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Law Offices Of
MORRIS L. SILVER, ESQ.

THE KELLOGG FARM
Stage Road
Post Office Box 606
Benson, Vermont 05731-0606
Telephone 802-537-2264
Fax 802-537-2265
MLSILVER@SOVER.NET

March 11, 2016

Ms. Judith C. Whitney, Clerk of the Board
Vermont Public Service Board
Peoples United Bank Building, 4th Floor
112 State Street
Montpelier, Vermont 05620-2701

Re: Updated Thermal Energy and Process Fuel 2015-2017 Budget and
Updated Thermal and Electric Quantifiable Performance Indicator Tables

Dear Ms. Whitney:

On June 5, 2015 the Vermont Energy Investment Corporation ("VEIC") filed with the Public Service Board (the "Board") its Updated Thermal Energy and Process Fuel ("TEPF") 2015-2017 Budget and Updated Thermal and Electric Quantifiable Performance Indicator ("QPI") Tables in accordance with the requirements of the July 9, 2014 Order in Docket EEU-2013-01 (the "June 5th submission").¹ The purpose of the submission was to address any significant funding and related savings target changes, to identify these changes prior to the end of the 2015-2017 Efficiency Vermont performance period, and to obtain Board approval for the changes. This letter serves to advise the Board of an error that has recently been discovered in the records of the Fiscal Agent that affects the nature and substance of the June 5th submission, and to request leave to submit a corrected and updated submission.

For administrative efficiency, VEIC will submit by the end of March 2016 a corrected and updated request that incorporates information contained in VEIC's annual update to the TEPF Budget and QPI target, and will request that the Board approve the same *in lieu* of the erroneous June 5th submission.²

¹ See Docket EEU-2013-01, Order Re: Energy Efficiency Utility Budgets for Demand Resources Plan, dated July 9, 2014 at page 71.

² Please note that VEIC filed a corrected revised *Semi-Annual Spending and Revenue Forecast and Budget Borrowing Request* that contains changes necessitated by the materials described herein. See: VEIC letter from C. Hakstian to J. Whitney dated March 9, 2016.

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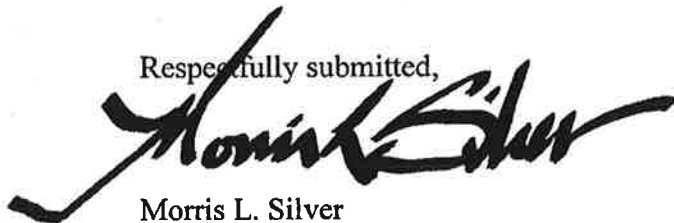
Explanation of Error Found in Fiscal Agent's Accounting of TEPF Funds

When VEIC prepared the June 5th submission, it utilized the 2014 TEPF fund balance reported by the Fiscal Agent³ as the basis for its budget and QPI update. However, careful review of the report reveals that the fund balance has been misstated since 2012 in the amount of approximately \$800,000 due to a change in the reporting of VEIC's non-resource acquisition ("NRA") costs (now referred to as "development and support services" costs).

While the cash balances reflected in the Fiscal Agent's reports have accounted for all historic NRA expenditures, the TEPF fund balance worksheet prepared by the Fiscal Agent fails to account for these expenditures in 2012. This error has been carried forward in all subsequent reports issued by the Fiscal Agent, and therefore impacts VEIC's June 5th submission. As such, the actual balance of the TEPF fund is lower than what it was assumed to be when VEIC submitted the June 5th submission. VEIC estimates that the 2014 TEPF balance is \$3,081,877.

Should you have questions concerning this submission, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Morris L. Silver". The signature is stylized with a large, sweeping initial "M" and a long, horizontal stroke extending to the right.

Morris L. Silver
Counsel for
Vermont Energy Investment Corporation

MLS/m
cc: Electronic Service List

³ VEEUF Fiscal Agent Monthly Report for the period ending December 31, 2014.