

Multi-Year Regulation Plan Major Elements Summary (Comparison between GMP & DPS/REV Positions)

Category	Element	Summary of Original GMP Position	Summary of DPS & REV Positions	GMP Rebuttal Position/Revised Plan
Infrastructure Costs	Capital Expenditures	Locked in ~\$85 million/year spending for each year of regulation plan, with limited exceptions, and total Closed to Plant during Plan term of \$256.5.	DPS agrees w/ cap approach & proposed amount (\$256.5 over term of plan); also accepts limited exceptions. DPS requests PUC approval of any innovative pilot programs with spending above \$5M before those are included in rates.	GMP agrees ; maintains same base capital spending proposal for Plan term. GMP accepts DPS proposal on new initiatives. In addition to original exceptions for strategic opportunities & new initiatives, Revised Plan provides opportunity for GMP to file Climate Resiliency Plan in future, subject to PUC review and approval.
	Depreciation	1) Set up front, based upon forecasted cost by rate year through 2022 due to set capital spend by year. 2) Adjusted for adoption of new depreciation study to be applied starting FY2021. Locked in \$/year, adjusted only for depreciation study in FY21 and FY22.	DPS requests set depreciation amount for term of Plan (no annual updates), including taking into account impact of depreciation study up front. Information will be used to “calibrate” productivity factor set at beginning of plan and then adjusted by I-X formula during term of plan.	GMP does not believe DPS I-X proposal is appropriate at this time due to lack of clarity on how to operationalize/implement it; also adds complexity and uncertainty. Instead, to address DPS recommendations, GMP proposes to forecast and lock all non-power costs, including depreciation, for term of the Plan based on reviewed three-year forecast at start of the Plan (including impacts of updated depreciation study in forecast for FY21 & FY22).
	Property Taxes	Set based upon forecasted cost by rate year through 2022, based upon set capital spend by year and inflation expectations. Locked in \$/year.	DPS –Same as Depreciation above.	Same as Depreciation above.
Power Supply, Transmission, Revenue	Energy, Capacity, RECs, Ancillary Services, Transmission Generation O&M Costs & Revenue	Forecasted annually through FY2022, as filed no later than 3 months prior to start of rate year (i.e., no later than July 1 for Oct. 1 start). Adjustors used to true up power costs and retail revenue. See below.	DPS accepts general PSA structure and retail revenue adjustor. DPS requests to change components of PSA (by removing approximately \$20M, including all Gen O&M and other items as described). Components removed from PSA would instead be added to base rates and adjusted under I-X formula.	GMP & DPS agree on power supply and retail revenue forecast and use of quarterly PSA adjustor. GMP disagrees with DPS proposal to move some power cost categories out of PSA. Categories proposed to be moved do not meet the criteria advanced to justify the move & Department’s changes create a more complex and less transparent process that may not yield material benefit for customers.

Financing Costs	Debt	Detailed known and measurable costs for RY19. Forecasted annually for each rate year 2020-22, as filed no later than 3 months prior to start of rate year.	DPS – Same as Depreciation, above.	Same as Depreciation, above, locking nonpower costs w/ carve out for adjustment to account for any increases associated with any PUC approved changes in plant/rate base under capital spending exceptions.
	Equity	Set number based on witness testimony/evidence from 2019 rate case, adjusted by indexing annually 2020-22 and modest performance-based ROE adjustments, if achieved. Proposed 50/50 debt/equity ratio for life of plan, +/-1%.	DPS accepts indexed ROE. DPS requests different indexing methodology using 50% of change in 10-Year Treasury Note as measured over a period of days each year. No deadband. DPS rejects ROE adders for achieve stretch goals for Customer Service performance metrics. REV also rejects this.	DPS & GMP agree to ROE indexed. GMP does not agree to DPS’s methodology because GMP’s method is less volatile and better tracks actual market conditions compared to DPS proposal. GMP accepts DPS/REV proposal to drop these.
Other Costs	O&M	O&M Platform adjusted for inflation through 2022, period of merger platform. Off platform O&M items subject to reforecast yearly for inflation and payroll changes, as filed no later than 3 months prior to start of rate year.	DPS requests continuation of O&M Platform through 2022 but seeks to incorporate these into I-X formula (see Depreciation, above). DPS requests regarding non-platform O&M to forecast once at beginning of Plan and/or use to adjust or inform development of X factor.	GMP proposes to continue accounting for O&M Platform savings through the 10-year period as set forth in its original Plan. DPS proposal adds complexity & uncertainty; appears inconsistent with Docket 7770 Merger Savings obligations. GMP proposes for non-platform costs to forecast and locked at beginning of Plan based on three-year forecast.
	Taxes: Federal, State, & Other non-Prop Taxes	Detailed known and measurable costs for RY19. Forecasted annually for each rate year 2020-22, as filed no later than 3 months prior to start of rate year.	DPS requests forecast once and/or used to establish and calibrate X factor at beginning of Plan. Non-revenue taxes would be adjusted by I-X. DPS proposes revenue tax would be adjusted annually.	Same as Depreciation, above. Lock all taxes except income/revenue-based taxes through reviewed forecast at start of Plan. GMP agrees that income GRT and other revenue dependent categories require annual adjustment.
	Equity in Affiliates	Detailed known and measurable costs for RY19. Investments and earnings forecasted annually for each rate year 2020-22, as filed no later than 3 months prior to start of rate year. Any investments in new affiliates subject to PUC approval.	DPS – Same as Depreciation, above. DPS accepts proposal for seeking Commission approval for new EIA contributions.	Same as Depreciation, above. DPS and GMP agree on exception requiring PUC approval of any investments in new affiliates.
	Other Items	Detailed known and measurable costs for RY19. Forecasted or calculated annually for each rate year 2020-22, as filed no later than 3 months prior to start of rate year.	DPS requests to forecast once at beginning of Plan and/or use to “calibrate” the X factor; then adjusted only by I-X formula, same as Depreciation, above.	Same as Depreciation, above.

Refresh & Adjustors	Revenue & Power Supply Adjustor (PSA)	Plan proposes a new retail revenue adjustor for decoupling and an improved power supply adjustor that better aligns GMP incentives to control power costs with customer incentives to reduce energy spending. Quarterly true-up proposed.	DPS accepts general PSA structure and retail revenue adjustor, and quarterly true-up. DPS requests to change components of PSA (by removing approximately \$20M, including all Gen O&M). Components removed from PSA would be added to base rates and adjusted under I-x formula. DPS requests to change deadband to +\$150,000 & -\$307,000 (plus 10% of Component B outside of efficiency Band).	DPS and GMP agree on these features. GMP disagrees with changes in power supply components and deadband, as described in rebuttal testimony.
	Exogenous (including Storm) Adjustor	Plan proposes new ongoing \$8M/yr collection of exogenous costs booked to regulatory account to cover accumulated costs in current regulation plan and allow greater certainty and reduced volatility from Major Storm recovery. Same thresholds/storm deductible.	DPS accepts proposal.	GMP rebuttal continues proposed \$8M/yr storm collection but that amount will be used to cover existing stacked storm costs already incurred at beginning of the Plan; these costs have increased significantly due to more severe climate-change driven storms. In addition, major storms occurring during the term of the Plan will be collected on a quarterly basis, in the second quarter after the storm. \$1.2M annual major storm deductible will continue to apply.
	Earnings Adjustor Sharing Mechanism (ESAM)	Plan proposes a new, modest ESAM with 50+/- dead band and symmetrical sharing 50/50 of over -or under-earning outside dead band through next 50 +/- bps, with 100% customer return/collection beyond sharing band. Other provisions of Plan will limit need for ESAM, but it is a backstop.	DPS agrees that ESAM is appropriate. DPS requests different structure: Deadband = 50 bp above, 100 bp below. Sharing 50/50 sharing for 50-100 bp above, and between 100-200 bp below. Actual earnings are 201 bp below or 101 above, entire impact or benefit flows to customers.	GMP disagrees with DPS structure because changes in Revised Plan (including locking all non-power costs) justify keeping GMP's originally proposed narrow deadbands and sharing bands.

Other	Innovative Pilots	Plan continues strong current program.	DPS agrees to continue innovative pilot program. DPS requests requiring PUC approval before commencing any pilot that involves including more than \$5M in rate base. DPS also requests plan for providing same benefits to customers and third parties as provided in direct GMP program. REV requests that GMP’s innovative work should be limited in competitive markets and done through a separate affiliate. If continued in present form, REV should be more involved in consultation, and there should be greater opportunity for 3rd party involvement and benefits for 3rd party pilots. REV requests a more formal role in pilot review and that all documents be included in Plan itself.	DPS and GMP agree that innovative pilot program should continue. GMP accepts DPS proposal for seeking PUC approval of innovative pilots programs greater than \$5M before program goes into rates. GMP proposes to pursue more third-party pilot offerings that provide "comparable" benefits. GMP disagrees with REV position that innovative work should be done through non-regulated affiliate; GMP focuses on returning benefits of innovative work directly to customers; affiliate structure would not support that approach and be worse for customers. GMP open to further direct collaboration with REV on pilots and is working on expanding scope and benefits of Bring Your Own Device pilot. Attachment 2 now contains referenced documents.
	Innovation & Performance Metrics	Plan incorporates Service Quality and Reliability Plan, proposes small ROE adjustments for superior performance on customer service stretch goals, and includes Innovation metrics for measurement.	DPS requests additional metrics; removes ROE adjustment for Service Quality/Customer Service goals. REV requests additional metrics and alignment with state policy goals; proposes symmetrical performance incentives; suggests that incentives be set at beginning of Plan.	GMP proposes additional metrics requested by DPS and REV, except those that are duplicative, cannot be easily tracked, or that seek information that is better obtained from others. GMP accepts removing performance incentives related to SQRP stretch goals, which resolves DPS and REV comments.
	Cloud capital expenses New Initiatives cap ex	GMP suggests cloud-based projects should be treated as capital cost, not expense, per evolving business model as recommended by NARUC. Plan also proposes greater spending flexibility for new initiatives that are positive for customers.	DPS does not object to cloud capital proposal or to new initiative spending exception.	GMP and DPS appear to agree on these issues.
	Opener for Unforeseen Strategic Cap Ex	Plan proposes provision to allow request recovery of unforeseen but important capital projects for customers (i.e., strategic hydro acquisition).	DPS agrees with this proposal.	DPS and GMP agree.
	Ability to seek rate case—exit clause	Plan allows GMP or Department to suspend plan and go to traditional case if costs become materially disconnected from what is in rates.	DPS agrees with this proposal	DPS and GMP agree.