

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6589

Investigation of Village of Enosburg Falls Water and)	Hearings at
Light Department, Inc.'s tariff filing requesting a 13.45%)	Montpelier, Vermont
rate increase, to take effect November 16, 2001)	November 28, 2001
	February 19, 2002

Order entered: 3/27/2002

PRESENT: Hope G. Crifo, Hearing Officer

APPEARANCES: June E. Tierney, Esq.
For Vermont Department of Public Service

William B. Piper, Esq.
Primmer & Piper, PC
For Village of Enosburg Falls Water and Light Department, Inc.

I. INTRODUCTION

On October 1, 2001, the Village of Enosburg Falls Water and Light Department, Inc. ("Enosburg Falls") filed with the Public Service Board ("Board") revisions to its tariffs reflecting a 13.45% increase in its electric rates, to produce additional annual revenues of \$288,936. Pursuant to 30 V.S.A. § 226(b), the revised rates have been in effect on a temporary basis since November 16, 2001.

On October 31, 2001, the Vermont Department of Public Service (the "Department" or "DPS"), pursuant to 30 V.S.A. § 225, filed a letter recommending that the Board open an investigation into the justness and reasonableness of Enosburg Falls' tariff filing. The Board ordered such an investigation on November 9, 2001, and appointed Hope G. Crifo, Utilities Analyst, as Hearing Officer in this proceeding.

On November 28, 2001, a prehearing conference was held in this docket. On January 9, 2002, a public hearing was held in this docket. At the public hearing, a number of Enosburg

Falls ratepayers voiced their concerns and raised questions regarding the proposed rate increase and the timing of future additional rate increases.

On January 19, 2002, the DPS filed a Memorandum of Understanding (the "MOU") between Enosburg Falls and the Department.¹ A technical hearing was held on the MOU on February 19, 2002. The MOU provides that the 13.45% rate increase, based on an historical test year ended December 31, 2000, will result in just and reasonable rates. The MOU, if approved by the Board, would resolve all issues in this Docket.

I have reviewed the MOU, attendant exhibits and supporting evidence. I conclude that the settlement terms as provided in the MOU, taken as a whole, are reasonable, and will result in rates that are just and reasonable. Accordingly, I recommend that the MOU be approved by this Board.

II. FINDINGS

Pursuant to 30 V.S.A. § 8, and based on the record and evidence before me, I present the following findings of fact and conclusions of law to the Board.

1. On October 31, 2001, Enosburg Falls filed with the Board revisions to its tariffs reflecting a 13.45% increase in its rates, to take effect on a service-rendered basis commencing November 16, 2001, for bills rendered on and after December 16, 2001. Exhibit Joint-1 at 1-2.
2. The revised tariffs will generate incremental annual revenues of \$288,936 in the adjusted test year from November 16, 2001, to November 15, 2002. The incremental revenues will reverse Enosburg Falls' historical test year deficit. MOU Attachment 1.
3. A 13.45% rate increase will result in just and reasonable rates. MOU at 1-2.
4. Paragraph 3 of the MOU requires Enosburg Falls to make timely rate filings to recover operating expenses. Failure to do so will not justify short-term borrowings to meet operating expenses. MOU at 2.
5. Paragraph 4 of the MOU requires Enosburg Falls to file by April 1, 2002, an updated class cost of service study into the possible elimination of seasonal rates. *Id.*

1. The MOU is attached hereto as Appendix 1.

6. The parties agree that the MOU has no precedential or other impact on proceedings involving other utilities. *Id.*

III. DISCUSSION

Prior to the current tariff revision, Enosburg Falls last raised its rates 9.76% on a service-rendered basis effective October 1, 1998.²

The MOU filed by the parties on January 19, 2002, resolves all of the issues in this docket. The MOU provides for a 13.45% increase in rates. It also generally requires Enosburg Falls to meet operating expenses through ratepayer revenues instead of relying on capital raised through incurrence of additional debt. Enosburg Falls also acknowledges that it is poor utility management to deliberately set rates that do not recover operating expenses.³

I conclude that the interest of Vermont ratepayers in Enosburg Falls' service territory will best be served by approval of the MOU, and the rates and conditions set forth under it.

IV. CONCLUSION

I have reviewed the MOU and the transcripts from the hearings in this Docket. I find that based upon the MOU between Enosburg Falls and the Department proposing a settlement resolving all outstanding issues in this Docket, taken as a whole, promotes the general good of the state and results in just and reasonable rates. I, therefore, recommend that the MOU be approved by this Board.

The parties have waived their right to service of the Proposal for Decision in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 25th day of March, 2002.

s/Hope G. Crifo
Hope G. Crifo
Hearing Officer

2. Docket 6142, Order dated October 11, 2001.

3. January 19, 2002, MOU.

V. ORDER

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

1. The Findings and Conclusion of the Hearing Officer are adopted.
2. The Memorandum of Understanding dated January 19, 2002, between the Village of Enosburg Falls Water and Light Department, Inc., and the Vermont Department of Public Service is approved in its entirety.
3. Enosburg Falls shall forthwith file appropriate tariffs consistent with the Findings of this Order within ten days of this Order, to take effect on a service-rendered basis commencing November 16, 2001.
4. Enosburg Falls shall file a new class cost of service study with the Board by April 1, 2002.

Dated at Montpelier, Vermont, this 27th day of March, 2002.

<u>s/Michael H. Dworkin</u>)	
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)	PUBLIC SERVICE
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<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
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<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: March 27, 2002

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.