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Filed via ePUC

November 15, 2024

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Vermont Electric Cooperative, Inc.
Request for Rate Increase

Dear Ms. Anderson:

Via ePUC, VEC will file a petition for an increase in revenues of \$4,514,046 to be effective on January 1, 2025. This represents a 4.84% increase over existing revenues. VEC proposes that the increase be equally applied to all members through a flat increase across all rates classes. VEC does not propose to apply this increase to its line-extension rates, miscellaneous services rates, or pole attachment rates.

Despite the need for fairly significant rate increases for the past two years, VEC's ten-year average annual increase including this year's recommended increase remains low at 2.66%.

The primary drivers of this rate increase are (1) transmission costs, which are rising significantly due to new investments in infrastructure (2) property tax bills in 2024 which are nearly 29% higher than in 2023 (3) salary and benefits costs caused by wage and benefit increases necessary to attract and retain employees; and (4) higher interest expense based on market changes and higher use of debt facilities. Two other key changes from the test year are (1) the elimination of the last of VEC's one-time grant funding from the Paycheck Protection Program, which was fully exhausted in late 2023 (within the test year), and (2) the elimination of estimated FEMA reimbursements that are not anticipated in rate year.

Offsetting these upward cost pressures, VEC has seen increased revenue or cost savings in the following areas: (1) an increase of 2% in retail kWh sales compared to last year's rate case; (2) lower power supply costs due to a decline in market prices; and (3) an increase in dividends from investments in VT Transco stock. Another downward adjustment from the test



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year is a reduction in storm costs as a result of removing excessive storm costs in the test year which we cannot predict will happen in the rate year.

As always when VEC develops rate requests, we have been frugal yet very mindful that we do not compromise key cost items that are essential to support our mission to deliver safe and reliable service to our members. These include a robust vegetation management program to reduce outages, continued upkeep on our lines and electric facilities, vigorous storm response, continued technology transformation to enhance reliability and efficiency, and a lean but talented workforce to serve our members.

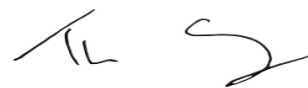
Along with the petition, VEC will also file a proposed form of formal notice to customers. This notice assumes that the case will be opened for investigation and that the PUC will schedule a public hearing and informational session, as it has in past cases. Once the date and location for the public hearing and informational session are finalized, and upon approval of the notice by the PUC Clerk, VEC will include notice in our winter Co-op Life publication and, in abbreviated form, as a bill message.

In addition to the formal notice, VEC plans to take the following actions to educate our members about the need for rate increase and to seek comments on the increase:

- After we file on November 15, we will post a summary of the proposed rate increase, along with a Frequently Asked Questions document, on our public website. The notice and FAQs were previously provided to the Department of Public Service and the PUC Clerk.
- Early in the week of November 18, we will publish, via email, the Fall issue of our Commercial and Industrial (C&I) newsletter, which will contain the rate increase summary with a link to the FAQ document on the website. This goes to approximately 2,900 C&I accounts.
- The Fall issue of our member newsletter Co-op Life will feature an explanation of the rate case as its lead article. This newsletter should arrive to members, both hard copy and email, around November 23.

VEC looks forward to engaging with the Department of Public Service and the Commission as both bodies examine the details of this request.

Very truly yours,



Thea Schwartz
VEC Corporate Counsel

