

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 25-1172-TF

The City of Burlington Electric Department's Tariff Filing Requesting a 4.50% Rate Increase Effective August 1, 2025, for Bills- Rendered on and after September 1, 2025	
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**PREFILED DIRECT TESTIMONY OF
SCOTT G. WHEELER

ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE**

November 6, 2025

Summary: Mr. Wheeler presents the Vermont Department of Public Service's ("Department") recommendations on the City of Burlington Electric Department's ("BED") proposed 4.50% rate increase. Mr. Wheeler also introduces the Department's other witness. Mr. Wheeler recommends that the Commission limit BED's proposed rate increase to 4.33% inclusive of an estimated overcollection of \$101,545.38 in District Energy expenses that were billed in error.

Mr. Wheeler Sponsors the Following Exhibits:

Exhibit DPS-SGW-1 – Discovery Response Q1-2 revised BED COS Model_Rate Case 2025

Exhibit DPS-SGW-2 – Department Recommended Revisions to BED's Cost-of-Service

Q1. Please state your full name, address, and occupation.

A1. My name is Scott G. Wheeler. I am the Utilities Finance and Economics Analyst for the Department. My business address is 112 State Street, Montpelier, Vermont 05620.

Q2. Please describe your educational background and experience.

A2. I am a Certified Management Accountant and have a master's degree in business administration from California Pacific University. I have worked at the Department since October 1, 2018. Prior to joining the Department, I was employed with Sentinel Investments, a regulated mutual fund subsidiary of National Life Group, for over thirty years. During my tenure there I held various positions, most recently Vice President and Assistant Treasurer, which entailed reporting audited financial results of the mutual funds to shareholders and related filings to the Securities and Exchange Commission. I also served as volunteer Chairperson of the Board of Directors of Granite Hills Credit Union for 12 years with my tenure ending on June 30, 2017.

Q3. Have you previously testified before the Vermont Public Utility Commission ("Commission")?

A3. Yes. I have provided testimony in Case Nos. 18-2549-PET, 18-3231-PET, 18-3709-PET, 19-0441-TF, 19-0513-TF, 19-3529-PET, 19-4585-TF, 19-4845-PET, 20-0431-TF, 20-2092-PET, 20-2517-PET, 20-2570-PET, 21-0898-TF, 21-3707-PET, 21-4073-PET, 21-5208-PET, 22-0480-TF, 22-4868-TF, 22-4884-TF, 22-5372-TF, 23-0170-PET, 23-0739-PET, 23-0880-PET, 23-1447-PET, 23-3799-PET, 23-3943-TF, 23-4003-PET, 24-

1 1848-TF, 24-2187-TF, 24-3018-TF, 24-3432-TF, 24-3614-PET, 25-0012-PET, 25-0729-
2 TF, and 25-0991-TF.

3
4 **Q4. What is the purpose of your testimony in this proceeding?**

5 A4. The purpose of my testimony is to describe the Department's review process of BED's
6 proposed cost-of-service adjustments, introduce the Department's other witness, and
7 summarize the Department's overall conclusions and recommendations on BED's rate
8 filing.

9
10 Besides my testimony which focuses on BED's proposed cost-of-service adjustments to
11 areas other than purchased power, transmission, renewable energy credit ("REC")
12 revenues, and power production fuel costs, the Department presents testimony from one
13 other witness as follows:

- 14
15
 - Walter (TJ) Poor, Director of Regulated Utility Planning, provides testimony
16 addressing the accuracy and reasonableness of BED's proposed adjustments to
17 purchased power, transmission, REC revenues, and power production fuel costs.
18

19 **Q5. Can you please summarize the Department's review of BED's proposed cost-of**
20 **service adjustments?**

21 A5. Yes. Department staff met with BED personnel prior to and after the rate filing to discuss
22 the substance of the rate request. I reviewed overall operational costs, both test year and

1 rate year. I reviewed BED's testimony and accompanying exhibits in support of its
2 petition and reviewed BED's responses to the Department's discovery requests. All parts
3 of the cost of service were reviewed. The Department's Planning Division focused on
4 BED's purchased power, transmission, REC revenues, and power production fuel costs.
5 Essentially, a thorough audit of the cost-of-service was performed including identifying
6 any clerical errors in the financial model and supporting data.

7
8 The Department also reviewed whether appropriate accounting standards and practices
9 for municipally owned electric distribution utilities were being utilized. Ultimately, the
10 Department reviewed whether the operational costs meet both the known and measurable,
11 and just and reasonable standards.

12
13 In addition to the Department's normal review process of BED's testimony, discovery
14 responses, and supporting documentation, the Department also placed emphasis on better
15 understanding the drivers behind the need to increase rates including higher transmission,
16 labor, and net power supply costs.

17
18 **Q6. Can you please detail the results of the Department's investigation?**

19 A6. Yes. The Commission's August 8, 2025, Order in Case No. 24-1848-TF confirmed that
20 BED improperly included \$100,460.31 in District Energy-related expenses in its fiscal
21 year 2023 cost of service. BED has estimated the resulting ratepayer overcollection at
22 \$101,545.38. Under normal circumstances, the Department's preference would be for

1 such overcollections to be returned to ratepayers promptly, either through a direct refund
2 or a bill credit. While the Department continues to view this as the most appropriate
3 remedy, we believe that removing the full \$101,545.38 from the cost of service in this
4 proceeding is a reasonable and effective alternative. This approach maintains fidelity to
5 the known and measurable standard and ensures that ratepayers are made whole.

6
7 To remove the full \$101,545.38 from the cost of service in this proceeding, the
8 Department prepared Exhibit DPS-SGW-2 to adjust BED's proposed rate increase from
9 the full amount of 6.04% in Exhibit DPS-SGW-1 that could be justified to the requested
10 rate increase of 4.50%. That difference represents \$885,271.00.¹ From that base, the
11 Department then calculated the impact of fully removing the estimated overcollection of
12 \$101,545.38 plus residual impacts on the gross receipts tax, resulting in a further
13 reduction of 0.17% and a recommendation that the Commission limit BED's rate increase
14 to 4.33%.²

15
16 **Q7. BED has stated that the proposed rate increase is limited to 4.50%. Does this affect**
17 **the Department's recommendation regarding cost disallowances?**

18 A7. No. The Department does not agree that BED's decision to limit its rate request to 4.50%
19 precludes adjustments to the cost of service. BED's targeted net income in this case is

¹ Exhibit DPS-SGW-2, COS Summary, Revenue Requirement for 2.0 TIER, cell G41.

² *Id.* at COS Summary, Revenue Requirement for 2.0 TIER, Sch 10-Taxes, cells B33:I35.

1 not a fixed or known cost; it is a discretionary policy input determined by management.

2 It is the Department's understanding that there are no revenue bond covenants or
3 statutory obligations requiring BED to achieve a specific times-interest-earned-ratio
4 ("TIER"), such as 2.0. Therefore, a reduction in the cost of service, such as the full
5 removal of the \$101,545.38 in improperly included District Energy-related expenses,
6 directly reduces the revenue requirement even if BED elects to retain its original rate
7 proposal. In such cases, the effect of the disallowance is to lower the margin BED
8 collects above its actual cost of service, which is a permissible and appropriate outcome
9 under cost-based ratemaking principles.

10
11 That said, the Department is satisfied that limiting BED's proposed rate increase to
12 4.33% will provide adequate cash flow to continue operating safely and reliably.

13
14 **Q8. Please summarize the Department's recommendations.**

15 A8. The Department recommends that the Commission limit BED's proposed rate increase to
16 4.33% inclusive of an estimated overcollection of \$101,545.38 in District Energy
17 expenses that were billed in error.

18
19 **Q9. Does that conclude your testimony?**

20 A9. Yes, it does.