

## Important Utility Planning Concepts

“Least Cost” Analysis. Each regulated electric company is required to prepare and implement a least cost integrated plan for the provision of energy services to its Vermont customers. *See* 30 V.S.A. §218c. A “least cost integrated plan” for a regulated electric utility is a plan for meeting the public’s need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy supply, transmission and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. *Id.*

“Societal Test” Analysis. The societal test analysis attempts to quantify whether and to what extent a planning option serves to maximize society’s welfare by considering all resources devoted to and displaced by an option, irrespective of who pays the costs or receives the benefit of specific investments. Docket No. 5270, Order of 4/16/90 at Volume III Page 75. The societal test ignores transfers between or within customer groups, so it does not consider the fairness of how the costs of utility resource investments are distributed. *Id.* The societal perspective also requires consideration of indirect costs that are not easily express in monetary terms, such as environmental degradation. *Id.* Traditionally, the societal test is the keystone for integrated least-cost planning. *Id.* at Page 85.

“Need”. Pursuant to 30 V.S.A. §248 (b)(2), a utility may not construct a transmission or generation facility unless it can demonstrate that the project is required to meet the need for present and future demand for service which could not otherwise be provided in a more cost effective manner through energy conservation programs and measures and energy-efficiency and load management measures. *Id.*

“Duty to Serve”. Electric utilities are subject to a so-called “duty to serve.” Under 30 V.S.A. §219, an electric utility is required to furnish reasonably adequate service, accommodation and facilities to the public. This obligation is further clarified by 30 V.S.A. §2801(a) which provides that such sale and distribution of electricity shall be subject to such reasonable limitations as to the amount of energy to be furnished a purchaser, and shall in no case be beyond what is reasonably necessary.