STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 19-3529-PET

Petition of Vermont Gas Systems, Inc. for approval of an Alternative Regulation Plan, pursuant to 30 V.S.A. § 218d	

PREFILED DIRECT TESTIMONY OF
JILL PFENNING
ON BEHALF OF VERMONT GAS SYSTEMS, INC.

November 25, 2020

SUMMARY OF TESTIMONY

Ms. Pfenning explains key principles, objectives, and considerations relating to VGS's proposed Alternative Regulation Plan, discusses the Company's prior experience under alternative regulation, explains key components of the Proposed Plan, addresses why the Plan is consistent with the Section 218d criteria, and sponsors the Alternative Regulation Plan and a summary of its exhibits.

EXHIBITS

Exhibit VGS-JMP-1 - Proposed Alternative Regulation Plan

Exhibit VGS-JMP-2 - Summary of Alternative Regulation Plan

Exhibit VGS-JMP-3 - Earning Sharing Framework

Exhibit VGS-JMP-4 - Redline Comparison of 2019 to 2020 Proposed Plan

PREFILED DIRECT TESTIMONY OF JILL PFENNING ON BEHALF OF VERMONT GAS SYSTEMS, INC.

Q1. Please state your name and occupation.

A1. My name is Jill Pfenning. I am the Vice President of Regulatory Affairs and General Counsel at Vermont Gas Systems, Inc. ("VGS" or the "Company").

Q2. Please describe your educational background and pertinent professional experience.

A2. I have been Vice President of Regulatory Affairs and General Counsel at VGS since July 2020. Prior to VGS, I held various in-house counsel and executive management positions for different startup and emerging technology companies, including serving as Chief Administrative Officer and General Counsel for NG Advantage LLC, a compressed natural gas company. Before that, I was an attorney in private practice in Washington, D.C. I am admitted to practice law in California, the District of Columbia, and Vermont.

I received my undergraduate degree from Wesleyan University in 1996 and my law degree from Vermont Law School in 2007.

Q3. Have you previously testified before the Vermont Public Utility Commission ("Commission")?

A3. No.

Q4. What is the purpose of your testimony?

A4. In September 2019, VGS filed a proposed Alternative Regulation Plan supported by the testimony of Don Rendall, Eileen Simollardes, Thomas Murray, and Andrea Kean. That proceeding was later stayed due to uncertainties relating to the Covid-19 pandemic, and the Commission extended VGS's existing Alternative Regulation Plan through the end of September 2021. I succeeded Ms. Simollardes as Vice President of Regulatory Affairs at VGS and my testimony thus addresses issues similar to those in her prior testimony regarding the proposed successor Alternative Regulation Plan ("Proposed Plan"), which is attached as **Exhibit VGS-JMP-1**. In particular, I testify about how the Proposed Plan promotes innovation and the Company's Climate Action Plan, which is described in more detail by our CEO Neale Lunderville. I also explain the features of the Proposed Plan that achieve the statutory objectives of alternative regulation set forth in the Section 218d criteria, and describe VGS's proposed timeline for Commission review of the Proposed Plan, including customer notice.

Q5. Please summarize the key principles and benefits of the Proposed Plan.

A5. The Company proposes this Plan with several key principles in mind. First, we take the Commission's directive to do more to meet the State's energy policy goals seriously. In Case No.17-3142-PET, the Commission explained:

> [A]lternative regulation [i]s a tool that may be utilized to enable and encourage energy service innovation in the achievement of [State energy] policies. Therefore, we encourage utilities to think "outside the box" when developing alternative regulation plans and not to be bound by conventional approaches. The time has come to find creative solutions to achieve policy goals, and it is imperative that we, as regulators, confront and consider these solutions with open

> minds. …
>
> The achievement of public-service objectives and State energy goals is of paramount importance. The widespread deployment of existing, nascent, and future technologies and services will be necessary to achieve these objectives and goals. The Commission does not consider future alternative regulation plans to be limited by the framework or specific provisions of previous alternative regulation plans. Instead, we encourage proponents of alternative regulation plans to be boundless in their creativity when seeking to overcome barriers to attain these goals.[1]

Mr. Lunderville describes in his testimony the Company's Climate Action Plan and the innovations needed to transform VGS so that it can support a net zero climate policy. Alternative regulation is critical to the success of that transformation.

The Proposed Plan advances innovation and climate action in three ways: First, it creates the needed framework to increase Renewable Natural Gas ("RNG") in our overall supply portfolio. Second, it supports "outside the box" energy services innovation by establishing a moderate innovation budget that enables the pursuit of existing, nascent, and future renewable technologies and services. Third, it establishes innovation and climate performance metrics that will help measure our success. These will provide valuable building blocks for the more robust future regulatory framework that we envision will comprehensively address climate action in the thermal heating market.

The Proposed Plan is also guided by three mainstays of our historical success: affordability (i.e., low, stable, competitive rates for customers), sustainability (i.e., advancing the State's energy policy goals), and financial resiliency (i.e., ensuring the Company has a

---

[1] *In re Vermont Department of Public Service request for workshop on utility rate regulation*, Case No. 17-3142-PET, 2018 WL 6334847 (Vt. Pub. Util. Comm'n, July 23, 2018) at *1, *6.

reasonable opportunity to earn a fair return). As explained in more detail below, the Proposed Plan promotes efficient operations at VGS; secures important cost benefits for customers under the Purchased Gas Adjustment ("PGA") clause; promotes transparency; establishes a smooth, affordable, and predictable rate path over the term of the Plan; ensures that the System Expansion and Reliability Fund ("SERF") is returned to customers during the term of the Plan; decouples rates from customer growth and load; and protects customers by ensuring that rates remain just and reasonable under the Earning Sharing Mechanism ("ESM").

Q6. In VGS's prior experience, how has alternative regulation impacted the Company and its customers?

A6. VGS and its customers have benefitted from prior alternative regulation plans. From 2006 through September 2016, all components of VGS's rates were governed under alternative regulation, and since October 2016, the natural gas charge has been governed by alternative regulation. Non-gas costs, which are recovered via daily access and distribution charges, have been established pursuant to "traditional" regulation since 2016. While some form of alternative regulation has been in place, customers have experienced markedly lower rates, high levels of customer satisfaction, excellent results under our service quality and reliability plans, and excellent energy efficiency outcomes. Going into this heating season, our customers will be paying on average almost 20% less than they did in 2012.

Q7. Is the Proposed Plan different from the plan VGS filed with the Commission in September 2019?

A7. Many aspects of the Proposed Plan remain the same. This case was stayed in April 2020 due to considerations relating to the Covid-19 pandemic. The parties had engaged in some discovery and significant discussions about the merits of the Plan at that time. The Proposed Plan we submit today improves upon our prior proposal and supports VGS's Climate Action Plan initiatives in several ways. First, it establishes a Climate Action and Innovation Budget. Second, it establishes a PGA RNG feature that enables VGS to increase RNG in our supply by up to 2% of retail sales annually. Third, the Plan creates Climate Action and Innovation Performance Metrics to track key information about our progress. These and other minor changes from the plan proposed in September 2019 are depicted on **Exhibit VGS-JMP-4**.

Section 218d Criteria

Q8. Section 218d(a)(1): How does the Proposed Plan establish a system of regulation with clear incentives to provide least cost energy services to customers?

A8. A summary of the key features of the Proposed Plan is provided as **Exhibit VGS-JMP-2**. The Plan covers the period from October 1, 2021, to September 30, 2024, and governs both the gas and non-gas components of VGS's rates. Gas costs are recovered through a quarterly PGA and non-gas costs are governed by pre-established Base Rate changes and SERF withdrawals. The Proposed Plan provides clear least-cost incentives through the PGA, fixed Base Rate adjustments, and the ESM.

Purchased Gas Adjustment

The PGA allows VGS to establish the natural gas component of firm rates quarterly on a formulaic basis.[2] This enables the Company to adjust its gas costs more frequently to reflect market conditions outside the Company's control, rather than waiting to make those adjustments through traditionally litigated rate investigations. As a result, customers enjoy more predictable rates that swing less dramatically than they would under traditional ratemaking. The PGA is a feature of alternative regulation we have successfully used since 2012,[3] including the weather normalization feature.[4]

Consistent with our prior experience under the PGA, the Company will recover gas costs more efficiently than under traditional cost of service regulation and maintain an incentive to do so in a prudent, least-cost manner.[5] The quarterly Commission review of the PGA ensures VGS's choices will receive proper scrutiny. The PGA also encourages least-cost service by decoupling our recovery of natural gas costs from the remainder of our cost of service, reducing regulatory lag associated with natural gas charges, and ensuring that customers pay no more and no less in natural gas charges than are reflected in our actual costs.

The PGA eliminates adverse incentives associated with regulatory lag and over or under earnings relating to natural gas supply. Without alternative regulation, we could not change natural gas rates without a traditionally litigated rate case. This means we would collect excess

[2] See Paragraph 8 of the Proposed Plan.

[3] The proposed structure of the PGA remains the same from prior years, with some additional features, including the PGA RNG Feature and an update to the weather normalization. There is also a proposed "housekeeping" change to some of the language for clarification purposes, none of which change the intent or application of the PGA. Finally, for ease of reading, the "Definition and Components" section of the PGA has been moved to an attachment to the Proposed Plan.

[4] The PGA has been in place since 2006, with weather normalization introduced in 2012.

[5] *Petition of Vermont Gas Systems, Inc.*, Docket Nos. 7803/7843, 2012 WL 3637763 (Vt. Pub. Serv. Bd. Aug. 21, 2012) (the "2012 ARP Order") at 22.

revenues when natural gas use increased (for example during a colder than average year) or the price of gas declined. The regulatory lag of traditional rate cases would delay changes to rates, and traditional ratemaking principles would bar retroactive correction of over- or under-earnings.

The PGA provides an incentive framework that resolves these issues. The natural gas charge is changed on a quarterly basis and adjusted for weather to track actual costs. It promotes least-cost service by providing a mechanism to return to customers significant savings from capacity asset management initiatives. From fiscal year 2012 to 2020, VGS returned more than $13 million in asset management revenues to customers. Under traditional regulation there is no framework to return these savings to customers. Finally, the PGA decouples earnings from sales relating to natural gas charges because customers pay no more and no less than VGS's actual cost for supply.[6]

Fixed Base Rates

The Proposed Plan also provides clear incentives for least cost service on the non-gas portion of VGS's rates. It decouples rates and earnings by locking in pre-determined Base Rate changes in each of the three years of the term. The annual Base Rate change will commence with a fully litigated traditional cost of service filing to be made in February 2021. At that time, VGS will also establish the forecasted Base Rate changes that will be implemented in the second and third years of the Plan.[7]

This feature of the Plan encourages least cost service by creating a clear incentive to meet forecasted costs. It also creates greater rate predictability from year to year and lowers costs by

---

[6] Consistent with past practices under the PGA, the Proposed Plan continues the practice of booking variances between monthly actual gas costs and natural gas revenues to a deferral account for return or recovery from firm customers, ensuring they pay only VGS's cost of gas, no more, no less.

[7] See Paragraph 3 of the Proposed Plan.

obviating the need for extensive cost of service reviews, while maintaining transparency through regular compliance filings and review. The fixed-rate structure also creates an incentive to control costs because savings result in increased earnings (which are otherwise driven by increased sales or increased rates). At the same time, customers benefit from cost savings in two ways. Under the ESM, customers share in savings and costs are baked into future cost of service assessments, which means lower rates for customers in future years.

Earning Sharing Mechanism

Finally, the non-gas rate adjustments incentivize least cost service through the ESM.[8] The fixed Base Rate adjustments create risk that the Company could either collect more than its actual costs or materially under-recover its costs. The ESM addresses this risk in a way that substantially benefits customers because of asymmetrical earning sharing and encourages VGS to operate efficiently. The ESM provides a clear incentive to control costs by creating a band where no under- or over-earnings occur because of appropriate cost management by the Company. When costs are controlled and earnings exceed the dead band, customers share in 75% of the benefit while the Company receives 25%. If earnings fall short, the Company and customers share equally in any under-earnings.

In November of each Plan year, the ESM will compare VGS's authorized Return on Equity ("ROE") to its actual ROE. If VGS's actual ROE is within 50 basis points above or below its authorized ROE for the Plan year, no return or collection occurs. If VGS's actual ROE is more than 50 basis points above its authorized ROE, 75% of the amount in excess of 50 basis points is returned to customers through a bill credit, with only the remaining 25% retained by the

[8] The ESM is described in more detail in Paragraph 5 of the Proposed Plan.

Company. In contrast, if VGS's actual ROE is more than 50 basis points below its authorized ROE, customers' share will be only 50% of the difference, made through a bill collection. Finally, if the difference between authorized and actual ROE is greater than 200 basis points in either direction, the amount over 200 basis points will be fully returned to or collected from customers. I have attached as **Exhibit VGS-JMP-3** an illustration showing how the ESM operates. Rather than reflecting ESM adjustments as a Base Rate change, collections or credits will be made via a line item on the customers' bills spread over the twelve months beginning the following February, providing sufficient time for regulatory review of ESM calculations, increased transparency for customers, and minimization of rate volatility.

Q9. Section 218d(a)(2): How does the Proposed Plan provide just and reasonable rates for service to all classes of customers?

A9. The Proposed Plan provides just and reasonable rates because the initial rates will be set through a traditional rate case, which will ensure the baseline for the Plan is just and reasonable as determined by the Commission. Other features of the Proposed Plan, including annual ESM calculations; PGA quarterly adjustments that include weather normalization; and significant annual reporting related to service quality, performance metrics, gas purchases, capital spending, and financial performance also ensure that rates will be just and reasonable.

The Proposed Plan establishes not only just and reasonable rates, but also sets a predictable and smooth rate path for three years. As discussed by Ms. Wainer, all SERF will be returned to customers by the end of the Plan's term, by using it as intended to maintain rates at a low, smooth trajectory. Additionally, the Proposed Plan continues the feature of weather normalization within the PGA quarterly adjustments.[9] These adjustments ensure that customers' bills are more stable over time, and avoids Company windfalls caused by cold snaps and shortfalls that can occur when usage decreases due to more temperate weather. Finally, just and reasonable rates are secured through the ESM, which holds the Company accountable to meet its original cost projections by tracking financial performance against those forecasts annually.

Q10. Section 218d(a)(3): How does the Proposed Plan deliver safe and reliable service?

A10. The Proposed Plan contains robust reporting requirements related to service quality and also supports VGS's continued investment in safe and reliable service. The Proposed Plan requires compliance with VGS's existing Service Quality and Reliability Plan. See Docket Nos. 7803/7843 at 23 ("[T]he Company's Service Quality Plan, which measures the Company's performance against numerous safety and reliability standards, will remain in effect. Failure to achieve the benchmarks established in the Service Quality Plan will result in negative financial consequences to the Company."). Additionally, the Proposed Plan requires enhanced reporting regarding safety and energy goals, thus reinforcing and improving the provision of safe and reliable service.

---

[9] Under our current PGA, the inputs for the weather normalization are updated when the Company makes its Annual Rate Filing and uses the billing determinants (e.g., degree days, use per degree day by rate class) from that Annual Rate Filing. Since the Proposed Plan does not contemplate such a filing, under the Proposed Plan, the weather normalization inputs will be updated once annually with the August PGA filing, which covers VGS's fiscal year of October to September. See Proposed Plan, Paragraph 8(c). This will allow VGS to use consistent weather normalization values for a full fiscal year and will ensure that changes in customer usage are reflected in the weather normalization in a timely manner.

Q11. Section 218d(a)(4): How does the Proposed Plan offer incentives for innovations and improved performance that advance state energy policy such as increasing reliance on Vermont-based renewable energy and decreasing the extent to which the financial success of distribution utilities between rate cases is linked to increased sales to end use customers and may be threatened by decreases in those sales?

A11. As discussed above, the Proposed Plan promotes innovation and advancement of state energy policy in several ways. First, it establishes a framework to gradually increase RNG as a percentage of our retail sales while ensuring VGS remains a competitive heating services company as we reduce GHG emissions. The Proposed Plan's PGA RNG Feature sets us on a path to reduce GHG emissions 30% by 2030. As explained by Mr. Lunderville, increasing our RNG profile is a key component of our Climate Action Plan. We are pursuing a multi-pronged approach, which includes not only our voluntary RNG tariff, but also RNG that is gradually feathered into our overall supply over time. Under the PGA RNG Feature, the Plan allows for an increase in RNG reflecting 2% of our retail sales on an annual basis. This means the Proposed Plan will promote significant GHG emission reductions over time while also ensuring that VGS has the flexibility needed to balance our interest in increasing RNG supply with our priority to do so at the least cost possible.[10]

Second, the Plan includes a flexible, modest budget for investment in innovation and climate action initiatives. As explained by Ms. Wainer and Mr. Lunderville, the Climate Action

[10] The annual gas supply plan is also a required component of the Proposed Plan and will be filed annually by July 1 of each year. The Company will include in that supply filing both the RNG reporting requirements contained in the Commission's Order in Docket No. 8667, as well as its plans and progress towards incorporating RNG into its overall supply portfolio.

and Innovation Budget incorporated into the fixed Base Rates under the Plan provides the flexibility needed to pursue the kind of existing, nascent, and future technologies and services that will play a key role in our future as a climate-forward energy utility. It also promotes investment in Vermont-based projects that could increase our supply of renewable fuels, whether through RNG projects or other innovation opportunities as discussed by Mr. Lunderville.

Third, the Proposed Plan's Climate Action and Innovation Performance Metrics will provide the kind of accountability and incentives contemplated by Section 218d(a)(4). These Metrics do not impose financial incentives or penalties during the term of this Plan, but we believe they are the appropriate starting point for performance metrics that could ultimately provide far more robust information about our efforts to decarbonize our heating supply as well as financial incentives and penalties as we continue to learn more about evolving technologies displacing traditional fossil fuel. Ultimately, our Climate Action Plan will likely mean decreased sales of traditional natural gas and, potentially, the kind of decoupling expressly contemplated by this statutory criteria. In the near term, this Plan will provide the opportunity for VGS to invest in innovation and climate action while also tracking our performance so that we can develop sustainable long-term strategies. As we do so, we expect these Climate Action and Innovation Performance Metrics to adapt, morph, and grow so they can provide a more substantial regulatory framework with material incentives and penalties.

Q12. Section 218d(a)(5): How does the Proposed Plan promote improved quality of service, reliability, and service choices?

A12. The Proposed Plan promotes service quality, reliability, and service choices in several ways. First, it provides for the Company's performance to be measured and evaluated against the terms of its separate Service Quality and Reliability Plan, which creates an incentive for VGS to deliver a high level of customer service and reliability.[11] Second, the PGA RNG Feature expands our renewable services offerings while maintaining affordable service. Third, the Plan promotes reliability by establishing a sound financial platform for providing safe, reliable service. Fourth, as discussed by Mr. Lunderville, the Plan promotes innovation by establishing a Climate Action and Innovation Budget, which promises to expand VGS's scope of energy services through a variety of initiatives.

Q13. Section 218d(a)(6): How does the Proposed Plan encourage innovation in the provision of service?

A13. As discussed in response to Question 11, the Plan supports and encourages innovation that will help VGS pursue substantial GHG reductions through the PGA RNG Feature, the Climate Action and Innovation Budget, and the Climate Action and Innovation Performance Metrics. Through these mechanisms, VGS can look beyond the traditional natural gas utility platform and begin exploring new ways to reduce GHG emissions through emerging technologies, service offerings, and renewable supply.

---

[11] 2012 ARP Order at 24.

Q14. Section 218d(a)(7): How does the Proposed Plan establish a reasonably balanced system of risks and rewards that encourages the Company to operate as efficiently as possible using sound management practices?

A14. As discussed above, the Proposed Plan promotes least-cost operations through fixed Base Rate adjustments, the PGA, and the asymmetrical ESM. The ESM creates a balanced system of risks and rewards that encourages efficiency because the fixed Base Rate adjustments incentivize cost reductions, penalize cost increases, and create a system of allocating risks and benefits between the Company and customers. Specifically, the ESM ensures that excess earnings, if any, are shared with customers (weighted toward customers)[12] and that savings are shared with customers pursuant to Section 218d(b). Additionally, the Proposed Plan's fixed Base Rate changes, with only limited ability to seek exceptions, places more risk upon the Company to perform as forecasted while protecting customers from greater rate volatility.

Q15. Section 218d(a)(8): How does the Proposed Plan provide a reasonable opportunity, under sound and economical management, to earn a fair rate of return and preserve the availability of equity and debt capital resources under Section 218(m)(2)?

A15. VGS proposes that the baseline ROE be established through the Commission's decision in VGS's upcoming rate case to be filed in February 2021. In that case, VGS expects to propose an ROE that is indexed against the ROE approved in Case No. 19-0513-TF, or submit expert testimony pertaining to an appropriate ROE at that time. Thereafter, and as described in Paragraph 6 of the Proposed Plan, VGS proposes to adjust the ROE based on 50% of the change

[12] 2012 ARP Order at 7.

in 10-year U.S. Treasury Note rates from the period June 1 to September 1 for each Plan year. Because of the overall design of the Proposed Plan, the ROE will only be relevant for the annual ESM calculation and will not otherwise impact the Base Rate change, unless the change in ROE is in excess of 150 basis points.

By utilizing an ROE initially set through a fully litigated rate case and adjusted through a transparent, simple method in later years, the Proposed Plan creates a reasonable opportunity for VGS to earn a fair rate of return.[13] As long as annual Base Rate adjustments established under the Plan reflect a reasonable forecast of VGS's overall cost of service, the Company will have a fair opportunity to earn a fair return. The moderate Base Rate changes we expect to propose, combined with the ESM and indexed ROE as set forth in the Proposed Plan, will also provide the Company a reasonable opportunity to earn a fair rate of return. The stability and transparency of the PGA further helps preserve the availability of equity and debt capital resources because we know from past experience that recovery of natural gas costs is important to capital providers.

Q16. How would this new proposed approach to Base Rates be implemented?

A16. As explained in Ms. Wainer's testimony, no later than June 30 of each Plan Year, VGS would file compliance tariffs with the Commission reflecting the change in Base Rates that will be approved in this proceeding and reflected in the final table shown in Paragraph 3(a) of the Proposed Plan. The filing will also include the Company's projected SERF withdrawal based on considerations outlined in Ms. Wainer's testimony to maintain the Base Rate change shown in

[13] 2012 ARP Order at 25 (finding that prior plan provided "a reasonable opportunity, under sound economic management, for VGS to earn a fair rate of return consistent with flexibility in the design of, and the inclusion of effective financial incentives…").

Paragraph 3. The Proposed Plan provides for Commission review of the SERF withdrawal prior to the beginning of the Plan Year. The Proposed Plan also provides that the full amount of the SERF balance will be returned to customers by the end of the three-year Plan term—by September 30, 2024. Absent a Commission order to the contrary, the proposed tariff change would be implemented with bills rendered November 1 of each Plan year, concurrent with a quarterly PGA filing.

Q17. Does the Proposed Plan provide adequate transparency and regulatory oversight of the Company's costs and rates?

A17. Yes. The prescriptive nature of the alternative regulation framework and the regular, detailed regulatory filings required under the Proposed Plan provide a regular and transparent assessment of VGS's rates. These filings, including the annual earning sharing calculation and the annual capital expenditure filing, provide relevant real-time, prospective, and retrospective information to regulators. Additionally, this Plan would only be implemented following another traditional rate case, which will be the sixth such review in as many years. Through these cases, VGS's cost of service has been thoroughly and repeatedly reviewed and examined. Going forward, the Department and Commission retain authority to closely review VGS's rates and filings under the Plan.

The Proposed Plan is also designed to provide transparency to customers. Annual rate reviews are often complex and as a result difficult for our customers to understand. In contrast, the Proposed Plan provides a clearer picture for customers of our costs and rate path. VGS will post all alternative regulation filings under the Plan on its website where they can be easily accessed by customers.

Q18. Please describe the circumstances under the Proposed Plan that would allow the Company to modify the proposed Base Rate changes.

A18. As described in Paragraph 3(c) of the Proposed Plan, there are limited opportunities to modify the Base Rate changes. In addition to Commission-approved rate design, the exceptions fall into three categories:

1. Exogenous events: This provision allows for a change in Base Rates to protect VGS and its customers from external events we cannot control.
2. Recovery of investigative costs: An MOU in Case No. 18-0409-TF required VGS to defer cost recovery for investigations then pending in Case No. 17-4630-INV and Case No. 17-3550-INV. The Plan preserves VGS's right to seek recovery of costs from Case No. 17-3550-INV once the proceeding is resolved.[14]
3. Allowing the Company to advance significant innovative or strategic initiatives to support Vermont's clean energy future and/or enhance customer services that are not currently contemplated or expected during the Plan period. Paragraph 3(c)(v) addresses this category. This provision would only be triggered under the Plan in the event that VGS intended to take advantage of a substantial investment opportunity that exceeded our baseline Climate Action and Innovation Budget.

[14] Case No. 17-4630-INV has been resolved and VGS agreed to forgo recovery of related costs.

Q19. What is the Company's expectation regarding the timeline for review and implementation of the Proposed Plan and customer notice?

A19. VGS would like the Commission to approve the Proposed Plan by September 30, 2021, to ensure no gaps between the expiration of the Current Plan and implementation of the Proposed Plan. We anticipate filing a Cost of Service in February 2021 that will enable a full review of VGS's costs and allow the Base Rate changes in Paragraph 3 to be populated. VGS would like the Commission's guidance on the most efficient and effective way to notify customers of the Proposed Plan and its relationship to the February 2021 rate filing.

Q20. Does this conclude your testimony?

A20. Yes.