

June 10, 2022

*Via ePUC*

Ms. Holly Anderson, Clerk  
Vermont Public Utility Commission  
112 State Street, 4<sup>th</sup> Floor  
Montpelier, VT 05620-2071

**RE: Request for Information on Case No. 20-0203-INV - Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities**

On April 26, 2022, the Public Utility Commission (“Commission”) issued an Order Clarifying the Scope of [the 20-0203-INV] Proceeding and Requesting Information on the *Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities*.

The Vermont Public Power Supply Authority (“VPPSA”) offers the following comments and responses to the Commission’s request for information. As permitted, VPPSA has also included in a separate file, the following information as requested by this Order:

1. The end-of-year customer counts by class (residential, commercial industrial), annual revenues by class, and annual kWh consumption by class, along with totals for the utility from 2017 through 2021.
2. The residential customer charge/daily access charge or equivalent for the utility’s general service residential rate.
3. The residential retail energy rate (\$/kWh) (specified by block if that applies).

As described further below VPPSA is unable to provide the “estimate of the number of low-income customers (185%FPL) in the utility’s service territory” of its members.

**Municipal Electric Utilities are Committed to Providing Affordable Electricity for All Customers, Including Low-Income Households**

VPPSA members are not-for-profit municipal entities run by locally elected/appointed boards. They are dedicated to providing affordable, reliable electric service to all customers, including low-income households in some of the most economically underprivileged and rural areas in the state. When examining average monthly bills for 600kWh usage across Vermont's distribution utilities, municipal electric utilities represent the 13 lowest average bills.

VPPSA members have historically provided some of the lowest electric rates to their entire customer base, including low-income households. While VPPSA member utilities do not collect income information from their customers as part of providing service, their local, elected/appointed officials are stewards of their communities and of the utilities. Since community-owned utilities are non-profit and accountable to voters, including residential and low-income customers, there is a natural pressure to keep residential rates affordable. Similarly, there is a natural pressure to keep fixed charges as low as possible, typically resulting in rate structures that allocate costs through the kWh charge where rate design principles allow that to occur.

A review of 2021 average residential monthly bills across Vermont's distribution utilities supports the concept that VPPSA member utilities are already providing some of the most affordable residential electric rates<sup>1</sup>. Green Mountain Power ("GMP") offers a low-income rate with a 25% discount on the kWh charge. At the 200 kWh per month usage level, ten (10) municipal utilities had bills at least 25% lower than GMP bills at the same usage level. The highlighted cells in Figure 1 show utilities whose standard residential bill, including the EEC charge but exclusive of other surcharges or adders, is lower than the equivalent low-income customer bill from GMP at an equivalent usage level.

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<sup>1</sup> See Figure 1.

Figure 1: Vermont Distribution Utility Rankings based on Average Monthly Residential Bills<sup>2</sup>

Vermont Public Power Supply Authority Vermont Utility Rankings----- Based on Average Monthly Residential Bills					
Rates in Effect as of December 31, 2021	200		600		1,000
	kWh	Utility	kWh	Utility	kWh
Ludlow	\$26.32	Ludlow	\$78.23	Ludlow	\$130.14
Jacksonville	\$28.52	Orleans	\$84.23	Orleans	\$136.72
Northfield	\$30.44	Swanton	\$86.78	Swanton	\$140.06
Orleans	\$31.75	Northfield	\$90.01	Northfield	\$149.59
Swanton	\$33.49	Lyndonville	\$100.43	Lyndonville	\$164.99
Morrisville	\$34.74	Morrisville	\$100.93	Burlington Electric	\$166.24
Lyndonville	\$35.87	Burlington Electric	\$101.50	Morrisville	\$167.11
Enosburg Falls	\$35.92	Jacksonville	\$107.63	Enosburg Falls	\$179.47
Burlington Electric	\$36.76	Enosburg Falls	\$107.69	Johnson	\$180.34
Hardwick	\$38.38	Johnson	\$110.79	Jacksonville	\$186.74
Johnson	\$41.24	Hardwick	\$114.67	Stowe	\$189.76
Barton	\$41.33	Stowe	\$117.08	Hardwick	\$190.96
Stowe	\$44.41	Barton	\$123.65	Vermont Electric Cooperative	\$202.48
Vermont Electric Cooperative	\$47.38	Vermont Electric Cooperative	\$124.93	Green Mountain Power	\$204.04
Green Mountain Power	\$53.34	Green Mountain Power	\$128.69	Barton	\$205.97
Washington Electric Cooperative	\$55.32	Washington Electric Cooperative	\$148.95	Washington Electric Cooperative	\$242.59

While there are many reasons for the differentials in utility rates, this data does support the position that establishing low-income programs is not a one-size fits all proposition and the demographics of each utility need to be taken into consideration.

### General Fund Support is the Appropriate Mechanism

VPPSA members have supported, and continue to support, the broad array of programs established to assist customers experiencing financial difficulties. This includes support for the Vermont Homeowner Assistance Program, Vermont Emergency Rental Assistance Program, Weatherization Repayment Assistance Program, Statewide Electric Vehicle Income Incentive, and more. VPPSA has also recently accessed grants and additional funding resources to support low-to-moderate income customers outside of other statewide programs and is offering extensive ongoing and pilot incremental Renewable Energy Standard Tier 3 incentives to low-income customers.

VPPSA member utilities believe strongly that statewide low-income rate support should be implemented through a legislative allocation of state General Fund revenue. This would provide support to low-income households without designing a utility program that intentionally establishes cross-subsidization between customers. Extending financial assistance to a subset of electric customers at the expense of other customers is a social policy

<sup>2</sup> Average Monthly Residential Bills are calculated using current tariff rates in effect as of December 31, 2021, including the EEC but excluding other utility surcharges. Hypothetical usage levels are used for illustrative purposes for comparison.

decision that should be implemented through an open, transparent dialogue at the state and/or local level, where affected customers can participate and express their viewpoints.

It is worth noting further, programs that result in an increase to a customer's electric bill may hinder progress towards Vermont's climate requirements. VPPSA members have concerns about implementing electric charges that will undermine electrification efforts.

### Analysis, Modeling, and Methodology Constraints

Electric utilities currently do not have a reliable, low-cost method to determine the proportion of low-income households within their customer base. The Commission's suggested analysis using American Community Survey, aka census, data to estimate customers at or below the 185% Federal Poverty Level (185% FPL) presented several barriers and complexities that can deliver wildly different results depending on the methodology used. A review of the 2021 Annual Social and Economic (ASEC) Supplement revealed the following cautions that raise concern about the applicability of the underlying data to areas the size of VPPSA member territories:

Answers to questions about money income often depend on the memory or knowledge of one person in a household. Recall problems can cause underestimates of income in survey data because it is easy to forget minor or irregular sources of income. Respondents may also misunderstand what the Census Bureau considers money income or may simply be unwilling to answer these questions correctly because the questions are considered too personal. For more details, please refer to Appendix C of U.S. Census Bureau (1993).<sup>3</sup>

**A Nonsampling Error Warning.** Since the full extent of the nonsampling error is unknown, one should be particularly careful when interpreting results based on small differences between estimates. The Census Bureau recommends that data users incorporate information about nonsampling errors into their analyses, as nonsampling error could impact the conclusions drawn from the results. Caution should also be used when interpreting results based on a relatively small number of cases. Summary measures (such as medians and percentage distributions) probably do not reveal useful information when computed on a subpopulation smaller than 75,000.<sup>4</sup>

Despite those cautions VPPSA expended considerable resources attempting to generate the estimates the PUC requested. Several different GIS Analysis methodologies were utilized:

- 1) Utility service territory area in relation to census poverty levels by ZCTA areas
- 2) Utility residential customers by zip code in relation to poverty levels defined by census ZCTA populations

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<sup>3</sup> Current Population Survey, 2021 Annual Social and Economic (ASEC) Supplement, Page G-6

<sup>4</sup> Current Population Survey, 2021 Annual Social and Economic (ASEC) Supplement, Page G-11

- 3) Utilizing DPS provided GIS analysis of E-911 buildings and broadband deployment data per utility to identify customer poverty levels

The analyses yielded widely divergent results. At least one member utility also reported that none of the census-based analyses aligned with anecdotal information from local school free and reduced lunch program qualification percentages that were also based on 185% FPL. The results led VPPSA to conclude that it is not possible to prepare reasonable estimates of 185% FPL populations for VPPSA members based on data available to us.

Even if the census ZCTA data were applicable to populations the size of VPPSA member service territories, those territories often do not align directly with census tracts or zip codes. In addition, member territories often span multiple towns and villages in-whole or in-part. Available income data sources, including census data, do not align with service territories well enough to ensure a completely accurate analysis.

VPPSA encourages the Commission to undertake a process to establish a single acceptable methodology for calculating low-income estimates prior to utilities performing any meaningful analysis or modeling of low-income program designs. Rather than using estimated data based on sampling, the Commission may want to consider using actual income information developed with the Department of Taxes. In our experience during this process, values developed by the State's distribution utilities will not reflect valid figures for modeling depending on the datasets, conversions, and analysis used to estimate customers at or below 185% FPL. Once a framework has been established for estimating less than 185% FPL customer populations and further guidance provided, VPPSA anticipates conducting significant and detailed modeling to establish proposed program designs.

### **Extension of Time for Individual Member Utilities to File Comments**

As locally controlled governmental entities, VPPSA's members view the establishment of low-income programs through their municipal utility to be a significant policy issue that requires resolution at the elected/appointed trustee level. Since trustees are subject to open meeting requirements and public discourse, their deliberations do not move at the pace contemplated by the Commission's April 26<sup>th</sup> Order, even with the Procedural Order deadline extension issued on May 26<sup>th</sup> <sup>5</sup>.

VPPSA has attempted to facilitate joint positions and gathering of data where possible, but several members have expressed the desire to conduct further local discussions and potentially file their own comments directly. VPPSA requests that the Commission structure

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<sup>5</sup> See ePUC Commission Filing dated May 26, 2022 - *Procedural Order Extending Deadline for Responses*

future steps in this proceeding such that local officials have sufficient time to engage residents in potential low-income program design discussions.

### **Potential VPPSA Aggregate Program**

As mentioned above, VPPSA members see low-income programs as a social program that should be subject to the public process of Vermont's Legislature and implemented through a statewide social service offering to prevent cross-subsidization of ratepayer funds, in some cases by ratepayers with incomes just above the threshold. However, should the Commission elect to proceed with utilities designing their own program models, VPPSA's members would likely consider provision of a single aggregated program through VPPSA, similar to that allowed in Vermont's Renewable Energy Standard. To do so, VPPSA would need to complete a legal analysis of whether its existing statutory authority would allow such a program, or whether doing so would require additional legislative action; however, this is an option that VPPSA members would consider as the proceeding continues.

### **Affordable Community Renewable Energy (ACRE)**

The Clean Energy Development Fund was allocated \$10 million in ARPA funding by the legislature and is actively designing a program to directly provide low-income customers with access to subsidized renewable energy. VPPSA believes this program has the potential to effectively provide a state subsidy that utilities can passthrough to low-income customers in the form of access to a lower cost energy resource. Such a program could alleviate the need for rate-based programs.

### **Conclusion**

VPPSA asserts that many of its member utilities are already providing standard residential rates that are lower than existing approved low-income rates. Should the proceeding continue, VPPSA implores the Commission to establish a standardized methodology for all distribution utilities to estimate residential customers at or below 185% Federal Poverty Level prior to additional considering program design modeling. In the event that the Commission decides to proceed with requiring public power utilities to implement low-income rates, VPPSA would request that this proceeding be designed to allow the time for local officials to engage their communities in the design and to evaluate alternatives that meet local needs, including potentially seeking legislative authority for a statewide or VPPSA aggregate program.

Thank you for the opportunity to present VPPSA's position and provide the information as requested. If you have any questions or seek further clarification, please don't hesitate to contact me.

Respectfully,

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