

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6690

Investigation of Village of Enosburg Falls Water)
& Light Department, Inc.'s tariff filing)
requesting a 5.37% rate increase, to take effect)
May 1, 2002)

Order entered: 8/1/2002

I. INTRODUCTION

On March 15, 2002, the Village of Enosburg Falls Water & Light Department, Inc. ("Enosburg Falls") filed with the Vermont Public Service Board ("Board") revisions to its tariffs reflecting a 5.37% increase in its rates, to take effect on a service-rendered basis commencing May 1, 2002. The proposed rate increase has, pursuant to 30 V.S.A. § 226(b), been in effect on a temporary basis since May 1, 2002. For the rate year, it will produce additional annual revenues in the amount of \$136,051. Notice of the proposed rate increase was provided to Enosburg Falls' customers via publication in the *County Courier* newspaper.

On April 15, 2002, the Vermont Department of Public Service ("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 May 3, 2002, and appointed Ennis John Gidney, Board Economist, as Hearing Officer in this proceeding.

On May 28, 2002, a prehearing conference was held in this docket. Appearances were entered by William B. Piper, Esq. of Primmer & Piper, PC, for Enosburg Falls and June E. Tierney, Esq., for the DPS.

On June 28, 2002, the DPS filed a Memorandum of Understanding ("MOU") between Enosburg Falls and the DPS. A copy of the MOU is attached hereto as Appendix I. The MOU proposes a resolution of all issues.

On July 18, 2002, Enosburg Falls filed a Proposal for Decision and the parties stipulated to the admission into the record of the MOU.

I have reviewed the MOU and supporting cost of service for the test year ended December 31, 2001, and I conclude that the settlement terms as provided in the MOU are reasonable. In addition, approval of the MOU will result in rates that are just and reasonable and will promote the general good of the state. I recommend that the MOU be approved by this Board.

Based upon the evidence of record, including the agreements and exhibit contained in the MOU, I hereby report the following findings and conclusions to the Board in accordance with 30 V.S.A. § 8.

II. FINDINGS

1. On March 15, 2002, Enosburg Falls filed with the Board revisions to its tariffs reflecting a 5.37% increase in its rates, or an increase in annual revenues of \$136,051, to take effect on a service-rendered basis commencing May 1, 2002. MOU ¶ 1.

2. Enosburg Falls acknowledges that rates should be set to recover the cost of services, agrees to do so, and agrees to limit short-term borrowing to remedy short-term cash flow problems, and that such borrowing will have a term of no more than one year. MOU ¶ 3.

3. Enosburg Falls will cause its audited financial statements to conform to rate case treatment of revenues and expenses and to the FERC chart of accounts. MOU ¶ 4.

4. Enosburg Falls will use 52.3 percent of the surcharge collected, until the surcharge expires, to reduce the principal amount of its short-term debt with the highest interest rate. Enosburg Falls agrees to use 2.7 percent of the revenues from retail rates to reduce principal of short-term debt with the highest interest rate. Once bonds are issued, the above commitments shall terminate. MOU ¶ 5.

5. Enosburg Falls agrees that the notes payable shown on Attachment D (Debt Service Schedule and Analysis of Amortization) of the March 15, 2002, rate filing will be converted to fixed-term obligations consistent with the lives of the assets corresponding to the notes. MOU ¶ 6.

6. The parties agree that the MOU relates only to these parties and has no precedential or any other impact on proceedings involving other utilities. MOU ¶ 9.

III. DISCUSSION

The MOU filed by the parties on June 28, 2002, resolves all of the contested issues in this docket. I conclude that the interest of Enosburg Falls' ratepayers will be best served by approval of the rates set forth under the terms of the June 28, 2002, MOU.

The rates will provide Enosburg Falls with sufficient revenues to meet its public service obligations and to access capital markets.

Based on the uncontested record, this result is consistent with the public good of the state.

IV. CONCLUSION

I have reviewed the MOU and the original Cost of Service filing. I find that based upon the foregoing and the evidence in the record, the MOU between Enosburg Falls and the DPS reflecting settlement of all outstanding issues in PSB Docket No. 6690, taken as a whole, promotes the general good of the state. 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 30th day of July, 2002.

s/Ennis John Gidney
Ennis John Gidney
Hearing Officer

V. ORDER

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

1. The Findings, Conclusion and recommendation of the Hearing Officer are adopted.
2. The Memorandum of Understanding dated June 28, 2002, between the Village of Enosburg Falls Water & Light Department, Inc. and the Vermont Department of Public Service is accepted.
3. Enosburg Falls shall file appropriate tariffs consistent with the Findings and this Order within 10 days of the issuance of this Order.

Dated at Montpelier, Vermont, this 1st day of August, 2002.

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

OFFICE OF THE CLERK

FILED: August 1, 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 in writing) 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.