

This document is being submitted electronically via ePUC.

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. _____

Petition of Vermont Electric Cooperative, Inc.)
Requesting an Increase in Revenues of \$4,514,046)
Or 4.84% to Take Effect January 1, 2025)

PREFILED TESTIMONY OF
CAROLINE C. MASHIA

ON BEHALF OF
VERMONT ELECTRIC COOPERATIVE, INC.

November 15, 2024

Summary of Testimony

Ms. Mashia's testimony will describe the main drivers of the rate increase that VEC requests and will support VEC's request for a 2.0 TIER. She will also discuss known and measurable changes from the test year (July 1, 2023 to June 30, 2024) to the adjusted test year (calendar year 2024) in all areas other than power supply, which Dan Potter will address, and transmission expense and revenues, which Katie Audette will address.

Ms. Mashia sponsors the following exhibit:

VEC-CCM-1- Spreadsheet in Support of Revenue Request

Table of Contents

I.	Introduction	2
II.	TIER.....	7
III.	Known and Measurable Changes Over Test Year	8
A.	Expense Adjustments.....	9
1.	Distribution Operations and Maintenance Expense Adjustments – Schedule 4.....	9
2.	Customer Accounts – Schedule 5	14
3.	Administrative and General Expense – Schedule 6	14
4.	Payroll and Benefits and Training – Schedule 6	15
5.	Insurance – Schedule 7	16
6.	Information Technology – Schedule 7A	16
7.	Transportation – Schedule 7B.....	17
8.	Depreciation and Amortization Expense – Schedule 8.....	17
9.	Interest Expense – Schedule 9	18
B.	Income/Revenue Adjustments.....	19
1.	Interest and Dividend Income – Schedule 10.....	19
2.	Other Revenues -- Schedule 11.....	19

1

2 **I. Introduction**

3 **Q1. Please state your name, place of employment and position.**

4 **A1.** My name is Caroline Couture Mashia. I am employed by Vermont Electric Cooperative,
5 Inc. (VEC) as its Chief Financial Officer. I assumed the responsibilities as Chief Financial Officer
6 as of May 1, 2022. Prior to that I served as Controller at VEC since 2010.

7 **Q2. Please briefly describe your educational background and work experience.**

8 **A2.** I hold a Bachelor of Arts Degree in Business Management, Accounting, from Vermont
9 State University and an Associate's Degree in Accounting from Champlain College. Prior to
10 joining VEC, I was the Assistant Controller for Northern Power Systems, Controller at N. Harris
11 Computer Corporation (formerly Systems and Software, Inc.), and Senior Accountant/Analyst
12 for Green Mountain Energy Company. I also worked as Comptroller of EQ2, Inc., as Financial
13 Assistant at the City of Burlington Treasurer's office, and as a Staff Accountant at Associates in
14 Accounting.

15 **Q3. What is the purpose of your testimony?**

16 **A3.** My testimony will describe the main drivers of the rate increase that VEC requests, as
17 well as VEC's actions to limit the magnitude of the rate request. I will explain why a 2.0 "times
18 interest earned ratio" or TIER continues to be the appropriate level for VEC at this time. I will
19 also discuss known and measurable changes from the test year (July 1, 2023 to June 30, 2024)
20 to the rate year (calendar year 2025) for certain elements of our cost of service. These are
21 detailed in Exhibit VEC-CCM-1, which is a spreadsheet consisting of numerous schedules

1 including the Chart of Accounts Trial Balance for the test year. Please note that Exhibit CCM-1,
2 Schedule 1A summarizes the key drivers of this rate request and references the sub-schedules
3 which provide further detail as to each driver.

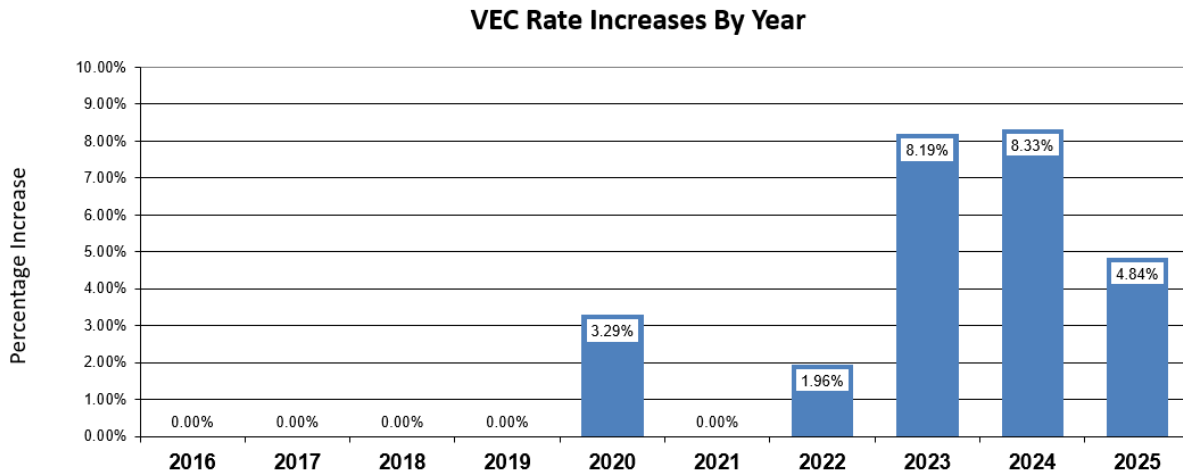
4 Other VEC witnesses will address cost of service changes in the areas of power supply
5 (Dan Potter), and transmission expense as well as revenues adjustments related to transmission
6 for others, a rate increase, and a reduction in service fees due to the new disconnection rule
7 (Katie Audette).

8 **Q4. Please summarize the rate request.**

9 **A4.** VEC is requesting a revenue increase of \$4,514,046 to be effective on January 1, 2025.

10 This represents an 4.84% increase over existing revenues. VEC proposes that the increase be
11 equally applied to all members through a flat increase across all rates classes. Exhibit VEC-KA-1
12 to Mrs. Audette's testimony shows the proposed rate for each customer class. VEC does not
13 propose to apply this increase to its line-extension rates, its miscellaneous services rates, or its
14 pole attachment rates.

15 Despite the need for fairly significant rate increases over the past few years, our ten-
16 year average increase including this year's requested increase remains low at 2.66% per year, as
17 shown by the chart below.



Ten Year Average/Year = 2.66%

Q5. Why does VEC need a rate increase at this time?

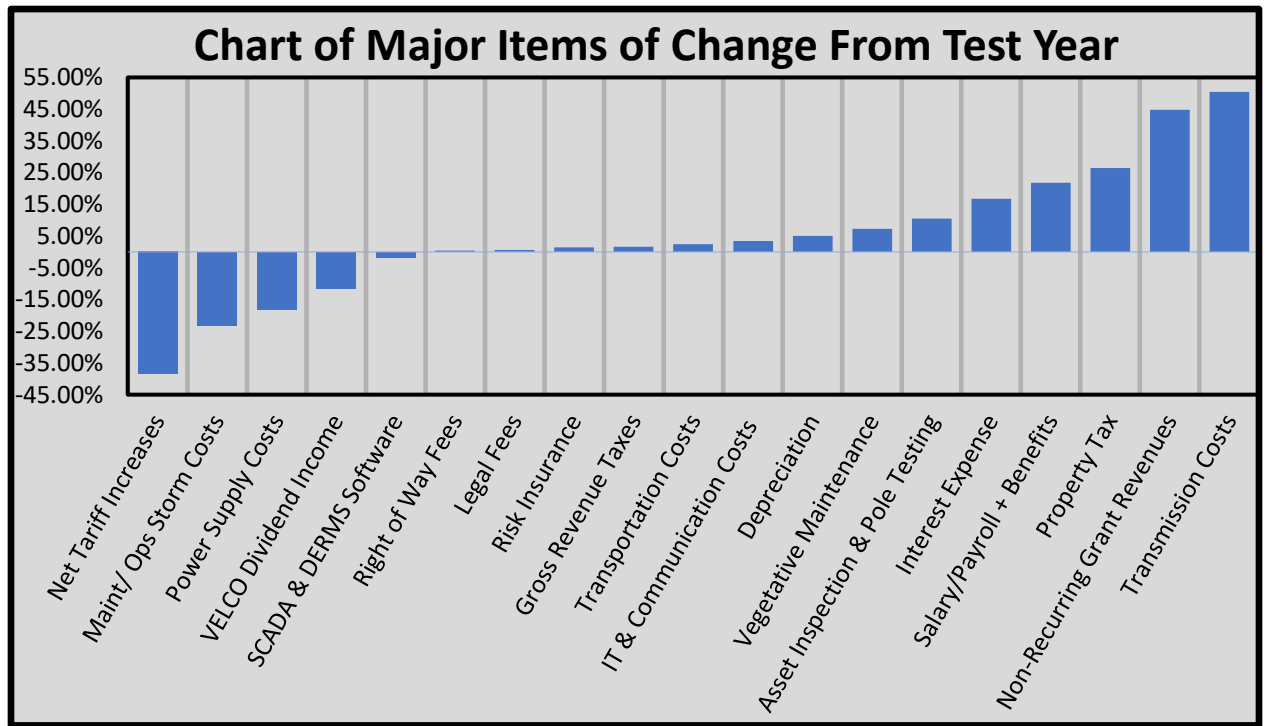
A5. The key drivers of this increase are (1) transmission costs, which are rising significantly due to new investments in infrastructure; (2) property tax bills in 2024 which were nearly 29% higher than in 2023; (3) salary and benefits costs caused by wage and benefit increases necessary to attract and retain employees; (4) higher interest expense based on market changes and higher utilization of debt facilities; (5) necessary line maintenance, which includes continuation of our Asset Inspection Program and pole testing and treatment; (6) increases in the cost of vegetation management due to the contractual end of contributions for poles acquired from Consolidated Communications; (7) depreciation expense from assets placed in service; (8) information technology costs driven by new sales taxes and contract renewals; and (9) depreciation on new bucket trucks is driving increased transportation costs. Two other key changes from the test year are (1) the elimination of the last of our one-time grant funding from the Paycheck Protection Program, which was fully exhausted in late 2023 (within the test

1 year), and (2) the elimination of estimated FEMA reimbursements that are not anticipated in
2 rate year.

3 Offsetting these upward cost pressures, we have seen increased revenue or cost savings
4 in the following areas: (1) increase of 2% in retail kWh sales compared to last year's rate case;
5 (2) lower power supply costs due to a decline in market prices; (3) an increase in dividends from
6 our investments in VT Transco stock; and (4) lower DERMS software costs due to proceeds from
7 the Energy Storage Access Program grant. Another downward adjustment from the test year is
8 a reduction in storm costs as a result of removing excessive storm costs in the test year which
9 we cannot predict will happen in the rate year.

10 It is important to highlight that, as we developed our rate request, we have been frugal
11 yet very mindful that we do not compromise key cost items that are essential to support our
12 mission to deliver safe and reliable service to our members. These include a robust vegetation
13 management program to reduce outages, continued upkeep on our lines and electric facilities,
14 vigorous storm response, continued technology transformation to enhance reliability and
15 efficiency, and a lean but talented workforce to serve our members.

16 The chart below (which is also included at Exhibit CCM-1, schedule 1A) shows the major
17 items of change from the test year.



Q6. What has VEC done to keep members informed of this rate increase?

A6. Knowing the impact this increase will have on members, we have developed a robust outreach plan to keep our members informed. In addition to fielding calls from our commercial and industrial members who are in their own budget cycle, we plan to highlight the proposed rate increase in an e-newsletter to commercial and industrial members that will be sent immediately after the filing. In mid-November, our Co-op Life newsletter sent to all members will feature an explanation of the need for the rate case in its lead article. We are also sharing information on our website and in on-bill messages on January/February bill cycles.

In our Winter issue of Co-op Life, which members will receive in late January 2025, we will publish the Commission-approved Notice of Proposed Rate Change as well as a table of the proposed rates, information about any public information sessions or hearings and instructions

1 for filing comments. We will continue to use all these media, and others, to provide updates,
2 and we always encourage members to contact any of us at VEC with any questions.

3 II. TIER

4
5 **Q7. What level of TIER has VEC requested and why is that level necessary?**

6 **A7.** As it has in its recent rate cases, VEC has developed its rate request based on a target
7 TIER of 2.0. We have found this level of TIER to be key to maintaining VEC's financial health, as
8 indicated by our credit rating, which we have maintained at an A+ rating with a stable outlook
9 since 2016.

10 Other benefits we have been able to achieve with a 2.0 TIER include:

- 11 • The ability to support a sustainable capital spending plan to achieve the overall goal
12 of balancing rate impacts with the need to provide reliable electric service and
13 minimize outages for our members. Our capital plan also includes a new 6-year 2.0
14 AMI implementation plan and increased investments to maintain reliability amid
15 rising costs, as approved by our Board of Directors in May, 2024.
- 16 • The ability to leverage a strong credit rating to strengthen our power supply
17 portfolio. We now have established credit with many large and reputable energy
18 traders, and we have a power supply portfolio that is diversified between long- and
19 short-term deals.
- 20 • The ability to consistently retire patronage capital to our members. VEC has been
21 able to return over \$13.8 million in member equity since 2013. This is roughly equal

1 to a one-time 14.84% rate decrease.

- 2 • The ability to continue to invest in VT Transco stock. This investment yields
- 3 generous returns that help mitigate the increases in other costs to our members.
- 4 • Access to favorable debt financing. VEC's financial strength has instilled the
- 5 confidence of our lending partners which allows us to leverage lower cost of debt
- 6 financing.

7 Continuing a TIER of 2.0 will allow us to maintain these important activities.

8 **III. Known and Measurable Changes Over Test Year**

9 **Q8. As an initial matter, please summarize the schedules which support VEC's revenue**
10 **request.**

11 **A8.** The elements of our cost of service are reflected on Exhibit VEC-CCM-1, which is a
12 spreadsheet consisting of numerous separate schedules, including the Chart of Accounts Trial
13 Balance for the test year. Dan Potter will discuss changes to power costs on Schedule 2, and
14 Katie Audette will discuss changes to transmission costs on Schedule 3 and to certain revenues
15 on Schedule 11. I will discuss Schedules 4 through 11. Note that Schedule 1 is the revenue
16 requirements summary and is supported by the other schedules. Schedules 1A and 1B show the
17 key drivers of this rate request.

18 For clarity, in this section of my testimony I will describe each schedule I am sponsoring,
19 generally in order by schedule number, and then my explanations will follow in the account
20 number order within each schedule.

1 **A. Expense Adjustments**

2 **Q9. As an initial matter, are there certain increases that show up as adjustments to more**
3 **than one schedule?**

4 **A9.** Yes. There are five categories of costs that are reflected on more than one schedule
5 because they are allocated to different functions within the cost of service. These are payroll
6 and payroll-related benefits, transportation, insurance, information technology, and property
7 taxes. Each category has a separate schedule (or workspace within a schedule), which shows
8 the cost adjustments as well as the allocations to various functions. I will address those as I go
9 through the schedules.

10 **1. Distribution Operations and Maintenance Expense Adjustments – Schedule 4**

11 **Q10. What are the changes proposed as Distribution Operations and Maintenance**
12 **adjustments shown on Schedule 4?**

13 A.10. The majority (58%) of the total cost increase shown on Schedule 4 is attributable to
14 allocated expenses associated with labor and benefits, transportation, information technology,
15 insurance, and property tax allocations. As noted, adjustments related to these costs are
16 covered elsewhere in my testimony.

17 **Distribution Operations Expense**

18 **Q11. Please explain the adjustment for Outside Services – Pole Treatment and Testing and**
19 **Asset Inspection, shown on line 13 of Schedule 4.**

1 **A11.** There are two elements to this line item: VEC’s Asset Inspection Program and our Pole
2 Treatment and Testing Program, which together are projected to cost \$682,621 in the rate
3 year.

4 **Asset Inspection Program**

5 In our 2024 rate case, the PUC approved \$250,000 in connection with VEC’s
6 “maintenance plan,” which re-focused VEC’s 2024 asset inspection program on using drone
7 technology instead of in-person aerial patrols and pole-by-pole inspections. To avoid confusion
8 with other ongoing and annual system maintenance – and to better convey the purpose of the
9 program -- VEC has changed its terminology for this element of its overall maintenance
10 activities to “Asset Inspection Program.” In 2024, VEC signed a confidential contract with a
11 drone technology firm, which conducted analysis of the drone flight data beginning in July,
12 2024 (i.e. outside of the test year). Costs for the Asset Inspection Program in the 2025 rate year
13 include actual billed costs to date in 2024 plus an inflation factor of 3%.

14 In addition, VEC has hired the same drone technology firm to conduct infra-red and
15 aerial patrols previously done via helicopter. VEC ceased using helicopters for aerial patrols
16 after a line inspection pilot died in an accident in New Hampshire in late 2023. We anticipated
17 contracting for four flights during the test year; instead, test year costs included only one flight
18 at \$26,356. For the 2025 rate year, VEC intends to use drone technology to replace line
19 inspections previously done by helicopter at an estimated cost of \$79,104. This will result in a
20 safer methodology for line inspections and better data versus traditional helicopter line
21 inspections.

Outside Services – Pole Treatment and Testing

Our 2024 approved rates included \$140,000 in pole testing and treatment costs. VEC is on track to incur these costs; however, the average price per pole in 2024 has increased higher than budgeted, resulting in fewer poles being tested. As noted in our 2024 rate case, VEC was already behind on pole testing, primarily because the contractor lacked resources in 2022 and early 2023. Pole testing resumed in late 2023. In order to get back on track to the 10-year pole testing requirement, VEC must increase the number of poles that require testing from 5,500 annually to 7,477. For 2025, VEC assumed our 2024 average pole cost of \$41.48 plus an inflation factor of 3% at the increased pole count of 7,477 poles.

Q12. Please explain the adjustments to the Minor Storm expense item on line 19 of Schedule 4.

A12. VEC used a three-year average in estimating costs of major and minor storms. This is a departure from the prior practice of using a five-year average and it is justified by the increased costs of storm recovery efforts. Part of the increase is due to labor costs which have risen steeply in the past several years, making costs from five years ago stale and out-of-date. In addition, storms are more frequent and severe than they were five years ago and using stale data will result in chronically inadequate budgets to meet current conditions.

For 2025, despite budgeting a higher number using a three-year versus a five-year average, we are proposing a decrease in storm costs compared to test year levels. The test year included costs from a series of back-to-back minor storms in late 2023. For minor storm expense, we incurred \$591,563 (shown in the work area at the bottom of Schedule 4) in

external costs (internal costs are reflected in our payroll schedule), which was offset by \$52,542 in reimbursement by billing for accidents, for a test year total of \$539,020. For the rate year, we have included the three-year average (net of reimbursements) of \$220,107, escalated by a modest 3% inflation factor for a total of \$226,800. That reduces the 2025 rate year cost by \$312,220.

Q13. Please describe the reason for the decrease in Major Storm Expense.

A13. As explained above with respect to minor storms, we have budgeted using a three-year average of actual costs. In the test year, we incurred \$1,404,986 in external costs (shown in the work area at the bottom of Schedule 4), due to major storms Finn and Gerri. For the rate year, we have included the three-year average (net of reimbursements) of \$655,118, escalated by a modest 3% inflation factor for a total of \$674,800. This represents a decrease from test year levels of \$730,186.

Q14. Can you describe the Storm – Grant Reimbursement adjustment reflected on Schedule 4?

A14. As noted above, in the test year, VEC experienced two back-to-back major storms, Finn and Gerri, which were declared to be eligible for FEMA reimbursement. VEC booked \$1,329,745 in the test year for FEMA reimbursements. However, a FEMA reimbursement in the rate year is not a known and measurable event, so we have removed that amount from the 2025 cost of service.

Q15. Please explain the changes that you are proposing in vegetation maintenance costs.

A15. Schedule 4 shows an increase of \$325,210 above costs recognized in the test year for Vegetation Management. \$171,170 of the increase is due to the cessation in 2023 of reimbursements from Consolidated Communications that were agreed to as part of VEC's acquisition of Consolidated's ownership interests in previously jointly-owned poles.

VEC's approved cost of service for 2024 included vegetation management costs of \$4,716,163. VEC is on track to spend this approved amount in 2024. For the 2025 rate year, VEC is requesting an increase of \$90,630 above the amount approved in 2024 rates. This amount is consistent with bids received from Vegetation Management contractors for work to be completed in 2025.

Distribution Operations Expense

Q16. What are the changes proposed as Distribution Operations Expense adjustments?

A16. I am proposing an increase of \$1,488,137 over test year numbers for this category of costs, the vast majority of which again reflects pro forma costs allocated for labor, transportation, IT, insurance, and property taxes.

Q17. What are the changes proposed for SCADA and DERMS Software Expenses?

A17. Cost savings of \$73,994 for SCADA and DERMS Software is a result of increases to software renewals offset by savings recognized from Energy Storage Access Program grant contributions for DERMS software.

Q18. Schedule 4 shows an increase in Rents/Rights of Way. What is that attributable to?

A18. Right-of-way costs include master license agreements for State lands along with annual railroad licenses and right-of-entry permits for an increase of \$21,077 over test year. The test

year excludes invoices expected but not received yet in 2024.

2. Customer Accounts – Schedule 5

Q19. Please describe the known and measurable adjustments in Customer Accounts.

A19. The increase is customer accounts expense -- \$498,089 over test year levels -- is solely due to the allocated costs discussed elsewhere in my testimony.

3. Administrative and General Expense – Schedule 6

Q20. Turning now to Schedule 6, please explain your proposed adjustments.

A20. Aside from the allocated amounts, there is a modest increase -- \$30,267 -- in our legal fees over test year levels. This number includes the 5-year average for legal support costs of \$16,664 as well as anticipated additional legal costs for a 2025 Bond issuance of \$13,603. Note that we have included only one-fourth of the anticipated bond costs, to take into account the four-year term of the bond.

Q21. Property taxes area also reflected in the work area on Schedule 6. Can you describe those changes?

A21. Property taxes have increased significantly over test year levels. As we have in the past, VEC projected property tax costs by taking actual costs for 2024 and escalating them by the average increase we have experienced over the most recent five-year period. For the 2025 rate year, VEC excluded the large increase of 28.77% recognized in 2024 from the average, and instead, used the 2019-2023 average increase of 2.44%. VEC's property taxes are \$5,164,140 for the rate year, an increase of \$1,204,841 over test year levels.

1 **4. Payroll and Benefits and Training – Schedule 6**

2 **Q22. What are the changes to VEC's payroll and payroll-related benefits costs?**

3 **A22.** In 2025, VEC will experience increased costs associated with payroll and payroll-related
4 benefits of \$1,318,120 over test year levels, for a total of \$20,926,624 during the rate year. See
5 Schedule 6B. Of that total, \$5,607,643 (or 27%) is allocated to capital and the balance of
6 \$15,318,981 is included as adjusted test year expense. See Schedule 6A.

7 The increase over test year reflects a 4% wage increase that was negotiated with our
8 IBEW bargaining unit over the fall of 2024, to be effective January 1, 2025, assuming an
9 affirmative union vote on November 14, 2024. As a result of the base wage increase, other
10 benefits that are tied to wages have also increased. These include 401(k) costs, pension costs,
11 and payroll taxes.

12 Because the test year includes the second half of 2023 and the first half of 2024, I
13 adjusted the 2025 rate year to reflect the wage increase implemented in January 2024, as well
14 as the wage increase to be implemented on January 1, 2025.

15 As an offset to the wage increase, we have reduced test-year levels of overtime by
16 \$877,787 to remove overtime hours associated with storm restoration work during the test
17 year, which we are hopeful will not recur in 2025. See Schedule 6B.

18 As to increases in the cost of benefits, our health care insurance premiums will increase
19 by 17% in 2025. After receiving an initial quote from our current carrier, our broker sought out
20 another competing carrier. However, their bid that would have resulted in higher costs as well

1 as a plan change, which can be quite disruptive for employees. This increase has been
2 somewhat offset by the 20% employee contribution towards healthcare.

3 Finally, the rate request includes a 2.57% vacancy factor, to reflect potential savings that
4 we could see as a result of natural employee turnover. I developed this vacancy factor by
5 comparing actual headcount with budgeted headcount on a monthly basis over a five-year
6 period from July, 2019 to June, 2024. The use of a five-year average more accurately reflects
7 potential turnover given fluctuations from year to year. Note that due to recent turnover, this
8 factor is higher than we applied last year, resulting in lower payroll costs, all else being equal.

9 **5. Insurance – Schedule 7**

10 **Q23. What is the change in Insurance costs from test year to rate year?**

11 **A23.** As shown on Schedule S7, we are anticipating an increase of \$87,673 in our insurance
12 costs for 2025, driven by contracts with our carrier. These costs are locked in by contract until
13 August 2025. Because some lines of coverage will not renew again until August, 2026, we have
14 assumed a smaller cost increase for the balance of 2025.

15 **6. Information Technology – Schedule 7A**

16 **Q24. What is the change in Information Technology (IT) costs from test year to rate year?**

17 **A24.** Our projected IT costs are expected to increase over test-year levels by \$171,963, of
18 which \$19,517 is allocated to capital and \$152,446 to expense. This reflects (1) increases in
19 cloud-based software-as-a-service cost resulting from a new 6% state sales tax that the
20 legislature imposed as of 7/1/2024; (2) new AMI 2.0 Software and Outage Management
21 Software; and (3) increased fees from National Information Services Cooperative (NISC) which

1 provides our customer service and accounting software platforms, as well as increases in other
2 hardware and software maintenance agreements and annual software licenses.

3 We also had costs of \$92,421 in the test year associated with a contract employee who
4 replaced our IT Manager while he was on leave for military service. The IT manager has
5 returned from military leave and the cost for the contract employee is not expected to recur in
6 the 2025 rate year. This savings is offset by increases in payroll costs for the employee that has
7 returned from leave.

8 **7. Transportation – Schedule 7B**

9 **Q25. What is the change in Transportation costs from test year to rate year?**

10 **A25.** Our transportation costs are projected to increase \$226,398 over test-year levels. Of
11 that total, \$120,878 is allocated to capital and \$105,520 is allocated to operating expense.
12 Depreciation expense related to fleet of \$257,947 is driving the requested increase. Due to
13 supply chain issues and production delays, we have not received a bucket truck since
14 September, 2020. Our fleet replacement schedule includes replacing 1-2 bucket trucks each
15 year. In 2025, we will purchase 3 bucket trucks that have been on order since late 2022. The
16 fourth is the purchase of a bucket truck we are currently renting. Depreciation Expense related
17 to these new bucket trucks is \$173,125.

18 **8. Depreciation and Amortization Expense – Schedule 8**

19 **Q26. Please describe the known and measurable changes in the areas of depreciation on**
20 **Schedule 8.**

1 **A26.** As is expected, as we continue to invest in capital improvements, our depreciation
2 expense has also increased modestly, by \$228,848 to a total of \$6,835,505 for the rate year.

3 As VEC has in past rate cases, I calculated depreciation using several components that
4 consider current fixed assets, construction work in progress, forecasted additions to capital in
5 the second half of 2024 and calendar year 2025, and capital expenditures for the battery
6 project in North Troy, all as explained in Schedule 8. Please note that depreciation on fleet is
7 included in transportation expense (Schedule S7B) and excluded from this calculation.

8 **9. Interest Expense – Schedule 9**

9 **Q27. Please describe the known and measurable changes in the areas of interest expense**
10 **on Schedule 9.**

11 **A27.** As a capital-intensive industry, VEC (like other utilities, including VELCO) is hit particularly
12 hard in times with higher interest rates like we are seeing today. VEC's long term debt
13 amortization schedules are listed on Schedule 9 by issuance. Interest on long-term debt is
14 projected to increase over test year levels by \$509,066. This is primarily because we locked in
15 an additional \$6 million debt in May, 2024 and anticipate closing another \$6 million by year-
16 end. Our reasoning was as follows: VEC had \$12 million remaining on our 2021 bond at the
17 start of 2024. In a high interest rate environment, we had hoped to see interest rate reductions
18 before we locked any long-term debt. However, our line of credit continued to grow at a
19 greater pace than expected due to excess storm costs. To ease the burden on our line of credit,
20 we locked \$6 million of the \$12 million available debt in May, 2024 with a 30-year amortization
21 at 5.78% interest to be re-priced in 5-years. VEC expects to lock in the remaining \$6 million of

our bond prior to the close of 2024 at a rate of 5.28% based on indicative interest rate pricing from CFC in October, 2024. VEC has started the process to compile documentation to file for a new bond for PUC approval in 2025.

Interest on short-term debt (line of credit) is expected to increase from test year levels by \$245,388, based on forecasted interest rate projections prepared by our lender, CFC.

B. Income/Revenue Adjustments

1. Interest and Dividend Income – Schedule 10

Q28. Please describe the known and measurable changes in the areas of interest and dividend income on Schedule 10.

A28. As shown on Schedule 10, interest and dividend income is expected to increase by \$522,771 over test year levels. The largest component of that adjustment is additional revenue of \$513,908 from the first full year of dividends from both a 2023 and a 2024 issuance of VT Transco stock along with \$9,037 from a small issuance in September, 2025 of stock related to the buyback of GMP specific facilities. Revenues from VT Transco dividends have been important offsets to cost increases in other areas. That is one reason supporting continuing a TIER of 2.0, so that VEC is able to take advantage of Transco offerings when they occur.

2. Other Revenues -- Schedule 11

Q29. Turning to Schedule 11, Other Revenues, can you describe the changes reflected there?

A29. Katie Audette will address revenues associated with transmission for others and the 2024 rate increase, as well as expected cost savings from the new disconnection rule. I will

1 discuss the remaining adjustment, which is the removal of funding associated with the Payroll
2 Protection Program (PPP) Grant. As the Commission is aware, VEC received a \$2,588,600 loan
3 through the PPP, which was forgiven and turned into a grant in 2021. VEC deferred the earnings
4 into 2022 and partially again into 2023 (pursuant to accounting orders). The entire grant was
5 exhausted in 2023 (during the test year) and we will not have access to those funds during the
6 rate year, so I have removed \$694,300 that was used during the test year.

7 **Q30. Does that conclude your testimony?**

8 **A30.** Yes.