

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. _____

Petition of Vermont Gas Systems, Inc. for a change in rates and for use of the System Expansion and Reliability Fund in connection therewith	
--	--

VERMONT GAS SYSTEMS, INC.
PETITION FOR TARIFF CHANGE AND FOR USE OF THE
SYSTEM EXPANSION AND RELIABILITY FUND

Now comes Vermont Gas Systems, Inc. (“VGS” or “Company”) and pursuant to 30 V.S.A. § 225, states as follows:

1. VGS is a Vermont Corporation providing natural gas service by pipeline in the state of Vermont and is subject to the regulatory and rate-setting authority of the Vermont Public Utility Commission (the “Commission”). 30 V.S.A. §§ 203, 209, 225.

2. As indicated in the attached testimony and exhibits, VGS requests approval for a change in non-gas rates of 1.95%. When combined with the current forecast of the change in gas rates of 4.1%, and the return to customers of \$4.44 million in System Expansion and Reliability Funds (“SERF”), the overall impact on rates is 2.6%.

3. This rate filing is supported by VGS’s proposed Cost of Service (“COS”), which is based on a historic test year (12-month period ending December 31, 2020) with appropriate adjustments to reflect known and measurable costs during the Rate Year (12-month period from October 2021 to September 2022).

4. This rate request is also informed by the fully litigated rate cases that have been reviewed by the Commission annually for consecutive years since Docket No. 8710 filed in 2016. It adopts methodologies that VGS and the Department of Public Service have reached

consensus about over the last several cases, as well as guidance from the Commission, which has issued a decision on the merits on several issues, including its decision in Case NO. 20-0431-TF. There are few, if any, remaining issues regarding the appropriate process to develop VGS's operating expenses for purpose of setting rates.

5. As in prior rate cases, this rate filing reflects the Company's core focus on providing safe, reliable service. This includes key investments in ongoing transmission and distribution integrity management programs, VGS's cross-bore program, ongoing leak surveys, mainline replacement work, and other important operational safety initiatives.

6. This case also represents the Company's commitment to supporting its Climate Action Plan, which involves three key strategies: (1) increasing energy efficiency savings; (2) expanding Renewable Natural Gas within the Company's base supply for all customers; and (3) strengthening partnerships and innovations to help deliver pro-climate initiatives in the community.

7. Notably, this case is also the proposed launching point for a three-year rate path proposed in VGS's Alternative Regulation Plan ("ARP"), which is pending review in Case No. 19-3529-PET. This rate filing would establish rates for the first year of the ARP. The terms of the ARP would then govern additional rate changes in years two and three based on forecasted operating costs and capital investments.

8. Finally, this rate filing features a Return on Equity ("ROE") that is based on the same indexing methodology applied by the Commission in last year's rate case, Case No. 20-0431-TF. In that case, VGS's ROE of 9.2% was reduced to 8.65% based on an indexing method that adjusted the ROE by one-half the change in the composite 10-Year Treasury Note Rate in the three months prior to filing the rate case. This is also the same method under which VGS's

ROE would be adjusted pursuant to the terms of VGS's proposed ARP, which sets the ROE annually based on one-half the change in the composite 10-Year Treasury Note Rate between June 1 and September 1. Relying on this methodology here, the proposed ROE in this case changes from 8.65% to 8.8%.

9. For the foregoing reasons, and as set forth in more detail in the prefiled testimony of VGS witnesses, in accordance with 30 V.S.A. § 218(a), the rates contained in the enclosed tariffs are just and reasonable, and VGS's proposed COS, including the requested use of SERF, promotes the public good.

10. Consistent with 30 V.S.A. § 225(a), the proposed tariffs incorporate an effective date 45 days from this Petition, April 2, 2021. VGS moves the Commission to suspend the effectiveness of the proposed tariffs pursuant to Section 226(a), and implement these rates for bills rendered November 1, 2021, following the Section 227(a) seven-month review period. Revised tariffs will be filed following Commission review with an effective date of bills rendered November 1, 2021.

11. In accordance with Commission Rule 2.402(A), VGS includes the following documents:

- a. Official and marked versions of the proposed tariffs;
- b. Prefiled Testimony and Exhibits of Andrea McNeil, Matthew Mitchell, John St. Hilaire, and Todd Lawliss; and
- c. proposed customer notices.

Wherefore, VGS requests that the Commission:

1. Suspend the effectiveness of the enclosed tariffs pending an investigation pursuant to 30 V.S.A § 227(a);
2. Provide guidance to VGS as to whether the enclosed customer notices should be revised at all before issuance to VGS customers;
3. Schedule a scheduling conference on VGS's Petition and issue an order establishing procedural requirements, including the scheduling of evidentiary hearings, as may be appropriate for the Commission's review of the rate filing;
4. Make findings of fact and conclusions of law with respect to the matters set forth in this Petition;
5. Issue an order approving the revised rates to be effective with bills rendered November 1, 2021, and approving use of the SERF in the manner requested; and
6. Take such other actions as in the Commission's judgment are necessary or advisable in connection with this Petition.

DATED at Burlington, Vermont on this 16th day of February 2021.

VERMONT GAS SYSTEMS, INC.

By: /s/ Owen J. McClain
Owen J. McClain, Esq.
SHEEHEY FURLONG & BEHM P.C.
30 Main Street
P.O. Box 66
Burlington, Vermont 05402-0066
(802) 864-9891
omclain@sheeheyvt.com