

Dear Chairman Bray and Senate Natural Resources and Energy Committee Members,

AARP VT supports adding Section 26 back into S.230 as part of any conference report or concurrence with amendment of the House version of S. 230. As you know, AARP has been involved in utility rate cases in Vermont for over 15 years and we have consistently expressed concerns about the alternative regulation process and the alternative regulation plans adopted by VGS and GMP. There is no greater example of what should NOT be created in an alternative regulation proceeding than VT Gas' System Expansion and Reliability Fund (SERF) that was negotiated between the utility and the Department and approved by the Public Service Board (with Comm. Burke dissenting) in 2011. The SERF has since that time sequestered approximately \$4 million dollars a year of ratepayer funds, money that VT Gas customers should have seen as a reduction in rates each year for the past 5 years, for the company to use at some later date for expanding the pipeline. There is approximately \$25 million of VT Gas customer funds currently in the SERF and in VT Gas' recent rate filing they are seeking a rate increase of almost 14% and to convert \$13 million of escrowed ratepayer funds from the SERF for the utility's own use. To date, VT Gas has spent two-thirds of the \$154 million estimated project costs, spent half their project contingency fund and has completed only 1/3 of the pipeline installation to Addison county, 11 miles of the 41 mile project.

The alternative regulation process is overly complicated, not transparent and gives very little opportunity for public involvement. Section 26 of the Senate passed version of S. 230 simply limits the authority of the Public Service Board in an alternative regulation proceeding to allow ratepayers funds to be set aside for future distribution or transmission expansion projects proposed by a regulated utility. Section 26 provides important safeguards for ratepayers going forward.

Thank you for your consideration of this important issue.

Best, Philene

Philene Taormina
Director of Advocacy
AARP Vermont
ptaormina@aarp.org
802-951-1304