall cost of service, which has increased considerably since the start of GMP’s current MYRP. They should also reflect general inflation, which likewise has increased considerably in recent years. The Department’s recommendation to increase the proposed deductible and threshold to be consistent with inflation since 2019 is a reasonable means of achieving these objectives. Therefore, we adopt the Department’s recommendation for the major storm deductible and non-storm exogenous change threshold to be increased to \$1.5 million for the duration of the four-year MYRP.

Earnings Sharing Adjustment Mechanism

65. Like the current MYRP, the proposed MYRP includes an ESAM for each rate period during the plan. Under the ESAM, GMP must file its actual earnings, proposed ESAM calculation, and supporting information no later than 60 days after the end of each fiscal year. This filing is subject to Department review and Commission approval. Doane & Bingel 8/29/25 pf. at 33–36; exh. GMP-LD-RB-1 (Rev. 3) Section VI.C.

66. GMP’s authorized ROE provides an opportunity to recover its cost of capital. It is not a guarantee. Actual earnings vary from the authorized ROE from year to year. Doane & Bingel 8/29/25 pf. at 31.

67. The ESAM is intended to address the risk that GMP’s actual earned ROE will vary significantly from the authorized ROE during the term of the plan. Doane & Bingel 8/29/25 pf. at 31.

68. Under the current MYRP, there is no ESAM adjustment when actual earnings are within 50 basis points above or below the Commission-authorized ROE. This is the “efficiency band.” Doane & Bingel 8/29/25 pf. at 32-33; exh. GMP-LD-RB-1 (Rev. 3) Section VI.C.1.

69. The “sharing bands” under the ESAM in the current MYRP are asymmetrical, and GMP bears a greater risk for the impact of negative variances than for positive variances. The impact of earnings from 50 to 125 basis points above the authorized ROE (positive variances) is shared 75% by customers and 25% by GMP. The impact of earnings from 50 to 150 basis points

below the authorized ROE (“negative variances”) is shared 50% by customers and 50% by GMP. Doane & Bingel 8/29/25 pf. at 33; exh. GMP-LD-RB-1 (Rev. 3) Section VI.C.1.

70. When actual earnings reflect an ROE that is outside the sharing bands, customers absorb the impact of both the positive (over 125 basis points) and negative variances (over 150 basis points). Doane & Bingel 8/29/25 pf. at 33; exh. GMP-LD-RB-1 (Rev. 3) Section VI.C.1.

Discussion

The Department proposes to modify the ESAM’s efficiency band to be asymmetrical. Under the current MYRP, there is an asymmetry in the sharing bands, but the efficiency band includes symmetrical 50-basis-point limits above and below the authorized ROE. The Department argues for the efficiency band to be changed so that the sharing band is triggered when actual earnings are 20 basis points above the authorized ROE rather than 50 basis points as in the current MYRP, thus adding an additional layer of asymmetry to the ESAM. The effect of this change would allow customers to start sharing positive variances over 20 basis points rather than at the current 50-basis-point trigger, but the 50-point trigger below the authorized ROE would remain in place. In other words, it would build upon and expand the ESAM’s overall asymmetric framework. The Department argues that including an asymmetrical component to the efficiency band is warranted because a “utility can influence its earned ROE through management decisions, including whether to implement effective operating cost controls” while “ratepayers have no comparable ability to affect the utility’s financial performance.”²³

GMP, conversely, states that it is appropriate to maintain the current efficiency band and sharing bands without modification. However, GMP asserts that if the Commission adopts the Department’s modification to adjust the efficiency band on the high side, it should also adopt a further adjustment to “maintain the overall balance of this mechanism of the plan.”²⁴ This counter-proposal from GMP would accept the Department’s adjustment to the efficiency band and “expand[] the sharing bands on both sides to preserve the balanced risk-sharing framework

²³ Department brief at 32.

²⁴ GMP brief at 19.

that has characterized the ESAM.”²⁵ GMP maintains that the Department’s proposal “shifts the economics of the [ESAM] on the upside without considering the rest of the structure.”²⁶

We decline to adopt the Department’s proposed change to the ESAM. GMP’s proposed MYRP includes the same structure for the ESAM that has been included in GMP’s two most recent alternative regulation plans. In practice, the ESAM acts as a backstop for the entire MYRP, including all other adjustors, by establishing an aggregate floor and ceiling for earnings, which helps to ensure that GMP’s actual ROE remains relatively close to its authorized ROE. On the one hand, this approach benefits shareholders with an assurance, although not a guarantee, of consistent and reliable returns. On the other hand, it also provides meaningful ratepayer protection by directing excess earnings to ratepayers through automatic rate reductions.

Fundamentally, the ESAM reduces GMP’s financial risk. However, the structure of the current ESAM includes an asymmetric design that shifts greater risk to GMP than to ratepayers. This design recognizes GMP’s ability to control some costs and creates an incentive for GMP to operate more efficiently. The Department seeks to make the ESAM even more asymmetrical by adjusting the limit of the upper bound of the efficiency band. We decline to adopt this recommendation. We are satisfied that the existing structure of the efficiency and sharing bands, which includes an asymmetrical sharing component that favors ratepayers, already achieves the goals that underly the Department’s recommendation. The interplay between the efficiency and sharing bands creates incentives for GMP to pursue efficient operations and savings. It also skews the sharing mechanisms to the benefit of ratepayers. We find that this framework has functioned well to appropriately distribute financial risk between GMP and its ratepayers. Therefore, we will not adopt the Department’s recommendation or GMP’s counterproposal.

Although we decline to adopt the Department’s proposed changes to the efficiency band, as discussed in the rate case sections below, the existence of the ESAM weighs heavily on our overall assessment of GMP’s financial risk under the MYRP. This consideration, in turn, affects our assessment of an appropriate ROE for GMP.

²⁵ GMP brief at 19.

²⁶ Doane & Bingel 4/15/26 reb. pf. at 13.

Frequency of Adjustor Filings

71. The proposed MYRP requires GMP to continue calculating and filing the Retail Revenue, Power Supply, and Major Storm Adjustors on a quarterly basis. The quarterly measurement periods are October 1–December 31, January 1–March 31, April 1–June 30, and July 1–September 30. The filing deadlines are January 30, April 30, July 30, and October 30, respectively. Exh. GMP-LD-RB-1 (Rev. 3), Section VI.A and Attachment 8.

72. GMP's quarterly filings will follow a similar format and level of detail for reporting as it has used for prior regulation plan periods. Fischer 8/29/25 pf. at 16-17; exh. GMP-LD-RB-1 (Rev. 3), Section VII.

73. The proposed MYRP requires GMP to include, when needed, a proposed line-item charge or credit based on a percentage of retail revenue to collect or return over the remaining term of the Plan or a 12-month period, whichever is longer, on a bills-rendered basis beginning the first day of the next quarter (i.e., the second quarter after the triggering event's quarter), unless otherwise requested or ordered by the Commission. Exh. GMP-LD-RB-1 (Rev. 3), Section VII.

74. The proposed MYRP includes a smoothing mechanism for quarterly adjustors under which customer bills are changed only when quarterly adjustments move twice in the same direction before implementation. Fischer 8/29/25 pf. at 22-23; exh. GMP-LD-RB-1 (Rev. 3), Section VII.

75. For accounting purposes, the quarterly variance amounts will be deferred and amortized in the return/collection period in an amount equal to the revenue increases or decreases that recover or repay the amortized amount. Exh. GMP-LD-RB-1 (Rev. 3), Section VII. Doane & Bingel 8/29/25 pf. at 20; exh. GMP-LD-RB-1 (Rev. 3), Section VII.

Discussion

The Department recommends that the proposed MYRP be modified so that GMP would make fewer rate filings as compared to the current MYRP and adjust rates no more than twice per year. The Department asserts that keeping in place the series of filings in the current MYRP would “continue to place a strain on the Department's time and resources, cause frequent rate

changes for customers, and make it difficult for customers to adequately follow reasons for rate changes.”²⁷

GMP argues that the Commission should retain the current quarterly adjustor filing structure. GMP asserts that the existing structure has “functioned effectively under the [current MYRP] by providing timely review of power supply, retail revenue, and major storm adjustments while ensuring that customers receive prompt refunds or collections when appropriate.”²⁸ GMP maintains that the “quarterly cadence . . . supports the [MYRP]’s overall objective of balancing customer rate stability with timely recovery of costs with minimal lag, using both trigger and smoothing mechanisms that provide an opportunity for variances in different directions to offset each other.”²⁹ Additionally, GMP points out that the effect of the structure to implement the quarterly adjustors “means there are periods of time when tariff changes are not triggered and therefore, depending on circumstances, may happen less frequently than every quarter.”³⁰

In response to the Commission’s information request asking GMP how it would implement the Department’s proposal to limit the frequency of rate changes, GMP developed an alternative filing schedule.³¹ Under GMP’s proposal to change the frequency of rate changes, tariff filings would automatically occur twice per year.

The Department supports GMP’s alternative filing schedule as a means to implement its proposal.³² However, GMP maintains that the overall benefits of this alternative do not outweigh the quarterly approach and that its proposal “provides one of the only avenues to implement such an approach within the context of the proposed MYRP, without other significant modifications to the Plan.”³³

The Commission appreciates the parties’ efforts to identify an alternative approach that could effectuate the Department’s proposal to reduce the frequency of rate changes. However, it is not clear that GMP’s alternative filing schedule would meaningfully address the Department’s

²⁷ Hunt 1/16/26 (MYRP) pf. at 16.

²⁸ GMP brief at 20.

²⁹ GMP brief at 20.

³⁰ GMP brief at 20.

³¹ See exh. GMP-Redirect-1.

³² Department brief at 36.

³³ GMP brief at 21.

concerns regarding regulatory burden and customer impacts. Under the existing framework, customers do not experience a rate change unless variances move in the same direction for two consecutive quarters. GMP's alternative proposal would eliminate that feature and instead result in rate changes occurring twice each year, regardless of whether variances have persisted in the same direction. The Commission is not persuaded that this change, which largely mirrors the impacts that customers experience under the current MYRP, would benefit customers or otherwise address the concerns underlying the Department's proposal. Indeed, both approaches would still require Department and Commission staff to review quarterly data from GMP. Moreover, we also recognize that the quarterly adjustor mechanism more closely tracks major events that can affect energy markets, which provides some degree of transparency into rate adjustments. Based on these considerations, the Commission declines to adopt GMP's alternative filing schedule. The quarterly filing structure and associated mechanisms for triggering rate changes under the current MYRP will remain in place.

During the evidentiary hearing, GMP confirmed that it will agree to change the name of the "Current Energy/Major Storm Adjustor" line item on customer bills to "Rate Plan and Storm Adjustments."³⁴ GMP is directed to revise the proposed MYRP to reflect this change.

G. Innovation, Resilience, and Performance Metrics

76. The proposed MYRP retains GMP's innovative pilot program. New innovative pilots developed during the term of the MYRP that are not already included in base rates will not result in any plant additions beyond the set Base Capital amount unless they are specifically approved by the Commission. Exh. GMP-LD-RB-1 (Rev. 3) at Section VIII.B.

77. Any changes to revenue or power supply costs that result from Innovative Pilot programs will be included in adjustments made pursuant to the Retail Revenue Adjustor or the Power Supply Adjustor. Exh. GMP-LD-RB-1 (Rev. 3) at Section VIII.B.

78. Annual performance metrics and reporting in the current MYRP will carry over to the proposed MYRP. GMP will also continue to report on the resilience-specific metrics required by

³⁴ Additionally, GMP agreed to update the accompanying bill description and customer-facing explanatory language on its website to explain the line-item adjustment and the calculation.

the Commission's final order in Case No. 23-3501-PET. Exh. GMP-LD-RB-1 (Rev. 3) at Section VIII.C and Attachments 7, 8.

79. An updated list of agreed-upon performance metrics will be incorporated into the proposed MYRP. These updates include: (1) addition of capital spending and closed-to-plant for resilience programs; (2) an average interconnection cost for distributed generation systems greater than 150 kW; (3) revisions to the electric vehicle metrics to include an option to use registration data; and (4) splitting ACH and credit card payment customer counts into two metrics. Carol Flint, Department ("Flint") 6/19/26 (MYRP) pf. at 4; exh. DPS-CF-1 (Revised GMP Innovation & Performance Metric Report).

80. GMP will report on the number of customers enrolled in the Energy Assistance Program ("EAP") as a percentage of estimated total eligible customers as of December 31 of each year. Exh. DPS-CF-1 (Revised GMP Innovation & Performance Metric Report).

81. GMP's Service Quality & Reliability Performance Monitoring and Reporting Plan ("SQRP") is incorporated into and made a part of the proposed MYRP. Any amendments to the SQRP during the term of the plan will be incorporated into the MYRP. Exh. GMP-LD-RB-1 (Rev. 3) Section VIII.C.

82. The SQRP framework incorporates a penalty calculation with defined reporting and compensation protocols. Burke 4/15/26 pf. reb. at 15-19.

83. GMP will incorporate three new reliability-specific performance measures into GMP's SQRP. Burke 4/15/26 pf. reb. at 6, 16-18; Joshua Castonguay, GMP ("Castonguay") 4/15/26 pf. reb. at 5-7, 13; exh. GMP-MB-8 (Revised SQRP) at 12-13.

84. The first new performance metric will track the average interruption frequency on segments of line that have been hardened as part of resilience projects authorized in Case No. 23-3501-PET or the new MYRP. The performance measure will be set to 1.5 outages per resilience project per year. Burke 4/15/26 pf. reb. at 17; exh. GMP-MB-8 at 2-3, 12 (Revised SQRP).

85. If actual annual performance is above the performance standard, the variance will be translated into specific SQRP points based on the percentage variance from the standard. For example, if the actual system average of outages is 2.0 outages/per year, the resulting 33% difference (compared to the set standard of 1.5 outages) would translate into 33 SQRP points, resulting in approximately \$50,000 in penalties under the SQRP. Burke 4/15/26 pf. reb. at 18.

86. The other two new performance measures will relate to residential storage. The first is a reliability measure that sets a threshold for energy storage systems (“ESS”) to provide backup to customers during 95% of the total time they are experiencing any grid outage. The second ESS measure compares GMP’s effectiveness at peak shaving during Regional Network Service (“RNS”) monthly peak events. This measure isolates the performance of the ESS program and provides a measure of GMP’s ability to forecast and deliver savings during RNS peak events. Castonguay 4/15/26 pf. reb. at 6-9; exh. GMP-MB-8 at 12-13.

87. Failure to meet the standards associated with the residential storage performance measure will result in the calculation of service quality compensation points. The total potential SQRP penalties would be approximately \$2 million annually. Burke 4/15/26 pf. at 18; exh. GMP-MB-8 at 15.

88. The peak-shaving metric will compare the actual MW reduction, averaged over 12 months, to the expected MW reduction on an annual basis. SQRP points would be calculated based on the percentage variance from the forecast. Castonguay 4/15/26 pf. reb. at 8.

Discussion

Innovative Pilot Program

During the evidentiary hearing, GMP confirmed that it will agree to change the advance notice period for new innovative pilots from 15 to 30 days. GMP is directed to revise Attachment 2 to the proposed MYRP to reflect this change.

Affordability Metrics

GMP proposes to incorporate a new metric related to addressing affordability concerns in its MYRP reporting. Specifically, this metric requires GMP to report on the number of customers enrolled in the EAP as a percentage of estimated total eligible customers as of December 31 of each year. The Department “requests that the Commission issue a condition in its final order for this case that requires GMP to work with the Department to develop an additional affordability metric and a revised [Innovation & Performance] Metric Report to be submitted within 90 days following the date of the order.”³⁵

³⁵ Flint 6/19/26 (MYRP) pf. at 4.

GMP agrees to have a discussion with the Department on the development of an additional affordability metric and to report on that consultation.³⁶ Accordingly, we direct GMP to work with the Department to identify potential affordability metrics and to make a filing, within 90 days of today's order, reporting on its discussions with the Department. If GMP and the Department do not agree on an additional affordability metric, the Department is requested to make a separate filing with its recommendation. Filings related to the affordability metric should be made in the compliance subcase in Case No. 25-1955-PET.

SQRP Revisions

GMP filed a redline version of the SQRP as exhibit GMP-MB-8. GMP is directed to file a clean version of the agreed-upon changes to the SQRP described in the findings above within 30 days of the issuance of today's order in the compliance subcase in Case No. 25-1955-PET.

The Department recommends that "GMP revise its SQRP so that service quality calculations are also reported annually" and "requests that the Commission require GMP to work with the Department on this revision for submission to the Commission within ninety days following the Commission's final order in this case."³⁷ GMP agrees to work with the Department to update the SQRP to address the Department's concerns.³⁸ Accordingly, we direct GMP, after consulting with the Department, to file within 90 days of the issuance of today's order either (1) proposed revisions to its SQRP as a new petition case in ePUC for Commission review; or (2) a filing in the compliance subcase in Case No. 25-1955-PET explaining why revisions to the SQRP are not necessary, including the basis for that conclusion following consultation with the Department.

Reporting on Resilience and Residential Storage Performance Metrics

In its direct testimony, the Department recommended that GMP propose and implement performance metrics with financial penalties on capital investments for resilience projects and customer-driven storage.³⁹ In response, GMP presented the three new performance metrics described above. GMP proposes to incorporate these metrics into the SQRP. These metrics

³⁶ 6/23/26 H'g Rec. at Part 2, [2:49:00]-[2:51:00] (Castonguay).

³⁷ Flint 6/19/26 (MYRP) pf. at 3.

³⁸ 6/23/26 H'g Rec. Part 1 at [1:38:00] (Burke).

³⁹ Poor 1/16/26 (MYRP) pf. at 10-12.

would be added to the existing SQRP penalty framework to establish financial consequences should GMP fail to achieve the standards. GMP characterizes these metrics as performance guarantees.

The Department characterizes GMP's proposed resilience performance metrics as a "good start" and asserts that "it remains to be seen whether the SQRP provides sufficient financial consequences that appropriately balance the risk and reward of additional capital investments."⁴⁰ The Department further clarifies that its support for GMP's proposed standard of 1.5 outages per resilience project per year should not be construed "as the Department's position on an appropriate goal for resilience overall, but rather, an initial goal set for approved resilience expenditures in this case and a way to hold GMP accountable to its assumed resilience outcomes."⁴¹ The Department expects future targets "will be set closer to either a defined standard of reasonably adequate service and/or specifically set to align with the expected performance as analyzed in the [BCA]."⁴² The Department also accepts GMP's proposal to incorporate residential storage performance metrics into the SQRP, but it expresses concern about whether this structure provides sufficient financial consequences to drive performance.

The Department recommends that the resilience metric be "intentionally revisited" in the second year of the MYRP and that the residential storage metrics be included in the SQRP on "a trial basis."⁴³ At the evidentiary hearing, the Department recommended revisiting the resilience and residential storage metrics after two years of reporting and time to review the results. GMP agreed to this timeframe.⁴⁴

Our final order in Case No. 23-3501-PET made clear that we expect GMP's supplemental resilience spending to be tied to performance metrics that carry meaningful financial incentives and consequences. Such metrics will serve as meaningful ratepayer protections as customers absorb additional costs associated with GMP's investment in resilience projects. We appreciate GMP's creative proposal to fold new performance metrics into the existing SQRP framework. However, we share some of the Department's concerns that GMP's proposed metrics may not be

⁴⁰ Poor 6/19/26 (MYRP) pf. surreb. pf. at 6.

⁴¹ Poor 6/19/26 (MYRP) pf. surreb. pf. at 7.

⁴² Poor 6/19/26 (MYRP) pf. surreb. pf. at 7.

⁴³ Poor 6/19/26 (MYRP) pf. surreb. pf. at 7-8.

⁴⁴ 6/24/26 H'g Rec. Part 4 at [2:00:00] (Poor); 6/23/26 H'g Rec. Part 3 at [10:20] (Castonguay).

an ideal long-term mechanism for assessing GMP's resilience spending, especially if the scale of these projects continues to expand in the future.

We agree that the SQRP framework, including its point calculations, is a logical mechanism for incorporating performance metrics into the MYRP for now. Operating within an existing framework will provide a sound foundation from which GMP and regulators alike can begin to assess the efficacy of the resilience work completed to date and over the term of the MYRP. However, this framework would have some limitations. For example, the scope of potential penalty dollars, which would be capped at \$2 million annually, is intertwined with the existing SAIFI and CAIDI metrics. This structure means that poor performance on the existing SAIFI and CAIDI metrics could potentially limit penalty points that could be applied to the resilience investments and *vice versa*. Additionally, the SQRP framework is limited to financial penalties. To the extent that GMP can develop metrics that show meaningful cost savings for ratepayers from these investments, it may be appropriate to allow GMP to accrue financial incentives for strong performance.

Based on these considerations, we accept the parties' agreement to revisit the performance metric framework after two years of reporting. This approach will ensure that there is substantive collaboration between GMP and the Department well in advance of the development of GMP's next alternative regulation plan.

As the Department points out in its initial testimony, "the structure of the [current] MYRP continues to reward investment rather than outcomes" and performance standards should "reward desired outcomes, as opposed to rewarding money spent."⁴⁵ The Commission expects GMP and the Department to consider, as part of their evaluation, the extent to which the performance metric framework functions as an effective performance guarantee and whether the framework should be modified in advance of any future MYRP filing.

GMP is directed to file a report or a performance metric framework evaluation for resilience and residential storage investments within 90 days after the associated reporting for the first two years is completed. The evaluation should be filed in a separate report case in ePUC. We expect that the Department will file a recommendation on the effectiveness of the

⁴⁵ Poor 1/16/26 (MYRP) pf. at 10-11.

performance metric framework and whether any changes should be made within 60 days after GMP files its evaluation. If the parties ultimately determine that it would be more appropriate to defer implementation of revised performance metrics until a future alternative regulation plan, then this report should explain generally GMP's plan for integrating new metrics into a new alternative regulation plan in the future.

H. Section 218d Statutory Criteria

Incentives to Provide Least-Cost Service

[30 V.S.A. § 218d(a)(1)]

The proposed MYRP continues several mechanisms from the current MYRP that are intended to support the provision of least-cost electric service and efficient management of costs over the term of the plan, including a fixed cap on capital spending. Under the proposal, most non-power-supply costs would remain fixed for the duration of the plan, providing predictability for customers while placing responsibility on GMP to manage those costs within established limits. Any requests for the Company to exceed those fixed costs would require Commission approval.

The proposed MYRP also continues revenue decoupling, which separates the recovery of authorized revenues from electricity sales. In addition, the proposed MYRP increases the PSRRA efficiency band, resulting in GMP bearing a greater share of the risk associated with variations in power supply costs. The ESAM will continue to allocate certain over- and under-earnings between GMP and customers outside the applicable dead band. The Commission finds that the proposed MYRP and the core mechanisms are consistent with providing least-cost energy service to customers.

Just and Reasonable Rates

[30 V.S.A. § 218d(a)(2)]

The proposed MYRP retains procedural safeguards from the current MYRP. The initial base rates have been determined to be just and reasonable through a traditional cost-of-service review, and any future adjustments will be subject to Department review and Commission approval. With these reviews, the Commission will ensure that rate setting under the MYRP remains tethered to the statutory "just and reasonable" standard. The adjustors in the MYRP will

also continue to ensure that GMP does not significantly over- or under-collect on its actual cost of service.

Safe and Reliable Service
[30 V.S.A. § 218d(a)(3)]

The proposed MYRP continues the existing mechanisms in the current MYRP that support the provision of safe and reliable electric service. It also continues to build on the resilience framework set out in Case No. 23-3501-PET by allowing GMP to dedicate additional capital expenditures to targeted resilience upgrades in areas of GMP's network that experience the most service interruptions. The MYRP provides flexibility for GMP to manage its base capital spending within an overall cap. It also retains the Exogenous Change Adjustor for major storms and non-storm events, which requires GMP to absorb storm costs up to the deductible amount. Finally, the proposed MYRP incorporates GMP's updated SQRP performance metrics, including reporting requirements related to resilience-related investment. GMP is obligated to meet these metrics and report on these safety and reliability standards. The SQRP reporting provides the Commission with information to monitor service quality and reliability performance.

**State Energy Policy, Increasing Reliance on Vermont-Base Renewables, Decreasing Link
Between Financial Success from Sales**
[30 V.S.A. § 218d(a)(4)]

With respect to state energy policy, 30 V.S.A. § 202a, in relevant part, states that the general policy of the State of Vermont is:

To ensure to the greatest extent practicable that Vermont can meet its energy service needs in a manner that is adequate, reliable, secure, and sustainable; that ensures affordability and encourages the State's economic vitality, the efficient use of energy resources, and cost-effective demand-side management; and that is environmentally sound.

The proposed MYRP includes numerous provisions to promote these objectives. For example, the PSRRA includes multiple components that promote State energy policy. First, the PSRRA allows for GMP to make resource and power supply acquisitions that comply with the RES mandates. It also includes a mechanism to decouple revenue recovery from electricity sales,

which promotes energy efficiency and other State energy policy objectives. The proposed MYRP also continues GMP's innovative pilot program, which provides a framework for developing and evaluating new offerings intended to advance State energy policy goals, such as grid transformation and decarbonization. The proposed resilience spending will improve reliability in areas of GMP's grid that are most in need of hardening. The proposed MYRP updates GMP's performance metrics in areas relevant to State energy policy goals, including new service quality measures and associated compensation mechanisms related to resilience investments and energy storage performance. Finally, and importantly, the MYRP includes numerous mechanisms to promote stability and affordability in GMP's rates, including a hard limit on capital spending, the asymmetrical components of the PSRRA and ESAM, fixed components of GMP's O&M costs, and a new reporting metric to encourage participation in GMP's EAP program.

Service Quality, Reliability, and Service Choices

[30 V.S.A. § 218d(a)(5)]

The proposed MYRP will promote improved quality of service, reliability, and service choices because it continues GMP's obligations under its current service quality and reliability performance monitoring and reporting requirements, and it incorporates other resilience-related metrics. The proposed MYRP also continues efforts to improve system reliability through expanded resilience investments.

Innovation

[30 V.S.A. § 218d(a)(6)]

The proposed MYRP continues the current MYRP's framework to expand novel offerings for customers through GMP's Innovative Pilot Program. The proposed MYRP also continues established customer programs, including the Energy Storage Service tariff, such as the customer-driven storage provision.

Balanced Risks and Rewards

[30 V.S.A. § 218d(a)(7)]

The Commission previously concluded that GMP's current MYRP established a system of reasonably balanced risks and rewards that encourages efficient operation. The proposed MYRP continues the same basic framework. In particular, the proposed MYRP retains the

PSRRA, Major Storm Adjustor, and ESAM. Together with their associated dead bands, deductibles, and thresholds, these mechanisms allocate appropriate levels of risk between GMP and customers. This framework continues to encourage efficient cost management while providing for the sharing of specified savings and costs between GMP and customers.

The proposed MYRP also continues to require GMP to manage a significant portion of its operation and maintenance expenses under fixed forecasts or predetermined formulas, placing financial risk on GMP if actual costs exceed those amounts. In addition, the extensive performance metrics, including new performance guarantees, will continue to provide information to evaluate GMP's performance across areas such as service quality and reliability, resilience, decarbonization, electrification, and innovation.

Rate of Return

[30 V.S.A. § 218d(a)(8)]

The proposed MYRP promotes efficient operation while allowing GMP the opportunity to earn a fair rate of return on prudent investments. The proposed MYRP maintains a balanced capital structure and continues the ESAM with asymmetric dead bands, helping to limit significant over- or under-earnings relative to the authorized return on equity while continuing to provide incentives for efficient operation.

Reasonable Sharing of Savings with Customers

[30 V.S.A § 218d(b)]

As with the current MYRP, the adjustors in the proposed MYRP operate on a two-way basis, allowing customers to share in savings while allocating a portion of increased costs in accordance with the terms of the adjustor. The PSRRA is continued in substantially the same form and is designed to true up revenues and costs over the course of each year of the Plan. The asymmetric efficiency band provides for the sharing of power supply cost savings while requiring GMP to bear a greater share of specified cost increases. The ESAM provides for the sharing of over- and under-earnings with customers outside the applicable dead bands.

Investor-Owned Specific Provisions

[30 V.S.A. § 218d(m)]

Consistent with the Commission's conclusion on the current MYRP, nothing proposed in the proposed MYRP would have an adverse impact on GMP's eligibility for rate-regulated

accounting in accordance with generally accepted accounting standards. The stability provided by the multi-year regulatory framework, together with the proposed MYRP's adjustment mechanisms and risk allocation, reasonably preserves GMP's opportunity to obtain equity and debt financing on favorable terms.

V. THE RATE CASE

Legal Standard

The Commission has the responsibility under Vermont law to ensure that monopoly utility rates are “just and reasonable.”⁴⁶ This standard reflects the principle that rates are not merely formulaic but instead are an estimate of the costs incurred by the utility to provide safe and reliable service while meeting all statutory requirements imposed on the utility. Given the essential service they provide, electric utilities operate within a heavily regulated context, including regulatory expectations for safe and reliable electric service;⁴⁷ federally regulated wholesale electricity markets and transmission reliability standards; and environmental policy requirements established in Vermont statute, such as the RES.⁴⁸

In evaluating a utility's proposed rates, the Commission considers whether those rates provide the utility with a reasonable opportunity to recover its cost to serve customers. In setting rates, the Commission's role is not to manage the utility but instead to review the reasonableness of the utility's decisions.⁴⁹

The Vermont Supreme Court explained the process for determining just and reasonable rates as follows:

[T]he [Commission] determines the operating expenses and the “rate base”—the utility's net plant investment—for the “test year,” usually the most recent full calendar year. . . . The [Commission] then adjusts the rate base by modifying the test year rate base to reflect “known and measurable” changes in plant investment.

⁴⁶ *Petition of Village of Hardwick Elec. Dept.*, 143 Vt. 437, 466 A.2d 1180 (1983) (“By statute, the [Commission] is required to set rates that are just and reasonable.”).

⁴⁷ A utility's SQRPs establishes performance metrics and a framework for measuring adequate, safe, and reliable electric service.

⁴⁸ 30 V.S.A. §§ 8002-8005 establish the RES standards that Vermont electric distribution utilities are required to meet. Under the RES, Vermont's distribution utilities must procure a defined percentage of their annual load from renewable energy.

⁴⁹ See *Latourneau v. Citizens Utilities Co.*, 125 Vt. 38, 41, 209 A.2d 307, 311 (1965) (“The function of a public [utility] commission is that of control and not of management, and regulation should not obtrude itself into the place of management.”).

These are changes that are measurable with a reasonable degree of accuracy and have a high probability of being in effect in the adjusted test year. . . .⁵⁰

Adjustments for operating expenses and capital investments are generally subject to the “known and measurable” standard, which allows changes that are “measurable with a reasonable degree of accuracy and have a high probability of being in effect in the adjusted test year.”⁵¹ In rate proceedings, it is the utility’s responsibility to satisfy this standard: “the burden of supporting [a] change in rates or rate structure [rests] squarely on the proponent utility.”⁵²

In *Bluefield Waterworks v. Public Service Commission*, the United States Supreme Court set certain constitutional limitations that guide Commission review of proposed rates.⁵³

The Vermont Supreme Court, in interpreting *Bluefield*, opined that “[r]ates cannot be set so low as to be confiscatory for the utility nor so high as to be excessive for the consumer. . . . Between these extremes lies a ‘zone of reasonableness’ within which a regulatory commission is free to set rates without judicial intervention.”⁵⁴ In previous decisions, the Commission has recognized that “it is the ‘substance and effect’ of the [Commission’s] actions which must bear judicial scrutiny. The United States Supreme Court has taken the same view of utility regulation by establishing that it is the ‘end result’ which must meet the constitutional test.”⁵⁵ Additionally, longstanding Vermont law authorizes “the Commission to consider management efficiency and customer service in arriving at a determination of just and reasonable rates.”⁵⁶

Rate Case Findings

Based on GMP’s petition and the accompanying record in this proceeding, the Commission makes the following findings of fact regarding GMP’s proposed rate increase.

⁵⁰ *In re Green Mountain Power Co.*, 162 Vt. 378, 380–81, 648 A.2d 374, 376 (1994).

⁵¹ *Central Vermont Public Service Co.*, Dockets 6946 & 6988, Order of 3/29/05 at 67.

⁵² *In re Consolidated Rate Appeals of Green Mountain Power Co.*, 142 Vt. 373, 381, 455 A.2d 823, 826 (1983); see also *In re Green Mountain Power Co.*, 162 Vt. at 386, 648 A.2d at 379.

⁵³ *Bluefield Water Works & Improvement Co. v. Public Service Comm’n*, 262 U.S. 679, 692–93 (1923).

⁵⁴ *Petition of Village of Hardwick Elec. Dept.*, 143 Vt. at 44, 466 A.2d at 1183 (citing *In re New England Telephone & Telegraph Co.*, 139 Vt. 578, 586, 433 A.2d 263, 267–68 (1981)); *Permian Basin Area Rate Cases*, 390 U.S. 747, 767, (1968).

⁵⁵ *Petition of New England Telephone Co. re filing of increased rates and charges*, Docket No. 3638, Order of 4/12/73 at 2 (quoting *Federal Power Commission v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944)).

⁵⁶ *In re Citizens Utilities Co.*, 171 Vt. 447, 452, 769 A.2d 19, 25 (2000).

A. Overview of the Cost of service

89. GMP initially requested a 7.50% increase in base rates for rates effective on bills rendered on or after October 1, 2026. Doane & Bingel 1/16/26 pf. at 6.

90. The cost of service for a utility is the amount needed to provide safe and reliable service to its customers with an opportunity to earn a reasonable return for capital investments. Doane & Bingel 1/16/26 pf. at 9.

91. GMP used FY25 (October 1, 2024, through September 30, 2025) as the 12-month test year for setting rates, with FY 26 as an interim year and FY27 as the rate year. Doane & Bingel 1/16/26 pf. at 6.

92. GMP used forecasts developed by Itron, Inc. to aid in developing the cost of service. These forecasts cover load and revenue for the FY27 period, consistent with the approach approved in GMP's 2023 rate case. The same forecast methodology was used in the current MYRP and will be used in the proposed MYRP. Doane & Bingel 1/16/26 pf. at 16; exh. GMP-LD-RB-4.

93. GMP developed the rate-year cost of service based on actual costs incurred in the test year. GMP adjusted costs from the test year based on known and measurable changes so that the net costs reflect, as closely as possible, the projected level of costs that will occur in the rate year. Doane & Bingel 1/16/26 pf. at 9-10.

94. The majority of GMP's proposed rate increase is attributable to costs largely outside GMP's control. Regional transmission and power supply costs reflecting broader market conditions alone would constitute a 3.32% rate increase. Likewise, inflationary pressures affecting core business operating areas increase rates by another 2%. Burke 1/16/26 pf. at 13-14.

95. GMP's filing followed traditional ratemaking principles and the methodologies approved in GMP's 2023 rate case (Case No. 22-0176-TF), with limited exceptions, in compliance with Commission Rule 2.402(B). The areas of material difference between this case and GMP's 2023 rate case include:

- a. Minor Storm Costs – GMP typically uses a five-year average of costs to calculate the rate-year revenue required for restoration from storms that are not defined as “Major Storms.” The data for the past five years showed that 2024 was an outlier, leading to several large “minor” storms that were costly but resolved before

qualifying as a Major Storm. The 2024 costs were therefore excluded from the average. Doane & Bingel 1/16/26 pf. at 10-11.

- b. Consumer Price Index (CPI) Calculations – GMP used an 11-month average ending in August 2025 because CPI data for September 2025 were not available due to the government shutdown at that time. GMP otherwise would utilize a 12-month average (from October 2025 to September 2025) of the change in the CPI for purposes of adjusting the cost of service for various elements such as power supply, transmission, and minor storms. Doane & Bingel 1/16/26 pf. at 11.
- c. Resilience Spending Inventory – GMP implemented the FY25 ESAM approved in Case No. 25-2967-TF. It therefore adjusted its rate base to remove the components for projects approved in Case 23-3501-PET from the inventory balance for the test year. Doane & Bingel 1/16/26 pf. at 11.
- d. Resilience Spending Through September 30, 2025 – Consistent with the Commission’s order in Case No. 23-3501-PET, GMP included for Commission review and approval all resilience projects that were completed and placed in service between April 1, 2025, and September 30, 2025, in this filing. These projects amount to a \$36.4 million investment. Doane & Bingel 1/16/26 pf. at 11; exh. GMP-LD-RB-1 (Rev. 3) at Attachment 10; exh. GMP-LD-RB-3, Schedule J.
- e. Additional ESS Investment - Consistent with the Commission’s order in Case No. 25-0948-PET, the FY27 rate case includes \$12.9 million of ESS investment for Commission review and approval. This represents systems installed for customers since the last approval through September 30, 2025, under GMP’s ESS tariff and related riders. Doane & Bingel 1/16/26 pf. at 12; exh. GMP-LD-RB-3, Schedule H.
- f. Broadband Investment – Consistent with GMP’s Broadband Tariff Rider, approved in Case No. 21-0546-PET and extended in Case No. 24-0509-TF, GMP’s rate filing also includes projects implemented under this tariff that were completed by September 30, 2025. Doane & Bingel 1/16/26 pf. at 12.
- g. Global Foundries U.S. 2 LLC (GF) – Global Foundries is not included as a transmission-class retail customer, as the transition agreement approved in Case

No. 21-1107-PET expires at the end of GMP's FY26. As such, no revenues or power supply costs are considered for Global Foundries' manufacturing operations in Essex Junction. Doane & Bingel 1/16/26 pf. at 13.

- h. Day-Ahead Ancillary Services Initiative ("DASI") – Costs for the DASI (for GMP and all market participants) significantly exceeded expectations provided by the Independent System Operator for New England ("ISO-NE"). Several stakeholders and market participants raised the need for redesign, and ISO-NE is expected to review the program after a year of data. Because of this expectation, GMP annualized six months of actual DASI costs and included 50% of that amount in the FY27 forecast. Doane & Bingel 1/16/26 pf. at 13; Fischer 1/16/26 pf. at 22-25.
- i. Incorporating Depreciation and Lead-Lag Studies – GMP completed, through outside expert consultants Gannett Flemming Valuation and Rate Consultants, LLC a depreciation study and working capital lead-lag study, the results of which have been included in this filing. The updated depreciation study results in a modest net increase of \$0.15 million in depreciation expense. Doane & Bingel 1/16/26 pf. at 14; exhs. GMP-LD-RB-5 and GMP-LD-RB-6.
- j. Contribution in Aid of Construction ("CIAC") - A *de minimis* balance reflected on GMP's books at the end of the test year was zeroed out for the rate year, so that the rate year equals the test year with no adjustment. Doane & Bingel 1/16/26 pf. at 14.
- k. Uncollectible Expense – GMP applied the same five-year average approach to the FY27 uncollectible expense amount as previously applied in rate cases, then further adjusted the calculation by \$0.25 million to account for lower uncollectible expenses in FY27 caused by the second arrearage forgiveness approved for GMP's Energy Assistance Program in Case No. 25-2300-TF. This amount was further updated to remove additional years from the average, consistent with a recommendation from the Department. Doane & Bingel 1/16/26 pf. at 14-15; Steven Hunt, Department ("Hunt") 4/20/26 pf. at 8-10; Doane & Bingel 5/27/26 pf. reb. at 6-7.

Discussion

The Department initially recommended several modifications to GMP's proposed cost of service that would have reduced GMP's proposed rate increase to 5.14%. For example, the Department recommended excluding specific sponsorship accounts (totaling \$49,890) from the cost of service and adjusting the calculation of uncollectable account expense to better reflect the average amount of uncollectable costs. In addition, there were areas where dialogue between the Department and GMP altered the Department's initial recommendations.

After incorporating the Department's recommendations that it agreed with, GMP reduced its proposed rate increase from 7.50% to 7.06%.

During the evidentiary hearing, the Department filed a revised cost-of-service model showing that its final recommendation is that the Commission approve a 5.28% rate increase.

The difference between GMP's proposed rate increase and the Department's recommendation is attributable to two outstanding disagreements. First, the parties dispute the appropriate amount in resilience spending for FY27, which is discussed at length in the findings and discussion section on the MYRP above. Second, the parties dispute the authorized ROE. The Department recommends that the Commission set the ROE at 8.91%. GMP requests that the Commission approve a 9.94% ROE. The remainder of our discussion of the rate case addresses these outstanding differences between the parties.

In resolving the rate case, we have also reviewed the fully allocated class-cost-of-service study (the "FACCOSS") that GMP completed shortly before submitting its rate case. This study was completed with the assistance of an outside consultant to update GMP's analysis. The FACCOSS was submitted in this case, but GMP has not proposed any changes to its overall rate design as part of this case. GMP asserts that the FACCOSS shows that current class revenue allocations remain broadly aligned with embedded cost responsibility, with only nominal allocation shifts between classes. During the evidentiary hearing, a GMP witness stated that GMP intends to file a proposed rate-design case by the end of 2027.⁵⁷ We do not mandate any class-cost re-allocations or other structural rate-design changes as part of this case. However, we direct GMP to file a status update on the expected timing for its rate-design case within three

⁵⁷ 6/23/26 H'g Rec. Part 3 at [6:15] (Castonguay).

months after the completion of this case. GMP should also anticipate that the Commission may hold a workshop on GMP's FACOSS and expected rate-design filing at some point in early 2027 in advance of GMP filing a rate-design petition with the Commission.

B. Capital Spending

96. GMP's rate-year rate base is developed in the same manner as the cost of service, starting with actual rate base in the test year and then adjusting to the rate year by taking into account known and measurable changes to rate base during the interim year and rate year. Based on the capital additions described in this filing, GMP's rate base reflects the 13-month average level of investment in the rate year. Doane & Bingel 1/16/26 pf. at 32.

97. GMP documents each budgeted capital project in a capital folder following the documentation standard established in Exhibit 2 to the Memorandum of Understanding ("MOU") between GMP and the Department from Case No. 17-3112-INV. GMP submitted capital folders for all capital projects in the interim and rate years. Hassan 1/16/26 pf. at 5-6, 11, 14.

98. GMP proposes \$133 million in capital additions during the rate year, exclusive of the supplemental resilience projects discussed above. 6/23/26 H'g Rec. Part 1 at [1:55:08] (Doane & Bingel); exh. GMP-LD-RB-1 (Rev. 3) at Section IV.A.1.i.

99. The renewal of GMP's ESS Tariff, subject to Commission approval, will result in \$17.4 million in capital investment in the rate year based on expected enrollment. Castonguay 1/16/26 pf. at 9.

Discussion

There is no outstanding disagreement between the Department and GMP regarding the \$133 million of Base Capital spending included in the FY27 rate year (this amount does not include GMP's supplemental resilience projects). As addressed in our discussion of the MYRP above, we authorize GMP to spend up to \$113.2 million on resilience projects over the four-year term of the MYRP. Our approval constitutes a cap for the full four-year period of the MYRP, without specifying how much money needs to be expended in any particular year during the MYRP. However, as discussed above, GMP may seek to increase the cap after conclusion of a future workshop process.

GMP is directed to revise its FY27 cost of service to reflect our authorized amount of resilience spending if necessary. To the extent GMP determines that any regulatory accounting processes included in the MYRP should be revised to reflect the reduced resilience budgets, GMP is directed to make those changes to the MYRP to be consistent with this order.

C. Return on Equity

100. There are several recognized financial models for assessing authorized ROEs for regulated utilities. Alongside financial models, important qualitative factors used to assess an appropriate ROE include broader economic considerations, characteristics of the industry or sector, jurisdiction-specific factors, and company-specific factors such as the utility's individual risk profile. Cynthia L. Zamora, Department ("Zamora") 4/20/26 (rev. 6/30/26) pf. at 16-23.

101. GMP's current credit rating from S&P Global Ratings ("S&P") is A- (Outlook: Stable). Because S&P considers GMP a core subsidiary of its corporate parent, GMP receives a one-notch uplift to its stand-alone credit profile, which had a previous rating of bbb+. Zamora 4/20/26 (rev. 6/30/26) pf. at 22.

102. GMP's current issuer credit rating is considered investment grade by S&P, which means the company continues to have access to the credit markets on reasonable terms and conditions. Zamora 4/20/26 (rev. 6/30/26) pf. at 22.

103. S&P states that GMP's credit quality is backed by a generally credit-supportive regulatory framework from the Commission and FERC. S&P also rates GMP's business risk profile as "excellent," a determination that is based in part on the fixed capital expenditure components of the current MYRP. Zamora 4/20/26 (rev. 6/30/26) pf. at 23.

104. It is appropriate to use a capital structure comprised of 50% common equity and 50% long-term debt when calculating GMP's weighted average cost of capital. Lieberman 1/16/26 pf. at 5-8, 67-68.

105. There are multiple accepted financial methodologies for performing a cost-of-equity analysis, including the Constant Growth Discounted Cash Flow ("DCF") model, the Multi-Stage DCF model, the Capital Asset Pricing Model ("CAPM"), and the Bond Yield Risk Premium methodology. Each methodology provides a different perspective on investor-required

returns, and no single methodology should be relied upon exclusively in determining a fair ROE. Lieberman 1/16/26 pf. at 41-53.

106. The DCF model is based on the concept that the price that an investor is willing to pay for a share of common stock is equal to the present value of all future income streams. The income stream includes dividend payments and the final price appreciation once the share of common stock is sold. The rate at which the expected income stream is discounted reflects the investor's perception of the risk associated with the future income stream. Zamora 4/20/26 (rev. 6/30/26) pf. at 26.

107. The CAPM is a risk premium model that describes the relationship between risk and expected return when pricing a security. CAPM estimates the cost of equity as the sum of the interest rate on a risk-free security plus a market risk premium. The yield on long-term U.S. Treasury bonds is typically used as the risk-free rate. The market risk premium represents the investor-expected incentive for holding the stock instead of a risk-free security. Zamora 4/20/26 (rev. 6/30/26) pf. at 36.

108. Although GMP faces power market, earnings, major storm-related outage and weather/temperature-related revenue risks, these risks are all mitigated by adjustors included in the MYRP, including the PSRRSA, the exogenous adjustors, and the ESAM. Poor and Enterline 4/20/26 pf. at 30.

109. One percentage point of change in GMP's proposed ROE (100 basis points) equates to roughly \$15 million in the cost of service, which is greater than 1% of the total cost of service. Poor and Enterline 4/20/26 pf. at 32.

Discussion

There are three essential steps in setting the weighted average cost of capital in a utility rate case. First, we determine an appropriate capital structure. Second, we determine the cost of each capital component. Third, we determine the cost of each component according to its proportion of the total capital structure. The sum of these weighted capital components is the weighted-average cost of capital.⁵⁸

⁵⁸ *Investigation into the tariff filing of Vermont Gas Systems, Inc. proposing a change in rates and use of the System Expansion and Reliability Fund*, Case No. 19-0513-TF, Order of 10/23/19 at 8.

In this case, the parties have agreed that GMP's cost of capital will be based on 50/50 debt-to-equity ratio plus or minus 1%, which will be carried forward as part of the MYRP. The parties have also agreed to the reasonableness of the debt included in GMP's cost of service. Our resolution of the cost of capital issue, therefore, is based on resolving the parties' dispute over the authorized ROE.

For the authorized ROE component of a utility's cost of service, our precedent is well settled that "[n]either the law nor regulatory precepts prescribe a specific methodology for setting the appropriate [ROE]."⁵⁹ The Commission therefore has discretion in determining an appropriate rate level.⁶⁰ The Commission has repeatedly emphasized that the critical element is the "reasonableness of the result" and not the methodology employed to reach it.⁶¹ The basic standard for an appropriate rate of ROE is as follows:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.⁶²

These principles have been incorporated into Vermont statute and have been endorsed repeatedly by the Vermont Supreme Court.⁶³

We begin our discussion on the authorized ROE issue by making clear that we are not wholly persuaded by either party's evidence or arguments on the appropriate ROE.

Based on its DCF, Multi-Stage DCF, CAPM, and Bond Yield Risk Premium analyses, GMP's witness testified that a reasonable range for GMP's ROE is approximately 9.91% to 10.91%, with a weighted mean of approximately 10.41%. Based on those analyses and GMP's

⁵⁹ *In re Green Mountain Power Corporation*, Case No. 7175, Order of 12/22/06 at 7.

⁶⁰ *Investigation into Green Mountain Power Corporation's Tariff Filing*, Case No. 8190, Order of 8/25/14 at 21-22.

⁶¹ *Id.*; *FPC v. Hope Natural Case Co.*, 320 U.S. 591, 602 (1944).

⁶² *Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n*, 262 U.S. 679, 692-93 (1923).

⁶³ Case No. 8190, Order of 8/25/14 at 21.

business risk profile, GMP's witness concluded that a fair ROE would be 10.50%. Nevertheless, GMP proposes to maintain its currently authorized ROE of 9.94% for FY27.⁶⁴

In contrast, the Department recommends that we set GMP's authorized ROE at 8.91%. The Department states that this recommendation, which amounts to a 103-basis-point reduction to GMP's proposal, would lower GMP's proposed cost of service by approximately \$15.5 million or 1.73%.⁶⁵ To develop this recommendation, the Department calculated a "zone of reasonableness" for GMP's ROE that ranged from 8.07% on the low end to 9.75% at the high end.⁶⁶ This analysis took into account the Department's modeling and calculations for a Constant Growth DCF analysis, a Multi-Stage DCF Analysis, and a CAPM analysis. The Department developed this range by breaking down the results of its modeling into three separate "sub-zones," including a Low-Risk Sub-Zone, an Average Risk Sub-Zone, and a High-Risk Sub-Zone. This approach was modeled off a recent order from FERC in its Opinion 594, which dealt with the ROE for New England's transmission owners.⁶⁷ The Department's proposed 8.91% falls within the middle of the Average Risk Sub-Zone, which has a lower bound of 8.63% and a higher bound of 9.19%.⁶⁸

We have some reservations about the calculations and methods used to arrive at the Department's proposed 8.91% authorized ROE. The Department's overall analysis is heavily reliant on historical data, including consideration of GMP's past authorized ROEs and historical earnings growth rates. However, as we noted in our discussion of the ROE components of the MYRP above, the current market dynamics do not reflect prior years. We also note that during the evidentiary hearing, the Department's cost-of-capital witness conceded that FERC would not authorize the use of the backward-looking analysis on which portions of the witness's opinions were based. Because the Department's bottom-line ROE recommendation relies in part on FERC precedent, its underlying analysis should largely remain consistent with FERC's approach. These concerns are far from fatal for the Department's overall ROE recommendation,

⁶⁴ Lieberman 1/16/26 pf. at 5-8, 67-68.

⁶⁵ Poor and Enterline 4/20/26 pf. at 32.

⁶⁶ Poor and Enterline 4/20/26 pf. at 32.

⁶⁷ Poor and Enterline 4/20/26 pf. at 32 (discussing *Martha Coakley, Attorney General of the Commonwealth of Massachusetts v. Bangor Hydro-Elec. Co.*, Opinion No. 594, 194 FERC ¶ 61,208, (2026)).

⁶⁸ Poor and Enterline 4/20/26 pf. at 32.

but they lead us to conclude that the Department's recommendation slightly understates the level at which GMP's ROE should be set.

Turning to GMP's testimony, we find that GMP's ROE-related evidence substantially understates the degree to which the MYRP shields GMP from downside financial risk. We recognize that there are broader financial and macro-economic factors, including inflation and regulatory uncertainty at the federal level, that affect how investors perceive the relative risk of investing in regulated utilities. We do not take issue with GMP's testimony on these more fundamental macro-economic considerations, which by and large affect all utilities equally.

GMP's cost-of-capital witness, however, also placed a heavy emphasis on GMP's own operational risks in determining an appropriate ROE for the company. For example, the witness cited GMP's construction-work-in-progress balance, unrecovered storm costs, regulatory lag, and other operational challenges as substantial financial risks for GMP even while it is operating under the MYRP. We disagree with this aspect of GMP's testimony. Unless GMP is subjected to a statutory penalty or regulatory disallowance, the ESAM all but ensures that GMP's actual ROE will remain within 100 basis points of its authorized ROE. This structure offers strong protection for GMP's downside risk. The MYRP's various other adjustors also largely ensure that GMP recovers—dollar-for-dollar—most of any unexpected costs or price volatility stemming from factors outside of GMP's control, such as major storms or fluctuations in wholesale power and transmission costs. Although these adjustors include various efficiency bands and deductibles, they are ultimately backstopped by the ESAM. It is true that these components of the MYRP correspondingly limit GMP's financial upside, but they offer a substantial degree of risk mitigation that is not present in traditional regulation in Vermont. From our perspective, GMP's witness greatly overstated GMP's business and operational risks while the MYRP is in place.

GMP also criticizes the Department's recommendation as being inconsistent with recently authorized ROEs for vertically integrated utilities in other jurisdictions. Although we remain mindful of ROEs set by other jurisdictions, those determinations are not dispositive to our analysis. Instead, our final determination on GMP's ROE must be grounded in our own independent assessment of GMP's relative risk and investor expectations.

On the whole, despite our reservations with portions of the Department's testimony, we find that the Department presented a more persuasive assessment of GMP's overall financial risk while operating under the MYRP. We are not, however, prepared to adopt the Department's proposed 8.91% ROE. Instead, we will set the authorized ROE at 9.05%. This value, which is 14 basis points above the Department's recommendation, is the midpoint between the "average" and "high" values in the Department's "Average Risk Sub-Zone."⁶⁹ It reflects our determination that the Department's testimony, though somewhat flawed, was more persuasive on the appropriate authorized ROE. This recommendation falls well within the zone of reasonableness established by the Department's testimony. It also reflects our policy determination that this authorized ROE is "reasonably sufficient to assure confidence" in GMP's financial stability and will be adequate for GMP to "raise the money necessary for the proper discharge of its public duties."⁷⁰

GMP is directed to revise its cost of service to incorporate a 9.05% authorized ROE and adjust its capital spending to reflect our determination on the amount of resilience spending to be completed over the term of the MYRP.

VI. CONCLUSION

We approve GMP's proposed MYRP subject to the changes required by this order. Specifically, GMP is directed to file a revised version of the MYRP (Exhibit GMP-LD-RB-1 (Rev. 3), filed July 1, 2026) that reflects the following changes:

- Removal of language from Section IV.A.3.1 that would authorize GMP to issue new debt during the term of the MYRP without seeking Section 108 approval;
- Revision of Section IV.A.1.iv to reflect the \$113.2 million of resilience spending that we authorize in this order;
- Any changes to regulatory accounting processes included in the MYRP to address the reduced resilience spending that we authorize in this order (if GMP determines that they are needed);

⁶⁹ Poor and Enterline 4/20/26 pf. at 29.

⁷⁰ *Bluefield*, 262 U.S. at 692-93.

- Revision of Section VI.B.1 to reflect a \$1.5 million materiality threshold for exogenous non-storm changes;
- Revision of Section VI.B.2 to reflect a \$1.5 million major storm deductible.
- Revision of Attachment 2 of the MYRP to change advance notice period from 15 to 30 days.

For the rate case, GMP is directed to make the following revisions to its cost of service:

- Reduce the authorized ROE to 9.05%;
- Make any changes necessary to reflect our decision to authorize \$113.2 million of resilience spending over the term of the MYRP.

VII. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission (“Commission”) that:

1. GMP may implement a rate increase consistent with this order on a bills-rendered basis on or after October 1, 2026.
2. Within five business days of this order, GMP must submit a compliance filing, including a revised cost of service, calculating the precise increase authorized by this decision.
3. Within five business days of this order, GMP must submit revised tariffs that are consistent with this Order.
4. GMP’s Multi-Year Rate Regulation Plan (“MYRP”) filed as Exhibit GMP-LD-RB-1 (Rev. 3), subject to the modifications discussed in this order, meets the criteria of 30 V.S.A. § 218d and is in the public good. The MYRP is approved to take effect on October 1, 2026. GMP must file an updated copy of the MYRP within ten business days. GMP is also directed file a redlined copy of the approved MYRP that shows all changes from the current MYRP.
5. GMP is directed to change the name of the "Current Energy/Major Storm Adjustor" line item on customer bills to “Rate Plan and Storm Adjustments” during the term of the MYRP.
6. GMP must file a clean copy of its SQRP filed as exhibit GMP-MB-8 in the compliance subcase in Case No. 25-1955-PET within 30 days of this order.

7. GMP is directed to file a petition requesting that the Commission open a workshop proceeding on its resilience planning processes and BCAs after it has consulted with the Department.

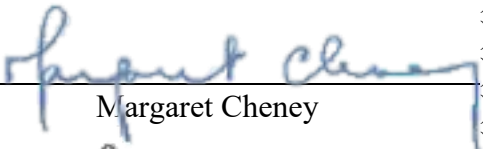
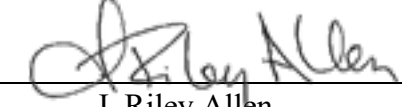
8. GMP is directed to consult with the Department on developing new affordability metrics. Within 90 days of this order, GMP is directed to file in the compliance subcase in Case No. 25-1955-PET a report summarizing the results of its discussions with the Department, including any proposed metrics. If GMP and the Department do not agree on an additional affordability metric, the Department is requested to make a separate filing with its recommendation.

9. GMP is directed to consult with the Department and file within 90 days of the issuance of today's order either (1) proposed revisions to its SQRP as a new petition case in ePUC for Commission review; or (2) a filing in the compliance subcase in Case No. 25-1955-PET explaining why revisions to the SQRP are not necessary, including the basis for that conclusion following consultation with the Department.

10. Within 90 days after GMP has filed its second year's reporting on the new resilience performance metrics included in the SQRP, GMP is directed to file a report or a performance metric framework evaluation for resilience and residential storage investments. The evaluation should be filed in a separate report case in ePUC. The Department must file its recommendation on the effectiveness of the performance metric framework and whether any changes should be made within 60 days after GMP files its report.

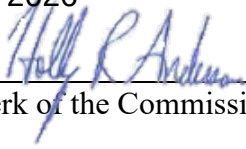
11. Within three months of this order, GMP is directed to file a status-update on the expected timing for its rate design case. This filing should be made as a new report case in ePUC.

Dated at Montpelier, Vermont, this 28th day of August, 2026.

	)	
Edward McNamara	)	PUBLIC UTILITY
	)	
	)	COMMISSION
Margaret Cheney	)	
	)	
	)	OF VERMONT
J. Riley Allen	)	

OFFICE OF THE CLERK

Filed: August 28, 2026

Attest: 
Clerk of the Commission

Notice to Parties: Appeal of this decision to the Supreme Court of Vermont must be filed with the Commission within 30 days. Appeal will not stay the effect of this order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Commission within 28 days of the date of this order.

PUC Case Nos. 26-0096-TF & 25-1955-PET- Joint Service List

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