

### **Zero Outages Initiative Regulatory Accounting Procedure**

During the term of GMP's existing Regulation Plan, Zero Outages Initiative projects will be developed, reviewed, and proposed for inclusion in GMP's rates in the manner outlined below.

GMP is proposing Zero Outages Initiative work as an unexpected or strategic capital exception Section IV(A)(6) of the Regulation Plan but will not seek to include any such project in base rates in effect during the term of the Regulation Plan until completed and recorded to plant in service.

To implement this approach GMP will track and report Zero Outages Initiative related capital investments separately from already authorized Regulation Plan capital using the following procedure. The Department of Public Service ("DPS") will have the opportunity to review and comment on completed Zero Outages Initiative projects ("Zero Outages Projects") in each annual base rate filing under the Regulation Plan, and no amounts associated with such work will be incorporated into base rates until reviewed and approved by the Public Utility Commission ("PUC" or "Commission").

1. **Zero Outages Project Work:**

- (a) During the term of the Regulation Plan Zero Outages Projects will be prioritized and selected each year in order to improve resiliency for customers. Zero Outage projects may consist of both capital and Operations & Maintenance (O&M) projects.
- (b) GMP will pursue priority Zero Outages Projects in each fiscal year, commencing and completing as many projects as possible given resource availability, but will not seek to recover through rates the cost of any of the proposed Zero Outages Projects until after the capital project is completed and recorded to plant in service or the O&M cost has actually been expended.
- (c) For each Zero Outages Project GMP will continue to follow the capital documentation standards outlined in GMP's Memorandum of Understanding with the Department of Public Service and approved by the Commission in Case No. 17-3112-INV (Exhibit #2 to DPS/GMP MOU).
- (d) During construction, Zero Outages Projects will follow GMP's capitalization and AFUDC policies.
- (e) GMP will separately track the incremental O&M and capital project costs, associated with Zero Outages Projects, including accumulated deferred income taxes, plant depreciation expense, property taxes, and incremental O&M costs.

2. **Zero Outages Initiative Regulatory Assets:**

- (a) For Zero Outages Projects, GMP will record to a regulatory asset for future recovery the depreciation, property taxes, interest and equity return, and other project costs between the time a project was completed and recorded to plant in service and when it is included in rate base in a rate filing.
- (b) GMP will record to the regulatory asset incurred O&M project costs for Zero Outages Projects that have not been included in the cost of service of a base rate filing.
- (c) GMP will accrue a return on this regulatory asset, excluding the deferred debt and equity components of the regulatory asset, but defer collection until the Commission specifically approves including such Zero Outages Projects in base rates.
- (d) The regulatory asset will be included in a future Annual Base Rate filing, or the follow-on traditional rate case rates at the end of the Regulation Plan proceeding, for Commission review and approval.
- (e) GMP will propose an amortization period for recovery of the Zero Outages Initiative regulatory assets at the time it seeks Commission approval to include the regulatory assets in rates.

3. Zero Outages Initiative Base Rate Filings:

- (a) GMP will track both capital costs and O&M expenses for Zero Outages Projects in a manner that allows the impacts of those activities to be segregated from other capital spending or O&M costs and separately reported in the Annual Base Rate Filing on June 1<sup>st</sup> of each year during the Regulation Plan period.
- (b) Each Annual Base Rate Filing will provide a summary of the completed Zero Outages Projects GMP's seeks to include in base rates. **Appendix 1** is an example of the summary form that will be used to identify and describe each proposed project.
- (c) The overall cost associated with Zero Outages Projects will be summarized and separately identified in the lead schedules for each Base Rate Filing. **Appendix 2** is an example of the Regulation Plan Annual Base Rate Filing lead schedules which shows how both capital and O&M-related amounts for Zero Outages Projects will be presented in this filing.
- (d) Zero Outages Projects will be filed with Annual Base Rate filings on the following schedule:
  - 1. Zero Outages Projects completed after the date the Zero Outages Initiative is approved. through March 31, 2025, will be included in GMP's June 1, 2025

Annual Base Rate Filing, for proposed inclusion in FY26 base rates.

2. Zero Outages Projects completed between April 1, 2025 and September 30, 2025 will be included in GMP subsequent traditional base rate case, anticipated to be filed in January of 2026, for FY27 base rates.
3. Zero Outages Projects completed between October 1, 2025 and September 30, 2026 will be included in the next base rate under any future regulation plan, as may be ordered by the Commission.

(e) The amounts approved by the Commission will be incorporated into the subsequent base rate change consistent with the recovery schedule approved by the Commission, and will go into effect October 1<sup>st</sup> of that year (i.e. capital and O&M amounts for Zero Outages Projects submitted for Commission approval June 1, 2025 and approved by the Commission will be incorporated into the October 1, 2026 base rate change.)

4. Zero Outages Projects - Impact on Power Supply Expense:

Zero Outages Projects are expected to have little impact on power supply expense during the existing Regulation Plan, and any direct and indirect impacts on power costs that do occur, for example through the expansion of storage, will be captured as part of the annual refresh of power cost and any variance to the actual impacts captured in the Power Supply Adjustor.

5. Zero Outages Projects Capital Structure Implications:

GMP will fund the Zero Outages Initiative work consistent with its existing capital structure of 50% debt, 50% equity. In the event investments require a change in total debt costs, GMP will use the methodology provided in Section IV(A)(3) of the Regulation Plan to update debt costs associated with any approved Zero Outages Projects. GMP will propose any modifications in associated debt costs at the time of the annual base rate that seeks approval to add any Zero Outages Projects to rate base.







**Exhibit GMP-LD-1 (Appendix 2)**  
**Example COS Base Rate Summary**  
**Fiscal 20xx Base Rate Filing**

**Schedule C\***

**COST OF SERVICE Base Rate Results**

\$ in 000s, rounding results in minor differences between schedules

	<u>Test Year</u> <u>Fiscal 20xx</u>	<u>Adjustments</u>	<u>Rate Year</u> <u>Fiscal 20xx</u>	<u>Zero Outages</u> <u>Adjustments</u> <u>Fiscal 20xx</u>	<u>BroadBand</u> <u>Adjustments</u> <u>Fiscal 20xx</u>	<u>Total Cost</u> <u>of Service</u> <u>Fiscal 20xx</u>
Purchased Power, Net	-	-	-	-	-	-
Production	-	-	-	-	-	-
Transmission	-	-	-	-	-	-
Power Supply - Other	-	-	-	-	-	-
Transmission - Other	-	-	-	-	-	-
Distribution	-	-	-	-	-	-
Customer Accounting, excluding Uncollectible Expense	-	-	-	-	-	-
Customer Service and Information	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Administrative and General	-	-	-	-	-	-
Capital Costs (Credit Facility Fees and Return on REC Inventory)	-	-	-	-	-	-
Other Taxes, excluding Revenue Taxes	-	-	-	-	-	-
Municipal Taxes	-	-	-	-	-	-
Plant Depreciation	-	-	-	-	-	-
Accretion Expense	-	-	-	-	-	-
Regulatory Amortizations	-	-	-	-	-	-
Total Non-PSA O&M Expenses	-	-	-	-	-	-
Taxes - Federal and State	-	-	-	-	-	-
Return on Utility Rate Base	-	-	-	-	-	-
Total Cost of Service Before Credits	-	-	-	-	-	-
Less:						
Equity in Earnings of Affiliates	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Business Development, Net	-	-	-	-	-	-
Total Fixed Cost of Service Credits	-	-	-	-	-	-
Cost of Service to Ultimate Consumers	-	-	-	-	-	-
Gross Revenue & Fuel Gross Receipts Taxes	-	-	-	-	-	-
Uncollectible Expense - Rate Year	-	-	-	-	-	-
Total Cost of Service to Ultimate Consumers	-	-	-	-	-	-
Revenue from Ultimate Consumers	-	-	-	-	-	-
Revenue Deficiency/(Sufficiency) from Ultimate Consumers			-	-	-	-
Revenue from Ultimate Consumers, less PPA revenue from GF			-	-	-	-
Base Rate Revenue Adjustment Percent			0.00%	0.00%	0.00%	0.00%

\*Further details on each line item are included on the Cost of Service Adj Detail Sheet and in the numbered sub-schedules

**Exhibit GMP-LD-1 (Appendix 2)**

**Example Rate Base Summary**

**Fiscal 20xx Base Rate Filing**

**Schedule D\***

**RATE BASE Balances**

\$ in 000s, rounding results in minor differences between schedules

	Test Year <u>Fiscal 20xx</u>	<u>Adjustments</u>	Rate Year <u>Fiscal 20xx</u>	Zero Outages Adjustments <u>Fiscal 20xx</u>	BroadBand of Service <u>Fiscal 20xx</u>	Total Rate Base <u>Fiscal 20xx</u>
<b>D1-4</b> Subtotal Utility Plant in Service	-	-	-	-	-	-
<b>D-5</b> Construction Work in Progress	-	-	-	-	-	-
<b>D-6</b> Investment in Affiliates	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Special Deposits	-	-	-	-	-	-
<b>D-8</b> Unamortized Debt Discount and Expense	-	-	-	-	-	-
<b>D-7</b> Community Energy & Efficiency Development Fund	-	-	-	-	-	-
<b>D-9</b> Regulatory Assets and Deferred Debits	-	-	-	-	-	-
Tax ASC 740	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
<b>D-10</b> Working Capital Allowance:	-	-	-	-	-	-
<b>Rate base Deductions</b>						
<b>D-11</b> ACCUMULATED DEPRECIATION/AMORT.	-	-	-	-	-	-
<b>D-12</b> Customer Advances for Construction	-	-	-	-	-	-
<b>D-13</b> Accumulated Deferred Income Taxes and Tax Reform Reg Liabilit	-	-	-	-	-	-
<b>D-14</b> Accumulated Deferred Investment Tax Credits	-	-	-	-	-	-
<b>D-15</b> Regulatory Liabilities	-	-	-	-	-	-
<b>D-16</b> Accrued Pension Expense	-	-	-	-	-	-
<b>D-17</b> Acc. Post-Ret. Medical Expense	-	-	-	-	-	-
Acc. Other Post-Employment Ben. Exp.	-	-	-	-	-	-
SERP	-	-	-	-	-	-
Deferred Comp	-	-	-	-	-	-
Subtotal Rate base Deductions	-	-	-	-	-	-
TOTAL RATEBASE INVESTMENT	-	-	-	-	-	-

\* Further details on each line item are included in the numbered sub-schedules referenced in this column