

Testimony Outline for Commissioner Kerrick Johnson
Vermont Department of Public Service
Before the House Energy and Digital Infrastructure Committee

January 15, 2026

1. Utility Regulatory Overview

- 17 distribution utilities, 1- IOU, 3-Coops, 14 munis.
- For municipals, VT is one of six states that regulate munis, an additional two states will regulate a municipal utility if that utility serves customers outside the municipality's boundary.
- Three statutory provisions; three regulatory practices/processes

2. Hyde Park Update

3. Utility Assessment Initiative

Excerpts of statutory powers - GENERAL POWERS

A. 30 V.S.A. § 206. Information to be furnished to Department (Info requests)

On request by the Department of Public Service, a company owning or operating a plant, line, or property subject to supervision under this chapter shall furnish to the Department information required by it concerning the condition, operation, management, expense of maintenance and operation, cost of production, rates charged for service or for product, contracts, obligations, and the financial standing of such company. It shall also inform the Department of the salaries of; the pensions, option, or benefit programs affecting; and the expenses reimbursed to its officers or directors, or both.

B. 30 V.S.A. § 209. Jurisdiction; general scope (Overall regulation)

(a) General jurisdiction. On due notice, the Commission shall have jurisdiction to hear, determine, render judgment, and make orders and decrees in all matters provided for in the charter or articles of any corporation owning or operating any plant, line, or property subject to supervision under this chapter and shall have like jurisdiction in all matters respecting:

(1) the purity, quantity, or quality of any product furnished or sold by any company subject to supervision under this chapter, and may prescribe the equipment for and standard of measurement, pressure, or initial voltage of such product;

(2) the providing for each kind of business subject to supervision under this chapter, suitable and convenient standard commercial units of product or service, which standards shall be lawful for the purposes of this chapter;

(3) the manner of operating and conducting any business subject to supervision under this chapter, so as to be reasonable and expedient, and to promote the safety, convenience, and accommodation of the public;

C. 30 V.S.A. § 231. Certificate of public good; (Who granted responsibility to serve a given service territory; CPG can be revoked)_

(a) A person, partnership, unincorporated association, or previously incorporated association that desires to own or operate a business over which the Public Utility Commission has jurisdiction under the provisions of this chapter shall first petition the Commission to determine whether the operation of such business will promote the general good of the State and shall at that time file a copy of any such petition with the Department.. If the Commission finds that the operation of the business will promote the general good of the State it shall give the person, partnership, unincorporated association, or previously incorporated association a certificate of public good specifying the business and territory to be served by such petitioners. For good cause, after opportunity for hearing, the Commission may amend or revoke any certificate awarded under the provisions of this section.

Regulatory Tools

D. Service Quality Reliability Plans SQRPs: Each utility’s Service Quality and Reliability Plan sets out standards by which that utility’s performance will be measured. The Plans also require each utility to monitor and report the results of its performance in these areas to the Public Utility Commission and the Department of Public Service.

The standards cover seven broad areas of service: customer service phone answering, billing, meter reading, work completion, customer satisfaction, worker safety, and reliability of service.

SQRPs similar but not identical. They include different standards and different minimum performance levels for those standards, depending on a particular utility’s circumstances. Each SQRP also includes at least one “service guarantee” – a specific credit or financial benefit to the affected individual retail customers if the utility fails to meet one of its service commitments. All of the Service Quality and Reliability Plans

include a service quality compensation mechanism under which the utilities will pay a financial penalty if certain minimum standards are not met.

- E. **IRPs:** Pursuant to 30 V.S.A. §218c, each regulated electric or gas company is required to prepare and implement a least-cost integrated plan “integrated resource plan” for provision of energy services to its Vermont customers. Language in statute and Public Utility Commission Orders, beginning with Docket 5270, define requirements that a distribution utility's complete IRP should meet in order to pass the Department's review and comply with the Commission's approval requirements.

The IRP articulates the decision-making framework that utilities undertake to meet the public's need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy supply, transmission and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs (30 V.S.A. §218c). The cost and benefit factors to be considered include both direct monetary costs and benefits, and indirect impacts such as environmental and other societal effects. Plans should also consider issues related to environmental justice and energy equity, particularly with regard to the distribution of environmental benefits and burdens and opportunities for meaningful participation as discussed in Act 154 of 2022.

F. Rate cases

HEDI

- **Sept 3 – heads up fm EVT**
- **Sept 4 – verbal confirmation**
- **Sept 9 – In-person discussion w/ HEPD Gen Mgr**
- **Sept 10 – Letter sent to HPED**
- **Sept 29 – HPED letter to PUC**

Utility Challenges

Running a utility is hard and getting harder. Federal grant money is disappearing or harder to get. Operational challenges to utilities:

1. Rising costs for wholesale energy, materials and regional transmission services due to inflation, higher interest rates, tariffs, ongoing retirements of older generators and Federal opposition to other generation sources.

2. Customer service reliability needs and service offering expectations for a customer base that is aging.
3. Aging infrastructure and small customer base over which to spread investment costs for “traditional”, as well as newer technology assets, are all coming at a time of rising property taxes.
4. Regulatory requirements – cybersecurity; threats are more pervasive and virulent; energy planning, etc., from NERC, ISO NE and State of Vermont continue to increase – not sure that the regulatory infrastructure has kept up with the grid that now is
5. More frequent and extreme weather events. VT tied for fifth in the nation in terms of number of disaster declarations (25) from 2011-2024; VT fourth in the nation in terms of per capita cost (\$902) of these disasters
6. Personnel retention and recruitment. Attracting and keeping qualified employees to replace those longtime utility stalwarts who are retiring is exceedingly difficult.

Department/VPPSA Collaborative Utility Assessment

I know firsthand how personalities and needless politics adds cost to ratepayers. In my view though, incumbent utilities remain the most efficient means of serving customers...until they are not. I am not interested in adding regulations – of those we have plenty.

As I’ve repeatedly stated, both publicly and privately, my primary concern is for ratepayers. I am not interested in forcing consolidation of local utilities. I have, however, been demanding greater operational cohesion and effectiveness among utilities in serving customers. Utilities, however, are not always providing the information that’s required of them nor volunteering information that would help my Department better assist in helping them delivering better service to their customers.

And while I have a lot of experience and well-established relationships with almost every one of the state’s utilities, my Department and I don’t have a full, utility-by-utility picture of how each of these utilities are doing right now in terms of their finances, grid reliability investment plans, and personnel.

Given what’s happened of late with a number of other utilities, the Department would be derelict in its duties if it didn’t complete such an assessment of each utility on these three critical areas.

The Department already has broad statutory powers to obtain whatever information it deems it needs from utilities. I am precisely not going down that route...yet. And I don’t believe I will need to.

I think it's more efficient and thus less costly to work collaboratively with the Vermont Public Power Supply Authority (VPPSA), and others, to get this assessment done. (This assessment will cover all of Vermont's 17 utilities, not just the municipals.)

I am grateful to VPPSA leadership and Board for their assistance with regards to Hyde Park Electric Department and it is in that spirit of collaboration for the benefit of Vermonters that I have been working with VPPSA on this next assessment. Not to add regulations but to identify what assistance is needed and determine where best it may be secured. Nothing more and nothing less.

Utility Assessment Overview: the Department intends to undertake an assessment of the state's utilities to determine their respective **financial stability, operational reliability and workforce sufficiency**. We will seek to undertake this assessment in collaboration with the Vermont Public Power Supply Authority (VPPSA), the joint action agency representing most municipal electric utilities, to leverage their considerable expertise and established relationships with member utilities. The results of this assessment will be used to identify where and in what form assistance is needed and available, consistent with the Department's overall statutory and regulatory responsibilities.

The premise of this assessment initiative is that the least-cost strategy for protecting the interests of municipal utility ratepayers who depend on affordable, reliable electrical services is to first seek to strengthen the utilities that serve them. By first identifying strengths, weaknesses, and opportunities for financial, operational and workforce improvements, we can collaboratively develop responsive strategies. The assessment's findings will inform our regulatory approach, guide corrective actions where necessary, and highlight best practices that can be shared across our utility portfolio—ultimately affording each participating municipal utility an opportunity to better assure they can effectively serve their communities.

Objective – In collaboration with VPPSA, secure as clear a picture as possible of each municipal utility's financial health, operational reliability condition and management leadership and staffing sufficiency.

Timing –

- Interviews done by June 30, 2026
- Final Report done no later than October 1, 2026