STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7688

Joint Petition of Central Vermont Public Service	)
Corporation and the Town of Readsboro for: (1)	)
approval of the acquisition by CVPS of the Town of	)
Readsboro Electric Light Department's distribution	)
system assets and service territory, and associated	)
transactions; (2) the issuance of an accounting order	)
which approves the deferral and amortization by CVPS	)
of the purchase price; and (3) revocation of Readsboro	)
Electric's Certificate of Public Good	)

Order entered: 7/8/2011

I. INTRODUCTION

In this proceeding, Central Vermont Public Service Corporation ("CVPS") and the Town of Readsboro ("the Town" and collectively, with CVPS, the "Joint Petitioners") have requested that the Vermont Public Service Board ("Board") approve the transfer from the Town to CVPS of substantially all assets and service territory (collectively, the "Assets") used by the Town of Readsboro Electric Light Department ("Readsboro Electric") for the distribution of electricity and related services within the State of Vermont ("the Acquisition"). In their petition, the Joint Petitioners seek approval pursuant to 30 V.S.A. §§ 109, 225, 232, and 249, and related statutory provisions and rules. The Joint Petitioners and the Vermont Department of Public Service ("Department") have entered into a Stipulation ("the 7688 Stipulation") and seek a Board order approving the Acquisition.

Based on my review of the record, I conclude, and recommend, that the Board approve the Acquisition. I also recommend that the Board approve the 7688 Stipulation with one exception. Contrary to the provisions of the 7688 Stipulation, CVPS should be permitted to recover only the net book value of the Readsboro Electric Assets in its rates.

II. PROCEDURAL HISTORY

In a joint petition (the "Joint Petition") filed on November 15, 2010, CVPS and the Town requested that the Board approve the Acquisition. The Joint Petition included the prefiled testimony and exhibits of Joseph Kraus, the prefiled testimony of Edmund Ryan, and the joint prefiled testimony of Craig Bartosewcz and Raymond Eilers, all in support of the Joint Petition.

On December 20, 2010, I held a prehearing conference at which the parties presented a draft schedule. I asked the Town to confirm whether any additional municipal votes would be needed to proceed with the sale if the Board approves the Acquisition and to address whether any additional vote requirements would impact the proposed schedule. I also asked CVPS to provide additional testimony to explain why the purchase price for Readsboro Electric had increased to $360,000 from $217,000, which was the price for its prior proposed acquisition of Readsboro Electric's distribution system that was reviewed in Docket 7480.[1]

On December 21, 2010, the Town filed a letter confirming that it "has all the required approvals under Title 30 to close on the proposed sale with CVPS."[2] In a prehearing conference memorandum dated January 5, 2011, I adopted a schedule for this docket which established a deadline for the filing of a settlement or, in the absence of a settlement, a proposed schedule for further proceedings. CVPS filed testimony in response to my request for additional testimony on January 18, 2011.

A public hearing was held on January 19, 2011, at the Readsboro Central School.[3] Three members of the public spoke, all in favor of the Acquisition. However, there were concerns raised about how the proceeds from the Acquisition and the extra funds collected by Readsboro Electric to hire an assistant manager would be allocated.[4]

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1. The previous proposed acquisition was not consummated because it did not receive the required supporting municipal vote.

2. Letter from Joslyn Wilschek, Esq., for the Town, to Susan M. Hudson, Clerk of the Board, dated December 20, 2010.

3. Readsboro Electric provided individual notice of the public hearing by mail to its customers.

4. In an Order issued on June 4, 2010, in Dockets 7532 and 7564, the Board approved a Stipulation ("the 7532 and 7564 Stipulation") between the Department and the Town. Under the terms of the 7532 and 7564 Stipulation, the Town agreed to hire an assistant manager for Readsboro Electric operations.

On February 25, 2011, the Joint Petitioners and the Department filed the 7688 Stipulation and a draft Proposal for Decision. The provisions of the 7688 Stipulation are described in the findings below.

In a memorandum dated March 15, 2011, I requested written responses to four questions related to the 7688 Stipulation. I indicated that these outstanding issues could be addressed through the written filings thereby eliminating the need for the technical hearing previously scheduled for March 29, 2011. I also stated my intention to enter the responses, as well as the parties' previously filed documents, into the evidentiary record in these proceedings.

The parties filed a joint response to my questions on March 25, 2011. The parties did not request that the technical hearing be held.

In a memorandum dated April 26, 2011, I asked the parties to provide written responses to address the regulatory basis and Board precedent for allowing CVPS to include the excess of the purchase price of the Readsboro Electric plant assets over their net book value ("Acquisition Premium") in rates, as the 7688 Stipulation would allow.

The Department filed its response on May 2, 2011, and CVPS filed a Memorandum of Law on May 3, 2011.

III. FINDINGS

Based on the evidence of record,[5] I hereby report the following findings to the Board in accordance with 30 V.S.A. § 8.

1. CVPS, with a principal place of business in Rutland, Vermont, is duly organized and existing under the laws of the State of Vermont and is a Vermont investor-owned electric utility as defined by 30 V.S.A. § 201; as such, CVPS is subject to the jurisdiction of the Board pursuant to 30 V.S.A. § 203. CVPS is engaged primarily in distributing and selling electricity in Vermont to over 159,000 customers. Kraus pf. at 3; Joint Petition at 1.

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5. I hereby admit all testimony and exhibits, along with the 7688 Stipulation and the Joint Petition, that have been filed in this Docket into the evidentiary record. In the 7688 Stipulation, the parties stated their agreement that the prefiled testimony and exhibits submitted in this Docket should be admitted into the record. I also admit the parties' joint response to the March 15, 2011, memorandum into the record.

2. Readsboro Electric is a Vermont municipally-owned electric utility as defined by 30 V.S.A. § 201; as such it is subject to the jurisdiction of the Board pursuant to 30 V.S.A. § 203. The Town owns and operates an electric distribution system and facilities in Readsboro, Vermont, serving approximately 319 customers. Kraus pf. at 3; Joint Petition at 2.

3. The Town has been contemplating the sale of the Readsboro Electric Assets for the past few years. On August 8, 2007, the Town issued a Request for Proposals ("RFP") to purchase the Assets. After receiving the responses, the Town selected the CVPS proposal. The Town's voters took a non-binding vote on the proposed sale at their town meeting of March 4, 2008, and voted in favor of the sale by a greater than three-fifths majority. However, the proposed sale was defeated in the binding vote at the Town's annual meeting in 2009, and again at a re-vote conducted on June 2, 2009. Bartosewcz and Eilers pf. at 2.

4. More than three-fifths of the legal voters present at the Town's annual meeting on March 1, 2010, approved the sale of the Assets by Australian ballot pursuant to 30 V.S.A. § 2920. Pursuant to 30 V.S.A. § 2904, the Town held a public hearing on the issue of the acquisition of the Assets at least 20 days before the annual meeting. The Town gave notice of the public hearing held on February 10, 2010, in the same manner as it gave notice for its annual meeting pursuant to 30 V.S.A. § 2904 and § 2920. Bartosewcz and Eilers pf. at 2.

5. On June 4, 2010, the Town put the sale of the Assets out to bid. After the completion of a competitive bidding process with multiple parties, the Town accepted CVPS's proposal on August 18, 2010. Bartosewcz and Eilers pf. at 2.

6. On October 27, 2010, CVPS and the Town entered into a Purchase and Sale Agreement ("the Agreement"), pursuant to which CVPS will pay $360,000 to acquire substantially all of the following Readsboro Electric utility property: electric distribution assets; 133 shares of Vermont Electric Power Company, Inc., stock; 9,651 Vermont Transco LLC units; and Readsboro Electric's service utility francise. The purchase price is subject to adjustment for accounts receivable and inventory. In addition, CVPS will reimburse the Town for one-half of any reasonable legal fees and expenses that the Town may incur as part of the transaction and for one-half of the expense of warning any public meetings and associated votes that are required. Joint Petition at 2; exh. CVPS-JMK-1 (the Agreement and associated Schedules).

7. The Joint Petitioners do not propose any rate phase-in plan because Readsboro Electric's rates are comparable to CVPS rates. Kraus pf. at 4.

8. Approximately 264 customers are served under Readsboro Electric's Residential Rate 14. These customers would transition to CVPS Residential Rate 1. Kraus pf. at 4.

9. Approximately 45 customers are served under Readsboro Electric's Commercial Rate 15 and 9 customers are served under Readsboro Electric's Industrial Rate 16. These customers would transition to CVPS General Service Rate 2 (non-demand billed). Kraus pf. at 4-5.

10. There are approximately 102 street lights that are served under Readsboro Electric's Town Street Light Rate 17. These lights would be billed under one account to the Town at CVPS Municipal Street and Highway Lighting Rate 6. Kraus pf. at 5.

11. CVPS expects that it will fully integrate Readsboro Electric customers into its Service Quality Reliability Plan ("SQRP") standards within 60 days after the completion of the Acquisition. Kraus pf. at 5.

12. The net book value of the Readsboro Electric plant assets is $162,000 as of December 31, 2009. The book value of the VELCO stock is $13,300 and the book value of the Vermont Transco LLC membership units is $96,510. Ryan pf. at 2-3.

13. Under the terms of the 7688 Stipulation, the Town will receive approximately $88,000 in proceeds above net book value from the sale. 7688 Stipulation at 3.

14. The 7688 Stipulation provides that CVPS would charge the $88,000 Acquisition Premium to Account 114, Electric Plant Acquisition Adjustment. CVPS would not be allowed to earn a return on the Acquisition Premium. 7688 Stipulation at 2.

15. CVPS will finance the Acquisition through general working capital and proceeds from its financing. Ryan pf. at 4.

16. The 7688 Stipulation describes the status of the Town's compliance with the obligations that it agreed to in Dockets 7532 and 7564. 7688 Joint Stipulation at 3-4.

17. The Town has not yet hired an assistant manager for Readsboro Electric. The Town will distribute the funds that it has collected for this position to the Readsboro Electric ratepayers via check within 45 days after the Acquisition closing. The refunds will be calculated by a third-

party firm, the New England Municipal Resource Center ("NEMRC"). 7688 Stipulation at 3; March 25 Joint Response at 2.

18. By September 2012, CVPS plans to complete the maintenance for and upgrades to the Readsboro Electric system that the Town agreed to in the 7532 and 7564 Stipulation. CVPS will incorporate the upgrades into its routine capital work schedule and directly incur the costs associated with the upgrades. March 25 Joint Response at 2-3.

19. Notwithstanding the obligations described above, the Town has fulfilled the remainder of its agreement under the terms of the 7532 and 7564 Stipulation, including repayment to the Town of Readsboro Sewer Department of a $35,831.84 overcharge. 7688 Stipulation at 3-4; March 25 Joint Response at 3.

20. The Acquisition will provide benefits to the State of Vermont, to CVPS's ratepayers, and to Readsboro Electric's ratepayers. Those benefits include the following:

(a) the Acquisition can be accomplished without a rate increase or other change to the existing rate structure of CVPS;

(b) the Acquisition will expand CVPS's customer base without CVPS incurring material incremental operating costs;

(c) Readsboro Electric's customers will be served under CVPS's Service Quality Reliability Performance standards;

(d) Readsboro Electric's customers will be served by CVPS's customer service and operations departments;

(e) Readsboro Electric's system will be maintained and updated in accordance with CVPS's policies and practices;

(f) Readsboro Electric's customers will have the opportunity to participate in CVPS's Cow Power program and will have access to other innovative rates;

(g) Readsboro Electric's customers will have the option to participate in budget billing;

(h) Readsboro Electric's customers will be serviced by a line crew that is stationed in close proximity and will have the further support of all of CVPS's resources in southern Vermont from its service centers in Sunderland and Springfield, in addition to Wilmington and Brattleboro;

(i) Readsboro Electric's customers will benefit from the Advanced Metering Infrastructure that CVPS is planning to install; and

(j) the Acquisition will occur with no, or minimal, disruption to the service received by Readsboro Electric's customers.

Joint Petition at 3-4.

IV. Discussion

30 V.S.A. § 109 provides in relevant part that a company, such as Readsboro Electric, that is subject to the Board's jurisdiction:

> shall not make a sale . . . constituting 10 percent or more of the company's property located within this state and actually used in or required for public service operation . . . , except after opportunity for a hearing by the [Board] and a finding by the [Board] that the same shall promote the general good of the state. . . . A certificate of consent of the [Board] shall be filed with the secretary of state.

30 V.S.A. § 2920 further provides a municipal electric company shall not abandon its facilities until the acquisition is approved by the voters and the [B]oard, after notice and a public hearing, "has determined that the facilities for furnishing and distributing gas and electricity in the territory served by such plant will not thereby be diminished, and that such sale or abandonment and the terms thereof will promote the general good of the state."

Based on the evidence in this record, I conclude that the Acquisition will promote the general good of the state, in keeping with 30 V.S.A. §§ 109 and 2920. In addition, for the reasons set forth below, I recommend that the Board not permit CVPS to recover the acquisition premium in rates.

CVPS is seeking cost recovery of the full purchase price including the Acquisition Premium of $88,000. Provision 5 of the 7688 Stipulation provides that "the excess of the purchase price of the Readsboro plant assets over their net book value (Acquisition Premium) will be charged to Account 114, Electric Plan Acquisition Adjustment; however CVPS will not be allowed to earn a return on the Acquisition Premium." Under the 7688 Stipulation, the Town would apply the proceeds above net book value to energy efficiency improvements to municipal

infrastructure, including buildings. The funds would be tracked in a separate escrow account and the Selectboard would ensure that the funds pay for energy efficiency improvements.

In its initial testimony accompanying the petition, CVPS maintains that its preliminary discounted cash flow analysis indicates that the estimated incremental net revenues it would realize as a result of the acquisition produces a net present value that significantly exceeds the $360,000 purchase price.[6] CVPS continues: "Because the acquisition price is less than the net present value, the acquisition will pay for itself from incremental revenues and CVPS's current ratepayers may realize a small benefit." CVPS states that it "did not conduct a more robust analysis because it reasoned that the essential dynamics are apparent and the scale of the project is quite small."

At the prehearing conference, I requested CVPS to provide additional testimony to explain why the purchase price for the Readsboro Electric assets has increased to $360,000 from $217,000, the price in its prior proposed acquisition of the assets in Docket 7480. In response, CVPS provided three pages of supplemental testimony that essentially restates its initial testimony. However, CVPS adds that "the acquisition of Readboro Electric Department will yield an estimated economic benefit to the CVPS customers well in excess of one million dollars."[7] This statement is inconsistent with CVPS's earlier testimony indicating that CVPS's ratepayers "may realize a small benefit." CVPS also states that the purchase price was the result of a good-faith negotiation with the Town following a competitive bidding process.[8]

CVPS maintains that the estimated economic benefit justifies the purchase price of $360,000 and therefore "including this purchase price in the rate base would result in rates that will be just and reasonable."[9] CVPS contends that 30 V.S.A. § 218d(d) gives the Board broad authority to develop methods for cost recovery under the principles of alternative regulation.[10]

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6. Kraus pf. at 5.

7. Kraus supp. pf. at 2.

8. Kraus supp. pf. at 3.

9. CVPS Memorandum of Law dated May 2, 2011, at 6.

10. CVPS Memorandum of Law dated May 2, 2011, at 8.

The Department asserts that the Acquisition "promotes the public interest, even with CVPS recovering an amount above net book value in rates."[11] The Department states that Readsboro Electric has consistently been unable to comply with Board Orders and Rules and explains that Consumer Affairs and Public Information ("CAPI") staff have made several trips over the past few years to the Readsboro Electric offices to discuss violations and to conduct training.[12] In this case, the Department maintains that "[b]ecause of the history of Readsboro's trouble maintaining compliance with PSB Rules, the CAPI division supported the sale at a higher rate, as it was in the best interest of the Readsboro Electric Department's consumers."[13]

I share the Department's concern regarding Readsboro Electric's inability to comply with Board Orders and Rules. In addition, the parties provide some plausible arguments for allowing recovery of the acquisition premium in CVPS rates. However, I am not persuaded that the parties' arguments in this case warrant a deviation from the longstanding Board precedent to exclude acquisition premiums from rates.

In Dockets 5716 and 5717, the Board stated that its "long standing policy has been to consider only the book value, or historical cost, of tangible assets for rate-making purposes."[14] In Docket 5396, the Board ruled that only the book value of the selling utility's property could be

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11. Letter from Laura Scanlan Beliveau, Department, to Susan M. Hudson, Clerk of the Board, dated May 2, 2011.

12. Response of Sunni Eriksen, Consumer Affairs Specialist, Department, attached to the letter from Laura Scanlan Beliveau, Department, to Susan M. Hudson, Clerk of the Board, dated May 2, 2011.

13. Response of Sunni Eriksen, Consumer Affairs Specialist, Department, attached to the letter from Laura Scanlan Beliveau, Department, to Susan M. Hudson, Clerk of the Board, dated May 2, 2011.

In Docket 7660, the Board is currently reviewing the sale of electric assets by Vermont Marble Power Division of OMYA, Inc., to CVPS. I note that, in that proceeding, the Department contends that franchise assets, those utility assets that are essential to the distribution of electricity to the public, must remain in the regulated environment and generation assets that produce a commodity traded in a competitive wholesale market have a market value outside of a regulated utility structure (*see* Lamont pf. at 5-6). The Readsboro Electric assets include only franchise assets; there are no generation assets.

14. Dockets 5716 and 5717, *Joint petition for approval of Contel of Vermont, Inc. to liquidate and distribute its assets and liabilities* . . . , Order of 6/14/94 at 33.

included in the rate base for rate-making purposes.[15] The guiding principle is that ratepayers of the acquiring utility (here, CVPS) should not have to pay for any premium in the purchase price over the book value of an asset that other ratepayers (Readsboro Electric's) have already paid down to net book value. In effect, to allow the inclusion of an acquisition premium in rate base would mean an increase in the aggregate rate base for all utilities in Vermont without any change in the composition of assets included in the aggregate rate base. None of the parties has identified any prior Board Order in which the Board expressly authorized a Vermont utility to recover in rates a premium over book value paid to another Vermont Utility as part of the purchase price for assets used in the business.[16]

I recommend that the Board approve the Readsboro Electric Acquisition with terms that are consistent with traditional rate-making principles. Accordingly, I recommend that the Board not allow CVPS to recover the Acquisition Premium in rates.[17]

Under the 7532 and 7564 Stipulation, Readsboro Electric was required to complete certain maintenance on and upgrades to its system. CVPS intends to complete these system improvements by September 2012 and has agreed to provide a status report by December 31, 2011, with an updated estimate of completion dates.[18] If the Board approves the Acquisition, I recommend that CVPS be required to file this status update in order to ensure that the system improvements are made in a timely manner.

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15. Docket 5396, *Joint Petition for approval of Central Vermont Public Service Corporation to acquire Allied Power & Light Company . . . ,* Order of 7/18/90 at 30.

16. In Docket 7660, CVPS identified (*see* Kraus pf. at 14) a proceeding in which the Board stated, in denying the approval of a sale of utility assets, that such a sale could be approved (and, presumably, the price premium over net book value could be recovered from ratepayers) if there were significant benefits to customers and more "tangible, competent evidence" of the general good. (*See* Docket 4451, *Petition for approval of sales of distribution properties in Vermont by Public Service Company of New Hampshire and New Hampshire Electric Cooperative to Green Mountain Power Corporation*, Order of 8/20/81 at 9-13.) Even if that were the standard the Board should apply in this case, CVPS has not demonstrated that its customers would see significant benefits as a result of the Acquisition.

17. I note that Provision 10 of the 7688 Stipulation states: "In the event the Board conditionally approves this Stipulation and no party objects within ten (10) business days to any conditions imposed by the Board, then this Stipulation as amended shall be deemed approved as if approved in its entirety by the Board."

18. March 25 Joint Response at 2.

In the 7532 and 7564 Stipulation the Town agreed to hire an assistant manager for Readsboro Electric. Since no assistant manager has been hired, the 7688 Stipulation provides that the Town will distribute the funds that it has collected for this position to the Readsboro Electric ratepayers via check within 45 days after the Acquisition closing. The 7688 Stipulation states that the refunds will be calculated by NEMRC, a third party firm. Given Readsboro Electric's past problems, I recommend that the Board require the Town to make a compliance filing prior to the issuance of refunds that shows the total dollar amount owed to ratepayers and explains the calculations used to determine the refund amounts due to customers.

V. CONCLUSIONS

Based on the above findings, I reach the following conclusions:

(1) The sale of electric assets by the Town to CVPS as contemplated in the Agreement will promote the general good of the state, pursuant to 30 V.S.A. § 109;

(2) Readsboro Electric's facilities for electricity distribution will not be diminished by the sale of the assets and franchise to CVPS, and that the Acquisition, as defined by the Agreement, will promote the general good of the state, pursuant to 30 V.S.A. § 2920;

(3) The Board should approve the 7688 Stipulation with one exception. The Board should not permit CVPS to recover the acquisition premium, approximately $88,000, in rates; and

(4) The surrender by Readsboro Electric of its Certificate of Public Good pursuant to 30 V.S.A. §§ 102(c) or 231(b), as the case may be, is consistent with the public good.

This proposal for decision is being served on the parties in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 8th day of July, 2011.

s/Andrea C. McHugh
Andrea C. McHugh
Hearing Officer

VI. Board Discussion

On June 22, 2011, CVPS filed comments on the Hearing Officer's Proposal for Decision ("PFD"). CVPS urges the Board to adopt the 7688 Stipulation as negotiated and allow recovery of the Acquisition Premium in rates. CVPS contends that it has demonstrated that its customers would see significant benefits as a result of the Acquisition. CVPS maintains that while its "customers as a whole may realize a small benefit as compared to the total cost of service," those benefits are "well in excess of one million dollars, which is indeed substantial." CVPS emphasizes that under the terms of the 7688 Stipulation, it would not earn a return on the Acquisition Premium and that it will pass all of the anticipated savings on to its customers. CVPS further asserts that under these conditions, "it is only appropriate that customers pay the full cost of obtaining those benefits." CVPS states that "both CVPS and Readsboro Electric customers would see significant benefits as a result of the Acquisition."

The Department also filed comments on June 22, 2011. The Department supports CVPS's request that the Board approve the 7688 Stipulation as filed by the parties. Based on Readsboro Electric's inability to comply with Board Orders and Rules, the Department asserts that "the terms of the 7688 Stipulation, including the provision allowing CVPS to recover in rates the acquisition premium above net book value, are reasonable and appropriate to promote the public interest."

Previously, in response to the Hearing Officer's request for additional information to support the purchase price, CVPS offered no further analysis than a qualitative statement from its witness, Mr. Kraus, that the Acquisition will yield an estimated economic benefit to CVPS customers "well in excess of one million dollars."[19] Now, in its comments on the PFD, CVPS states that the estimated economic net present value benefit of the Acquisition is approximately $1,400,000. However, CVPS does not provide a citation to the record to support this figure. In the absence of specific, credible supporting analysis, and given the small size of Readsboro Electric (319 customers), we do not accept CVPS's assertion that its customers will receive such large benefits relative to the cost of the Acquisition.

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19. Kraus supp. pf. at 2.

On the other hand, it is evident from the record in this proceeding that Readsboro Electric's customers would see substantial benefits if they were to be served by CVPS. We share the Hearing Officer's and the Department's concerns regarding Readsboro Electric's inability to comply with Board Orders and Rules and anticipate that its customers would experience appreciable customer service improvements as a result of the Acquisition. Specifically, the former Readsboro Electric customers would be served under CVPS's Service Quality and Reliability Performance standards, served by CVPS's customer service and operations department, and have the option to participate in budget billing.

The Department contends that the 7688 Stipulation, including the provision allowing CVPS to recover the Acquisition Premium above net book value, is reasonable and appropriate to promote the public interest. However, we find the Department's argument to be counterintuitive. Based on the evidence, Readsboro Electric customers are more likely than CVPS customers to realize the benefits of the Acquisition. Furthermore, the Acquisition Premium is being paid to the Town whose electric department has been unable (or unwilling) to comply with regulatory requirements. It would be fundamentally unfair and contrary to the public interest for all CVPS customers to pay for a premium that (1) relates to a transaction that principally benefits only Readsboro Electric customers, and (2) has the effect of rewarding the Town for a utility operation that has been deficient in its regulatory obligations.

Finally, we address CVPS's statement in its comments on the PFD cautioning the Board that "supporting an absolute prohibition on recovery of the acquisition premium may preclude future consolidation opportunities and deny customers the ability to realize possible future efficiencies and savings as a result of consolidation." Our decision not to allow CVPS to recover the Acquisition Premium in rates should not be construed as a lack of support for consolidation of utilities. We encourage cost-effective consolidation efforts. Our reluctance to approve the 7688 Stipulation in full is based on the specific circumstances of this proceeding. The benefits associated with the Acquisition to Readsboro Electric customers outweigh the benefits for CVPS customers. Accordingly, the facts of this case do not support a deviation from longstanding Board precedent to exclude acquisition premiums from rates.

VII. ORDER

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

1. The Findings and Conclusions of the Hearing Officer are adopted.

2. The Stipulation filed by the parties on February 25, 2011, is approved, with one exception. Central Vermont Public Service Corporation's request to record the excess of the purchase price of the Town of Readsboro Electric Department plant assets over the net book value of these assets is denied. Central Vermont Public Service Corporation shall be permitted to recover only the net book value of the Town of Readsboro Electric Department plant assets in rates.

3. The sale of the electric assets of the Town of Readsboro Electric Light Department to Central Vermont Public Service Corporation on the terms set forth in the Purchase and Sale Agreement entered into between them on October 27, 2010, will promote the general good of the State. A Certificate of Consent for the transfer shall be issued pursuant to 30 V.S.A. § 109. The Certificate of Consent shall be filed by the parties with the Vermont Secretary of State pursuant to 30 V.S.A. § 109.

4. The facilities for furnishing and distributing electricity in the service territory of the Town of Readsboro Electric Light Department will not be diminished by the sale of electric assets to CVPS and such sale will promote the general good of the State pursuant to 30 V.S.A. 2920. The Town of Readsboro Electric Light Department shall surrender its Certificate of Public Good pursuant to 30 V.S.A. §§ 102(c) or 231(b), as the case may be, and cease the provision of service subject to Public Service Board regulation upon the completion of the acquisition.

5. Within ten days of the closing of the acquisition, the parties shall notify the Board that this transaction has occurred and as to the date on which the closing occurred.

6. Central Vermont Public Service Corporation is allowed a period of up to sixty days following the closing of the acquisition to transition the Town of Readsboro Electric Light Department's customers to Central Vermont Public Service Corporation's Service Quality and Reliability Plan standards for all purposes.

7. Central Vermont Public Service Corporation shall file a status report on the schedule for improvements to the Readsboro Electric Light Department system by December 31, 2011.

8. The Town of Readsboro shall make a compliance filing for Public Service Board approval within fifteen days of the closing of the acquisition related to the funds that had been set aside to hire an assistant manager. The filing shall be made prior to the issuance of refunds and shall show the total dollar amount owed to ratepayers and explain the calculations used to determine the refund amounts due to customers.

Dated at Montpelier, Vermont, this 8th day of July, 2011.

s/James Volz	)	
	)	PUBLIC SERVICE
	)	
s/David C. Coen	)	BOARD
	)	
	)	OF VERMONT
s/John D. Burke	)	

OFFICE OF THE CLERK

FILED: July 8, 2011

ATTEST: s/Judith C. Whitney
Deputy 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: psb.clerk@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.