

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

PREFILED TESTIMONY
OF
Emily Stebbins-Wheelock and James L. Gibbons
June 16, 2025

The witnesses' testimony provides an overview of BED's current rate schedule filing.

Emily Stebbins-Wheelock and James L. Gibbons

Q. 01. Ms. Stebbins-Wheelock, please state your name and business address.

A.01. My name is Emily Stebbins-Wheelock. My business address is 585 Pine Street,
Burlington, Vermont.

Q. 02. By whom are you employed, and in what capacity?

A. 02. I am currently employed by Burlington Electric Department (“BED”) as CFO and
Manager of Strategy and Innovation. I have been a full-time employee of BED since
September 2019.

**Q. 03. What are your current responsibilities as CFO and Manager of Strategy and
Innovation at BED?**

A. 03. I am a member of the executive management team at BED, reporting to the General
Manager. I lead BED’s Center for Innovation, which includes BED’s Finance &
Accounting (including Billing & Analytics), Policy & Planning, Information Services,
and Sustainability & Workforce Development teams, each under the leadership of a
Director.

Q. 04. By whom were you employed prior to BED?

A. 04. I was employed by the University of Vermont (“UVM”) from 2004 to 2019 in the roles
of Strategic Planner/Analyst, Senior Project Manager, and ultimately the Director of
Operational Excellence for the Division of Finance. During my time at UVM, I
developed an enterprise risk management program, managed the implementations of a
new budget model and a new budgeting and financial reporting system, and was
responsible for improving the effectiveness and efficiency of financial operations.

Q. 05. Briefly describe your educational background.

A. 05. I received a Bachelor of Arts degree in English & American Literature & Language from
Harvard College in 1997 and a Master of Science degree in Community Development &
Applied Economics from the University of Vermont in 2009. I am also a certified Project

1 Management Professional and Associate in Risk Management with the Enterprise Risk
2 Management designation.

3 **Q. 06. Have you had any training around electric utility rates?**

4 A. 06. I have had no formal training in electric utility rates. My responsibilities at BED,
5 however, include managing the Policy & Planning and Finance teams, which are
6 responsible, respectively, for preparing the power supply component of any rate filings,
7 coordinating rate design activities, and making (or coordinating with external counsel to
8 make) BED's regulatory filings; and preparing cost of service studies and associated
9 financial analysis.

10 **Q. 07. Have you testified or worked on previous rate filings?**

11 A. 07. Yes, I testified in BED's 2021 (Case No. 21-2186-TF), 2023 (Case No. 23-2044-TF), and
12 2024 (Case No. 24-1848-TF) rate filings and supported BED's 2022 rate filing (Case No.
13 22-2296-TF).

14 **Q. 08. Mr. Gibbons, please state your name and business address.**

15 A.08. My name is James L. Gibbons. My business address is 585 Pine Street, Burlington,
16 Vermont.

17 **Q.09. By whom are you employed, and in what capacity?**

18 A. 09. I am currently employed by BED as Director of Policy and Planning. I have been a full-
19 time employee of BED since September 2008.

20 **Q. 10. What are your current responsibilities as Director of Policy and Planning at BED?**

21 A. 10. I am a member of the leadership team at BED, reporting to the CFO and Manager of
22 Strategy and Innovation. My team's responsibilities include management of the power
23 supply, transmission, planning, and oversight of BED's regulatory activities among
24 others. This includes the responsibility for preparing the power supply component of any

1 rate filings, conducting rate design activities, and making, or coordinating with external
2 counsel to make, BED's regulatory filings such as the instant example.

3 **Q. 11. By whom were you employed prior to BED?**

4 A. 11. I was employed by VPPSA from 1990 to 2008 in the capacity of Load Forecaster, Senior
5 Analyst, and ultimately the Manager of Power Supply. During my time as an analyst, I
6 was responsible for the rate filings, cost-of-service studies, and special contracts of the
7 Authority's members.

8 **Q. 12. Briefly describe your educational background.**

9 A. 12. I received a Bachelor of Science Degree in Business Administration with a concentration
10 in Professional Accounting from the University of Vermont in 1988. I have also attended
11 numerous utility-specific education courses covering accounting, rate design, and
12 management during my employment.

13 **Q. 13. Have you had any training/experience in electric utility rates?**

14 A. 13. Yes. During my time as a senior analyst at VPPSA, I was responsible for preparing and
15 presenting rate filings, cost-of-service studies, rate designs, and special contracts of the
16 Authority's members. In addition, during that time I performed similar services for other
17 utilities in New England under contract to VPPSA. At BED my team has been
18 responsible for the portion of the cost of service related to power supply and for all rate
19 design work. As noted above, I have attended numerous national and regional accounting
20 and ratemaking seminars/trainings sponsored by various organizations.

21 **Q. 14. Have you testified or worked on previous rate filings?**

22 A. 14. Yes.

23 **Q. 15. What is the purpose of this testimony?**

24 A. 15. This testimony is intended to provide an overview of the process leading up to this rate
25 filing, the internal approval process, the customer communications activities that have

1 occurred to date, the general structure of the filing, and to explain the reasons for the
2 requested increase.

3 **Q. 16. What periods were used in determining the rate schedules proposed in this filing?**

4 A. 16. BED selected as the Test Year FY 2024, its most recently audited fiscal year (“FY”) (July
5 1, 2023 to June 30, 2024). The Rate Year is the twelve-month period beginning August 1,
6 2025. The proposed increase will be effective on a “bills-rendered” basis on or after
7 September 1, 2025. This selection of Rate Year results in no overlap between the Rate
8 Year in this proceeding and the Rate Year used in Case No. 24-1848-TF, BED’s previous
9 and most recent rate case proceeding.

10 **Q. 17. What changes to rate schedules are requested in this filing?**

11 A. 17. BED has filed revised rate tariffs that reflect an across-the-board increase in retail rates
12 for electric service of 4.5% over the rates BED filed on June 14, 2024.

13 **Q. 18. How much additional revenue would be collected from the filed rate schedules?**

14 A. 18. Based on the billing determinants from the Test Year, the filed tariffs will generate total
15 revenue of \$60,097,318 (inclusive of an increase of revenue of \$2,587,923 over revenues
16 that the rates BED filed on June 14, 2024 would generate). This would yield a projected
17 net income in the Rate Year of \$2,185,726.

18 **Q. 19. What justification for these rate schedules is BED including with this filing?**

19 Q. 19. BED is supporting these proposed tariff changes by providing with this filing a cost-of-
20 service calculation included as Exhibit BED-ESW-JG-1 to this testimony.

21 **Q. 20. How is this cost of service calculated and what does it show?**

22 A. 20. The cost of service is calculated using a traditional methodology of reviewing known and
23 measurable (“K&M”) changes between the Test Year of the 12 months ending June 30,
24 2024, and the Rate Year or Adjusted Test Year of the 12 months ending July 31, 2026.
25 The calculation shows a total cost of service of \$57,911,592 excluding any net income.

1 To achieve a net income of 2.0 times-interest-earned-ratio (“TIER”), which has been
2 recommended by the Department of Public Service (“DPS”) as a reasonable net income
3 level, the cost of service, including a net income based on a 2.0 TIER, shows an
4 additional revenue requirement of \$3,455,759, which equates to a 6.01% increase over
5 the rates BED filed on June 14, 2024. A rate increase at this level would yield a projected
6 net income of \$3,053,562 in the Rate Year.

7 **Q. 21. What factors led to BED’s decision to make the present filing?**

8 A. 21. After holding rates steady for 12 years between 2009 and 2021, BED has since 2021
9 indicated consistently in its communications to customers and community stakeholders
10 the potential need to make more frequent, moderate rate changes. In preparing its FY
11 2026 budget, BED identified several areas of increased cost pressure, significant among
12 them (1) relatively flat kWh sales, (2) increased transmission costs, (3) increased labor
13 costs, (4) increased net power supply costs, and (5) other inflationary pressures.
14 Consistent with our messaging about future increases to our customers, BED decided to
15 file for a rate increase again in 2025. This rate increase will provide additional revenue to
16 generate sufficient net income to cover operating expenses and to maintain BED’s credit
17 rating and other financial indicators, including revenue bond debt service coverage ratio,
18 adjusted debt service coverage ratio, and days-cash-on-hand balances.

19 **Q. 22. Can you elaborate on the most significant drivers behind the current rate filing?**

20 A. 22. Yes. For BED some of the more significant areas of cost increases are net purchased
21 power, transmission, and employee salaries and benefits.

22 BED has calculated \$2,511,557 in K&M additional Rate Year expense increases for its
23 wind and FirstLight hydro energy contracts and ISO-NE ancillary and miscellaneous
24 services, offset by K&M decreases of \$2,733,816 to Rate Year expense for the Hydro
25 Quebec energy contract, the discontinuation of ISO-NE’s Winter Reliability Program,
26 ISO-NE capacity, and the expiration of BED’s Great River Hydro contract. In addition,
27 BED has calculated K&M increases in costs related to compliance with Vermont’s

1 Renewable Energy Standard (“RES”) and ISO-NE exchange of \$682,533 and \$616,938,
2 respectively.

3 Transmission expenses are anticipated to increase by \$2.27 million in the Rate Year
4 compared to the Test Year due to higher rates from ISO-NE and increased transmission
5 costs under the VELCO 1991 Transmission Agreement. (This increase is almost twice
6 the annual increase that was included in the cost of service supporting BED’s 2024 rate
7 filing.)

8 Salaries and wages for 69% of BED’s employees are governed by a collective bargaining
9 agreement between BED and the International Brotherhood of Electrical Workers. The
10 current collective bargaining agreement is in effect from July 1, 2022 through June 30,
11 2026, and includes a 4% cost of living adjustment (“COLA”) for FY 2025 and a 3%
12 COLA for FY 2026. The Burlington City Council adopted an FY 2025 budget resolution
13 that provided for a matching 4% COLA for non-union BED employees in FY 2025 and
14 BED anticipates that the Council at its June 16 or 23, 2025 meeting will adopt a similar
15 resolution that provides for a matching 3% COLA for non-union BED employees for FY
16 2026. The impact of both the 4% COLA for FY 2025 and the 3% COLA for FY 2026 has
17 been included in the Rate Year.

18 The Rate Year for this filing also includes increases in employee benefits expenses.
19 Health, dental, and life insurance expenses increased of \$501,731, \$22,039, and \$4,021,
20 respectively, based on average cost per enrolled FTE and number of enrolled FTEs.
21 BED’s actuarially determined employer contribution to employee pension benefits
22 increased by \$266,663 between the Test Year of FY 2024 and FY 2026.

23 **Q. 23. What methodology is BED using to value excess energy sales for the Rate Year in**
24 **this filing (if any)?**

25 A. 23. BED is using the weighted average methodology proposed by DPS witness Poor in
26 testimony in the 2022 rate filing, Case No. 22-2296-TF.

1 **Q. 24. Does the use of this methodology create the risk of a revenue shortfall similar to the**
2 **one that occurred in the winter of 2022-2023?**

3 A. 24. Yes, but the risk is significantly less than in BED's 2022 rate filing. In BED's 2022 rate
4 filing, the average energy prices used to value excess energy sales for the 2022-2023
5 winter period using the methodology proposed in DPS witness Poor's testimony was
6 \$223/MWh. In this rate filing, the average energy price for the 2025-2026 winter period
7 using the same methodology is \$99/MWh (15% higher than the equivalent energy prices
8 from the 2024 rate increase request). If the actual prices from the winter of 2022-2023
9 were to occur again in 2025-2026, the revenue shortfall in BED's Rate Year would only
10 be approximately \$42,298. BED continues to seek means to reduce this risk; for example,
11 by reducing energy purchase volumes as replacement energy contracts are negotiated.

12 **Q. 25. How was the assumed Rate Year production volume for the McNeil Generating**
13 **Station ("McNeil") derived in this filing?**

14 A. 25. BED is assuming that Rate Year McNeil production is equal to the 12 months ending
15 May 2025 in this filing.

16 **Q. 26. How does this compare with the method used in BED's prior rate filings?**

17 A. 26. BED used the same method—most recent 12 months ending production volume as the
18 McNeil Rate Year production volume—in its 2022 and 2023 rate filings. BED is again
19 using the most recent 12 months production for this rate filing because the Test Year
20 production is historically low, reflecting poor wood harvesting conditions and more
21 outages than usual. BED used a different methodology (Test Year production) in 2024
22 because the most recent 12 months production at that time was also historically low. The
23 table below shows the test year production, 12 months ending as of May production, and
24 the methodology used in each rate filing.

Test Year Period	Test Year MWh	12ME May MWh	Selection
FY19	106,490	136,090	Test Year
FY21	135,170	124,299	12ME May
FY22	121,694	106,585	12ME May
FY23	107,032	90,800	Test Year
FY24	90,023	99,848	12ME May

Q. 27. Are expenses for compliance with Tier 1 of Vermont’s RES included in BED’s cost of service for this filing?

A. 27. Yes, expenses for compliance with Tier 1 are included in the cost-of-service calculation on Schedule 1-Purchased Power. BED has calculated a Tier 1 expense of \$983,256 for the Rate Year based on calculation of Rate Year needs (using test year load multiplied by a rate year requirement of 100%) and BED’s existing Tier 1 inventory, expected production, and additional renewable energy credit (“REC”) purchases.

Q. 28. Are expenses for compliance with Tier 3 of Vermont’s RES included in BED’s cost of service for this filing?

A. 28. Yes, expenses for compliance with Tier 3 of Vermont’s RES are included in the cost-of-service calculation on Schedule 6-Customer Accounts & Customer Service, under FERC account 908, consistent with the FERC Uniform Chart of Accounts. BED has calculated a Tier 3 expense of \$1,003,114 for the Rate Year, based on BED’s Rate Year compliance obligation (calculated as Test Year load times rate year statutory obligation percent), and the unit cost of BED’s Tier 3 credits in inventory as of April 2025.

Q. 29. Are expenses for compliance with the new Tier 5 of Vermont’s RES included in BED’s cost of service for this filing?

A. 29. Yes, expenses for compliance with Tier 5 are included in the cost-of-service calculation on Schedule 1-Purchased Power. BED has calculated a Tier 5 expense of \$32,454 based on comparing load in calendar year 2024 to load in the most recent 12 months ending May 2025 to derive a new load MWh, then multiplying that value by the percentage requirement and the price of Massachusetts Class 1 RECs to get a Rate Year cost.

Q. 30. Are there any other power supply–related matters you would like to cover?

A. 30. Yes, BED is aware that Connecticut is seeking to modify its Renewable Portfolio Standard (“RPS”) to both reduce the level of obligation and to potentially remove some biomass eligibility. The net impact of these changes appears to be an overall reduction in obligation even if some biomass ends up being excluded from the RPS.

Q. 31. Has any impact from this change been included in the cost-of-service calculation filed with this rate request?

A. 31. No. The potential impacts of this legislation both on REC market prices and McNeil REC eligibility are unknown at this time. BED is currently working with its Connecticut counsel to clarify the potential impacts and mitigations that may exist, but does not believe that any modification to the cost-of-service calculation would meet the test for being both known and measurable.

Q. 32. In Case No. 21-2186-TF, BED’s request for regulatory accounting treatment to amortize the cost of the McNeil major turbine overhaul over 7 years was approved. Why is the annual amortization amount of \$164,344 included as a known and measurable change to the Rate Year on Schedule 9-Depreciation & Amortization?

A. 32. The last McNeil turbine overhaul was performed in 2019. BED did not have regulatory accounting approval to amortize this expense at the time, so the full cost of the overhaul was recorded as expense in FY 2019. In Case No. 21-2186-TF, BED requested and received regulatory accounting approval to amortize this expense over 7 years. Because the full cost of the overhaul had already been expensed in FY 2019, BED did not begin recording annual amortization expense upon approval of the regulatory accounting treatment in Case No. 21-2186-TF. Instead, BED included the annual 7-year amortization amount of \$164,344 as a known and measurable change to its cost of service for FERC account 513 in each of its rate filings since 2021.

Based on discussions with the DPS prior to this filing, BED plans to book a regulatory liability in FERC account 254 (along with a corresponding entry to FERC account 407.3,

1 regulatory debits) for this amortization in FY 2025 equal to five years of the annual
2 amortization expense (\$821,720), reflecting annual amounts for FYs 2021 through 2025.
3 BED will add to that regulatory liability (again, with corresponding entries to regulatory
4 debits) an additional \$164,344 in both FY 2026 and FY 2027 to complete the buildup of
5 the regulatory liability over 7 years to the amount indicated in Case No. 21-2186-TF.
6 Accordingly, BED has included \$164,344 of annual regulatory debits as a K&M change
7 in its cost of service for this rate filing. While the net effect on the cost of service is the
8 same, BED believes inclusion under FERC account 407.3 is more appropriate.

9 **Q. 33. Is BED requesting any additional or new regulatory accounting treatments in this**
10 **filing?**

11 A. 33. Yes, BED is making four such requests with this filing.

12 First, with this rate filing BED is requesting approval of regulatory accounting treatment
13 to amortize over 10 years beginning in FY 2025 its 50% share of a \$96,496 expense
14 incurred in FY 2025 to clean and inspect the fuel oil tank at McNeil. This tank
15 maintenance is performed every 10 years.

16 Second, with this rate filing BED is requesting approval of regulatory accounting
17 treatment to amortize over 6 years expenses associated with a turbine and generator
18 overhaul at the Winooski One hydroelectric facility that is planned to occur in FY 2026.
19 This maintenance is recommended to be performed every 50,000 run-hours. As a run-of-
20 the-river facility, one can assume that Winooski One logs 50,000 hours about every six
21 years on average; therefore, BED requests to amortize these costs over 6 years, starting in
22 FY 2026. BED has not included any K&M change related to this overhaul in the cost of
23 service included with this filing because BED does not yet have a firm contract for this
24 work.

25 Third, BED is requesting regulatory accounting treatment to amortize over 3 years
26 expenses associated with an expected contract for the long-term load forecast supporting
27 BED's next integrated resource plan ("IRP"), which is due to be filed in 2026. This
28 request is consistent with the treatment that was requested and approved in Case No. 22-

2296-TF to amortize load forecasting expenses for BED's last IRP over FY 2023-2025. BED requests to amortize these costs over 3 years starting in FY 2026. BED has not included any K&M change related to the next IRP load forecast in the cost of service included with this filing because BED does not yet have a firm contract for this work.

Fourth and finally, as noted in BED's May 29, 2025, Motion to Alter or Amend in Case No. 24-1848, BED erroneously included non-recurring District Energy-related expenses in the cost of service filed in that case. BED proposed in its May 29, 2025 Motion to create a regulatory liability equal to the amount of the over-collection and to submit with this rate filing a proposal for the use of those funds. The DPS concurred with this proposal in its June 11, 2025, Response to BED's Motion. Accordingly, with this filing BED requests approval to record a regulatory liability in FY 2025 equal to the amount of the rate year overcollection (\$101,545.38 or \$58,789.43, as determined by the Commission) and a corresponding entry to regulatory debits. BED proposes to use these funds to reduce its cost of service/revenue requirement over 5 years. Therefore, BED further requests regulatory accounting treatment to amortize this liability over 5 years, starting in FY 2026, with an annual entry to 407.4, regulatory credits by one-fifth of the over-collection amount as determined by the Commission. BED has included a K&M change of one-fifth of the larger amount, \$101,545.38, in Schedule 9-Depreciation & Amortization of its cost of service under regulatory credits, effectively reducing the cost-of-service support for the requested increase in tariffed rates.

Q. 34. How does the Rate Year labor overhead rate assumed in BED's filed cost of service compare to prior years?

Q. 34. The labor overhead rate assumed in the cost of service filed with this rate request is 23.79%. The labor overhead rate assumed in the cost of service filed in BED's prior rate request, Case No. 24-1848-TF, was 25.10%; in BED's 2023 rate filing, Case No. 23-2044-TF, it was 23.69%, and in BED's 2022 rate filing, Case No. 22-2296-TF, the assumed labor overhead rate was 22.43%. As in the prior rate filing, costs related to medical, dental, and life insurance have been excluded from the labor overhead

1 calculation for this filing, consistent with the methodology recommended by the DPS in
2 its testimony on BED's 2021 rate increase filing (Case No. 21-2186-TF).

3 **Q. 35. In BED's 2022 rate filing, Case No. 22-2296-TF, DPS witness Foley in testimony**
4 **noted variances in the Test Year amount as compared to a 3-year average amount**
5 **for some items in the BED's Cost of Service. Did BED use 3-year averages in**
6 **calculating Rate Year amounts in the Cost of Service submitted to support this**
7 **filing, and if so, how was this average calculated?**

8 A. 35. Yes, in some cases. BED used 3-year averages (inflation adjusted) for Rate Year amounts
9 for categories of expenses that don't have a precise known and measurable component,
10 for which this methodology is better suited. These categories of expenses include: office
11 supplies, outside services employed, injuries and damages, regulatory commission,
12 miscellaneous A&G, and informational advertising. To calculate the 3-year average,
13 BED used expenses from FY 2022-FY 2024 audited results and adjusted the FY 2022
14 and FY 2023 amounts by the consumer price index for those respective years to obtain an
15 inflation-adjusted 3-year average. Averages for injuries and damages, miscellaneous
16 A&G, and informational advertising were calculated based only on non-labor expenses,
17 as these accounts contain both labor-related and non-labor-related charges and increases
18 to labor expense company-wide based on annual COLAs are accounted for in the K&M
19 change to FERC account 920, salaries.

20 Non-recurring expenses related to District Energy were removed from the FY 2023 and
21 FY 2024 amounts for outside services employed prior to calculation of the 3-year
22 average.

23 In the Customer Accounts & Service category of customer assistance, however, BED
24 used Rate Year amounts based on K&M cost increases or decreases.

25 **Q. 36. Were steps taken as part of the FY 2026 budgeting process to manage increased cost**
26 **pressures?**

1 A. 36. Yes. In developing its FY 2026 budget, BED closely reviewed expenses against prior
2 year spending and in the context of current economic circumstances. Despite continuing
3 inflationary pressures, BED maintained level funding of operating expenses where
4 possible, and cut approximately \$810,000 of non-power supply operating and
5 maintenance expenses during the course of its FY 2026 budget development.

6 **Q. 37. How is this rate filing projected to affect BED's financial metrics?**

7 A. 37. BED projects that this rate filing will provide sufficient revenue in FY 2026 for BED to
8 meet the debt service coverage ratio stipulated in its revenue bond covenant and support
9 BED's minimum target adjusted debt service coverage ratio and days' cash on hand
10 credit rating metrics. BED believes that it can manage through this period with less net
11 income than that required to produce a 2.0 TIER through close fiscal management,
12 resources provided by the 2022A and planned 2026 revenue bonds, and pursuing more
13 strategic positioning of our energy resources. We also continue to anticipate that future
14 adjustments to rates may be required, either via the traditional regulatory process as in
15 this case or using the alternate adjustment mechanism allowed by Vermont Act 13 of the
16 2021 Legislative Session (which may be amended by H.289 of the 2024 Legislative
17 Session, if the gubernatorial veto of this bill is overridden by the legislature).

18 **Q. 38. What local approvals must BED obtain before making a rate filing with the**
19 **Vermont PUC?**

20 A. 38. First, BED must obtain approvals from the Burlington Board of Electric Commissioners
21 ("BEC"), a five-member citizen board appointed by the Burlington City Council. In
22 addition, BED must obtain the approval of the Burlington Board of Finance, which
23 includes members of the City Council as well as the Mayor and the City's Chief
24 Administrative Officer. Finally, BED must obtain the approval of the City Council,
25 which is composed of twelve (12) elected residents of the City of Burlington. Each of the
26 meetings of these local bodies is public and includes a public forum for members of the
27 community to comment on agenda items. This local approval process effectively adds

1 three levels of oversight to the rate filing before BED may seek approval of a rate
2 increase from the PUC.

3 **Q. 39. What was the result of the local approval process as it relates to BED's present rate**
4 **filing?**

5 A. 39. The BEC discussed BED's proposed rate filing and FY 2026 budget at two public
6 meetings in April and May 2025, and voted unanimously to support the proposed rate
7 change at its May 14, 2025, meeting. On May 19, 2025, the Burlington City Council
8 Board of Finance unanimously advanced the requested rate filing to the full City Council
9 for approval and the City Council also unanimously approved the filing of a request for a
10 4.5% overall increase in retail rates for electric service over the rates then in effect, which
11 were the rate schedules that BED filed on June 14, 2024 (see Exhibit BED-ESW-JG-2,
12 memo to the City Council and approval).

13 **Q. 40. Considering the potential impact of the requested rate filing on its customers, does**
14 **BED offer any assistance for customers who might not be able to afford the**
15 **increase?**

16 A. 40. Yes. As of June 1, 2024, BED has a PUC-approved tariff for an Energy Assistance
17 Program ("EAP") that provides a 12.5% discount on BED energy charges for residential
18 non-net-metered customers whose household income is less than or equal to 185% of the
19 federal poverty level. BED began its EAP on August 1, 2022 as a pilot rate as authorized
20 by 30 V.S.A. § 218d(o) and the Standards and Procedures for Innovative Rates and
21 Services Offered by Municipal and Cooperative Electric Utilities that were approved by
22 the PUC in Case No. 21-2642-INV and effective as of January 20, 2022. On December
23 15, 2023, BED filed a proposed tariff to convert the EAP pilot to a permanent program,
24 and the PUC approved BED's request by its Order of May 21, 2024. In June 2025 BED
25 received local approval for a change to its EAP tariff to expand applicability for shelters
26 and certain affordable housing facilities that it plans to file soon.

27 **Q. 41. Has BED included any K&M changes related to its planned EAP expansion in the**
28 **filed cost-of-service calculation?**

1 Q. 41. No.

2 **Q. 42. Why is a K&M reduction in residential revenues related to the EAP included in the**
3 **filed cost of service calculation?**

4 A. 42. Coincident with the conversion of the EAP to a tariffed rate, BED modified the program
5 to allow for additional means of income verification and to allow for automatic
6 enrollment of customers that BED knows to be qualified (customers so enrolled have the
7 option to opt out). As a result of these changes, 486 additional customers were enrolled in
8 the program in September 2024. BED therefore adjusted Test Year revenues on Schedule
9 15 to account for the additional reduction in revenues projected for the Rate Year based
10 on current (increased) enrollment and the current average discount per customer. BED
11 also included a K&M change on Schedule 13A, Miscellaneous Non-Operating Income
12 Detail, to reflect projected support from American Rescue Plan Act (“ARPA”) funds
13 designated for this purpose.

14 **Q. 43. Did the PUC’s May 21, 2024 Order approving BED’s EAP tariff require any further**
15 **action by BED related to the EAP tariff?**

16 A. 43. Yes. The PUC’s May 21, 2024 Order in Case No. 23-4266 requires BED to file notice
17 with the PUC at least three months prior to BED’s EAP ARPA funding being depleted,
18 an estimate of ratepayer funds to be used to support the EAP for the following three
19 years, and the estimated rate impact on customers. The Order also requires that BED
20 address the rate impact of the EAP in the customer notice and in prefiled testimony for
21 the first rate increase filing in which BED seeks cost recovery associated with the EAP
22 tariff.

23 **Q. 44. Is BED seeking cost recovery associated with its EAP tariff in this rate filing?**

24 A. 44. Yes. BED anticipates that ARPA funding for the EAP will be exhausted in this Rate Year
25 (current projections indicate by February or March 2026). At current enrollment levels
26 and the current average discount per customer, BED projects approximately \$39,000 in
27 unreimbursed revenue reduction from EAP in the Rate Year.

1 Further, BED projects, based on current enrollment, the current monthly average of new
2 enrollments, and the current average discount per customer that approximately \$380,000
3 of ratepayer funds will be used to support the EAP for the three years following the
4 projected exhaustion of ARPA funds. Based on the cost-of-service calculation included
5 with this filing, this equates to an estimated 0.23% of annual rate pressure.

6 BED notes that this rate filing and testimony comes well in advance of the requested
7 three months' notice to the Commission, and BED requests that this testimony serve as
8 the required notice to the Commission of the expected exhaustion of the ARPA funds,
9 estimate of ratepayer funds to be used to support the EAP for the following three years,
10 and the estimated rate impact on customers.

11 **Q. 45. Has BED taken any actions to communicate the proposed rate adjustment to its**
12 **customers to date?**

13 A. 45. Yes. BED first began discussions with the BEC and its customers regarding the potential
14 need for modest, annual rate adjustments during previous rate case discussions in 2021.
15 In its 2021, 2022, and 2023 rate filings the full amount BED believed it could justify was
16 not requested and the possibility that following rate cases could be needed has been
17 discussed with the BEC each year. BED also communicated proactively in FY2025 to
18 some customers about the potential need for a 2025 rate adjustment. BED presented its
19 requested rate filing at BEC (April 9 and May 14, 2025), Board of Finance (May 7 and
20 19, 2025), and City Council meetings (June 2, 2025). BED plans to communicate about
21 its proposed rate adjustment through the North Avenue News, the BED website, and
22 BED social media channels. Finally, BED is planning to include messages about our
23 proposed rate case on its July, August, and September 2025 bills, and will include the
24 Notice to Customers as a bill insert once the Notice is approved by the PUC.

25 **Q. 46. Has BED made any changes to the filed tariff sheets other than applying a 4.5%**
26 **increase to the rates filed on June 14, 2024?**

27 A. 46. Yes. On the LT tariff sheet, we have corrected a numerical error within the tariff that was
28 approved in Case No. 24-1848. The tariff sheet includes both a table with the rates as

1 well as a narrative sentence that references the rates. BED failed to update the rates
2 within that narrative sentence with the 5.5% increase requested in Case No. 24-1848. At
3 this time, BED has corrected this numerical error by increasing the rates within that
4 sentence to reflect both the 5.5% increase in the 2024 case, as well as the 4.5% increase
5 proposed at this time. BED will file an administrative filing at a separate time to delete
6 this sentence from the LT tariff sheet so that the rates are only provided in the table to
7 avoid potential confusion.

8 **Q. 47. Do you have any other issues you would like to address in your pre-filed testimony?**

9 A. 47. Yes, we would like to address two other tariff issues.

10 First, consistent with our rate filings in 2023 and 2024, BED is proposing that its Public
11 Electric Vehicle (“EV”) Charging tariff not be subject to surcharge, and has submitted a
12 copy of the tariff with a textual note to that effect so that all tariffs proposed to be
13 changed are included in this filing. The software that processes payments at BED’s public
14 EV charging stations is not able to present a municipal surcharge, and processing any
15 refund required (if the final approved rate is less than the surcharge) would be
16 prohibitively difficult (many of the public EV charging customers are not Burlington
17 residents/traditional utility customers). The revenue impact from delaying the rate
18 increase for public charging is not expected to be significant. As before, BED proposes to
19 file an amended tariff, reflecting any approved adjustment, following a final Order in this
20 case.

21 Second, BED is proposing to make the requested changes to rate schedules effective on a
22 bills-rendered-September 1, 2025-and-later basis to avoid complications associated with
23 proration that were experienced in the 2021 and 2022 rate increase implementations.
24 BED also continues to believe that a bill-rendered effective date will be easier to explain
25 to customers who have questions.

26 **Q. 48. Are there any additional items you would like to note?**

1 A. 48. Yes. With this filing, BED has at the request of the DPS included as Exhibit ESW-JG-3 a
2 balance sheet for FY 2025 to-date as of April 30 and as Exhibit ESW-JG-4 a trial balance
3 for FY 2024.

4 **Q. 49. Does this conclude your testimony?**

5 A. 49. Yes, this concludes our pre-filed direct testimony.