

Green Mountain Power
Multi-Year Regulation Plan

Effective Tax Rate =

0.27715

Schedule E
Capital Structure and Weighted Average Cost of Capital - \$ in o00s

Capital Structure Annual Projection	Proportion of Total Percentage	Cost Rate Percentage	Cost of Component Percentage	Cost of Pre Tax Percentage
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Refreshed FY 2022 Base Rate Filing as of June 1, 2021

FY 2022 Cost of Capital

Long-Term Debt Bonds	771,976	44.94%	4.78%	2.15%	2.15%
Short-Term Debt Bank Loans	79,721	4.64%	4.25%	0.20%	0.20%
Total Debt	851,698	49.58%	4.73%	2.35%	2.35%
Common Equity	866,196	50.42%	8.57%	4.32%	5.98%
Total Capital	1,717,894	100.00%		6.67%	8.33%

FY 2022 Base Rate as of 9/12/19 Compliance Filing

FY 2022 Cost of Capital

Long-Term Debt Bonds	771,976	44.94%	4.78%	2.15%	2.15%
Short-Term Debt Bank Loans	79,721	4.64%	4.25%	0.20%	0.20%
Total Debt	851,698	49.58%	4.73%	2.35%	2.35%
Common Equity	866,196	50.42%	9.33%	4.70%	6.51%
Total Capital	1,717,894	100.00%		7.05%	8.86%

Green Mountain Power
Multi-Year Regulation Plan

Fixed / Unchanged

Capital Structure and Weighted Average Cost of Capital - \$ in oooos

Schedule E1: Projected First Mortgage Bond Debt Balances

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19						
	\$ 729,830	\$ 714,830	\$ 714,830	\$ 749,830	\$ 749,830	\$ 749,830	\$ 749,830						
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	13 Month Average
FY 2020	\$ 749,830	\$ 749,830	\$ 774,830	\$ 774,830	\$ 774,330	\$ 773,500	\$ 773,500	\$ 773,500	\$ 798,500	\$ 798,500	\$ 798,500	\$ 789,500	\$ 775,306
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
FY 2021	\$ 789,500	\$ 789,500	\$ 759,500	\$ 759,500	\$ 759,000	\$ 758,145	\$ 758,145	\$ 758,145	\$ 758,145	\$ 758,145	\$ 758,145	\$ 758,145	\$ 765,655
	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	
FY 2022	\$ 758,145	\$ 758,145	\$ 783,145	\$ 783,145	\$ 775,145	\$ 774,260	\$ 774,260	\$ 774,260	\$ 774,260	\$ 774,260	\$ 774,260	\$ 774,260	\$ 771,976

Schedule E1: Projected Borrowings Under the Long-Term Revolver

												Sep-19	
												\$ 121,973	
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	13 Month Average
FY 2020	\$ 116,445	\$ 123,714	\$ 118,249	\$ 106,412	\$ 100,193	\$ 102,394	\$ 82,199	\$ 84,073	\$ 83,979	\$ 73,434	\$ 70,520	\$ 85,780	\$ 97,644
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
FY 2021	\$ 87,208	\$ 85,645	\$ 127,560	\$ 117,727	\$ 113,631	\$ 116,686	\$ 95,918	\$ 95,296	\$ 112,564	\$ 98,029	\$ 92,932	\$ 95,155	\$ 101,856
	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	
FY 2022	\$ 102,700	\$ 101,705	\$ 92,716	\$ 80,832	\$ 81,846	\$ 84,482	\$ 63,725	\$ 63,394	\$ 81,391	\$ 66,026	\$ 59,954	\$ 62,451	\$ 79,721

Narrative Description

Balances for first mortgage bonds and borrowings under the long-term credit revolver reflect month-end balances as projected in most recent financial forecast. Balances for the First Mortgage Bonds are the net of planned new issuances and scheduled redemptions. For information on interest rates assumptions, please refer to source documents referenced below.

Outer Years Fixed or to be Reforecast:	Cost of debt and debt balances are fixed for the term of the Plan based on a 3-year forecast, subject to any additional capital expenditures authorized by the Commission under the Plan, which may necessitate associated debt issuances.
Expense subject to Adjustor:	None
Reference to Annual COS File(s):	GMP 2020 COS PUC Compliance Filing.xlsx, cost of capital tab; GMP 2021 COS PUC Compliance Filing.xlsx, cost of capital tab ; GMP 2022 COS PUC Compliance Filing.xlsx, cost of capital tab
Source Detail Document(s):	Rate Year 2020-2022 Capital Structure 6-7-19.xlsx COS Supp Doc - ST LT Interest Rates FY 2020 2021 2022.xlsx

Capital Structure and Weighted Average Cost of Capital - \$ in o00s
Schedule E2: Projected Equity Balances

												Sep-19 \$ 840,060	
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	13 Month Average
FY 2020	\$ 847,898	\$ 853,750	\$ 845,617	\$ 852,979	\$ 859,533	\$ 854,430	\$ 858,326	\$ 861,832	\$ 848,655	\$ 856,793	\$ 865,460	\$ 860,024	\$ 854,258
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
FY 2021	\$ 852,681	\$ 858,154	\$ 855,149	\$ 861,001	\$ 865,781	\$ 861,618	\$ 864,239	\$ 867,200	\$ 860,194	\$ 866,887	\$ 875,441	\$ 870,979	\$ 863,027
	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	
FY 2022	\$ 854,273	\$ 858,889	\$ 856,611	\$ 863,843	\$ 869,677	\$ 865,481	\$ 867,576	\$ 870,260	\$ 862,878	\$ 869,486	\$ 877,892	\$ 872,708	\$ 866,196

Narrative Description

Equity balances are month-end as projected in most recent financial forecast and include an adjustment to remove non-utility operations impact on overall company equity. Projections reflect net income and dividends.

Outer Years Fixed or to be Reforecast:	Equity balances are fixed for the term of the Plan based on a 3-year forecast, subject to any additional capital expenditures authorized by the Commission under the Plan, which may necessitate associated changes in equity funding.
Expense subject to Adjustor:	None
Reference to Annual COS File(s):	GMP 2020 COS PUC Compliance Filing.xlsx, cost of capital tab; GMP 2021 COS PUC Compliance Filing.xlsx, cost of capital tab ; GMP 2022 COS PUC Compliance Filing.xlsx, cost of capital tab;
Source Detail Document(s):	Rate Year 2020-2022 Capital Structure 6-7-19.xlsx

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Multi-Year Regulation Plan

Refreshed Per Plan

Capital Structure and Weighted Average Cost of Capital - \$ in 000s
Schedule E3: Allowed ROE

Refreshed FY 2022 Base Rate Filing as of June 1, 2021

Formula:

$$ROE_t = ROE_{t-1} + [0.50 \times (10B_t - 10B_{t-1})]$$

	Measurement 12/31/2018	FY 2020	FY 2021	FY 2022
Base ROE	ROE_{t-1} 9.30%	9.30%	9.06%	8.20%
May 15 (3 month daily average), 10-Year Bond (based on Consensus Economics forecast)		2.55%	0.84%	1.6%
Base 10-year Bond (3 month avg. ended December 31, 2019 in year 1, May 15 update years 2 and 3)	3.04%	3.04%	2.55%	0.84%
ROE t		9.06%	8.20%	8.57%

FY 2022 Base Rate as of 9/12/19 Compliance Filing

Formula:

$$ROE_t = ROE_{t-1} + [0.50 \times (10B_t - 10B_{t-1})]$$

	Measurement 12/31/2018	FY 2020	FY 2021	FY 2022
Base ROE	ROE_{t-1} 9.30%	9.30%	9.06%	9.23%
May 15 (3 month daily average), 10-Year Bond (based on Consensus Economics forecast)		2.55%	2.90%	3.1%
Base 10-year Bond (3 month avg. ended December 31, 2019 in year 1, May 15 update years 2 and 3)	3.04%	3.04%	2.55%	2.90%
ROE t		9.06%	9.23%	9.33%

Narrative Description

In this formula, 50% of the change in the 10-yr Treasury bond yield will determine the adjustment to ROE. The starting (or base, also reflected as t-1) bond yield in the first year of the Plan will be determined by taking the daily average for the three month period ended December 31, 2018 (i.e., October 1, through December 31 trading days), as reported by the U.S. Department of the Treasury, Daily Treasury Yield Curve Rates, found at <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2019>. The annual update adjustment will be measured on May 15th of each year of the Plan. The bond yield at time "t", will be determined by taking the daily average of the 3 calendar months prior to and including the adjustment date, i.e. February 16th to May 15th, using the same U.S. Department of Treasury data indicated above. This adjustment will be shown in the Annual Base Rate filing each year. For each subsequent year of the Plan, the starting bond yield ("t-1") will reflect the prior year's three-month daily average, as reflected in the Annual Base Rate filing for the prior year, such that the ROE adjustment takes place at the beginning of each fiscal year and is keyed to year-to-year changes in average yields based on the 3-month daily average ending May 15th.

Outer Years Fixed or to be Reforecast:

FY 2022 has been Refreshed

Expense subject to Adjustor:

None

Reference to Annual COS File(s):

Source Detail Document(s):

PUC Compliance ROE Adjustment Calc 9.3.2019; 2021 ROE Adjustment Calc.xlsx; 2022 ROE Adjustment Calc.xlsx