

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 23-1852-TF

Tariff filing of Green Mountain Power Corporation for approval of its FY24 Annual Base Rate, October 1, 2023 to September 30, 2024

VERMONT DEPARTMENT OF PUBLIC SERVICE RECOMMENDATION

On June 1, 2023, Green Mountain Power Corporation (“GMP” or “the utility”) filed a petition in the above-referenced proceeding for approval of its Fiscal Year (“FY”) 2024 annual rate base, which will take effect beginning October 1, 2023 (“Petition”). Overall, GMP is requesting a rate increase of 5.29% for FY24. This rate increase is a function of GMP’s Multi-Year Regulation Plan (“MYRP” or “Rate Plan”), approved by the Vermont Public Utility Commission (“Commission”) in Case No. 21-3707-PET.

Specifically, GMP’s proposed 5.29% rate increase is attributable to the following:

- Power Supply Costs – The Russian invasion of Ukraine, concerns over winter fuel supply in Europe, and inflationary pressures have generally resulted in increased power costs for electric utilities, including GMP. Overall, power supply costs account for over half of GMP’s requested rate increase in its Petition;
- Updated Operation and Maintenance (“O&M”) Costs – Most O&M costs are locked-in for the term of the MYRP, and the remaining unlocked O&M costs are subject to change based on a formulaic inflation adjustment or updated forecasts. Overall, updated O&M costs represent a 1.01% increase over FY23 costs;
- Climate Plan and Broadband Deployment Rider Projects – GMP’s FY24 rate base filing includes the final year of GMP’s Climate Plan projects. This inclusion amounts to a 0.22% increase over FY23 rates. Broadband Deployment Rider projects add an additional 0.02% over FY23 rates.

The Vermont Department of Public Service (“Department”) conducted a thorough review of GMP’s requested rate increase in the above-referenced proceeding. Specifically, the Department: (1) scrutinized GMP’s rate base filing; (2) requested information from and met with

GMP to discuss the various rate components comprising the rate increase; (3) revisited GMP's MYRP to ensure costs in this proceeding comply with GMP's Rate Plan; and (4) considered the public comments submitted to the Commission. As previously mentioned, this rate increase is mostly attributable to increases in power supply costs, which are incorporated into rates subject to GMP's MYRP, as approved by the Commission. Based on the Department's thorough review, the Department has concluded that GMP's requested rate increase of 5.29% is legitimate given the utility's approved MYRP and, therefore, just and reasonable.

Notably, GMP has not included the two-year ISO-New England cost-of-service contract for the Mystic Generating Station ("Mystic") in its FY24 base rate filing. Throughout FY23, the month-to-month charges imposed by the regional Mystic contract have been volatile and unpredictable because the Mystic charges are driven primarily by the netting of two highly variable quantities: (1) the cost of liquefied natural gas ("LNG") purchases at the Everett Marine Terminal and the revenues that those purchases generate through resales of natural gas; and (2) and generation of power at Mystic. In addition, some of the specific drivers of the costs, like volumes of LNG purchases and pricing terms, are not transparent to customers paying for these decisions through their utilities, or to the utilities themselves. For these reasons, GMP maintains there is not a reliable, known measurement upon which to build such costs into base rates. As Mystic become known, GMP provides that these costs will be built into rates via GMP's power supply adjustor. The Department finds this treatment of Mystic costs to be reasonable.

Finally, the Department has reviewed the 24 public comments submitted in this proceeding. In sum, commenters note that the effects of current economic stressors faced by Vermonters will only be worsened by higher electric costs and, thus, each commenter requests that the Commission deny GMP's requested rate increase. The Department understands the difficulties Vermonters

face as electric rates continue to rise, and the Department will continue to monitor GMP's rates to ensure embedded costs are appropriately managed by the utility.

Given the above, the Department concludes that GMP's 5.29% rate increase, as explained in its Petition, is proper given the utility's MYRP and, thus, respectfully recommends that the Commission approve this rate increase without further hearings or investigation.

Dated at Montpelier, Vermont this 1st day of August, 2023.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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