

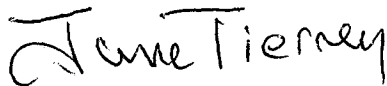
February 12, 2019

Vermont House Energy and Technology Committee

Dear Mr. Chairman and Committee Members,

At the request of Representative Laura Sibilila, Vice Chair of the Committee, I am providing calculations to supplement a recent submission from the Public Utility Commission that proposes options for raising sufficient revenue to fund the projected fiscal needs of the Commission and the Vermont Public Service Department for the next four years. The shaded blocks and the related footnotes contain the data that the Department has added to this document created by the Commission and its staff. The Department has supplemented the Commission's analysis with the Department's own projections of its budgetary needs over the next four years (FY20 through FY23). Given the short notice to the Department to supplement the Commission's work, the Department has not undertaken to verify the Commission's underlying analysis. Furthermore, the Department respectfully underscores that it does not support the options outlined in the PUC's analysis because they assume increases in the gross receipts tax rates. Finally, the Department has substituted a 2.36% annual budget growth rate in place of the 4% assumed by the PUC.

Sincerely,

A handwritten signature in black ink that reads "June Tierney". The signature is written in a cursive, flowing style.

June Tierney

Commissioner

Options for Funding the Public Utility Commission and the Department of Public Service***

Option 1

Gross receipts tax: phased increase in gas and electric gross receipts tax rates as shown below

Applications fee: \$100 for projects eligible to use net-metering registration and applications forms, \$5/kW for all others
\$25 fee for amendments for projects eligible to use net-metering registration and application forms, \$100 for all others

	FY20	FY21	FY22	FY23
Electric/gas gross receipts tax rate	0.00525	0.00550	0.00575	0.00600
Gross receipts tax revenues	\$ 9,325,118	\$ 9,573,236	\$ 9,895,272	\$ 10,246,166
Application fees	\$ 580,435	\$ 580,435	\$ 580,435	\$ 580,435
Total revenues	\$ 9,905,553	\$ 10,153,671	\$ 10,475,707	\$ 10,826,601
Department allocation - 60%	\$ 5,943,332	\$ 6,092,203	\$ 6,285,424	\$ 6,495,961
Commission allocation - 40%	\$ 3,962,221	\$ 4,061,468	\$ 4,190,283	\$ 4,330,640
Commission funds needed*	\$ 3,962,221	\$ 4,002,802	\$ 4,162,914	\$ 4,329,430
Department funds needed**	\$ 6,013,650	\$ 6,155,572	\$ 6,300,844	\$ 6,449,544

Option 2

Gross receipts tax: phased increase in gas and electric gross receipts tax rates as shown below

Applications fee: \$150 for projects eligible to use net-metering registration and applications forms, \$7/kW for all others
\$25 fee for amendments for projects eligible to use net-metering registration and application forms, \$100 for all others

	FY20	FY21	FY22	FY23
Electric/gas gross receipts tax rate	0.00500	0.00525	0.00550	0.00575
Gross receipts tax revenues	\$ 9,009,342	\$ 9,261,325	\$ 9,583,181	\$ 9,932,875
Application fees	\$ 843,389	\$ 843,389	\$ 843,389	\$ 843,389
Total Revenues	\$ 9,852,731	\$ 10,104,714	\$ 10,426,570	\$ 10,776,264
Department allocation - 60%	\$ 5,911,639	\$ 6,062,828	\$ 6,255,942	\$ 6,465,758
Commission allocation - 40%	\$ 3,941,092	\$ 4,041,886	\$ 4,170,628	\$ 4,310,506
Commission funds needed*	\$ 3,962,221	\$ 4,002,802	\$ 4,162,914	\$ 4,329,430
Department funds needed**	\$ 6,013,650	\$ 6,155,572	\$ 6,300,844	\$ 6,449,544

Option 3

Gross receipts tax: phased increase in gas and electric gross receipts tax rates as shown below

Applications fee: \$300 for projects eligible to use net-metering registration and applications forms, \$10/kW for all others
\$25 fee for amendments for projects eligible to use net-metering registration and application forms, \$100 for all others

	FY20	FY21	FY22	FY23
Electric/gas gross receipts tax rate	0.00500	0.00500	0.00525	0.00550
Gross receipts tax revenues	\$ 9,009,342	\$ 8,949,415	\$ 9,271,091	\$ 9,619,583
Application fees	\$ 1,157,895	\$ 1,157,895	\$ 1,157,895	\$ 1,157,895
Total Revenues	\$ 10,167,237	\$ 10,107,310	\$ 10,428,986	\$ 10,777,478
Department allocation - 60%	\$ 6,100,342	\$ 6,064,386	\$ 6,257,392	\$ 6,466,487
Commission allocation - 40%	\$ 4,066,895	\$ 4,042,924	\$ 4,171,594	\$ 4,310,991
Commission funds needed*	\$ 3,962,221	\$ 4,002,802	\$ 4,162,914	\$ 4,329,430
Department funds needed**	\$ 6,013,650	\$ 6,155,572	\$ 6,300,844	\$ 6,449,544

*Projections of funds needed by the Commission assume a flat 4% increase each year to cover salary and benefit increases

** Projections of funds needed by the Department assume that the Department manages costs to no more than a 2.36% increase each year;

*** Analysis above reflects the analysis of the Public Utility Commission, to which the Department has added its own estimates of funds needed over the four years at the request of members of the Committee.