

**STATE OF VERMONT  
PUBLIC SERVICE BOARD**

Joint Petition of Vermont Transco, LLC, Vermont )  
Electric Power Company, Inc. (“VELCO”), City )  
of Burlington Electric Department (“BED”) and )  
Green Mountain Power Corporation for a )  
certificate of public good, pursuant to 30 V.S.A. )  
Section 248, authorizing the construction of the )  
so-called East Avenue Loop Project in Williston, )  
South Burlington, Colchester, Winooski and )  
Burlington, Vermont, which consists of: (1) the )  
replacement of 4.8 miles of an existing single 115 )  
kV line between VELCO’s Essex Substation and )  
its East Avenue Substation with two new 115 kV )  
lines within the same corridor; (2) expansion of )  
the East Avenue Substation; (3) installation of a )  
new 1.5-mile 34.5 kV line from the East Avenue )  
Substation to BED’s McNeil Substation; (4) )  
construction of a new substation at the McNeil )  
Generating Station; (5) installation of new and )  
relocated equipment from BED’s Lake Street )  
Substation to the McNeil Substation; and (6) )  
removal of several circuits connected to BED’s )  
Lake Street Substation )

Docket No. 7314

**PREFILED REBUTTAL TESTIMONY OF  
CHRISTOPHER L. DUTTON AND BARBARA L. GRIMES  
ON BEHALF OF  
PETITIONERS**

December 3, 2007

Summary: Mr. Dutton and Ms. Grimes support VELCO’s proposal to address the issue of inaccurate project estimates through periodic estimates based on objective, external standards and to tie the level of VELCO management incentive compensation to, among other things, the accuracy of its project estimates.

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## **EXHIBITS**

None

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- 1           **1.     Introduction**
- 2    Q1.    Please state your names and business affiliations.
- 3    A1.    Mr. Dutton:

1 My name is Christopher L. Dutton, and I am the President and Chief Executive  
2 Officer for Green Mountain Power Corporation (“Green Mountain Power” or the  
3 “Company”), 163 Acorn Lane, in Colchester, Vermont.

4 Ms. Grimes:

5 My name is Barbara L. Grimes, and I am the General Manager of Burlington  
6 Electric Light Department (“BED”), 585 Pine Street, Burlington, Vermont.

7

8 Q2. Please describe your business experience.

9 A2. Mr. Dutton:

10 I became Green Mountain Power’s Chief Executive Officer in August 1997.  
11 Prior to becoming Chief Executive Officer, I served as Green Mountain Power’s  
12 Vice President, Chief Financial Officer and Treasurer, from 1995 - 1997 and as  
13 Green Mountain Power’s General Counsel from 1984 - 1995.

14 Ms. Grimes:

15 I became BED’s General Manager in 1999. Prior to becoming General Manager  
16 at BED I served as Commissioner of Employment and Training and  
17 Commissioner of Housing and Community Affairs for the State of Vermont.

18

19 Q3. Have you testified before the Vermont Public Service Board previously?

20 A3. Mr. Dutton:

21 Yes. I testified in a number of proceedings, most recently in Docket 7213.

22 Ms. Grimes:

1 No.

2

3 **2. Overview**

4 Q4. What is the purpose of your testimony?

5 A4. Both:

6 We respond to Mr. Foley's testimony requesting each Petitioner to submit  
7 accountability proposals relating to inaccurate cost estimates.

8

9 Q5. Please describe Mr. Foley's request.

10 A5. Both:

11 In his testimony, Mr. Foley states that the Department of Public Service  
12 ("Department") has been in discussions with Vermont Electric Power Company,  
13 Inc. ("VELCO") concerning the need for more accurate estimates, that VELCO  
14 has not yet provided any specific suggestions, and that he hopes "VELCO and the  
15 other two petitioners will submit accountability proposals with their rebuttal  
16 testimony so that there are consequences in the event the cost estimates again  
17 prove unreliable." Foley Testimony at 6.

18

19 Q6. What is your response?

20 A6. Both:

21 Green Mountain Power and BED support the three-part proposal identified by the  
22 VELCO in the prefiled rebuttal testimony of William E. Hiatt. Under its

1 proposal, VELCO would (1) develop quarterly project cost estimates based on  
2 recommended cost estimate and control practices and the Handy-Whitman  
3 Electric Utility Construction Index, (2) submit the estimates on a quarterly basis;  
4 and (3) subject a portion of VELCO management incentive compensation to a  
5 Service Quality Reliability Performance, Monitoring and Reporting Plan  
6 (“SQRP”) that incorporates a project cost estimate performance measure. Green  
7 Mountain Power and BED also support VELCO’s proposals to work with the  
8 Department on the plan to address Mr. Foley’s concerns and to request that the  
9 Public Service Board convene a workshop on cost estimating, with the goal of  
10 establishing a common understanding of estimating terms, tools, and best  
11 practices.

12  
13 Q7. What are Green Mountain Power’s and BED’s role in addressing VELCO’s  
14 accountability for project cost estimation?

15 A7. Both:

16 Green Mountain Power and BED, like the rest of Vermont’s electric distribution  
17 utilities, are minority part owners of VELCO and Vermont Transco LLC.  
18 VELCO’s Board of Directors consists of representatives of its owners, including  
19 Green Mountain Power and BED, as well as independent members, not affiliated  
20 with any distribution utility. Like the board of directors of any corporation,  
21 VELCO’s board of directors has a responsibility to appoint and evaluate  
22 VELCO’s chief executive and other officers and to see to it that VELCO’s

1 management performs in an appropriate and effective manner. VELCO's board  
2 discharges that duty effectively. Green Mountain Power and BED, like other  
3 VELCO owners, are committed to effective governance by VELCO's board, in  
4 order to assure that VELCO is well-managed and that its projects are appropriate  
5 and cost-effective. VELCO's management is responsible – and accountable to its  
6 board of directors – for managing the business of VELCO, including, among  
7 many other management responsibilities, managing VELCO's construction  
8 projects, and updating and reporting project estimates on a timely basis.

9  
10 Q8. What, in your opinion, is the appropriate role of the Department and the Public  
11 Service Board in addressing VELCO's accountability for project cost estimating?

12 A8. Both:

13 Both the Department and the Public Service Board have the opportunity to  
14 evaluate the quality of VELCO's project cost estimations each time VELCO  
15 petitions for a Section 248 certificate of public good for a transmission project.  
16 VELCO is accountable to the Public Service Board for the quality and accuracy  
17 of its cost estimates. In the Section 248 permitting process, the Department  
18 (together with other parties) has the opportunity to scrutinize VELCO's estimates.

19  
20 Q9. In your opinion, will VELCO's proposal improve its accountability for project  
21 cost estimates?

22 A9. Both:

1 Yes. VELCO's proposal to develop a service quality plan, including a measure  
2 for accuracy of project cost estimations, and a linkage of management incentive  
3 compensation to successful performance under the plan, will give VELCO  
4 management a strong incentive to provide accurate cost estimations. The plan  
5 will also provide VELCO's board with an additional tool for evaluating the  
6 performance of VELCO's management team. VELCO's proposal to provide  
7 quarterly updated cost estimates for projects will provide the Department and the  
8 Public Service Board with additional and useful data to utilize in scrutinizing  
9 proposed projects under Section 248, in determining whether and/or under what  
10 conditions a Section 248 approval should be granted.

11

12 **3. Conclusion**

13 Q10. Does this conclude your testimony?

14 A10: Both:

15 Yes