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TO: Vermont House Committee on Energy and Digital Infrastructure
FROM: Karen Lusson,
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RE: House Bill 753
DATE: February 4, 2026

Good afternoon. My name is Karen Lusson, and I'm a senior attorney at the National Consumer Law Center, where I focus on energy and utility matters that affect consumers. Thank you for the opportunity to speak to you today on House Bill 753.

As other speakers today have indicated, taking action to protect continued access to essential utility services on behalf of a state's most vulnerable customers grows more critical by the day. Households across the financial spectrum, but in particular, households with low-income, face daily affordability challenges that often require difficult choices as to what to forego, including food, prescription drugs and other life essentials. Maintaining the uninterrupted access to essential utility service is vital to protect the health, safety and economic viability of households throughout Vermont and in all states.

HB 753, otherwise known as the Vermont Equity Law, if enacted, would trigger important first steps to ensuring the continued access to essential gas, electric and water service for the state's medically vulnerable and financially struggling customers in three important ways.

First, HB 753 improves existing, inadequate serious illness protections against utility disconnections. For medically vulnerable populations, a disconnection can be the difference between life and death. HB 753 would allow for physicians *or other licensed health care provider* to certify that a resident must remain connected or be reconnected to essential electric, gas or water service in order to avoid suffering an immediate and serious health hazard. Currently, Vermont administrative code protections are inadequate: Under Rule 3.301(G), physicians are listed as the only health care provider that can issue protection certificates. The expansion of those permitted to certify serious illness or vulnerabilities to licensed health care providers beyond only physicians is critical to allowing access to this important protection.

In addition, the current rule provides that certificates are valid for only 30 days, or the duration of the hazard, *whichever is less*, with renewal being permitted only once. (Emphasis added.) Use

of a physician's certificate by a customer to prevent disconnection or to trigger a reconnection is limited to two consecutive 30-day periods and must not exceed three 30-day periods in any calendar year. HB 753 corrects these deficiencies and recognizes that medical protection certificates should correlate with the health needs of the individual, not a random expiration date untethered to a person's health challenge. These amendments to the current PUC Rule should be enacted to protect medically vulnerable customers.

The second important protection that HB 753 offers is a critical first step in protecting vulnerable Vermont residents from disconnection during “extreme heat,” the definition of which would be defined by the Commission.

Over the last several years, punishing heat waves have occurred across the planet. Extreme heat and other climate change impacts are affecting communities throughout the United States. Extreme heat is the leading cause of weather-related deaths, according to U.S. Environmental Protection Agency.¹ The frequency, duration and intensity of extreme heat waves has significantly increased over the past several decades, as reported by the US EPA.²

The public health consequences of exposure to extreme heat require specific action by policymakers and regulators to address the unaffordability of, and need for continued access to, essential utility service, particularly for vulnerable populations at increased risk of heat stroke and even death during intense heat. Currently, the state of Vermont includes no protection from disconnection relative to seasonal extreme heat occurrences.

At a minimum, protecting customers from disconnection during extreme heat is an important first step in protecting the health and welfare of Vermont residents during these extreme weather events, akin to cold weather disconnection prohibitions during winter months that exist in most states. HB 753 constitutes that critical initial movement toward protecting Vermont's physically and financially vulnerable residents during extreme heat weather events. The phenomenon of extreme heat tied to climate change highlights the importance of uninterrupted access to essential utility service, particularly when increased electricity usage for necessary cooling is needed to remain safe.

The third important customer protection included in HB 753 would create a new rule requiring gas, electric and water utilities to file new plans to significantly reduce residential disconnections. House Bill 753 would require the utilities to submit a “Service Quality and Reliability Plan” for Commission approval that strategically achieves “the lowest prudently feasible number of monthly and annual involuntary residential service disconnections within a utility's service territory... .” The legislation would also require a utility operating under alternative regulation to include a required plan for reducing disconnections as part of the reward/risk structure.

¹ See *Protecting Access to Essential Utility Service During Extreme Heat and Climate Change*, National Consumer Law Center, K. Lusson, p. 5, available at: https://www.nclc.org/wp-content/uploads/2024/07/202407_Report_Protecting-Access-to-Essential-Utility-Service-in-the-Time-of-Extreme-Heat-and-Climate-Change.pdf

Please note that the cited U.S. EPA statistic and references to climate change have been removed from the current U.S. EPA website.

² *Id.*

This shift toward performance-based regulation comes as public policy makers in a growing number of states seek to provide new incentives or penalties for regulated utilities to increase affordability of rates and access to renewable energy, reduce emissions and peak energy load, improve customer service and achieve other policy goals. In the state of Illinois where I reside, the Illinois Commerce Commission, which regulates the state's utilities, approved in 2023 a performance-based affordability metric that either rewards or penalizes our two major electric utilities for achievement of a 10% annual reduction in disconnections for the top 20 zip codes with the highest disconnection rates over the 2024-2027 time period. The metric, proposed by the National Consumer Law Center on behalf of its low-income client, has the potential to reduce electricity disconnections in some of the most economically disadvantaged Illinois communities by 34% or more over the 2024-2027 time period.³ The Commission is set to issue an order any week now on a renewal of that metric for these utilities.

Importantly, the utilities as part of the approved metric committed to not achieve this metric by simply allowing arrearages in the top 20 zip codes to grow as a result of the reduction in disconnections, narrowly focusing its efforts on reducing disconnections in a select-few zip codes, or strategically timing disconnections for maximum company benefit. Instead, they committed to actively take other measures, such as improved outreach to customers whose arrearage levels indicate that they are struggling to afford essential utility service, in order to connect those customers with financial assistance, and to actively explore and adopt other measures that will improve long-term affordability of monthly electric bills for these customers.

Requiring utilities to reduce disconnections is a win-win for both utilities and their customers. That's the case because all customers pay for uncollected bills, otherwise known as "bad debt," in utility rates. Utilities, of course, have no ability to collect revenue from households that have been shut off from essential utility service. It is in their interest as monopoly service providers to assist customers in making bills more affordable. Customers who struggle to afford utility bills benefit, too, when they can be connected with financial assistance programs that make monthly utility bills more affordable.

A critical next step for the state, beyond HB 753, will be to create more robust discounts for the state's financially struggling, low-income households. Illinois⁴ and other states have done just that in approving tiered discount rates tied to customer income or percentage of income

³ See ICC Docket No. 22-0063, Order of September 27 2022, available at <https://www.icc.illinois.gov/docket/P2022-0063/documents/328505/files/571865.pdf>.
ICC Docket No. 22-0067, Order of September 27, 2022, available at: <https://www.icc.illinois.gov/docket/P2022-0067/documents/328509/files/571872.pdf>;

⁴ See, e.g., ICC Docket No. 23-0066, *Northern Illinois Gas Company d/b/a Nicor Gas – Proposed General Increase in Rates*, Order of November 16, 2023, at 201-205; ICC Docket No. 23-0067, *Ameren Illinois Gas Company– Proposed General Increase in Rates*, Order of November 16, 2023, at 265-268; ICC Docket No. 23-0068/69 (cons.), *North Shore Gas Company, Peoples Gas Light & Coke Co. – Proposed General Increase in Rates*, Order of November 16, 2023, at 266-269. Those discount rate programs took effect on October 1, 2024.

payment plans (PIPPs) that ensure households pay no more than a maximum of 3% or less⁵ of monthly income toward an electric or gas utility bill.

In sum, measuring and reducing the rate of disconnections in communities hardest hit by utility disconnection policies is an important goal and outcome in the ongoing effort to improve uninterrupted access to essential utility service and affordability of utility rates for customers who struggle financially each month. Passage of HB 753 is an important first step for establishing protections from disconnections of essential utility service in the ongoing battle to ensure that monopoly utilities treat all customers, regardless of income, with dignity and equity.

⁵ The New Jersey Board of Public Utilities in 2023, for example, enacted discounted rates that establish a maximum 2% energy burden for electric or gas service. IN THE MATTER OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES' RESPONSE TO THE COVID-19 PANDEMIC - ORDER ON UNIVERSAL SERVICE FUND AND FRESH START PROGRAM MODIFICATIONS, Docket No. AO20060471, Order of June 29, 2023. The Board held, "The USF (Universal Service Fund) affordability threshold be adjusted from three percent (3%) of annual household income for gas and non-heating electric costs to two percent (2%) of income." Order at 4.