

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-4100-TF

Tariff filing of Washington Electric Cooperative, Inc. for a 14.19% rate increase effective with service- rendered November 1, 2022	
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Order entered: 02/03/2023

REQUEST FOR INFORMATION FROM THE DEPARTMENT OF PUBLIC SERVICE

This case concerns the tariff filing of Washington Electric Cooperative, Inc. (“WEC”) for a 14.19% rate increase filed with the Vermont Public Utility Commission (“Commission”) on September 15, 2022.

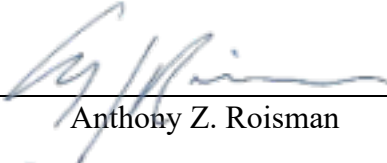
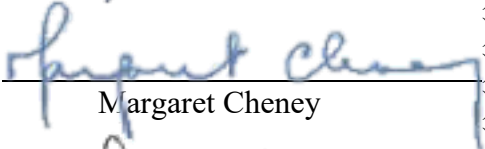
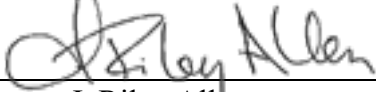
The Vermont Department of Public Service (“Department”) is requested to respond to the following requests by no later than February 17, 2023. Responses to questions should be filed as supplemental testimony.

1. The Department recommends that its Consumer Affairs and Public Information (“CAPI”) Division provide WEC with training for service quality reporting because WEC’s fourth-quarter service quality reports have had errors for the past few years (Flint pf. at 8).
 - a. When does the Department recommend that WEC be required to undergo the CAPI training?
 - b. Does the Department recommend that WEC be required to complete the training as a condition of the Commission’s approval of any tariff changes?
2. The Department states that WEC’s “proposed TIER [Times Interest Earned Ratio] of at least 2.0 is reasonable as it helps maintain the WEC’s cash flow and fund capital improvements while meeting WEC’s loan covenants (Foley pf. at 5).”
 - a. WEC has testified that the USDA’s Rural Utilities Service (“RUS”) requires that WEC meet a TIER calculation of 1.25 or above in two years out of every three years (Porter pf. at 2-3). Would the Department support reducing WEC’s TIER in the rate year to 1.75, 1.5, or 1.25 to lower the

- proposed rate increase to be more closely aligned with the RUS requirements? If no, why not?
- b. Please provide an analysis of how the Department determined that WEC's proposed 2.0 TIER results in an appropriate amount of cash-on-hand as compared to lower TIERS. Why is WEC's proposal reasonable?
 - c. WEC has testified that it "is prudent to have at least two months of cash for operating on hand to avoid short-term borrowing for operating costs (Porter pf. at 3)." Please explain why the Department supports the need for enough cash to cover two months of operating expenses. Would a smaller amount of cash on hand be appropriate?
 - d. In its supplemental testimony, WEC provided historical cash-flow modeling for the past 10 years (exh. PUC-3). WEC states that it has not had cash-flow problems over the past 10 years. Would it be appropriate to set WEC's TIER to an amount that would result in a cash on-hand year-end balance amount equal to the average of the last 10 years? If no, why not?
3. Mr. Foley recommends that the requested rate increase should be reduced to 12.83% based on two adjustments recommended by Mr. Poor. (Foley pf. at 6). Please explain how the Department arrived at 12.83%. Using the exhibit WEC-1 spreadsheet, when Commission staff change the value of Cell F25 of tab S6 to \$20,000, and incorporate the net-metering avoided costs value of \$187,104 in Cell D32 of tab S1, the resulting rate increase is 12.7% in Cell E42 of tab S1.

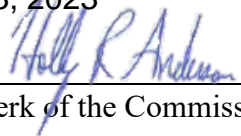
SO ORDERED.

Dated at Montpelier, Vermont, this 3rd day of February, 2023.

 _____))	PUBLIC UTILITY COMMISSION OF VERMONT
Anthony Z. Roisman)	
_____))	
 _____))	COMMISSION OF VERMONT
Margaret Cheney)	
_____))	
 _____))	OF VERMONT
J. Riley Allen)	

OFFICE OF THE CLERK

Filed: February 3, 2023

Attest: 

Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

PUC Case No. 22-4100-TF - SERVICE LIST

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