**Background**

On October 22, 2025, the Commission opened an investigation in Case No. 25-2607 into Burlington Electric Department's ("BED") operations and management practices.

The investigation was opened based on a letter the Commission sent the Department of Public Service ("Department") on July 31, 2025, in which the Commission cited eleven instances of what it termed a "pattern of errors, inconsistencies, and shortfalls by BED."[1]

BED operates in a highly complex regulatory environment, and its regulatory burden can be significant at times. BED appreciates Department of Public Service Commissioner Johnson's statement in his letter dated August 29, 2025, that "we do not believe that BED is intentionally obscuring facts or engaging in actions for any malicious purposes."

BED has provided proactive and timely communications to both its governing bodies and regulators of errors it discovered in several of the instances cited. BED also has acknowledged publicly in various forums in response to both the Commission's letter and the subsequent letter from Commissioner Johnson and the Department that it understands it has fallen short of the Commission's and Department's expectations for regulatory engagement. BED respects the Commission's and Department's important roles in regulating EEUs and DUs. We take our regulatory responsibilities seriously and are committed to improvement going forward.

BED management and the entire BED team also take great pride in the work we do to provide safe, affordable, reliable, and renewable power to our community while pursuing opportunities for innovation. BED continues to operate with the highest reliability metrics in the state. We have a strong AA3 credit rating, solid financial metrics, and have received clean, unmodified financial audit opinions for at least 13 consecutive years. BED has worked hard to keep rates affordable, and our residential rates are among the lowest in Vermont and the region. We are the only municipal utility to offer a discounted rate for income-qualified customers, we offer strong electrification incentives across a range of measures including enhanced incentives for income-qualified customers, and we have a dedicated equity professional working to improve our community engagement and outreach. Our power supply has been 100 percent renewably sourced for 11 years. BED has had long-standing and significant involvement with the Renewable Energy Credit ("REC") markets to benefit our customers, beginning before adoption of Vermont's Renewable Energy Standard when in 2008-2009 McNeil first qualified to produce CT1 RECs.  BED has a performance record of consistently meeting or exceeding its strategic electrification targets for Tier 3 of Vermont's Renewable Energy Standard, supporting the state's climate action goals in the process. BED is a nationally and internationally recognized leader in strategic electrification, innovation, and renewable energy.

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[1] BED has not been asked to comment on the characterization of, or stipulate in any way to, the eleven instances cited in the Commission's letter from July 31, 2025, and BED does not stipulate to them here. BED does not waive and expressly reserves any and all procedural and substantive rights it may have to the extent those instances cited individually or collectively serve as the basis for any additional actions in this docket beyond the third-party review discussed in the RFP.

BED seeks to fully engage with the Commission and Department on an appropriately scoped third-party review to bring its regulatory engagement to a similar standard of excellence, as BED knows the Commission and Department expect and consistent with what BED and its customers expect as well.

**Steps to Improve**

BED wants the Commission and Department to know it has taken seriously the letters issued prior to the opening of this investigation, and BED has not waited for the third-party review to take proactive steps to improve regulatory engagement. Having had no opportunity to-date in this docket or elsewhere to state those actions on the record, we take this opportunity to inform the Commission and Department of all of the efforts we have already undertaken in support of the goals outlined in this docket.

To date, these have included:

*Process and Engagement Improvement*

- Formation of a new, cross-disciplinary regulatory work group that includes the General Manager, senior leadership, and staff responsible for regulatory filings which meets weekly to ensure filings are timely and complete and that BED is fully coordinated for all dockets and regulatory responsibilities;
- Creation of a central shared regulatory deadlines calendar in Outlook visible to the above group;
- Increased use of SharePoint to facilitate coordinated review and editing of regulatory filings by multiple internal team members;
- Regular check-ins with the Department including monthly and quarterly check-ins for various BED team members with their Department counterparts;
- Completion and documentation in May of 2025 of a thorough renewable energy certificate business process review focusing on the certification process as well as additional related environmental processes;
- Creation of a similar review and documentation in August 2025 for EEC calculation-related processes;
- Creation (underway) of a similar review for other EEU-related processes, as well as permit renewals;
- Development (underway) of a new employee training program, including training for leadership and key regulatory staff team members on utility regulatory responsibilities and requirements;
- As part of the implementation of new customer information/billing system, mobile work management solution, and customer portal (underway) multiple business processes are being reviewed, documented, and updated.

*Performance Improvement*

- Personal review by General Manager and CFO/Manager of Strategy and Innovation of every document submitted to the Commission;
- Expectation of 5 days in office (limited remote work) for executive managers and key staff involved in the regulatory process;
- Performance improvement processes implemented in conjunction with Human Resources;

*Organizational Capacity and Structure Changes*

- Posting for two open resource planner positions to better support the Policy & Planning team in meeting regulatory and other responsibilities;
- Repurposing an open energy efficiency position into a new regulatory compliance/counsel position (pending necessary local governing body approvals starting with Board of Finance on December 15th), as well as consideration of other structure/organizational reforms;
- Updated Employee Performance Review Form to include section seeking input and feedback on any organizational or process improvement suggestions;
- Pausing new initiative launches to focus on implementation of existing initiatives and refocus on core responsibilities in the regulatory space.

BED recognizes that additional efforts will benefit our team and customers and looks forward to working with the third-party reviewer to learn about best practices and consider additional recommendations.

**The RFP**

BED looks forward to working cooperatively with the firm selected for this management and business process review. Regarding the draft RFP proposed by the Department, BED offers only three comments.

First, in addition to asking in section 5. Proposal Requirements, that interested firms provide information on their expertise in utility management audits, BED would propose that preference be given to firms whose audit teams include individuals with relevant experience working at a utility (e.g., in a regulatory, finance, or operations role), with municipal utility experience further preferred. This type of experience may be useful in conducting an evaluation and offering actionable recommendations particularly as applicable to smaller publicly owned utilities such as BED.

Second, to better inform BED's ongoing improvement efforts, BED would propose in section 4. Deliverables, that interim monthly progress reports be provided to not only the Department, but also BED to the extent there are recommendations or ideas for improvement that should not wait for a final report to be delivered. Further on this point, BED would propose that the RFP require the selected firm to deliver a final report no later than 6 months from the start of the engagement, to ensure timely receipt of recommendations and best practices for action by BED.

Lastly, as this business process audit is proposed to be funded by BED and was not budgeted for in BED's approved FY26 budget (which went into effect July 1, 2025, prior to the Commission's letter and the Department's response), BED respectfully requests that the RFP include a cap not to exceed $100,000 for the engagement so that BED can work to incorporate a known cost into its financial forecasts and accommodate this unbudgeted item while still managing for strong FY26 financial performance. In BED's experience, this is a reasonable amount to expect for such a third-party review given the scope proposed and BED's efforts to date noted above.

BED offers no additional comments at this time and appreciates the opportunity to provide the information presented today to the Commission in service of the goals of this docket.