

**Outline of Testimony of James Volz
Public Service Board FY 2018 Budget
February 17, 2017**

What is the Board?

The Public Service Board is an independent quasi-judicial board that regulates the siting of electric and natural gas infrastructure and supervises the rates, quality of service, and overall financial management of Vermont's public utilities: electric, gas, energy efficiency, telecommunications, cable television (terms of service only, not rates), water and large wastewater companies. The Board also reviews requests for certificates of public good, or CPGs, authorizing the construction of electric generation (including net-metered electric generation), electric transmission, and natural gas transmission facilities, and telecommunications towers.

The Board is assisted by 16 hearing officers, who hear smaller cases directly and assist the Board in larger cases, along with eight administrative staff.

Under Vermont law, the Board hears the majority of its cases under contested case, or court-like, procedures. However, in some instances, the Board also uses more informal processes, particularly when implementing policy directives from the legislature, and also adopts rules pursuant to the Administrative Procedures Act.

Overview of Major Board Activities

Policy Implementation

Since the close of the last legislative session, the Board has been engaged in a number of activities that implement policy directives from the legislature and seek to facilitate public engagement in the Board's review of cases. These include:

- **ePSB Launch.** Phase 1 of ePSB – the Board's new online document management system – “went live” on January 17 of this year. This means that most types of cases filed with the Board on or after that date will be filed electronically, rather than in paper. It also means that anyone interested in a proceeding will now have online access to the case filings, public comments, testimony, and other materials submitted to the Board. The Board is continuing to work with our contractor to deploy Phase 2 later this year. We expect this work to require substantial effort, as it has over the last year.
- **New Website.** On December 28, 2016, the Board launched a new website. Included in the new website is a brand new section dedicated to assisting members of the public who want to participate in Board proceedings or want information on a case before the Board. The new public participation section contains step-by-step guides to the processes used in common Board cases and a glossary of commonly used terms to help members of the public navigate the Board's proceedings. During 2017, the Board intends to solicit feedback on this new public participation guide and continue to make improvements to assist members of the public seeking to engage with the Board.

- **Net-Metering Rule.** The Board continues to work to implement revisions to the net-metering program due to Act 99 of 2014. The Board delivered a final proposed rule to the Legislative Committee on Administrative Rules on January 20, 2017. In addition, pursuant to Section 5(d)(5)(A) of Act 99, the Board has established a revised net-metering program by order pending adoption of the rule.
- **Rule on Sound from Wind Generation Facilities.** As required by Act 174 of 2016, the Board is conducting a rulemaking proceeding to develop standards to address sound emitted by wind generation facilities. To assist in the development of its proposed rule, the Board received two rounds of written comments and held a day and a half of workshop discussions before issuing a draft rule for stakeholder comment. The Board received comments on that draft rule on February 3. The Board expects to file a proposed rule with the Secretary of State in late winter in order to meet the statutory deadline to adopt rules by July 1, 2017.
- **Aesthetic Mitigation and Decommissioning Rules.** Pursuant to Act 174, the Board has filed proposed rules with the Secretary of State outlining standards for the installation and maintenance of aesthetic mitigation measures and decommissioning for electric generation, electric transmission, and natural gas facilities. The Board expects to receive comments from stakeholders on these rules and make further revisions to its proposed rules in time to adopt final rules by the statutory deadline of August 15, 2017.
- **Implementation of the Renewable Energy Standard.** Pursuant to Act 56 of 2015, 2017 marks the first compliance year of Vermont's new Renewable Energy Standard. During FY17, the Board will be continuing to work to ensure the successful implementation of the program, including conducting a rulemaking to codify the program by July 1, 2018, as provided for in the Act, and initiating its first compliance review.
- **Standard-Offer Pilot Program.** Pursuant to Act 174, the Board is engaged in implementing the "preferred sites" pilot program within the Standard Offer Program. The Board expects to issue orders establishing price caps and other necessary measures this spring in order to implement the pilot during 2017 as required under the Act.
- **Interconnection Rule Revisions.** The Board is also engaged in an effort to update its interconnection rule, which governs the technical requirements and procedures for facilities wishing to connect to the electrical grid.
- **Act 174 Working Group.** During the latter part of 2016, Board staff assisted the activities of the Citizen Participation in Public Service Board Proceedings Working Group, on which Board Member Cheney served. The Working Group's recommendations were delivered to the legislature on December 15, 2016.

Infrastructure Siting Activities

Cases and proceedings involving infrastructure siting continue to expand as a significant part of the Board's workload, continuing a trend over the last five years. The Board has responsibility for approving siting and construction of electric and natural gas transmission lines and generation facilities, as well as telecommunications facilities when the carriers elect to apply to the Board. In addition to the policy implementation activities described above, many of which relate to siting, the Board is engaged in the review of many individual siting cases, including:

- A proposed **20 MW wind project** in Swanton.
- A proposed **transmission line connecting Vermont and New York.**
- **4 proposed solar projects of approximately 5 MW.** (Last year the Board reviewed 6 proposed projects of this size. This represented a significant increase in the size of proposed solar projects; historically the largest solar projects seeking siting approval from the Board were 2.2 MW or less, the vast majority of which were participants in the state's Standard-Offer Program.)
- **Large numbers of net-metering projects.** In FY13 the Board processed 1,070 net metering applications. In FY14, that number grew to 1,190. In FY15 that number grew to 2,238. In FY16 that number grew to 2,468. In the first 7 months of FY17, the Board already has received 2,662 such applications.
- **Large numbers of applications for wireless telecommunications facilities such as cell towers.** In FY13, the Board processed 109 telecommunications facilities applications pursuant to 30 V.S.A. ' 248a and ' 248n. In FY14 that number grew to 138. The Board received another 138 applications in FY15. In FY16 the Board received 70 applications, and in the first seven months of FY17, the Board received 39 such applications.

The Board is also reviewing compliance aspects related to Vermont Gas Systems' expansion of its system to Middlebury.

The Board continues to receive complaints regarding infrastructure siting projects after they are built.

Traditional Economic Regulatory Activities

The Board's traditional responsibilities relate to economic regulation of utilities and other companies subject to its jurisdiction, and the Board anticipates devoting significant resources to such activities this year. Expected major cases include:

- The proposed **merger of FairPoint and Consolidated Communications Holdings.**

- The proposed **transfer of the Vermont Yankee plant** from Entergy to NorthStar Decommissioning Holdings. This case also includes issues related to the establishment of site restoration standards for the Vermont Yankee plant site.
- A request for a **new Vermont Gas alternative regulation plan** after the current proceeding examining Vermont Gas's rates is resolved.
- A **rate proceeding for Vermont Gas** that relates to the recovery of costs from the Addison Natural Gas Pipeline project.
- A review of **Green Mountain Power Corporation's cost of service**.
- A request to **revisit the alternative regulation framework for Green Mountain Power**.
- A proceeding currently underway to establish spending **budgets for the state's energy efficiency programs** over the next three years.

In addition, the Board expects to conduct other cases as part of its ongoing oversight of companies subject to Board jurisdiction. In FY14, the Board opened 207 dockets, many of which related to renewable energy and telecommunications matters. In FY15, the Board opened 229 dockets, many of which also related to renewable energy and telecommunications matters. In FY16, the Board opened 211 dockets, many of which also related to renewable energy and telecommunications matters. In the first seven months of FY17, the number of new proceedings is 119.

Performance Measures

- For new cases being processed in ePSB, we will be able to efficiently collect the data necessary to report on our preferred performance measures which are:
 - Percent of cases disposed of or otherwise resolved within established timeframes;
 - Percent of public inquiries and information requests satisfied within established timeframes; and
 - Percent of consumer complaints about utility service resolved using simplified, accessible procedures.
- For those types of cases not yet included in ePSB, we are able to collect and report on the following performance measures:
 - Number of certificates of public good issued or deemed issued (FY16 – 2,302);
 - Number of public records requests received (FY16 – 271); and
 - Percent of public records requests satisfied within established timeframes (FY16 – 95%).