

112 State Street
4th Floor
Montpelier, VT 05620-2701
TEL: 802-828-2358



**State of Vermont
Public Utility Commission**

TTY/TDD (VT: 800-253-0191)
FAX: 802-828-3351
E-mail: puc.clerk@vermont.gov
Internet: <http://puc.vermont.gov>

November 16, 2018

Joint Fiscal Committee (via email to tutton@leg.state.vt.us)

Re: Department of Public Service's November 15, 2018 Report on *Sustainable Funding for the Public Utility Commission and the Public Service Department*

Dear Honorable Members of the Joint Fiscal Committee,

We write to inform you of our strong opposition to several surprising changes that the Department of Public Service made to the report it submitted to you yesterday. As the Legislature mandated, the Department initially worked on this report "in consultation with the Public Utility Commission." This healthy collaboration continued through the October 8, 2018, draft report that you received last month. Unfortunately, the collaboration ended yesterday when, just hours before submitting the final report, the Department told us that it now recommended: (1) a one-time transfer of over \$800,000 from the Commission's reserve account to the Department, and (2) a permanent shift in gross receipts funding that would increase the Department's share from 60% to 65% and reduce the Commission's share from 40% to 35%. We were not consulted on these recommendations, and page 35 of the draft report in fact expressly noted that an adjustment to the split "at best would be a temporary expedient." The draft report therefore recommended other options "rather than adjusting the relative split between the funds."

The Department's new recommendations are misguided and would harm Vermonters by reducing the Commission's ability to regulate public utilities and protect our environment. Our reserve account is the result of fiscal restraint. It would be bad policy to punish us for exercising fiscal restraint. Yet that is precisely what the Department seeks when it recommends raiding the Commission's reserve fund to fix an \$800,000 gap in the Department's budget. Regarding gross receipts, the Department's own report shows that, even at 40%, the Commission's revenues are below our approved budget for the current fiscal year. Thus, the Commission needs to *increase* annual revenues by at least \$127,000 to attain sustainability. Yet the Department instead recommends a drastic *decrease*—over \$440,000—in the Commission's annual revenues. It is unlikely that 35% of the Department's proposed new fee would fill an annual \$567,000 shortfall.

We think we can find a solution that will better serve Vermonters, and we look forward to working with you toward that end. Thank you for your consideration of this important matter.

Sincerely,

Three handwritten signatures in blue ink, corresponding to the names listed below: Chair Anthony Roisman, Commissioner Margaret Cheney, and Commissioner Sarah Hofmann.

Chair Anthony Roisman, Commissioner Margaret Cheney, and Commissioner Sarah Hofmann

Cc: June Tierney, Commissioner, Department of Public Service; Riley Allen, Deputy Commissioner