

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6987

Investigation Into the Energy Efficiency Charge )  
for the Year 2005 )

Order entered: 10/15/2004

**ORDER APPROVING METHODOLOGY**

**I. INTRODUCTION**

The Energy Efficiency Charge ("EEC") is a volumetric charge to customers for the support of energy efficiency services provided in multiple electric utility service territories throughout Vermont.<sup>1</sup> The EEC was established by the Public Service Board ("Board") pursuant to 30 V.S.A. § 209(d)(3). This Docket was opened to establish the methodology for calculating the EEC for the year 2005.

In this Order, we approve a methodology for calculating the year 2005 EEC rates that is substantially similar to the current methodology used to calculate the year 2004 EEC rates. The methodology we are approving is set forth in detail in Attachment A.<sup>2</sup> The methodology calculates EEC rates for the service territories of all Vermont electric distribution utilities, although it determines the rates for customers of the City of Burlington Electric Department ("BED") and Washington Electric Cooperative, Inc. ("WEC") on a service-territory specific basis, rather than on a statewide basis.

In essence, the methodology includes the following steps:

- (1) determine the amount of the authorized EEC funding that will be billed to and paid by each respective customer class;
- (2) determine a uniform EEC kWh rate for each customer class;

---

1. In most utility service territories, these energy efficiency services are provided by the Energy Efficiency Utility.  
2. Attachment A is a revised version of a proposed rule that the Board is in the process of promulgating. The proposed rule would, if adopted, apply to the calculation of EEC rates for the years 2006 and beyond.

- (3) determine the amount of the authorized EEC funding that will be billed to and paid by demand-billed customers in the commercial and industrial classes;
- (4) segment the EEC amount to be paid by demand-billed commercial and industrial customers into two volumetric components — a demand component and an energy component;
- (5) determine uniform volumetric EEC energy-kWh and capacity-kW billing rates for demand-billed commercial and industrial customer classes; and
- (6) determine after-tax EEC billing rates.

The differences between the current (year-2004) methodology for calculating EEC rates (including the related issues mentioned above) and the methodology we are approving for calculating the year 2005 EEC rates are:

- (1) over- or under-collections of the EEC in prior years will be applied on a class-specific basis, rather than on a total ratepayer basis;
- (2) the addition of language regarding possible future exempt residential deliveries; and
- (3) a utility may calculate its EEC-related uncollectible accounts by multiplying the utility's total amount of uncollectibles by the following factor: the utility's EEC billings divided by the utility's retail billings for the same period.

In addition, the methodology we approve in this Order includes several corrections pointed out by the parties to make the description of the 2005 methodology consistent with the current methodology for calculating EEC rates. These corrections include:

- (1) using previous over- or under-collections of the EEC for the two most recent prior years;
- (2) recognizing that there are both commercial and industrial exempt deliveries; and
- (3) allowing distribution utilities to seek permission from the Board to use an alternative method for determining the EEC to be paid by street and security lighting customers.

## **II. PROCEDURAL HISTORY**

The Board originally intended to establish the methodology that would be used to calculate the EEC rates in 2005 and beyond through a rule. The proposed rule used as its basis the 2004 EEC methodology approved by the Board in its October 16, 2003, Order in Docket

6874. However, by August of 2004, it had become clear that there was not sufficient time to complete such a rulemaking before the 2005 EEC rates would need to be calculated.

Consequently, on August 9, 2004, an Order Opening Investigation Into the Energy Efficiency Charge for the Year 2005 was issued by the Board.

In the August 9, 2004, Order, the Board noted that 30 V.S.A. § 209(d)(3) does not require the use of contested case procedures,<sup>3</sup> and proposed not following those procedures in this Docket. Instead, the Board stated it would use the methodology described in the draft proposed rule attached to the August 9, 2004, Order as the starting point for discussion in this Docket (this is referred to herein as the "Original Proposal").

A prehearing conference was held in this Docket on August 19, 2004. At the prehearing conference, VEC submitted a proposed alternate methodology for quantifying the amount of utility uncollectibles related to the EEC. Also at the prehearing conference, the parties agreed that the Hearing Officer would not issue a Proposal for Decision in this proceeding. Instead, the issues would go straight to the Board for resolution, with parties able to file motions for reconsideration of the Board order, if they so choose.<sup>4</sup>

On August 19, 2004, Associated Industries of Vermont ("AIV") filed a motion to intervene in this Docket. On August 27, 2004, International Business Machines Corporation ("IBM") filed a motion to intervene in this Docket. There were no objections to either of these motions, and on September 10, 2004, they were granted.

A technical workshop was held on September 9, 2004.

On September 22, 2004, Central Vermont Public Service Corporation ("CVPS") filed comments on the methodology described in the draft proposed rule.

On September 23, 2004, VEC filed comments on the methodology described in the draft proposed rule.

On September 24, 2004, the Vermont Department of Public Service ("DPS"), AIV, Green Mountain Power Corporation ("GMP"), IBM, and the Vermont Marble Power Division of

---

3. 3 V.S.A. § 801(b)(3) defines a contested case as a proceeding in which "the legal rights, duties, or privileges of a party are required by law to be determined by an agency after an opportunity for hearing." 30 V.S.A. § 209(d)(3) does not require an opportunity for hearing.

4. Tr. 8/19/04 at 8–9 (Hearing Officer Bishop, Commons).

OMYA, Inc. ("Vermont Marble") filed comments on the methodology described in the draft proposed rule.

No party filed reply comments.

On September 28, 2004, Michael Wickenden, the Energy Efficiency Utility ("EEU") Contract Administrator, filed information regarding 2003 and 2004 EEC over- or under-collections. On the same date, Mr. Wickenden filed information regarding 2003 and 2004 electric utility EEC-related uncollectible accounts.

### **III. DESCRIPTION OF ORIGINAL PROPOSAL**

The starting point for discussion in this Docket was the methodology used to calculate the current 2004 EEC rates. This methodology allocates the total amount to be collected via the EEC among residential, commercial, and industrial classes based upon each class's contribution to electric utility rate revenues.<sup>5</sup> That is, each class pays the same portion of the EEC collections that it pays of the total electric rate revenues. Then a uniform, volumetric kWh rate is established for each customer class.

The current methodology also allocates the portion of EEC funding to be collected from commercial and industrial customers among demand-billed customers, and non-demand-billed customers. This allocation is based upon each type of customer's contribution to electric utility rate revenues collected from the particular customer class. Then a uniform, volumetric kWh rate is established for non-demand-billed customers in each class (the rates for commercial and industrial non-demand-billed customers are determined separately). Similarly, a uniform, volumetric kWh rate and a uniform kW rate are established for demand-billed customers in each class (once again, the rates for commercial and industrial demand-billed customers are determined separately).

Next, under the current methodology, an unmetered street and security light rate is established that is closely linked to the statewide commercial kWh rate.

---

5. This determination is made on a statewide basis, except for BED and WEC, which utilize a utility service-territory specific basis.

Finally, all the EEC rates are adjusted to include taxes that are paid on EEC collections. These after-tax EEC rates are the rates charged to customers.

There are other issues closely associated with the calculation of EEC rates that have historically been decided by the Board at the same time as it has decided the methodology to be used to calculate the EEC rates for a particular year. These issues include:

- (1) the collection of information required to calculate the rates from electric distribution utilities and the Contract Administrator;
- (2) customer notice regarding the new EEC rates;
- (3) payment of the EEC to the Fiscal Agent; and
- (4) reimbursement to electric distribution utilities for uncollectible amounts related to the EEC.

These issues were also addressed in the Original Proposal.

#### **IV. DISCUSSION**

As noted above, the Board stated it would use the proposed draft rule attached to the Order opening this investigation (which incorporated the methodology used to calculate the 2004 EEC rates) as the starting point for discussions in this Docket,<sup>6</sup> and specifically asked the parties to comment on this methodology. As a result, there was a presumption that the methodology used to calculate the EEC rates for the year 2004 would also be used to calculate the EEC rates for the year 2005, unless a party showed that this would be inappropriate or demonstrated that a change to the methodology would improve the methodology or streamline its implementation. For this reason, this discussion focuses on parties' comments regarding the methodology, not on the reasonableness of the methodology itself.<sup>7</sup> These comments relate to the following issues, which are discussed in more detail below: (1) the equitableness of the current methodology; (2)

---

6. At the prehearing conference, the Hearing Officer clarified that even though the proposed draft rule that was attached to the opening order referred to 2005 and later years, this Docket would focus solely on 2005, while the methodology for years 2006 and beyond would be addressed in the rulemaking.

In preparing Attachment A to this Order, we deleted those sections of the proposed draft rule that applied only to years 2006 and beyond. As a result, some of the section numbers are different in Attachment A than they were in the Original Proposal.

7. See the October 16, 2003, Order in Docket 6874, generally, for an explanation of why the Board found the current methodology used to calculate the 2004 EEC rates to be reasonable and appropriate.

determination of previous over- or under-collections of the EEC; (3) exempt residential, commercial and industrial deliveries; (4) certain special contracts that have historically been exempt from paying the EEC; (5) calculation of the street lighting rate; (6) calculation of EEC-related uncollectible accounts; and (7) customer notice of new EEC rates.

### Equitableness of Current Methodology

Only one party expressed a fundamental concern with the fairness and equitableness of the current methodology. AIV reiterated arguments that it made in Docket 6874 (the Board's investigation into the Energy Efficiency Charge for the year 2004) regarding the fairness of the current methodology to commercial customers. Specifically, AIV noted that the 2004 methodology reduced the amount of EEC paid by industrial customers who had experienced significant increases in their EEC payments in 2003, but did not similarly reduce the amount of EEC paid by commercial customers, even though, according to AIV, "a significant number of non-industrial class business ratepayers"<sup>8</sup> experienced increases in 2003 similar to those experienced by industrial customers. AIV asserted that not only did the current methodology fail to address this problem for commercial customers, but it actually increased the amount of the EEC paid by these customers. AIV argued that "both classes [industrial and non-industrial class business ratepayers] should receive relief."<sup>9</sup>

AIV did not provide new evidence in this Docket to support its assertions. Instead, it stated:

AIV continues to gather additional company examples of this problem. Should time allow, we will make additional examples available. The evidence provided last year, however, is in our view sufficient.<sup>10</sup>

In Docket 6874, the Board considered, and rejected, AIV's argument that commercial customers should receive "relief." As the Board stated in that docket:

---

8. Letter from Sandra Dragon, President, AIV, to Susan M. Hudson, Clerk of the Board, dated September 24, 2004.

9. Letter from Sandra Dragon, President, AIV, to Susan M. Hudson, Clerk of the Board, dated September 24, 2004.

10. Letter from Sandra Dragon, President, AIV, to Susan M. Hudson, Clerk of the Board, dated September 24, 2004.

We are not persuaded by AIV's arguments. The purpose of this proceeding is to determine the methodology to be used to calculate EEC rates that will be fair and reasonable for all customer classes, not to provide "relief" to certain customers.<sup>11</sup>

In addition, the Board stated in Docket 6874 that, even though AIV showed that 12 commercial customers would experience a second significant increase in their EEC payments under the methodology ultimately approved by the Board to calculate the 2004 EEC rates, using that methodology would result in just and reasonable EEC rates for all customer classes.<sup>12</sup> The Board noted that rate design changes affect different customer classes and different individual customers within those classes in different ways, and that the Board expected the methodology used to calculate the 2003 EEC rates (as well as the methodology used to calculate the 2004 EEC rates) would affect individual customers differently.<sup>13</sup>

AIV has not presented any new evidence in this Docket to support its assertion that the Board should change the conclusion it reached in Docket 6874 regarding the justness and reasonableness of EEC rates calculated using the current methodology. Instead, AIV relies upon the evidence it presented in Docket 6874, evidence which the Board has already found to be unpersuasive. We remain unpersuaded by AIV's arguments regarding the fairness and equitableness of the methodology in the Original Proposal, for the same reasons that we were unpersuaded in Docket 6874.

#### Determination of Previous Over- or Under-Collections of the EEC

The DPS proposed modifying Section 5.304(E) of the proposed methodology so that (1) previous over- or under-collections of the EEC are determined for each rate class (residential, commercial, and industrial); and (2) the methodology uses previous over- or under-collections of the EEC for the two most recent prior years.<sup>14</sup>

The current methodology determines the total over- or under-collection of the EEC, and then adjusts the total amount to be collected from all ratepayers by this amount. However, at the

---

11. Docket 6874, Order of 10/16/03 at 47.

12. Docket 6874, Order of 10/16/03 at 49.

13. Docket 6874, Order of 10/16/03 at 47.

14. Letter from Geoffrey Commons, Esq., DPS, to Susan M. Hudson, Clerk of the Board, dated September 24, 2004, at 1.

technical workshop in this Docket, Michael Wickenden, the EEU Contract Administrator, provided information on EEC collections from the first 5 months of 2004, by customer class.<sup>15</sup> This information showed that over- and under-collections differed by class (that is, some customer classes experienced over-collections while others experienced under-collections for this time period).

The purpose of adjusting the amount of EEC to be collected from ratepayers by the amount of previous over- or under-collections is to ensure that customers pay the amount of EEC that the Board authorized for a particular year. Given the information demonstrating that EEC over- and under-collections vary by customer class, we are persuaded that it is appropriate for the methodology for calculating the 2005 EEC to incorporate EEC over- and under-collections on a customer class-specific basis, when the information necessary to do so is available.<sup>16</sup> For this reason, we adopt the DPS's proposed revised language for Section 5.304(E) to reflect class-specific calculations of over- and under-collections for the 2004 portion of the adjustment.

In addition, however, in order to fully incorporate this recommendation, it is necessary to modify the calculation methodology itself. Accordingly, we have made the necessary changes to Sections 5.305(E)(1), (3a), (3b), and (3c), 5.305(F)(1), (3a), (3b), and (3c), and 5.305(G)(1), (3a) and (3b) so that 2004 EEC over- and under-collections are not factored into the calculation methodology on a total customer basis, but rather on a customer-class-specific basis. The final adjustment for 2003 EEC over- and under-collections is still factored into the calculation methodology on a total customer basis.

The DPS's second proposed modification to Section 5.304(E) reflects the fact that EEC rates were set for calendar year 2004 before all 2003 EEC collections were made. This required EEC over- or under-collections to be estimated for some months of 2003 when 2004 EEC rates were set. It is appropriate for the 2005 EEC rates to incorporate the difference between the estimated 2003 over- or under-collections used to calculate the 2004 EEC rates and the actual

---

15. Handout entitled "EEC Revenue from 2004 Usage Date January - May."

16. Such information is available for 2004, but is not available for 2003 because new statewide customer class definitions were implemented in 2004. As discussed below in the main body of the Order, the over- or under-collection adjustment for the 2005 EEC methodology is actually two adjustments, one that relates to 2004 EEC collections, and one that relates to 2003 EEC collections.

2003 over- or under-collections. This is the practice that was followed when calculating the EEC for prior years, but was inadvertently not reflected in the Original Proposal in this Docket. Thus, the DPS's suggested language modification corrects the Original Proposal so that it matches the current methodology, and we, hereby, adopt the substance of their modification, with minor changes.<sup>17</sup>

#### Exempt Residential, Commercial and Industrial Deliveries

Both Vermont Marble and the DPS commented that the Original Proposal does not accurately reflect the current methodology with regard to exempt commercial and industrial deliveries. The methodology used to calculate the 2004 EEC rates recognized that Vermont Marble made both exempt commercial and exempt industrial deliveries. However, the Original Proposal in this Docket mentioned only Vermont Marble's exempt industrial deliveries.

Vermont Marble and the DPS are correct that, with regard to this issue, the Original Proposal does not match the current methodology, and it should be corrected to do so. Both Vermont Marble and the DPS proposed suggested language to correct this oversight, however, their suggested language changes are not identical. After considering both proposals, we adopt Vermont Marble's suggested changes, which are more comprehensive. Attachment A includes Vermont Marble's suggested changes to Sections 5.305(E)(2a), (2b), (2c), (4b), and (4c).<sup>18</sup> In addition, Section 5.304(C) has been modified to be consistent with the fact that Vermont Marble makes both exempt commercial and industrial deliveries.

---

17. The minor changes include correcting two statements to make them consistent with current practices. First, the Contract Administrator, not the Fiscal Agent, develops monthly estimates of contributions for those months for which estimates are necessary. Second, utilities are required to pay the Fiscal Agent the amount of EEC charges they billed customers twenty-three days (not twenty days) after the end of the preceding month.

In addition, in Attachment A, we have made one substantive modification to the DPS's proposed language. The DPS's proposed language referred in five places to EEC funds "billed and collected" by electric distribution utilities. We were concerned these statements could inadvertently cause confusion because the utilities pay the Fiscal Agent the amount of EEC charges they *billed* to customers, which may not be the same as the amount of EEC charges they *collected* from customers (hence the reason for the uncollectible accounts adjustment discussed in Section 5.304(D)). Therefore, we deleted all references to "collected" EEC from the language proposed by the DPS.

18. The section numbers in Attachment A do not match the section numbers in Vermont Marble's comments because the sections in the Original Proposal that related solely to years after 2006 have been deleted. Vermont Marble's comments referred to Sections 5.305(E)(3a), (3b), (3c), (5b), and (5c).

Vermont Marble also suggested that, even though it does not make any exempt residential deliveries, in the interest of symmetry, the Board may wish to include language regarding such deliveries, in case any arise in the future. In a related comment, the DPS suggested a change to Section 5.305(E)(4a) to reflect exempt sales to residential customers. We are persuaded that, in the interest of symmetry, it is appropriate to adopt both of these suggested changes, which are reflected in Attachment A. We have also made the same changes to Sections 5.305(F)(4a) and 5.305(G)(4a) so that the methodologies used to calculate the EEC rates for BED and WEC follow the same steps as the methodology used to calculate the statewide EEC rates. We have also modified 5.304(C) so that utilities are required to provide information regarding exempt sales to residential customers in the same way they are required to provide information regarding exempt sales to commercial and industrial customers.

#### Special Contracts Exempt from Paying the EEC

Section 5.303(B) of the Original Proposal provides a continued exemption from the EEC for service provided under generation displacement special contracts, station service exempted by the Board in its October 16, 2003, Order in Docket 6874, and service provided under any other special contracts specifically exempted by the Board in its October 16, 2003, Order in Docket 6874. Both GMP and CVPS filed comments supporting continuing these exemptions. CVPS stated that for 2005, special contract numbers 77, 79, and 597 should receive the generation displacement exemption.<sup>19</sup> GMP stated that for 2005, special contract numbers 433 and 499 should be exempt from paying the EEC. In addition, GMP stated that the exemption from paying the EEC should also apply to the Consent to Assignment and Amendment of Station Service contract dated as of February 21, 2002, among GMP, Vermont Yankee Nuclear Power Corporation and Entergy Nuclear Vermont Yankee LLC and the Amended Agreement dated as of November 27, 1989, between Vermont Yankee Nuclear Power Corporation and GMP.<sup>20</sup>

---

19. Letter from Morris L. Silver, Esq., to Susan M. Hudson, Clerk of the Board, dated September 22, 2004, at 2.

20. The exemption from paying the EEC related to these two agreements applies only to station service backup provided by GMP through the agreements, and does not apply to black start service to the Vermont Yankee Nuclear Power Station. Letter from Donald J. Rendall, Esq., GMP, to Susan M. Hudson, Clerk of the Board, dated September 24, 2004, at 1.

In this Order, we approve the continuation of the exemptions for the special contracts and other agreements provided by CVPS and GMP. This decision is reflected in Attachment A.

Both GMP's and IBM's comments noted that GMP has a proposed new rate design pending before the Board in Docket 6958. One aspect of this proposed new rate design is the creation of a new Economic Development Rider for Transmission Service Rate tariff, which would replace special contract number 433. Both GMP and IBM asked that the Board exempt from payment of the 2005 EEC any service delivered under this proposed new tariff as such an exemption would effectively continue the current exemption of special contract number 433. We decline to rule on this issue in this proceeding. This issue relates entirely to a proposed new tariff already under consideration in Docket 6958 and, therefore, is more appropriately considered in that docket.

#### Calculation of the Street Lighting Rate

The Original Proposal in this Docket only includes one method for calculating the EEC to be paid by street and security lighting customers. CVPS pointed out that the current methodology allows distribution utilities that, pursuant to the Stipulation approved by the Board in Docket 6741, obtained Board approval to use an alternative number of hours per month in calculating the EEC for such customers to continue to use the approved alternate number of hours.<sup>21</sup> CVPS requested that the Original Proposal be modified so that distribution utilities may seek permission from the Board to use an alternative method for determining the EEC to be paid by street and security lighting customers.

CVPS's suggested modification appropriately corrects an inadvertent omission in the Original Proposal, and we hereby adopt it. Section 5.305(E)(8) of Attachment A reflects this change.

In addition, we authorize CVPS to continue to use the alternative method it is currently using to calculate the EEC to be paid by street and security lighting customers. CVPS's billing system uses predetermined kWh consumption estimates that are slightly different than the kWh produced by the proposed calculation incorporated within the original proposal. The difference

---

21. Letter from Morris L. Silver, Esq., to Susan M. Hudson, Clerk of the Board, dated September 22, 2004, at 3.

in the estimates of kWh consumption for the lights is negligible, and the revenue difference produced by the two methods is *de minimus*.<sup>22</sup> We are, therefore, persuaded by CVPS's assertion that the cost to change its billing system to comply with the methodology included in the Original Proposal is significant enough to outweigh the benefit of strictly applying the methodology in the Original Proposal.

#### Calculation of EEC-Related Uncollectible Accounts

At the prehearing conference in this Docket, VEC raised an issue related to the calculation of EEC-related uncollectible accounts. Specifically, VEC stated that in the past, in order to determine actual EEC-related uncollectible accounts, VEC personnel would manually analyze billing and payment transactions on each account going back to the last time each account being written off was current. This method was time-consuming and administratively inefficient. To improve this situation, VEC proposed that a utility should be allowed to calculate EEC-related uncollectible accounts by multiplying the utility's total amount of uncollectibles by the percentage that the utility's EEC billings were of the utility's retail billings for the same period.<sup>23</sup>

This issue was discussed at both the prehearing conference and the technical workshop. Some other utilities stated that their billing systems were set up in such a manner that they could easily identify actual EEC-related uncollectible accounts without doing the percentage calculation proposed by VEC. Nevertheless, they, along with the DPS, supported allowing VEC's proposed methodology, as an alternative to the methodology currently used, for those utilities for whom it would be administratively efficient.<sup>24</sup>

We are persuaded that VEC's proposed alternative method for calculating EEC-related uncollectibles is appropriate as it will improve the administrative efficiency of the calculation methodology. This alternative is reflected in Section 5.304(D) of Attachment A.

---

22. Letter from Morris L. Silver, Esq., to Susan M. Hudson, Clerk of the Board, dated September 22, 2004, at 3-4.

23. Memorandum from VEC to Ann Bishop, Hearing Officer, and Attendees at the Prehearing Conference, dated August 19, 2004.

24. Tr. 8/19/04 at 27 (Martin); tr. 9/9/04 at 11-13 (Commons, Powell, Burns, Schwiebert, Martin, Anderson).

### Customer Notice of New EEC Rates

The original proposal requires each distribution utility to provide notice to its customers of the new EEC rates for 2005. VEC proposed modifying the proposal so that the Energy Efficiency Utility ("EEU") would have the primary responsibility to provide notice to customers, and distribution utilities would have discretion regarding how and when to provide informal notice of the new EEC rates to their customers. In support of its recommendation, VEC argued that one notice by the EEU would be more efficient, and easier to implement, than notice by each of the distribution utilities.<sup>25</sup>

We are disturbed that VEC would so casually suggest a modification that would either significantly increase the cost of notifying customers, or substantially decrease the effectiveness of the notice. The EEU has no pre-existing vehicle for contacting customers. In fact, the EEU often uses bill stuffers in electric distribution utilities' bills to customers to provide customers with information about its services. Therefore, if the EEU were to provide direct notification to the approximately 338,000 Vermont electric customers, the cost would be substantial; just the postage for a postcard mailed at the least expensive non-profit mailing rate of 15.3 cents per piece would exceed \$51,000. To put this figure in perspective, in 2004, EEC funds were used to reimburse electric utilities \$2,315 for their incremental costs in providing notice of the 2004 EEC rates to their customers. In other words, VEC's proposal is likely to cost Vermont ratepayers *more than 20 times* what the Original Proposal would cost ratepayers. This would be unjust and unreasonable, and we do not adopt VEC's recommendation.

A less expensive alternative would be for the EEU to publish a newspaper notice, similar to that which Section 5.308(B) provides may be published by the Board. However, the Board's extensive experience with notifying customers of utility rate changes has shown that notice in the customer's electric bill is far more effective than notice in a newspaper. Any administrative efficiency that might result from one statewide newspaper notice being the primary legal notification to customers is more than outweighed by the reduction in the notice's effectiveness at reaching customers.

---

25. E-mail from Linda Reeve, VEC, to Ann Bishop and others, re: 2005 EEC Customer Notification Requirement, dated September 22, 2004.

**V. CONCLUSION**

For the reasons set forth above, we find the 2005 EEC methodology, as set forth in Attachment A, to be just and reasonable, and hereby approve it. The DPS should use the methodology approved in this Order when it performs its calculation of the actual 2005 EEC rates.

**VI. ORDER**

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

1. The 2005 Energy Efficiency Methodology, as set forth in Attachment A to this Order, is adopted.
2. The DPS shall use the 2005 Energy Efficiency Methodology to calculate the actual 2005 EEC rates. As the DPS agreed at the prehearing conference in this Docket, the DPS shall file the results of its calculation with the Board on October 22, 2004.
3. Each electric distribution utility shall provide notice to its customers of the 2005 EEC rates in accordance with the provisions of Section 5.308(A) of Attachment A to this Order.

Dated at Montpelier, Vermont, this 15th day of October, 2004.

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

OFFICE OF THE CLERK

FILED: October 15, 2004

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.*