

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6290

Investigation in the establishment of \_\_\_\_\_ )  
guidelines for distributed utility planning )  
by Vermont electric distribution utilities )

DUP Collaborative — Phase I Stipulation

1. The Department of Public Service (“Department” or “DPS”) and the utilities signing this Stipulation (collectively, “the Utilities”) agree to the initial Distributed Utility Planning (“DUP”) Guidelines contained in Attachment A to this Stipulation (the “Guidelines”) for the term described herein.
2. The Department and those distribution utilities (“DUs”) on whose behalf a signature appears below (collectively, the “Parties”) agree to ask the Public Service Board (“PSB” or the “Board”) to approve and adopt the initial Guidelines as specified in Attachment A and to issue an Order consistent with this Stipulation to that effect as soon as feasible.
3. The Parties agree that significant implementation issues regarding the initial Guidelines remain to be resolved. The Parties agree to work collaboratively in a new Phase II DUP Collaborative (“Phase II”) and to do so in accordance with the work plan contained in Attachment B to this Stipulation with such modifications as may later be agreed upon by the Parties. The Parties shall work collaboratively to develop a schedule for the fulfillment of the tasks identified in Attachment B as a first step in the Phase II Collaborative. The Parties agree to attempt to complete their Phase II Collaborative efforts no later than February 1, 2001 unless the Board orders otherwise. Each utility signing this Stipulation agrees that, while the initial Guidelines are in effect, the utility will carry out its transmission and distribution (“T&D”) planning and implementation activities as are reasonably necessary for the identification and resolution of current and reasonably foreseeable T&D supply problems under those Guidelines to the best of its ability. The Parties agree that, during Phase II:
  - a. DUP undertaken by a signatory DU shall be based on an identification of T&D supply problems that are likely to arise in any of the subsequent five (5) years.

This limitation shall not apply, however, to T&D supply problems associated with the Killington ski area, the Southern Loop, the Husky facilities in Milton, or the Tafts Corner area in Williston. The agreements in this subparagraph are a compromise to reach a settlement on how DUP shall be conducted during Phase II and shall not be considered precedential. This subparagraph does not foreclose any Party from advocating, during the Phase II collaborative, a different position concerning the planning horizon for DUP undertaken following the completion of Phase II. This provision also does not foreclose the DPS from advocating a different planning horizon for a DU which is not signatory to this Stipulation.

- b. Transmission and distribution planning activities during Phase II by a signatory DU that implement the initial Guidelines according to interpretations that are reasonable and in good faith shall not be found imprudent and such DU's investments shall not be held to be not used and useful after the fact solely on the grounds that Phase II results in a different interpretation.
4. In accordance with paragraph 30 of the approved Memorandum of Understanding in Docket 5980, the Phase II collaborative will seek to recommend to the Board:
    - a. Final Guidelines for use in DUP activities by individual DUs. The Guidelines appended to this Stipulation shall serve as the starting point for these efforts.
    - b. Procedures for revising Integrated Resource Plan ("IRP") filings by DUs to reflect the principles, and assist in the practice of, DUP, and to recognize the potential role of the EEU in assisting with implementation of DUP demand-side management ("DSM").
    - c. Externalities and risk adjustments (including methodologies) to be used in DUP.
    - d. A streamlined procedure to recognize T&D projects related to emergency or routine repairs, maintenance, or replacement in the ordinary course of business that may not require detailed DUP analysis.
    - e. DUP implementation procedures and tools to be used in studies called for under the Guidelines.
    - f. The date by which each signatory DU will file its next Integrated Resource Plan.

5. The Parties agree that Phase II of this proceeding will seek to address appropriate interconnection standards which fully and fairly consider issues of safety, reliability, and stability arising from the initial Guidelines.
6. The Parties agree that Phase II of this proceeding will seek to address, fully and fairly, issues concerning differences in ownership arrangements with respect to implementation options arising under the initial Guidelines. The Parties further agree to amend the initial Guidelines to reflect any agreements which may be reached concerning these issues.
7. At the end of Phase II, either the Parties will recommend an agreed upon proposal to the Board or, to the extent that they have not reached agreement, will file their own recommendations with the Board, which will resolve any disputed issues after opportunity for hearing. Unless otherwise agreed to by the Parties, the initial Guidelines shall remain in effect until such time as the Board issues revised or superseding DUP guidelines in a final order. Notwithstanding the immediately preceding sentence, any such revised or superseding DUP guidelines shall not apply to any project formulated under the initial Guidelines: (a) if a study of such project has been completed or is materially complete, and the DPS and the relevant DU agree that the application of revised or superseding DUP guidelines would not materially change the project formulated under the initial Guidelines; (b) if such project has been subject to bidding or purchasing for construction contracting or major or custom equipment, or (c) if the DPS and the relevant DU agree that significant lost opportunities would arise through application of the revised or superseding guidelines.
8. Each DU that is a party to this Stipulation, jointly with the DPS, may file with the Board a bilateral agreement that supplements this Stipulation with respect to T&D planning efforts subject to the initial Guidelines. The inclusion of this paragraph does not require the DPS to execute a particular bilateral agreement.
9. This Stipulation supplements the Memorandum of Understanding filed on April 30, 1999, and approved by the Board on September 30, 1999 (the "MOU"). This Stipulation alters the MOU only with respect to the schedule of the DUP Collaborative as set out in the second sentence of paragraph 31 of the MOU. This Stipulation acknowledges that the Guidelines specified in paragraph 31 of the MOU were used as a starting point for the DUP Collaborative and that the initial Guidelines contained in Attachment A are now agreed upon in accordance with the foregoing provisions.
10. The Parties agree that the establishment of the initial Guidelines shall be considered to resolve all claims based on actions or failures to act prior to the signing of this Stipulation by a DU that such DU failed to satisfy any DUP obligations to customers

which may arise under 30 V.S.A. §§ 218c or 248 or the Board's orders in Docket Nos. 5270 or 5330, or from any requirements contained in a prior Board order specific to a DU which signs this Stipulation. This resolution shall include any claims accruing prior to the date of the DU's signing of this Stipulation founded upon any DUP obligations, including but not limited to claims of imprudence or non-used and usefulness based upon failure to satisfy any such obligations. Except with respect to DUP obligations, this Stipulation does not resolve any claims related to compliance with requirements for least-cost T&D planning and implementation.

11. Nothing in this Stipulation shall prevent the Department from investigating or challenging, on grounds other than failure to satisfy DUP obligations, the existence or proper treatment of claimed costs or expenditures.
12. No provision of this Stipulation or any associated bilateral agreements shall be construed against a particular party based on a claim that the party drafted such provision.
13. The Parties agree to include within the scope of the Phase II collaborative an assessment of the continuing effectiveness of the initial Guidelines. Factors to be considered in such assessment shall include but not be limited to the effectiveness of chosen selection and implementation strategies at avoiding or deferring T&D upgrades, rate issues, and potential environmental costs, benefits and impacts not presently considered in the societal test.
14. A DU shall not implement or threaten to implement any policy, program, rule, charge, fee, business practice, technical requirement, or other requirement regarding the ownership, interconnection, operation, selection, application, testing, metering or other matter related to DUP resources that rationally could be expected to unreasonably and materially delay, hamper or interfere with the full and effective acquisition of cost effective DUP resources. The Parties agree that, in considering a tariff proposed by a DU, the regulatory body having authority to approve the tariff should consider whether the tariff rationally could be expected to unreasonably and materially delay, hamper or interfere with such acquisition. Nothing in this paragraph shall be interpreted to prevent a DU from adhering to the terms and conditions of its approved tariffs, from proposing appropriate tariffs consistent with this paragraph, or from taking actions necessary to satisfy the terms and conditions of any final and binding Board or Federal Energy Regulatory Commission Orders.
15. The Board shall have jurisdiction to resolve any disputes arising under this Stipulation.

16. The Parties have made specific compromises to reach this Stipulation. The Parties agree that should the Board fail to approve this Stipulation in its entirety, the Parties' agreements set forth herein shall terminate, and the Parties shall have the right to file prefiled testimony on all issues to be considered in this docket and the Parties' agreements in this Stipulation shall not be construed by any party or tribunal as having precedential impact on any testimony or positions which may be advanced in these proceedings.

Attachments:

- A. Initial Guidelines for Distributed Utility Planning
- B. Phase II Collaborative Work Plan
- C. Utility Specific Bilateral Agreements

Dated at Montpelier, Vermont this \_\_\_\_ day of September, 2000.