

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Investigation into the Establishment of)
 Reduced Rates for Low-Income) Case No. 20-0203-INV
 Residential Ratepayers of Vermont)
 Electric Utilities)

TOWN OF STOWE ELECTRIC DEPARTMENT INFORMATION REQUEST RESPONSE

On April 26, 2022, the Vermont Public Utility Commission (“PUC”) requested information from Vermont’s distribution utilities. The deadline for responding to this request was extended to June 10, 2022¹. Stowe Electric Department (“Stowe”) now provides the following responses to the PUC’s request.

1. An estimate of the number of low-income customers (185% of federal poverty level) in the utility’s service territory.

According to the American Community Survey (“Survey”) data for area code 05672 and census tract 9536 (each category covers the same geographic territory²), there are 4,447 individuals for whom poverty status was determined. 1,153 of these individuals are estimated by the Survey to live at 185% of the federal poverty level, with a margin of error +/-377. This data estimates that 26% of the population, for which poverty data was determined, live at 185% of the federal poverty level. The 2020 US Census Data estimated 5,223 people living in Stowe Vermont, which shows that not all individuals living in the area are captured by the Survey.

	Census Tract 9536, Lamoille County, Vermont						ZCTA5 05672					
	Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level	
Label	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	4,447	±15	542	±290	12.2%	±6.5	4,447	±15	542	±290	12.2%	±6.5
ALL INDIVIDUALS WITH INCOME BELOW THE FOLLOWING POVERTY RATIOS												
185 percent of poverty level	1,153	±377	(X)	(X)	(X)	(X)	1,153	±377	(X)	(X)	(X)	(X)

According to the Survey data for the Stowe Census Designated Place³ (“CDP”), there are 600 individuals for whom poverty data was determined. 67 of these individuals are estimated by the Survey to live at 185% of the federal poverty level, with a margin of error +/-50. This data estimates that 11% of the population, for which poverty data was determined, live at 185% of the federal poverty level. The 2020 US Census Data estimated 887 people living in the Stowe CDP.

¹ Procedural Order Extending Deadline for Responses, 05/26/2022, docket 20-0203-INV.

² The Survey area covers a geographic territory that is larger than Stowe’s service territory and includes individuals with electric service provided by Stowe Electric Department, Morrisville Water & Light, Vermont Electric Cooperative, and Green Mountain Power.

³ The Stowe CDP is geographically defined as the Village of Stowe.

Stowe CDP, Vermont	Total		Below poverty level		Percent below poverty level	
Label	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	600	±275	46	±55	7.7%	±10.2
ALL INDIVIDUALS WITH INCOME BELOW THE FOLLOWING POVERTY RATIOS						
185 percent of poverty level	67	±50	(X)	(X)	(X)	(X)

2. 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

Customer Counts by Class					
Year	Class	# of Customers	MWh	Revenue	
2021:					
	Residential	3,537	26,828	\$	4,921,300
	Commercial	820	42,318	\$	6,118,500
	Industrial	1	7,819	\$	1,294,900
Totals for 2021:		4,358	76,965	\$	12,334,700
2020:					
	Residential	3,494	26,165	\$	4,809,500
	Commercial	801	37,815	\$	5,689,100
	Industrial	1	6,052	\$	1,124,700
Totals for 2020:		4,296	70,032	\$	11,623,300
2019:					
	Residential	3,405	24,151	\$	4,432,200
	Commercial	858	42,879	\$	6,274,400
	Industrial	1	7,767	\$	1,171,700
Totals for 2019:		4,264	74,797	\$	11,878,300
2018:					
	Residential	3,441	22,333	\$	4,327,500
	Commercial	784	47,244	\$	7,650,000
	Industrial	1	8,297	\$	1,196,000
Totals for 2018:		4,226	77,874	\$	13,173,500
2017:					
	Residential	3,390	22,901	\$	3,987,600
	Commercial	771	43,863	\$	6,175,400
	Industrial	1	9,445	\$	1,387,000
Totals for 2017:		4,162	76,209	\$	11,550,000

3. The residential customer charge/daily access charge or equivalent for the utility's general service residential rate

The customer charge under Stowe's residential service rate 01, is \$14.71 per month.

4. The residential retail energy rate (\$/kWh) (specified by block if applicable)

Under Stowe's residential rate 01, the first 76 kWh per month is \$0.0825 /kWh and any kWh after the first 76kWh is \$0.1698 /kWh.

5. Commission staff will use these data to prepare a rough estimate of the bill impacts to customers in the following three scenarios

Stowe understands that utility specific rate class data can help estimate bill impacts to ratepayers. However, Stowe feels the decision to develop a low-income energy assistance program is premature and requires further consideration. Designing low-income electric rate programs, either through a Statewide program or utility specific program, should lean on the support from stakeholders and subject matter experts, such as the State of Vermont Legislature, Vermont's Census State Data Center at the University of Vermont Center for Rural Studies, Vermont Department of Taxes, Department of Financial Regulation, Department for Children and Family Services, Community Action Agencies, and US Department of Health and Human Services.

The unfolding supply chain costs and increased power supply costs impact all ratepayer classes, and several utilities are responding by filing rate increases. Utilities are experiencing the financial impact from net-metering projects, capital upgrades to distribution assets, and regional transmission capital upgrades. A low-income electric rate might not provide any tangible relief to customers still burdened with high heating fuel, water utility bills, housing costs, and transportation fuel costs. Adding additional utility expenses to ratepayers already impacted by the COVID-19 economic downturn appears contrary to the purpose of a low-income bill relief program.

This docket should also consider the impacts on low-income ratepayers through the Renewable Energy Standard Tier III beneficial electrification programs, Weatherization Assistance Programs, Low-Income Home Energy Assistance Program, the Vermont Affordable Community Scale Renewable Energy Program, and Efficiency Vermont's Low-Income Fuel Switching Program⁴. These pathways might provide a more efficient method to save low-income utility ratepayers on their electricity bills and increase the decarbonization of our utility sector.

All stakeholders in this docket agree that there is value in providing financial support to low-income residential electric utility ratepayers. Stowe argues the best mechanism to provide rate relief to low-income residential customers is not through developing a utility specific low-income rate funded by utility ratepayers. Rather, a more successful model will utilize the COVID-19 arrearage assistance framework to offer a low-income assistance program funded and supported by State, Federal, and other fiscal resources⁵. All Vermont distribution utilities have been very effective in helping their ratepayers realize the benefit of COVID-19 arrearage assistance. Stowe assisted our residential ratepayers receive \$106,985 in arrearage assistance.

⁴ This program seeks to expand low-income resources, provide statewide equitable access to low-income Vermonters, and to assist all utilities in Vermont better address low-income program within each Tier III program.

⁵ This concept is supported by the Vermont Law School's Institute for Energy and the Environment in a Report recommending utilities should "provide extra assistance" to ratepayers facing disconnection notices. *Energy Costs and Burdens in Vermont: Burdensome for Whom?* p. 30-31. Vermont Law School.

Total Residential Arrearage Assistance Awarded to Stowe Ratepayers	
Program	Award (\$)
VCAAP 2020	22,470.79
VCAAP II 2021	65,161.79
VERAP 2021/2022	18,349.24
VHAP 2022	1,003.24
Total	106,985.06

This partnership between the State of Vermont, Federal Government, Distribution Utilities, and Community Action Agencies should continue to provide financial assistance to our most vulnerable Vermonters⁶.

Modeling the three PUC proposed scenarios or suggesting alternative scenarios to offer low-income bill assistance is beyond the capacity of Stowe’s staff. As a municipal utility, Stowe does not have capacity to provide modeling analysis or evaluate proposed low-income assistance models. Stowe agrees with the other distribution utilities that the best technique to limit the financial burden to our ratepayers is to keep utility costs minimized. *See e.g.*, VEC Response Docket 20-0203-INV dated 06/03/2022. Stowe is not convinced that the expense to the utility to design and model alternatives, then administer a low-income rate is the best strategy to assist ratepayers struggling to consistently pay their electric bills.

Stowe staff also cannot adequately apply metrics needed to develop a utility specific low-income bill assistance program. Stowe staff cannot determine the numbers of individuals living at 185% of the current federal poverty level without financial information from our ratepayers or assistance to determine eligibility. Even using U.S. Census Study estimates does not accurately predict the number of low-income ratepayers or households impacted by increasing energy and commodities costs. For example, this data does not predict the number of electric accounts held by low-income persons, the number of low-income ratepayers that are renters with their heat or electric bill included in their rent, or the number of low-income ratepayers that use electricity as a primary heating source.

However, assuming the U.S. Census Study estimates are accurate, then Stowe has as many as 1,153 individuals living at 185% of the federal poverty level. For the stake of estimating a low-income program and assuming a 30% program enrolment, Stowe would need to enroll and track 356 ratepayer accounts. As a reference point, 356 ratepayer accounts requires enrolling and tracking more accounts than Stowe’s entire net-metering program and the 2020 and 2021 Tier III heat pump rebate program combined. This shows the difficulty utilities face in administering a low-income assistance program and the potential administrative costs to the utility.

⁶ This would also shift the burden for enrollment and funding this program from each utility to a statewide mechanism.

According to Efficiency Vermont’s 2019 Mapping Total Energy Burden in Vermont, Stowe has the 4th lowest median household income,⁷ the highest electricity spending in Lamoille County, and an 11% total energy burden⁸.

Town	County	Median Household Income	Electricity Spending	Thermal Spending	Transportation Spending	Total Spending	Total Energy Burden	Total Energy Burden Bin	Total Energy Burden Bin
Johnson	Lamoille County	\$36,833	\$1,208	\$2,232	\$2,577	\$6,017	16.3%	5	Highest
Morristown	Lamoille County	\$47,400	\$1,140	\$2,317	\$2,642	\$6,099	12.9%	4	High
Eden	Lamoille County	\$53,906	\$1,058	\$2,350	\$2,766	\$6,175	11.5%	4	High
Stowe	Lamoille County	\$54,549	\$1,212	\$2,169	\$2,620	\$6,001	11.0%	3	Moderate
Hyde Park	Lamoille County	\$55,170	\$1,174	\$2,325	\$2,673	\$6,173	11.2%	4	High
Wolcott	Lamoille County	\$58,029	\$1,118	\$2,348	\$2,758	\$6,225	10.7%	3	Moderate
Belvidere	Lamoille County	\$60,714	\$1,121	\$2,198	\$2,771	\$6,089	10.0%	3	Moderate
Cambridge	Lamoille County	\$62,023	\$1,182	\$2,184	\$2,679	\$6,045	9.7%	3	Moderate
Waterville	Lamoille County	\$66,776	\$1,093	\$2,133	\$2,771	\$5,996	9.0%	2	Low
Elmore	Lamoille County	\$78,229	\$969	\$2,191	\$2,758	\$5,918	7.6%	1	Lowest

The Low-Income Energy Affordability Data Tool published by the Department of Energy shows that Lamoille County has an average energy burden of 5%⁹. U.S. Health and Human Services in 2022 published a Projected Impact of Increased Energy Costs During FY 2022 that estimated the average total electricity bill for Vermont at \$1,698¹⁰.

The Village of Stowe has a high concentration of renters, individuals living in senior subsidized housing, and individuals who can utilize public transportation to access hourly and hospitality sector jobs. This would lead Stowe to reasonably anticipate a higher concentration of low-income individuals in the Village center, where access to jobs, rental units, subsidized housing, and public transportation is more prevalent. However, the census data does not reflect this assumption.

This is all to say that Stowe has no coherent framework to determine the actual number of accounts held by Stowe ratepayers living at 185% of the current federal poverty level (or any economic level), or our ratepayer’s energy burden, housing burden, and transportation burden. This means Stowe does not have a framework to determine how impactful a low-income energy assistance program will be for individuals faced with increasing fuel costs, increasing food and staple commodities costs, housing costs, and medical costs. These issues should be considered comprehensively and in a manner that meets the needs of low-income and vulnerable Vermonters, while not impacting the financial security of individuals living at or below any federal poverty level.

⁷ EVT used data from 2011 to determine electricity spending data. Mapping Total Energy Burden in Vermont, p.10.VEIC, July 2016.

⁸ This report also shows the distribution of a household’s income between transportation (45%), thermal (35%), and electric (20%). <https://www.encyvermont.com/blog/our-insights/what-is-the-impact-of-energy-burden-in-vermont>.

⁹ <https://www.energy.gov/eere/slsc/maps/lead-tool>.

¹⁰ <https://liheappm.acf.hhs.gov/sites/default/files/private/priceprofiles/FY22PriceProfile-VT.pdf>.

At this stage, Stowe encourages the PUC to consider whether a State or Federal funding mechanism can support a low-income energy assistance program. This funding mechanism would be decoupled from utility ratepayers and allow state and federal agencies to leverage their experience to manage program eligibility requirements. Under this framework, the utility would assist their ratepayers with enrollment and managing utility payment plans as a low-income eligible ratepayer. However, the utilities would not be expected to design, manage, enroll, and maintain a low-income rate specific program.

If required to implement a utility specific low-income rate, Stowe will require database and billing software upgrades to handle a new a fee collection mechanism, rate class, and billing. This will increase Stowe's human resources and administrative costs. Stowe staff would also need guidance to develop a framework that can anticipate and overcome outreach and enrollment issues, develop anti-fraud measures, increase cybersecurity measures, manage a fund surplus or deficit, track arrearage forgiveness, and track plan renewal or moving individuals out of the low-income utility rate. A utility specific program is also dependent working with stakeholders that include low-income advocates, public interest groups, community action groups, and state agencies. These issues will have additional costs to the utility that will further strain ratepayer resources¹¹.

Stowe, and all the distribution utilities, place a priority on the safety and reliability of our distribution systems, and our ratepayer's ability to pay their electric bills. As the Vermont electric grid and economy continues to decarbonize, energy equity among all ratepayer classes is a critical component of our decarbonization pathway. Stowe looks forward to continuing to support our ratepayers and satisfying the Renewable Energy Standard statutory mandate.

Dated at Stowe, Vermont, this 10th day of June, 2022.

Respectfully,

_____/s/_____
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¹¹ In Docket 7535, Board Order 07/22/2011 found that as applied to Stowe the Low-Income Proposal would lead to “a significant over-collection of program revenue...and (2) an unrealistically low administrative estimate.” *Order* pp 62-64. These concerns do not appear resolved in this current docket.