

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 20-1407-TF

Tariff filing of Green Mountain Power Corporation for approval of its FY21 Base Rates, which requests no change to base rates for October 1, 2020, to September 30, 2021, effective on bills rendered on or after October 1, 2020	
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Order entered: 08/27/2020

**ORDER SETTING BASE RATES FOR FISCAL YEAR 2021**

In today's Order, the Vermont Public Utility Commission ("Commission") approves the tariff filing of Green Mountain Power Corporation ("GMP" or the "Company") reflecting no change to GMP's base rates. This is the second annual filing<sup>1</sup> for base rate adjustments made pursuant to GMP's Multi-Year Regulation Plan ("MYRP") that the Commission approved in case number 18-1633-PET.<sup>2</sup> A substantial portion of GMP's overall cost of service has been fixed for ratemaking purposes through formulaic line-item adjustments that were approved under the MYRP. The adjustments associated with this tariff filing would result in a revenue surplus of \$346,000, equating to a 0.06% decrease in base rates.

In a separate petition (case number 20-1401-PET), GMP is seeking authorization to change how variances in the Company's power supply and storm costs are collected or returned to customers under the MYRP and to apply any final revenue surplus to offset any power supply or storm costs owed by customers.. The Commission is issuing a separate Order that grants GMP's request and allows the \$346,000 revenue surplus to be used to offset owed power supply and storm costs. As a result, customers will experience no change in base rates.

The Commission received two public comments from residential customers on GMP's annual base rate filing. One customer expressed concern that GMP was not passing the revenue

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<sup>1</sup> The initial base rate filing was approved by the Commission last year. See Tariff filing of Green Mountain Power Corp., Case No. 19-1932-TF, Order of 8/29/19.

<sup>2</sup> Petition of Green Mountain Power Corp., Case No. 18-1633-PET, Order of 5/24/2019.

surplus on to customers through reduced rates.<sup>3</sup> The second customer applauded GMP for proactively supporting its customers through the economic impacts of the COVID-19 pandemic.

On July 31, 2020, the Vermont Department of Public Service (“Department”) filed its recommendation on GMP’s tariff filing. The Department states that it conducted an exhaustive review of GMP’s filing materials, including a detailed audit of all underlying calculations, supporting schedules, and documentation supporting capital investments. The Department explains that it verified that GMP correctly calculated each formulaic adjustment required under the MYRP. The Department also states that it scrutinized GMP’s base rate schedules to ensure that GMP’s proposed rate adjustments are consistent with the capital spending limits approved by the Commission under the MYRP. The Department concludes that GMP’s filing does not include any calculation errors and that the filing does not include any discretionary spending that has not already been subjected to regulatory review. The Department does not recommend any adjustments to GMP’s annual base rate filing.<sup>4</sup>

In its recommendation, the Department explains that the calculation prescribed by the MYRP has resulted in a substantial reduction to GMP’s authorized rate of return on equity investments (“ROE”). Under the MYRP, the authorized ROE is calculated based on fluctuations in the yield on 10-Year Treasury Notes, which has dropped precipitously as a result of disruptions to financial markets caused by the COVID-19 pandemic. The Commission emphasizes that the reduction of GMP’s ROE from 9.06% to 8.20% is based exclusively on the results of the ROE formula set forth in the MYRP.

Based on our review of the tariff filing and the Department’s recommendation, we approve GMP’s tariff filing for no change in base rates. We note that the 0.06% revenue sufficiency will be used to offset the power supply and storm adjustments authorized by the Commission in case number 20-1401-PET.

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<sup>3</sup> We note that the decision on whether to offset the decrease to the base rates is being considered under case number 20-1401-PET.

<sup>4</sup> The Department raised concerns because it does not agree that certain costs included in GMP’s preliminary project list should be classified under GMP’s proposed Climate Plan. The Climate Plan is being reviewed by the Commission in case number 20-0276-PET. The Department notes that the issue does not affect the FY 2021 base rate filing but may affect its review of the FY 2022 base rate filing should GMP classify the identified costs under the Climate Plan.



PUC Case No. 20-1407-TF - SERVICE LIST

Parties:

Malachi T. Brennan  
Dunkiel Saunders  
91 College Street  
PO Box 545  
Burlington, VT 05401  
mbrennan@dunkielsaunders.com

(for Green Mountain Power Corporation)

Daniel C. Burke, Esq.  
Vermont Department of Public Service  
112 State Street  
Third Floor  
Montpelier, VT 05620-2601  
dan.burke@vermont.gov

(for Vermont Department of Public Service)

Geoffrey Hand, Esq.  
Dunkiel Saunders Elliot Raubvogel & Hand,  
PLLC  
91 College Street  
PO Box 545  
Burlington, VT 05402  
ghand@dunkielsaunders.com

(for Green Mountain Power Corporation)