STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7781

Investigation into the Establishment of Standard-Offer Prices for Certain Existing Hydroelectric Plants under the Sustainably Priced Energy Enterprise Development ("SPEED") Program	))))	Hearing at Montpelier, Vermont February 10, 2012

Order entered: 3/9/2012

PRESENT: George Young, Esq., Hearing Officer
Mary Jo Krolewski, Hearing Officer

APPEARANCES: John Beling, Esq.
for Vermont Department of Public Service

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*Filed notice of appearance, but did not attend technical hearing.

1. Barton Village, Inc. Electric Department; Village of Enosburg Falls Water & Light Department; Town of Hardwick Electric Department; Village of Hyde Park Electric Department; Village of Jacksonville Electric Company; Village of Johnson Water & Light Department; Village of Ludlow Electric Light Department; Village of Lyndonville Electric Department; Village of Morrisville Water & Light Department; Village of Northfield Electric Department; Village of Orleans Electric Department; Town of Readsboro Electric Light Department; and Swanton Village, Inc. Electric Department.

I. Introduction

In 2009, the Vermont General Assembly passed Act 45,[2] which mandated the establishment of a standard offer for a limited amount of qualifying Sustainably Priced Energy Enterprise Development ("SPEED") resources with a plant capacity of 2.2 MW or less.[3] In 2011, Act 47[4] mandated the establishment of a standard-offer price for certain existing hydroelectric plants by March 12, 2012. The statute sets forth the factors that are to be used by the Public Service Board ("Board") in setting a price.

With this proposal for decision, we recommend that the Board establish a levelized standard-offer price of $0.093 per kWh for existing hydroelectric facilities with a nameplate capacity of 2.2 kW or less.

II. Statutory and Procedural History

A. Background

In 2005, the Vermont General Assembly established the SPEED program to encourage the development of renewable energy resources in Vermont, as well as the purchase of renewable power by the State's electric distribution utilities.[5] In response to the legislation, the Board promulgated Board Rule 4.300 to implement the SPEED program. Board Rule 4.300 also established a SPEED Facilitator to encourage the development of resources under the program.[6]

Act 45 established a standard-offer component to the SPEED program. The Act required the Board to establish cost-based prices for renewable plants with a nameplate capacity of 2.2 MW or less and requires the SPEED Facilitator to enter into long-term contracts with such

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2. Public Act No. 45 (2009 Vt., Bien. Sess.), codified in 30 V.S.A. § 8005.

3. Sections 8001 et seq, set out the Sustainably Priced Energy Enterprise Development or "SPEED" program.

4. Public Act No. 47 (2011 Vt., Bien. Sess.), codified in 30 V.S.A. § 8005.

5. Those portions of Title 30 concerning renewable energy in general, and the SPEED program in particular, are set forth in 30 V.S.A. Chapter 89.

6. 30 V.S.A. § 8005(b)(1) requires the Board to "name one or more entities" as SPEED facilitator. When this Section was enacted in 2005, the use of a SPEED Facilitator was at the Board's discretion; the Board decided to establish the SPEED Facilitator to help promote renewable development.

plants, up to a program ceiling of 50 MW. Pursuant to Act 45, the SPEED Facilitator distributes the energy and attendant costs to the Vermont distribution utilities based on each utility's pro rata share of total Vermont retail kWh sales for the previous calendar year.[7]

In 2011, Act 47 mandated the establishment of a standard-offer price for certain existing hydroelectric plants by March 12, 2012. The statute requires the Board to make available to such projects a portion of the 50 MW capacity in the standard-offer program that is unsubscribed as of January 1, 2012, and to issue notice of the availability of the standard offer by October 1, 2011.

Pursuant to Section 8005(b)(2)(G)(i), an existing hydroelectric plant means:

> a hydroelectric plant located in the state that was in service as of January 1, 2009 and does not, as of the effective date of this subdivision (2)(G), have an agreement with the board's purchasing agent for the purchase of its power pursuant to subdivision 209(a)(8) of this title and board rules adopted under that subdivision. The term includes hydroelectric plants that have never had such an agreement and hydroelectric plants for which such an agreement expired prior to May 25, 2011.

Section 8005(b)(2)(B)(ii) sets out the criteria for setting prices for existing hydroelectric plants:

> The provisions of subdivisions (2)(B)(i)(I)-(III) of this subsection (standard offer pricing criteria) shall apply, except that:
>
>> (I) The term "generic cost," when applied by the board to determine the price of a standard offer for an existing hydroelectric plant, shall mean the cost to own, reliably operate, and maintain such a plant for the duration of the standard offer contract. In determining this cost, the board shall consider including a generic assumption with respect to rehabilitation costs based on relevant factors such as the age of the potentially eligible plants; recently constructed or currently proposed rehabilitations to such plants; the investment that a reasonably prudent person would have made in such a plant to date under the circumstances of the plant, including the price received for power; and the availability for such a plant of improved technology.

7. The standard-offer program creates an exemption for any Vermont utility "that establishes that it receives at least 25 percent of its energy from qualifying SPEED resources that were in operation on or before September 30, 2009 . . . ." Section 8005(b)(7). To date, only Washington Electric Cooperative, Inc. has been exempted from the standard-offer program.

> (II) The incentive described under subdivision (2)(B)(i)(III) of this subsection shall be an incentive for continued safe, efficient, and reliable operation of existing hydroelectric plants.

B. Procedural History

On September 13, 2011, the Board issued an Order Opening Investigation and Notice of Prehearing Conference. The Board subsequently executed a contract with Power Advisory, LLC ("the Board's Independent Witness") to assist in the determination of standard-offer prices as in the same manner as in Dockets 7533 and 7780.

On September 30, 2011, the Board issued the notice of the availability of the standard offer for existing hydroelectric facilities for a portion of the 50 MW capacity in the standard-offer program that is unsubscribed as of January 1, 2012. Two hydroelectric facilities responded: Brockway Mills LLC ("Brockway Mills"), and Factory Falls LLC ("Factory Falls"). Factory Falls stated its interest in receiving a standard offer; Brockway Mills indicated its interest in receiving information concerning a possible standard offer.

On December 9, 2011, the Hearing Officers held a prehearing conference in this Docket.

On December 16, 2011, the Department of Public Service ("Department") submitted a brief stating its position that because it appeared that there would be no unallocated capacity in the queue as of December 31, 2011, one interpretation of the statute is that there is no reason to set prices. The Department suggested in the alternative that the Board suspend this docket unless one or more of the parties who responded to the notification expressed an interest in going forward.[8] The Department also asserted that the Board had no obligation to reserve capacity in the standard-offer program for the two hydroelectric facilities.

On January 2, 2012, the Board determined that capacity existed in the standard-offer program, so that the two hydroelectric facilities should be offered standard-offer contracts.

On February 10, 2012, the Hearing Officers held a technical hearing.

On February 16, 2012, briefs were filed by the Department, Brockway Mills, and Factory Falls.

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8. As the parties have now expressed such willingness, the Department believes that the Board should set the prices.

Pursuant to 30 V.S.A. § 8, and based on the record and evidence before us, we present the following findings of fact and conclusions of law to the Board.

III. Price Determination For Existing Hydroelectric Plants

Findings

1. Two existing hydroelectric facilities stated their interest in receiving a standard-offer contract: Brockway Mills and Factory Falls. Dalton pf. at 5.

2. Brockway Mills is a 490 kW hydroelectric project on the Williams River in Rockingham, Vermont. The project has a contract with Green Mountain Power Corporation that provides an electricity price based on the relevant locational marginal price in the ISO New England Inc. ("ISO-NE") real-time market. Brockway Mills was purchased by its current owner, Brockway Mills LLC, in 1999. The price for this project averaged about $43 per MWh over the last three years. Dalton pf. at 5-6.

3. Factory Falls is a 150 kW hydroelectric project on the Black River in Springfield, Vermont. The project has a contract with Central Vermont Public Service Corporation that provides the project with an electricity price based on 95% of the relevant locational marginal price in the ISO-NE real time market. The price for this project averaged about $41 per MWh over the last three years. Dalton pf. at 5-6.

4. The capital and operating costs for small hydroelectric projects are very site, technology and vintage (age of equipment) specific. Modern hydroelectric projects reduce staffing requirements through automation, e.g., automatic trash rakes, automatic monitoring, shutdowns and operator notification. As with most electricity generation technologies, there are economies of scale associated with hydroelectric project construction and operation, which typically cause the costs of small hydroelectric projects, particularly operating costs, to be higher than for larger projects. Dalton pf. at 8.

5. The Board's Independent Witness used a financial model to develop proposed standard-offer prices for the hydroelectric projects in this proceeding. The financial model projects the after-tax cash flows that would be available to the project developer. The basic structure of the model is to determine a revenue stream over a given contract period (typically 20 years) that

allows the developer to recover the costs of developing, building and operating a renewable energy generation project and earn the target return on equity. The model calculates the price in dollars per megawatt hour that will yield the annual after-tax cash flow necessary to achieve the target return on equity. Dalton pf. at 6.

6. To compute the net annual after-tax cash flow in the model, annual cash expenditures based on technology-specific cost and performance assumptions are subtracted from the cash inflows. These annual cash expenditures include insurance, operations and maintenance expenses, interest and principal payments, and income and property taxes. Cash inflows are limited to revenues from the sale of electricity under the standard-offer contract. Dalton pf. at 7.

7. Cash flow models provide a reasonable basis for assessing the price that is required to provide lenders with sufficient debt coverage ratios and investors with the after-tax cash flows they require to earn their target return. Dalton pf. at 8.

8. The operating expenses incurred by Brockway Mills over a year include: (1) $2,400 for VEPP Inc. fee; (2) $5,500 for insurance; (3) $6,500 for property tax; (4) $6,800 for utilities; (5) $500 for office expense; (6) $4,200 for vehicle expense; (7) $2,000 for repairs and maintenance; (8) $7,500 for supplies and materials; and (9) $35,400 for non-labor operating expenses. The estimated labor hours are 2,847 per year at an expense of $42,705. The total operating expenses are $78,105 per year or $159 per kW. Dalton pf. at 11.[9]

9. The operating expenses incurred by Factory Falls over a year include: (1) $500 for maintenance; (2) $2,156 for property taxes; (3) $286 for annual report and taxes; (4) $590 for accounting fees; (5) $4,725 for mileage; (6) $1,157 for electric meter; (7) $998 for phone; (8) $6,875 for insurance; (9) $623 for office; and (10) $17,911 for non-labor operating expenses. The total labor expense is $80,240 per year with estimated labor hours by the owner of 2,184 per year or $76,440, and other labor expenses of $3,800 per year. The total operating expenses are $98,151 per year or $654 per kW. Dalton pf. at 12.

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9. At the technical hearing, Mr. Kruger of Brockway Mills also testified to an additional amount of insurance and an additional $5000 in repairs. Tr. 2/10/12 at 38 (Kruger). It does not appear that these expenses have any material affect on the recommendations made by Mr. Dalton and Mr. Foley as to pricing.

10. Brockway Mills and Factory Falls are owned and operated by individuals who purchased existing hydroelectric sites and refurbished the projects. The refurbishments were financed solely with equity. With relatively limited available capital, the owners sought to minimize their cash outlays and made decisions to substitute labor for capital and avoid the capital outlays that would be required to automate these plants. The staffing requirements for these projects are much higher than would be expected for new, more modern projects. These projects are not as efficient as they otherwise might be, as suggested by their current costs. Dalton pf. at 8-9.

11. Labor costs account for 62 percent of operating expenses for the two hydroelectric projects. The vast majority of the labor provided to each of the two projects is by the project owner. It is appropriate that a labor cost be considered since the owner's time devoted to operating, maintaining and administering the project should be valued. Factory Falls assumed a labor rate of $35 per hour and Brockway Mills a labor rate of $15 per hour. Dalton pf. at 10-12.

12. The total operating expenses for Brockway Mills are $159 per kW-year compared to $654 per kW-year for Factory Falls. If a $15 per hour labor rate is used for the Factory Falls project, its total annual operating expenses would be $54,471 or $363 per kW-year. Dalton pf. at 11.

13. The Brockway Mills total annual operating expense in terms of dollars per kW-year is consistent with the operating expense used in the standard-offer price determination for new hydroelectric plants in Docket 7533. Dalton pf. at 11.

14. The Brockway Mills project is a larger and more cost-effective project in comparison to the Factory Falls project. Tr. 2/10/12 at 11 (Dalton).

15. The Brockway Mills site is on a river that responds quickly to rainfall which brings a lot of debris downstream anytime water levels are high or rising. During winter, icing conditions result along the river path. To maintain the plant's potential, debris and ice must be removed on a regular basis from the plant's input. Labor is also required for preventive maintenance, landscaping, scenic overlook maintenance, bookkeeping, snow removal, crane maintenance and repairs, fish passage adjustments, flashboard and dam management for production, and Agency of Natural Resources requirements. Dalton pf. at 13.

16. Brockway Mills indicated an existing book value for the project of $750,000 and an additional investment of $150,000 to refurbish the project after the flooding from a recent hurricane. From 2003 through 2010, accounting for periods when the project was not operating, the Board's Independent Witness estimated the project's annual average electrical output at 1,900 MWh. Dalton pf. at 13; exh. JCD-1.

17. The two hydroelectric projects as currently configured, with labor substituted for capital, do not appear to represent efficient projects. A cost-based price for Brockway Mills based on the cost information provided, the project's current capital structure and a 9.75% return on equity would produce a standard-offer price that was higher than that established for hydroelectric projects in Docket 7533. Dalton pf. at 8-9, and 14; tr. 2/10/12 at 14-15 (Dalton).

18. One way to determine the total costs of an efficiently operated hydroelectric project would be to substitute capital for labor, reducing Brockway Mills' labor budget by 50 percent and assuming that the project was recapitalized, i.e., that an additional loan was taken out to reduce the project's overall cost of capital. The recapitalization includes the existing $100,000 loan secured from the Vermont Economic Development Authority to cover the costs of refurbishing the project after recent flooding and assumes that the project obtains a fifteen-year loan at an interest rate of 5.5%. The interest rate on this loan is consistent with what is available in the home mortgage market. Using the financial model and assuming 30 percent of the price escalates with inflation to achieve a 9.75% return on equity, the first year annual standard-offer price is $0.089 per kWh and over a 20-year period the levelized price is $0.093 per kWh. Dalton pf. at 14; exh. JCD-3.

19. Another way to determine the total costs of an efficiently operated project would be to substitute capital for labor, reducing Brockway Mills' labor budget by 50 percent and assuming the labor reductions result from an additional $200,000 of investment to further automate the project. Using the financial model, the first year annual standard-offer price is $0.102 per kWh and over a 20-year period the levelized price is $0.106 per kWh. Dalton pf. at 14; exh. JCD-4.

Discussion

Pursuant to 30 V.S.A. § 8005(b)(2)(G)(ii), in determining a standard-offer price for existing hydroelectric plants, the Board must consider the cost to own, reliably operate, and maintain such plants for the duration of the standard offer contract. In addition, the Board is required to consider generic assumptions with respect to rehabilitation costs based on relevant factors such as the age of the potentially eligible plants, recently constructed or currently proposed rehabilitations to such plant, the investment that a reasonably prudent person would have made in such a plant to date under the circumstances of the plant, including the price received for power, and the availability for such a plant of improved technology. Section 8005(b)(2)(G)(ii) further provides that the pricing established "shall be an incentive for continued safe, efficient, and reliable operation of existing hydroelectric plants."

The Board's Independent Witness gathered the operating costs from Brockway Mills and Factory Falls, the two existing hydroelectric facilities that stated their interest in receiving a standard-offer contract. Brockway Mills and Factory Falls are owned and operated by individuals who purchased existing hydroelectric sites and refurbished the projects. However, the current operating costs suggest that these projects as currently configured do not represent efficiently operated projects. For example, both plants have a relatively high portion of their operating costs associated with labor. A more efficient plant would substitute capital for the labor, automating many functions. The plants are also relatively small and may not reflect the economies of scale appropriate to developing a generic cost.

The Board's Independent Witness presented two cost estimates based on a more efficient operation of these hydroelectric projects. The first estimate assumed that an efficient project would substitute capital for labor by reducing Brockway Mills' labor budget by 50 percent and assuming that the project was recapitalized. Using these assumptions in the financial model,[10] the levelized standard-offer price over a 20-year period is $0.093 per kWh. The second estimate assumed that an efficient project would substitute capital for labor by reducing Brockway Mills'

10. The Board's Independent Witness assisted in the development of a financial model that was used to calculate the standard-offer price determinations in Dockets 7780 and 7533. No parties raised concerns with the use of this financial model in this proceeding. The model, along with the input assumptions, are posted on the Board's web site.

labor budget by 50 percent by using an additional $200,000 of investment to further automate the project. Using these assumptions in the financial model, the levelized standard-offer price over a 20-year period is $0.102 per kWh.

The Department agrees with the assumptions and methodologies that supported a levelized standard-offer price of $0.093 per kWh. The Department contends that, given the statutory mandate to consider both pricing and efficiency, the standard-offer price of $0.093 per kWh calculated by the Board's Independent Witness would meet these considerations.[11]

Both Factory Falls and Brockway Mills contended that the Board's Independent Witness under-estimated labor expenses required to maintain their hydroelectric plants. However, neither party provided additional information. Factory Falls indicated support for a standard-offer price between $0.090 and $0.100 per kWh. Brockway Mills indicated that due to recent hurricane damage, its project should receive a standard-offer price equivalent to that of new standard-offer hydroelectric projects.[12]

As in Dockets 7533 and 7780, the standard-offer prices established by the Board should be based on representative costs of a well-designed system that is installed in a location with supportive resource availability, including transmission. The Board's Independent Witness has presented cost estimates based on the efficient and reasonable operation of a hydroelectric project. The total annual operating expense is consistent with the operating expense used in the standard-offer price determination for new hydroelectric plants in Docket 7533.

We are persuaded that the standard-offer price of $0.093 per kWh determined from these cost estimates and financial assumptions is consistent with the requirement that the Board consider "a generic assumption with respect to rehabilitation costs," and "the investment that a reasonably prudent person would have made in such a plant." This standard-offer price provides an incentive for "continued safe, efficient, and reliable operation," and is balanced against the impact to ratepayers. This price is also more than double the price that the plant owners are receiving under their existing contracts.

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11. Department Brief at 13; tr. 2/10/12 at 28 (Foley).

12. Factory Falls Brief at 1-2; Brockway Mills Brief at 1.

Using the operating costs and financing assumptions identified above, the financial model calculates the first year annual standard-offer price of $0.089 per kWh and over a 20-year period a levelized standard-offer price of $0.093 per kWh. We recommend that the Board establish a levelized standard-offer price for existing hydroelectric plants of $0.093 per kWh.

A summary of the recommended standard-offer prices for existing hydroelectric plants over the 20 year period, assuming that 30 percent of the price escalates with inflation, is listed below.

Price Schedule for Standard Offer Contracts for Existing Hydroelectric Plants
$/kWh

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
0.089	0.090	0.090	0.090	0.091	0.091	0.092	0.092	0.093	0.093
Year 11	**Year 12**	**Year 13**	**Year 14**	**Year 15**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**
0.094	0.094	0.095	0.095	0.096	0.096	0.097	0.097	0.098	0.099
Levelized: 0.093									

IV. CONCLUSION

With this proposal for decision, we recommend that the Board establish a levelized standard-offer price of $0.093 per kWh for existing hydroelectric facilities with a nameplate capacity of 2.2 kW or less.

This Proposal for Decision has been served on all parties to this proceeding in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 7th day of March, 2012.

s/George E. Young
George E. Young, Esq.
Hearing Officer

s/Mary Jo Krolewski
Mary Jo Krolewski
Hearing Officer

V. Board Discussion

After reviewing the comments on the Proposal for Decision ("PFD"), we adopt the Hearing Officers' PFD, for the reasons set forth below.

Summary of PFD Comments

The Board received comments on the PFD from Brockway Mills and Factory Falls.

Brockway Mills and Factory Falls contend that a standard-offer contract with a levelized price of $0.093 per kWh over a 20-year period was unacceptable and that a contract over a 5-year period at the levelized price of $0.093 per kWh may be acceptable. Factory Falls contends that the existing price the plant receives ($0.041 per kWh) has not provided payment for owner-supplied labor or a return on his initial investment into the plant. Factory Falls asserts that the levelized price of $0.093 per kWh would not provide enough capital to repair or replace existing equipment or hire an individual to run the hydroelectric plant. In addition, Factory Falls contends the schedule in the proceeding did not allow for enough time to provide sufficient information on its plant operations to the Board's Independent Witness. Factory Falls also claims that the Hearing Officers did not acknowledge Factory Falls brief in reaching their conclusions.

Discussion

Section 8005(b)(2) sets out the criteria for the issuance of a standard-offer, including the requirement that the term of a standard offer "shall be 10 to 20 years, except that the term of a standard offer for a plant using solar power shall be 10 to 25 years." As in Dockets 7533 and 7780, the term of a standard-offer contract is based on the term used to calculate the standard-offer price, and that term is based on assumed life of the project capped by the statutory requirement of 20 years.[13]

The Hearing Officers have accepted the recommendation of the Board's Independent Witness of a plant life of 20 years for an existing hydroelectric project. A plant life of 20 years

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13. The Board did set a term of 15 years for standard offers for landfill gas projects; however, this assumption was based on the fact that the fuel source for landfill gas will decline over time. Docket 7533, Order of 1/15/10 at 65.

assumes the efficient and reasonable operation of an existing hydroelectric project, and is consistent with the Board's determination, in Dockets 7533 and 7780, that standard-offer prices be established based on representative costs of a well-designed system that is installed in a location with supportive resource availability. The Hearing Officers' recommended generic standard-offer price over a 20-year period is consistent with the Section 8005(b)(2)(G)(ii) requirement, that the Board consider "a generic assumption with respect to rehabilitation costs" and provide an incentive for "continued safe, efficient, and reliable operation" of a hydroelectric plant. In addition, the recommended price is compatible with the renewable energy goals set for the state under Section 8001(a), including providing "an incentive for the state's retail electricity providers to enter into affordable, long-term, stably priced renewable energy contracts that mitigate market price fluctuations for Vermonters."

Factory Falls and Brockway Mills indicate their preference for a 5-year contract, but do not claim that their plants have only a 5-year life or explain how a 5-year contract meets the Section 8005(b)(2) requirement that the term of a standard offer shall be 10 to 20 years. A standard-offer contract does not require a plant to operate for 20 years, rather it requires the project be bound by the standard-offer price over the 20-year term. The intent of this provision is to prevent developers from withdrawing from the standard-offer program and pursuing more lucrative price terms that might develop over the term of the contract. Ratepayers are paying a significant premium to the renewable generators that take advantage of the standard offer. If more lucrative opportunities arise, it would be unfair to allow such a project owner to walk away from the contract after receiving substantial subsidies from ratepayers.[14] Additionally, there are a significant number of developers that have accepted standard-offer contracts, with terms of 20 and 25 years, for the development of new plants.

Factory Falls and Brockway Mills state that the market price they have received for the power produced by their plants has not been sufficient. The purpose of this standard-offer program is not to make developers whole for past business decisions or ensure that specific

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14. If a developer wants the benefits of the standard-offer price, they must commit to the associated long-term contracts; if developers want flexibility in price or contract terms, they may choose to not apply for the standard offer.

plants will continue to operate. Pursuant to Vermont law, the Board must develop a generic price to enable the safe, efficient, an reliable operation of existing hydroelectric plants.[15] Based on the information supplied, and assumptions made by an independent, expert consultant, the price recommended by the Hearing Officers, which is more than double the market-based price the plant owners have been receiving, achieves this goal.

In its comments on the PFD, Factory Falls contends it was not provided enough time to provide sufficient information on its plant operations. The schedule for the proceeding was constrained by the Act 47 mandate requiring the establishment of a standard-offer price for certain existing hydroelectric plants by March 12, 2012. Additionally, it is clear that Factory Falls' costs for its plant operations were considered during the proceeding.

In its comments on the PFD, Factory Falls incorrectly claims that the Hearing Officers did not acknowledge its brief in reaching their conclusions. It is clear that the Hearing Officers properly considered the arguments filed by Factory Falls and Brockway Mills,[16] even though neither sought to intervene as formal parties in the proceeding. Although the Hearing Officers refer to Brockway Mills' and Factory Falls' filings as briefs, we are treating them as comments given that neither entity became a formal party in the proceeding.

Conclusion

In conclusion, we adopt the Hearing Officers' PFD, and establish a levelized standard-offer price of $0.093 per kWh for the existing hydroelectric facilities of Brockway Mills and Factory Falls. Pursuant to Section 8005(b)(2)(G), the standard-offer price will be in effect on a prospective basis commencing on the date of today's Order.

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15. 30 V.S.A. § 8005(b)(2)(G).

16. A reference to the their filings is made in the procedural history and a summary of their arguments is found in the Hearing Officers' discussion.

VI. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings and recommendations of the Hearing Officers are adopted.
2. Effective for any standard-offer contract executed subsequent to the issuance of this Order, the standard offer for the existing hydroelectric plants of Brockway Mills LLC and Factory Falls LLC under 30 V.S.A. § 8005(b)(2)(G) shall be as specified herein.

Dated at Montpelier, Vermont, this 9th day of March, 2012.

s/James Volz	)	
	)	PUBLIC SERVICE
	)	
s/David C. Coen	)	BOARD
	)	
	)	OF VERMONT
s/John D. Burke	)	

OFFICE OF THE CLERK

FILED: March 9, 2012

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.