

**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	
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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 6.18%. When combined with a forecasted reduction in natural gas charges of 0.3%, and the return to customers of \$3.5 million from the System Expansion and Reliability Fund (“SERF”), the overall impact on rates is 3.7%.

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, 2021) with appropriate adjustments to reflect known and measurable costs during the Rate Year (12-month period from October 2022 through September 2023).

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 decisions in Case Nos. 20-0431-TF and 21-0898-TF.

5. As discussed in the Prefiled Testimony of Andrea McNeil and detailed in the testimony of other VGS witnesses, this rate request reflects VGS's efforts to mitigate overall rate pressure associated with increasing costs in several areas, including labor and key safety and integrity initiatives in the Rate Year, and also implements VGS's proposal to smooth rate impact over the next two years as the SERF is fully returned to customers.

6. Several key mitigation strategies implemented in this case are discussed in more detail, including the proposal to maintain an indexed return on equity ("ROE") (adjusting the current ROE of 8.8% by one-half the change in the composite 10-Year Treasury Note rate in the three months prior to filing the rate case), resulting in a 8.92% ROE in the Rate Year. The deferral of significant capital costs is also discussed, as well as VGS's adherence to commitments from prior cases that also mitigate upward rate pressure.

7. This COS continues the Company's implementation of its Climate Action Plan and is consistent with the Climate Action and Innovation Budget provisions of VGS's Alternative Regulation Plan, which was approved by the Commission on August 11, 2021, in Case No. 19-3529-PET.

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

9. Consistent with 30 V.S.A. § 225(a), the proposed tariffs incorporate an effective date 45 days from this Petition, April 1, 2022. In anticipation of a proposed investigation in this case, 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, 2022, 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, 2022.

10. 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, 2022, 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 15th day of February 2022.

VERMONT GAS SYSTEMS, INC.

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