



State of Vermont
Public Utility Commission

ANNUAL REPORT
2022

ISSUED: April 19, 2023

PREFACE

The following report provides an overview of the outstanding productivity of our small (24 full-time) staff, which has remained approximately the same size for more than 20 years but has seen its workload increase substantially. The most notable developments during the last year are that we have completed, or significantly advanced, our efforts to (1) update our rules, (2) explore the implications of the transformative changes that are occurring in the areas in which our regulated utilities operate, and (3) address the need to include all customers, regardless of their economic status, in the transition to a carbon-free energy future. And we did so while continuing the day-to-day work of evaluating the rates and services of our regulated utilities and processing thousands of applications for the siting of new electric generation facilities. Next year we will establish or update several important rules, such as those governing net-metering, the siting of larger electric facilities, and the regulation of energy storage facilities and operations. In addition, important energy policy investigations will continue as we evaluate (1) how our utilities are preparing for and participating in the transformation of the energy sector and (2) the impact of economic changes occurring throughout the world on the cost of energy.

We are all challenged by the impact of global climate change. The federal and state governments are providing significant resources to help Vermont achieve its ultimate climate goals by 2050 and important milestones along the way. The utilities we regulate are also making changes to address these goals. The Public Utility Commission has a major role to play in evaluating the implementation of changes and protecting the rights and resources of the customers who purchase the energy products we regulate. As this report illustrates, we are ready, willing, and able to do our part to enhance the fairness and effectiveness of new initiatives

and the continued implementation of existing initiatives to provide safe, reliable, and affordable energy to customers while achieving long-term energy goals for Vermont.

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 reports we issue on a wide range of topics.

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 130 per year. Net-metering applications have grown from only 20 in 2001 to more than 2,900 in 2022 alone. We have issued more than 23,000 certificates of public good (“CPGs”) for net-metering projects in the last 22 years. In addition, 22 years ago we started regulating energy efficiency

utilities, including their budgets, efficiency services, and performance goals. Several years ago, Vermont Gas Systems, Inc. (“VGS”) 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 local siting cases and file more complaints alleging violations of CPGs.

In 2022, more than 4,600 new cases were filed with the Commission, including utility rate cases, large siting projects, and more than 2,900 net-metering registration cases. During this same period, more than 4,600 cases were closed (completed) by the Commission (including more than 20 cases that were closed except for their compliance filing requirements). In addition, the Commission received more than 85 “advance notice” filings of proposed siting projects and more than 690 reports. During 2022 the Commission issued more than 2,180 orders and CPGs for proposed projects, including 128 CPGs for wireless telecommunications facilities, 44 CPGs for larger net-metering projects, and 25 CPGs for other electric generation or transmission projects. In addition, more than 3,150 net-metering registration CPGs were deemed issued.

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 that would otherwise have been 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. For buyers and sellers of electricity in the New England system, these transformations add another layer of complexity in 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 eventual 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” in 2003 has reduced both the size and frequency of traditional rate proceedings for utilities with alternative regulation plans.¹

¹ An example of alternative rate regulation is the use of power cost adjustments whereby a utility may adjust rates periodically based on the actual price it has paid for the energy it delivers to its customers. These

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 2022 we issued four substantive reports at the request of the Legislature. Three of these related to the Commission's oversight of Vermont's Energy Efficiency Utilities. The fourth provided information regarding progress on Vermont electric utility rates related to electric vehicles and electric vehicle supply equipment.

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. More than 105 hearings or other such events were held in 2022. Historically these events were held in person. However, as a result of the COVID-19 pandemic, in 2022 the Commission held all such events remotely via videoconference, except for eight site visits, which were conducted outdoors, and one public hearing that was held in a hybrid format (including both in-person and remote participation). Transcripts of all public hearings and other events are available in ePUC, the Commission's online case-management system.

OUR FUNDING

The Commission is funded completely through a gross receipts tax paid by the 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, 2022, through June 30, 2023) is \$4,099,690. Of that amount, over 85% represents salaries and benefits for our employees. Most

automatic rate adjustments allow a utility to pass through its actual power costs to customers without the need for a full rate case.

of the remaining budget is spent on fixed costs for services provided by other Vermont agencies, including rent and information technology services.

OUR STAFF

Although the Commission's workload has increased substantially over the last 20 years – for instance, from 20 net-metering applications in 2001 to more than 2,900 in 2022 – 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 our electronic filing system, ePUC.

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

The Commissioners

Anthony Z. Roisman, Chair
Margaret Cheney, Commissioner
J. Riley Allen, Commissioner

Operations

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

Clerk's Office

Holly Anderson, Clerk of the Commission
Pam Lenahan, Deputy Clerk
Paul Cavaliere, Administrative Services Tech. III
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
Dan Burke, Staff Attorney
Micah Howe, Staff Attorney
Elizabeth Schilling, Staff Attorney
Mike Tousley, Staff Attorney

Policy Division

Tom Knauer, Policy Director
Gregg Faber, Utilities Analyst
Mary Jo Krolewski, Utilities Analyst
Kelly Martone, Environmental Analyst
Andrea Poppiti, Utilities Analyst

For eight months of 2022, we also benefitted greatly from having a temporary U.S. Department of Energy Solar Energy Innovation Fellow, Veronica Ung-Kono. Starting in March 2023, we are benefitting from having a temporary U.S. Department of Energy Clean Energy Innovation Fellow, Dominic Gatti.

OUR MAJOR WORK IN 2022

Every determination we made in 2022 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.

- 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 between members of the public and Commission staff (Cases 20-0789-INV, 22-1210-RULE, and 22-4288-RULE). The most recent version of Commission Emergency Rule 2.500 took effect on September 30, 2022, and was renewed on March 29, 2023.
- We adopted two more emergency rules to provide enhanced consumer protections to utility customers experiencing financial hardship due to COVID-19 (Cases 22-0013-RULE and 22-2540-RULE). This emergency rule also amended 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. The most recent version of Commission Emergency Rule 2.600 expired on December 28, 2022.

Procedural Rules.

- For the first time in almost 40 years, we comprehensively updated Commission Rule 2.000, which sets out the rules of practice and procedure before the Commission (Case 20-2369-RULE). The updates: (1) reflect the implementation of the Commission’s electronic filing system, (2) more clearly identify the portions of the Vermont Rules of Civil Procedure that apply in Commission proceedings, (3) better facilitate public participation by non-lawyers in Commission proceedings by incorporating all rules of procedure into a single source and clarifying their meaning and application, thereby making it easier for public participants to understand what rules apply, and (4) incorporate certain procedural changes that were made on an emergency basis during the COVID-19 pandemic, including clarifying that the Commission may hold status conferences and hearings remotely (and allow remote participation even at in-person hearings) and that parties may file documents without notarization.

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 22-3169-PET, 22-2415-INV, 22-2910-NMR, 22-1923-NMR/22-1917-NMR, 22-1885-NMR, 22-0682-NMP, 22-0625-NMR, 22-0292-NMR, 22-0196-NMR, 22-0146-PET, 22-0800-NMR, 21-5199-NMR, 21-4014-INV, 21-3833-NMR, 21-3360-NMP, 21-3236-NMR/21-3238-NMR/21-3239-

NMR/21-3241-NMR, 21-0186-NMP, 21-0099-NMP, 20-3530-NMP). These determinations are part of the Commission’s implementation of programs created by the Legislature that provide financial incentives to small renewable generation facilities. The determinations ensure that only those smaller facilities eligible for the financial incentives receive them.

- The impact of new generation in a grid-constrained area of northern Vermont. In 2022, the Commission approved the use of a “grid adjustor” (payments by developers of new renewable generation facilities to utilities whose existing renewable generation facilities could be curtailed during certain times as a result of the new generation) when issuing net-metering CPGs in Cases 21-3154-NM, 22-2277-NMP, and 22-3873-NMP. The purpose of the grid adjustor is to protect utility customers from the economic harms presented by building additional generation in this grid-constrained area while allowing continued expansion of renewable energy.

We expect that these issues will continue to arise in future cases.

Compliance with CPGs. We conducted several investigations into whether a CPG holder had complied with the conditions of its CPG, including:

- Two investigations into matters related to the construction of the Addison Natural Gas Pipeline (Cases 17-3550-INV and 18-0395-PET). Proceedings in both cases will continue in 2023.
- One investigation into a large solar facility’s compliance with its CPG requirements (Case 22-4144-INV).

- One investigation into whether a net-metering facility was operated in compliance with its CPG requirements (Case 22-4664-INV).
- Two investigations into whether net-metering solar facilities were constructed in accordance with the facilities' approved plans (Cases 21-5111-INV and 22-4769-INV).
- Two investigations of small net-metering solar facilities that were constructed before receiving a CPG (Cases 22-4665-INV and 22-4977-INV).
- Further proceedings related to an injunction to prevent site clearing at a location for a proposed generation facility that did not have a CPG (Case 20-1611-INV). Related proceedings will continue in 2023.

Compliance with Standard-Offer Contract Requirements:

- We processed several cases involving requests for an extension of the CPG application milestone or the commissioning milestone included in standard-offer contracts (Cases 21-3810-PET; 21-5032-PET; 21-5116-PET; 21-5223-PET; 22-0061-PET; 22-0087-PET; 22-0146-PET; 22-4374-PET; 22-4543-PET; 22-4644-PET; 22-4645-PET; and 22-4873-PET). Many of these requests for extensions noted global supply-chain difficulties related to the COVID-19 pandemic. Proceedings are ongoing in one more case involving such a request (Case 21-1485-PET).

Utility Rates:

- We approved the creation of a newly formed public service company that will provide electricity – GF Power LLC, which is a wholly owned subsidiary of GlobalFoundries U.S. 2, LLC (Case 21-1107-PET). The newly formed utility

will comply with the Renewable Energy Standard and other Vermont energy and environmental requirements. We simultaneously granted Green Mountain Power Corporation's ("GMP") request to modify its service territory by carving out GlobalFoundries' Essex Campus and reassigning it to GF Power (Case 21-1109-PET).

- We approved a 2.18% increase in GMP's base rates, effective October 1, 2022 (Case 22-0175-TF).
- We approved a new multi-year regulation plan that will govern GMP's rates for four years, beginning October 1, 2022. The multi-year regulation plan outlines a process for the annual review of rates and for periodic adjustments to rates to account for changes in power-supply costs, to account for major storm events, and to ensure that GMP does not earn substantially more or less than has been approved by the Commission. This reduces GMP's risk and creates rate stability for ratepayers. The multi-year regulation plan also contains performance metrics for GMP related to service quality and innovation (Case 21-3707-PET).
- We approved a new Integrated Resource Plan filed by GMP (Case 21-5208-PET).
- We approved a 7.5% increase in rates for the City of Burlington Electric Department ("BED") (Case 21-2186-TF).
- We determined that the Village of Enosburg Falls Water & Light's proposed 1.97% rate increase met the criteria set forth in 30 V.S.A. § 218d(n) and allowed it to go into effect without further investigation (Case 22-2755-PET). This was the second proposed rate increase filed under this new statutory provision, which took effect in 2021.

- We approved new tariffs for the Village of Ludlow Electric Light Department, GMP, Vermont Gas Systems, Inc. (“VGS”), Vermont Electric Cooperative, Inc. (“VEC”), and BED that implement a Weatherization Repayment Assistance Program (Cases 22-2997-TF; 22-3008-TF; 22-3029-TF; 22-3048-TF; and 22-5236-TF). This program allows customers to purchase and install energy efficiency improvements with zero or reduced upfront payments. The financed portion of the improvements is paid for over time through a tariffed charge on the customer’s utility bill that remains associated with the meter at the customer’s property until fully repaid, even if property occupancy changes hands. These aspects of the program are intended to make weatherization more accessible to customer groups that have traditionally been difficult to reach, such as low-income Vermonters, renters, and customers without positive credit history.
- We approved an extension of GMP’s Energy Storage System and Bring Your Own Device tariffs (21-5254-TF), both of which expand the opportunity for customers to store electricity in home batteries when the cost is low and either make it available to the utility or use it themselves later. The extension requires that new Bring Your Own Device systems be able to be charged from the grid.
- We approved a new Bring Your Own Device solar-charging tariff for GMP (Case 22-0955-TF). This tariff does not require that grid-charging be enabled and provides for lower incentives for customers than the Bring Your Own Device tariff that requires grid charging to be enabled. Systems charged exclusively from solar are eligible for an income tax credit, but are generally less available for peak-shaving.

- We approved reductions in the incentives for new net-metering systems as part of the biennial assessment, whose purpose is to ensure that the pace of net-metering deployment is consistent with Vermont’s policy objectives and to ensure that the net-metering program is not having an undue adverse impact on ratepayers who are not net-metering (Case 22-0334-INV). We also approved revised electric distribution utility tariffs reflecting those revised incentives (Cases 22-0987-TF; 22-2709-TF; 22-2721-TF; 22-2725-TF; 22-2726-TF; 22-2732-TF; 22-2733-TF; 22-2743-TF; 22-2748-TF; 22-2749-TF; 22-2751-TF; 22-2752-TF; 22-2759-TF; 22-2763-TF; 22-2768-TF; 22-2822-TF; and 22-2833-TF).
- We approved financing requests by GMP, the Town of Stowe Electric Department, the Vermont Electric Transmission Company, Inc., the Public Service Company of New Hampshire, and Vermont Transco LLC (Cases 21-1270-PET; 22-1777-PET; 22-2262-PET; 22-3028-PET; 22-3900-PET; and 22-4510-PET).
- We approved a 6.18% increase in VGS’s daily access and distribution charges (Case 22-0480-TF).
- We approved an increase in the fee charged to all customers that funds VGS’s low-income assistance program (Case 22-3903-TF). The monthly fee for residential customers increased from \$0.40 to \$0.64 per month, which is equal to a 59% increase. The same percentage increase applied to all other rate classes.
- We approved a contract under which VGS will purchase renewable natural gas from Archaea Energy Marketing LLC for 14.5 years, with an option to extend the

contract for an additional five years (Case 22-2230-PET). This decision is currently on appeal to the Vermont Supreme Court.

- We approved a successor incentive regulation plan filed by Consolidated Communications of Vermont Company, LLC and Consolidated Communications of Northland Company (Case 21-4060-PET). Under the new plan, Consolidated will be able to set its own rates for basic local exchange service in areas where competition is sufficient to keep prices at just and reasonable levels, subject to stepped limits on rate increases over the next three years. The new plan maintains the existing protections in municipalities where alternatives are not sufficient to provide a competitive check on basic services.
- We approved revised exchange boundary maps affecting Consolidated Communications of Vermont Company, LLC's Milton and St. Albans exchange boundary. This change will increase affected Consolidated customers' ability to obtain higher-speed broadband connections (Case 22-0021-TF).
- We approved a 5.88% increase in rates for Vermont Water Utilities, Inc. (Case 22-3104-TF).
- We approved 2021 program-year energy efficiency savings for Efficiency Vermont (Case 22-1108-PET) and VGS (Case 22-1558-PET).
- We approved 2019 energy efficiency savings for BED (Case 21A-2761).
- We completed Overall Performance Assessments of the three energy efficiency utilities (Case 21-1500-PET), concluding that all three should be granted an Order of Appointment for a new 11-year term.

- We have issued a new order of appointment to Vermont Energy Investment Corporation to serve as Efficiency Vermont. Proceedings will continue in 2023 regarding orders of appointment for VGS and BED (Case 22-1647-PET).
- We approved updated avoided costs and other screening values for use in energy efficiency cost-effectiveness screening (Case 21-2436-PET).
- We started a case to consider updates to the Demand Resources Plans for the three energy efficiency utilities for the 2024-2026 performance period (Case 22-2954-PET). The Demand Resources Plans will include budgets, savings goals, and performance metrics. Proceedings will continue in 2023.
- We hired a contractor to perform a triennial audit of energy efficiency utility reported savings and program cost-effectiveness. Work on this will continue in 2023.

Reports. We frequently issue reports in response to legislative directives. In 2022 we completed a number of reports addressing topics of statewide concern. Listed below are the reports and a brief description of the topics they addressed.

- Act 55: 2022 Report on Electric Rates for Electric Vehicles: This report provides information regarding progress on electric distribution utilities' rates related to electric vehicles and electric vehicle supply equipment. It also describes challenges and barriers to implementation of electric vehicle rates.
- 2020 Energy Efficiency Utility Program Revenues and Expenditures: This annual report explains how the funds collected through the energy efficiency charge were spent during 2020.

- 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.
- Act 151 Energy Efficiency Programs: This report describes the programs, measures, and services approved by the Commission under Act 151 (2020). That Act authorized electric energy efficiency utilities to spend a portion of their electric resource acquisition budget, in an amount to be determined by the Commission but not to exceed \$2 million per year, on programs, measures, and services that reduce greenhouse gas emissions in the thermal energy or transportation sectors.
- Fiscal 2021 Annual Report on Bill-Backs Authorized Under 30 V.S.A. § 21(e).

OUR MAJOR WORK FOR 2023

In 2023 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 significant tasks we will undertake this year are:

- 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 hearings and additional comments from a broad range of stakeholders as the Commission moves into the formal rulemaking process.
- Continuing proceedings to update Commission Rule 5.400, which sets forth the requirements for petitions to construct electric and gas facilities pursuant to 30

V.S.A. § 248 (Case 21-0861-RULE). The formal rulemaking process will start in 2023.

- Continuing proceedings to implement a new rule regarding the installation and operation of energy storage facilities (Case 21-3883-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 proceedings to update Commission Rule 4.500, which governs dam safety for those dams subject to Commission jurisdiction (Case 22-4420-RULE). The formal rulemaking process is underway.
- Continuing investigations into several proposed electric utility rate increases, including BED's request for a 3.95% increase (Case 22-2296-TF), Washington Electric Cooperative, Inc.'s request for a 14.19% increase (Case 22-4100-TF), VEC's request for an 8.19% increase (Case 22-4868-TF), and the Town of Stowe Electric Department's request for an 11.5% increase (Case 22-5372-TF).
- Continuing an investigation into BED's net-metering tariff (Case 22-3947-TF).
- Continuing an investigation into the potential establishment of reduced rates for low-income residential customers of retail electric utilities (Case 20-0203-INV).
- Proposed renewal of Vermont Telephone Company's certificate of public good to own and operate a cable television system (Case 22-3673-PET).
- Continuing an investigation into Bromley Water Company, Inc.'s requested 40% rate increase (Case 22-4884-TF).
- Enhancing the Commission's focus on diversity, equity, and inclusion issues.

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This is a time of significant change in the electric and natural gas industries, with the adoption of new technologies, new market participants, and new policy initiatives aimed at addressing climate change. The telecommunications industry is also continuing to evolve, particularly as Vermont focuses on cellular and broadband deployment in unserved areas. In the coming years, we anticipate that we will be involved in many matters related to the transformation of the energy and telecommunications fields, and we look forward to engaging with all the affected entities in Vermont as we carry out our regulatory responsibilities.