



November 14, 2025

Filed via ePUC

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Rate Increase

Dear Ms. Anderson:

Pursuant to the 30 V.S.A. §218d(n) as amended by Act 179 § 1 (2024) (changing the allowed rate increase from 2% to 3%) and the Standards and Procedures for Rate Changes for Municipal and Cooperative Electric Utilities (Oct. 18, 2021), Vermont Electric Cooperative proposes a rate increase of 2.99% to be effective January 1, 2026. VEC understands that our members are concerned about affordability, and we work hard to mitigate inevitable cost pressures while ensuring we are positioned to reliably and safely serve our members today and into the future. This proposed rate increase reflects that balance of recognizing cost pressures, investing appropriately in energy transformation and our infrastructure, while taking advantage of all reasonable strategies to reduce costs.

Rate Analysis and Narrative Description of Material Drivers

VEC submits a rate analysis describing the rationale for the rate change, including a financial analysis that demonstrates the need for the rate change and the current and proposed rates and revenues calculation (Exhibits 1a and 1b).

The largest drivers of this rate increase are costs of transmission, power supply, and increased cost of doing business.

Transmission costs continue to rise as New England rebuilds its transmission system and passes those costs on to transmission customers. In addition, despite success deploying batteries and other load control devices, Vermont continues to have a higher share of peak usage in New England which drives transmission rates. Power supply costs are increasing between Test Year and the Rate Year. The major drivers include an increased price for the HQ US Contract, and increase in the floor price for VEC's block Load, the newly established ISO NE Day-Ahead Ancillary Services Market, as well as an increase in VEC's share of the Forward Capacity Market costs (load was higher in Rate Year than the Test Year).

In addition to power supply and transmission, VEC faces upward pressure in the cost of doing business. This includes increases in areas of salary and benefits, with annual union increases and benefit costs, including health care, generally increasing above the rate of inflation.

Analysis of Compliance With 30 V.S.A. §218d(n) Criteria

This filing complies with the Criteria set forth in 30 V.S.A. §218d(n), as demonstrated below:

1. Percentage Rate Change Applied Equally. VEC proposes to increase all retail rates by an equal 2.99%. This is shown in Exhibit 1b and reflected on the redlined tariff sheets, submitted as exhibits.
2. Rate Change of No More Than 3% in One Year. VEC's last rate increase was effective on January 1, 2025. See Final Order Approving Rate Increase, Case No. 24-3432-TF (8/13/25). This increase is proposed to be effective on January 1, 2026.
3. Rate Change Less Than 10% Over Last Approved Case. The Commission approved a rate change for VEC of 4.84% by order August 13, 2025 in Case No. 24-3432-TF. The current rate increase request of 2.99% is less than 10% over the last approved case.
4. Rate Change Not More Than Ten Years Since Last Rate Change. As noted in items 2 and 3 above, the last rate change approved by the Commission was effective January 1, 2025.

Documentation of Approval of Governing Body

VEC presented the proposed rate increase to its Board of Directors, first at a meeting of the VEC Finance Committee on October 28, 2025, and again at a duly-warned Board meeting held on October 28, 2025, where the Board unanimously passed a

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resolution approving the 2.99% increase. The resolution is submitted as Exhibit 2.

Tariff Sheets

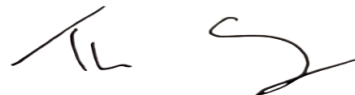
Clean and redlined tariff sheets are submitted along with this letter and accompanying exhibits.

Customer Notice

A copy of the notice that was included in the VEC publication *Coop Life* Fall Issue is submitted as Exhibit 3. On November 7, 2025, *Coop Life* Fall Issue was sent via USPS mail to all members who have not opted out of receiving *Coop Life* by USPS mail and was sent electronically to all members for whom VEC has email addresses, including those who have opted out of receiving *Coop Life* by USPS mail. This means that VEC provided VEC members with at least 45 days' notice of this requested increase effective January 1, 2026. The notice includes (1) the filing date of the rate change, (2) the proposed January 1, 2026 effective date, (3) the 2.99% proposed rate change, and (4) instructions for how members can contact VEC, the Commission, and the Vermont Department of Public Service Consumer Affairs and Public Information Division to comment on the rate change. The *Coop Life* Fall Issue also included an article explaining the need for the rate increase in more detail. VEC also posted *Coop Life* Fall Issue on its website on November 6, 2025.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thea Schwartz', with a stylized flourish at the end.

Thea Schwartz
Corporate Counsel