

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 18-0974-TF

Tariff filing of Green Mountain Power Corporation requesting a 5.45% increase in its base rates effective with bills rendered January 1, 2019, to be fully offset by bill credits through September 30, 2019

PREFILED SUPPLEMENTAL SURREBUTTAL TESTIMONY OF

JACOB M. THOMAS

ON BEHALF OF THE

VERMONT DEPARTMENT OF PUBLIC SERVICE

October 23, 2018

Summary: This supplemental testimony is provided to present a revised cost-of-service (“COS”) model for the Department of Public Service’s rate adjustment recommendation. The Department has revised its COS model to account for the inclusion of a series of transmission and distribution projects in rate base, the costs of which the Department previously recommended be disallowed. The COS model was also revised to account for minor calculation errors in the modeling. The Department now recommends that the Commission approve a base rate increase of 5.25%.

Mr. Thomas Sponsors the Following Exhibits:

Exhibit PSD-JMT-3-REV Department's Revised Adjusted Cost of Service Model

Supplemental Surrebuttal Testimony
of
Jacob M. Thomas

1 **Q1. Please state your full name, address, and occupation.**

2 A1. My name is Jacob M. Thomas. My business address is 1850 Parkway Place, Suite 800,
3 Marietta, Georgia 30067. I am a Senior Project Manager of the firm GDS Associates,
4 Inc. ("GDS"). I am a registered engineer in Georgia.

5
6 **Q2. Did you previously provide surrebuttal testimony in this matter?**

7 A2. Yes, I provided prefiled surrebuttal testimony on behalf of the Department of Public
8 Service (the "Department") in this matter on October 8, 2018.

9
10 **Q3. Please summarize the purpose of this supplemental surrebuttal testimony and a
11 revised cost-of-service ("COS") model.**

12 A3. After further communications with Green Mountain Power ("GMP") personnel and
13 review of the Department's revised COS model, which was shown in Exhibit PSD-JMT-
14 3 as part of my prefiled surrebuttal testimony, we recognized that the Department's COS
15 model had not correctly adjusted the Tesla Powerwall program impacts. Furthermore,
16 since filing that exhibit, as discussed in more detail below, the Department has agreed to
17 not recommend removal of several transmission and distribution line projects which we
18 had recommended be removed in the revised COS model. Therefore, the COS model was
19 revised to correct for those issues.

20

1 **Q4. Have you prepared a corrected version of the Department's COS model?**

2 A4. Yes. I have attached Exhibit PSD-JMT-3-REV, which includes the revised version of the
3 Department's COS model that reflects the Department's revised recommended
4 adjustments.

5
6 **Q5. Can you explain the adjustments you have made with respect to the Tesla Program?**

7 A5. Yes. The Department still recommends that the Tesla Powerwall program be removed.
8 However, in reflecting removal of that program, I need to correct a few items in the COS
9 model. First, the Department did not reflect removing any power cost or transmission
10 cost savings from the COS model. We originally were unable to find where GMP was
11 adjusting power supply costs to reflect these savings and therefore did not make an
12 adjustment in the COS model. However, the Department and GMP discussed the COS
13 modeling directly, and GMP personnel described how the Company indeed modeled for
14 those power cost savings. We then independently verified the Powerwall savings were
15 incorporated into GMP's own COS model. Therefore, the Department's COS model now
16 reflects adding back reductions in power supply costs and transmission costs that GMP's
17 model reflects associated with the Tesla Powerwall program. Second, I relied upon
18 Exhibit GMP-JC-3-Rev to make other adjustments to the COS to reflect Tesla Powerwall
19 program impacts. GMP, however, clarified that exhibit GMP-JC-3-Rev was not reflective
20 of GMP's adjustment of GMP COS schedule for additional units in the test year.
21 Therefore, I have also revised adjustments for other revenue, plant in service,
22 accumulated depreciation, and ADIT to reflect the correct revised schedule. The revised

1 Tesla Powerwall adjustments are reflected in Exhibit PSD-JMT-3 REV, Schedule 5
2 Adjustment PSD 10b and Schedule 6.
3

4 **Q6. Can you explain the adjustments you have made with respect to Distribution Lines**
5 **Large?**

6 A6. Yes. After the Department filed its surrebuttal testimony, GMP advised the Department
7 that some of Mr. Kevin Mara's disallowance recommendations for Distribution Lines
8 Large projects related to projects that were included in last year's rate case (Case 17-
9 3112-TF). The Department independently verified that while these projects were not
10 individually included in last year's rate case, the costs for these projects were indeed
11 included in the distribution lines blanket approved by the Commission last year. The
12 Department therefore believes that it would be appropriate to withdraw its
13 recommendation on these projects, which include the following projects:

- 14 • 153950: Line 74 - Section II;
- 15 • 157361: Westminster Rt5 – Hendrix;
- 16 • 141211: Coolidge State Park;
- 17 • 141961: Spear St 32G7 & 78G2 Tie Line;
- 18 • 149662: Tie Line L51 & L11 Bennington;
- 19 • 149663: Pownal Tie w/ Bennington;
- 20 • 150420: Hydeville Line 4

21
22 The Department, however, still maintains its recommendation regarding project 153588:
23 Line 74 – Section 1. For that project, Mr. Mara recommended a \$13,871 adjustment,
24 which is still reflected in the Department's revised COS.
25

1 Exhibit PSD-JMT-3 REV, Schedule 8 shows the changes made to reflect this new
2 position. Those rows highlighted in gray have changed from the Department COS filed
3 on October 8, 2018 and the revised COS. The adjustments to reflect the change are
4 shown on Exhibit PSD-JMT-3-REV, Schedule 9 and create Adjustment PSD 12.

5
6 **Q7. Can you explain the adjustments you have made with respect to Transmission**
7 **Lines?**

8 A7. Yes. Similar to the distribution adjustments discussed above, subsequent to filing its
9 surrebuttal testimony, GMP advised the Department that GMP identified three
10 transmission projects for which Mr. Mara made adjustment recommendations that GMP
11 believes to have been included in last year's rate case. These three projects are:

- 12 • 135206: Riverside MOAB;
- 13 • 153593: MOAB Jeffersonville 191 & 436;
- 14 • 153590: MOAB Thetford 926 & 927.

15 The Department has independently verified that each of these projects were included in
16 the rates approved by the Commission last year, and therefore agrees to withdraw its
17 recommendations on these projects. As a result, Mr. Mara's recommendation for
18 Transmission Lines changes from a \$1,482,011 downward adjustment in plant in service
19 to a \$767,055 downward adjustment. The adjustments to reflect the change are shown on
20 Exhibit PSD-JMT-3 REV, Schedule 10 and create Adjustment PSD 13.

21
22 **Q8. Can you describe the resultant difference in GMP's revised COS and the**
23 **Department's revised COS?**

1 A8. The total impact of all the adjustments recommended by Department witnesses to GMP's
2 revised COS is a reduction in adjusted total cost to serve of \$0.801 million, as shown on
3 Schedule 1 of Exhibit PSD-JMT-3-REV, resulting in a required base rate revenue
4 adjustment of 5.25%, compared to the 5.43% increase recommended by GMP. When the
5 one-time bill credit for corporate tax reform is taken into account, the Department's COS
6 shows a 1.08% reduction in bottom-line net revenues, compared to a 0.90% reduction as
7 reported by GMP.

8

9 **Q9. Does that conclude your testimony?**

10 Q9. Yes.