

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 )

**WEC’S STATUS UPDATE ON DEVELOPMENT OF LOW-INCOME BILL  
ASSISTANCE PROGRAM(S)**

When the Vermont Public Utility Commission “commission” closed its investigation (Case No. 20-0203-INV, Order Closing Investigation and Ordering Further Process for Washington Electric Cooperative (06/13/2-23) (“Order”)) into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities, it opened a compliance subcase, and directed Washington Electric Cooperative (WEC) to develop an additional program or programs to provide bill assistance to WEC’s low-income members. The Commission also directed WEC to file a report in the compliance subcase within six months of its June 13, 2023 Order providing a status update on its work to develop a program or programs to provide bill assistance to its low-income members.

Here WEC: (1) details what programs it currently undertakes to benefit its low-income members, (2) explains additional efforts it is now undertaking to assist those members, (3) addresses the question of an income qualified subsidy akin to Green Mountain Power’s Energy Assistance Program, and (4) describes future efforts WEC intends to take.

**1) WEC currently undertakes several efforts to assist low-income members**

As the Commission noted in its Order, WEC’s “ACRE” Program provides significant and meaningful rate relief to a portion of WEC’s low-income members. While final approval of that program is still pending before the Department of Public Service, it is expected that the program will be jointly administered with VEC and will provide a roughly \$45 a month discount to as many as 240 income-qualifying WEC households for five years.

In addition to the ACRE Program, WEC has other programs and efforts to assist low-income members. WEC is the only utility in Vermont that includes weatherization as part of its Tier III offerings for income-qualifying members. Weatherization has been offered since 2018 and is an ongoing program. While all Tier III incentives are designed to reduce member/ratepayer use of fossil fuels, most of these incentives also benefit to the utility (including WEC) because the incentives increase use of electricity. WEC’s Weatherization Assistance Program is unique because it not only reduces fossil fuel use, but also increases the efficiency with which WEC members use electricity. While this may reduce the financial benefit of the measure for WEC as a distribution utility, it is in keeping with WEC’s mission of encouraging both beneficial electrification and efficient use of electricity. The chart, below, shows WEC’s recent spending on this program.

Table 2 Reporting Table to be included in Annual Claim / Report												
Customer Class	Previous Year Cumulative				Current Year				Current Year Cumulative			
	Gross Costs	Tier III MWhe	Savings Percent	\$/MWhe	Gross Costs	Tier III MWhe	Savings Percent	\$/MWhe	Gross Costs	Tier III MWhe	Savings Percent	\$/MWhe
Residential	\$564,326	\$14,673	100%	\$ 38.46	\$273,685	10,809	100%	\$ 25.32	\$838,011	25,482	100%	\$32.85
Commercial and Industrial	\$0	\$0	0%	\$0	\$0	0	0%	\$0	\$0	0	0%	\$0
Total	\$564,326	14,673	100%	\$ 38.46	\$273,685	10,809	100%	\$ 25.32	\$838,011	25,482	100%	\$32.85
Low Income	\$157,316	3,670	25%	\$ 42.87	\$32,900	460	4%	\$ 71.52	\$190,216	4,130	16%	\$46.06
Low-income Equity Benchmark <sup>f</sup>	\$174,941				\$84,842	0			\$259,783			

TABLE 2 from 23-0773 WEC RES compliance 2023

WEC also obtained and administered three VLITE grants. A 2019 VLITE grant of \$80,000 was used to provide EV and PHEV incentives to income eligible WEC members. A program that WEC is about to implement through another VLITE grant is described in the Additional Program section, below. WEC’s efforts to obtain VLITE grants to assist low-income members has been, is, and will continue to be a part of WEC’s routine efforts to assist its low-income members.

The Community Fund is an important part of WEC’s ongoing efforts to assist its low-income members. WEC created the Community Fund in 2003 and administers it. The Community Fund is funded through retired capital credits donated by members and other donations. The Community Fund provides donations to non-profits and charities that provide services in WEC’s service territory, in particular those providing basic services such as health care, food, and shelter. The amounts donated by the Community Fund to area charities per year are listed in Exhibit 1 (attached).

**2) WEC is actively undertaking additional efforts to assist income-qualifying members**

The most recent grant WEC obtained from VLITE will fund ReWire -- a program that will pay for upgrading the electric service entrances of income-qualified members. These upgrades will allow these members to take advantage of beneficial electrification technologies that would otherwise be unavailable to them. This \$100,000 grant was obtained in 2022. ReWire is about to be implemented and is expected to run through 2025. WEC’s ReWire program is in partnership with Capstone. Notably, WEC has a long and consistent history of working with Capstone to provide WEC’s low-income members with services such as ReWire, weatherization and thermal projects. WEC fully expects to continue its partnership with Capstone with future projects.

WEC is developing a tariff allowing it to join the Weatherization Repayment Assistance Program “WRAP”. This program allows on-bill financing of weatherization projects for members for whom the upfront cost of such an effort is a barrier, but who do not qualify for income-based weatherization assistance.

WEC is actively pursuing federal funding which would assist its members, including federal grants which could reduce the cost of needed upgrades to its substations and distribution infrastructure, and fund utility scale batteries. While the benefit of these grant funds is not specific to WEC’s low-income members, reductions in capital costs avoids having to support these upgrades through rates. WEC is also actively seeking any grant funding opportunities which could directly benefit its low-income members as well, although its early adoption of a 100 percent renewable power

portfolio makes successful application to some federal programs designed to increase cooperatives' share of renewable power a challenge.

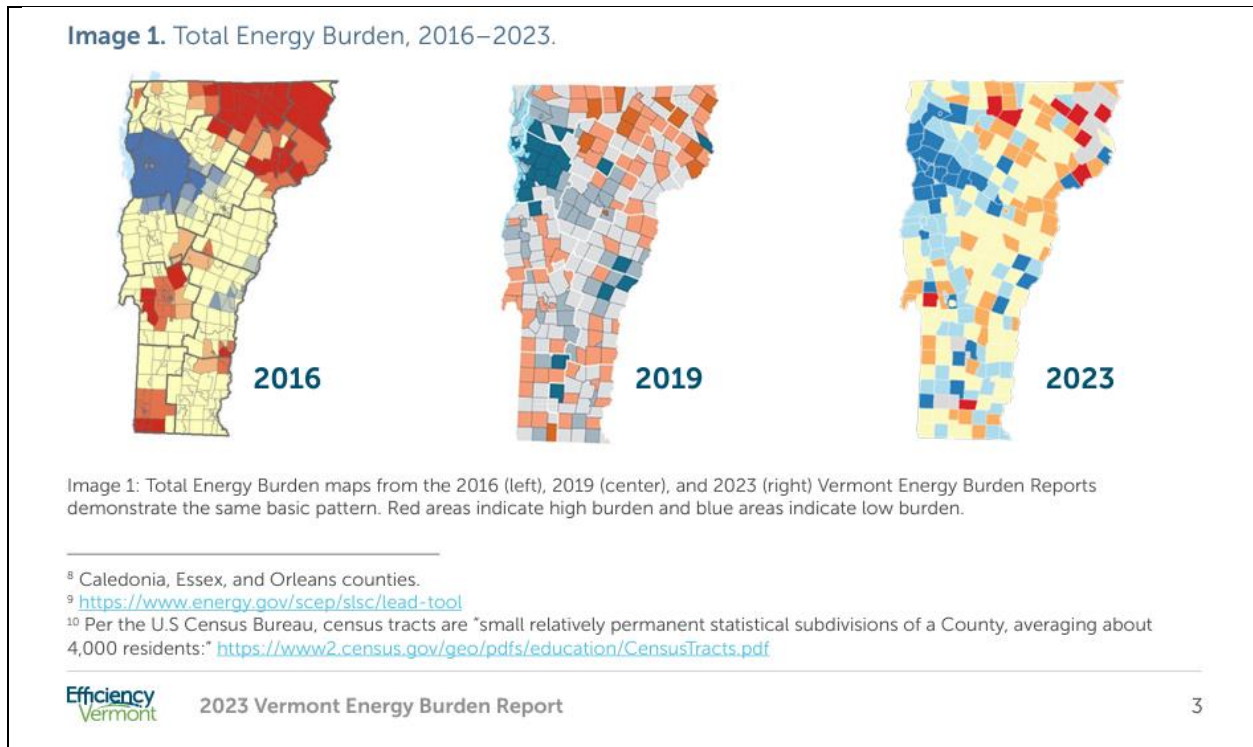
WEC is also developing and will petition for approval of a tariff to recoup costs attributable to transmission ground fault over voltage (TGFOV) and related impacts of distributed generation. Presently, these costs are borne by WEC's overall membership. As explained in more detail, below, this inequity is disproportionately borne by WEC's low-income members. WEC's proposed tariff will be designed to limit this cost shift and lessen inequities.

In short, WEC is making, and will continue to make concerted efforts to keep rates in check. These efforts are particularly important to those with energy costs that consume a greater share of their overall income.

### **3) Direct income-qualified subsidy**

For several reasons, WEC continues to believe that a direct, income-qualified subsidy to electricity ratepayers should be based on a statewide program rather than a utility-territory by utility-territory approach, particularly in the case of smaller utilities with higher proportions of lower income members.

In its order, the Commission pointed out that WEC "has the highest electric rates of any Vermont utility". While the accurate and direct comparison of residential electric rates across different regulatory systems and utilities is difficult, even if that claim is accepted, it is important to recognize why that is the case. WEC has the most rural service territory in Vermont and likely the Northeast, which both increases costs and reduces potential revenue. It has a highly residential service territory, with 95 percent of its members being residential customers. WEC also serves several towns with lower incomes and higher energy burdens than the state as a whole.



WEC also has among the highest penetration of net metering in Vermont, resulting in a disproportionate share of those members with higher incomes not paying the full cost of providing them electrical service, even under WEC’s revised rate design.

Net metering costs drive an approximately 1% (or more) increase in WEC’s rates each year. This 1% increase does not include costs related to TGFOV impacts and WEC’s need for expensive substation upgrades because of excess distributed generation.

Any subsidy for low-income members derived from increased charges to the membership as a whole, will be disproportionately impacting members who are themselves just above the low-income qualifying threshold. As the Commission itself states in this order “when a utility provides support for its low-income customers, absent external funds like those provided by federal and state assistance, the burden of that support usually falls on other customers of the utility (many of whom may be barely above the definition of low-income themselves).”<sup>1</sup>

<sup>1</sup> Other mandates could have similar cost and rate inequity impacts while being of little use or benefit to WEC’s low-income members, albeit on a smaller scale. For example, WEC is seeking an extension of time to file and implement an EV in an effort to avoid similar impacts and develop a TOU tariff that would be of greater use to WEC’s low-income members and more broadly promote beneficial electrification. See Case No. 23-3607-PET, Petition of Washington Electric Cooperative, Inc. for extension of PEV filing and implementation deadlines, Louis Porter’s Testimony (Oct. 16, 2023) and Supplemental Testimony (corrected) (Dec. 7, 2023).

