

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 21-2642-INV

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Investigation re: standards and procedures as identified in Act No. 13 which allows municipal and cooperative utilities to implement rate changes and to offer innovative rates and services	
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Order entered: 01/20/2022

**ORDER ADOPTING STANDARDS AND PROCEDURES  
FOR INNOVATIVE RATES AND SERVICES OFFERED  
BY MUNICIPAL AND COOPERATIVE ELECTRIC UTILITIES**

In today's Order, the Vermont Public Utility Commission ("Commission") accepts the Hearing Officer's recommendation to adopt standards and procedures applicable to the Commission's review of innovative rates and services offered pursuant to 30 V.S.A. § 218d(o).

**PROPOSAL FOR DECISION**

**I. INTRODUCTION**

On July 1, 2021, Act No. 13 took effect. The Act amends 30 V.S.A. § 218d by adding subsections (n) and (o). Subsection (n) authorizes Vermont municipal and cooperative electric utilities to implement changes to their rates for service, subject to specific limitations and requirements, without affirmative approval from the Commission. Subsection (o) authorizes Vermont municipal and cooperative electric utilities to offer innovative rates and services to their customers as pilot programs, subject to specific limitations and requirements, without first obtaining approval from the Commission.

Section 218d(o) authorizes the Commission to establish standards and procedures, by rule or order, to govern the implementation of new innovative rates and service offerings and identifies the criteria that eligible utilities must meet to implement an innovative rate or service.

This Proposal for Decision addresses only subsection (o). The Commission adopted standards and procedures for rate changes pursuant to subsection (n) in an Order issued in this case on October 18, 2021.

## **II. PROCEDURAL HISTORY**

On August 3, 2021, I held a scheduling conference in this matter that was attended by representatives of the Vermont Department of Public Service (“Department”) and Vermont municipal and cooperative electric utilities.

On October 19, 2021, the Vermont Public Power Supply Authority (“VPPSA”) filed draft standards and procedures to govern the implementation of innovative rates and services pursuant to 30 V.S.A. § 218d(o). VPPSA represented that it worked with the Department, Vermont Electric Cooperative, Inc. (“VEC”), Washington Electric Cooperative, Inc. (“WEC”), the City of Burlington Electric Department (“BED”), the Village of Hyde Park Electric Department (“Hyde Park”) and the Town of Stowe Electric Department (“Stowe”).

On October 21, 2021, the Department filed comments in support of the draft standards and procedures filed by VPPSA.

On October 22, 2021, I conducted a workshop to discuss the draft standards and procedures. The workshop was attended by representatives of the Department, VEC, WEC, VPPSA, Hyde Park, and Stowe.

On November 19, 2021, BED filed revised draft standards and procedures on behalf of itself, VPPSA, VEC, WEC, Stowe, and Hyde Park. BED noted that the Department also participated in discussions regarding the revised draft standards and procedures.

No other comments were filed on the revised draft standards and procedures.

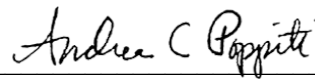
## **III. DISCUSSION AND CONCLUSION**

Section 218d(o) requires a municipal or cooperative utility to provide written notice to its customers, the Department, and the Commission at least 45 days before offering an innovative rate or service. It also requires that the utility’s proposal meet certain criteria.

At the October 22 workshop, we discussed various changes that would clarify the draft standards and procedures such as separating the section for customer notice and adding more detail to the filing requirements section. The revised draft standards and procedures include these changes, appropriately address other concerns discussed at the workshop, and include all other filing requirements of Section 218d(o). I have made several editorial changes to the revised draft standards and procedures to (1) clarify the roles of the Commission and the

Department, (2) to specify that continuation of the rate or service offering requires the utilities to make a tariff filing in ePUC, and (3) to provide additional detail on how to make the required filings in ePUC. Accordingly, I recommend that the Commission approve the revised draft standards and procedures as attached to this Proposal for Decision.

This Proposal for Decision has not been circulated to the parties pursuant to 3 V.S.A. § 811 because it is not adverse to any party.



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Andrea Poppiti  
Hearing Officer

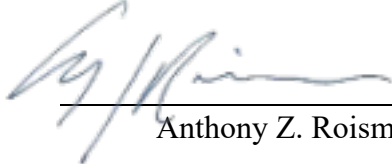
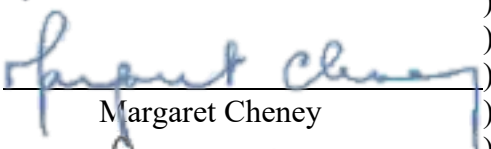
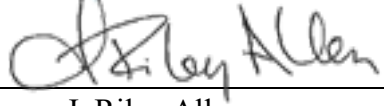
**IV. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission (“Commission”) that:

1. The conclusions and recommendations of the Hearing Officer are hereby adopted. All findings proposed by parties, to the extent that they are inconsistent with this Order, were considered and not adopted.

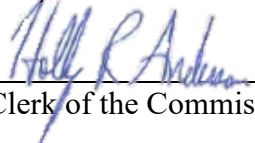
2. The standards and procedures attached to this Order shall be used by municipal and cooperative utilities to implement innovative rates and services pursuant to 30 V.S.A. § 218d(o).

Dated at Montpelier, Vermont, this 20th day of January, 2022.

	)	
_____ Anthony Z. Roisman	)	PUBLIC UTILITY
	)	
	)	
	)	COMMISSION
_____ Margaret Cheney	)	
	)	
	)	
	)	OF VERMONT
_____ J. Riley Allen	)	

OFFICE OF THE CLERK

Filed: January 20, 2022

Attest:  \_\_\_\_\_  
Clerk of the Commission

*Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.*

**STANDARDS AND PROCEDURES FOR INNOVATIVE RATES AND SERVICES  
OFFERED BY MUNICIPAL AND COOPERATIVE ELECTRIC UTILITIES**

**I. Purpose and Applicability**

The purpose of these standards and procedures is to implement 30 V.S.A. § 218d(o). These Standards and Procedures are applicable to innovative rates and services offered by a Municipal Company or an Electric Cooperative that do not require prior approval from the Commission.

**II. Definitions**

“Commission” shall refer to the Vermont Public Utility Commission.

“Department” shall refer to the Vermont Department of Public Service.

“Electric Cooperative” shall refer to an electric distribution utility formed under Title 30, chapter 81.

“Municipal Company” shall refer to an electric distribution utility formed under local charter or under Title 30, chapter 79.

“Net Asset” shall refer to an Electric Cooperative or Municipal Company’s total regulated assets netted for depreciation as included in the utility’s most recently approved Overall Cost-of-Service.

“Overall Cost-of-Service” shall refer to the revenue requirement approved by the Commission to establish rates for an Electric Cooperative or Municipal Company in the utility’s most recent rate case filed pursuant to 30 V.S.A. § 225.

**III. Criteria**

Electric Cooperatives and Municipal Companies shall be authorized to provide innovative rates and services beyond the sale of basic electric service subject to the requirements of these standards and procedures. Any such innovative rate or service:

1. Shall be designed to (a) satisfy a Municipal Company's or Electric Cooperative's 30 V.S.A. § 8005(a)(3) requirements; or (b) advance the goals of Vermont's Comprehensive Energy Plan;

2. Shall have a duration of 18 months or less; and

3. Shall not result in:

a. Additions of more than two percent of the Municipal Company's or Electric Cooperative's Net Asset; or

b. An increase in the Municipal Company's or Electric Cooperative's Overall Cost-of-Service by more than two percent.

#### **IV. Customer Notice**

The Municipal Company or Electric Cooperative shall file advance written notice with its customers, the Department, and the Commission at least 45 days before commencing any innovative rates and services authorized by these Standards and Procedures. The notice of the innovative rate or service to the customers, the Department, and the Commission shall include:

1. A narrative explanation of the innovative rate or service; and

2. Its effective date.

#### **V. Filing Requirements**

The Municipal Company's or Electric Cooperative's submission to the Commission and Department shall be filed as a new report case in ePUC with a report type of "Innovative pilot." The filing shall include:

1. The Customer Notice required under Section IV;

2. The terms and conditions of the innovative rate or service;

3. A description of how the proposed innovative rate or service meets each of the eligibility criteria in Section III of these Standards and Procedures;

4. If the rate or service will not be available to all of a Municipal Company's or an Electric Cooperative's customers, then the number, proportion, class, or type of

customers the rate or service will be made available to and a description of how those eligible customers were selected; and

5. The expected costs and revenues of the innovative rate or service.

## **VI. Implementation**

The Municipal Company or Electric Cooperative may commence offering the innovative rate or service to its customers on the 45th day after filing the advance notice in Section IV of these Standards and Procedures, unless within that 45-day period:

1. A written objection to the innovative rate or service is filed with the Commission; or
2. The Commission orders an investigation on its own motion of the innovative rate or service.

## **VII. Continuation**

At least 45 days prior to the end of an innovative rate or service duration period, the Municipal Company or Electric Cooperative shall provide to the Department and the Commission:

1. Written notice of the end date of the innovative rate or service duration period (filed in the existing Innovative pilot report case); and
2. If the Municipal Company or Electric Cooperative will continue to offer the innovative rate or service beyond the initial 18-month duration period, a tariff sheet that specifies the terms and conditions of the innovative rate or service and any proposed modifications. This filing shall be made in a new tariff case in ePUC as a “Tariff for New Service.” The “type of proposed tariff” shall be “Other.”

The Department of Public Service shall file its recommendation regarding the tariff sheet in the tariff case within 30 calendar days of the date on which the filing was made with the Commission.

Unless an objection to the tariff sheet is filed within 45 days of this notice or the Commission orders an investigation within 45 days of the date on which the tariff filing was made with the Commission, the Municipal Company’s or Electric Company’s filed tariff sheet



shall become effective on the 45th day and the Municipal Company or Electric Cooperative may continue offering the innovative rate or service to its customers.

The Commission will issue an order documenting its review of the proposed rate change and confirming that the tariff meets the criteria of V.S.A. § 218d(o).

The Commission may allow the innovative rate or service to remain in effect pending the outcome of any investigation into the tariff filing.

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