

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 24-3432-TF

Tariff filing of Vermont Electric Cooperative, Inc. for an 4.84% rate increase to be effective with service rendered on and after January 1, 2025.

VERMONT DEPARTMENT OF PUBLIC SERVICE RECOMMENDATION

On November 15, 2024, Vermont Electric Cooperative, Inc. (“VEC”) filed proposed tariff revisions with the Vermont Public Utility Commission (“Commission”), pursuant to 30 V.S.A § 225, reflecting an overall increase in rates of 4.84% with an effective date of January 1, 2025. This rate filing is supported by redlined tariff sheets, prefiled testimony and exhibits, and VEC’s underlying cost-of-service model. VEC’s last proposed rate increase of 8.76% was filed in November of 2023. The Commission approved a reduced rate increase of 8.33% in Case No. 23-3943-TF.

The Vermont Department of Public Service (“Department”) conducted a preliminary review of VEC’s current rate request and associated materials. Based on its preliminary investigation, and pursuant to 30 V.S.A. § 225(b), the Department recommends that the Commission open an investigation into VEC’s proposed rates. The rate request reflects a net increase of \$4,514,046 in the retail revenue requirement. VEC has identified several key drivers of the increase including: (1) a significant increase in transmission costs resulting from new infrastructure investments (2) roughly 29% higher property tax costs in 2024 compared to 2023 (3) increased salary and benefits costs necessary to attract and retain employees; and (4) increased interest expense as a result of market conditions and increased debt utilization. VEC also identified two other key changes from the test year (1) the late 2023 end of VEC’s one-time grant funding

from the Paycheck Protection Program within the test year, and (2) the elimination of estimated FEMA reimbursements, which are not expected in the rate year.

The Department has identified a need for additional information and documentation to ensure a full understanding of VEC's proposed rates and facilitate a thorough review of the cost-of-service, particularly in areas other than Transmission and Power Supply Costs. An investigation will enable the Department to gather the necessary information and will provide the opportunity for the Commission and the Department to ensure that VEC's proposed rates are just and reasonable. For these reasons, the Department respectfully recommends that the Commission: (1) open an investigation into VEC's tariff filing in the above-referenced proceeding and (2) set a date for a scheduling conference.

Dated at Montpelier, Vermont this 16th day of December 2024.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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cc: Service List (via ePUC)