STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7535

Investigation into: (1) petition of AARP, for the establishment of reduced rates for low-income consumers of Green Mountain Power Corporation and Central Vermont Public Service Corporation and (2) as expanded to possibly include general applicability to all Vermont retail electric utilities	))))))

Order entered: 6/26/2014

ORDER RE: REFUND OF EXCESS PROGRAM FUNDS

I. INTRODUCTION

On March 28, 2014, Green Mountain Power Corporation ("GMP") filed with the Public Service Board ("Board") on behalf of itself, AARP, the Vermont Department of Public Service ("DPS"), and International Business Machines Corporation ("IBM") a joint proposal for refunding a portion of the $3.5 million of excess Electric Assistance Program ("EAP") funds collected by GMP during the first year of the EAP's operation (the "Joint Proposal").

The Joint Proposal has been submitted in the context of Vermont's efforts to afford life-essential utility service to Vermont's low-income consumers of electricity.[1] On September 6, 2012, the Board issued an Order authorizing the implementation of GMP's program, which has the following features:

1. In 2009, the Vermont State Legislature passed 30 V.S.A. § 281(e), which authorized the Board to implement reduced rates for low-income electric utility consumers to better assure affordability. The Board opened a proceeding to investigate the petition. On September 6, 2012, following a lengthy investigation, the Board issued an order requiring the implementation of a low-income rate program in GMP's service territory. *Investigation into: (1) petition of AARP, for the establishment of reduced rates for low-income consumers of Green Mountain Power Corporation and Central Vermont Public Service Corporation and (2) as expanded to possibly include general applicability to all Vermont retail electric utilities*, Docket 7535, Order of 9/6/12.

(A) GMP customers with total household income at or below 150% of the federal poverty level are eligible for participation.

(B) Participants receive a 25% discount on their service charge and the first 600 kWh of electricity usage each month.

(C) For the first three months of the program, new enrollees had their past due arrears forgiven.

(D) The program is funded through a monthly meter charge ("EAP charge") on all customers.

The EAP has helped low-income Vermonters maintain access to electric service in GMP's service territory and is advancing an important public policy goal. During the first year of EAP operations, GMP enrolled approximately 6,400 low-income customers into the program, all of whom have received discounted rates as a result. However, as a result of the low participation rates, GMP collected more EAP funds than were required to meet the program's needs. In this Order, we hereby adopt the Joint Proposal, accompanying this Order as Attachment A, for refunding a portion of the $3.5 million of excess EAP funds to GMP ratepayers, while retaining another portion for EAP purposes.

II. Procedural History

On October 30, 2013, GMP filed a proposal for returning to GMP customers excess EAP funds collected during the program's first year of operations.

On January 31, 2014, the Board issued a memorandum requesting comments on GMP's proposal and also issued a notice scheduling a workshop for February 26, 2014.

On February 14, 2014, AARP filed comments suggesting amendments to GMP's proposal, and IBM filed comments in support of GMP's proposal.

On February 19, 2014, the DPS filed comments in support of GMP's proposal.

On February 26, 2014, the Board convened a workshop in this Docket. Appearances were entered by: Debra Bouffard, Esq., of Sheehey Furlong & Behm on behalf of GMP; Louise Porter, Esq., for the DPS; and James Dumont, Esq., for AARP. Daniel Tukey, an Energy Analyst for IBM, also attended the workshop.

On March 20, 2014, the Board issued a memorandum instructing parties to confer with regard to GMP's proposal and to submit a Joint Proposal for dealing with the excess EAP funds.

On March 28, 2014, GMP filed the Joint Proposal on behalf of all of the parties.

On April 25, 2014, the Board issued a memorandum with several follow up questions regarding the Joint Proposal.

On May 7, 2014, GMP filed on behalf of the parties answers to the Board's questions.

III. Discussion

As anticipated when we approved the initial design and implementation of the EAP, GMP has collected more funds than proved necessary during the first program year for providing low-income rate relief to EAP participants.[2] This over-collection is a reflection of the fact that the EAP is a new program, for which GMP is still gaining administrative experience. Until the program matures and GMP is able to more precisely calibrate the EAP charge to reflect actual enrollment levels and program costs, over-collections are likely to continue to occur. The Joint Proposal from GMP and the parties is designed to address this temporary problem by returning some of the excess EAP funds back to ratepayers, while retaining some of the funds to enhance the program and raise awareness of the EAP's availability to other qualifying customers.

GMP reports that, as of December 31, 2013, GMP has over-collected approximately $3.5 million in EAP funds. Under the Joint Proposal, $1.5 million will be returned through bill credits to current ratepayers immediately after the issuance of this Order. Specifically, the amounts of the one-time refunds to be made by customer class are: (1) Residential - $4.28; (2) Commercial - $7.14; and (3) Large Industrial - $237.96. Additionally, $1 million of the over-collected funds will be used in the EAP's second program year to increase EAP outreach activities and to offer a temporary arrearage forgiveness program for new applicants during the months of October, November, and December 2014. Finally, $1 million will be held in a reserve balance to be used as needed if enrollments increase beyond current projections and collections from EAP charges are not sufficient to meet required year-two program expenditures.[3]

---

2. *See* Docket 7535, Order of 9/6/12 at 12-13.
3. *See* Docket 7535, Order of 9/6/12 at 12.

Given that, pursuant to the Joint Proposal, GMP will be holding excess EAP funds for some time, it is appropriate that ratepayers be compensated for the time value of their money being retained by the utility.[4] Thus, we hereby require GMP to accrue interest on EAP funds at a rate no less than the rate GMP pays on its revolving credit line, which reflects the fact that excess EAP funds are temporary in nature and the benefit received by GMP for the use of these funds is the reduced interest expense resulting from lower borrowing under GMP's revolving line of credit. The accrued interest will be held with the reserve balance and will be used either to fund EAP activities or will be returned to ratepayers pursuant to a future refund mechanism approved by the Board. This requirement has been included in the Joint Proposal attached to this Order as Attachment A.

We conclude that approving the Joint Proposal advances the public good for several reasons. First, the Joint Proposal properly identifies and returns to ratepayers a portion of the money not required by the utility to operate the EAP. Second, the Joint Proposal facilitates improvements in the EAP going forward by allocating funds to enhance program outreach and performance. Finally, the Joint Proposal gives the Board the opportunity at the end of this program year to further adjust program funding to meet actual programmatic need based on an additional year of GMP experience administering the program. For each of these reasons, it is appropriate and in the public good for the Board to approve the Joint Proposal.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board ("Board") of the State of Vermont that:

1. The *Proposal for Excess EAP Funds,* filed in this Docket on March 28, 2014, as modified in this Order (attached to this Order as Attachment A) is approved.

2. Within 10 days of the issuance of this Order, Green Mountain Power Corporation ("GMP") shall file duly-executed tariff sheets to implement the *Proposal for Excess EAP Funds*.

---

4. *See* Board Rule 3.202 (Conditions for Taking Deposits).

3. GMP shall file with the Board a report on the status of the Electric Assistance Program and the *Proposal for Excess EAP Funds* at the end of the Electric Assistance Program's second year of operations.

Dated at Montpelier, Vermont, this 26th day of June, 2014.

s/James Volz	)	
	)	PUBLIC SERVICE
	)	
s/John D. Burke	)	BOARD
	)	
	)	OF VERMONT
s/Margaret Cheney	)	

OFFICE OF THE CLERK

FILED: June 26, 2014

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us).

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.