

# Public Service Department Sustainability Study

Commissioner Tierney and Deputy Commissioner Allen

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Table 8 – Applicable Gross Receipts Tax by Sector Since 1973

Type of Company	Electric	Telephone	Gas	Water	Cable TV	Customer Owned Coin Operated Telephone Companies	For All Other Companies (i.e. sewer)
<b>FY11-FY16</b>	0.005	0.0050 (or \$500 if greater)	0.003	0.0010 (or \$5.00 if greater)	0.0050 (or \$25.00 if greater)	Customer-coin-operated telephones with total annual revenues of less than \$5000, the choice of either .0050 of gross from telephone revenues or the amount of \$20.00	0.001

Table 9 - Gross Revenue Tax Collected for 2010-2018

		2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric		\$ 4,193,263	\$ 4,445,824	\$ 4,782,085	\$ 5,008,103	\$ 5,310,619	\$ 5,470,690	\$ 5,507,514	\$ 5,487,512	\$ 5,505,661
Telephone		\$ 1,836,859	\$ 1,759,004	\$ 1,995,423	\$ 1,846,454	\$ 1,799,615	\$ 1,826,415	\$ 1,747,995	\$ 1,571,085	\$ 1,419,576
Cable		\$ 764,061	\$ 843,298	\$ 907,349	\$ 1,005,051	\$ 1,056,332	\$ 1,071,971	\$ 1,173,788	\$ 1,247,667	\$ 1,325,924
Gas		\$ 347,655	\$ 284,004	\$ 301,622	\$ 282,760	\$ 305,528	\$ 347,410	\$ 358,143	\$ 302,912	\$ 310,285
Water		\$ 1,675	\$ 1,530	\$ 1,172	\$ 2,148	\$ 1,483	\$ 1,549	\$ 1,304	\$ 1,181	\$ 1,008
Total		\$ 7,143,514	\$ 7,333,660	\$ 7,987,651	\$ 8,144,516	\$ 8,473,577	\$ 8,718,035	\$ 8,788,743	\$ 8,610,357	\$ 8,562,453
Department	60%	\$ 4,286,108	\$ 4,400,196	\$ 4,792,591	\$ 4,886,710	\$ 5,084,146	\$ 5,230,821	\$ 5,273,246	\$ 5,166,214	\$ 5,137,472
Commission	40%	\$ 2,857,406	\$ 2,933,464	\$ 3,195,061	\$ 3,257,806	\$ 3,389,431	\$ 3,487,214	\$ 3,515,497	\$ 3,444,143	\$ 3,424,981

Figure 1 -- Gross Receipts Tax Revenue 2002-2018

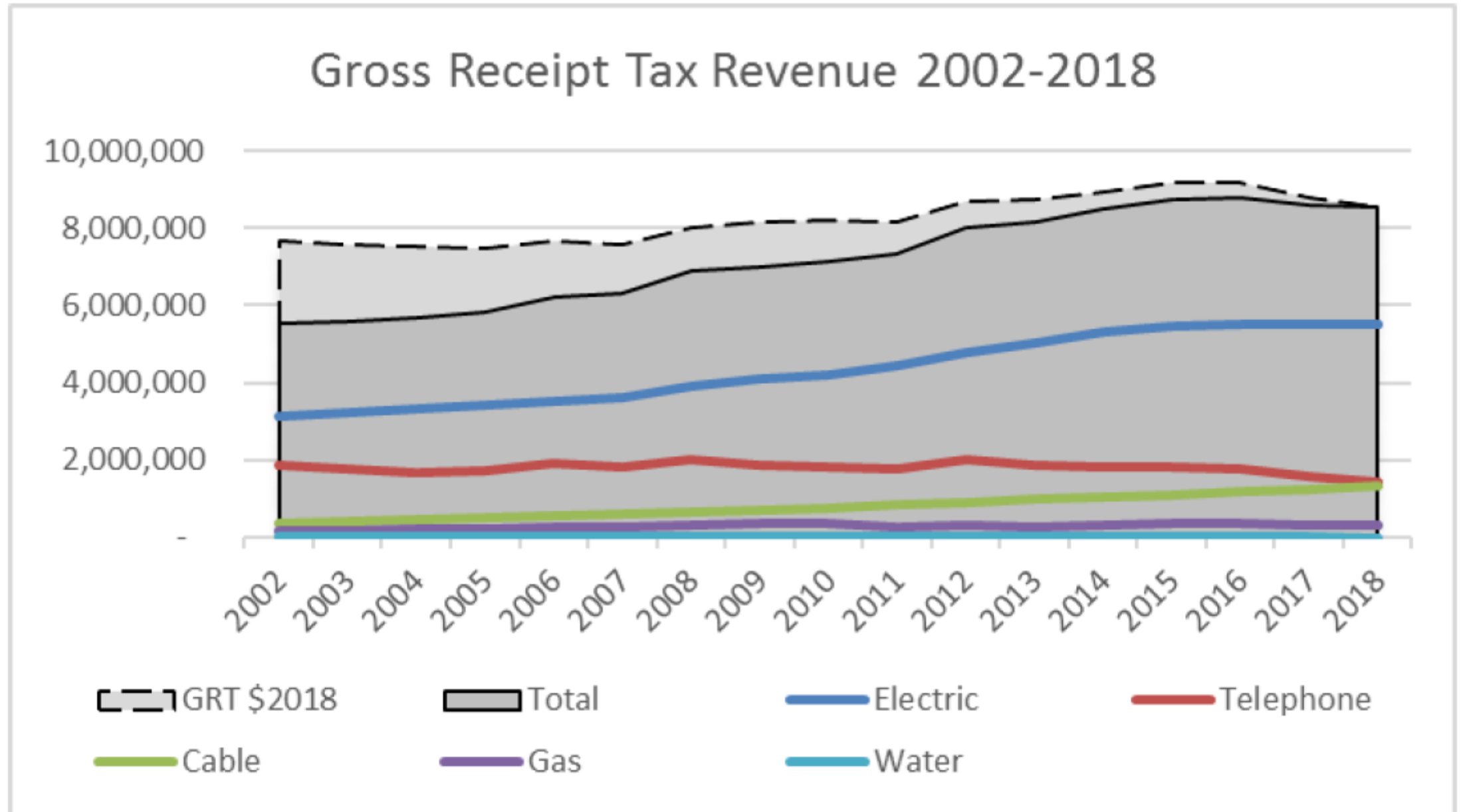
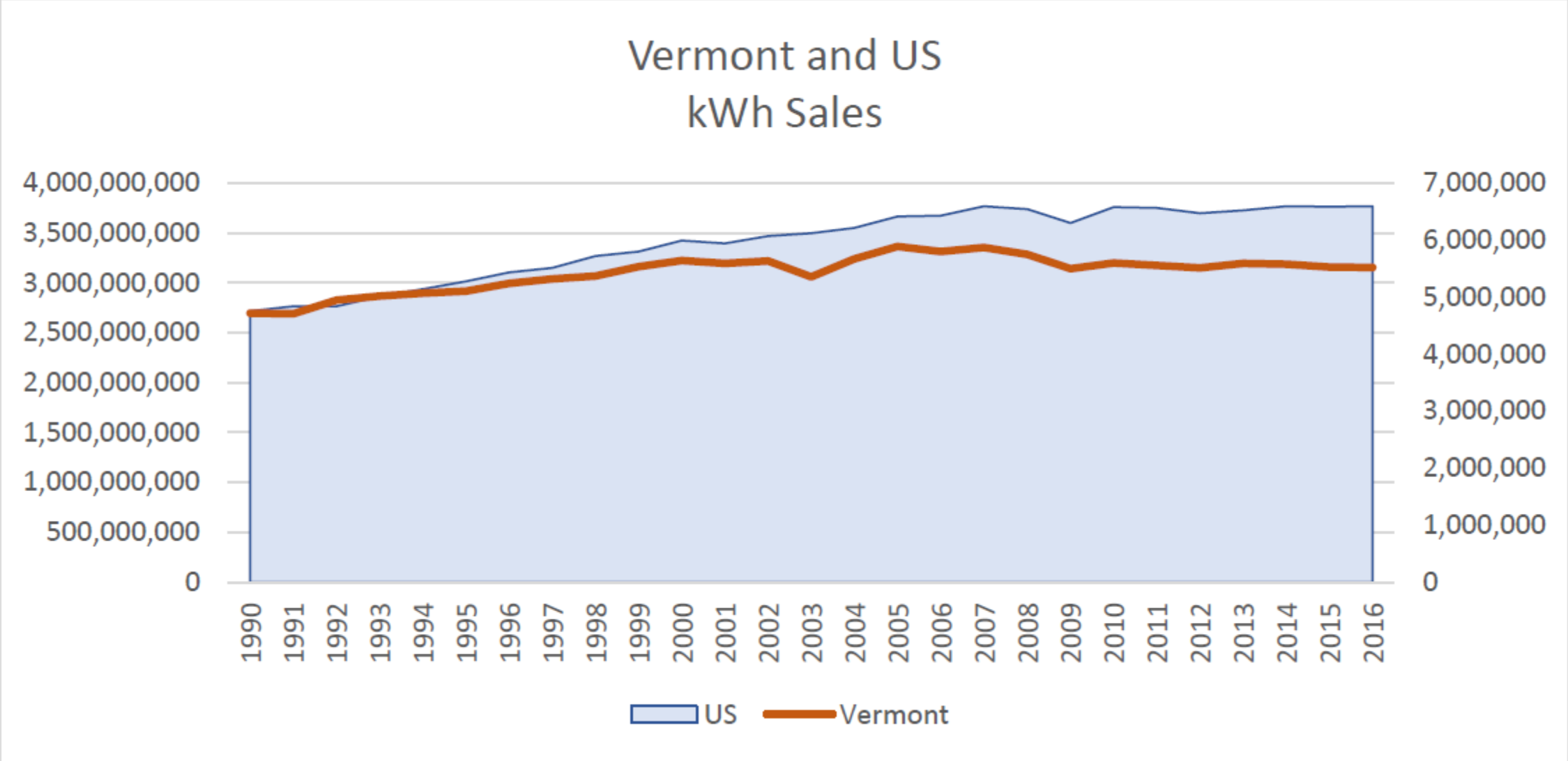


Table 10 -- Gross Receipts Tax Revenue 2015-2018

		2015	2016	2017	2018	FY 2016 - FY 2018
Electric		5,470,690	5,507,514	5,487,512	5,505,661	0.0%
Telephone		1,826,415	1,747,995	1,571,085	1,419,576	-19%
Cable		1,071,971	1,173,788	1,247,667	1,325,924	13%
Gas		347,410	358,143	302,912	310,285	-13%
Water		1,549	1,304	1,181	1,008	-23%
<b>Total</b>		<b>8,718,035</b>	<b>8,788,743</b>	<b>8,610,357</b>	<b>8,562,453</b>	<b>-2.6%</b>
Department		5,230,821	5,273,246	5,166,214	5,137,472	
Public Utility Commission		3,487,214	3,515,497	3,444,143	3,424,981	

Figure 2 – Vermont and US kWh Sales 1990 - 2016



# Vermont Electricity Sales and Revenues 1990-2017

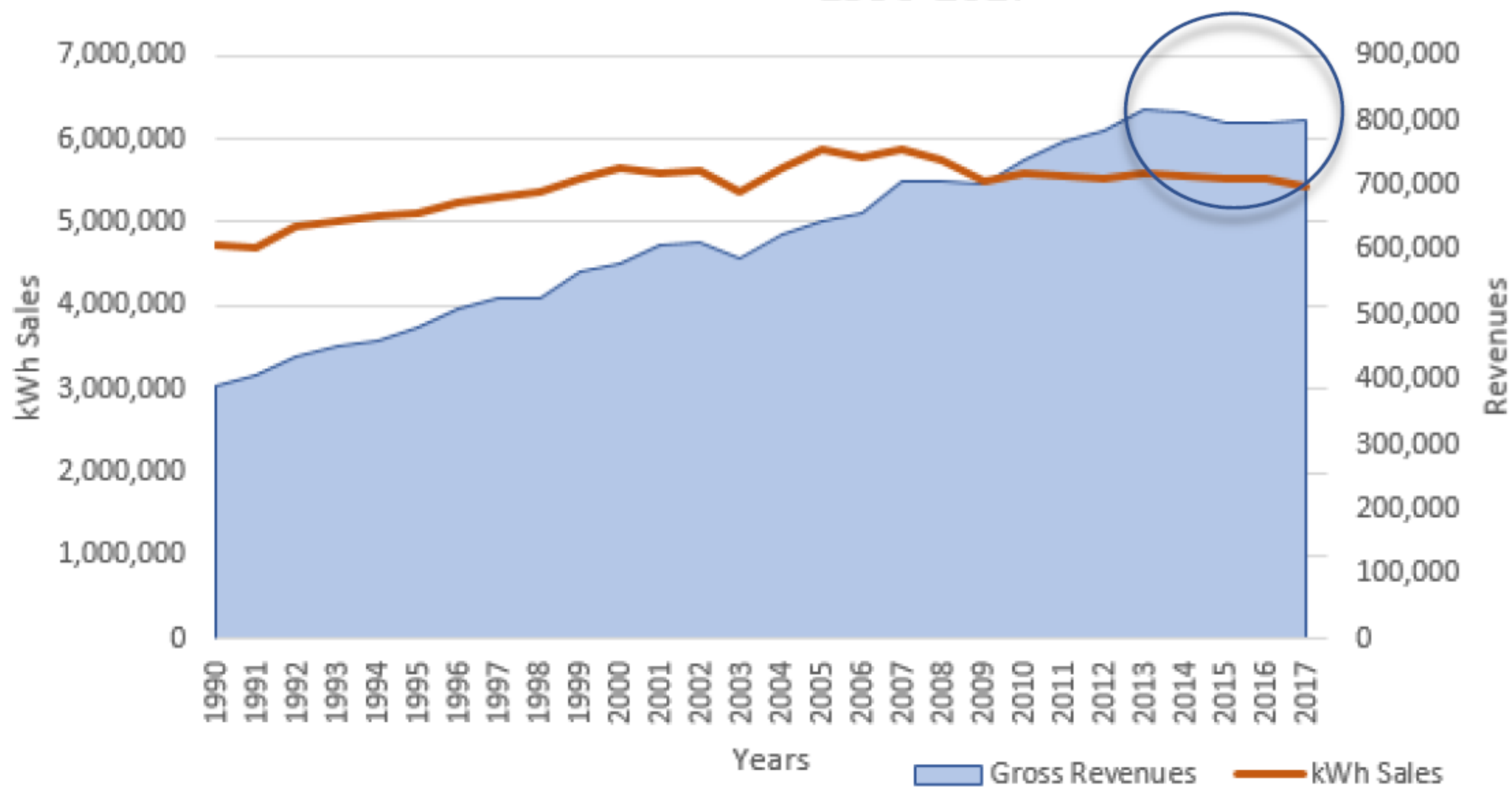


Figure 4 – VELCO Long Term Forecast of Energy Demand<sup>14</sup>

### Forecast Scenario Comparison - Energy

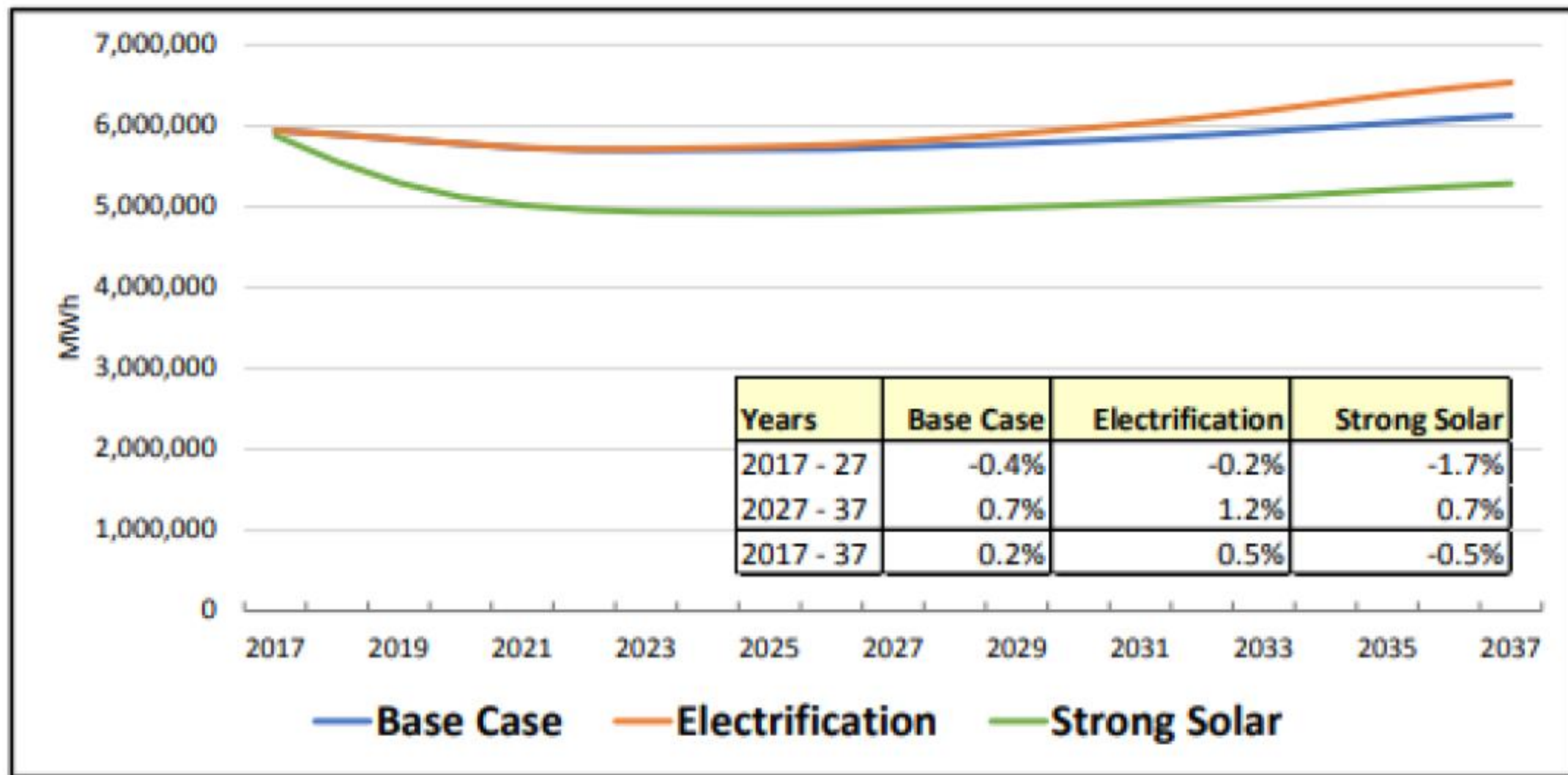
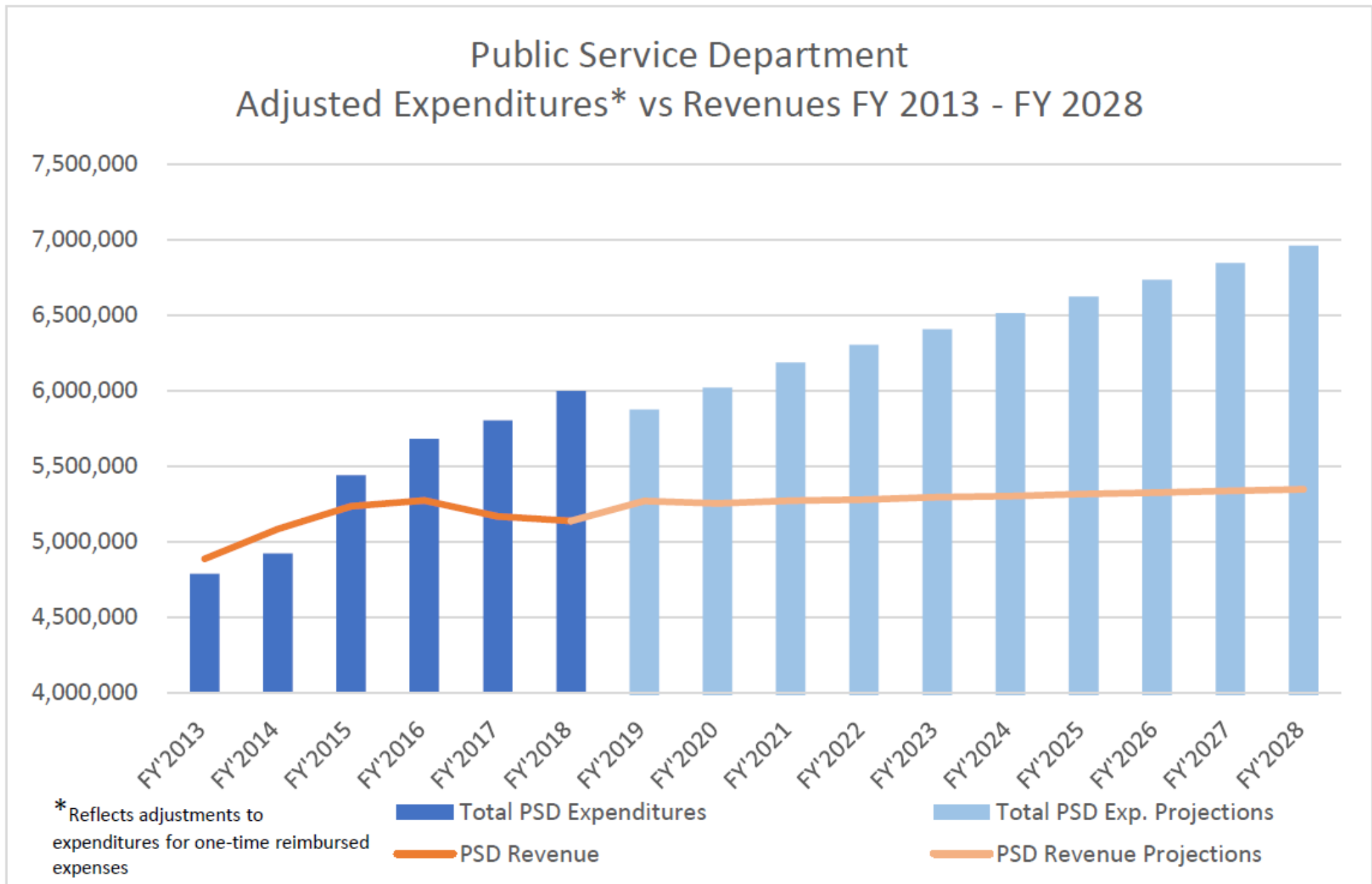




Figure 5 – Department GRT Fund Expenditures and Projections versus GRT Revenues



# Recommendations

- Address the one-time stop-gap funding for the Department to provide revenue adequacy for FY2019. The Department recommends a one-time reallocation from the PUC's \$4.4 million of accumulated carry-over funds to the Department to retire the PSD's accumulated deficits in collections for FY 2018 and FY 2019.
- Stabilize the long-term funding and resource requirements of the Department and the Commission by revising the GRT mechanism. The GRT mechanism provides a relatively stable foundation for recovering the costs of regulatory services. However, the GRT allocation ratio of 60% -PSD/40 % -PUC that exist in statute no longer ensures an adequate division of funding between the two agencies. The split should be revised to 65%-PSD/35%-PUC.
- Supplement the GRT mechanism by instituting an administratively determined cost-based fee that would apply for the various actions and activities of both agencies. Divide the fee revenues between the PSD and the PUC using the 65%/35% split and provide for the fee schedule to be established administratively by the Commission.
- Supplement the Department's existing funding with more frequent and expanded use of the billback authority, especially with respect to matters involving merchant generation certifications and project siting efforts that have unusually high litigation costs in terms of associated PSD staff time (both PSD attorneys and PSD staff subject-matter experts) on litigation and supplemental experts required.