

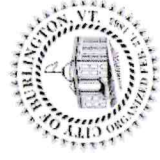


COMMUNICATION
DATE 6/2/25
AGENDA ITEM # 8.A

FY 2026 Proposed 4.5% Rate Increase

Board of Finance

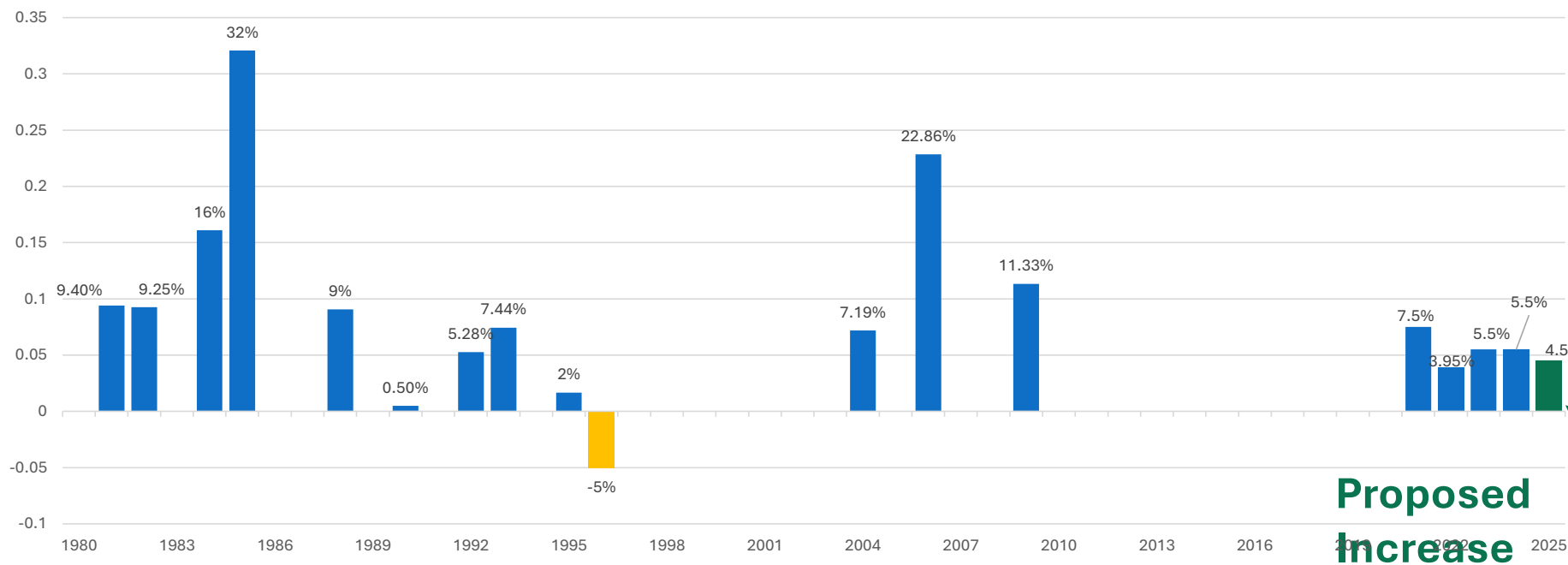
May 19, 2025



At their meeting of 6/2/25
the Burlington City Council voted to
Approve the motion as
Attest: *Jeri O'Leary*
*Written**



BED Rate Changes Since 1980

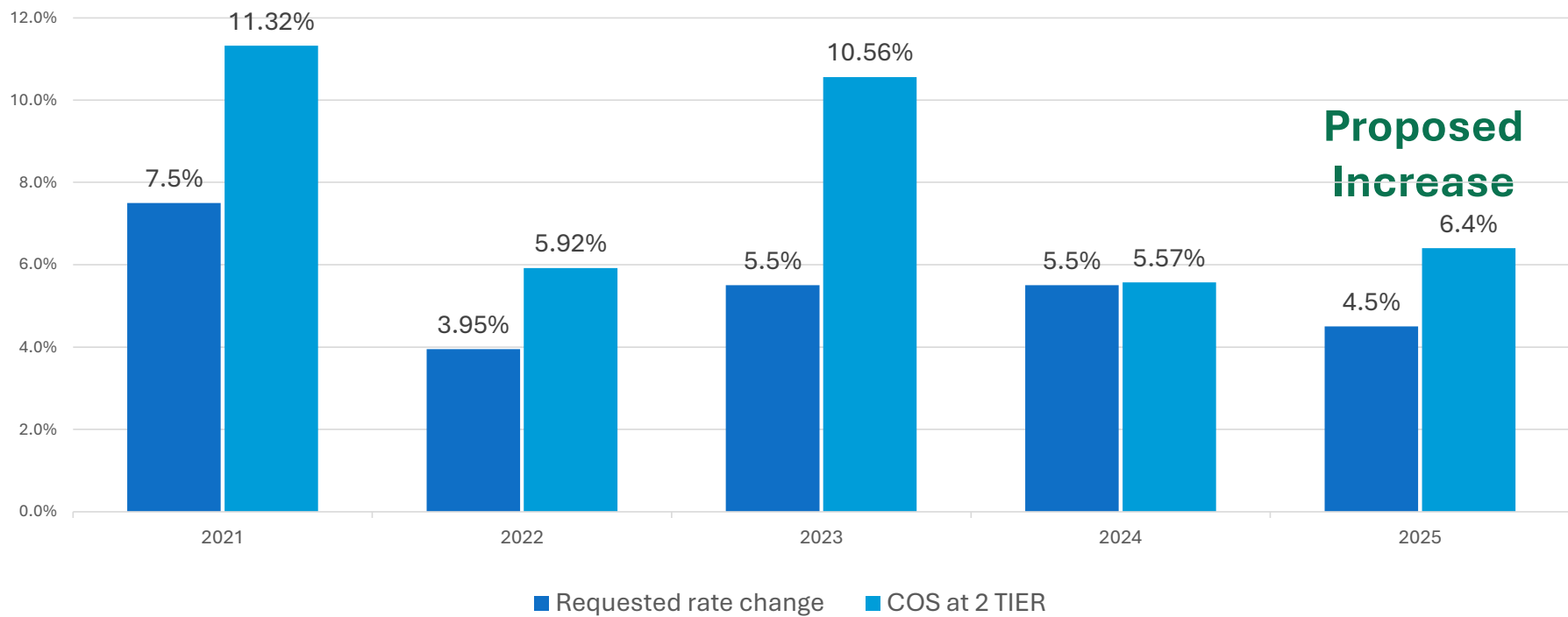


Proposed Increase

Rate Increase	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BED	11.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.50%	3.95%	5.5%	5.5%	4.5%
GMP	0.00%	0.00%	0.00%	0.00%	0.40%	2.00%	-2.46%	0.73%	0.93%	5.43%	-0.50%	2.70%	4.69%	2.34%	5.29%	5.26%	TBD
WEC	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%	0.00%	5.95%	4.00%	5.95%	0.00%	0.00%	12.83%	0.00%	0.00%	2.91%
VEC	0.00%	0.00%	0.00%	0.00%	2.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.29%	0.00%	1.96%	8.19%	8.33%	4.84%



BED Requested Rate Changes vs. Cost of Service since 2021

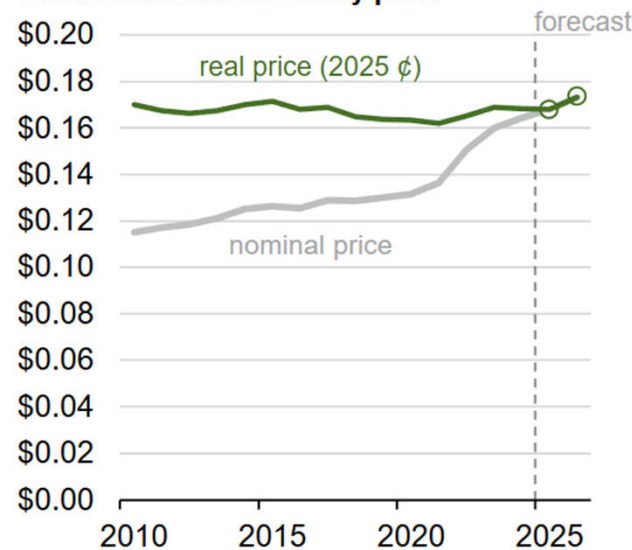




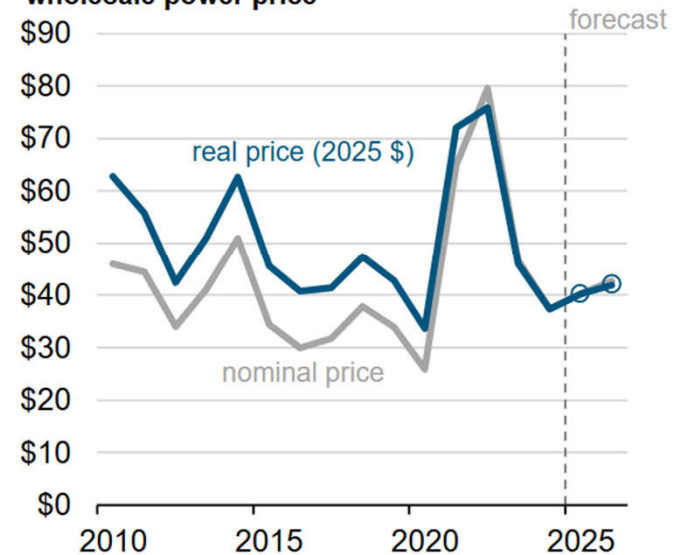
National Context: EIA Jan 2025 Forecast

- Most regions of U.S. likely to see higher wholesale prices in 2025 as a result of higher costs for natural gas
- Largest increases (about 30%–35%) will occur in the Southwest and California
- Forecast wholesale prices in the ISO New England region average \$55/MWh in 2025, up 16% from 2024

Annual U.S. electricity price by select sectors (2010–2026)
cents per kilowatthour
retail residential electricity price



dollars per megawatthour
wholesale power price



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, January 2025

<https://www.eia.gov/todayinenergy/detail.php?id=64384>



New England context: high winter 2024-2025 energy prices in RI and MA

LOCAL

Why are energy bills in RI so high this winter? Here's what we found.



Alex Kuffner

Providence Journal

Published 5:09 a.m. ET Feb. 19, 2025 | Updated 12:34 p.m. ET Feb. 19, 2025

Gov. Maura Healey deflects blame for surge in Massachusetts utility delivery rates, utility bills

Delivery rates for electricity and natural gas have significantly increased

Share



Updated: 9:05 AM EST Feb 20, 2025

“Experts and advocates say a “perfect storm” this winter caused the dramatic spikes. That includes a colder winter, economic pressures for volatile fossil fuel sources and a gas pipeline system within a monopoly of utility companies.” <https://www.wgbh.org/news/local/2025-02-21/mass-residents-will-see-lower-gas-bills-for-march-and-april-regulators-say>

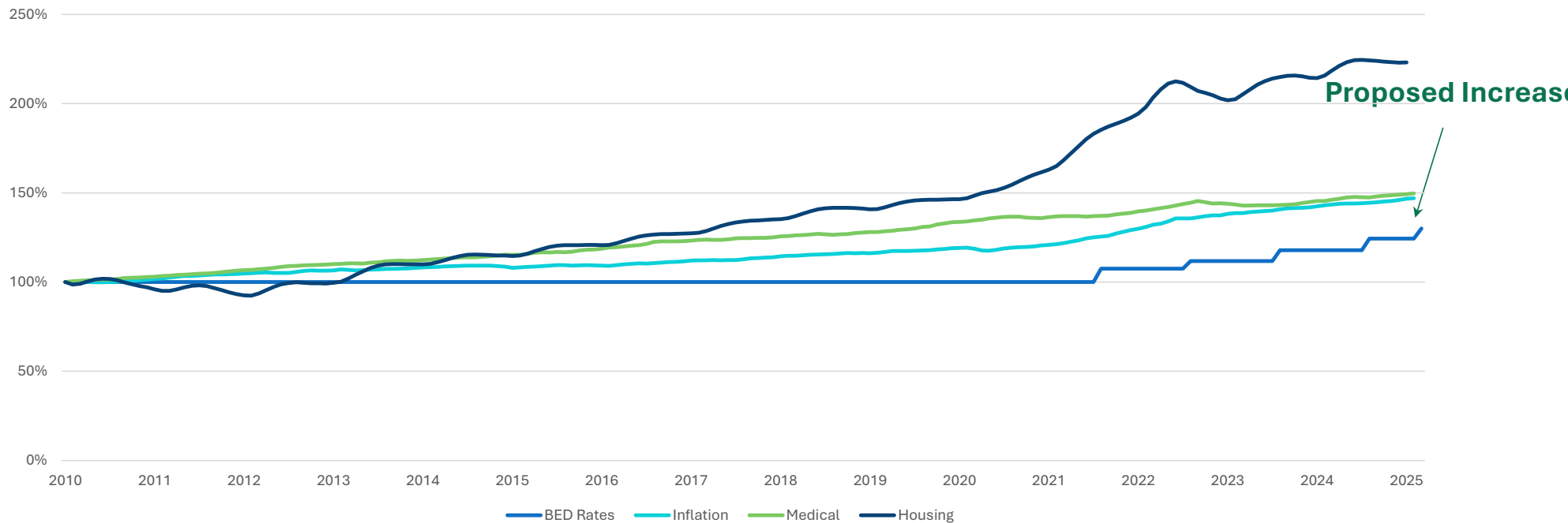
“In the last couple of days, seeing Governor Healy also going on record, sending her own letter to the Department of Public Utilities regarding gas rates - which are connected and tied to the electric rates, and much of our electric is produced by natural gas, Spikes in natural gas costs directly impact the cost of delivery of electricity to the residents of the Commonwealth” - <https://www.wamc.org/news/2025-02-20/rise-in-gas-and-electric-bills-prompts-outcry-in-mass-calls-for-state-to-review-hikes>

“Electricity prices in Massachusetts have risen by 65% over the decade...This aligns with reports of significant rate hikes, such as National Grid’s 64% increase in 2022 and Eversource’s adjustments, driven by factors like natural gas price volatility and infrastructure costs.” - <https://fallriverreporter.com/massachusetts-natural-gas-prices-up-93-electricity-up-65-the-last-10-years/>

“The New England power grid gets lots of power from nuclear generators, renewables and hydropower dams, but more than half of its annual generation comes from natural gas. The constraints on the pipelines that supply gas to the region are well-documented. While these limitations aren’t as much of a concern for much of the year, they can have a big impact on electric power during the winter, when gas demand goes up. They’re the reason why electric rates climb between November and April.” - <https://www.providencejournal.com/story/news/local/2025/02/19/high-electric-bill-rhode-island-energy-why-is-electricity-bill-so-high/79075053007/>



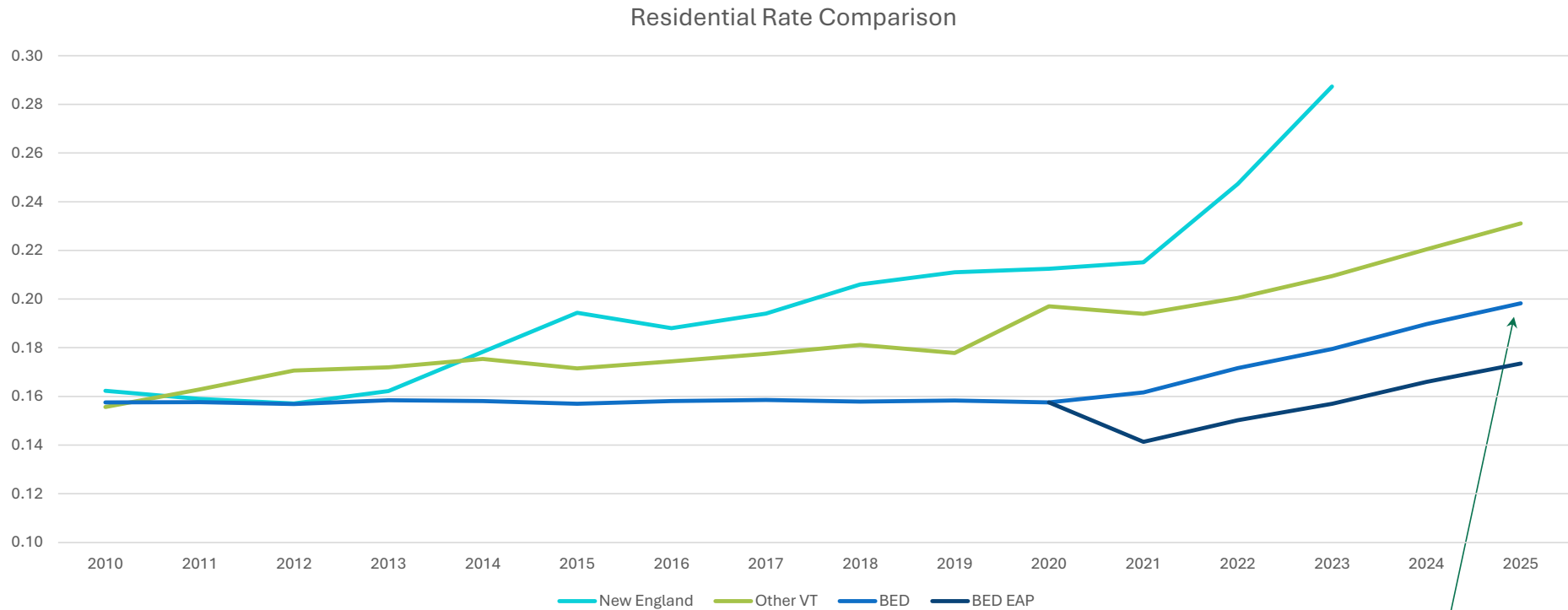
Change in Cost of BED Electricity vs. Other Goods/Services since 2010



¹ Data sources from FRED Economic Data and BED sales



Rate Comparison: Residential since 2010

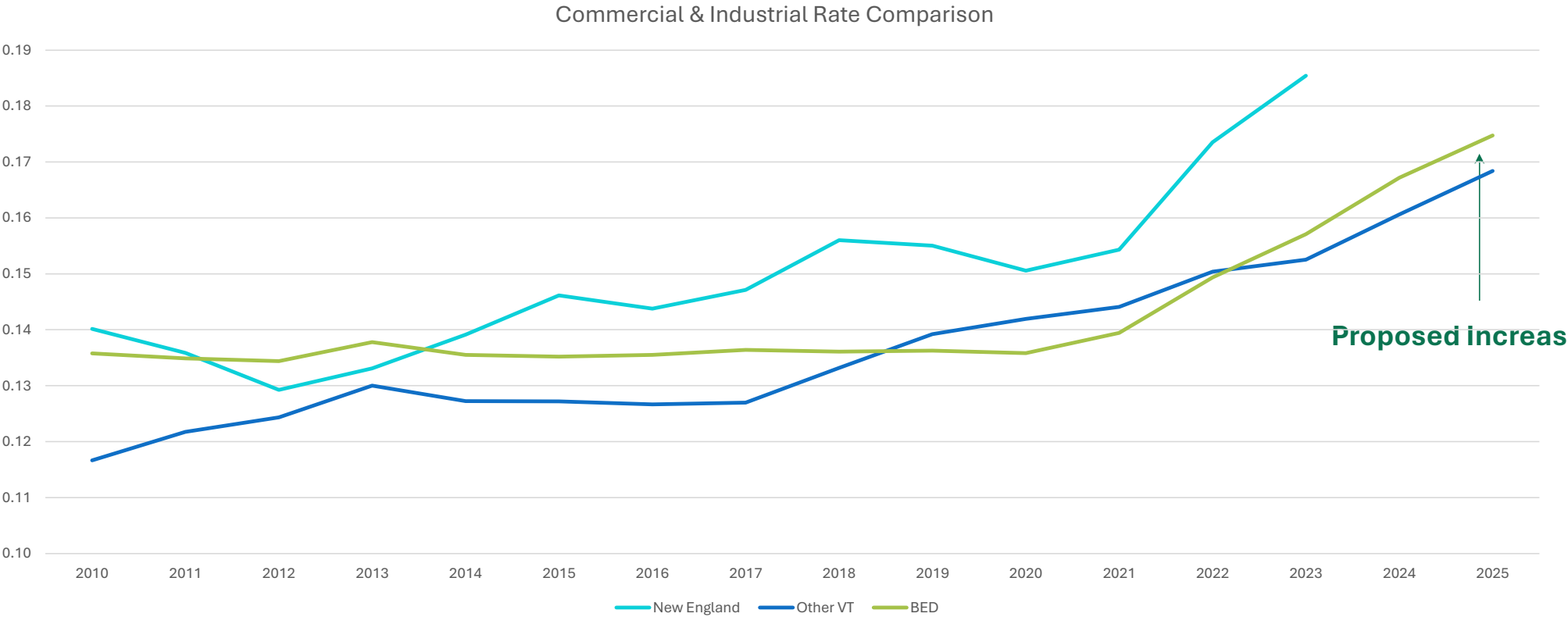


Proposed Increase

Source: BED sales data, EIA data up to 2023, Other VT based on GMP (2024) and VEC (2025) rate increases



Rate Comparison: Commercial & Industrial since 2010

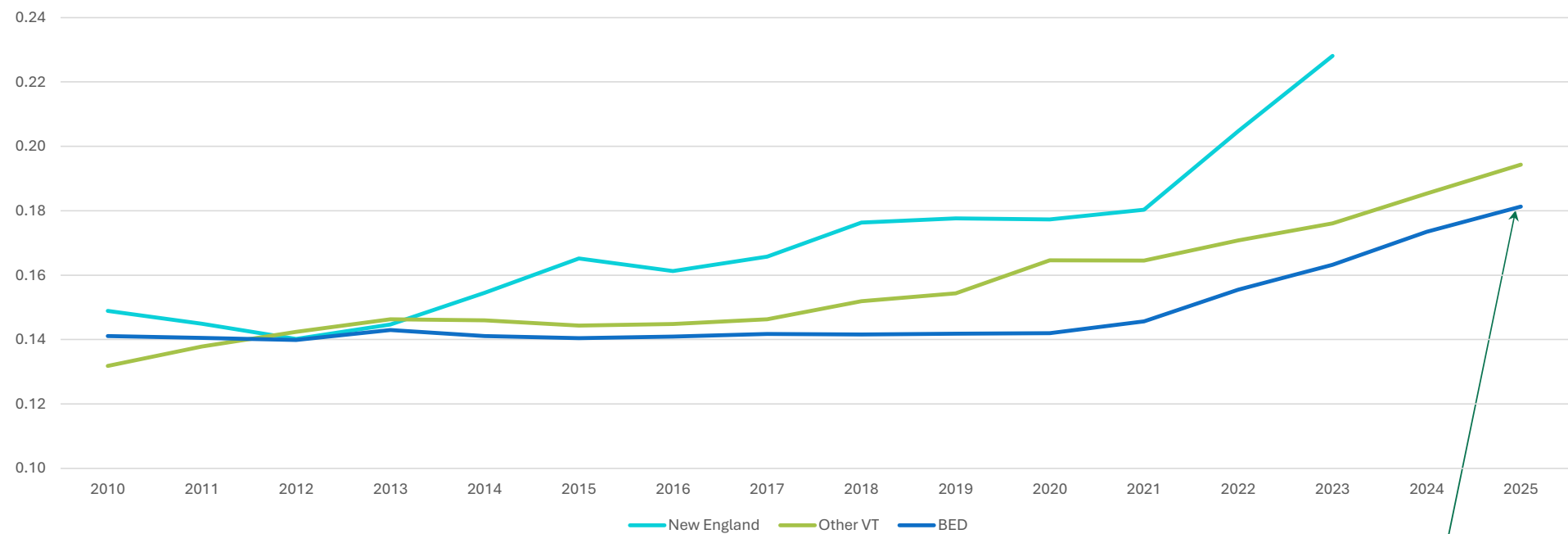


Source: BED sales data, EIA data up to 2023, Other VT based on GMP (2024) and VEC (2025) rate increases



Rate Comparison: Total Cost to Serve since 2010

Total Electric Rate Comparison



Source: BED sales data, EIA data up to 2023, Other VT based on GMP (2024) and VEC (2025) rate increases

Proposed Increase



Effect on Customer Bills

Group	Average Monthly Use (kWh)	Average Monthly Bill ¹		
		At Current Rate	At Proposed Rate	Increase
Residential	419	\$89.32	\$93.10	\$3.78
Small General	425	\$112.28	\$117.09	\$4.81

¹ Accounting for Franchise Fee

² Calculations based on average monthly energy for rate classes. The rate increase will have larger bill impacts for customers with higher energy usage.



Effect on Energy Assistance Program Customers

- Estimated bill impact is \$3.74/month¹ on average
- EAP enrollment can mitigate the rate increase impact on the monthly bill

Period	LMI Bill (Before EAP Credit)	EAP Credit
Current Rate	\$100.81	-\$11.86 (12.5%)
Proposed Rate	\$105.10	-\$12.40 (12.5%)

- Eligibility: 185% of Federal Poverty Level & Current Participant in Vermont State Fuel Assistance Program
- 776 customers enrolled as of 3-31-25. Anticipated to help 800-1,500 residential customers based on enrollment of eligible customers for similar assistance programs.²
- Developing tariff revision to allow non-profit residential shelters to qualify for the rate

¹ Low/Moderate-income usage modeled on customers currently enrolled in BED's Energy Assistance Program (476 kWh/month)

² Anticipated enrollment based on uptake of eligible customers in other Vermont Energy Assistance programs (VGS: 14%, GMP: 25%)

FY26 Rate Change

Motions Board of Finance: To approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee to file tariff amendments and supporting documents with the Vermont Public Utility Commission requesting an increase in Burlington Electric Department rates of 4.5 percent on bills rendered on or after September 1, 2025 as proposed.



City Council: To approve and authorize the General Manager of the Burlington Electric Department or their designee to file tariff amendments and supporting documents with the Vermont Public Utility Commission requesting an increase to Burlington Electric Department rates of 4.5 percent on bills rendered on or after September 1, 2025 as proposed.