

STATE OF VERMONT
PUBLIC Utility commission

Case No. 19-1270-TF

Petition of Washington Electric Cooperative,)
Inc. ("WEC"), for approval of Rate Design)
Changes and a Change in Rate Schedules)
Pursuant to 30 V.S.A. § 225 and 226)
effective June 17, 2019)

**SUPPLEMENTAL
PREFILED TESTIMONY OF
PATRICIA H. RICHARDS
ON BEHALF OF**

WASHINGTON ELECTRIC COOPERATIVE

August 16, 2019

Summary

Patricia H. Richards provides supplemental testimony on the following items:

- Provide corrections to prefilled testimony dated May 1, 2019
- Describe WEC's low member density
- Provide regional comparison data among coops with respect to monthly customer charges
- Provide comparison data of monthly fees to other telecom industry utility services (cable, phone, and internet)
- Address existence of cost shifting based on the proposed \$25 monthly customer charge.

Exhibits

Exhibit WEC Sup 1-Sup PR-1: Revised Pre-filed Testimony

Exhibit WEC Sup 2- Sup PR-2: Monthly Charge Comparison Cable, Internet and Phone.xls

Exhibit WEC Sup 3- Sup PR-3: Hypothetical Residential Monthly Member Bill Rate Design Material 8-8-2019.xls

1 **Q. Please state your name, occupation and business address.**

2 A. My name is Patricia H. Richards and I am General Manager for Washington Electric
3 Cooperative, Inc. (“WEC”). My position with WEC as General Manager commenced
4 July 1, 2013. My business address is 40 Church Street, East Montpelier, Vermont 05651.

5
6 **Q. Have you previously testified in the proceeding?**

7 A. Yes, I filed testimony on May 1, 2019 and presented a summary of WEC’s rate design
8 filing to the PUC at a workshop on July 31, 2019. Please see exhibit Sup-PR-1 for
9 revisions to my prefiled testimony submitted on May 1, 2019. These edits are
10 administrative in nature.

11
12 **Q. What is the purpose of your testimony?**

13 A. My testimony responds to questions raised at the PUC July 31, 2019 workshop.
14 Specifically, I describe WEC’s member density, provide regional electric utility
15 comparison data among coops with respect to monthly customer charges, provide
16 comparison data of monthly fees to other utility services (cable, internet and phone), and
17 comment on cost shifting based the proposed \$25 monthly customer charge.

1 **Q. Describe WEC's density relative to number of customers per mile.**

2 A. WEC is the least dense utility in the state of Vermont and serves 8 customers per mile of
3 distribution line. This contrasts to Burlington Electric that services 159 customers per
4 mile (the densest utility). The largest Vermont utility, Green Mountain Power, services
5 23 customers per mile. The other Cooperative utility in the state, Vermont Electric Coop,
6 serves 14 customers per mile.

7 This is important because WEC's fixed costs are covered by a smaller group of
8 consumers as compared to other utilities. This drives WEC's per unit of fixed costs and
9 contributes to higher rate components. More specifically, low density utilities generally
10 have higher monthly customer charges and energy rates due to fewer consumers. As
11 noted in my prefiled testimony (May 1, 2019), CFC's 2019 fully allocated cost of service
12 study determined if all the fixed costs were assigned to the monthly customer charge it
13 would be \$89.67 per month. (See **Exhibit WEC 11-JAS-2** page 6). While WEC is
14 proposing to increase the fixed monthly portion of its rates from \$14.19 to \$25.00, it will
15 still only cover 28 percent of the total fixed costs. GMP's monthly customer charge is
16 currently \$14.60 while VEC is \$17.22 per month. The highest density electric utility
17 (BED) has a low monthly customer charge of \$8.21 per customer. The COSS carried out
18 by CFC supports a significantly higher monthly customer charge than currently exists or
19 proposed by WEC.

20

1 **Q. Is there evidence that electric utilities outside of Vermont are moving toward higher**
2 **monthly customer charges?**

3 A. Yes. Many electric utilities are moving toward higher monthly customer charges and
4 they are capturing more of their fixed costs in the monthly component of their tariffs.
5 Several northeast rural cooperative utilities in other states have significantly higher
6 residential month customer charges. For example, New Hampshire Electric Cooperative
7 of New Hampshire has a range for its monthly charge for residential members from
8 \$29.32 to \$58.64 (the range is based on a demand component). Delaware County Electric
9 Coop in New York has a monthly fee for full time residents of \$21.50 while Otsego
10 Electric Cooperative charges \$25.66 per month. Another New York utility, Steuben Rural
11 Electric Cooperative, has a monthly charge of \$25.75. Adams Electric Cooperative of
12 Pennsylvania has a residential charge of \$35.75 per month. The monthly customer
13 charge rate data was based on information available on each utility's website.

14
15 **Q. Can you contrast WEC's proposed monthly customer charge of \$25 to other**
16 **monthly fees beyond the electric sector.**

17 A. Yes. WEC explored other non-electric sector utility company's monthly customer
18 charges, in an effort to provide a value comparison to other services related to phone
19 (which serves as a communication function), internet (entertainment, communication, and
20 productivity function), and television (entertainment function). Please see exhibit Sup-

1 PR-2 for a summary of monthly charges for cable/television, internet and phone services.

2
3 Dish Network which provides various television packages charges a monthly fee ranging
4 from \$59.99 to \$89.99 per month. Xfinity (Comcast Cable Communications) charges
5 \$79.99 to \$119.99 for various bundled television, internet and phone packages and a
6 television only service of \$59.99 for 140 television channels. Spectrum provides bundled
7 services ranging from \$99.97 to \$139.97 per month and various unbundled options.
8 Consolidated Communications offers various unbundled packages including high speed
9 internet for \$72.99 per month, and ultimate television package with a starter rate of \$55
10 which increases to \$128 after 12 months. AT&T offers cell service ranging from \$30 to
11 \$48 per month per line and Verizon offers cell service from \$45 to \$65 per month per
12 line. These telecommunication fees align well with WEC's full fixed cost of \$89.67 per
13 month for electric service.

14 WEC's proposed monthly fee of \$25 per month is considerably lower than the
15 telecom industry fees. WEC believes electricity is a high value service especially when
16 comparing it to entertainment (television and internet) and communication (phone and
17 internet) services. The current monthly customer charge of \$14.19 is extremely low and
18 not in line with what is being charged by telecommunication companies.
19
20

1 **Q. Is there still cost shifting at \$25 per month?**

2 A. Yes. As noted above, CFC's 2019 fully allocated cost of service study, it was determined
3 if all fixed costs were covered by the monthly fixed customer charge the fee would be
4 \$89.67 per month (See **Exhibit WEC 11-JAS-2** page 6). This means the minimum bill
5 for all members to cover average fixed would need to be \$89.67 per month. Those
6 paying less than \$89.67 are partially subsidized by those paying more than \$89.67 per
7 month. In short, to achieve no cost shifting, the minimum WEC bill would have to be
8 \$89.67. WEC is not proposing such a large move but rather we are proposing a step
9 toward more equitable and fair rates.

10
11 **Q. Do you have other data to submit to assist the PUC in its determination of rates?**

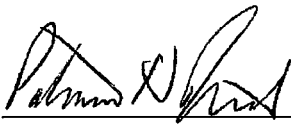
12 A. Yes. At the July 31, 2019 workshop, PUC staff member Andrea Poppiti requested
13 revision of a table that included bill comparisons by various residential use levels. That
14 chart has been updated per the PUC staff's request and is included as Sup-PR-3.

15
16 **Q. Does this complete your testimony?**

17 A. Yes, at this time.

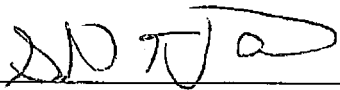
18

WASHINGTON ELECTRIC COOPERATIVE, INC.



Patricia H. Richards, General Manager
Washington Electric Cooperative, Inc.

At East Montpelier, Vermont, this 16th day of August, 2019, Patricia H. Richards personally appeared before me and acknowledged that the facts and matters contained herein are true to the best of her knowledge, information, opinion, and belief, and that she executed the foregoing document as her free act and deed.



Notary Public

My Commission Expires 2020