

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 21-5233-INV

Standards and procedures regarding the filing and review of requests for accounting orders pursuant to 30 V.S.A. § 221	
--	--

Order entered: 06/03/2022

**ORDER ADOPTING STANDARDS AND PROCEDURES
REGARDING ACCOUNTING ORDERS**

In today's Order, the Vermont Public Utility Commission ("Commission") accepts the Hearing Officer's recommendation to adopt standards and procedures applicable to the Commission's review of requests for accounting orders pursuant to 30 V.S.A. § 221.

PROPOSAL FOR DECISION

I. INTRODUCTION

Under 30 V.S.A. § 221, the Vermont Public Utility Commission ("Commission") is authorized to "prescribe the forms of all books, accounts, papers and records of any public utility over which it has jurisdiction." In accordance with this statute, public utilities may request approval from the Commission for regulatory accounting treatment of eligible costs or revenue. Customarily, the Commission has issued "accounting orders" to grant such requests made by a public utility.

II. PROCEDURAL HISTORY

On December 16, 2021, I issued an Order soliciting comments from electric, gas, telecommunications, and water utilities and the Vermont Department of Public Service ("Department") on the draft standards and procedures for accounting orders.

On December 28, 2021, Washington Electric Cooperative, Inc. ("WEC") filed comments in support of the draft standards and procedures. WEC suggested some minor, non-substantive changes to include more detailed accounting terminology.

On January 20, 2022, Vermont Gas Systems, Inc. ("VGS") filed comments supporting the draft standards and procedures and added language to the definition of "accounting order" to help clarify the circumstances under which it is expected that a request for an accounting order

would be filed. The clarification states that “[a]n accounting order is issued to approve regulatory accounting treatment, *not otherwise authorized by the Commission pursuant to an alternative regulation plan, rate case order, or other Commission proceeding* that allows for deferral and amortization of specific costs or revenue *as a regulatory asset or liability for purposes of rate treatment.* . . .” [New language in italics and underlined.]

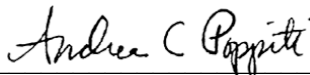
Also on January 20, 2022, the Department, Vermont Electric Cooperative, Inc. (“VEC”), Green Mountain Power Corporation (“GMP”), and the City of Burlington Electric Department (“BED”) filed comments in support of the draft standards and procedures. BED recommended that the accounting order standards and procedures incorporate a reference to rate case filings as an acceptable alternative method by which a utility may obtain Commission approval of a cost or revenue deferrals or amortizations. There were no other specific recommendations made in the filings.

No reply comments were filed on the revised draft standards and procedures.

III. DISCUSSION AND CONCLUSION

After reviewing the comments filed by the parties in this proceeding, I have incorporated the suggested changes made by WEC and VGS into the draft standards and procedures document. I determined that the additional language added by VGS to the definition of “accounting order” addresses the concern raised by BED because the new language refers to orders issued in rate cases as an alternative means for the Commission to authorize accounting treatment. Accordingly, I recommend that the Commission approve the revised draft standards and procedures as attached to this Proposal for Decision.

This Proposal for Decision has not been circulated to the parties pursuant to 3 V.S.A. § 811 because it is not adverse to any party.



Andrea Poppiti
Hearing Officer


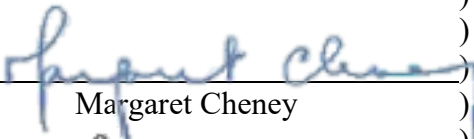
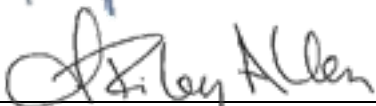
IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission (“Commission”) that:

1. The conclusions and recommendations of the Hearing Officer are hereby adopted. All findings proposed by parties, to the extent that they are inconsistent with this Order, were considered and not adopted.

2. The standards and procedures attached to this Order shall be used by public utilities to request accounting orders pursuant to 30 V.S.A. § 221.

Dated at Montpelier, Vermont, this 3rd day of June, 2022.

 _____)) PUBLIC UTILITY) COMMISSION) OF VERMONT
Anthony Z. Roisman)	
_____)	
 _____)) COMMISSION) OF VERMONT
Margaret Cheney)	
_____)	
 _____)) OF VERMONT
J. Riley Allen)	

OFFICE OF THE CLERK

Filed: June 3, 2022

Attest: 
Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

STANDARDS AND PROCEDURES FOR ACCOUNTING ORDERS

I. Purpose and Applicability

The purpose of these standards and procedures is to formalize a process for the Public Utility Commission (“Commission”) to review a public utility’s request for an order authorizing regulatory accounting treatment for specific costs or revenue as prescribed in 30 V.S.A. § 221. These standards and procedures are applicable to requests for accounting orders. The Commission may, on its own or upon request of the applicant and for good cause, waive or modify the standards and procedures with respect to a specific request for an accounting order.

II. Definitions

An “accounting order” is issued to approve regulatory accounting treatment, not otherwise authorized by the Commission pursuant to an alternative regulation plan, rate case order, or other Commission proceeding, that allows for deferral and amortization of specific costs or revenue as a regulatory asset or liability for purposes of rate treatment pursuant to the Commission’s authority over the books, accounts, and records of any public utility as specified under 30 V.S.A § 221.

“GAAP” is Generally Accepted Accounting Principles. Under these rules, expenditures incurred and revenue received must be recorded and recognized in the income statement for the year in which the expense is recognized or the revenue is earned.

“ASC 980” (formerly FAS 71) is the Accounting Standards Codification titled “Topic 980 Regulated Operations” and identifies requirements for the authorization of regulatory accounting treatment that would allow a public utility to defer and amortize eligible costs or revenue over a prescribed period of time.

III. Criteria for Regulatory Accounting Treatment

Commission authorization of regulatory accounting treatment under ASC 980 would permit a public utility to book costs or revenue to an appropriate deferral account in lieu of booking the costs or revenue in the current year as would be required under GAAP. The creation of a regulatory asset (deferral of costs) or a regulatory liability (deferral of revenue) allows the

public utility to amortize the identified expenses or income over a prescribed period of time. Under GAAP, an extraordinary event or transaction is one that is “abnormally and significantly different from the ordinary and typical activities of the company and which would not reasonably be expected to occur in the foreseeable future.” The Commission uses this standard and the following criteria when determining whether to grant a request for an accounting order allowing regulatory treatment of identified expenses: (1) the amount is material; (2) the event was unplanned; (3) the event was beyond management’s control; and (4) the problem is unusual, abnormal, and not likely to be repeated.¹

IV. Filing Requirements

Requests for Commission issuance of accounting orders pursuant to 30 V.S.A. § 221 shall include, at a minimum: (1) a brief description of the event or transaction for which regulatory accounting treatment is sought; (2) an evaluation of the criteria described above; and (3) a summary of the proposed accounting treatment, including the intended plan to balance the deferral account(s). The public utility should also file a proposed draft accounting order.

V. Schedule for Review

The Vermont Department of Public Service (“Department”) shall file its recommendation regarding a public utility’s request for an accounting order within 30 calendar days of the date on which the proposal was filed with the Commission. The Commission may request additional information from the public utility at any time during the 45-day review period.

VI. Issuance of Decision

The Commission will issue a final decision regarding a request for an accounting order within 45 calendar days of the date on which the proposal was filed with the Commission. Over the course of its review, the Commission may determine, upon request of the Department or on its own initiative, that good cause exists to extend the review period of the request for an accounting order. Despite the timeframes set forth above, a requested accounting order is not granted until the Commission issues an order doing so; failure to meet the above timeframe does not constitute *de facto* approval.

¹ *Central Vermont Public Service Corporation Rate Investigation*, Docket 6946/6988, Order of 3/29/05 at 54.

PUC Case No. 21-5233-INV - SERVICE LIST

Carolyn Browne Anderson, Esq.
Green Mountain Power Corporation
2152 Post Road
Rutland, VT 05702
carolyn.anderson@greenmountainpower.com

(for Green Mountain
Power Corporation)

Nicole Bagley
Green Mountain Power
nicole.bagley@greenmountainpower.com

(for Green Mountain
Power Corporation)

Mary Bouchard
Vermont Gas Systems, Inc.
85 Swift Street
South Burlington, VT 05403
mbouchard@vermontgas.com

(for Vermont Gas
Systems, Inc.)

Victoria J. Brown, Esq.
Vermont Electric Cooperative, Inc.
42 Wescom Road
Johnson, VT 05656
vbrown@vermontelectric.coop

(for Vermont Electric
Cooperative Inc.)

James Gibbons
City of Burlington Electric Department
585 Pine Street
Burlington, VT 05401
jgibbons@burlingtonelectric.com

(for City of Burlington
Electric Department)

James Porter, Esq.
Vermont Department of Public Service
112 State Street
Montpelier, VT 05620
james.porter@vermont.gov

(for Vermont
Department of Public
Service)

Louis Porter
Washington Electric Cooperative
PO Box 8
East Montpelier, VT 05651
louis.porter@wec.coop

(for Washington Electric
Cooperative Inc.)