

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 October 4th, 2022, the Vermont Public Utility Commission (“PUC”) requested the distribution utilities provide comments on the PUC’s low-income residential rate model. In a subsequent procedural order, the PUC set the deadline for comments on or before October 28th, 2022.

1. Stowe Electric does not support a mandatory low-income bill assistance program paid out of funds from ratepayers that do not participate in the program.

Stowe supports the filings of other utilities in this docket, specifically those from Washington Electric Cooperative (“WEC”) and Vermont Electric Cooperative (“VEC”). Stowe also reiterates that any benefit program dependent on shifting the financial burden from one ratepayer class to another ratepayer class should not be implemented at this time. An on-bill assistance program funded by non-participating customer classes which offers a modest electricity bill discount to an undefined percentage of qualifying customers and is also difficult for municipal and cooperative utility staff to design and administratively burdensome to implement, will not ease energy burdens in a meaningful way for low-income Vermonters.

Stowe agrees with the points raised by VEC regarding the average residential bill assumptions in the model and number of customers qualifying at the 185% of the federal poverty level. VEC raises another point regarding the complexity of designing a low-income program, it is difficult for utilities to determine the age, employment status, and average household incomes of ratepayers. Aside from estimates from the US Census American Community Survey (“Survey”), Stowe does not have survey or demographic data showing the status of people living within Stowe’s service territory. Without having demographic data about our customers, Stowe does not have a coherent strategy to design an on-bill assistance program.

Stowe also reminds the PUC that Vermont utilities are facing significant power supply cost pressures. Stowe recently filed a 13% rate increase and indicated in discovery responses that it anticipates an additional rate increase in 2023. Stowe is not the only utility that filed for rate increases in 2021 and 2022, and additional utilities are likely to file for rate increases in 2023. Putting additional financial pressure on Vermont utility ratepayers will increase their energy burden and during a time of inflation is not a course of action that Stowe supports.

This docket should 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, and Efficiency Vermont's Low-Income Fuel Switching Program. The Inflation Reduction Act is primed to provide additional incentives and opportunities for stakeholders to support vulnerable and low-income Vermonters.

2. Stowe's Comments on the draft Model.

The PUC asked the utilities to use the model to estimate the average bill impacts for low-income customers they could receive from a 25% discount on utility bills, estimated residential enrollment/participation in the program, impacts to the utility's other customer classes, and feedback on the model's data, data verification, assumptions, methodology, and results. Several assumptions in the draft model should be updated before further consideration is taken on this model

- Stowe's 13% rate increase has increased the residential rate and alters this draft model.
- Stowe staff suggest the PUC consider the average residential bill of a low-income customer. Rather than the average residential bill of all customers. Low-income customer's homes likely have significantly different kWh usage, heating, cooling, and weatherization needs, and habitability upgrades as compared to new homes and home higher income. If stakeholders to this docket intend to develop a low-income rate design, then we should place low-income customers at the center of the model.
- As utilities stated in their filings in this docket, utilities have no clear way to determine the percentage of their customer base that is at 185% of the federal poverty level. This makes it difficult to determine how many customers will be impacted by this model.
- The model does not address low-income ratepayers living in subsidized housing or multifamily housing where the electric meter is not tied to the low-income customer or electric service is included in the rental payment.
- Stowe is not in a position to determine what percentage discount for a low-income family will provide meaningful economic support.
- Stowe is not in a position to determine how much of a bill increase for non-participating customer's bills is appropriate. The utility should not be placed in the position of determining how much a ratepayer's bill should increase to off-set lost revenue from the bill assistance program.
- Stowe would apply a 15% administrative fee to manage such a program.
- Stowe will have to pay the software company that manages the billing program approximately \$5,000 - \$10,000 to create an on-bill discount, which would take 6-months to implement.
- This model does not address or resolve the issues raised in Docket 7535¹.

Under the draft model Stowe would process a monthly discount equal to \$27.77 for 265 customers - this assumes a 30% enrollment out of a possible 884 qualifying customers. Stowe

¹ For example, in Docket 7535, Board Order 07/22/2011 stated 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.

will need to collect approximately \$86,316 from all other rate classes. It's unclear from this model what Stowe would do with funds that are collected under this program but not dispersed to qualifying customers.

Finally, Stowe reiterates the success of the arrearage assistance program². This program highlights how partnerships between the Federal and State of Vermont government, community action groups, and electric utilities can function efficiently. The funding for low-income support comes from broad public funding, the administrative state establishes guidelines for eligibility, and community groups and local utilities help customers with enrollment. The strength of this pathway is also apparent in the proposed Vermont Department of Public Service Affordable Community Scale Renewable Energy Program (ACRE). Under this program, renewable energy projects can be leveraged to allow for a bill savings to income qualifying customers. This allows for expanded renewable energy in Vermont and can ease the energy burden for Vermonters.

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 28th day of October 2022.

Respectfully,

_____/s/_____
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² \$138,557.24 has been provided to Stowe's customers under the arrearage assistance program