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STATE OF VERMONT
PUBLIC UTILITY COMMISSION

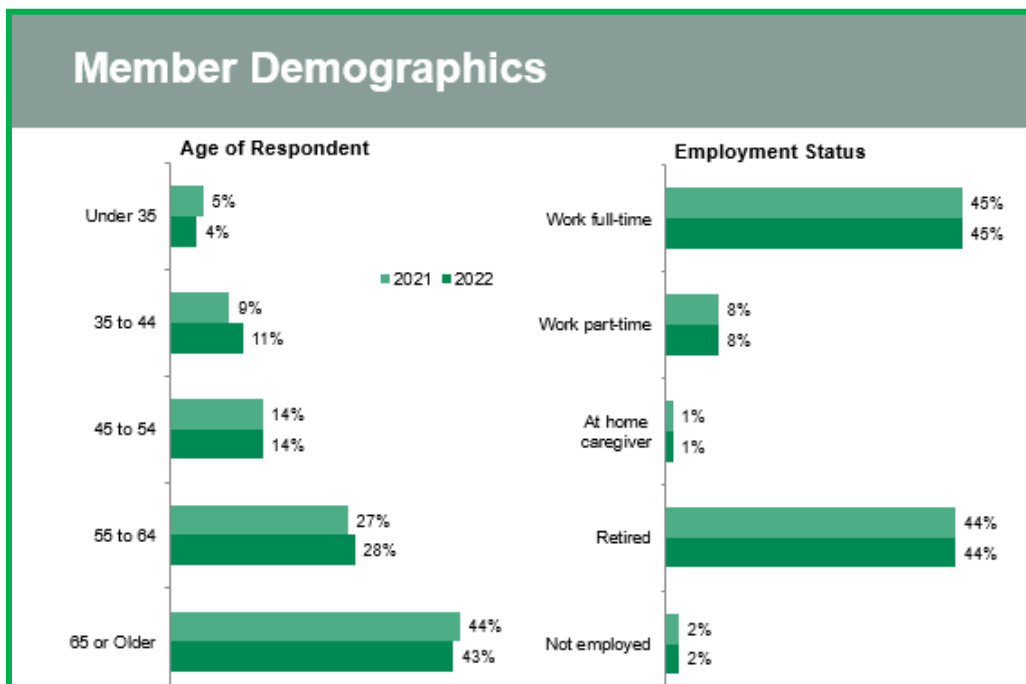
Case No. 20-0203-PET
Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities.

**Vermont Electric Cooperative Response to October 4, 2022 Order
Requesting Comment on Model**

We appreciate the Commission’s continued interest in exploring ways to support rate-payers that experience high energy burdens. VEC continues to do our best to support all our members especially those with fixed or low incomes. Since the June 3, 2022 filing, VEC has obtained updated 2022 demographic data from both our annual member survey and from a utility-wide analysis we commissioned from Axiom Corp. in June 2022. This data informs our comments below and continues to highlight that, with such a large percentage of lower income members, the best strategy to support them, and all members, is to keep our rates as low as possible.

The latest data shows that 44 percent of VEC members are older than 65 and that the same percentage are retired. More than 1/3 of VEC members (36 percent) have household incomes of less than \$50,000 a year. VEC does not support programs that will shift costs to members who are already having difficulty paying their bills.

VEC 2022 Annual Member Survey



2022 Acxiom Study

Estimated Household Income	%
Less than \$30,000	16%
\$30,000 - \$49,999	20%
\$50,000 - \$74,999	24%
\$75,000 - \$99,999	15%
\$100,000 or more	25%
Total	100%
Estimated Avg. Income	\$73,633

Age Present in Household	%
Adults 18-24	4%
Adults 25-34	12%
Adults 35-44	18%
Adults 45-54	23%
Adults 55-64	30%
Adults 65-74	26%
Adults 75 or Older	19%

Comments on the Draft Model

Overall the model is useful for exploring alternatives and the implications of various policy objectives. We do find there are a few assumptions that are not accurate for VEC and would need to be changed if the model continues to be used.

- The Average Residential Bill is too low.
The average bill used in the model for VEC is \$104. Our calculation for the current average VEC bill is \$125, based on our average residential member use of 625 kWh per month. VEC is also preparing for a rate increase in 2023 (amount still to be determined). The subsequent increase in the average bill will increase the revenue needed to enroll participants in any program that may be developed.
- The number of VEC members qualifying at 185 percent FPL is too low.
Our most recent analysis based on the VEC member survey and Acxiom data would bring the percent of members that qualify for 185 percent FPL closer to 27 percent (or 9,427 of 34,916 residential members).
- 30 percent participation estimate should not be used for program design.
While that estimate may be useful for modeling purposes, we would prefer that any program planned should be able to meet the needs of 100 percent of qualified participants and not be vulnerable to exceeding budgeted amounts.

If a 27 percent qualification rate and a 30 percent participation rate is modeled with VEC average bills changed to \$125, the total amount needed to implement this program would increase from \$710,675 in the draft model to \$1,060,500. While 2,828 VEC members would save \$375 per year on bills, all rate-payers (income eligible and not) would have their bills increase by at least \$26.76 more per year. Any rate increase would make this increase greater.

VEC cannot support this type of program because it means bills would increase for many members who are already struggling to make ends meet. For example, this newly established “benefit cliff” would mean that about 1,000 VEC members who are single-person households, that have a household income between \$25,000-\$33,000 per year, would see their bills go up by almost \$27 per year. The same

situation would apply to a two-person household with a household income of \$34,000 per year. These are not members that can easily accommodate rate increases. Without a different funding source contributing dollars into the program, this program would increase the energy burden for many already struggling to pay their bills. We believe that programs like the Affordable Community Renewable Energy Program, and other state or federal assistance programs, would be more preferred models.

Finally, while the equity goals of this proposal are noble (and regardless of whether the PUC believes their legal authority is firm), VEC believes this significant social and fiscal policy decision is more appropriately considered by the Vermont Legislature.

Thank you for the opportunity to offer comments and suggestions.

Dated at Montpelier, Vermont, this 28th day of October 2022.

Respectfully submitted,
VERMONT ELECTRIC COOPERATIVE, INC.

A handwritten signature in black ink, appearing to read 'A. Cohen', is positioned below the typed name.

By: Andrea Cohen, Manager
Government Affairs and Member Relations