

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF VERMONT**

PUC Case No. 19-1270-TF

**Petition of Washington Electric Cooperative, Inc. (WEC))
requesting rate design changes and a change in rate)
schedules pursuant to 30 V.S.A. § 225 and 226)
effective June 17, 2019**

**SUPPLEMENTAL
PREFILED DIRECT TESTIMONY
OF
JASON A. STRONG
ON BEHALF OF
WASHINGTON ELECTRIC COOPERATIVE, INC.**

August 16, 2019

Summary of Testimony

Mr. Strong's supplemental prefiled direct testimony provides clarification on the following:

- Provides clarification on the treatment of Renewable Energy Credits in the Cost of Service Study and Rate Design;
- Provides correction to prefiled testimony dated May 1, 2019.

1 **I. INTRODUCTION AND STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address?**

3 **A. My name is Jason A. Strong. My business address is 20701 Cooperative Way, Dulles,**
4 **VA 20166.**

5 **Q. What is your present occupation?**

6 **A. I am employed as the Vice President of Regulatory Affairs at the National Rural Utilities**
7 **Cooperative Finance Corporation.**

8 **Q. Have you previously testified in this proceeding?**

9 **A. Yes, I filed testimony on May 1, 2019 and presented a summary of the cost of service**
10 **study and rate design to the PUC at a workshop on July 31, 2019.**

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

12 **A. My testimony responds to a question that was raised at the July 31, 2019 workshop**
13 **regarding the treatment of Renewable Energy Credits (RECs) in the cost of service study**
14 **and rate design. My testimony also provides correction to a typographical error presented**
15 **in my prefiled testimony dated May 1, 2019.**

16 **Q. Describe how RECs are treated in the cost of service study and proposed rate**
17 **design.**

18 **A. RECs are both a contribution to revenue and a purchased power expense for WEC. With**
19 **regard to revenues received from the sale of RECs, the revenues received by WEC reduce**
20 **the overall revenue required to be collected through base rates. As illustrated in WEC**
21 **Exhibits supporting the recent 5.49% Vermont Public Utility Commission (PUC)-**
22 **approved rate increase in Case No. 18-3959-TF, Exhibit WEC-1, Schedule 11 (Other**
23 **Revenues & Extraordinary Items), WEC records the proceeds from the sales of RECs in**

1 Account 459.01 of \$1,600,524. For the purposes of the cost of service study and rate
2 design, base revenue of \$15,752,458 is isolated from the total revenue requirement of
3 \$18,091,089, which includes the total Operating Revenue and Patronage Capital of gross
4 tax receipts, miscellaneous revenue, REC revenue and base rate electric revenue. The
5 base revenue is utilized in the cost of service study and rate design in determining the
6 proposed collection of revenues through rates. With regard to the purchase of RECs and
7 the associated purchase power expense, Exhibit WEC-1, Schedule 2 (Power Supply) in
8 Case No. 18-3959-TF records \$113,975 in Account 559.01 (Renewable Energy Credit
9 Expense). For purposes of the cost of service study, these particular costs are classified
10 as energy-related costs. The Renewable Energy Credit Expense of \$113,975 makes up
11 1.62% of the total purchase power expense of \$7,014,776. As these expenses relate to
12 rate design and the collection of revenues attributed to the Renewable Energy Credit
13 Expense, the volumetric kWh energy charge, as proposed, currently collects the
14 associated revenue for the collection of expenses related to the Renewable Energy Credit
15 Expense.

16 **Q. What typographical correction are you making to Exhibit WEC 10-JAS-1: Cost of**
17 **Service Study?**

18 **A.** A typographical error was discovered in the development of a response to the discovery
19 request. Primary Demand Related Distribution plant lists allocator D4A as the basis for
20 the allocation on Exhibit WEC 10-JAS-1, Pages 4, 5, and 6 at Line 7 of each page. This
21 should be listed as allocator D2A. This correction is made for clarification and does not

1 affect the calculation of the primary demand related components or the results of the
2 calculations, which are formulaically correct.

3 **Q. Does this conclude your testimony at this time?**

4 **A. Yes.**

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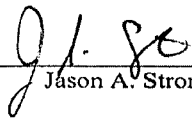
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AFFIDAVIT OF JASON A. STRONG

State of Virginia)
Loudon County)

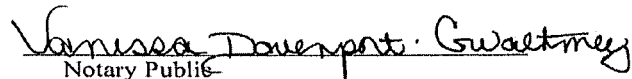
Jason A. Strong, being first duly sworn on his oath, states:

1. My name is Jason A. Strong. I work in Dulles, Virginia, and I am employed by the National Rural Utilities Cooperative Finance Corporation as Vice President of Regulatory Affairs.
2. Attached hereto and made a part hereof for all purposes in my testimony on behalf of Washington Electric Cooperative, Inc. consisting of Four (4) pages, having been prepared in written form for introduction into evidence in the above-captioned proceeding.
3. I have knowledge of the matters set forth therein. Jason A. Strong being duly sworn, deposes and says that the statements contained in the foregoing prepared testimony and the exhibits attached hereto are true and accurate to the best of his knowledge, information and belief, and that such prepared testimony constitutes his sworn testimony in this proceeding.



Jason A. Strong

Sworn to and ascribed before me this the 13 day of AUGUST, 2019



Notary Public

My Commission Expires: 11.30.2019

