

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 20-1762-SC

Town of Northfield Electric Department request for approval of a special contract, pursuant to 30 V.S.A. § 229, to provide distribution wheeling service to Green Mountain Power Corporation in Northfield, Vermont	
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Order entered: 09/03/2020

ORDER APPROVING SPECIAL CONTRACT

I. INTRODUCTION

In this order the Vermont Public Utility Commission (“Commission”) approves the agreement between the Town of Northfield Electric Department (“Northfield Electric”) and Green Mountain Power Corporation (“GMP”) for a special contract (“Special Contract”) for Northfield Electric to serve GMP customers along West Hill Road in the Town of Northfield from the Northfield Electric distribution system and for GMP to cover the cost of that service.¹

II. BACKGROUND INFORMATION

On July 2, 2020, Northfield Electric filed a petition requesting that the Commission approve the Special Contract for Northfield Electric to serve approximately 300 GMP customers along West Hill Road in the Town of Northfield from the Northfield Electric distribution system.

On July 31, 2020, the Vermont Department of Public Service (“Department”) filed comments on the Special Contract. The Department states that the revenues generated under the Special Contract are more than Northfield Electric’s marginal cost to serve the contract. Accordingly, the Department recommends that the Commission approve the contract without any further investigation.

No party has requested an evidentiary hearing or objected to the prefiled testimony and exhibits. Accordingly, the following documents are admitted as if presented at a hearing: Petition for Approval of a Special Contract (“Petition”); Prefiled Testimony of Stephen Fitzhugh;

¹ Special contracts are subject to Commission approval pursuant to 30 V.S.A. § 229.

Exhibit NED-2 – Support Agreement between Northfield Electric and GMP (“Support Agreement”); Exhibit NED-3, Distribution Service Charge; Comments and Recommendation of the Department of Public Service (“Department Comments”).

III. FINDINGS

1. Northfield Electric is a company as defined in 30 V.S.A. § 201 and is subject to the Vermont Public Utility Commission’s (“Commission”) jurisdiction pursuant to 30 V.S.A. §§ 203 and 229. Northfield Electric is also a duly organized municipal electric utility under 24 V.S.A. App. ch. 129C and 30 V.S.A. Chapter 79. Petition at 1.

2. Northfield Electric’s offices are located at 51 South Main St., Northfield, Vermont 05663. Petition at 1.

3. Northfield Electric owns and operates an electric system serving approximately 1,900 customers in Northfield, Moretown, and West Berlin, Vermont. Petition at 1.

4. The Northfield Electric distribution system includes a distribution circuit (NED 54G3) that runs along West Hill Road in Northfield (the “Northfield Electric Line”). Petition at 1; Prefiled Testimony of Stephen Fitzhugh, Northfield Electric, (“Fitzhugh”) at 3.

5. GMP also serves approximately 300 customers (the “Customers”) by a distribution circuit (GMP—PSG43) along West Hill Road in the Town of Northfield (the “GMP Line”). Petition at 1; Fitzhugh pf. at 3.

6. A gap of approximately 1,100 feet existed between the ends of the Northfield Electric Line and the GMP Line (the “Open Point”), with the service territory boundaries between the two utilities located within the Open Point. Petition at 2; Fitzhugh pf. at 3.

7. GMP believes that reliability for the Customers can be enhanced if they are served through the Northfield Electric distribution system—specifically the Northfield Electric Line that runs along West Hill Road. Petition at 2; Fitzhugh pf. at 3.

8. To provide this enhanced reliability, the parties have agreed that, while the Customers remain GMP customers, they should be served through the Northfield Electric system. Petition at 2.

9. To allow this to happen, the parties must close the Open Point and feed some portion of the GMP Line and the Customers from the Northfield Electric Line. Petition at 2; Fitzhugh pf. at 3.

Support Agreement terms

10. Northfield Electric and GMP have agreed to a set of terms and conditions that would govern GMP's use of the Northfield Electric Line to serve the Customers (the "Support Agreement"). Petition at 2.

11. The Support Agreement would allow power to flow through the Northfield Electric system, across the Northfield Electric Line, to serve the Customers more reliably. Fitzhugh pf. at 3.

12. The Support Agreement provides for metering at the point where the power would leave the Northfield Electric Line and enter the GMP Line to serve the Customers. Fitzhugh pf. at 4.

13. The metered load amount, adjusted for losses, would then be subtracted out of Northfield Electric's total load under GMP's transmission tariffs. In addition, GMP will work to remove that load from Northfield Electric's hourly Tie Load and add it back to GMP's hourly Tie Load as is reported by Vermont Electric Power Company, Inc ("VELCO") to ISO-NE. Fitzhugh pf. at 4.

14. These provisions ensure that the load to serve the GMP Customers is not included in Northfield Electric's load but rather added back into GMP's load. Fitzhugh pf. at 4.

15. The Support Agreement also contains an provision that, should there be load growth among the Customers that requires Northfield Electric to upgrade the Northfield Electric Line, the parties shall work together in good faith to allocate the costs of the upgrades between Northfield Electric and GMP. Fitzhugh pf. at 4.

16. GMP will pay to Northfield Electric an annual Distribution Service Charge, an annual contribution to the upkeep of the Northfield Electric facilities used to serve the Customers. Fitzhugh pf. at 4; exh. NED-3.

17. The parties represent that the service charge provided by the Support Agreement is a fair and reasonable compensation for the use of the Northfield Electric distribution system and will not result in either party subsidizing the other party. Petition at 2.

18. In this case a Special Contract is appropriate because the service provided is unique and no other party is likely to request a similar service from Northfield Electric. The terms of the service are more easily reflected in a contract rather than as a tariff. Fitzhugh pf. at 5.

19. The revenues generated under the Special Contract are more than Northfield Electric's marginal cost to serve the agreement, and the Department has no concerns with the proposed agreement. Department Comments at 2.

20. The Support Agreement is effective upon execution by the parties and contains a definite ten-year term with an automatic renewal for another ten years unless either party decides not to renew it. Support Agreement at 4.

IV. DISCUSSION AND CONCLUSION

Section 229 of Title 30 requires the Commission's approval of the Special Contract because Northfield Electric seeks to provide a "service not provided for or covered" in Northfield Electric's tariff.²

Pursuant to the Commission's Order Establishing Standards and Procedures regarding the filing and review of proposed special contracts pursuant to 30 V.S.A. § 229, requests for approval of a special contract must include, at a minimum, the proposed special contract and appropriate supporting information to enable the Commission and the Department to review the contract's terms.³ In this case, the purpose and terms of the contract are clear and no additional information is required for our review.

After reviewing the Special Contract and the Department's comments, the Commission approves the Special Contract.⁴

The approval of this Special Contract reflects the Commission's overall judgment that the contract complies with 30 V.S.A. § 229. Its approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or

² 30 V.S.A. § 229.

³ *Order establishing standards and procedures regarding the filing and Commission review of proposed special contracts pursuant to 30 V.S.A. § 229*, Order of 12/24/14 at 8.

⁴ One provision of the Special Contract states that if the parties have a dispute and cannot agree on the use of mediation, "the dispute shall be submitted to the Public Utility Commission for resolution." Support Agreement at 6. We interpret this provision as applying only to disputes that are within the Commission's jurisdiction. If a party disagrees with this interpretation, it must file a motion for reconsideration within 28 days of this Order.


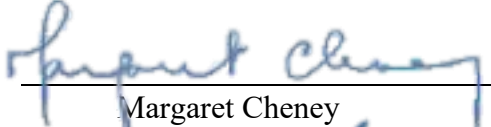
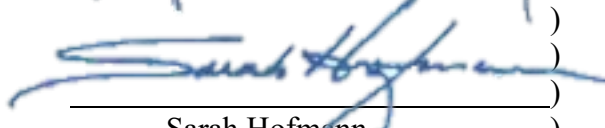
are not, cost-effective for Northfield Electric or GMP or otherwise are, or are not, in either utility's best interest.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission (“Commission”) of the State of Vermont that:

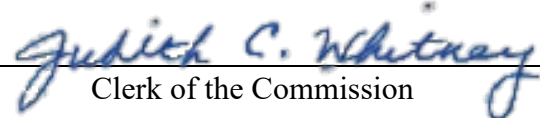
1. The agreement between the Town of Northfield Electric Department (“Northfield Electric”) and Green Mountain Power Corporation (“GMP”) for Northfield Electric to serve GMP customers on West Hill Road in the Town of Northfield is approved.
2. This case is closed.

Dated at Montpelier, Vermont, this 3rd day of September, 2020

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

OFFICE OF THE CLERK

Filed: September 3, 2020

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. 20-1762-SC - SERVICE LIST

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