

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6408

Petition of the Village of Lyndonville Electric)
Department and Central Vermont Public Service)
Service Corporation for approval of a)
settlement agreement related to a billing error)

Order entered: 8/23/2000

I. INTRODUCTION

On June 6, 2000, the Village of Lyndonville Electric Department ("LED") and Central Vermont Public Service Corporation ("Central Vermont") filed a petition requesting that the Vermont Public Service Board ("Board") approve the use of the Massachusetts Municipal Wholesale Company ("MMWEC") Seabrook Project Number 6 Refund Account Funds to settle a misallocation of Hydro-Quebec costs by Vermont Electric Power Company, Inc. ("VELCO") between LED and Central Vermont (collectively "Petitioners").

With the filing, Petitioners submitted a Settlement Agreement, a Stipulation of Facts, Attachment No. 1, sales agreement and Attachment No. 2, an analysis to adjust LED's sale of Hydro-Quebec Schedule B to Central Vermont for the 34-month period of February 1, 1996, through November 30, 1998.

On June 6, 2000, notice of the filing was sent to the Vermont Department of Public Service ("DPS").

On July 6, 2000, LED provided a schedule of the interim payments to be made to Central Vermont.

On July 31, 2000, the DPS filed a joint Stipulation settling the LED/Central Vermont Hydro-Quebec overpayment dispute.

I have reviewed the petition, attachments, and the subsequent correspondence of LED and the DPS, and the joint Stipulation as filed with the Board. I conclude that approval of Petitioners' petition to authorize LED to pay Central Vermont \$195,469.35 using its Seabrook Project 6 Refund Account, use of which was restricted by the Board's Accounting Order dated

January 12, 1996, to be used for capital improvements and demand-side management expenses, is appropriate.

The repayment of \$195,469.35 over a 34-month period by LED to the Seabrook Project 6 Refund Account is appropriate and I recommend that the petition be approved without a hearing.

Based on the petition and the supporting testimony and attachments presented in this Docket and in the subsequent correspondence of LED and the DPS with the Board, as described above, 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. LED and Central Vermont are companies within the meaning of 30 V.S.A. § 201 and are subject to the Board's jurisdiction pursuant to 30 V.S.A. §§ 203 and 209. Stipulation at 1.
2. In 1993, LED and Central Vermont entered into an agreement for the resale by Central Vermont of Hydro-Quebec power pursuant to Board approval in Docket No. 5330-C. *Id.*
3. Beginning in February 1996, and ending November 30, 1998, VELCO's power accounting and accounting departments erroneously billed Central Vermont \$195,469.35 for costs associated with the Hydro-Quebec power that should have been allocated to LED. *Id.* at 1, 2.
4. The Petitioners have agreed on a settlement proposal, which accounts for the misallocation of Hydro-Quebec power costs and for the repayment of such costs by LED to Central Vermont. Settlement Agreement dated June 1, 2000.
5. The Settlement Agreement requires LED to pay Central Vermont \$195,469.35 using its Seabrook Project 6 Refund Account, use of which was restricted by the Board's Accounting Order dated January 12, 1996, to be used for capital improvements and demand-side management expenses. The amount is to be repaid by LED to the Seabrook Project 6 Refund Account over a 34-month period. Attachment 2 to Settlement Agreement.
6. Central Vermont and the DPS have negotiated regarding the treatment of these funds. Central Vermont and the DPS have agreed that the \$195,469.35 in revenues Central Vermont receives from LED pursuant to the Settlement Agreement will be applied so as to reduce or eliminate the accounting deferral recorded in Account No. 182.3 - Other Regulatory Assets. Central Vermont and the DPS represent that this is consistent with the Board's June 8, 2000 Order in Docket No. 6120. Stipulation at 2.

7. The Stipulation represents a reasonable and prudent resolution of the above-captioned matter. The use of the Seabrook Account is appropriate under the circumstances. The Stipulation is in the public interest. Stipulation at 3.

8. This Stipulation is specifically limited to the facts and circumstances set forth in the Petitioners' petition and its attachments. The parties to the Stipulation agree that the Stipulation relates only to these parties and should not be construed by anyone as having precedential or any other impacts on proceedings involving other utilities. LED, the DPS and Central Vermont have made compromises on specific issues to reach the agreements set forth in the Stipulation. The Stipulation shall not be construed by any party or tribunal as having any precedential impact in this or any future proceedings involving the parties except as necessary to ensure the parties' implementation of the Stipulation or to enforce an order of the Public Service Board resulting from the Stipulation. Stipulation at 3.

9. LED, the DPS and Central Vermont agree that the Stipulation shall be effective, and shall bind the parties thereto, only if the Public Service Board issues an order in this docket containing terms consistent with the joint Stipulation in all respects. Stipulation at 3.

III. CONCLUSION

The proposed settlement requires LED to pay Central Vermont \$195,469.35 using its Seabrook Project 6 Refund Account, use of which was restricted by the Board's Accounting Order dated January 12, 1996, to be used for capital improvements and demand-side management expenses. The \$195,469.35 would be repaid by LED to the Seabrook Project 6 Refund Account over a 34-month period.

I recommend that the Board approve the \$195,469.35 payment to Central Vermont by LED from LED's Seabrook Project 6 Refund Account and require that LED's repayment to the Refund Account shall be over a 34-month period in accordance with amounts determined in Attachment 2 to the Settlement Agreement.

The joint Stipulation submitted by the DPS and other parties requests that the Board issue an Accounting Order directing Central Vermont to record to Account 182.3 - Other Regulatory Assets the \$195,469.35 in revenues that Central Vermont will receive from LED.

With the acceptance of the Joint Stipulation by the Board, I find that an accounting order is not necessary to approve the treatment of the \$195,469.35 in revenues to be received by Central Vermont and the corresponding reduction to Account 182.3 - Other Regulatory Assets.

I find that, based upon the evidence in the record, the Stipulation as filed between LED, Central Vermont and the DPS satisfactorily resolves this billing dispute. I, therefore, recommend that the joint Stipulation as filed July 31, 2000, be approved by this Board.

All parties to this proceeding have waived the opportunity to comment on this Proposal for Decision in accordance with 3 V.S.A. § 811.

DATED at Montpelier, Vermont, this 22nd day of August, 2000.

s/Ennis John Gidney
Ennis John Gidney
Hearing Officer

IV. 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 joint Stipulation dated July 31, 2000, between the Village of Lyndonville Electric Department, Central Vermont Public Service Corporation, and the Vermont Department of Public Service is approved.
3. The Village of Lyndonville Electric Department shall pay \$195,469.35 from the Seabrook Project 6 Refund Account to Central Vermont Public Service Corporation. The Village of Lyndonville Electric Department shall make repayment over a 34-month period to the Seabrook Project 6 Refund Account in accordance with the schedule of payments listed in Attachment 2 to the petition.
4. Central Vermont Public Service Corporation shall offset the \$195,469.35 in revenues, to be received from the Village of Lyndonville Electric Department, with a corresponding reduction to Account 182.3 - Other Regulatory Assets.
5. This Order is limited to the accounting treatment for the subject costs and does not bar any party from contesting, or the Board from determining or disallowing, the reasonableness or prudence of such costs, or the ratemaking treatment for such costs, in whole or in part, in any rate proceeding.
6. Nothing in this Order shall have any precedential effect.
7. Nothing in this Order shall preclude the Board from determining the recovery mechanism, if any, used to recover the remaining balance of subject costs should retail competition or other regulatory reforms be implemented in Vermont.

Dated at Montpelier, Vermont, this 23rd day of August, 2000.

s/Michael H. Dworkin)	PUBLIC SERVICE	
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s/David C. Coen)		BOARD
)		OF VERMONT
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OFFICE OF THE CLERK

FILED: August 23, 2000

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 technical 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.