

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 18-1425-TF

Tariff filing of Washington Electric Cooperative, Inc. requesting a 3.72% increase in its rates effective with bills rendered July 1, 2018	
--	--

Order entered: 06/29/2018

ORDER APPROVING TARIFF

On May 17, 2018, Washington Electric Cooperative, Inc. (“WEC”) made a tariff filing with the Vermont Public Utility Commission (“Commission”) for a 3.72% rate increase for all WEC rate classes, pursuant to 30 V.S.A. §§ 225 and 226. As a part of the tariff filing, WEC also seeks to eliminate its seasonal rates.

WEC provided notice of the proposed increase to its members through a variety of means, including in the April edition of “Coop Currents,” which is sent to all members; at WEC’s May 2, 2018, Annual Meeting; through notice on its website; through a press release published in *VT Digger* on May 21, 2018; through notice published in the *Times Argus* on May 26, 2018; and through notice provided in customer bills mailed in June. No public comments were filed.

On June 18, 2018, the Department of Public Service (“Department”) filed a letter stating that it has investigated WEC’s tariff filing and finds the proposed rate increase to be just and reasonable and supports the elimination of seasonal rates. Accordingly, the Department recommends that the Commission approve the tariff filing without hearing or further investigation. The Department represented that it engaged in multiple rounds of discussion and information exchange directly with WEC prior to and following WEC’s tariff filing. Additionally, the Department stated that WEC has demonstrated that its proposed revenue requirement is both necessary and sufficient to cover its costs and expenses during the rate year.

In its June 18, 2018 letter, the Department noted that, while it supported the Commission’s approval of the tariff filing without a full investigation and hearing, it had identified a discrete minor issue regarding WEC’s accounting treatment for right-of-way clearing. WEC included right-of-way clearing within its proposed revenue requirement based on

a single-year projection, instead of using a direct average of historic costs, which could result in over-collection.

To address the foregoing issue, the Department filed a letter on June 28, 2018, recommending that WEC's tariff filing be approved subject to the following condition agreed to by WEC:

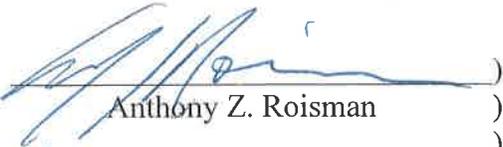
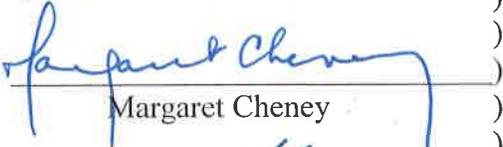
WEC may use right-of-way funds, as specified in its May 17, 2018 tariff filing, for right-of-way clearing and tree removal. In the event WEC does not spend the full amount on right-of-way clearing and tree removal, WEC may use unspent funds for storm repair and clean-up. Any excess funds remaining at the end of the fiscal year shall be allocated to members in the form of capital credits. This condition is limited to the July 2018 - June 2019 rate year and does not limit WEC from managing budget items in the normal course of its business.

The foregoing requirement addresses the potential accounting concern identified by the Department and allows for WEC to have sufficient funds to cover its expected right-of-way clearing expenses for the rate year. In recent years, there has been an increase in the frequency and duration of storm events within WEC's service territory. WEC also plans to reduce the time between trim cycles in its right-of-ways consistent with its 2017 Integrated Resource Plan and 2018 Construction Work Plan filings. Accordingly, WEC believes it needs additional spending flexibility beyond its historical average to reduce outage events. The foregoing requirement provides such flexibility while providing certainty for ratepayers that monies collected for right-of-way expenses will be used to improve service to WEC members. Importantly, the foregoing requirement also allows for WEC to maintain its debt coverage ratio obligations.

Based on a review of the tariff filing and the Department's recommendation, and subject to the foregoing condition, we approve WEC's tariff filing, effective July 1, 2018.

SO ORDERED.

Dated at Montpelier, Vermont this 29th day of June, 2018.

)	
Anthony Z. Roisman)	PUBLIC UTILITY
)	
)	
Margaret Cheney)	COMMISSION
)	
)	
Sarah Hofmann)	OF VERMONT

OFFICE OF THE CLERK

Filed: June 29, 2018

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)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

PUC Case No. 18-1425-TF - SERVICE LIST

Parties:

Daniel C. Burke, Esq.
Vermont Department of Public Service
112 State Street
Third Floor
Montpelier, VT 05620-2601
dan.burke@vermont.gov

(for Vermont Department of Public Service)

Jake Clark, Esq.
Vermont Department of Public Service
Vermont Public Service Department
112 State Street
Montpelier, VT 05620-2601
jake.clark@vermont.gov

(for Vermont Department of Public Service)

Ronald A. Shems, Esq.
Diamond & Robinson, P.C.
P.O. Box 1460
Montpelier, VT 05601-1460
ras@diamond-robinson.com

(for Washington Electric Cooperative Inc.)