

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 24-0969-TF

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Tariff filing of Woodstock Aqueduct Company for a change in rates, pursuant to 30 V.S.A. § 225, effective for service rendered on or after May 16, 2024	
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Order entered: 12/04/2024

**REQUEST FOR INFORMATION**

This case concerns a tariff filing made by Woodstock Aqueduct Company (“Woodstock Aqueduct” or the “Company”) with the Vermont Public Utility Commission (“Commission”) requesting a 109.82% increase in Woodstock Aqueduct’s overall revenue.

On November 12, 2024, the Vermont Department of Public Service (“Department”) filed supplemental testimony. The Department recommends that Woodstock Aqueduct establish three dedicated capital improvement funds: (1) the Pipe Replacement Fund, (2) the Elm Street River Crossing Fund, and (3) a Department of Environmental Conservation (“DEC”) Hydrant Deficiency Fund (collectively, the “Funds”) that would be supported through targeted surcharges.<sup>1</sup> The Department recommends that there be “robust oversight through audits and annual reporting.”<sup>2</sup>

On November 22, 2024, Woodstock Aqueduct filed responsive supplemental testimony stating that it agrees with the Department’s proposal to establish the funds and conditionally accepts the Department’s other cost-of-service recommendations.<sup>3</sup>

On December 3, 2024, Woodstock Aqueduct filed comments stating that because it has no objection to the Department’s recommendation, there are no further disputed issues that require briefing. Woodstock Aqueduct represents that the Department and the Town and Village of Woodstock agree that no further briefing is necessary. Woodstock Aqueduct indicates that it is prepared to submit additional filings and to waive the seven-month statutory period to accommodate such filings. Additionally, Woodstock Aqueduct states that it will file an update on the potential sale of the company by no later than December 18, 2024, and that it “is

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<sup>1</sup> Foley supp. pf. at 3.

<sup>2</sup> *Id.* at 7.

<sup>3</sup> Billings supp. pf. at 8.

exploring whether the transaction could be commenced and approved by the Commission on a timeframe that would enable the Company to suspend the effect of the rate change pending the closure of the sale; or obviate the need for a final order in this case altogether.”

I have reviewed the supplemental testimony of the Department and Woodstock Aqueduct. I have determined that I need additional information in order to consider the Department’s recommendation and issue a proposal for decision.

Consistent with Woodstock Aqueduct’s 12/3 Comments, I direct Woodstock Aqueduct to file an update on the potential sale of the company by no later than December 18, 2024. If the second vote is positive and the Company decides to suspend the effect of the rate change pending the closure of a sale, the filing of additional testimony may not be necessary. However, assuming that this case proceeds, the parties are directed to respond to the information requests below by January 10, 2024. Responses should be in a form that is admissible in the evidentiary record, such as prefiled testimony or exhibits. The parties are encouraged to coordinate responses and clearly identify areas of agreement or disagreement as well as to file proposed findings.

Additionally, Woodstock Aqueduct previously agreed to waive the seven-month statutory deadline in this case to January 23, 2025.<sup>4</sup> I request that Woodstock Aqueduct agree to further waive the seven-month statutory deadline to incorporate sufficient time for it and the Department to respond to this information request and for me to consider these responses. I request that Woodstock Aqueduct make this filing by no later than December 13, 2024.

*For Woodstock Aqueduct*

1. Referring to supplemental testimony of Jireh Billings:
  - a. Page 3 states that Woodstock Aqueduct agrees to the establishment of these funds, referencing “(1) the Pipe Replacement Fund, (2) the Elm Street River Crossing Fund, and (3) the DEC [Department of Environmental Conservation] Hydrant Deficiency Fund.” Please describe how Woodstock Aqueduct intends to manage and account for the Funds.

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<sup>4</sup> Pursuant to 30 V.S.A. § 227(a), if the Commission suspends a rate change, the Commission must make its determination within seven months from the date that it orders the investigation unless the company consents to waive the seven-month requirement.

Will Woodstock Aqueduct maintain separate bank accounts for each of these funds to separately track revenue and expenses? Or will Woodstock Aqueduct's accounting system have the capability to separately track revenue and expenses?

- b. Page 5 states that the establishment of “three transparent capital funds will enable [Woodstock Aqueduct] to pursue three major capital projects that are all essential to the future of the water system.” Over what time period would the Company collect the surcharges for each of the Funds? Please provide a schedule over an appropriate time period of estimated expenses for each of the capital projects and expected revenues to be generated by the associated surcharges.
2. Referring to Exhibit WAC-JSB-6:
    - a. Please file an Excel version of this exhibit.
    - b. Referring to “Rate Change Determination” and “Cost of Service”: Please confirm that Woodstock Aqueduct is proposing a 41.5% increase in rates (revenue at existing rates is \$446,225.05 and the rate year cost of service is \$631,400).
    - c. Referring to “Rate Change Determination”:
      - i. Please confirm the base charge per meter is increasing from \$240 to \$339.60 which is a 41.5% increase.
      - ii. The variable charge (per cubic ft.) is increasing from \$0.02961 to \$0.044270. This results in a 49.5% increase. Please explain why the variable charge increase does not equal 41.5% as for the base and hydrant charges.
      - iii. Please confirm that the hydrant charge is increasing from \$360 to \$509.39 which is a 41.5% increase.
  3. Referring to Exhibit WAC-JSB-6, page 6, “Residential & Commercial (Example Bill)”:

- a. Please provide a copy of an actual billing statement as generated from Woodstock Aqueduct's billing software with a mock-up to show the new surcharges and increased rates.
  - b. Please spell out the name of each of the funds (using the language provided by the Department<sup>5</sup>) and include descriptions of the funds to be shown on the actual billing statement that will enable customers to understand the purpose of these funds.
  - c. The Surcharge (Base) amounts in the table equal the annual charge rather than the quarterly charge. Please confirm that billing statements are issued on a quarterly basis and correct this information as appropriate.
4. Referring to Exhibit WAC-JSB-6, page 6, "Hydrant Customer (Example Bill)":
- a. Please provide a copy of the presentation of an actual billing statement as generated from the billing software with a mock-up to show the new surcharges and increased rates.
  - b. Present the actual number of hydrants subject to the charges on the billing statement.

*For the Department*

1. Referring to supplemental testimony of Sean Foley
  - a. On Pages 4 and 5, the Department refers to "surcharge revenues" and "collected funds" being held in escrow. Please clarify whether the Department expects there to be an escrow agreement and escrow agent to disburse funds. If so, please describe expectations in detail. If the Department intends a different meaning of "held in escrow," please explain.
  - b. Page 5, A.11. states in reference to treating surcharge revenues as regulatory assets that "[t]his approach provides rate stability and ensures that ratepayers only incur charges once the infrastructure upgrades are

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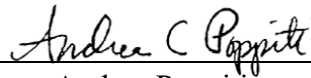
<sup>5</sup> See Foley pf.supp. at 3; "(1) the Pipe Replacement Fund, (2) the Elm Street River Crossing Fund, and (3) the DEC [Department of Environmental Conservation] Hydrant Deficiency Fund."

- complete, and they begin receiving the associated benefits.” This appears to contradict the fact that customers will be incurring charges and seeing increased bills through paying the surcharges. Please provide further context to explain how the accounting treatment protects ratepayers.
- c. Page 6, A.14. states that “a surcharge is temporary—it can be removed once sufficient funds have been collected, unlike a general rate increase, which could remain in effect indefinitely.” Please provide specific recommendations and conditions to effectuate the temporary nature of the surcharges. Would the Department propose that the Commission only allow the surcharges to be collected for a limited period of time? If so, how long for each of the Funds? Alternatively, should the Commission specify that the surcharges must be reconsidered after a certain period of time? If so, what are the appropriate timeframes for each of the Funds?
  - d. Page 7, A.16., states: “The structured surcharges and adherence to GAAP principles help ensure that ratepayer contributions are used as intended, with robust oversight through audits and annual reporting.” Is it sufficient for Woodstock Aqueduct to incorporate audit of the funds into its regular audit process? Or would the Department propose hiring a separate auditor? If so, what should the Department’s and Commission’s roles be in this process?
  - e. Page 10, A.21., states that “the Department recommends deferred accounting treatment, aligning cost recovery with asset usage and protecting ratepayers from early financial obligations.” Please provide an illustration of the accounting treatment for capital project expenditures and the associated capital revenue fund from inception to conclusion. How would this appear on Woodstock Aqueduct’s balance sheet?
2. Referring to Page 8 of Jireh Billings’ supplemental testimony, Woodstock Aqueduct agrees to the Department’s conditions that “all funds collected [to] be held in a segregated account, subject to independent audit, with detailed annual reports submitted to the Commission and [the Vermont Department of

Environmental Conservation].” Please recommend a reporting schedule and provide the structure and detail expected for these reports.

**SO ORDERED.**

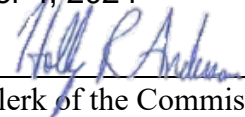
Dated at Montpelier, Vermont, this 4th day of December, 2024.



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Andrea Poppiti  
Hearing Officer

OFFICE OF THE CLERK

Filed: December 4, 2024

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](mailto:puc.clerk@vermont.gov))*

PUC Case No. 24-0969-TF - SERVICE LIST

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