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sent by ePUC

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RE: Case No. 17-3142-PET

Vermont Department of Public Service Request for Workshop on Utility Rate Regulation

The Vermont Public Utility Commissions (“PUC”) issued an order on June 26, 2017 opening an investigation into the Vermont Department of Public Service’s (“Department”) request for a workshop on utility rate regulation. Washington Electric Cooperative, Inc. (“WEC”), herein submits comments relative to potential topics germane to the discussion.

WEC appreciates the opportunity to submit comments in advance of the workshop. Our feedback is intended to assist the PUC with framing the discussion and potential areas to explore. The timing of this proceeding is very helpful to WEC; WEC is actively examining its rate design in connection with various legislative mandates as noted in the PUC order including but not limited to:

- Act 56 (Renewable Energy Standard)
 - Tier III requirements and obligations
- Act 99 Net Metering
 - Impact on rates and non-net metered members
- State of Vermont’s goal to reach 90% renewable by 2050
- New Technologies (Cold Climate Heat Pumps, Electric Vehicles, home battery)
- Smart Meters

WEC also notes cost pressure due to industry issues that utilities have little to no control over:

- REC Market Volatility
- Transmission Costs Increases
 - ISO-NE
 - VELCO
 - Sub-Transmission GMP
- Capacity Market Cost Increases
- ISO-NE Fees
 - Winter Reliability Expenses
 - Reserves
- Consumer Expectations
 - Reliability

- Power Quality

In light of upcoming rate pressure, regulatory obligations and a changing utility landscape, areas of interest to WEC in the PUC's proceeding include:

- With respect to the State of Vermont's goal to reach 90% renewable by 2050 and other legislative mandates (Act 99, Act 56, etc) what rate structures work best? Will some rate paradigms work better than others to achieve Vermont's legislative goals?
- How will legislative changes impact the affordability of electricity?
- What is the PUC's position on cost causation and just and reasonable rate setting giving the changing industry trends and new legislative mandates?
- What is the cost shifting impact among consumer groups of new regulatory requirements? Impact on Rates? Impact on affordability? Impact on low income Vermonters?
- What are trends for using higher monthly fixed charges and lowering the emphasis of cost recovery on the energy rate portion of rate design in the industry?
- What are the pros and cons of a two tiered energy rate (inclining block rates) vs single tiered rate?
- What impact have time-of-use rates (TOU) had in other jurisdictions:
 - Best practices
 - Number consumers participating
 - Data and equipment needed for TOU rates
- What are other utilities across the Northeast and the United States doing relative to rate setting policy? What fits a vertically integrated utility paradigm?
- How does consumer usage respond to changes in rates and bills? What is the price elasticity of electricity in the northeast?
- How does bill complexity factor into rate making?

WEC appreciates the opportunity to submit additional comments. If you need additional information do not hesitate to contact us.

Sincerely,



Patricia H. Richards
Washington Electric Cooperative, General Manger