

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 21-1963-TF

Tariff filing of Green Mountain Power Corporation for approval of its FY22 Annual Base Rate, October 1, 2021 to September 30, 2022 to be effective on bills rendered on or after October 1, 2021	
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Order entered: 08/31/2021

ORDER SETTING BASE RATES FOR FISCAL YEAR 2022

I. INTRODUCTION

In today’s Order, the Vermont Public Utility Commission (“Commission”) approves the tariff filing of Green Mountain Power Corporation (“GMP” or the “Company”) reflecting a 4.69% increase to GMP’s base rates. This is the third annual filing for base rate adjustments made pursuant to GMP’s Multi-Year Regulation Plan (“MYRP”) that the Commission approved in case number 18-1633-PET. A substantial portion of GMP’s overall cost of service has been fixed for ratemaking purposes through formulaic line-item adjustments that were approved under the MYRP.

In a separate petition (case number 21-1965-PET), GMP is seeking a modification to the MYRP to make additional equity investments in Vermont Transco LLC and increase the capital spending cap authorized for “New Initiative” investments to allow for the installation of residential storage devices.¹ The increase in base rates in this case was calculated assuming those changes to the MYRP. The Commission is issuing a separate Order that grants GMP’s request in case number 21-1965-PET.

II. PUBLIC COMMENTS

The Commission received thirteen public comments from residential customers in this case. All thirteen of these customers expressed concern that electric bills are too high in GMP’s

¹ The modest increase in capital spending for New Initiative investments is consistent with the limits approved by the Commission in Case No. 19-3167-TF for the Energy Storage System tariff.

territory and many requested that the Commission deny the rate increase. Several noted that the cost of living in Vermont is high and that the ongoing COVID-19 pandemic has placed financial strain on them. One commenter expressed frustration that net-metering credits can no longer be used to offset certain non-bypassable charges.² Another customer expressed frustration that some programs, including the residential battery storage and heat-pump programs, benefit only a few customers. Several others noted that GMP is a monopoly service provider and does not experience competitive pricing pressures.

On June 28, 2021, GMP filed a response to three of the public comments, noting that it planned to reach out to individual customers who filed comments and addressing several specific issues raised by commenters.

The Commission considered all the comments while reviewing the record to make its final decision in this case.

Affordability

The Commission understands and shares the concerns of Vermonters who are facing financial pressures because of the pandemic and other factors. After reviewing the financial information provided in this case, we are confident that the rates proposed by GMP are cost-based. In determining whether to approve a rate increase, the Commission considers whether the new rates are based on costs incurred by a utility to serve its customers. In this case, GMP has provided documentation that the proposed rate increase complies with its MYRP and that the costs driving the rate increase meet the statutory and regulatory standards for inclusion in rates.

The Commission encourages customers to apply for GMP's low-income energy assistance program,³ take advantage of incentives for energy efficient products offered by Efficiency Vermont,⁴ and apply for assistance through the Vermont COVID-19 Arrearage Assistance Program ("VCAAP II") or the Vermont Emergency Rental and Utility Assistance

² The Commission does not consider which charges may be offset by customer net-metering credits in this case.

³ More information about the low-income energy assistance program is available at <https://greenmountainpower.com/help/what-is-the-energy-assistance-program-eap/>.

⁴ More information about product rebates offered by Efficiency Vermont is available at <https://www.encyvermont.com/rebates>.

Program (“VERAP-U”) to help with past-due utility bills.⁵

Innovative technologies

Residential batteries and electric heat pumps can offer system benefits to all customers. For example, batteries can add energy to the grid when prices are high and offset expensive energy or capacity that the utility would otherwise have to purchase. Some of these technologies offset fossil fuel use and help reduce the climate impact of energy used by Vermonters. The Commission has previously evaluated the economics of these technologies and determined that on a long-term basis they provide net-benefits for all customers.⁶

Monopoly service

Vermont is a monopoly-service state by statute. Therefore, the Commission is tasked with replicating a price-competitive environment by rigorously evaluating utility spending and setting rates based on costs. In this instance, both the Vermont Department of Public Service (“Department”) and the Commission have reviewed the filing. The Department recommends that the Commission find that the rates proposed by GMP are just and reasonable. The Commission’s review also indicates that the rates proposed by GMP are just and reasonable.

III. DEPARTMENT RECOMMENDATION

On August 2, 2021, the Department filed its recommendation on GMP’s tariff filing. The Department states that it conducted an exhaustive review of GMP’s filing materials, including a detailed audit of all underlying calculations, supporting schedules, and documentation supporting capital investments. The Department explains that it verified that GMP correctly calculated each formulaic adjustment required under the MYRP. The Department also states that it scrutinized GMP’s base rate schedules to ensure that GMP’s

⁵ More information about VCAAP II is available at <https://publicservice.vermont.gov/content/help-past-due-utility-bills-vermont-department-public-service>. Note that applications are due by October 25, 2021. More information about VERAP-U is available at <https://erap.vsha.org/>. Note that applications are due by December 31, 2021.

⁶ *Tariff filing of Green Mountain Power Corporation for approval of an Energy Storage System tariff effective on bills rendered on or after September 15, 2019*, Case No. 19-3167-TF, Order of 5/20/20 at 2, 11, 15, 18-19.

proposed rate adjustments are consistent with the capital spending limits approved by the Commission under the MYRP. The Department concludes that GMP's filing does not include any calculation errors and that the filing does not include any discretionary spending that has not already been subjected to regulatory review. The Department does not recommend any adjustments to GMP's annual base rate filing.

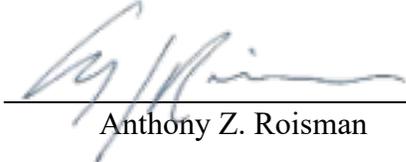
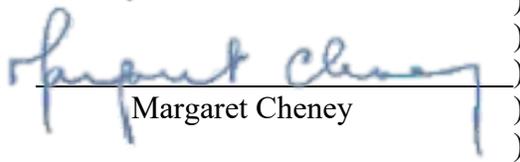
In its recommendation, the Department explains that the calculation prescribed by the MYRP has resulted in a modest increase to GMP's authorized rate of return on equity investments ("ROE"). Under the MYRP, the authorized ROE is calculated based on fluctuations in the yield on 10-Year Treasury Notes, which has recovered slightly after a precipitous drop due to disruptions to financial markets caused by the COVID-19 pandemic. The Commission emphasizes that the ROE of 8.57% is based exclusively on the results of the ROE formula set forth in the MYRP.

IV. CONCLUSION

Based on our review of the tariff filing and the Department's recommendation, we approve GMP's tariff filing for a 4.69% increase in base rates.

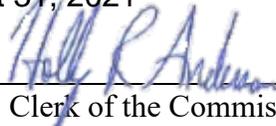
This Proposal for Decision has not been circulated to the parties pursuant to 3 V.S.A. § 811 because it is not adverse to any party.

Dated at Montpelier, Vermont, this 31st day of August, 2021.

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

OFFICE OF THE CLERK

Filed: August 31, 2021

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.

PUC Case No. 21-1963-TF - SERVICE LIST

Parties:

Malachi T. Brennan (for Green Mountain Power Corporation)
Dunkiel Saunders
91 College Street
PO Box 545
Burlington, VT 05401
mbrennan@dunkielsaunders.com

Daniel C. Burke, Esq. (for Vermont Department of Public Service)
Vermont Department of Public Service
112 State Street
Third Floor
Montpelier, VT 05620-2601
dan.burke@vermont.gov

Geoffrey Hand, Esq. (for Green Mountain Power Corporation)
Dunkiel Saunders Elliot Raubvogel & Hand,
PLLC
91 College Street
PO Box 545
Burlington, VT 05402
ghand@dunkielsaunders.com

Liz Miller (for Green Mountain Power Corporation)
Green Mountain Power
163 Acorn Lane
Colchester, VT 05446
Liz.Miller@greenmountainpower.com