

January 7, 2022

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, VT 05620

Case No. 20-0203-INV - Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities

Dear Ms. Whitney:

Through an Order dated February 3, 2020, the Public Utility Commission ("Commission") opened an *Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont*. On September 28, 2021, the Commission requested responses to a series of questions related to this proceeding. Vermont Public Power Supply Authority ("VPPSA") offers the following general comments and responses to the Commission's questions.

General Comments:

As the Commission noted in its Order opening this Investigation, meeting Vermont's greenhouse gas reduction goals will require widespread electrification of the heating and transportation sectors; this means that, for many households, electric bills will increase significantly. A low-income electric rate is one way to mitigate these costs for income-eligible households. However, implementing such a rate through a surcharge on other electric ratepayers is but one option for meeting this goal and is not without consequence.

The VPPSA members share the Commission's concern for customers that struggle to pay their electric bills and other energy-related expenses. The VPPSA member utilities work diligently to maintain affordability for all customers. The VPPSA members are specifically concerned about increasing electric costs for moderate income customers who fall just above the income eligibility threshold for this potential rate and other social programs.

Responses to Commission Questions

1. What are the utilities' and other stakeholders' views on creating a statewide funding mechanism to fund low-income bill assistance for all utility customers?

As noted in previous comments, the VPPSA members view funding low-income bill assistance through the State's General Fund as more appropriate than through electric rates to avoid rate pressure that shifts costs and has the potential to undermine electrification.

Whether a low-income program is to be funded through a statewide mechanism or through ratepayer dollars, each program should be *implemented* on a utility-specific basis. Because of differences in governance and ownership structures, as well as rates among the state's utilities, utility-specific programs are more appropriate than a one-size-fits-all approach. Green Mountain Power's Energy Assistance Program should not be extended to include the State's small, non-profit utilities.

On average, the VPPSA members' existing residential rates are lower than the statewide average rate; some member utilities have residential tail block rates that are lower than the low-income rate offered through Green Mountain Power's Energy Assistance Program. As such, consideration should be given to how much of a discount should be offered in any low-income rate.

The VPPSA municipal utilities are democratically-controlled entities that are inherently responsive to their customers. As such, the VPPSA members are reluctant to implement rates that have not been recommended by their customers or approved by their local governing bodies.

2. How could such an approach be executed under the current legal framework of 30 V.S.A. § 218(e), which provides that "the Commission . . . may issue an order approving a rate schedule, tariff, agreement, contract, or settlement that provides reduced rates for low-income electric utility consumers"?

It is not clear to VPPSA that the Commission has the authority to *require* the implementation of low-income electric rates. If the Commission determines that it does have such authority and decides to exercise it, VPPSA would urge the Commission to allow individual utilities to propose rates and programs that meet the needs of each utility's unique customer base.



In the interest of clarity and transparency, it would be preferable for the Commission to explicitly seek authority from the Legislature if it wishes to require the implementation of low-income rates. Extending financial assistance to a subset of electric customers at the expense of other customers is a social policy decision. As such, there should be an open, transparent dialogue at the state and/or local level in which affected customers can participate and express their viewpoints.

A robust policy discussion identifying the goals to be achieved, evaluating alternatives for meeting those goals, and considering the expected impacts of each alternative would likely yield the best policy decision. The VPPSA members are concerned that such broad dialogue with extensive public participation is not taking place in this proceeding. Having this policy discussion take place at the Commission, rather than the Legislature, limits the alternatives that can be considered to those options that are under the Commission's jurisdiction.

3. What alternative ideas, if any, do the utilities have to extend electric bill assistance to low-income customers of all Vermont utilities while also addressing the concerns of some utilities regarding individually funding their own low-income programs because of the high percentage of low-income customers in their service territories?

VPPSA appreciates the Commission's interest in alternative methods for reducing electric costs for low-income Vermonters. Low-income rates should be evaluated in context of other policy and program alternatives that may be more effective and/or lower cost. In addition to transparency, another benefit of this discussion taking place in the legislative realm is the opportunity to consider alternative program options for meeting the goal of assisting low-income Vermonters with managing their energy costs. If electric bill assistance specifically, or energy cost reduction more generally, is the goal, a discounted rate may not be the most appropriate or effective mechanism for delivering that assistance.

VPPSA sees the Affordable Community-Scale Renewable Energy Program ("ACSREP") authorized in 2021 as a promising method for providing financial assistance to low-income electric customers. Such a program could be designed to subsidize the upfront cost of "buying in" to a renewable energy project for income-eligible customers, thus providing ongoing cost reductions via bill credits. Alternately, the ACSREP could be used to construct renewable energy projects, and the revenue from the generation would provide an ongoing funding stream to provide credits to income-eligible customers. Importantly, the ACSREP will be funded through a \$10 million allocation from the General Fund and will thus not have a financial impact on non-participants. With additional funding, this model could be expanded to reach all income-eligible electric ratepayers.



Vermont Public Power Supply Authority

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Other methods for helping income-eligible Vermonters reduce energy costs include enhanced electric efficiency services, increased weatherization, expansion and/or modification to Vermont's Low-income Home Energy Assistance Program (LIHEAP), targeted services delivered with funds from the Vermont Low-Income Trust for Electricity, and monthly or annual financial assistance delivered through Vermont's network of social service agencies.

Thank you for your consideration of these comments. Please contact me with any questions you may have (mbailey@vppsa.com).

Sincerely,

Melissa Bailey
Manager of Government and Member Relations
Vermont Public Power Supply Authority