

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 21-2642-INV

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: 10/18/2021

**ORDER ADOPTING STANDARDS AND PROCEDURES
FOR RATE CHANGES FOR 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 rate changes pursuant to 30 V.S.A. § 218d(n).

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 or services to their customers as pilot programs, subject to specific limitations and requirements, without first obtaining approval from the Commission.

Section 218d (n) requires the Commission to establish standards and procedures, by rule or order, for implementing the new rate change provisions and identifies the criteria that eligible utilities must meet in order to implement a rate change.¹

¹ Criterion (1)(A) of Section 218d(n) requires that such rate changes are "applied to all customers equally." For purposes of implementing this statute, the Commission should interpret the requirement such that the rate change must apply to all customers on an equal percentage basis.

This Proposal for Decision addresses only subsection (n). A workshop is scheduled for October 22, 2021, to discuss subsection (o) and a subsequent Proposal for Decision will be issued on that topic at a future date.

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 September 14, 2021, Vermont Electric Cooperative, Inc. (“VEC”) filed draft standards and procedures to implement a rate change pursuant to 30 V.S.A. § 218d(n). VEC represented that it worked with the Vermont Public Power Supply Authority (“VPPSA”), Washington Electric Cooperative, Inc. (“WEC”), the City of Burlington Electric Department (“BED”), and the Town of Stowe Electric Department (“Stowe”).

On September 16, 2021, the Department filed comments in support of the draft standards and procedures filed by VEC.

On September 17, 2021, I conducted a workshop to discuss the draft standards and procedures. The workshop was attended by representatives of the Department, the Village of Hyde Park Electric Department (“Hyde Park”), VEC, VPPSA, and Stowe.

On September 24, 2021, VEC filed revised draft standards and procedures on behalf of itself, VPPSA, BED, Stowe, and Hyde Park. VEC noted that WEC also participated in discussions and that VEC was not able to get concurrence on the revised draft due to conflicting vacation schedules.

On September 28, 2021, the Department filed comments stating that it has reviewed VEC’s filing and has no objection to the revised draft standards and procedures.

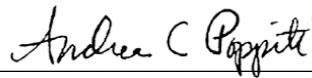
No other comments were filed on the revised draft standards and procedures.

III. DISCUSSION AND CONCLUSION

Section 218d(n)(2) requires a municipal or cooperative utility to provide written notice to its customers, the Department, and the Commission at least 45 days before implementing the rate change. It also requires the submission of a rate analysis describing the rationale for the rate change.

At the September 17 workshop, the parties and I discussed various changes that would clarify the draft standards and procedures such as separating the section for customer notice and providing additional detail on what is expected to be filed as part of the rate analysis. The revised draft standards and procedures include these changes, appropriately address other concerns discussed at the workshop, and address all other filing requirements of Section 218d(n). 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.



Andrea Poppiti
Hearing Officer


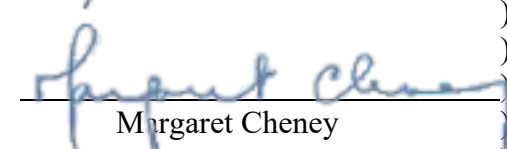
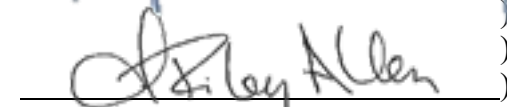
IV. ORDER

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.

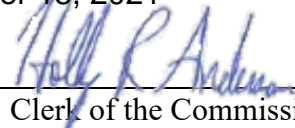
2. The standards and procedures attached to this Order shall be used by municipal and cooperative utilities to implement rate changes pursuant to 30 V.S.A. § 218d(n).

Dated at Montpelier, Vermont, this 18th day of October, 2021.

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

OFFICE OF THE CLERK

Filed: October 18, 2021

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
RATE CHANGES FOR MUNICIPAL AND COOPERATIVE ELECTRIC UTILITIES

I. Purpose and Applicability

The purpose of these standards and procedures is to implement a simplified process for the Public Utility Commission (“Commission”) to review the proposal of a cooperative or municipal utility to change its rates pursuant to 30 V.S.A. §218d(n). These standards and procedures are applicable only to cooperative and municipal utilities and are intended as an alternative process to a traditional full rate filing as outlined in 30 V.S.A. §225. The Commission may, upon request of the applicant and for good cause, waive or modify the standards and procedures with respect to a specific proposal for a rate change.

II. Criteria

The Commission will evaluate each proposal for a rate change using the criteria set forth in 30 V.S.A. §218d(n). The utility must demonstrate that its proposal meets the following criteria:

1. The percentage rate change is applied equally to all customers;
2. The rate change is no more than two percent over a 12-month period;
3. Inclusive of any prior rate increases pursuant to 30 V.S.A. §218d(n), the proposed rate is not greater than 10 percent above the rate that was last approved by the Commission using the traditional rate filing process pursuant to 30 V.S.A § 225; and
4. The rate change will take effect no more than ten years from the approval of the last rate change approved by the Commission using the traditional rate filing process in 30 V.S.A § 225.

III. Customer Notice

At least 45 days before implementing a rate change under 30 V.S.A. 218d(n), the utility shall provide written notice to all customers that includes the following:

1. The filing date of the rate change;
2. The proposed effective date of the rate change;
3. The percentage of the rate change; and
4. Instructions for how a member of the public can contact the utility, the Commission, and the Vermont Department of Public Service, Consumer Affairs and Public Information Division to comment on the rate change proposal.

IV. Filing Requirements

A proposal for a rate change under V.S.A. § 218d(n) shall be filed with the Commission as a tariff case in ePUC and shall include, at a minimum:

1. A rate analysis describing the rationale for the rate change, including a financial analysis demonstrating the need for the rate change and the current and proposed rates and revenues calculation;
2. A description of the material drivers of the need for the rate change;
3. An analysis of the request documenting compliance with the criteria set forth in Section II above;
4. Documentation showing that the utility has received approval for the rate change from its governing body at a duly warned meeting held for such purpose;
5. Tariff sheets showing the new rates and redlined versions of the old tariff sheets; and
6. A copy of the customer notice regarding the rate change that was provided to the utility's ratepayers.

V. Schedule for Review

The Department of Public Service shall file its recommendation regarding a utility's § 218d(n) rate change within 30 calendar days of the date on which the proposal was filed with

the Commission. The Department or Commission may request additional information from the utility at any time within the 45-day review period set forth in V.S.A. § 218d(n).

Unless the Department files an objection to the rate change, or the Commission orders an investigation of the rate change within 45 days of the date on which the proposal notification was filed with the Commission, the rate change may go into effect at the expiration of the 45-day period.

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

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