

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6564

Investigation Into the Energy Efficiency)
Charge for the Year 2002)

Hearing at
Montpelier, Vermont
November 14, 2001

Order Entered:

PRESENT: Judith M. Kasper, Esq., Hearing Officer

APPEARANCES: Aaron Adler, Esq.
for Vermont Department of Public Service

Morris L. Silver, Esq.
for Central Vermont Public Service Corporation

Trevor Lewis, Esq.
Primmer & Piper, PC
for 14 Municipals¹

Michael P. Drescher, Esq.²
Sheehy, Furlong, Rendall and Behm, P.C.
for Green Mountain Power Corporation

William Powell, Esq.²
for Washington Electric Cooperative, Inc.

Edward V. Schwiebert, Esq.²
Reiber, Kenlan, Schwiebert, Hall & Facey, P.C.
for Vermont Marble Power Div. of OMYA, Inc.

1. The Fourteen Municipals are: the Villages of Barton, Enosburg Falls, Hyde Park, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton Electric Departments, and the Towns of Hardwick, Readsboro and Stowe Electric Departments.

2. Filed written notice of appearance, but did not attend November 14, 2001, hearing.

I. BACKGROUND

By the terms of the stipulations approved by the Vermont Public Service Board ("Board") in Docket 5980, during calendar years 2000 through 2002, the amount to be collected via the Energy Efficiency Charge ("EEC") to fund the Energy Efficiency Utility ("EEU") has already been determined for each Vermont electric utility's service territory.³ This investigation was opened to set the EEC that will result in the collection of the amount approved (including any appropriate adjustments as provided for in the parties' agreements) for the year 2002, on a going-forward basis.

On October 22, 2001, a prehearing conference and technical workshop in this docket was held at the Board hearing room. The technical workshop developed the procedure to set the Energy Efficiency Charge for the year 2002 for all the state's electric utilities.

On November 14, 2001, a technical hearing was held at which the parties submitted a stipulation settling the year 2002 rates to be established for the EEC (the "Stipulation"), bilateral agreements entered into by Central Vermont Public Service Corporation ("CVPS") and Green Mountain Power Corporation ("GMP") with the concurrence of the Vermont Department of Public Service ("Department" or "DPS"), and a Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities Concerning the Energy Efficiency Charge in the Year 2002 ("Supplemental Agreement").

I have reviewed the Stipulation, the CVPS and GMP bilateral agreements, and the Supplemental Agreement, and the supporting testimony and exhibits. I conclude that approval of the Stipulation, the bilateral agreements and the Supplemental Agreement is in the public interest,

3. These utilities are: Barton Village, Inc. Electric Department; Central Vermont Public Service Corporation; Citizens Communications Company d/b/a Citizens Energy Services; Enosburg Falls Electric Light Department; Green Mountain Power Corporation; Town of Hardwick Electric Department; Village of Hyde Park Electric Department; Jacksonville Electric Department; Johnson Electric Light Department; Ludlow Electric Light Department; Lyndonville Electric Light Department; Morrisville Water & Light Department; Northfield Electric Department; Orleans Electric Department; Readsboro Electric Department; Rochester Electric Light and Power Company; Stowe Electric Department; Swanton Electric Department; Vermont Electric Cooperative, Inc.; Vermont Marble Power Division of OMYA, Inc.; Washington Electric Cooperative, Inc.

The City of Burlington Electric Department ("BED") currently is exempt from its obligation as an electric utility company to pay the EEC to the Energy Efficiency Utility because BED implements core programs within its service territory. Docket 5980, Order of 9/22/00.

based on the petition and the supporting testimony and exhibits presented in this Docket.

I hereby report the following findings and conclusions to the Board in accordance with the provisions of 30 V.S.A. § 8.

II. FINDINGS OF FACT

1. During calendar year 2002, the EEC should be designed to collect the EEU budget for that year and the additional amount of the gross revenue tax (30 V.S.A. § 22) and fuel gross receipts or "weatherization" tax (33 V.S.A. § 2503) applicable to the EEC, as adjusted for the amounts described in paragraphs 8 and 9 of the Stipulation.⁴ Exh. DPS 1 at 2.

2. During calendar year 2002, the EEC should be calculated as a percent charge on each customer's electric bill, and such percent charge should be the same for all classes in a given service territory. Exh. DPS 1 at 2.

3. During calendar year 2002, the EEC for each service territory should be at the rates as set out in Attachment A to the Stipulation, specifically as follows:

UTILITY	PERCENT CHARGE
Barton Village, Inc. Electric Department	2.263
Central Vermont Public Service Corporation	2.095
Citizens Communications Company	2.902
Enosburg Falls Electric Light Department	1.849
Green Mountain Power Corporation	2.0777
Town of Hardwick Electric Department	2.404
Village of Hyde Park Electric Department	2.757
Jacksonville Electric Department	2.804
Johnson Electric Light Department	3.938
Ludlow Electric Light Department	3.000

4. These amounts are described in Finding of Fact number 9 of this Order.

Lyndonville Electric Light Department	3.072
Morrisville Water & Light Department	2.619
Northfield Electric Department	2.372
Orleans Electric Department	2.579
Readsboro Electric Department	3.495
Rochester Electric Light and Power Company	2.178
Stowe Electric Department	2.721
Swanton Electric Department	2.693
Vermont Electric Cooperative, Inc.	2.292
Vermont Marble Power Division of OMYA, Inc.	3.397
Washington Electric Cooperative, Inc.	.801785

Exh. DPS 1 at 2.

4. The calculation of the EEC for each service territory is shown on Attachment B to the Stipulation. Exh. DPS 1 at 2.

5. In connection with reaching agreement on Attachments A and B, the parties to the Stipulation have reached agreement on the amount of the rate reductions required by the Memorandum of Understanding filed in Docket 5980 on April 30, 1999 ("MOU"), and associated bilateral agreements. Stipulations concerning such rate reductions, if applicable, will be filed for effect simultaneously with the commencement of the EEC for 2002. Exh. DPS 1 at 2.

6. All retail customers' electric bills should be subject to, and should be used in the calculation of, the EEC, except as set out in agreements between the Department and CVPS, and between the Department and GMP, submitted to the Board along with the Stipulation. Exh. DPS 1 at 3.

7. The EEC for 2002 should be effected, on bills rendered on or after February 1, 2002, with no proration. Exh. DPS 1 at 3.

8. To the extent a rate schedule is necessary for the EEC, the Stipulation and Attachment A thereto should serve as that schedule for the year 2002. Exh. DPS 1 at 3.

9. As required by paragraphs 11 and 13 of the Docket 5980 EEC Stipulation, the EEC percentages listed on Attachment A to the Stipulation filed in this docket include adjustments to address over- or under-collection of the year 2001 EEC and amounts of the year 2001 EEC which the electric distribution utility ("DU") was unable to collect. The parties to the Stipulation acknowledge that these adjustments are based, in part, on revenue estimates. The parties to the Stipulation agree that, when the EEC for 2003 is determined, there will be a need to address the reconciliation of (a) any over- or under-collection of the year 2002 EEC, and (b) any inaccuracies in the year 2002 EEC determined by comparing the revenue estimates used to make the adjustments described immediately above with the actual amounts for the corresponding period upon which the estimates are based. However, because the design of the year 2003 EEC is not known at this time, the specific mechanisms to achieve such reconciliation will need to be determined at the time the year 2003 EEC is set. Exh. DPS 1 at 3.

10. As required by paragraph 8 of the Docket 6429 Stipulation, the EEC percentages listed on Attachment A to the Stipulation filed in this docket include adjustments based on a comparison of estimated revenues, used in making adjustments to the year 2001 EEC for over- or under-collection of the year 2000 EEC and year 2000 EEC uncollectibles, with actual amounts for the corresponding period on which the estimates were based. Exh. DPS 1 at 3-4.

11. The Stipulation provides that on or before February 20, 2002, each DU seeking reimbursement for uncollectible amounts relating to the year 2001 EEC will submit an invoice to the Contract Administrator.⁵ The Stipulation also provides that on or before March 1, 2002, the Fiscal Agent⁶ will pay each DU submitting such an invoice the "total EEC uncollectible" amount shown for the DU on Attachment B to the Stipulation, and that such payments by the Fiscal Agent will be subject to the "Guidelines for Disbursements from the Energy Efficiency Fund" adopted by the Board. Exh. DPS 1 at 4.

12. The Stipulation provides that interest income accrued in or credited to the accounts of the Energy Efficiency Fund will be paid toward the Department's costs in performing the evaluation and preparing the report called for in paragraph 18 of the MOU. To the extent that

5. "Contract Administrator" means the contract administrator described in subparagraph 5.b of the MOU.

6. "Fiscal Agent" means the fiscal agent described in subparagraph 5.a of the MOU.

the Department's receipt of such moneys requires authorization by or the approval of another governmental entity, this provision should be subject to such authorization or approval. Exh. DPS 1 at 4.

13. For each service territory in which an EEC will be implemented in 2002, the parties to the Stipulation agree that notice of the EEC for the year 2002 will be given to the public as contained in Attachment C to the Stipulation. Each DU in whose service territory the EEC will be implemented in 2002 should provide such notice to its retail customers through a bill insert or newsletter to those customers, as long as such bill insert or newsletter is timed to reach the customers on or before December 31, 2001. Any such DU which is unable to provide notice through a bill insert or newsletter timed for receipt by such date should provide notice either as set forth in the Supplemental Agreement, or through a one-time publication, no later than December 16, 2001, in a newspaper of general circulation in the DU's service territory. Each DU which has a rate change associated with the EEC for 2002 should work with the Clerk of the Board to finalize a notice of the year 2002 EEC which includes the text of Attachment C to the Stipulation filed in this docket, as well as text concerning the associated rate change. Within 10 days of the date on which notice is provided, each DU required to provide notice under this paragraph should submit a compliance tariff filing to the Board that includes a copy of the notice as provided to customers and proof of the date on which the notice was provided to customers. Nothing in the Stipulation filed in this docket should constitute an admission by any party that a DU or any other party has or does not have a further obligation to provide public notice of a change in the EEC or any other matter. Exh DPS 1 at 4-5; Exh DPS 4.

14. By signing the Stipulation, each signatory DU has agreed (a) to the provisions thereof and to those portions of Attachments A and B to the Stipulation which apply to its service territory, and (b) not to oppose those portions of said Attachments A and B which apply outside its service territory. The Stipulation provides that the signing of the Stipulation does not constitute an admission by any signatory concerning whether a DU has an interest, outside of the DU's service territory, in the subject matter addressed by the Stipulation and Attachments A and B thereto. Exh. DPS 1 at 5.

15. By signing the Stipulation, each signatory that is not a DU has agreed (a) to the provisions thereof and to those portions of Attachments A and B thereto which apply to the

service territory in which it is a customer, and (b) not to oppose those portions of said Attachments A and B which apply outside of such service territory. The Stipulation provides that signing of the Stipulation does not constitute an admission by any signatory concerning whether an intervenor that is not a DU has an interest, outside of the service territory in which it is a customer, in the subject matter addressed by the Stipulation and Attachments A and B thereto. Exh. DPS 1 at 5.

16. The signatories to the Stipulation have agreed to submit to the jurisdiction of the Board for resolution of any disputes arising under the Stipulation. Exh. DPS 1 at 5.

17. The signatories to the Stipulation have agreed that the Stipulation and any order approving the Stipulation relates only to the such signatories and should not be construed by any signatory or tribunal as having precedential or any other impact on other proceedings. The signatories have made compromises on specific issues to reach the Stipulation. The Stipulation and any order approving the Stipulation should not be construed by any signatory or tribunal as having precedential impact on any future proceedings involving the signatories except as necessary to ensure implementation of the Stipulation or to enforce an order of the Board resulting from the Stipulation. The signatories have reserved the right in future proceedings to advocate positions that differ from those set forth in the Stipulation, and the Stipulation and any order approving the Stipulation should not in any future proceeding be used against any signatory except as necessary to enforce obligations under the Stipulation or to enforce an order of the Board resulting from the Stipulation. Exh. DPS 1 at 6.

18. The signatories to the Stipulation specifically have acknowledged and agreed that the terms of the Stipulation shall not preclude any signatory from advocating, or preclude the Board from deciding, for calendar years 2003 and beyond, that the Board should or should not implement the EEC in the manner set out in paragraph 2 of the Stipulation in this docket, or that such implementation is or is not consistent with paragraph 48 of the MOU. Exh. DPS 1 at 6.

19. The bilateral agreement entered into by and between CVPS and the Department supplements the Stipulation in this Docket. Exh. DPS 1 at 3; Exh. DPS 2 at 1.

20. The following special contracts with CVPS, which CVPS represents are generation displacement contracts with customers who do not pay for or receive energy efficiency services, will not be used to collect the energy efficiency charge in year 2002:

<u>Customer Designation</u>	<u>PSB Approval Number</u>	<u>Expiration Date</u>
20-17961	402	11/30/01
20-44411	401	11/30/01
80-17413	79	—
80-01086	77	—
80-01086	77	—

CVPS and the Department agree that those contracts listed above which have expiration dates should not be used to collect the EEC in 2002 to the extent the contracts are extended further into 2002 and the Board approves such extension. CVPS represents that these customers were each customers whose special contracts were the subject of the bilateral agreement between the DPS and CVPS concerning the EEC for the year 2001, approved by the Board on December 5, 2000. Exh. DPS 2 at 1-2.

21. CVPS and the Department agree that the CVPS bilateral agreement and any order approving it relates only to CVPS and the Department and should not be construed by any party or tribunal as having precedential or any other impact on other proceedings. CVPS and the Department have made compromises on specific issues to reach the CVPS bilateral agreement. The CVPS bilateral agreement provides that it, and any order approving it, shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving CVPS and the Department except as necessary to ensure implementation of the CVPS bilateral agreement or to enforce an order of the Board resulting from it. The CVPS bilateral agreement further provides that CVPS and the Department reserve the right in future proceedings to advocate positions that differ from those set forth in the CVPS bilateral agreement, and that the CVPS bilateral agreement and any order approving it may not in any future proceeding be used against any party except as necessary to enforce obligations under the CVPS bilateral agreement or to enforce an order of the Board resulting from it. Exh. DPS 2 at 2.

22. The bilateral agreement entered into by and between GMP and the Department supplements the Stipulation in this Docket. Exh. DPS 3 at 1.

23. Special contract #433 between GMP and a GMP customer which has been approved by the Board will not be used to collect the 2002 EEC. Exh. DPS 3 at 1.

24. GMP seeks to provide notice of the 2002 EEC through a bill insert and represents that to do so in the December 2001 billing cycle it must send the bill insert containing the notice to the printer on or about November 16, 2001, a date which is likely to be prior to the Board's final approval of the EEC charge. GMP and the Department agree that GMP may provide notice in this manner as long as GMP complies with the following conditions:

(a) GMP will include in the December 2001 bill insert the notice text contained in Attachment C to the Stipulation filed in this docket, with the second sentence of the second paragraph to read as follows: "The charge for the year 2002 for customers of Green Mountain Power Corporation will be, subject to final approval of the Public Service Board, ___ [GMP to insert in blank space the agreed upon EEC percentage shown for its service territory on Attachments A and B to the Stipulation];

(b) In the event the Board approves a 2002 EEC percentage for GMP's service territory which is different from the percentage used in said bill insert, GMP will include, in the next available monthly billing cycle, a bill insert containing the correct percentage with the text to be agreed upon by the Parties and approved by the Clerk of the Board.

Exh. DPS 3 at 1-2.

25. GMP and the Department agree that the GMP bilateral agreement and any order approving it relates only to GMP and the Department and should not be construed by any party or tribunal as having precedential or any other impact on other proceedings. GMP and the Department have made compromises on specific issues to reach the GMP bilateral agreement. The GMP bilateral agreement provides that it, and any order approving it, shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving the GMP and the Department except as necessary to ensure implementation of the GMP bilateral agreement or to enforce an order of the Board resulting from it. The GMP bilateral agreement

further provides that GMP and the Department reserve the right in future proceedings to advocate positions that differ from those set forth in the GMP bilateral agreement, and that the GMP bilateral agreement and any order approving it may not in any future proceeding be used against any party except as necessary to enforce obligations under the GMP bilateral agreement or to enforce an order of the Board resulting from it. Exh. DPS 3 at 2.

26. The Village of Morrisville Water and Light Department ("Morrisville") is not a signatory to either the Stipulation filed in this docket or the Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities concerning the Energy Efficiency Charge in the Year 2002. However, Morrisville does not oppose the terms of the Stipulation or the Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities concerning the Energy Efficiency Charge in the Year 2002, or the Year 2002 Energy Efficiency Charge by Service Territory figures and calculations set forth in Attachments A and B to said Stipulation. Exh. DPS 1 at 11.

27. Rochester Electric Light and Power Company ("Rochester") is not a signatory to the Stipulation; however, Rochester does not oppose the Stipulation. Letter of Aaron Adler to Susan Hudson, November 21, 2001.

28. The signatories to the Stipulation have waived any rights they may have, under 3 V.S.A. § 811, to provide written comments or request oral argument on a proposal for decision, provided that any proposal for decision or final Board decision on the subject matter of the Stipulation filed in this docket is consistent in all respects with the Stipulation and approves the Stipulation in its entirety. Exh. DPS 1 at 6.

29. Morrisville and Rochester do not seek an opportunity for written comment or oral argument prior to a final decision by the Board in this docket. Letter of Trevor Lewis to Susan Hudson, November 16, 2001; Letter of Aaron Adler to Susan Hudson, November 21, 2001.

III. CONCLUSION

On the basis of the evidence of record, I recommend that the Board approve the following documents:

- (1) the Stipulation concerning the Energy Efficiency Charge;

- (2) the year 2002 Energy Efficiency Charge percentage as set forth in Attachment A to the Stipulation;
- (3) the method used to determine the year 2002 Energy Efficiency Charge as presented in Attachment B to the Stipulation;
- (4) the language of the notice to the public contained in Attachment C to the Stipulation, with one modification: insertion of "2002" immediately following the word "January;"
- (5) the bilateral agreement between CVPS and the Department;
- (6) the bilateral agreement between GMP and the Department; and
- (7) the Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities concerning the Energy Efficiency Charge in the Year 2002.

This Proposal for Decision has not been circulated to the parties because all parties to this docket have waived the opportunity to comment on a proposal for decision. 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 26th day of November, 2001.

s/Judith M. Kasper

Judith M. Kasper
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Hearing Officer's findings and recommendations are adopted.
2. The Stipulation settling the rates to be established for the year 2002 Energy Efficiency Charge, the bilateral agreements entered into by Central Vermont Public Service Corporation and Green Mountain Power Corporation with the concurrence of the Vermont Department of Public Service, and a Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities concerning the Energy Efficiency Charge in the Year 2002, are approved as filed.
3. The year 2002 Energy Efficiency Charge shall be implemented by each of the following electric utilities at the rates listed in Attachment A to the Stipulation: Barton Village, Inc. Electric Department; Central Vermont Public Service Corporation; Citizens Communications Company d/b/a Citizens Energy Services; Village of Enosburg Falls Electric Light Department; Green Mountain Power Corporation; Town of Hardwick Electric Department; Village of Hyde Park Electric Department; Village of Jacksonville Electric Department; Village of Johnson Electric Light Department; Village of Ludlow Electric Light Department; Village of Lyndonville Electric Light Department; Village of Morrisville Water & Light Department; Village of Northfield Electric Department; Village of Orleans Electric Department; Town of Readsboro Electric Department; Rochester Electric Light and Power Company; Town of Stowe Electric Department; Swanton Village, Inc. Electric Department; Vermont Electric Cooperative, Inc.; Vermont Marble Power Division of OMYA, Inc.; and Washington Electric Cooperative, Inc.
4. The method used to determine the year 2002 Energy Efficiency Charge is accepted as presented in Attachment B to the Stipulation.
5. Notice to the public of the energy efficiency charge for the year 2002 shall be given as applicable to the particular electric distribution utility:
 - (a) as contained in Attachment C to the Stipulation, with one modification: insertion of "2002" immediately following the word "January"; or
 - (b) as set out in the bilateral agreement between Green Mountain Power Corporation

and the Department; or

(c) as set out in the Supplemental Agreement Between the Department of Public Service and Municipal Electric Utilities concerning the Energy Efficiency Charge in the Year 2002.

6. Utilities that have a rate change associated with the Energy Efficiency Charge shall work with the Clerk of the Board to finalize bill inserts notifying customers of the energy efficiency charge and any associated rate changes.

7. Within 10 days of the date on which said notice to customers is provided, each electric distribution utility shall submit a compliance tariff filing to the Board that includes a copy of the notice as provided to customers and proof of the date on which the notice was provided to customers.

Dated at Montpelier, Vermont, this 26th day of November, 2001.

s/Michael H. Dworkin)

) PUBLIC SERVICE

s/David C. Coen)

) BOARD

s/John D. Burke)

) OF VERMONT

OFFICE OF THE CLERK

FILED: November 26, 2001

ATTEST: s/Susan M. Hudson

Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or mail) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

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