

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 23-1870-PET

Petition of City of Burlington Electric Department to transfer Thermal Energy & Process Fuel funds for use in its District Energy System support program	
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**DEPARTMENT OF PUBLIC SERVICE RESPONSE TO
THE VERMONT PUBLIC UTILITY COMMISSION’S PROCEDURAL ORDER
REQUESTING COMMENTS**

On June 2, 2023, the City of Burlington Electric Department (“BED”) filed a petition with the Public Utility Commission (“Commission”) requesting approval of an intra-program transfer of \$500,000 from funds budgeted for BED’s traditional thermal energy and process fuels (“TEPF”) programs to its District Energy System (“DES”) support program stating that additional design and engineering work was needed prior to finalizing the design of the DES project, and that BED has overspent all funds previously approved for the DES project by \$20,014. On June 9, 2023, the Commission issued a Procedural Order requesting comments on the BED petition and requests for additional process in this matter as well as comment on whether it should waive the 60-day advance notice requirement. In response to the Commission’s June 9, 2023 Order, the Department of Public Service (“Department”) offers the following comments on the BED petition.

While the Department does not oppose the BED request to transfer \$500,000 from traditional TEPF programs to DES project support, the Department requests additional information regarding the impact of the transfer on traditional TEPF programs and, specifically

BED's ability to meet its TEPF Minimum Performance Requirement ("MPR") #3 for investing \$327,750 of its traditional TEPF program budget in the residential sector¹. The Department requests responses from BED to the questions below to provide clarity and transparency around the implications of this request.

First, the Department requests that BED confirm its progress towards satisfying TEPF MPR #3 is 15% of the minimum requirement for the performance period as of the end of the first quarter of 2023². The Department understands traditional weatherization and VERMOD projects are challenging in BED territory. However, the Department requests that BED explain how it may (or may not be) possible for BED to meet TEPF MPR #3 by the end of the 2021-2023 performance period.

Second, the Department understands the proposed transfer is to come from BED's TEPF categories traditional weatherization and VERMOD programs (which appears to be at odds with meeting TEPF MPR#3.) Regardless, it is not clear what amounts are proposed to be transferred to DES from each of these categories as well as the vintage of the funds. As part of its response, since BED is over budget for DES, the Department also requests an accounting of how BED has covered the cost overrun.

Third, after discussing the petition with BED, the Department remains unclear what the financial contributions of other project stakeholders has been to date (such as Vermont Gas Systems ("VGS") and the University of Vermont Medical Center ("UVMC")) as well as what

¹ Case No. 19-3272-PET, Order of August 26, 2021 at 45.

² Case No. 23A-1618 BED quarterly performance report January 1, 2023 – March 31, 2023, page 14
<https://epuc.vermont.gov/?q=downloadfile/666952/189707>

plans, if any, project stakeholders have for contributing non-TEPF funds to DES engineering and planning costs between now and when BED anticipates a go/no-go determination later this summer. The Department requests that BED provide an accounting of contributions from other project partners received to date and a projection of where additional funding for any additional engineering/design costs needed to bring feasibility to completion will be sourced.

Fourth, BED indicated in its June 2, 2023 petition that it has placed a hold on any further TEPF DES spending until the Commission acts on its transfer request. As part of BED's response, the Department requests that BED identify the amount due from DES invoices received to date, but not paid.

Finally, it is the Department's understanding through communications with BED that they do not anticipate using TEPF funding to support the DES project beyond 2023. The Department requests that BED confirm that understanding is correct.

If the Commission ultimately approves BED's funds transfer request before the 60-day advance notice window closes, then the Department believes the requirement could be waived.

Dated at Montpelier, Vermont this 3rd day of July, 2023.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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