

Municipal Utility Financing Amendments

Vermont Public Power Supply Authority

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VPPSA Members

Barton Village, Inc. Electric Department (1893) 2,170

Village of Enosburg Falls Water & Light Department (1896) 1,706

Town of Hardwick Electric Department (1897) 4,492

Village of Hyde Park Electric Department (1894) 1,383

Village of Jacksonville Electric Company (1904) 700

Village of Johnson Water & Light Department (1894) 944

Village of Ludlow Electric Light Department (1900) 3,758

Village of Lyndonville Electric Department (1894) 5,664

Village of Morrisville Water & Light Department (1895) 3,986

Northfield Electric Department (1894) 2,223

Village of Orleans Electric Department (1925) 669

Swanton Village, Inc. Electric Department (1894) 3,632



VPPSA Overview

- ▶ VPPSA is a Joint Action Agency created by the Vermont General Assembly on July 1, 1979 and codified as Title 30 VSA, Chapter 84.
 - ▶ VPPSA is one of about 60 Joint Action Agencies in the US.
 - ▶ VPPSA is an instrumentality of the State of Vermont.
- ▶ The VPPSA Board of Directors consists of one director appointed from each member system.
- ▶ Working together enables the municipal members to gain efficiency while maintaining local control.
- ▶ VPPSA has a staff of 13 with offices in Waterbury Center.



VPPSA Services

- ▶ Finance, Bonding, and Accounting Support
- ▶ Metering and IT Support
- ▶ Power Supply
 - ▶ Long-term and short-term energy forecasting and contracting
 - ▶ Daily interactions with the New England Market (ISO-NE)
 - ▶ Integrated Resource Planning (IRP)
 - ▶ Participation in regional ISO-NE Committees
- ▶ Ratemaking and Revenue Forecasts
- ▶ Regulatory and Legislative Support
 - ▶ Participation in relevant Public Service Board dockets and at VELCO
 - ▶ Federal legislative support, FERC representation, American Public Power Association



Municipal Financing Challenges

- ▶ Currently, municipal utilities are required to obtain Public Utility Commission approval for all borrowing under 30 V.S.A. § 108(c)(3).
- ▶ Voter approval is required after PUC approval has been granted under 24 V.S.A. § 1822.
- ▶ This process applies for any purchase by the utility where borrowing is required (e.g. bucket trucks).
- ▶ Process raises concerns around timing and added expense for ratepayers.



Municipal Financing Proposal

- ▶ Set threshold under which municipal utilities may borrow without PUC or voter approval.
 - ▶ In order to conduct routine utility business (e.g. trucks, generator repairs)
 - ▶ Allow municipal utilities to borrow up to 50% of gross assets without PUC or voter approval.
- ▶ Retain local and state oversight
 - ▶ Approval from the Local Elected Body would still be required for municipal bonding
 - ▶ PUC retains oversight under § 248, Rule 5.200, utility rate cases



VPPSA Financing Challenges

- ▶ VPPSA was created under V.S.A. Title 30 §5011 as a “public instrumentality” to support Vermont’s publicly-owned electric utilities.
 - ▶ Despite VPPSA being created to operate similarly to a bond bank for its members, it is required to receive PUC approval any time it issues debt.
- ▶ VPPSA was instrumental in its members’ participation in the McNeil plant, Highgate Converter station, and the Swanton peaking plant.
- ▶ VPPSA facilitates member purchases of VT TRANSCO equity
- ▶ Challenges exist around the timing of completing the PUC approval process.



Changes Supporting Municipalities through VPPSA

- ▶ Propose removing the requirement for VPPSA to receive PUC approval for bonding.
 - ▶ VPPSA's debt is not considered an obligation of the state or individual municipalities.
- ▶ Municipal utilities are increasingly looking to Joint Action Agencies for financing to accommodate rapid changes in the electric industry.
- ▶ In Vermont, utilities are taking the lead on meeting the State's energy goals.
- ▶ Retain PUC oversight through 30 V.S.A. §108, 30 V.S.A. §248, member rate increase reviews, and its related authorities.

