



State of Vermont
Public Utility Commission

ANNUAL REPORT
2020

ISSUED: FEBRUARY 23, 2021

PREFACE

“It was the best of times; it was the worst of times”¹

The year 2020 was like no other in the history of the Vermont Public Utility Commission. The COVID-19 crisis was the worst health disaster in the United States in 100 years. And yet this crisis brought out the very best in the Commission’s staff.

Starting in late March, our offices were officially closed and almost all work was carried out remotely. Yet, thanks to the systems that were already in place – most notably ePUC, the Commission’s online case-management system – and the dedication and determination of our staff, the business of the Commission continued with virtually no interruption. Filings continued to be made with us, hearings and workshops were held, decisions were issued, reports were prepared and filed, and the public and all other stakeholders were able to participate effectively in our work. In addition to our normal work, we also addressed the problems created by COVID-19 on utility customers and other parties. We issued 15 Orders providing relief to those severely affected by the adverse economic impacts of the pandemic.

Even with the shutdown, our clerk, deputy clerk, and business manager have periodically gone to the office to conduct business that could not be accomplished remotely. The summary of activities detailed below illustrates all the achievements of our 22 dedicated employees and our three Commissioners.

We continue to operate remotely and expect to do so at least through the end of April and possibly for many months beyond that date. We have learned a great deal about how to function without in-person contact and expect that some remote processes will persist beyond the current

¹ *A Tale of Two Cities* by Charles Dickens

health crisis. However, the extent to which we continue to use remote processes to conduct our business is yet to be determined and will be influenced by a number of factors, including the preferences of our staff, the parties that appear before us, and the public; by the limitations of currently available remote platforms; and by all applicable State requirements.

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, certain water 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 Commission’s Act 62 process, the Commission engaged in a robust stakeholder process to analyze regulatory and legislative solutions to increase energy efficiency and fuel-switching options for the transportation and thermal energy sectors – the two sectors that are responsible for most greenhouse gas emissions

in the state and where Vermonters spend most of their energy budgets. The Commission recommended that the single most important step for lawmakers to take was to identify stable and substantial sources of funding to support efficiency and fuel-switching programs in those sectors. Raising funds for such statewide programs would result in cost-effective, job-creating investments in Vermont.

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 2,200 in 2020 alone. We have issued more than 17,000 certificates of public good (“CPGs”) for net-metering projects in the last 20 years. In addition, 20 years ago we started regulating energy efficiency utilities, including their budgets, efficiency services, and performance goals. Several years ago, Vermont Gas Systems joined the two electric efficiency utilities as a separate energy efficiency utility that is also subject to our regulation.

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 on broad issues such as rate cases. Complaints were very rare except for consumer complaints against utilities. Today, many citizens seek to participate as parties in contested, local siting cases and file more complaints alleging violations of CPGs.

In 2020, more than 3,000 new cases were filed with the Commission, including utility rate cases, large siting projects, and more than 2,100 net-metering registration cases. During this

same period, more than 2,975 cases were closed (completed) by the Commission (including more than 55 cases that were closed except for their compliance filing requirements). In addition, the Commission received more than 130 “advance notice” filings of proposed siting projects and more than 700 reports. During 2020 the Commission issued more than 1,530 Orders and CPGs for 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, driven by State renewable energy and carbon-reduction mandates, a significant portion of our supply of electricity has moved from large, multi-megawatt baseload generators (often outside a utility’s service territory) to thousands of distributed renewable, intermittent generators located near the end user of the electricity. In addition, during this time, State standards have included aggressive energy efficiency programs that have reduced the amount of electricity used by consumers.

These State requirements have also added a layer of complexity to utility planning efforts – 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 their electric customers’ use of conventional fossil fuels for heating, manufacturing, and transportation. Further, Vermont is part of the New England grid, which is undergoing or has undergone the same transformations toward energy efficiency, renewable and distributed generation, and electrification of the heating and transportation sectors. As buyers and sellers of electricity in the New England system, these transformations add another layer of complexity to Vermont utility planning.

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.²

We also issue reports on a wide range of topics, all of which are available on our website at: <https://puc.vermont.gov/document-category/report>. In 2020 we issued four detailed reports, many at the request of the Legislature and of great concern to Vermont. Some of these reports were preceded by a series of public workshops and included voluminous written submissions from interested persons.

The Commission decides most contested cases on the basis of written, sworn filings by parties. Commissioners or hearing officers also hold events such as scheduling and status conferences, site visits, evidentiary and public hearings, workshops, and oral arguments. Historically these events were held in person. However, since March 20, 2020, as a result of the COVID-19 pandemic, the Commission has held all such events remotely via teleconference or videoconference. More than 110 hearings or other events were held in 2020, 70 of which were

² 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.

held remotely. Transcripts of all public hearings and other events are available in ePUC, the Commission's 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 2020 we held via videoconference two public meetings with representatives of different stakeholder groups. These included representatives of Vermont's smaller municipal electric utilities and people who serve the low-income community in Vermont. In previous years we held meetings with nine other stakeholder groups – representatives of the City of Burlington Electric Department, the largest municipal utility; Efficiency Vermont, the largest energy efficiency utility; Vermont's small telephone companies; State agencies that regularly appear as parties before the Commission; 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 2021 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 general funds are used. The Commission's legislatively approved budget for the current fiscal year – July 1, 2020, through June 30, 2021 – is \$3,904,459. Of that amount, over 86% represents salaries and benefits for our 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 (1) the outstanding work of our staff of dedicated professionals, and (2) 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 2,200 in 2020 – the size of our staff has remained essentially unchanged.

Listed below are the names of everyone who works at the Commission:

The Commissioners

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

Operations

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

Clerk's Office

Holly Anderson, Clerk of the Commission
Pam Lenahan, Deputy Clerk (as of 2/28/21)
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
Steph Hoffman, Deputy General Counsel

Jake Marren, Deputy General Counsel
John Gerhard, Staff Attorney
Micah Howe, 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
Joan White, Utilities Analyst

OUR MAJOR WORK IN 2020

Every determination we made in 2020 was of significance to the persons involved. Some were of significance to a larger audience. Listed below are some of those decisions and actions:

Proceedings related to COVID-19:

- On March 18, 2020, we were one of the first states in the country to put in place a moratorium on involuntary utility disconnections for non-payment, which eventually prohibited the involuntary disconnection of electric, natural gas, landline telephone, and certain water services (Case 20-0703-PET). This moratorium was extended several times before it was lifted on October 15, 2020. The lifting of the moratorium was intended to encourage Vermont utility customers to take advantage of the Vermont COVID-19 Arrearage Assistance Program (“VCAAP”), a federally funded program that provided help to ratepayers who owed money to their utilities. On December 22, 2020 (after the VCAAP program ended), we reinstated the disconnection moratorium until March 31, 2021.

- To reduce the risk of exposure to COVID-19, we issued a number of orders and two emergency rules to modify various filing and procedural requirements and provide alternative procedures to reduce or eliminate in-person contact among members of the public and Commission staff (Case 20-0789-INV, Case 20-1094-RULE, Case 20-3128-RULE). The most recent version of Commission Emergency Rule 2.500 took effect on October 15, 2020, and will automatically expire on April 13, 2021.
- We adopted a third emergency rule to provide enhanced consumer protections to utility customers who may be experiencing financial hardship due to COVID-19 (Case 20-3113-RULE). This emergency rule also amends various procedural requirements to reduce or eliminate in-person contact between members of the public and utility staff to reduce the risk of exposure to COVID-19. Commission Emergency Rule 2.600 took effect on October 15, 2020, and will automatically expire on April 13, 2021.

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 20-3225-NMR, 20-3382-NM, 20-1712-NMR, 20-1713-NMR, 20-1650-NMP, 20-2989-NMR, 20-2379-NMR, 20-1076-NMR, 19-2792-NMP, 20-0437-NMR, 20-0733-NMR, 20-0734-NMR, 20-0351-NMR, 19-3031-PET, 19-2900-NMP, 18-2341-NMP, 18-2272-NMP, 19-2797-NMP, 19-2290-NMR, and 20-1979-NMP).
- The impact of new generation in a grid-constrained area of northern Vermont. In Case 20-3304-PET, we are investigating mechanisms to protect utility customers

from the economic harms presented by building additional generation in this region.

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. Case 17-4630-INV was resolved in 2020, while proceedings in Case 17-3550-INV will continue in 2021.
- Investigations into two large solar facilities' compliance with CPG requirements (Cases 19-3671-INV; 20-1641-INV). Proceedings in a third investigation involving two other large solar facilities (Case 19-1596-INV) will continue into 2021.
- One investigation related to construction of a telecommunications facility (Case 20-2801-INV).
- A temporary restraining order to prevent site clearing at a location for a proposed generation facility that did not have a certificate of public good (Case 20-1611-INV). Related proceedings will continue in 2021.

Compliance with Standard-Offer Contract Requirements:

- We processed several cases involving potential non-compliance with the requirements of standard-offer contracts (Cases 20-0233-PET; 20-0253-PET; 20-0266-PET; 20-0440-PET; 20-0625-PET; 20-2572-PET; and 20-3025-PET).

Utility Rates:

- We approved, with modifications, the request by Green Mountain Power Corporation (“GMP”) for a Climate Plan, which provides a framework for GMP to make capital investments to address the threats of climate change to the utility and its customers.
- We approved new tariffs for GMP to implement greater deployment of battery storage and improve access by third-party energy services to storage-related revenue streams (Cases 19-3167-TF and 19-3537-TF) and to offer reduced rates for electric vehicle charging during certain hours (Case 19-3586-TF).
- We approved an overall rate increase of 2.9% for Vermont Gas Systems, Inc. (Case 20-0431-TF).
- We set budgets and savings goals for Vermont’s regulated energy efficiency utilities: Efficiency Vermont, the City of Burlington Electric Department, and Vermont Gas Systems, Inc. (Case 19-3272-PET).

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, an investment of \$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 19-2568-RULE, the Commission adopted a new rule, Rule 4.400, to codify processes for implementing the Renewable Energy Standard for Vermont utilities. The new rule became effective April 1, 2020.
- In Case 19-3603-RULE, the Commission revised Commission Rule 3.706(D)(1) to establish a single, unified rate – instead of the previous two-tier rate – that is paid by authorized entities seeking to attach equipment to a utility-owned pole. The revised rule took effect on July 10, 2020.

Reports. We frequently issue reports in response to legislative directives. In 2020 we completed a number of reports addressing topics of statewide concern. The most significant reports were preceded by public workshops and included multiple rounds of written materials that helped inform the reports. Listed below are the reports and a brief description of the topics they addressed.

- Act 62 – Preliminary Report on All-Fuels Energy Efficiency and Act 62 – Final Report on All-Fuels Energy Efficiency: These two reports followed a robust, 18-month stakeholder process that analyzed regulatory and legislative solutions to increase energy efficiency and fuel-switching options for the transportation and thermal energy sectors – the two sectors that are responsible for the most

greenhouse gas emissions in the state and where Vermonters spend most of their energy budgets. The Commission recommended that the single most important step for lawmakers to take was to identify stable and substantial sources of funding to support efficiency and fuel-switching programs in those sectors. Raising funds for such statewide programs would result in cost-effective, job-creating investments in Vermont.

- Recommendations Regarding Revisions to 30 V.S.A. § 248a Pursuant to Act 25:
This report examined whether any changes should be made to 30 V.S.A. § 248a (which governs the siting of wireless telecommunications facilities) in light of recent developments in telecommunications technology. The Commission did not recommend any changes to § 248a at this time.
- 2018 Energy Efficiency Utility Program Revenues and Expenditures: This annual report explains how the funds collected through the energy efficiency charge were spent during 2018.
- Self-Managed Energy Efficiency Programs Pursuant to 30 V.S.A. § 209(j)(4)(G):
This annual report is an update of the funds spent and the investments made by the two commercial customers that are authorized to make their own efficiency investments in lieu of paying into the energy efficiency fund.
- Fiscal 2019 Annual Report on Bill-Backs Authorized Under 30 V.S.A. § 21(e).

OUR MAJOR WORK FOR 2021

In 2021 we will be addressing a number of new issues as well as continuing our regular work processing thousands of applications for certificates of public good and regulating the rates

and service of Vermont's utilities. Among the most important tasks we will undertake this year are:

- Continuing proceedings to set budgets and savings goals for Vermont's regulated electric energy efficiency utilities: Efficiency Vermont and the City of Burlington Electric Department (Case 19-3272-PET). The 2021 activities will focus on implementation of Act 151 – the Energy Efficiency Modernization Act.
- Continuing proceedings to update the net-metering rule (Case 19-0855-RULE) and the interconnection rule (Case 19-0856-RULE). 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 an investigation into a proposed alternative regulation plan filed by Vermont Gas Systems (Case 19-3529-PET).
- Continuing an investigation into the potential establishment of reduced rates for low-income residential customers of retail electric utilities (Case 20-0203-INV).
- Continuing proceedings to review changes to Commission Rule 2.000, which sets out the rules of practice and procedure before the Commission. Several workshops have been conducted to date with the goal of starting the formal rulemaking process in 2021.
- Continuing proceedings regarding an injunction prohibiting site clearing at the location of a proposed generation facility that did not have a certificate of public good (Case 20-1611-INV).