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 (In Re: Phase 2)	))))))

Order entered: 9/6/2012

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I. INTRODUCTION

On February 1, 2012, Green Mountain Power Corporation ("GMP") and Central Vermont Public Service Corporation ("CVPS" and, with GMP, the "Companies") submitted a proposed compliance plan (the "Joint Compliance Plan") in response to the Order of the Vermont Public Service Board (the "Board") in Phase I of this Docket to establish reduced rates for low-income electricity consumers in Vermont pursuant to 30 V.S.A. § 218(e) in their respective service territories.[1] In this Proposal for Decision, I recommend that the Board adopt the Joint Compliance Plan, as modified by the Companies' filing on June 1, 2012 (the "Modified Joint Compliance Plan").

1. Docket 7535, Order of 7/22/11 at 1 (the "Phase I Order). Phase I of this Docket was opened in response to a petition filed by AARP in the spring of 2009, following the passage of 30 V.S.A. § 218(e) — a law which, at the time, newly and explicitly authorized the Board to approve the implementation of low-income rates.

II. Procedural History

On September 19, 2011, I convened a status conference to initiate the implementation phase ("Phase II") of this docket following the issuance of the Phase I Order. After discussion on the record, the parties agreed to collaborate in developing a procedural schedule for Phase II of this investigation.

On October 3, 2011, AARP filed a proposed procedural schedule.

On October 4, 2011, the Vermont Department of Public Service (the "Department" or "DPS") filed a letter advising that all parties had reached a stipulation to adopt AARP's scheduling proposal.

On October 25, 2011, CVPS filed an executed signature page confirming the company's agreement to stipulate to AARP's scheduling proposal.

On October 28, 2011, I issued a scheduling order which adopted the parties assented-to procedural schedule with modifications to clarify the nature of the filings to be made in Phase II of this Docket.

On November 18, 2011, the Department filed a letter on behalf of all of the parties proposing a revised procedural schedule.

On December 1, 2011, I issued a second scheduling order adopting the parties' assented-to proposal for revising the procedural schedule.

On December 9, 2011, GMP and CVPS jointly filed an initial compliance plan for review and approval by the Board.

On December 16, 2011, comments were filed on the initial joint compliance plan by the following parties: the Department; AARP[2]; and International Business Machines Corporation ("IBM").

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2. *Letter from James A. Dumont, Esq., on behalf of AARP, to Susan Hudson*, dated December 16, 2011. Absent any objection from any of the parties, I hereby admit this letter into evidence as "Exhibit Board-1c."

On January 6, 2012, GMP and CVPS filed a second proposed compliance plan for review and consideration.[3] The second proposed compliance plan reflected several revisions that GMP and CVPS made to the initial joint compliance plan in response to the comments filed on December 16, 2011, by the Department, AARP and IBM.

On January 15, 2012, AARP filed a letter stating that it would not submit any comments on the second proposed compliance plan.

On January 16, 2012, IBM filed comments on the second proposed compliance plan.

On January 17, 2012, the Department filed comments on the second proposed compliance plan.

On February 1, 2012, the Companies prefiled the joint direct testimony and exhibits of Scott R. Anderson (CVPS) and David P. Martin (GMP) in support of the proposed Joint Compliance Plan.[4] The proposed Joint Compliance Plan reflected several revisions that GMP and CVPS made to the second proposed compliance plan in response to the comments filed on January 16, 2012, by IBM and the comments filed on January 17, 2012, by the Department. In a letter accompanying the Joint Compliance Plan, the Companies indicated that the program administration component of the plan was not yet settled and that the Companies would not be prepared to implement their programs "until this process is complete."[5]

On April 23, 2012, the Companies filed a letter advising that the Economic Services Division ("ESD") of the Vermont Agency of Human Services Department for Children and

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3. *Green Mountain Power Corporation and Central Vermont Public Service Corporation Joint Reply Comments,* dated January 6, 2012, at 5. Absent any objection from any of the parties, I hereby admit this document into evidence as Exhibit Board-1d.

4. Hereinafter, this testimony is referred to as the "Anderson/Martin testimony" and cited as "Anderson/Martin pf. at __." The Anderson/Martin testimony includes the following exhibits: Exhibit CVPS-GMP-1, Exhibit CVPS-SRA-3, Exhibit CVPS-SRA-4, Exhibit GMP-DPM-1 and Exhibit GMP-DPM-2. Moreover, while GMP and CVPS have jointly proposed a single low-income electric rate program for approval by the Board, the Anderson/Martin testimony makes clear that the initial implementation of the approved low-income rates will be accomplished through distinct, company-specific tariffs. Anderson/Martin pf. at 3 (*discussing* exh. CVPS-SRA-3 (proposed CVPS tariff form) and exh. GMP-DPM-1 (proposed GMP tariff form)). Accordingly, while the findings and discussion in this Proposal for Decision generally refer to a single plan or program, it should be understood that GMP and CVPS initially will each implement the Joint Compliance Plan in their respective service territories using their company-specific low-income rate tariffs. Eventually GMP will administer one plan once the merger with CVPS is complete and a new, fully allocated rate design is implemented. *See infra* p. 13 n. 20.

5. Anderson/Martin pf. at 12-13.

Families had agreed to serve as the Program Administrator for the administrative duties outlined in the proposed Joint Compliance Plan.[6]

On May 15, 2012, I issued a procedural order posing several questions to the Companies regarding the projected rate impacts from the funding mechanism included in the proposed Joint Compliance Plan. The procedural order further set deadlines for the Companies to file responses and the remaining parties to file comments regarding the answers to my questions. I also set a deadline for written objections, if any, to be filed to the admission into evidence of the Companies' responses, as well as the Anderson/Martin testimony and attached exhibits.[7]

On June 1, 2012, the Companies filed additional information regarding the projected rate impacts of the proposed Joint Compliance Plan.[8]

On June 13, 2012, AARP filed a letter stating that it found the information filed by the Companies on June 1, 2012, to be responsive to the questions posed in the procedural order issued on May 15, 2012. AARP did not indicate whether it objected to the admission into evidence of those responses or the Anderson/Martin testimony and exhibits.

On June 15, 2012, the Department filed a letter stating that it found the information filed by the Companies to be responsive to the questions posed in the procedural order issued on May 15, 2012. The Department further stated that it had no objection to the admission into evidence of the Companies' responses, as well as the Anderson/Martin testimony and exhibits.

IBM filed no comments on the Companies' answers to the questions posed in the procedural order issued on May 15, 2012. IBM also filed no written objection to the admission into evidence of the Companies' responses, or of the Anderson/Martin testimony and exhibits.

On July 17, 2012, I asked the Department, AARP and IBM to notify me by July 27, 2012, as to whether any one of them desired an opportunity to cross-examine the Companies' witnesses

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6. *Letter from Morris L. Silver, Esq., on behalf of GMP and CVPS, to Susan M. Hudson*, dated April 23, 2012. Absent any objection from any of the parties, I hereby admit this letter into evidence as "Exhibit Board-1a."

7. As I have received no such objection, I hereby admit the Anderson/Martin testimony and accompanying exhibits into evidence.

8. In the absence of any objection from the parties, I hereby admit these answers into evidence as "Exhibit Board-1b."

regarding either the Anderson/Martin testimony and exhibits or the information contained in Exhibit Board-1b.

As of July 20, 2012, the Department, AARP and IBM have confirmed that they do not wish to cross-examine the Companies' witnesses regarding either the Anderson/Martin testimony and exhibits or the information contained in Exhibit Board-1b.

This matter is now ready for decision.

III. Findings

1. Under the Joint Compliance Plan, customers who demonstrate a total household income at or below150% of the federal poverty level will be eligible for reduced electricity rates that will be funded through a charge to be paid by all ratepayers. Exh. CVPS-GMP-1 at 6.

2. Under the Joint Compliance Plan, each eligible ratepayer will receive bill-paying assistance in the form of a 25% discount on the service charge and the first 600 kWh of electricity use each month. Exh. CVPS-GMP-1 at 5-6.

3. The Joint Compliance Plan further provides for a one-time arrearage forgiveness for any eligible low-income ratepayer who enrolls during the first three months of the program. Exh. CVPS-GMP-1 at 5.

4. The benefits to be conferred upon eligible program participants pursuant to the Joint Compliance Plan are economically equivalent to the 25% block rate discount and the one-time arrearage forgiveness that these ratepayers would have received through the implementation of the AARP Proposal. Anderson/Martin pf. at 4 and 6; findings 2 and 3, above; Phase I Order at 88-89.

5. Under the Joint Compliance Plan, the Companies' program funding will be raised by assessing a monthly, non-bypassable meter charge on each ratepayer that will vary by rate-class. Exh. CVPS-GMP-1 at 3.

6. On an annualized basis, the Companies propose to set these meter fees as follows: $18.00/yr (residential); $30.00/yr (commercial); $1,000/yr (industrial). These fees are identical to the corresponding meter charges in the AARP Proposal that was approved in Phase I. Exh. Board-1b at 3; Phase I Order at 38 (finding 59).

7. The projected rate impacts on GMP's rate classes from the meter charges proposed by the Companies are as follows: 1.61% (residential); 1.76% (commercial); and 0.02% (industrial). The total rate impact from the meter charges on all GMP rate classes will be 1.26%. Exh. Board-1b at 3.

8. The projected rate impacts on GMP's rate classes from the meter charges proposed in the AARP Proposal that was approved in Phase I are as follows: 1.73% (residential); 1.77% (commercial); and 1.47% (industrial). The total rate impact from these meter charges on GMP ratepayers as a whole would be 1.6%. Phase I Order at 40 (finding 72).

9. The projected rate impacts on CVPS's rate classes from the meter charges proposed by the Companies to fund the program are as follows: 1.89% (residential); 1.36% (commercial); and 0.26 % (industrial). The total rate impact from the meter charges on all CVPS rate classes will be 1.26%. Exh. Board-1b at 4.

10. The projected rate impacts on GMP rate classes from the meter charges proposed in the AARP Proposal that was approved in Phase I are as follows: 1.77% (residential); 1.52% (commercial); and 1.07 % (industrial). The total rate impact from these meter charges on GMP ratepayers as a whole would be 1.49%. Phase I Order at 40 (finding 73).

11. The rate impacts from the meter charges proposed by the Companies compare favorably to the corresponding rate impacts in the AARP Proposal approved in Phase I. All of the rate impacts proposed by the Companies are lower than the corresponding impacts in the AARP Proposal, with the exception of CVPS's proposed residential rate impact of 1.89%, which is comparable to the AARP Proposal's corresponding impact of 1.77% on CVPS's residential class. Findings 7-10, above; exh. Board-1b at 3-4.

12. The proposed meter charges described by the Companies in Exhibit Board-1b are designed to raise sufficient revenue to sustain at least a 30% participation rate among eligible, low-income customers during the first program year with resulting rate impacts that are equitably balanced among the Companies' ratepayer classes. Anderson/Martin pf. at 6, 8 and 10; exh. Board-1b at 2-4; findings 9 and 11, above.

13. In the Phase I Order, the Board approved the program design principle of allowing an estimated program administration budget equal to 10% of the total rate discounts provided pursuant to the AARP Proposal. Phase I Order at 34-35, 37 and 88.

14. The Companies propose to deviate from the Phase I Order by instituting a different measure for setting the program's budget to cover administrative costs by setting the program administration budget based on 10% of the program revenue generated by the meter charges. Anderson/Martin pf. at 9.

15. At this time, the program revenue projections are more reliable than the projected total rate discounts to be provided in a given year as these are likely to fluctuate depending on the number of program participants. Anderson/Martin pf. at 9-10.

16. Applying 10% of the meter-charge revenue to be collected from GMP customers, the estimated first-year budget for administering GMP's program would amount to $192,075 ($1,920,756 x 10% = $192,075). Exh. Board-1b at 4.

17. Applying 10% of the meter-charge revenue to be collected from CVPS customers, the estimated first-year budget for administering CVPS's program would amount to $367,746 ($3,677,464 x 10% = $367,746). Exh. Board-1b at 4.

18. The Companies propose to contract with ESD, a Vermont state agency, to serve as the Program Administrator for their low-income rate-relief programs. Exh. Board-1a.

19. The Joint Compliance Plan provides that the Program Administrator, among other things, will be responsible for (1) establishing and certifying customer program eligibility; (2) educating customers regarding the terms of participating in the low-income rate-relief program; (3) removing ineligible customers from the program when warranted and notifying the appropriate utility to that effect. Exh. CVPS-GMP-1 at 10.

20. Under the Joint Compliance Plan, the Companies will track the following information: (1) program enrollment numbers; (2) data to facilitate aging comparison between program participant accounts and non-program participant accounts; and (3) data regarding disconnections and reconnections of service for both program participant accounts and non-program participant accounts. Exh. CVPS-GMP-1 at 14.

21. The Joint Compliance Plan requires the Companies to prepare and file a program assessment for review by the Board at the end of the third year after the initial program implementation date, and continuing every three years thereafter. Exh. CVPS-GMP-1 at 14.

22. To achieve the electricity affordability objective of Section 218(e), the implementation of the Joint Compliance Plan should be geared toward maximizing eligible program participation, particularly during the initial three-month program window for arrearages forgiveness. Exh. Board-1c at 2.

23. The Joint Compliance Plan contemplates that the Companies will conduct an "aggressive" outreach campaign that is designed to "maximize" program applications. Exh. CVPS-GMP-1 at 8.

IV. DISCUSSION

At the conclusion of Phase I of this Docket, the Board directed GMP and CVPS to implement low-income rate programs that reflect the rate design principles and components that were identified as desirable elements of the low-income rate program originally proposed by AARP (the "AARP Proposal").[9] In the alternative, the Board afforded the Companies the option of proposing a program design that departs "materially from the parameters" derived from the AARP Proposal.[10] Now, at this stage in Phase II of this proceeding, the Companies have proposed the Modified Joint Compliance Plan as an alternative to the AARP Proposal. Accordingly, in reviewing the Modified Joint Compliance Plan, the principal consideration is whether that proposed plan satisfies the corresponding requirements of the Phase I Order which provides, in relevant part:

> Subject to an opportunity for input and comment from AARP, the Department and any Intervenors in this Docket, CVPS and GMP may develop and propose low-income rate designs as alternatives to the AARP Proposal, provided that such alternative rate designs:
>
> (a) would deliver to participating low-income ratepayers a degree of rate relief that is economically equivalent to the 25% electricity block rate

9. *See* Phase I Order at 83 (ordering clauses 3 and 4).

10. *Id.* (ordering clause 5).

> discount and one-time arrearage forgiveness that participating low-income ratepayers otherwise would receive through the implementation of a low-income rate program designed pursuant to the AARP Proposal; and
> (b) would result in rate impacts that are less than or comparable to the projected impacts of the AARP Proposal on the total rates and individual class rates of CVPS and GMP.[11]

As a preliminary matter, and as noted in the procedural history, the Department, AARP and IBM have received several opportunities to comment upon the proposed Modified Joint Compliance Plan through the course of its development. Accordingly, I find that the Companies have offered the requisite comment opportunities as contemplated by the Phase I Order. I further commend these parties for the cooperative efforts that are reflected in the comments that have been filed in Phase II. The prospects for success in implementing low-income rate relief in the Companies' service territories largely depend upon such collaboration among the various stakeholders in this process.

The Modified Joint Compliance Plan is very similar to the AARP Proposal. Customers who demonstrate a total household income at 150% or below the federal poverty level will be eligible for reduced electricity rates that will be funded through a charge paid by all ratepayers. To the extent the Modified Joint Compliance Plan differs from the AARP Proposal, it is generally in ways that will simplify the administration of the benefits to be provided to eligible program participants.

Equivalency of Rate Reduction Benefit

Under the Modified Joint Compliance Plan, each eligible ratepayer will receive bill-paying assistance in the form of a 25% discount on the service charge and the first 600 kWh of electricity use each month. Additionally, the Modified Joint Compliance Plan provides for a one-time arrearage forgiveness for any eligible low-income ratepayer who enrolls during the first three months of the program. These program benefits are economically equivalent to the 25% block rate discount and the one-time arrearage forgiveness that low-income ratepayers would

11. Phase I Order at 89-90 (ordering clause 5).

have received through the implementation of the AARP Proposal. I therefore find that the Companies have satisfied the "economic equivalency" requirement in the Phase I Order for developing and proposing the Modified Joint Compliance Plan as an alternative to the AARP Proposal.[12]

Program Bill Impacts

The Joint Compliance Plan provided that, unlike the AARP Proposal, the meter fees charged to generate program funding would be designed using residential, commercial and industrial account classifications that would follow utility-specific rate classes in existing, Board-approved tariffs. In addition to simplifying program administration, this rate design approach would have allowed the Companies to assess lower program fees for each customer class than the fees envisioned in the AARP Proposal.

However, as often happens in rate design, the choice of one design element to strike an equitable balance in assigning rate impacts among different customer classes will beget new impacts requiring further balancing among the classes. In the case of the Joint Compliance Plan, such a rate-class balancing issue arose for GMP as a result of the Companies' decision to set aside the rate-class definitions in the AARP Proposal in favor of the rate-class parameters in their respective, existing tariffs. Because GMP's Rate 63 in its existing tariff includes customers of widely varying sizes,[13] the Companies' initial compliance proposal produced some projected rate impacts that were materially higher than those the Board found acceptable in the Phase I Order. Specifically, of GMP's 1,684 Rate 63 customers, 1,377 (82%) would experience a percentage rate increase in excess of 1.47 percent, with some of the increases being as large as 8 percent.[14]

On May 15, 2012, I posed written questions to the Companies about possible ways of mitigating the rate impact on those customers.[15] In response to these questions, the Companies recommended reassigning GMP's Rate 63 customers to different classes by distinguishing between those that meet the Federal Energy Regulatory Commission ("FERC") definition of an

12. Phase I Order at 89.
13. For example, Rate 63 customers' April 2012 bills ranged from $83 to $142,000. Exh. Board-1b at 2.
14. Exh. Board-1b at 2; exh. CVPS-GMP-1 at 4.
15. Docket 7535, Order of 5/15/12 at 1-2.

industrial customer, and those that do not.[16] Under this new class delineation, only those GMP Rate 63 customers meeting the FERC definition of an industrial customer would pay the industrial rate, while GMP's other, smaller Rate 63 customers would pay the commercial rate.[17] I find this proposal is a reasonable solution for addressing the rate impact concerns I identified in the questions I posed on May 15, 2012.

However, this modification to the rate design proposed in the Joint Compliance Plan will cause GMP to collect insufficient revenue in the first year of the program. Thus, to address this effect, GMP and CVPS have suggested revising the Joint Compliance Plan to adopt the higher fee structure contained in the AARP Proposal that was approved in the Phase I Order. While this higher fee structure is projected to produce sufficient revenue to fund GMP's program, it is likely to result in an over-collection for CVPS's program. To resolve this problem, the Companies will track the collected program revenues, and any excess revenues beyond a reserve balance of $1 million will be returned to customers *via* an adjustment mechanism to be identified at the time of the utility's annual base-rate change.[18] This approach is reasonable. It recognizes that the start-up costs of the program necessarily are based on estimates and that the actual enrollment numbers are unknown at this time. It appropriately plans for returning to customers in due course any excess program revenues. At the same time, the approach allows GMP and CVPS to create and maintain a reserve balance so that funds will be available if enrollment increases beyond initial projections. This will help ensure that no eligible customer is turned away because the program has insufficient funds.

Lastly, I observe that the implementation of this mechanism will be affected by the Board's recent approval of the merger of GMP and CVPS, which is expected to occur in September of this year.[19] In the Docket 7770 Order, the Board approved a path toward rate integration for the two companies. Under the terms of the Docket 7770 Order, general residential rates will be integrated on October 1, 2013, while all other rates will be integrated after the Board

16. Exh. Board-1b at 1-2.
17. *Id.*
18. Exh. CVPS-GMP-1 at 8 (Section 10).
19. See Docket 7770, Order of 6/15/12 (the "Docket 7770 Order").

approves a new, fully allocated rate design for all customer classes.[20] Because program fees will be paid on the basis of the Board-approved tariff under which a customer is served, it is appropriate for any program over-collections to be returned to those customers who paid the extra amounts.[21] Therefore, I recommend that the Board require GMP to implement appropriate systems after the merger to track program collections and expenditures by legacy service territory through October 1, 2013 (the date upon which general residential tariffs will be merged pursuant to the Docket 7770 Order). This will enable over-collections in the first year of the program to be returned to customers in the appropriate legacy service territory. Finally, the Board should require GMP to file a proposal, for Board approval, returning any excess program funds to those customer classes (as defined by rate tariffs) that paid the extra amounts for the period between October 1, 2013, and the final integration of all remaining GMP and CVPS rates.

In sum, I find that, with the modifications discussed above, the Modified Joint Compliance Plan is designed to raise sufficient revenue to sustain at least a 30% participation rate among eligible, low-income customers during the first program year while resulting in rate impacts that are equitably balanced among the Companies' rate classes. Accordingly, I conclude that the Modified Joint Compliance Plan will satisfy the Phase I Order standard of limiting the degree of program rate impacts to levels that are "less than or comparable to the projected impacts of the AARP Proposal."[22]

Administrative Costs

In the Modified Joint Compliance Plan, the Companies propose to deviate from the Phase I Order by instituting a different measure for setting the program's budget to cover administrative costs. In the Phase I Order, the Board approved the program design principle of allowing an estimated program administration budget equal to 10% of the total rate discounts provided

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20. Docket 7770 Order at 38 (findings 104, 105 and 108). The Companies are required to file a proposed integrated rate design by October 15, 2014.

21. Until the implementation of an integrated rate structure, a customer could pay the commercial low-income meter charge in one legacy service territory while a comparably-sized customer could pay the industrial low-income meter charge in the other legacy service territory.

22. Phase I Order at 90.

pursuant to the AARP Proposal.[23] Applying this formula, the Board found in Phase I that the estimated program administration budget for the first year would be $175,037 for CVPS and $107,500 for GMP, assuming a 30% program participation rate.[24]

As an alternative to the AARP Proposal, the Companies now propose to set the program administration budget based on 10% of the program revenue generated by the meter charges. Applying this formula, the estimated administration budget for the first year would be $367,746 for CVPS and $192,075 for GMP.[25] In support of their proposal, the Companies explain that, at this point in time, the program revenue projections are more reliable than the projected total rate discounts to be provided in a given year as these are likely to fluctuate depending on the number of program participants.[26]

I note that the Companies' proposed approach to estimating program administration costs would increase CVPS's administrative budget by approximately 110% and GMP's budget by approximately 79%.[27] While these increases give me pause, I am persuaded that they are justified, as the Companies have shown there is good cause to modify the Phase I design principle for setting the budget for program administration costs. Regardless of whether the Companies' respective budgets for administrative costs are set using the design principle approved in the Phase I Order or the alternative suggested by the Companies, the resulting budget amounts at best represent estimates of the funds required to pay for the first year of program administration. In due course, it will be possible to refine the budget-setting process once a meaningful amount of historical cost data has been gathered from administering the plan.

Furthermore, as discussed above, to the extent these estimated cost budgets prove to be in excess of what is needed to fund program administration, this problem could be remedied by the Companies' proposal to return over-collections to customers and my recommendation that the Board direct the Companies to file for Board approval a proposed mechanism that provides for any program over-collections to be returned to those customer classes that paid the extra amounts

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23. Phase I Order at 34-35, 37 and 88.
24. Phase I Order at 34-35.
25. Findings 16 and 17, above.
26. Anderson/Martin pf. at 9-10.
27. (($367,746 - $175,037) / $175,037) x 100 = 110%; (($192,075 - $107,500) / $107,500) x 100 = 79%.

for the period between October 1, 2013, and the integration of all remaining GMP and CVPS rates. Accordingly, I conclude that the Companies have proposed an acceptable, alternative design principle for budgeting sufficient funds to cover the cost of program administration.

Program Administration

The Companies propose to contract with ESD, a Vermont state agency, for program administration services. ESD will be responsible for establishing and certifying the eligibility of program participants pursuant to 30 V.S.A. § 218(e) and any other applicable criteria.[28] ESD will also disenroll program participants as warranted and will notify the affected utility to that effect. I find these measures comply with the statutory eligibility requirement set forth in 30 V.S.A. § 218(e) and the corresponding program design principles for program administration in the Phase I Order.

Data Tracking Requirements

The Phase I Order requires the Companies to "track and maintain sufficient data to measure the costs and savings" resulting from the implementation of their low-income rate programs.[29] The Companies report that they are collaborating with "stakeholders to develop such reasonable and appropriate information as can cost-effectively be developed." While the AARP Proposal contemplated collecting the information needed for the utilities to measure the costs and savings of the rate-relief programs, CVPS and GMP remain concerned that a requirement to measure "all" such costs and savings will be "unduly burdensome" if it means measuring all costs — to include avoided costs — in a "highly granular form."[30] For this reason, the Companies urge that the Board tailor the data tracking requirements to focus on gathering information that reasonably may be expected to assist in evaluating the efficiency of the program. To this end, the Companies propose to institute measures to track (1) program enrollment numbers, (2) data to facilitate aging comparison between program participant

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28. Section 218(e) defines an eligible "low income electric utility consumer" as a customer who has "a household income at or below 150 percent of the current federal poverty level."

29. Phase I Order at 89.

30. Martin/Anderson pf. at 12.

accounts and non-program participant accounts, and (3) data regarding disconnections and reconnections of service for both program participant accounts and non-program participant accounts.[31]

I find the Companies' proposed approach to data tracking in the Modified Joint Compliance Plan to be reasonable, as it seeks to gather useful data that is readily available, thereby avoiding unnecessary administrative expense as contemplated in the Phase I Order.[32] I further find it would be consistent with the Phase I Order for the Companies to focus on collecting information to facilitate the assessment of program efficiency.[33] Finally, while granular data regarding costs and savings might be useful for conducting a future cost/benefit analysis of the impact of the Companies' low-income rate-relief programs, it is not necessary at this time. As the Phase I Order explains, a cost/benefit analysis is not required pursuant to Section 218(e) in order to support the establishment of low-income electricity rates.[34] Accordingly, I find the data tracking provisions as proposed in the Modified Joint Compliance Plan are adequate to satisfy the corresponding data tracking requirements in the Phase I Order.

Program Assessment Process

The Phase I Order requires the Companies to file an assessment of their low-income rate programs for review by the Board "at the end of the third year after the initial program implementation date, and continuing every three years thereafter."[35] The Modified Joint Compliance Plan contains a provision to this same effect.[36] Additionally, the Modified Joint Compliance Plan proposes that there be an annual proceeding during the first three years of the program that is open to the public in which matters would be reviewed such as the program funding mechanism and "program participation, administration and fund balances."[37] An example of an annual public proceeding that would be acceptable under the Modified Joint

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31. Exh. CVPS-GMP-1 at 14.
32. Phase I Order at 37.
33. Phase I Order at 37.
34. Phase I Order at 46-47.
35. Phase I Order at 89.
36. Exh. CVPS-GMP-1 at 14.
37. Martin/Anderson pf. at 8.

Compliance Plan would be a workshop convened by the Board where "the Companies and stakeholders may make recommendations concerning the implementation" of the low-income rate relief programs.[38]

I find that the Modified Joint Compliance Plan satisfies the program assessment requirement set forth in the Phase I Order because the plan contains an obligation for the Companies to file a program assessment for review by the Board "at the end of the third year after the initial program implementation date, and continuing every three years thereafter."[39]

The Companies' remaining plans to convene annual public proceedings are well-intentioned and may serve to foster the collaborative dynamic that has been established among the parties in Phase II of this Docket. Therefore, I would encourage the Companies to voluntarily follow through on these annual public "check-up" measures. To support this initiative, I recommend that the Board convene a workshop after the end of the first program year to review the Companies' progress in implementing their low-income rates and the terms of the Modified Joint Compliance Plan. However, I otherwise recommend that the Board direct the Companies to amend the language of the Modified Joint Compliance Plan to clarify that the parties do not expect the Board to assume a standing role of annually convening such a workshop. In the Phase I Order, the Board required the Companies to establish low-income rate programs in accordance with Section 218(e). A regimen of recurring annual workshops supervised by the Board should not be necessary in order for the Companies and other stakeholders to secure the effective administration of a duly-filed tariff.

Outreach to potential program participants

The Modified Joint Compliance Plan provides for an "aggressive" outreach campaign prior to the on-set of the three-month arrearages forgiveness period at the start of the program in order to "maximize program applications" among the income-eligible customers of the Companies.[40] The plan further proposes that the Companies — in collaboration with AARP,

38. Martin/Anderson pf. at 8.
39. Exh. CVPS-GMP-1 at 14 (Section 7.C).
40. Exh. CVPS-GMP-1 at 8.

DPS Staff and other stakeholders — will develop and "obtain approval" for this outreach campaign.[41] While there is no testimony specifying from whom this "approval" is to be obtained, some of the written comments filed in this Docket suggest that some of the parties may have been contemplating a review process involving Board staff, followed by an approval process involving the Board.[42]

The arrearages forgiveness rate-design component was intended to offer a one-time opportunity for struggling, low-income electric ratepayers to get a "fresh start" on their accounts.[43] This offer to help Vermonters in need should be meaningful. Absent an effective outreach effort, the availability of arrearages forgiveness will amount to an empty gesture — an outcome that would be inconsistent with the legislative intent manifest in Section 218(e) and the approval of the arrearages forgiveness design principle in the Phase I Order.[44] For these reasons, I agree that it would be reasonable for the Companies to conduct an outreach campaign that is designed to "maximize" program applications. Common sense would suggest that if reasonable measures are left undone to timely and widely promote the availability of low-income rate relief for eligible customers during the initial three months of either company's program, then such circumstances may serve as good cause for petitioning the Board to extend the arrearages forgiveness window.

I commend the Companies and the parties who have participated in the drafting process leading to insertion into the Joint Compliance Plan of a provision that recognizes the need for an "aggressive" outreach campaign in advance of launching the program. The adoption of this measure is a strong indication that the Companies will continue to collaborate effectively with AARP, the DPS and other stakeholders in further defining and executing the core program provisions. Accordingly, I see no need to recommend requiring the Companies to seek prior approval from the Board for any outreach campaign they prudently decide to undertake in carrying out the regulatory obligation to implement low-income electric rates pursuant to the

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41. Exh. CVPS-GMP-1 at 8.
42. Exh. Board-1c at 3; exh. Board-1d at 5.
43. Phase I Order at 31.
44. Phase I Order at 30-32 and 88-89.

Phase I Order.[45] As always, the parties are free to request assistance from the Board in the event a material dispute arises.

Anti-fraud provision

The Modified Joint Compliance Plan proposes that any program participant who "is found to have defrauded the Program may also be subject to penalties as defined by the Board."[46] Neither the prefiled testimony nor any other filings in this Docket explain the policy grounds or the legal basis for including this provision in the Modified Joint Compliance Plan. The Board's authority to impose penalties for wrongful acts typically has been exercised to regulate the conduct of persons who are subject to the supervision of the Board pursuant to Title 30.[47] I am mindful of Section 30(a)(2), which states that "[a] person who violates a provision of chapters 3 or 5 of this title . . . shall be required to pay a civil penalty, after notice and opportunity for hearing." Assuming this language applies to an individual ratepayer, it is not clear to me from the existing record whether an individual's fraudulent participation in a low-income rate program could or should be characterized as a violation of Chapter 3 or Chapter 5 of Title 30.

In any event, the focus of this proceeding at present is the review and approval of the Companies' proposal for establishing a program that complies with the requirements of the Phase I Order. The proposed anti-fraud provision appears to be directed at addressing a problem that is not known to exist at this time. Accordingly, I recommend that the Board direct the Companies to strike this provision from the Modified Joint Compliance Plan. The Companies will still have the option of proposing and briefing the Board's authority to authorize a future plan amendment of this nature if and when the need to address the issue of fraudulent program participation becomes apparent.

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45. My observation is further informed by the fact that both CVPS and GMP have significant and relevant experience in conducting effective outreach campaigns to educate their customers about the availability of new tariff offerings. For example, over the past several years, CVPS has widely promoted its Cow Power program. Additionally, GMP launched the GMP Pilot Program in 2007 — a low-income rate program that GMP developed in partnership with AARP and administered until its funding was exhausted in June of 2009. *See* Phase I Order at 19.

46. Exh. CVPS-GMP-1 at 13 (Section 4.B).

47. *See* 30 V.S.A. § 30(a)(1).

V. Conclusions and Recommendation

For the reasons discussed above, I find the Modified Joint Compliance Plan satisfies the conditions in the Phase I Order for developing and proposing a low-income rate program that is an alternative to the AARP Proposal. Accordingly, I recommend that the Board approve the Modified Joint Compliance Plan for implementation by the Companies.

I am reporting my findings of fact in writing to the Board pursuant to 30 V.S.A. § 8(c). While this Proposal for Decision is not adverse to any of the parties, I nonetheless have served it upon the parties for comment because it contains some recommendations that, if adopted by the Board, would alter the Modified Joint Compliance Plan.

Any findings proposed and comments or arguments made by any party that are inconsistent with this Proposal for Decision hereby are rejected.

Dated at Montpelier, Vermont, this 15th day of August, 2012.

s/June E. Tierney
June E. Tierney, Esq.
Hearing Officer

VI. ORDER

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

1. The findings of fact, conclusions of law, and recommendations of the Hearing Officer are adopted.

2. As modified by the terms of this Order, the Joint Compliance Plan filed by Green Mountain Power Corporation ("GMP") and Central Vermont Public Service Corporation ("CVPS") in Phase II of this Docket on February 1, 2012, and as modified in their June 1, 2012, filing is approved as an acceptable low-income electric rate program that satisfies the rate design requirements set forth in the Docket 7535 Phase I Order dated July 22, 2011.

3. Within 30 days of the issuance of this Order, GMP and CVPS shall file with the Board and the Department of Public Service a revised version of the Joint Compliance Plan that is consistent with the terms of this Order.

4. Within 10 days of the issuance of this Order, GMP and CVPS respectively shall file duly-executed tariff sheets to implement the low-income electric rate design and related program elements approved in this Order.

5. GMP shall implement appropriate systems after the merger with CVPS to track program collections and expenditures by legacy service territory for the period beginning with the first program-related monthly meter charge through October 1, 2013.

6. Within 30 days of the integration of the general residential rates of GMP and CVPS after the merger of these two companies, GMP shall file for approval by the Board a proposal for returning to all customers any excess program funds collected in the period between October 1, 2013, and the integration of all remaining GMP and CVPS rates. GMP shall allocate the return of any such excess program funds to customers on the basis of the underlying tariff rate classifications.

7. The Board will convene a workshop after the end of the first year of the implementation of the low-income rate programs by CVPS and GMP to review the progress of

GMP and CVPS in implementing their low-income electric rates and other terms of the Joint Compliance Plan as approved in this Order.

Dated at Montpelier, Vermont, this 6th day of September, 2012.

s/James Volz	)	
	)	PUBLIC SERVICE
	)	
s/David C. Coen	)	BOARD
	)	
	)	OF VERMONT
s/John D. Burke	)	

OFFICE OF THE CLERK

FILED: September 6, 2012

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.