

## Update on Public Utility Commission Activities

February 18, 2020

### What is the Commission?

The Public Utility Commission (“Commission” or “PUC”) is an independent, quasi-judicial agency funded by a gross receipts tax on Vermont utilities, fees paid by applicants for certificates of public good who do not pay the gross receipts tax, and “billbacks” for certain out-of-pocket costs (no general fund monies). We supervise 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 PUC also reviews requests for certificates of public good, or CPGs, authorizing the construction of electric transmission, natural gas transmission and electric generation facilities of all sizes (including net-metered electric generation facilities), and wireless telecommunications towers.

The Commission is assisted by 15 hearing officers, who hear smaller cases directly and assist the three Commissioners in larger cases, a solar net-metering program manager, and seven administrative staff.

Under Vermont law, the PUC hears most cases under “contested case,” or court-like, procedures. We also use more informal processes, particularly when implementing policy directives from the Legislature, and we adopt rules pursuant to the Administrative Procedures Act.

### FY19 Actual Spending compared to FY20 Budget and FY21 Proposed Budget

- FY19 actual spending was \$3,707,037
- FY20 budget is \$3,757,500, a 1.34% increase
  - The Commission is not affected by the FY20 budget adjustment act
- FY21 proposed budget is \$3,904,459, a 3.9% increase
  - No new initiatives are included in the FY21 proposed budget
  - FY21 proposed budget includes significant cuts in other personal services and travel as well as \$31,661 in vacancy savings

### Budget Challenges

- Upward pressures
  - Because the Commission does not receive any general funds, we must self-fund our salary and benefit increases. This is particularly significant because salaries and benefits are more than 86% of the Commission’s budget.
  - Increases in internal service costs, which are an additional 9.5% of the Commission’s budget

## Reserve

- The Commission has accumulated its reserve as a result of prudent financial management over the years and other contributing factors:
  - Mandatory salary freezes starting in 2008 and pay cuts starting in 2009
  - Mandatory position reductions in 2009
  - Federal stimulus grant (ARRA) that funded three staff for four years
- The purpose of the reserve is to enable the Commission to absorb changes in gross receipts tax collections over time and to provide funds for special one time projects, like creating ePUC and updating the hearing room to increase ease of public participation, as anticipated by Act 174 and recommended in the Act 174 Working Group on “Increasing Ease of Citizen Participation in PUC Proceedings”
- Since FY17, the Commission has used the reserve to make up funding shortfalls (approximately \$25,000 in FY17, \$100,000 in FY18; and \$3,395 in FY19)
- The Commission anticipates continuing to use its reserve to make up any funding shortfalls until gross receipts tax revenues increase as a result of, for example, strategic electrification (electric vehicles, heat pumps, etc.)
- Commission’s reserve balance as of June 30, 2019, was \$4,172,472.54 million.

## Special Fund Balance

- As of January 31, 2020, the Commission’s cash balance is \$1,901,397.79.
- As of January 31, 2020, the Commission has expended \$2,511,186.92. We have \$1,248,965.26 remaining of our approved spending authority.

## Commission’s Workload and Performance

- How much did we do in FY19?
  - More than 3,500 new cases were filed with the Commission
  - More than 13,900 filings were made in ePUC (the Commission’s online filing and case management system)
  - More than 120 hearings and workshops were held
  - More than 1,300 orders and certificates of public good were issued and more than 2,500 net-metering registration certificates of public good were issued
- How well did we do it?
  - Percent of cases disposed of or otherwise resolved within established timeframes – 94%
  - Percent of public inquiries and information requests satisfied within established timeframes – 94%
  - Percent of net-metering registration cases resolved within established timeframes – 97%

## Responses to Other Questions from the Committee

- The Commission is not proposing any new initiatives for FY21 and did not have any new initiatives last year

- The Commission submitted a budget that is within our anticipated revenues; it is not a level-funded budget
- The Commission did not have any vacancy savings in FY19. Our FY21 budget includes \$31,661 in vacancy savings
- The number of the Commission’s employees has remained essentially unchanged over the last 20 years

#### Major policy-related steps in 2019

- Continued implementation of recommendations from Act 174 Working Group on “Increasing Ease of Citizen Participation in PUC Proceedings”
  - Ongoing work with stakeholders regarding implementing a mediation pilot program
  - Continuing to work on updating our hearing room to allow live streaming of hearings
- Provided two reports to the legislature on matters related 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
- Update of Commission’s pole attachment rule to allow “one-touch make-ready”

#### Major cases in 2019

- Green Mountain Power (GMP) multi-year regulation plan case
- GMP and Vermont Gas Systems (VGS) rate cases
- Investigation into Consolidated Communications’ compliance with its service quality standards
- Several investigations into whether a certificate of public good holder complied with the conditions of its CPG
- Petition for a certificate of public good to build a new renewable generation facility in a grid-constrained area of northern Vermont

#### Ongoing and expected cases

- Investigation into whether and how to implement efficiency programs for all fuels, and how such programs should be funded as required by Act 62
- Budgets, goals, and demand resources plans for the 3 energy efficiency utilities
- Proposed alternative regulation plan for VGS
- Updates to net-metering and interconnection rules
- Ongoing implementation of the Renewable Energy Standard, including finalizing an administrative rule governing the Standard
- Reviews of alternative regulation, standard-offer program, regulation of energy efficiency utilities
- Continuous review of requests for approval of smaller electric generation facilities – e.g., more than 2,500 net-metering cases in FY19
- Continuous review of wireless telecommunications towers – 133 in FY19