

Overview of the PSB Tariff Process



NARUC Energy Regulatory Partnership Program

*The Energy Regulatory Commission of the Republic of Macedonia
and*

The Vermont Public Service Board

by

Susan Hudson

Vermont Public Service Board

October 25, 2004



Overview

- ❖ General Law
- ❖ Filing Requirements
- ❖ Initiation of Formal Procedures
- ❖ Issues and Analysis



General Law Requirements

- ❖ Filing requirements for utilities are governed by statutes and Board's Rules of Practice
 - Tariffs are comprised of Rules, Regulations and Rate Schedules
 - Once initial tariff is approved, cannot be changed without Board approval
 - Utilities required to provide at least 45 day's advance notice to Board and Department
 - ◆ Waiver of notice requirement allowed
 - ◆ Five business days' notice required for rate decreases



General Law Requirements

- ❖ Effective date is for service rendered, not bills rendered
- ❖ No legal requirement to provide notice to ratepayers; notice as Board directs
- ❖ Board may suspend rate change (for independently-owned companies only) until final determination on request is made



General Law Requirements

- ❖ Board not allowed to suspend Cooperative or Municipal companies' rate requests
 - Board may open formal investigation, and if it does, then
 - proposed rate increase must be implemented as an identical increase to each class of ratepayer under previously approved rate design tariffs, and
 - rate increase to be implemented on ratepayers' bills as separate surcharge until final determination of investigation
 - Bd. may order refunds collected in excess of approved rates



Filing Requirements and Procedures

- ❖ Board's Rules require utilities to file an original & ten copies
- ❖ Tariff filings to include:
 - rate schedules, effective date, concise summary, and
 - complete and substantial justification for the proposed change in rates



Filing Requirements and Procedures

- ❖ Concise summary must provide narrative description of
 - nature and effect of proposed change
- ❖ If new or modified service offering, documentation must contain
 - estimates of revenues & costs attributable to such service for each of three years succeeding introduction of new or modified service



Filing Requirements and Procedures

- ❖ Board can reject filing if insufficient; but we usually give utility opportunity to cure deficiency, unless filing so inadequate that automatic rejection is warranted
- ❖ Immediately upon receipt of filing, copies are distributed to Board staff and to DPS for review and recommendation



Filing Requirements and Procedures

- ❖ DPS report due 15 days before proposed effective date
- ❖ Board action required 6 days before effective date
- ❖ All filings are recorded, or “logged,” and placed in a computerized tracking system for processing



Filing Requirements and Procedures

- ❖ Board requires utilities to provide notice to ratepayers of rate increases and rate design changes
 - our preference is individual, or “bill-stuffer” notice
 - If not possible, or practicable, then newspaper notice comments/objections to be submitted in written form or via e-mail
 - copies of comments also given to DPS and utility
 - written acknowledgment given to all who submit comments



Initiating of Formal Procedures and Reviews

- ❖ DPS required to conduct initial review into justness & reasonableness of proposed rate change
- ❖ DPS required to submit report of acceptance or opposition to Bd. within 30 days of receipt of tariff filing (or 15 days before effective date)



Initiating of Formal Procedures and Reviews

- ❖ Board may accept DPS recommendation to allow tariff change, or
 - Board may open formal investigation on its own motion, or
 - Board may order DPS to appear before it to justify its acceptance



Initiating of Formal Procedures and Reviews

- ❖ If DPS recommends investigation, then
 - Board opens docket, issues order instituting a formal investigation and suspends the rates
 - Hearing Officer, or Board itself, is assigned to hear the case, and
 - Prehearing conference is scheduled
- ❖ Notice of investigation & hearing sent to parties & interested persons and posted on the Board's website



Issue Analysis and Processing

- ❖ Public Advocate Review
- ❖ Ratepayers may seek review of tariff changes
 - Also, if affected, competitors



Issue Analysis and Processing

- ❖ Board staff evaluates reasonableness of changes
 - Consistency with prior decisions
 - Effect of tariff changes
 - Support for tariff change
 - If rates, demonstration of reasons for rate increase
 - Consistency with any price floors



Issue Analysis and Processing

- ❖ For larger companies, rate increases routinely set for hearing
- ❖ If not investigated, notification to company