

**STATE OF VERMONT  
PUBLIC SERVICE BOARD**

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**Investigation into the Reform of Vermont's  
Electric Power Supply**

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**Docket No. 6140**

**RESPONSE OF THE  
VERMONT ELECTRICITY CONSUMERS COALITION**

*October 5, 1998*

**INTRODUCTION**

The Vermont Electricity Consumers Coalition is a statewide organization representing businesses which provide thousands of jobs throughout the state. Our members include entrepreneurs, restaurateurs, grocers, farmers, hairdressers, bankers, accountants, ski area operators, and manufacturers. While our group includes some of the state's largest employers, we also count sole proprietors and family businesses among our members.

VECC has participated at every stage of the restructuring debate, from the early work groups through the ongoing rate cases. While our group has, at times, committed significant resources to particular dockets and proceedings, more recently we have focussed on outreach and public education. And so, with this filing, we do not profess that our technical and legal analysis will rise to the level to be expected from the participating utilities and the Department of Public Service. For our legal and technical points, we stand by our previous filings.

VECC continues to believe that comprehensive restructuring legislation is the most effective and efficient method for reforming the utility industry and providing rate relief to consumers. We have hoped Vermont's utility companies would present reform proposals that provide rate relief to consumers and allow competition and choice within a short timeframe. As consumers, VECC members are captives of the utilities, having very little influence on rates, and no options for seeking alternative providers.

So while it seems to us that the utilities, themselves, are in the best position to develop and present a negotiated settlement which satisfied the goals previously stated in many dockets and forums, we appreciate the opportunity, in this docket, to suggest options to provide rate relief outside the context of comprehensive reform.

Last week, for example, PP&L Global, Inc. announced it had purchased most of Bangor Hydro-Electric Co's electric generating assets. Lesser noticed was that the sale also included Bangor-Hydro's expansion rights for a second high-voltage transmission line from Bangor to New Brunswick, Canada; and Bangor Hydro's rights as a participant in the regional utilities' agreements with Hydro Quebec. Does this transaction offer any insight to Vermont's situation?

Opportunities are being lost every day that we do not find a productive solution to the vexing issues confronting our power industry. VECC cannot, here today, identify the optimum combination of events that might maximize the value of Vermont utilities' assets in order to provide ratepayer relief. Instead, we present a short list of opportunities we feel deserve full exploration, and commend the Board on its mission to demand a thorough and prompt rendering of the creativity of all involved parties.

## **RECOMMENDATIONS**

### **The Public Service Board should consider:**

- restricting stockholder dividends while rates remain well above the national average;
- ordering an independent investigation of the specific terms of the several above market contracts to ensure precise technical compliance with the terms of such contracts. Whenever any non-complying or unusual event is discovered, utilities should be required to exercise their maximum opportunities to modify, mitigate or nullify terms of the contract. Further, an independent review might reveal opportunities thus far overlooked;
- requiring Green Mountain Power Corporation (GMP) and Central Vermont Public Service Corporation (CVPS) to present an analysis of the savings potential of a merger of the two corporate entities;
- requiring Vermont utilities to present a comprehensive listing of their real estate holdings and other assets, including a fair market value appraisal of their value;
- requiring Vermont utilities to divest of their ownership of the Vermont Electric Power Company (VELCO);
- requiring Vermont utilities to divest of their ownership of Vermont Yankee and other nuclear generation plants;
- requiring Vermont utilities to divest of their ownership of utility-owned generation facilities;
- suspending its consideration of establishing a state "efficiency utility" and consider the matter within the context of comprehensive reform legislation;
- not allowing "securitization" unless or until full mitigation efforts have been achieved.
- ordering an independent legal analysis of the potential impacts of a bankruptcy of a Vermont utility.

## SUMMARY

We reiterate our preference for full, comprehensive restructuring legislation. At this point, however, we appreciate the Board's initiative opening this investigation docket, and look forward to responding to filings of all Vermont electric utilities, the independent power producers and interested members of the public.