

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 on January 1, 2025	
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Order entered: 08/13/2025

FINAL ORDER APPROVING RATE INCREASE

In this order, the Vermont Public Utility Commission (“Commission”) adopts the following proposal for decision.

PROPOSAL FOR DECISION

I. INTRODUCTION

This case involves the Commission’s investigation into the justness and reasonableness of Vermont Electric Cooperative Inc.’s (“VEC”) revised tariffs and rate schedules that reflect a 4.84% rate increase that went into effect with service rendered on or after January 1, 2025.

As discussed below, I recommend that the Commission approve a 4.84% rate increase, or an increase in revenues of \$4,514,046, for VEC. This recommendation follows the Vermont Department of Public Service’s (“Department”) testimony and recommendations. The Department recommends that the Commission approve VEC’s proposed rate increase subject to a requirement that VEC make two compliance filings related to VEC’s pole inspection and treatment efforts. VEC has consented to this recommended requirement.

II. PROCEDURAL HISTORY

On November 15, 2024, VEC filed revised tariffs and rate schedules reflecting a proposed 4.84% increase effective with service rendered on or after January 1, 2025. VEC’s filing was accompanied by the prefiled testimony of Caroline C. Mashia and exhibit VEC-CCM-1, the prefiled testimony of Dan Potter and exhibit VEC-DP-1, and the prefiled testimony of Katie L. Audette and exhibit VEC-KLA-1.

On December 16, 2024, the Department filed comments recommending that the Commission open an investigation into the justness and reasonableness of VEC’s proposed rate increase, under 30 V.S.A. § 225.

On December 30, 2024, the Commission issued an order opening an investigation and appointed me as the hearing officer in this proceeding. Pursuant to 30 V.S.A. § 226(b), VEC implemented the tariff by means of an identical 4.84% surcharge on each class of ratepayers subject to the requirement that it refund any amounts collected that are in excess of the amount finally determined to be just and reasonable by the Commission.

On January 10, 2025, I held a scheduling conference.

On January 22, 2025, VEC submitted a revised proposed schedule that corrected a date.

On January 23, 2025, I issued a scheduling order adopting that schedule.

On February 10, 2025, I conducted a public hearing via videoconference. One member of the public attended and commented on VEC's rate design.

The Commission received no written public comments regarding the proposed rate increase.

On April 3, 2025, the Department filed the prefiled testimony of Scott G. Wheeler and exhibits DPS-SGW-1 through 2 and the prefiled testimony of Adam Jacobs and exhibit DPS-AJ-1. The Department recommended that VEC's proposed rate increase be approved by the Commission subject to a requirement that VEC make two compliance filings related to VEC's pole inspection and treatment efforts.

On May 16, 2025, VEC filed a letter with the Commission stating that it consents to the Department's proposed requirement, that it consents to the admission of all prefiled testimony and exhibits, and that additional process in this case is not necessary.

On May 22, 2025, the Department filed a reply stipulating to the admission of all prefiled testimony and exhibits.

No party requested an evidentiary hearing in this proceeding. After reviewing the record, I have determined that an evidentiary hearing is not needed to render a proposal for decision in this proceeding. Accordingly, the following prefiled testimony and exhibits are admitted as if presented at a hearing: the prefiled testimony of Caroline C. Mashia and exhibit VEC-CCM-1; the prefiled testimony of Dan Potter and exhibit VEC-DP-1; the prefiled testimony of Katie L. Audette and exhibit VEC-KLA-1; the prefiled testimony of Scott G. Wheeler and exhibits DPS-

SGW-1 through 2; the prefiled testimony of Adam Jacobs and exhibit DPS-AJ-1; and VEC's May 16, 2025, Letter Accepting PSD Recommendations ("VEC 5/16/2025 Letter").¹

III. FINDINGS

Pursuant to 30 V.S.A. § 8(c), and based on the record and evidence before me, I present the following proposed findings of fact to the Commission.

Summary of VEC's Rate Request

1. VEC requested an increase to its annual revenues of 4.84%, or \$4,514,046. Caroline C. Mashia, VEC ("Mashia") pf. at 3.

2. The primary cost drivers for the rate increase are increased transmission costs, property taxes, salary and benefits costs, interest expenses, line maintenance costs, vegetation management costs, depreciation expenses, information technology costs, and transportation costs. Additional drivers include the exhaustion of a federal Paycheck Protection Program grant and the elimination of estimated FEMA reimbursements that are no longer anticipated during the rate year. Mashia pf. at 4-5.

3. VEC's rate-year adjustments to the test-year net cost of service total \$5,398,072. These adjustments increase the test-year net cost of service from \$85,765,005 to the rate-year net cost of service of \$91,163,077. Mashia pf. at 8-20; exh. VEC-CCM-1.

4. VEC's transmission expense adjustment of \$2,276,594 is the largest component of its rate-year adjustments from the test year. This is followed by non-recurring grant and FEMA revenue (\$2,024,045), labor expenses (\$1,318,120), and property taxes (\$1,193,760). The adjustment to labor expenses includes a 4% union-negotiated wage increase effective January 1, 2025, and a health insurance premium increase of 17%; these are offset by a 2.57% vacancy factor. The vacancy factor was developed by comparing headcount actuals to budgets over a five-year period. Mashia pf. at 15-16.

5. VEC's \$2,276,594 transmission expense adjustment to its test year is primarily comprised of expected ISO-NE Open Access Transmission Tariff ("OATT") increases and forecasted VELCO transmission charges. Katie L. Audette, VEC ("Audette") pf. at 2-3 and 5-9;

¹ If any party has an objection to any of these documents being entered into evidence, the party must submit its objection within 14 days of the date this order is entered.

exh. VEC-CCM-1, Schedule 3 Transmission.

6. VEC's requested rate increase allows it to maintain a times interest earned ratio ("TIER") of 2.0. Mashia pf. at 7-8.

The Department's Recommendation and VEC's Response

7. The Department recommended that VEC make no further adjustments to its proposed cost of service. Scott G. Wheeler, Department ("Wheeler") pf. at 4.

8. VEC plans to inspect and treat 7,477 poles in the 2025 rate year after inspecting 3,081 poles in 2024. Wheeler pf. at 4; exh. DPS-SW-1.

9. The Department recommended that Commission approval of VEC's rate increase be subject to a requirement that VEC make two compliance filings related to VEC's plans to inspect and treat poles in the 2025 rate year: (1) a filing to be submitted within 30 days from the date the Commission issues a final order in this proceeding, which would include confirmation that a contract was awarded as a result of VEC's Pole Inspection and Treatment Request for Proposal², a copy of the executed contract, and the date the contracted work commenced; and (2) a filing to be submitted within six months from the date the Commission issues a final order in this proceeding, which would state the total costs and number of poles inspected and treated in the 2025 rate year. Wheeler pf. at 5.

10. VEC consents to the Department's recommended requirements. VEC's 5/16/2025 Letter.

IV. DISCUSSION AND CONCLUSION

Over the course of this proceeding, I have reviewed the information presented by both VEC and the Department, and I find that the proposed additional annual revenue of \$4,514,046, or a rate increase of 4.84%, is just and reasonable. The rate increase will allow VEC to fund increasing transmission costs, labor expenses, property taxes, and other costs while maintaining a 2.0 TIER. Accordingly, I recommend that the Commission approve the additional annual revenues in the amount of \$4,514,046, or a rate increase of 4.84%, to take effect with service rendered on or after January 1, 2025, subject to the requirement detailed in Finding 9.

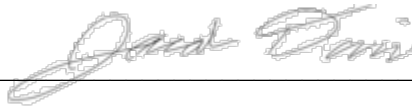
² Exh. DPS-SW-2.

As the Department points out, VEC's more than doubling of the number of poles to be inspected and treated from the 2024 to the 2025 rate year is a large undertaking with significant costs. I recommend the Commission approve the rate increase subject to the requirement detailed in Finding 9 related to these significant costs, which at the time of VEC's filing were not certain. Requiring that VEC provide information regarding the contract ultimately awarded to conduct the pole inspections and treatment as well as the number of poles actually inspected in the 2025 rate year will help the Commission and Department maintain appropriate oversight of this cost driver. VEC consented to the Department's proposed requirement.

Because this rate increase is equal to VEC's initially proposed rate increase, no money has been collected in excess of the rate increase and no money must be returned to customers under 30 V.S.A. § 227(b).

This proposal for decision has not been circulated to the parties pursuant to 3 V.S.A. § 811 because it is not adverse to any party.

Date: August 13, 2025

A handwritten signature in cursive script, appearing to read "Jacob Davis", written over a horizontal line.

Jacob Davis
Hearing Officer

V. ORDER

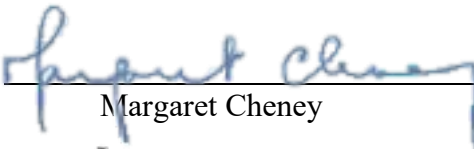
IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission (“Commission”) of the State of Vermont that:

1. The findings, conclusions, and recommendations of the hearing officer are adopted. All findings proposed by parties, to the extent that they are inconsistent with this order, were considered and not adopted.

2. A rate increase by Vermont Electric Cooperative, Inc. (“VEC”) of \$4,514,046, or 4.84%, effective with service rendered on or after January 1, 2025, is just and reasonable, and is approved.

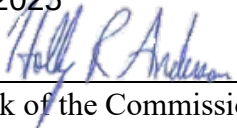
3. VEC must make two compliance filings: (1) a filing to be submitted within 30 days from the date this order is issued, which includes confirmation that a contract was awarded as a result of VEC’s Pole Inspection and Treatment Request for Proposal, a copy of the executed contract, and the date the contracted work commenced; and (2) a filing to be submitted within six months from the date this order is issued, which states the total costs and number of poles inspected and treated in the 2025 rate year. These compliance filings must be filed in the compliance subcase of this case.

Dated at Montpelier, Vermont, this 13th day of August, 2025.

 _____	)	
Edward McNamara	)	PUBLIC UTILITY
	)	
 _____	)	COMMISSION
Margaret Cheney	)	
	)	
 _____	)	OF VERMONT
J. Riley Allen	)	

OFFICE OF THE CLERK

Filed: August 13, 2025

Attest: 

Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

PUC Case No. 24-3432-TF - SERVICE LIST

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