VERMONT DEPARTMENT OF PUBLIC SERVICE
DRAFT REQUEST FOR PROPOSALS

Summary of Scope:

Burlington Electric Department Management and Business Process Audit

The Vermont Department of Public Service ("Department") seeks to retain a qualified independent consultant to conduct a comprehensive business process audit of the City of Burlington Electric Department ("BED"). This audit arises in response to a documented pattern of regulatory noncompliance, operational inconsistencies, and internal control deficiencies that have persisted across multiple proceedings before the Vermont Public Utility Commission ("Commission") from 2021 to present. Some of the specific instances that comprise this pattern are summarized in the Department's August 29, 2025, recommendation letter, filed in Case No. 25-1584-INV.

The consultant will support an investigation opened by the Commission (Case No. 25-2607-INV) into BED's internal quality controls, regulatory processes, and management practices. The audit will assess the adequacy and effectiveness of BED's internal systems across four principal domains: (1) Regulatory Quality Controls; (2) Operational Practices; (3) Financial Management and Controls; and, (4) Cross-Functional Management Systems.

Key goals include identifying root causes of prior errors, evaluating systemic weaknesses, and delivering clear recommended improvement measures to ensure reliable, sustainable compliance, internal accountability, and effective governance. The audit will inform the Department's findings, recommended actions for BED and potential Commission directives to remediate identified deficiencies.

Request for Proposals (RFP)

Title: Request for Proposals: Management and Business Process Audit of the City of Burlington Electric Department

1. Purpose

The Department is seeking proposals from qualified consulting firms to conduct an independent audit of BED. The purpose of this audit is to evaluate the adequacy and effectiveness of BED's business processes and internal quality control systems, with a focus on identifying the root causes of persistent regulatory failures and recommending remedial actions.

2. Background

BED is a municipally owned electric utility regulated by the Commission. In recent years, BED has exhibited repeated deficiencies in regulatory compliance, financial reporting, internal controls, and administrative processes, as outlined in multiple Commission cases and summarized in the Department's August 29, 2025, recommendation letter, filed in Case No. 25-1584-INV.

In response, the Commission opened an investigation (Case No. 25-2607-INV) and requested the Department to retain a firm to conduct a comprehensive management audit of BED's operations and practices.

3. Scope of Work

The selected consultant shall undertake a business process and management audit that includes:

A. Regulatory Quality Controls

- Assessment of compliance monitoring systems, accuracy verification methods, and regulatory filing processes.

- Evaluation of systems for timely response to Commission orders and data validation protocols.

B. Operational Management Controls

- Review of organizational policies, decision-making procedures, and accountability frameworks.
- Identification of operational inefficiencies and recommendations for process standardization.

C. Financial Quality Controls

- Evaluation of financial controls related to revenue management, expenditure authorization, budget compliance, and ratepayer fund use.
- Review of past cost allocation errors and oversight mechanisms.

D. Cross-Functional Management Systems

- Review of staff training programs, competency verification, succession planning, and organizational knowledge transfer mechanisms.
- Assessment of continuous improvement programs, performance metrics, and issue escalation protocols.

E. Root-Cause Analysis

- For selected incidents identified in the Commission's July 31, 2025, letter[1], conduct root-cause analyses to identify systemic failures.
- Root-cause analyses should identify the causes of specific failures noted in the Commission letter of July 31, 2025, which will help contextualize both the business

[1] Filed in Case No. 25-1584-INV.

process audit and any resulting recommendations. The analyses should identify any common, holistic, root-causes of BED's compliance issues.[2]

4. Deliverables

- Audit Workplan: Within 30 days of contract execution.
- Interim Progress Briefings: Monthly meetings with Department staff with the potential for more frequent updates as necessary.
- Draft Report: Detailed findings, analysis, and preliminary recommendations.
- Final Report: Comprehensive audit report with prioritized recommendations, implementation roadmap, and performance benchmarks.
- Presentation: Summary presentation to the Department, BED, and Commission.

5. Proposal Requirements

Each proposal must include:

- Statement of qualifications and relevant experience in electric utility management audits, especially municipal utility audits.
- Team composition and resumes.
- Proposed methodology and work plan to include the means and frequency of interactions with BED.
- Timeline and deliverables schedule.
- Detailed cost proposal with estimated hours and rates.
- References from similar engagements.

[2] See Commission Letter, dated 7/31/2025, filed in Case No. 25-1584-INV.