



August 5th 2021

Orleans Electric Study Committee

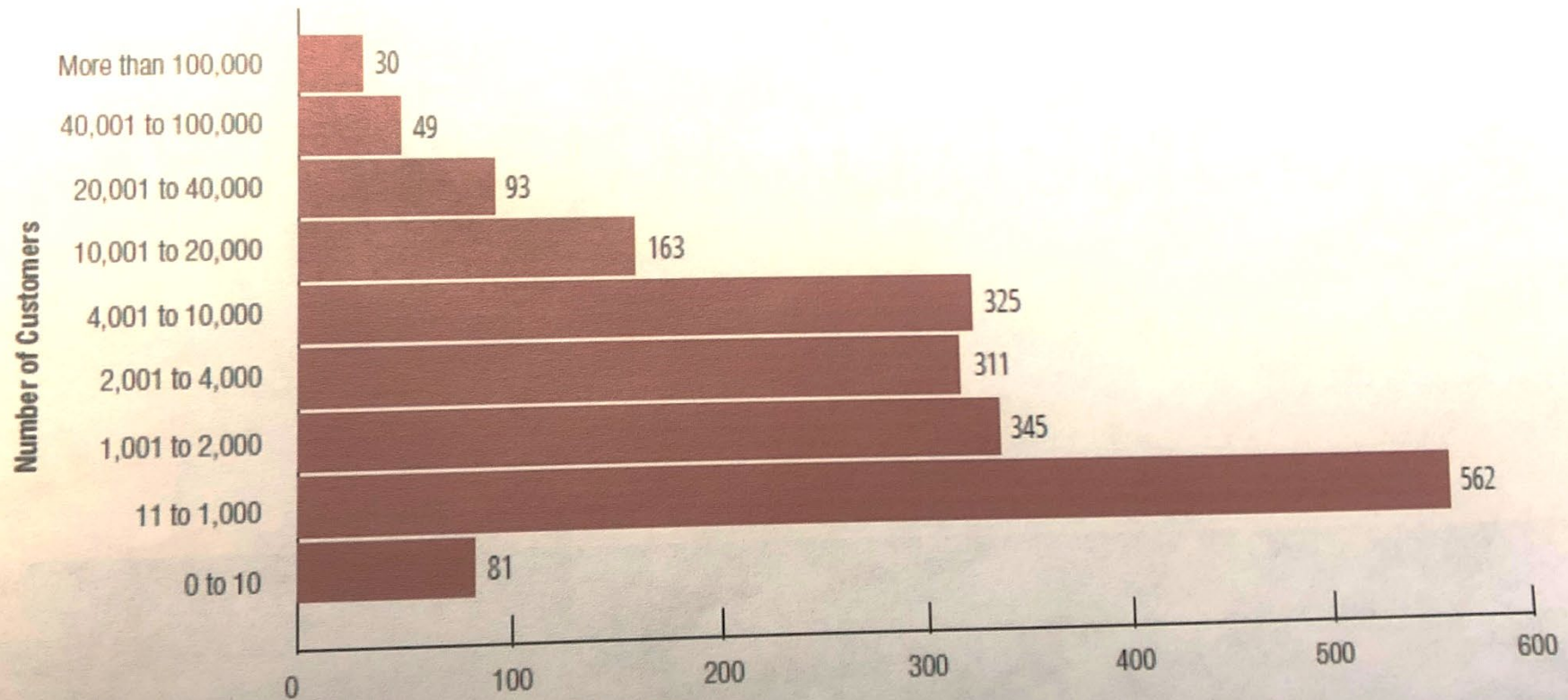
Orleans Study Committee Members Next Meeting Topics:

- 1) Process for selling a municipal electric utility and approximate timeline
- 2) Barton Electrics debt schedule and amortization schedule
- 3) Non-union electric utility employees
- 4) Number of customers each utility serves in each Town
- 5) Commercial rate differences
- 6) Talking with Select Boards about the potential acquisition of Barton electric
- 7) Number of employees Barton/Orleans
- 8) Electric rate impact for Orleans if Ethan Allen closes

Next meeting is Thursday August 5th, 2021 at the Mack Building at 5:30 pm

2021 APPA Statistical Report – Number of Customers

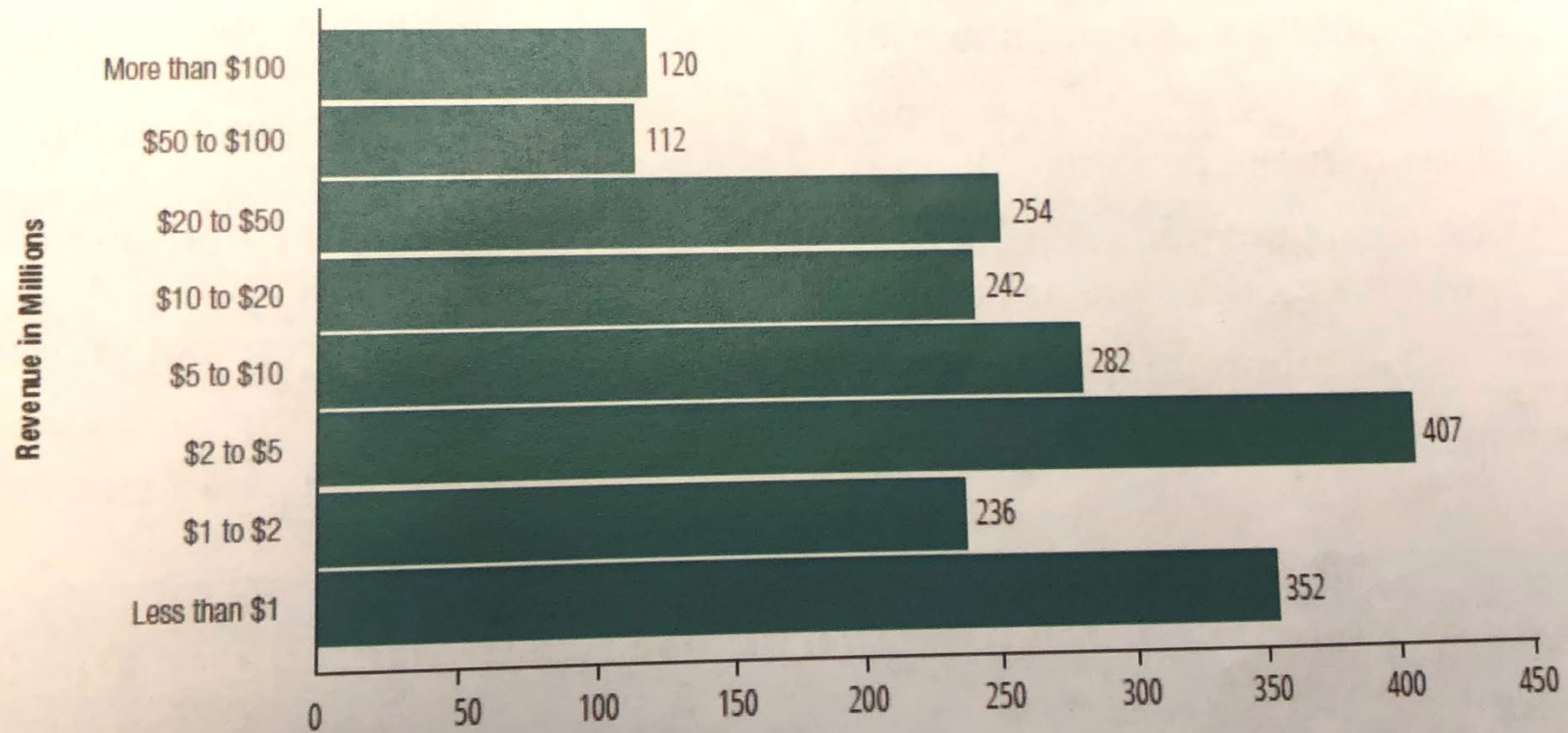
Distribution of Public Power Utilities by Customer Count



Note: Utilities with less than 10 customers include joint action agencies and other wholesale entities.

APPA 2021 Statistical Report - Revenues

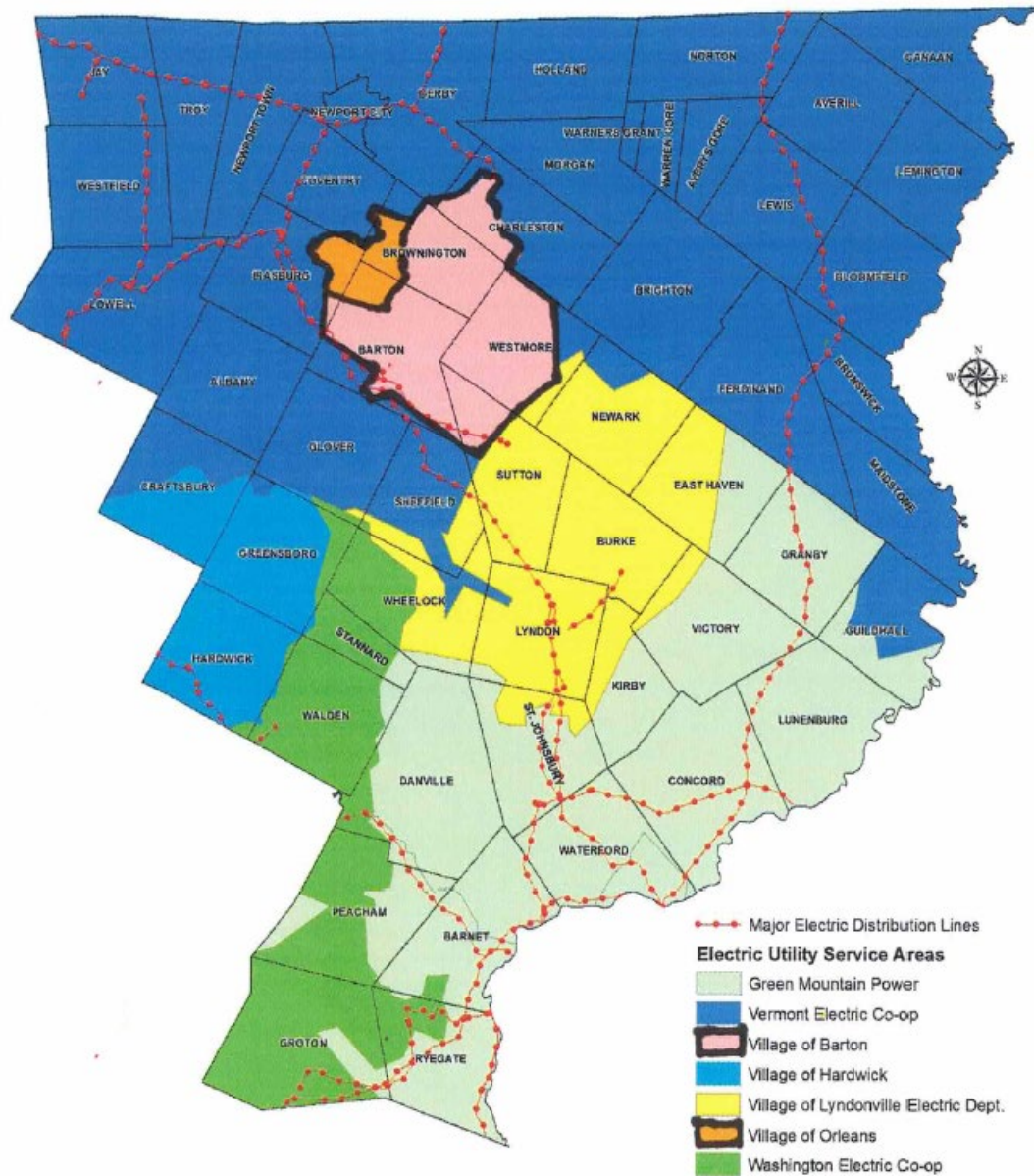
Distribution of Public Power Utilities by Revenue Class



NVDA Region: Electric Utilities

Figure 2.3

June 2017



Benefits of Ownership - Economic

- Control Commercial (Economic Development) Rates
 - Can set special rates to attract businesses
 - Can use rates to incentivize electrification
- Tailor residential rates and impacts for usage levels

(Rate comparison data for 2020)

Annual Bill Comparison	KWH Used Per Month						
	0	200	400	600	800	1,000	1,500
Utility							
Orleans	\$ 118.68	\$ 380.96	\$ 695.87	\$ 1,010.77	\$ 1,325.68	\$ 1,640.58	\$ 2,427.84
Barton	\$ 124.08	\$ 495.90	\$ 989.84	\$ 1,483.79	\$ 1,977.73	\$ 2,471.68	\$ 3,706.54
Lyndonville	\$ 111.00	\$ 430.40	\$ 817.78	\$ 1,205.17	\$ 1,592.55	\$ 1,979.93	\$ 2,948.39
Vermont Electric Cooperative	\$ 213.48	\$ 568.57	\$ 1,033.86	\$ 1,499.15	\$ 1,964.44	\$ 2,429.72	\$ 3,592.94
Orleans vs. Barton	-4.4%	-23.2%	-29.7%	-31.9%	-33.0%	-33.6%	-34.5%
Orleans vs. Lyndonville	6.9%	-11.5%	-14.9%	-16.1%	-16.8%	-17.1%	-17.7%
Orleans vs. VEC	-44.4%	-33.0%	-32.7%	-32.6%	-32.5%	-32.5%	-32.4%

Orleans Electric customers per town

Number of Orleans
Electric employees – 3.5

- **Orleans Village – 451**
- **Barton Town – 43**
- **Brownington – 117**
- **Irasburg – 62**
- **Coventry – 7**



Residential and Commercial Rates



Orleans

- **Commercial = .13117**
 - No commercial demand charge
- **Residential**
 - No residential demand charge
 - -100 kwh = .07548
 - +100 kwh = .11933

Barton

- **Large Commercial = .15001**
 - Demand Charge \$12.28
- **Small Commercial = .19284**
- **Residential Demand Service**
 - -100 kwh = .09216
 - +100 kwh = .15074
 - Demand Charge \$7.91
- **Residential**
 - -100 kwh = .09216
 - + 100 kwh = .19393

Memorandum

To: John Morley, Orleans
From: Ken Nolan, General Manager
Date: 08/02/2021
Subject: **Tailored Benefits of Small Municipal Utilities**

In response to my presentation to the Orleans Trustees in May, you requested further detail on the ability of small utilities to provide more “tailored” offerings.

This ability stems from the basic utility regulatory structure that requires utilities to offer the same rates and/or programs to all customers on a non-discriminatory basis. The downside of this requirement is that as the utility’s geographic footprint increases it becomes less and less possible to tailor service offerings to the needs of local communities.

Some examples:

- VPPSA has worked with various members to design specific economic development rates designed to retain and/or recruit specific businesses. While the parameters of the rate must be offered to all “eligible” customers in the utility service territory, small service territories are more able to design rates that apply to a limited set of desired customers.
- Similarly, VPPSA has negotiated an MOU with Efficiency Vermont (EVT) to “tailor” efficiency program offerings for its members. That MOU envisions each municipality having the ability to work with EVT to design a package of efficiency measures that meet local needs. This differs from the statewide programs EVT normally operates, or modifications that might be made to apply to the entire GMP or VEC territories.
- The same is true for Renewable Energy Standard Tier 3 programs. VPPSA operates a series of rebate offerings that are consistent across all members (but unique to VPPSA utilities), and then is able to work with each municipality to provide specific custom programs available to the utility’s own customers.

Reflecting on my former Selectboard experience for a moment, it was quite common to discuss how municipal land use, economic development, conservation, or other goals could be helped or harmed by management decisions around the water and wastewater departments. Providing municipal service to certain locations could spur development or withholding service could depress development. Certain rate designs could be used to promote municipal desires and resident behaviors. The same is true for municipal electric departments. That control gets more difficult as the service area increases in size and is lost completely if the municipality does not own the utility.

ETHAN ALLEN CLOSURE

- Average Orleans electric rate .14385
- If EA closes average Orleans electric rate .20859
- Average rate differential .065
- Percent increase in average rates 45%