STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-4100-TF

Petition of Washington Electric Cooperative, Inc. requesting an overall rate increase of 14.19% to take effect on a service-rendered basis commencing November 1, 2022	))))

SUPPLEMENTAL
TESTIMONY OF
LOUIS PORTER
ON BEHALF OF

WASHINGTON ELECTRIC COOPERATIVE

January 23, 2023

Summary

Louis Porter provides testimony to respond to items 5, 6, 7, and 8 of the Commission's January 6, 2023 information requests.

Exhibit

Exhibit PUC 5 WEC Net-Metering Capacity 2017-2022

Testimony

Q1. Please state your name, position, and business address.

A1. My name is Louis Porter. I am General Manager of Washington Electric Cooperative ("WEC"), P.O. Box 8, 40 Church Street, East Montpelier, Vermont, 05651.

Q2. Please provide a summary of your background experience.

A2. The WEC Board of Directors appointed me as General Manager, effective November 2021.

Q3. Have you previously testified before the Public Utility Commission?

A3. No, except for the testimony I already submitted in this proceeding.

Q4. What is the purpose of your testimony?

A4. My testimony is to provide narrative responses to items 5, 6, 7, and 8 of the Commission's January 6, 2023 information requests.

Q5. Please respond to item 5 of the Commission's information requests.

A5. Item 5 asks:

5. Q.PSD.WEC.1-18 requests additional information to explain the estimated reduction of revenue associated with net metering. In addition to these questions, WEC is requested to

respond to the following questions: 01/06/2023 Case No. 22-4100-TF Page 2

a. Regarding the $235,114 decrease in rate-year revenue from expected additional net-metering systems, what is the basis for the expected additional net-metering systems? For example, are these net-metering systems that have already received a certificate of public good from the Commission?

b. Beyond the summary of all pending net-metering applications requested in the Department's discovery request 1.18.c, what assumptions formed the basis for this adjustment?

My response to (a) is: WEC's estimate of additional net-metering systems expected to be commissioned during the rate year assumes that net-metering systems will be commissioned at the same rate as the test year. The test year only included commissioned systems (and excludes pending or not yet commissioned projects). This assumption is backed by the actual trend. As shown in Exhibit PUC 5 WEC Net-Metering Capacity 2017-2022, WEC is seeing a steady increase in the installation and commissioning of net-metering capacity. Assuming that systems will be commissioned at the same rate in the rate year as in the test year is a conservative estimate because the trend has been increasing. It is also conservative because it is compared it to WEC's historic peak load that was ten years ago, in 2012.

My response to (b) is: WEC's prefiled testimony and calculation of revenue impact of net-metering systems is based on the additional AC rating of commissioned projects for the test year.

We applied the same methodology used in prior WEC rate proceedings. This is also the same methodology used to provide WEC's biennial net-metering compliance filing (22-0334) as well as WEC's monthly submission of similar data for ISO-NE.

The estimated impact for the rate year assumes that net-metering projects in WEC territory come online at the same rate as in the test year, but financial impact is adjusted to reflect proposed change in rates.

Q6. Please respond to item 6.

A6. Item 6 asks:

> 6. Q.PSD.WEC.1-5 requests additional details on the "construction and other changes to the [Coventry] landfill." In addition to responses to the Department's questions, please explain whether WEC considers the costs of alternative power supply during Coventry outages as part of its decision on when to perform construction and maintenance. And more generally, please provide an explanation of how WEC decides when to perform construction and maintenance at the Coventry Landfill.

My response to item 6 is: WEC, through its subsidiary Coventry Clean Energy Corporation (CCEC), owns and operates the landfill gas to energy plant. Neither WEC nor CCEC own or operate the landfill itself. The landfill is owned and operated by New England Waste Services of Vermont (NEWSVT) whose parent company is Casella Waste Systems Inc.

CCEC's contract with NEWSVT provides CCEC the right to the landfill gas and CCEC uses that gas to generate electricity. That contract does not allow CCEC to interfere with landfill operations. Therefore, CCEC and WEC were not able to affect the timing of the work done at the landfill.

NEWSVT did inform CCEC and WEC that that this work would occur. Neither NEWSVT nor CCEC/WEC anticipated the prolonged adverse impact of this work on gas production.

CCEC and WEC regularly account for the cost of replacement power when undertaking planned or routine work on or maintenance to the LFGTE Plant itself.

Q7. Please respond to item 7.

A7. Item 7 asks:

7. Referring to page 4 of Mr. Porter's testimony, please explain why Tier III costs are accounted for in customer accounts and not power supply?

My response to item 7 is: Tier III costs fund incentives to encourage members to substitute electricity for fossil fuels used for transportation, heating, and hot water. This is a customer incentive program to encourage adoption of beneficial electrification technologies, and while it does impact use of electricity by WEC members, it is not a power supply issue. Therefore, it is accounted for in customer accounts rather than in power supply. The effect on the bottom line would be expected to be the same, whether accounted for as power supply or in customer accounts.

Q8. Please respond to item 8.

A8. Item 8 asks:

> 8. Also on page 4 of Mr. Porter's testimony, he states that WEC "plans to account for the impact of net metering as a power supply cost, rather than decreased revenue" in the future. Please explain the rationale for WEC previously including these costs as decreased revenue rather than power supply costs.

My response to item 8 is: WEC had included the financial impacts of net-metering as a loss of revenue because that is how it had been accounted for in WEC's NISC software and because net-metered power supplants some retail sales. However, WEC agrees that at least the portion of net-metering production that is exported to the grid (rather than off-setting use at the site of net-metering) should properly be accounted for in power supply and intends to account for it in that way going forward.

Ultimately, whether it is accounted for as a decline in retail sales or as a power supply cost, both the reduction in revenue and the reduction in power supply need must be accounted for and have a similar effect on the bottom-line whichever method is used. However, WEC agrees that for transparency of rate making it should account for at least the exported portion of net-metering production as a power supply matter.

Q9. Does this conclude your testimony?

A9. Yes, at this time.

WASHINGTON ELECTRIC COOPERATIVE, INC.

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Louis Porter, General Manager
Washington Electric Cooperative, Inc.

At East Montpelier Vermont, this 23rd day of January 2023, Louis Porter personally appeared before me and affirmed that the facts and matters contained herein are true to the best of his knowledge, information, opinion, and belief, and that he executed the foregoing document as his free act and deed.

________________________________ #157.0003455
Notary Public
My Commission Expires 1/31/2023