

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 24-3432-TF

Tariff filing of Vermont Electric Cooperative, Inc. for approval of a 4.84% rate increase to be effective January 1, 2025	
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BRIEF OF THE VERMONT DEPARTMENT OF PUBLIC SERVICE

I. Introduction

This case concerns a tariff filing by Vermont Electric Cooperative, Inc. (“VEC”) requesting that the Vermont Public Utility Commission (“Commission”) approve a 4.84% rate increase, to be effective on a service-rendered basis beginning January 1, 2025. VEC’s testimony discusses the primary drivers behind the request, including costs related to transmission, the elimination of non-recurring grant revenue, property taxes, salaries and benefits, interest expense, and line maintenance – particularly asset inspection and pole testing. VEC’s last rate increase went into effect on January 1, 2024.

The Vermont Department of Public Service (“Department”) conducted an extensive review of VEC’s cost-of-service to evaluate the justness and reasonableness of the proposed rate increase. This investigation included a detailed analysis of VEC’s financial model and underlying data, two formal rounds of discovery, and a comprehensive review of supporting documentation produced by VEC. Based on its review, and as discussed further below, the Department recommends that (1) VEC’s proposed rate increase of 4.84% be approved, and (2) that VEC be required to make compliance filings providing confirmation of contracted pole inspection and treatment work and a status update on the work conducted.

II. Procedural History

On November 15, 2024, VEC filed revised tariff sheets, prefiled testimony, exhibits, and its cost-of-service model.

On December 16, 2024, pursuant to 30 V.S.A. § 225, the Department informed the Commission that it had conducted a preliminary review of VEC's filing and recommended opening an investigation into VEC's proposed rates.

On December 30, 2024, the Commission issued an Order opening an investigation into the justness and reasonableness of VEC's proposed tariff revisions pursuant to 30 V.S.A. §§ 225 and 227(a). Pursuant to 30 V.S.A. § 226(b), the Order did not suspend the rate increase during the pendency of the investigation but noted that ratepayers are to receive a refund for any revenues collected in excess of those that are determined to be just and reasonable.

The Hearing Officer assigned to this matter held a scheduling conference on January 10, 2025, and on January 23 the Hearing Officer issued an Order adopting a procedural schedule.

On February 10, 2025, a public information session and public hearing were held. A VEC ratepayer commented in opposition to the idea that the rate increase should be applied equally to all VEC members, given that some households consciously use less electricity than others.

Between late January and late February, 2025, the Department served two rounds of formal discovery on VEC.

On April 3, 2025, the Department filed the direct testimony of Scott G. Wheeler and Adam Jacobs, with exhibits DPS-SW-1 and 2, and DPS-AJ-1. The Department's testimony recommended that VEC's proposed rate increase be approved and that VEC be required to make compliance filings regarding its pole inspection efforts. VEC did not serve discovery on the Department or file rebuttal testimony.

On May 16, 2025, VEC filed a letter with the Commission indicating that it accepted the Department's recommendations and did not see a need for further process. VEC asked that the Commission approve a rate increase of 4.84% and stipulated to the admission of all prefiled testimony and exhibits. The Department filed a response reiterating its recommendations on May 22, and stipulated to the admission of all testimony and exhibits.

III. Discussion

VEC seeks an across-the-board rate increase of 4.84%, or \$4,514,046. The primary cost drivers for this request include transmission expenses, property taxes, salaries and benefits, interest expense, pole testing, and the end of non-recurring grant funding.¹ To evaluate whether VEC's costs as filed met the known and measurable standard and the just and reasonable standard, the Department performed a thorough audit of VEC's cost-of-service. The Department examined each aspect of the cost-of-service, including operational costs, power supply costs, VEC's financial model, and other records.² The Department also assessed whether VEC employed appropriate accounting standards and practices for member-owned utilities.³

After review, the Department recommended no adjustments to the cost-of-service.⁴ However, the Department did recommend that VEC be required to make compliance filings regarding its pole inspection work and associated costs.⁵ A combination of circumstances has meant that VEC is behind on pole testing and VEC now proposes a significant acceleration of its work to achieve the necessary target for a ten-year pole inspection cycle.⁶ While VEC inspected

¹ Scott G. Wheeler, Vermont Department of Public Service ("Wheeler"), pf. (4/3/25) at 4–5.

² Wheeler pf. at 2–3; Adam Jacobs, Vermont Department of Public Service ("Jacobs"), pf (4/3/25) at 2.

³ Wheeler pf. at 3.

⁴ Wheeler pf. at 4; Jacobs pf. at 3, 7.

⁵ Wheeler pf. at 4–5; *see also* Exhibits DPS-SW-1, DPS-SW-2.

⁶ *See* Caroline Mashia, Vermont Electric Cooperative, Inc., pf. (11/15/24) at 11; Exhibit DPS-SW-1.

3,081 poles in 2024, it will need to achieve testing of approximately 7,500 poles annually for the next five years.⁷ To assist with this work, VEC issued a request for proposals (“RFP”) to contractors and anticipated awarding a contract with services to begin in Q2 of 2025.⁸

Considering the significant increase in number of poles to be inspected, the Department has recommended that the Commission require VEC to make two compliance filings. The first compliance filing, to be made within 30 days of any Final Order in this proceeding, should: (1) confirm that a contract was awarded as a result of the RFP shown in Exhibit DPS-SW-2; (2) include a copy of the executed contract; and (3) state the date that the contracted work commenced.⁹ The second compliance filing, to be submitted within six months of any Final Order, should state the total costs for the 2025 rate year thus far and report the number of poles inspected and treated.¹⁰

VEC filed a letter on May 16, 2025, accepting the Department’s recommendations and requesting that the Commission approve a rate increase of 4.84%.¹¹ The Department finds VEC’s proposed rate increase of 4.84% to be just and reasonable, and recommends no further adjustments to VEC’s cost-of-service.¹²

IV. Conclusion

For the foregoing reasons, the Department respectfully recommends that the Commission approve VEC’s adjusted rate increase of 4.84% as just and reasonable. The Department further

⁷ Exhibit DPS-SW-1.

⁸ Exhibit DPS-SW-1; Exhibit DPS-SW-2.

⁹ See Wheeler pf. at 5.

¹⁰ See *id.*

¹¹ See VEC Letter Accepting PSD Recommendations, filed 5/16/25.

¹² See Wheeler pf. at 5.

recommends that the Commission require VEC to make the compliance filings described above, confirming progress on pole inspection and treatment in the rate year.

DATED at Montpelier, Vermont this 30th day of June, 2025.

Respectfully Submitted,

VERMONT DEPARTMENT OF PUBLIC SERVICE

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cc: ePUC Service List