



State of Vermont
Public Utility Commission

ANNUAL REPORT
2019

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INTRODUCTION

The Vermont Public Utility Commission is an independent, quasi-judicial State agency that regulates the siting of Vermont’s electric, natural gas, and wireless telecommunications infrastructure and supervises the rates, quality of service, and overall financial management of Vermont’s public utilities – electric, natural gas, energy efficiency, wireless telecommunications, water and large wastewater companies, and cable television (terms of service only, not rates). We do so in the context of numerous statutes, both State and Federal, to reach fair and independent judgments based on the facts presented to us by parties to our contested cases and on the facts and analyses presented to us by stakeholders who participate in our many workshops and investigations or communicate with us by public comment. Much of this stakeholder and public input, received outside the contested-case context, provides the information we analyze for rulemakings as we implement policy directives at the request of the Legislature, and for the numerous reports we issue on a wide range of topics.

Beyond deciding the cases before us and fulfilling our statutory responsibilities, the Commission looks for opportunities outside the contested-case process to engage in important statewide concerns such as climate change. For example, in the July 2019 report to the Legislature titled “Promoting the Ownership and Use of Electric Vehicles in the State Vermont,” the Commission engaged in a robust stakeholder process to bring participants from around Vermont and the US to analyze and describe multiple pathways to the electrification of Vermont’s transportation sector – which is responsible for almost 50% of the state’s greenhouse gas emissions. The recommendations included not just regulatory and legislative actions, but also

ways to engage the private sector, dealerships, utilities, infrastructure providers, and everyday Vermonters to move the needle in this important but largely unregulated sector of our economy.

OUR WORK

The nature of the Commission's work has changed dramatically over the past 15 years. Previously, we spent the bulk of our time on economic regulation, such as utility rate-setting. In the past 15 years, infrastructure siting cases have grown from 10% of our workload to more than 50%. Siting applications for wireless telecommunications infrastructure are now more than 110 per year. Net-metering applications have grown from only 20 in 2001 to more than 2,900 in 2019 alone. We have issued over 15,000 CPGs for net-metering in the last 20 years. In addition, 20 years ago we started regulating energy efficiency utilities, including their budgets, efficiency services, and performance goals.

There is also far more citizen participation in Commission cases today than there was 15 years ago. Then, most citizen participation came through public comments and public hearings; complaints were very rare except for consumer complaints against utilities. Today, many citizens seek to participate as parties in contested siting cases and file more complaints alleging violations of certificates of public good ("CPGs").

In 2019, more than 3,680 new cases were filed with the Commission, including, among others, utility rate cases, large siting projects, and more than 2,600 net-metering registration cases. During this same period, more than 3,475 cases were closed (completed) by the Commission (including more than 45 cases that were closed except for their compliance filing requirements). In addition, the Commission received more than 100 "advance notice" filings of proposed siting projects and more than 750 reports. During 2019 the Commission issued more than 1,700 Orders and CPGs to proposed projects.

As noted above, the Commission regulates a range of utility industries, including electric, natural gas, energy efficiency, and wireless telecommunications. However, the largest portion of our work is related to the electric industry, where fundamental changes have taken place during the past 10-15 years. During that time, our supply of electricity has moved from large, multi-megawatt baseload generators (often outside a utility’s service territory) to thousands of renewable, intermittent generators scattered all over the state on rooftops and on land. State requirements have also added a layer of complexity – in addition to delivering safe, reliable, least-cost energy, electric utilities must meet State mandates for renewability and for reductions in the amount of carbon being released by the use of conventional fossil fuels for heating, manufacturing, and transportation.

Such changes have also increased the importance and complexity of the Integrated Resource Plans that each electric utility is required to file every three years and that are subject to review by the Commission and the Department of Public Service. Now these plans must address how the utilities plan to handle the likely substantial increase in electrification – more people charging electric vehicles, more buildings with cold-climate heat pumps and air-source water heaters – and how to manage the electricity being generated by widely dispersed energy sources that provide intermittent energy output.

While we continue to review rate proposals, the Legislature’s authorization of “alternative rate regulation” has reduced both the size and frequency of traditional rate proceedings for utilities with alternative regulation plans.¹

¹ An example of alternative rate regulation is the use of power cost adjustments in which a utility may adjust rates periodically based on the actual price it has paid for the energy it delivers to its customers. These automatic rate adjustments allow a utility to pass through its actual power costs to customers without the need for a full rate case.

We also issue reports on a wide range of topics, all of which are available on our website: <https://puc.vermont.gov/>. In 2019 we issued eight detailed reports, many at the request of the Legislature and of great concern to Vermont. These reports were preceded by a series of public workshops and included voluminous written submissions from interested persons. Some of these reports, such as the two reports on electric vehicles, were circulated outside Vermont to other utility commissions to enable them to benefit from the information we collected from persons around the country.

The Commission decides most contested cases on the basis of written, sworn filings by parties. Commissioners or hearing officers also hold in-person events such as scheduling and status conferences, site visits, evidentiary and public hearings, workshops, and oral arguments. More than 100 such hearings/events were held in 2019. Transcripts of all public hearings/events are available in ePUC, the Commission's state-of-the-art online case-management system.

As part of our continuing effort to be responsive to the concerns of our stakeholders and to improve our knowledge of the impact that our work has on all Vermonters, we have been conducting "listening tours." We invite stakeholders to meet with us in a public setting and share their general thoughts and concerns (not specific cases). In 2019 we held four public meetings with representatives of different stakeholder groups. These included representatives of the City of Burlington Electric Department, the largest municipal utility; Efficiency Vermont, the largest energy efficiency utility; Vermont's small telephone companies; and State agencies that regularly appear as parties before the Commission. In 2018 we held meetings with six other stakeholder groups – representatives of municipal utilities, electric cooperatives, citizen intervenors and other citizen participants in our proceedings, developers of small renewable energy projects, regional planning commissions, and attorneys who practice before us on a

regular basis. These public conversations provided us with important insights regarding the Commission's processes. The Commission has already made changes, or is in the process of making changes, that address many of the concerns and make our processes more efficient and effective. We will hold several more such sessions in 2020 and then start the process again.

OUR FUNDING

The Commission is funded completely through a gross receipts tax paid by the major utilities that we regulate, fees paid by applicants for CPGs who are not paying a gross receipts tax, and billbacks for out-of-pocket costs, such as court reporters and outside consultants, associated with hearings conducted by the Commission. No State tax money or general funds are used. The Commission's legislatively approved budget for the current fiscal year – July 1, 2019, through June 30, 2020 – is \$3,757,000. Of that amount, over 86% represents salaries and benefits for our 23 full- and 3 part-time employees. Most of the remaining budget is spent on fixed costs for services provided by Vermont agencies, including rent and information technology services.

OUR STAFF

Although the Commission's workload has increased substantially over the last 20 years, the size of our staff has remained essentially unchanged due to the outstanding and efficient work of our staff of dedicated, highly trained professionals and the introduction of innovative systems such as ePUC. For example, although the number of siting applications we receive has increased dramatically in the past 20 years – for example, from 20 net-metering applications in 2001 to more than 2,900 in 2019 – our number of Staff has remained essentially unchanged.

During 2019 we added several new professionals to our team to replace employees who were retiring or moving away. We remain fortunate in attracting well-trained professionals to our staff. Listed below are the names of everyone who works at the Commission:

The Commission

Anthony Z. Roisman, Chair
Margaret Cheney, Commissioner
Sarah Hofmann, Commissioner

Operations

Ann Bishop, Director of Operations
Rowan Cornell-Brown, Solar Net-Metering Program Manager

Clerk's Office

Judith Whitney, Clerk of the Commission
Holly Anderson, Deputy Clerk
Pam Lenahan, Administrative Services Tech. III
Dorothy Morley, Administrative Services Tech. III
Susan Shontelle-Smith, Administrative Services Tech. III

Legal Division

Kyle Landis-Marinello, General Counsel
John Cotter, Deputy General Counsel
John Gerhard, Staff Attorney
Stephanie Hoffman, Staff Attorney
Micah Howe, Staff Attorney
Jake Marren, Staff Attorney
Elizabeth Schilling, Staff Attorney
Mike Tousley, Staff Attorney

Policy Division

Tom Knauer, Policy Director
Gregg Faber, Utilities Analyst
Andrew Flagg, Environmental Analyst
Mary Jo Krolewski, Utilities Analyst
Andrea Poppiti, Utilities Analyst
David Watts, Utilities Engineer
Joan White, Utilities Analyst

Business Office

Brenda Chamberlin, Business Manager

OUR MAJOR WORK IN 2019

Every determination we made in 2019 was of significance to the persons involved. Some were of significance to a larger audience. Listed below are some of those decisions and actions:

Siting. We addressed a number of recurring issues in siting proceedings, including:

- When two generation facilities are sufficiently related that they should be treated as one plant (e.g., Cases 17-5024-PET, 18-2272-NMP/18-2341-NMP, 18-2621-NMP, 18-2690-NMP, 18-2775-NMP, 18-3423-PET, 19-1937-NMR/19-1938-NMR/19-1939-NMR/19-1538-NMR, 19-1990-NMR /19-1991-NMR/19-1992-NMR/19-1993-NMR, 19-2120-NMP, 19-2132-NMP, 19-2182-NMP, 19-2282-NMP, 19-2484-NMP, 19-2290-NMR, 19-2512-NMR/19-2518-NMR, 19-0516-PET/19-3236-PET, 19-3031-PET);
- Whether the language of municipal and regional planning documents is sufficiently precise to be considered a clear, written community standard (e.g., Cases 17-4049-NMP, 17-5024-PET);
- The extent to which the clearing of forest land to install large solar projects raises a concern about the cumulative impact on the natural environment (e.g., Cases 18-1730-NMP, 18-2611-NMP);
- The impact of new generation in a grid-constrained area of northern Vermont. In Docket 17-1247, we determined that the addition of a 500 kW net-metering solar facility in that area of the state would have displaced existing, lower-priced renewable energy projects and was thus not in the public interest. Our decision was upheld by the Vermont Supreme Court (*In re Application of Derby GLC Solar, LLC*, 2019 VT 77).

We expect that many of these issues will continue to arise in future cases.

Compliance with CPGs. We conducted several investigations into whether a CPG holder complied with the conditions of its CPG, including:

- Two investigations into matters related to the construction of the Addison Natural Gas Pipeline. Proceedings in Cases 17-4630-INV and 17-3550-INV will continue in 2020.
- Two investigations into matters related to the construction of large solar projects. Proceedings in Cases 19-1596 and 19-3671 will continue in 2020.

Utility Rates:

- We approved, with modifications, the request by Green Mountain Power Corporation (“GMP”) for a multi-year rate plan that would eliminate the need for annual full rate proceedings, by placing a cap on major capital expenditures and building into the plan a number of provisions that provide automatic adjustments and “truing up” measures to protect the rights of ratepayers.
- We approved a 2.72% base-rate increase for GMP, effective for bills rendered on or after October 1, 2019 (Case 19-1932-TF).
- We approved an overall rate decrease of 2.7% for Vermont Gas Systems, Inc., effective for bills rendered on or after November 1, 2019. The overall decrease included a 5% increase in daily access and distribution charges, a 16.6% decrease in natural gas costs, and a \$6.4 million withdrawal from the System Expansion and Reliability Fund (Case 19-0513-TF).
- We received for evaluation a consultant’s report on the effectiveness of GMP’s program to assist low-income residential customers. Based on that report, among other considerations, we are opening a more comprehensive evaluation of the issue of low-income electric rates.

Quality of Utility Service:

- In September of 2018, the Commission opened an investigation, at the request of the Department of Public Service, into Consolidated Communications' compliance with its service quality standards. After a lengthy investigation, the Commission concluded that Consolidated had violated certain service quality metrics and imposed a penalty in the amount of \$120,000 or, in lieu of a penalty paid into the general fund, a commitment to invest \$150,000 in plant upgrades in rural areas in 2020 (Case 18-3231-PET).

Rulemaking:

- In Case 19-0252-RULE, after extensive input from stakeholders, the Commission conducted a rulemaking for collocation of telecommunications and other equipment on electric utility poles, colloquially known as “one touch, make ready” (Commission Rule 3.700). The revised rule took effect on February 1, 2020.
- In Case 19-0053-RULE, after extensive input from stakeholders, the Commission proposed changes to Rule 5.300 related to the way in which the energy efficiency charge will be calculated.
- In Case 19-2568-RULE, the Commission issued a proposed new rule, Rule 4.400, to codify processes for implementing the Renewable Energy Standard for Vermont utilities. The proposed rule was submitted to the Legislative Committee on Administrative Rules for its review in early 2020.
- In Case 19-3603-RULE, the Commission is conducting a rulemaking that would amend Commission Rule 3.706(D)(1) to establish a single, unified rate – instead

of the current two-tier rate – that must be paid by authorized entities seeking to attach equipment to a utility-owned pole. The Commission expects to submit a final amended rule to the Legislative Committee on Administrative Rules in 2020.

Reports. We are frequently required to prepare reports as a result of legislative directives. In 2019 we prepared a number of reports addressing issues of statewide concern. These reports were preceded by public workshops and included multiple rounds of written materials, all of which helped us prepare the reports. Listed below are the reports and a brief description of the topics they addressed.

- Promoting the Ownership and Use of Electric Vehicles in the State Vermont: This extensive report was based on four day-long workshops with stakeholders from around the US and hundreds of pages of information provided by those stakeholders and the general public. It provides an in-depth examination of the barriers and possible solutions to the conversion of transportation in Vermont from carbon-emitting vehicles to electric vehicles in order to help meet Vermont's greenhouse gas reduction goals.
- Supplemental Electric Vehicle Report Submitted Pursuant to Section 35 of Act 59 of the 2019-2020 Vermont Legislative Session: A report on the feasibility and desirability of various methods for collecting fees from electric vehicle owners to support highway infrastructure and to fund energy efficiency programs.
- Independent Audit of the Reported Energy and Capacity Savings and Cost-Effectiveness of Vermont Energy Efficiency Utility Programs: This report was prepared by a consultant, retained by the Commission, to evaluate the savings claimed to have been achieved by Vermont's energy efficiency utilities.

- Provider Compliance with 911 Backup-Power Obligations of 47 C.F.R. § 12.5 and Best Practices for Minimizing Disruptions to 911 Services During Power Outages: A report on the risks during electric outages to Vermonters who rely on voice-over-internet protocol (VoIP) for telephone service, which requires electric power, and measures to mitigate those risks and maintain connectivity for emergency 911 calls.
- 2017 Energy Efficiency Utility Program Revenues and Expenditures: A report on how the funds collected through the energy efficiency charge were spent during 2017.
- Self-Managed Energy Efficiency Programs Pursuant to 30 V.S.A. § 209(j)(4)(G): A report on the funds spent by the two entities, that would otherwise pay into the energy efficiency fund, to operate more efficiently and the efficiency savings they obtained.
- Report on the Sheffield-Highgate Export Interface (SHEI), pursuant to Act 139 of the 2017-2018 General Session: We issued a report that listed the status of nine proceedings in which the grid constraints were relevant, and a supplemental report that described the Commission's decision to deny a CPG for a proposed 500 kW solar system in the SHEI area that would have resulted in the displacement of existing, lower-cost renewable energy with new, higher-cost renewable energy in an area where the transmission system is already overloaded and demand for electricity is low.
- Fiscal 2018 Annual Report on Bill-Backs Authorized Under 30 V.S.A. § 21(e).

OUR MAJOR WORK FOR 2020

In 2020 we will be addressing a number of new issues as well as continuing our regular work processing thousands of applications for CPGs and regulating the rates and service of Vermont's utilities. Among the most important tasks we will undertake this year are:

- Pursuant to Act 62 of 2019, continuing a proceeding on whether and how to implement efficiency programs for all fuels, and how such programs should be funded. This investigation will involve multiple rounds of written comments and workshops including a variety of stakeholders. It will culminate in a written report to Vermont lawmakers on January 15, 2021.
- Continuing proceedings to set budgets and savings goals for Vermont's regulated energy efficiency utilities: Efficiency Vermont, Burlington Electric Department, and Vermont Gas Systems, Inc.
- Continuing proceedings to update the net-metering and interconnection rules. These will involve additional public workshops and hearings and additional comments from a broad range of stakeholders as the Commission moves into the formal rulemaking process.
- Continuing a workshop proceeding involving electric utilities and communications service providers to develop data summarizing where and when power losses occur and their impact on telecommunications equipment (Case 20-0141-INV).
- Continuing an investigation into a proposed alternative regulation plan filed by Vermont Gas Systems (Case 19-3529-PET).

- Pursuant to Vermont Statutes Annotated Chapter 30, Section 218(e), investigating the potential to establish reduced rates for low-income residential ratepayers of retail electric utilities.
- Issuing proposed amendments to our Rules of Practice (Commission Rule 2). The Commission will hold public workshops and invite broad participation from stakeholders on ways to improve our Rules of Practice to make our proceedings more effective, efficient, and accessible.
- Hosting the annual New England Conference of Public Utilities Commissioners (NECPUC) symposium, to be held May 31-June 3, 2020, at Stowe Mountain Lodge. The focus of the symposium will be how utility commissions can use their authority to address climate change and technological innovations that will help the New England states achieve their carbon-reduction goals. We are expecting more than 350 attendees, including utility commissioners and their staffs, regulated utilities and their representatives, stakeholders representing the public interest, and developers of innovative technologies designed to benefit New England consumers of electricity, gas, telecommunications services, and water.