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**State of Vermont
Public Utility Commission**

FOR IMMEDIATE RELEASE:

**VERMONT PUBLIC UTILITY COMMISSION ISSUES ORDER PROVIDING
GUIDANCE FOR FUTURE UTILITY REGULATION PLANS**

Montpelier, VT, July 23, 2018 – Today the Vermont Public Utility Commission (“Commission”) issued an Order providing guiding principles for future electric or natural gas utility regulation plans. Under Vermont law, the Commission may approve “alternative” regulation plans in tandem with more traditional, cost-based rate requests if the Commission finds that the plans meet certain criteria.

The Commission noted that utilities in Vermont face a variety of new challenges, including flat or declining sales, the decentralization of power generation, and State enactment of ambitious policy and environmental goals. At the same time, customers and regulators continue to demand that utilities provide cost-effective, reliable service.

In the past, the Commission has approved several alternative regulation plans for Vermont’s investor-owned utilities. Those plans have ranged from comprehensive replacements of traditional regulation to more limited plans focused on changes in power and gas costs. In today’s Order, the Commission took no position on the merits of alternative regulation as compared to traditional regulation but emphasized that it can be an important tool to enable innovation and flexibility in achieving State policy goals. The Commission also observed that alternative regulation cannot be prescriptive because of the differences in the size and ownership structure of Vermont’s many utilities.

Pursuant to 30 V.S.A. Section 218d, the Commission may approve an alternative regulation plan if it finds that the proposed plan will “offer incentives for innovations and improved performance that advance State energy policy.” The Commission envisions that alternative regulation can also help break the connection between a utility’s sales and profits, which may serve as a disincentive for a utility to make decisions that would further State policy goals but decrease sales. Examples include efficiency, conservation, load management, time-of-use rate design, and the deployment of innovative, customer-based technology and energy services.

The Commission encouraged utilities to be creative in proposing future plans. “The Commission is committed to enabling Vermont’s electric and natural gas utilities to achieve their public-service obligations and State energy goals. Just as we encourage utilities to propose innovative solutions to achieve those goals, it is imperative that we, as regulators, consider these solutions with open minds,” said Commissioner Margaret Cheney.

The Commission’s Order concludes a workshop process that was requested by the Vermont Department of Public Service to review emerging trends in the utility sector and to evaluate forms of utility regulation in light of those trends. Through written filings and workshop

discussions, the Commission heard from representatives of many sectors, with comments addressing the challenges and opportunities for energy utilities as well as different forms of regulation nationwide.

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The July 20, 2018, Order can be found by searching for Case No. 17-3142-PET [in ePUC](#), the Commission's online document-management system.