STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-4100-TF

Tariff filing of Washington Electric Cooperative, Inc. for approval of a 14.19% rate increase effective on a service-rendered basis commencing November 1, 2022

PREFILED DIRECT TESTIMONY OF CAROL FLINT ON BEHALF OF THE VERMONT DEPARTMENT OF PUBLIC SERVICE

January 24, 2023

Summary: Ms. Flint's testimony discusses public comments and consumer complaints, describes and makes recommendations for the Washington Electric Cooperative's service quality and disconnection reporting, and provides a brief summary of its encouragement of customer participation in COVID relief programs.

Q1. Please state your name and title.

A1. My name is Carol Flint. I am the Director of Consumer Affairs and Public Information ("CAPI") for the Vermont Department of Public Service ("Department").

Q2. Please describe your educational background and experience.

A2. I hold a Bachelor of Arts degree with a focus in Sociology from Norwich University (Vermont College), Northfield, Vermont. I joined the Department as the CAPI Director in February of 2016. Currently I manage the Administrative Services and Consumer Affairs and Public Information Divisions. Previously, I served as Executive Director for BROC—Community Action in Southwestern Vermont beginning in 2014. Prior to that I worked at Capstone Community Action for over 20 years, most recently as its Program Director for Family and Community Support Services.

Q3. Have you previously testified before the Vermont Public Utility Commission ("Commission")?

A3. Yes. I have provided testimony previously in Docket Nos. 8701, 8881, and Case Nos. 17-1238-INV, 17-3112-INV, 17-3232-PET, 18-0409-TF, 18-0726-INV, 18-0974-TF, 18-3231-PET, 20-0654-CC, 21-4060-IRP, 22-0175-TF, and 22-0991-TF.

Q4. What is the purpose and focus of your testimony?

A4. The purpose of my testimony is to present an overview of Washington Electric Cooperative's ("WEC") recent service quality and customer service history and reliability of service. My testimony provides information about public comments, complaints, objections and questions made by the utility's customers to CAPI. I also describe the utility's participation in COVID relief programs.

Q5. What concerns have consumers expressed as public comments about this proceeding to the Commission or directly to the Department about the rate case and the potential for a rate increase?

A5. Customers of WEC have not expressed concerns or made comments to the Department directly about the rate case. However, six customers made public comments directly to the Commission. None of these comments, described below, are supportive:

Kelsey Ray believes that "WEC's 14% rate increase request (and rationale) provides substantial reason for concern surrounding the future of the company." Ms. Ray also indicated that WEC has poor storm responses with restoration times stretching out to a week. She complained about WEC having the highest electricity rates in the region, as well as WEC's dismissive and unhelpful customer service personnel.

Stephen Bushman's public comment was nine pages long. His questions and comments are too detailed and lengthy to easily summarize; however, Mr. Bushman provides many critical questions that seem to allude to inadequate justification for broad statements made by staff and consultants in WEC's prefiled testimony and exhibits.

Lawrence Rogacki commented that the need for a rate increase was because of less power coming from the landfill gas. His view is that WEC had sufficient time to have planned better and "to proactively contract for lower-cost electricity." He also noted that the reduction in gas supply was only temporary and that “rates should be reduced to a more appropriate level.”

Philip Hayward indicated he was representing a small group of Corinth citizens who are all concerned about the size of the rate increase. They ask that the rate increase be kept in line with cost-of-living increases.

Richard Maizell comments that the rate increase is “twice the rate of inflation and will add a huge cost of living burden to its members.” Mr. Maizell urges the PUC “to dive deeply into the financials and demand that WEC find ways to bring the proposed rate increase in line with previous years.”

Arthur Hendrickson contrasted the rate increase with Vermonters of insufficient means using e an example of food lines and little resources to contend with emergencies. Mr. Hendrickson asks that WEC’s “outrageous” rate increase be denied.

Q6. What complaints have WEC’s customers made directly to the Department on other matters?

A6. Data for calendar years 2019, 2020, 2021 and 2022 were reviewed about WEC customers who contacted CAPI. There were 7 investigated complaints made in 2019, 5 in 2020, 4 in 2021, and 13 in 2022. Complaints made in 2022 were about service outages (5), facilities (4) service order (1), line extension (1), business practice (1), payment arrangement (1), billing (1), and repair (1).

Q6. What has WEC done to help its customers who were unable to pay their bills?

A6. WEC has actively participated in four programs to assist customers with arrearages and current amounts due. The utility promoted both the Vermont COVID-19 Arrearage Assistance Program ("VCAAP") and its successor program, Vermont COVID-19 Arrearage Assistance Program II ("VCAAP II") to its customers. WEC also populated the program's database with amounts due and worked closely with program administrators throughout the program to ensure access and accuracy. WEC continues to actively engage with the Vermont Emergency Rental Assistance Program ("VERAP-U") and the Vermont Homeowner Assistance Fund ("VHAP"). VHAP is a program of the Vermont Housing Finance Agency. Data about that program can be found at Vermont Homeowner Assistance Program | VHFA.org - Vermont Housing Finance Agency.

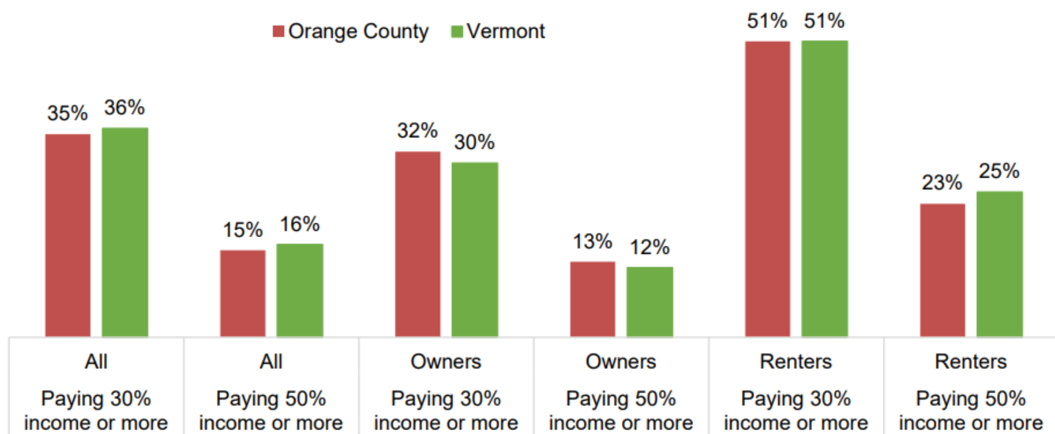
Q.7 What is your opinion about the affordability of this rate increase?

A. 7 Both Orange and Washington counties have households that are cost burdened (35% and 34% respectively) meaning that it will be difficult for that third of the population to pay for housing expenses including utilities. Both Orange and Washington counties have households that are severely cost burdened (15% and 14% respectively). However, as the figures below illustrate, this situation is not unique to the areas WEC serves. Affordability of this rate increase will be difficult for many of WEC's customers, particularly those whose incomes have not grown at that rate. The social security cost of living increase for 2023 is 8.7%, for example.

Cost burden

When a household's housing expenses consume less than 30% of their monthly income, their housing is considered "affordable" because there is likely to be enough income remaining to afford other necessities. Similar to the rest of the state, 35% of all Orange County households pay more than 30% of their income for housing. About 15% of Orange households pay a severely high 30% or more of their income for housing. These households are at a high risk of housing instability, including frequent moves, eviction, foreclosure and homelessness.

Figure 19-12: Orange County households with high housing costs relative to income

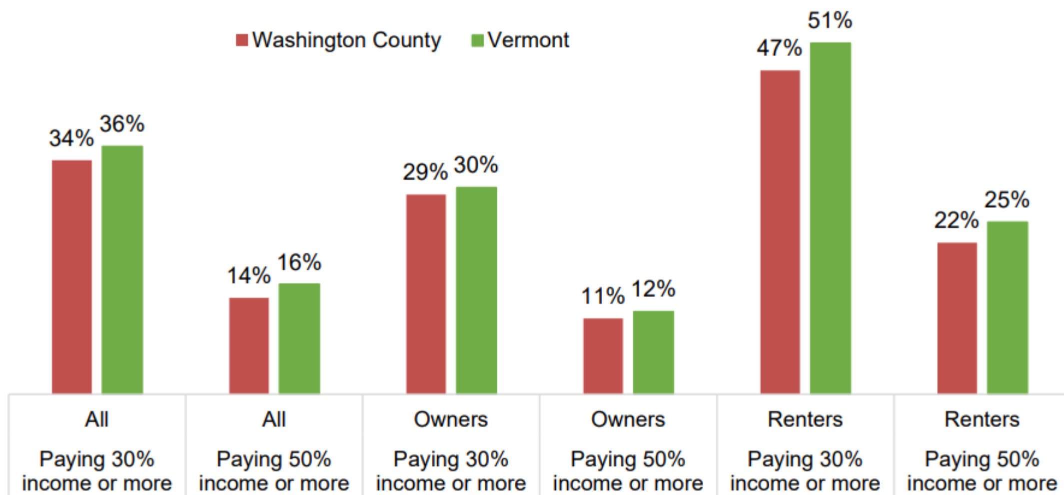


Source: U.S. Census Bureau: 2017 American Community Survey 5-year estimates (Table B25070, B25095) from housingdata.org.

Cost burden

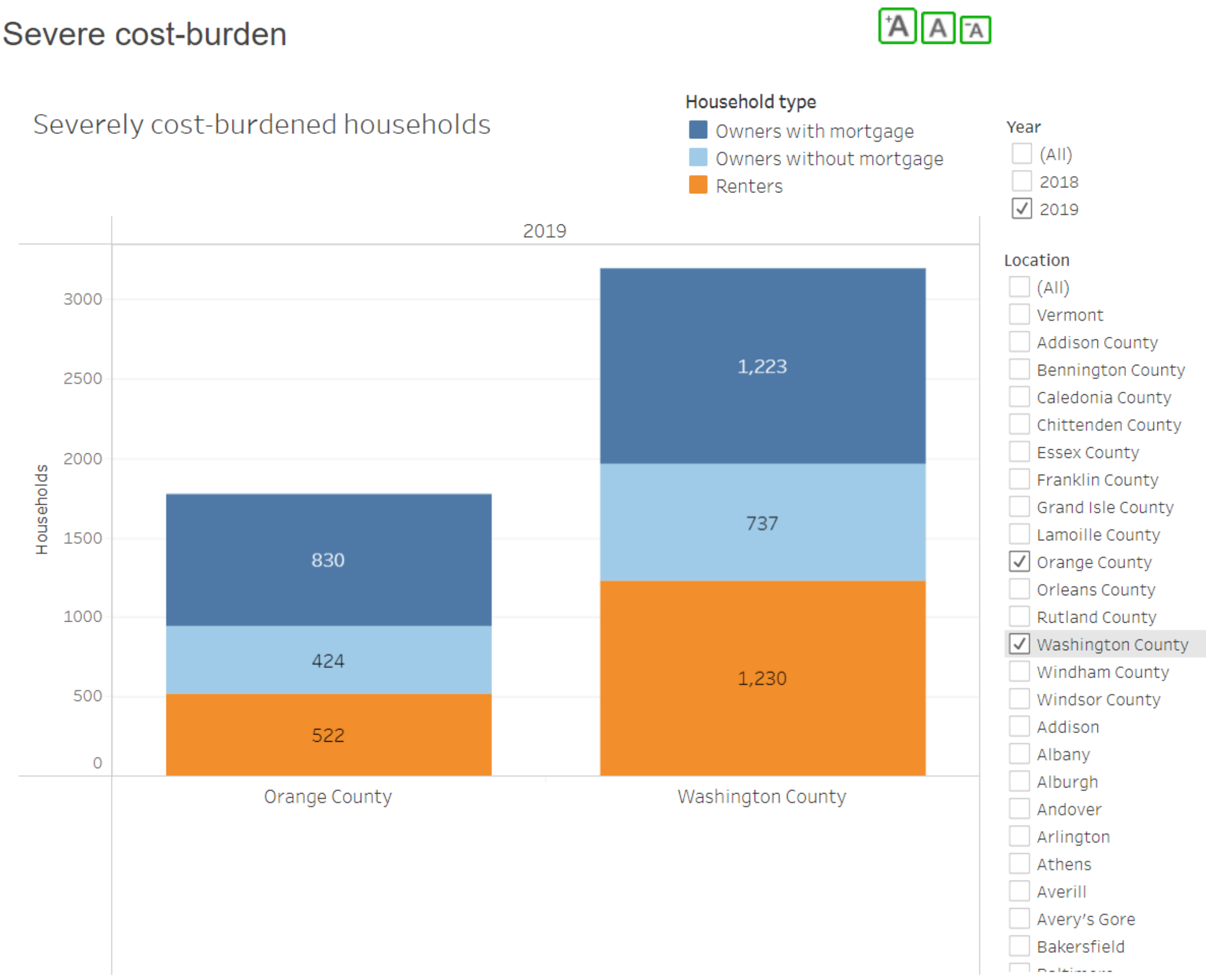
When a household's housing expenses consume less than 30% of their monthly income, their housing is considered "affordable" because there is likely to be enough income remaining to afford other necessities. Similar to the rest of the state, 34% of all Washington County households pay more than 30% of their income for housing. About 14% of Washington households pay a severely high 50% or more of their income for housing. These households are at a high risk of housing instability, including frequent moves, eviction, foreclosure and homelessness.

Figure 22-12: Washington County households with high housing costs relative to income



Source: U.S. Census Bureau: 2017 American Community Survey 5-year estimates (Table B25070, B25095) from housingdata.org.

Severe cost-burden



Source:
U.S. Census Bureau: American Community Survey 5-year estimates (Table B25070, B25091)

Description:
This table shows households in the selected area that are severely cost-burdened, or paying 50% of their household income or more towards housing expenses. This can include rent, mortgages, real estate taxes, various insurances, mobile home costs, and/or condominium fees as well as the estimated average monthly cost of utilities. 30% is the federal standard of housing affordability. When households spend more than 50% of their income on rent, they are at high risk of eviction or foreclosure.

The greatest housing issue facing residents appears to be associated with cost burden. The high share of cost burdened households indicates that many area residents are paying a disproportionately high share of their income towards housing costs, which is likely due to a lack of affordable housing.

Q7. What is your opinion about WEC's service quality?

A7. WEC's customer service is average. WEC has met or exceeded its service quality metrics for 2022. However, customer complaints also jumped in 2022, and WEC has failed to meet the baseline for the 1A metric, or percentage of calls not answered within 20 seconds for 11 quarters of the 15 quarters reviewed. The last report filed (for the quarter ending September 30, 2022) indicates an average of 17.47% annual rolling average against a baseline of 15%. Additionally, WEC failed to meet the minimum standard for CAIDI for 2020 (3.0 against a baseline of 2.7 and in 2021 (2.8 against a baseline of 2.7) with the 2022 report still pending. CAIDI is the average time it takes for the electric utility to restore service following a power interruption. WEC met their 5-year customer satisfaction data requirement with the 4th quarter reporting for 2020.

Q8. Do you make any recommendations for service quality plan or disconnection reporting?

A8. Yes. Generally, WEC's disconnection reports are filed on time and mostly accurately. However, fourth quarter service quality reports have had errors for the past few years. CAPI recommends that CAPI provide WEC with training for service quality reporting.

Q6. Does this conclude your testimony?

A6. Yes.