This document is being filed electronically using ePUC.

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 20-0203-INV

Investigation into the Establishment of Reduced Rates for Low-Income Residential Ratepayers of Vermont Electric Utilities

Comments by Vermont Electric Cooperative, Inc.

Background and General Comments

VEC is happy to work as part of group to address a very valid concern – helping low income Vermonters to pay their electric bills. VEC is approaching this docket with curiosity and an open mind, as we have not previously considered offering discounted rates to low-income members. We are interested in hearing about the successes and challenges of other low-income rate programs and are open to alternative approaches to achieving this goal. We do have concern about any "one size fits all" approach given the unique characteristics of our service territory.

As context for this exploration, VEC would like to share some data about the demographics of VEC's members.

VEC's service territory includes Addison, Caledonia, Chittenden, Essex, Franklin, Grand Isle, Lamoille, and Orleans Counties. This is a rural territory with numerous low-income families. According to the 2010 U.S. census, VEC serves eight of the top ten Vermont towns with the highest poverty rate. Looking at counties, VEC serves three of the top five counties with the highest poverty levels. In VEC's 2019 annual member survey, 43 percent of the residential respondents reported that they were on fixed incomes, another 14 percent were unemployed or working less than full-time, and only 44 percent reported working full-time. Finally, according to Appendix D of the October 2019 Vermont Energy Burden Report prepared by VEIC, towns served by VEC break down into the following percentages:

High or highest energy burden: 43%
Moderate energy burden: 31%
Low or lowest energy burden: 26%

While this shows that the need in VEC's service territory is great it also shows that there are fewer non-low-income members to fund a low-income program, assuming that model is adopted. Stated differently, with this relatively large number of low-income members, the burden on the remaining membership is that much greater.

Given our demographics, VEC's approach to helping low income members has been to keep rates low for *everyone,* and we have been successful in doing that: for the past ten years our average rate increase has been 0.84%.

Here are some other general considerations that VEC would like the Commission to take into account:

- Timing. With the Covid pandemic and resulting economic shut down, VEC and its members are facing unprecedented challenges and continued uncertainty. While this is true of individual members, it is also true for non-residential members, who make up half of VEC's load. Many of our non-residential members have been hit hard by the state emergency orders. The Commission should move slowly to create new subsidies from one class of customers to another during difficult and uncertain times.

- Rate Pressure and Energy Transformation. The Commission should consider the impacts that upward rate pressure would have on other important state goals such as energy transformation, battery storage, infrastructure upgrades, and load management strategies. Rate pressure on a substantial number of members would create a disincentive to participate in programs that support our goals of transitioning away from carbon producing fuels to cleaner electric products.

- Better Alternatives. VEC would like the Commission to consider whether there are better ways to assist low income ratepayers than having a utility-administered rate reduction program based on income eligibility. For example, would better funding to the Community Action Agencies – which are closer to those in need – better serve this goal? VEC does not have answers but would like this to be explored as part of this docket.

Response to Specific Questions

1. Should this proceeding be broken into two tracks, one track to consider GMP's Energy Assistance Program and a second track to deal with the other Utilities that currently do not have a low-income program? (If a two-track process is adopted, I expect that the two tracks would not be isolated from each other but, rather, would inform one another.)

Response: VEC does not have strong position about the relative merits of a one- or two-track process. It would be good to have the advantage of the "lessons learned" from GMP, but VEC wants to avoid starting from an assumption that GMP's program is the right fit for other utilities.

2. Should the proceeding consider a state-wide low-income program, or should it consider a service-territory-by-service-territory low-income program?

Response: It is not clear to us at this time what a state-wide low-income program would entail so VEC does not yet have an opinion as to whether all utilities should have the same program. That issue should be explored in the docket.

3. Should low-income programs be supported by ratepayer funds, by a state tax, or by other means?

Response: As noted above, there are disadvantages to creating a new subsidy paid by customers who do not receive the benefit of the higher rate. The Commission should explore whether there are alternatives to utility funding but at this point VEC is not in the position to recommend a state tax increase. Perhaps funding available in the recent Covid-related legislation could be targeted to help low-income ratepayers. Another avenue to explore is voluntary contributions by utility customers.

4. Should the benchmark for "low income" be 150 percent of the current federal poverty level, or should it be at another level, such as 180 percent or 200 percent?

Response: Again, VEC has not yet developed a position on the details of a new low income program including appropriate benchmarks to identify participants, although a good program design should track and integrate easily with other existing program targeting this community

5. Do the Utilities have access to reliable information about how many qualifying low-income consumers reside in their service territory compared to how many non-low-income consumers?

Response: The demographic information that VEC has is set forth in the introduction section above. In our energy transformation incentive programs VEC asks members to voluntarily certify household income category but other than that VEC does not solicit or retain income information about individual members.

6. Do the Utilities have the technological and human resources infrastructure to design and implement a low-income program?

Response: Without knowing the parameters of a low income program, it is difficult to answer this question, particularly with respect to technological resources. VEC's employees, including its member services staff, are at full deployment. Any new program that requires significant additional employee time or customized billing technologies will be a burden and have a cost. We expect a program based on reduced rates for low-income members would involve considerable manual touch-points and data management. These are key consideration to take into account in designing a program. It should be easy to administer from a time and technology perspective.

7. Can the Utilities present potential low-income programs that could illustrate what a low-income program in their respective territories might look like and what it might cost to operate such a program?

Response: VEC has not spent a lot of time studying potential low-income program designs and has no suggestions at this time. To reiterate, given our large percentage of lower income households we believe our best low-income strategy is to keep our rates as low as possible for all of our members. Any programs that would add cost or utilize staff resources need to be evaluated in this context. We are also open to exploring ideas and options in this docket.

Thank you for the opportunity to comment. VEC looks forward to working together with open minds to solve the difficult but pressing problem of supporting our low-income families.

Dated at Essex, Vermont, this 1st day of June, 2020.

Respectfully submitted,

VERMONT ELECTRIC COOPERATIVE, INC.

By:

Victoria J. Brown, General Counsel
42 Wescom Road
Johnson, Vermont 05656
802-730-1129 (phone)
vbrown@vermontelectric.coop