

**STATE OF VERMONT  
PUBLIC UTILITY COMMISSION**

Case No. 26-1130 TF

Petition of Town of Stowe Electric Department pursuant to 30 V.S.A. §§ 225 and 227(a) for a 14.6% rate increase to take effect on a service-rendered basis August 1, 2026	
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**PRE-FILED DIRECT TESTIMONY OF SARAH JUZEK  
ON BEHALF OF THE TOWN OF STOWE ELECTRIC DEPARTMENT**

*Summary*

Sarah Juzek’s testimony provides an overview and discussion of the rate increase request and proposed changes to SED’s current tariffs, introduces Mayhew Seavey and Michelle Coscia’s testimony, and describes how SED applied the allocated cost of service study completed by Mayhew Seavey.

1 Q1. Please state your name, occupation, and business address.

2 A1. My name is Sarah Juzek. I am the Director of Finance at the Town of Stowe Electric  
3 Department (SED), a municipal utility serving the citizens of Stowe, Vermont, and  
4 testifying on behalf of SED in this docket. My office address is Stowe Electric  
5 Department, 435 Moscow Road, P.O. Box 190, Stowe, VT, 05672.

6  
7 Q2. Describe your educational background and work experience.

8 A2. SED hired me on August 23<sup>rd</sup>, 2021, to serve as Director of Finance. My experience is  
9 described further in my resume attached as Exhibit SED SJ-1.

10

11 Q3. Have you previously provided testimony before the Vermont Public Utility  
12 Commission?

13 A3. Yes, I have provided testimony in multiple Commission dockets on behalf of SED.

14

15 Q4. What is the purpose of your testimony?

16 A4. I will introduce the prefiled testimony presented by Mayhew Seavey and  
17 Michelle Coscia. I will explain SED's Test Year (TY) operating results and  
18 adjustments made to TY income and expense categories, which are further  
19 explained by Mayhew Seavey. I will also introduce the allocated cost of  
20 service study (study) and explain how the study led to proposed changes to  
21 SED's current Interruptible Load Tariff.

1 I conclude that the 14.6% rate increase proposed is based on known and  
2 measurable changes between the Test Year and the Rate Year and is therefore  
3 just and reasonable to ensure that SED meets our obligation to provide least-  
4 cost, safe, reliable service while not overcharging our customers based on  
5 unknown or speculative costs.

6

7 Q5. Can you summarize the Test Year operating Results and Adjustments made to  
8 determine the Rate Year revenue requirements

9 A5. As described in Mayhew Seavey's testimony, SED used March 1, 2025 –  
10 February 28, 2026, as SED's Test Year, then determined the expected revenue  
11 requirement for SED Rate Year, March 1, 2026 – February 28, 2027, based on  
12 known and measurable changes to SED cost of service.

13

14 The Test Year (TY), as shown in Exhibit SED SJ-2, is based on the final four  
15 months of the FY2025 audited financial statements of SED and the first eight  
16 months of FY2026. Exhibit SED SJ-3 is SED's FY2025 audited financial  
17 statements. To accurately reflect the costs and revenues associated with SED's  
18 regulated operations, SED removed the pass-through amounts from the  
19 snowmaking load from the TY. Specifically, revenue of \$1,287,718 [Exhibit  
20 SED SJ-4] and corresponding purchase power expense of \$1,266,196 [Exhibit  
21 SED-MC-2] were excluded. The net effect of these adjustments is a reduction

1 to Net Position of \$21,522, which resulted in an adjusted TY Net Position of  
2 \$688,910; compared to the unadjusted amount of \$710,432.

3

4 There is also an immaterial variance of \$17,664 between the purchase power  
5 costs reported by ENE and SED. Of this amount, \$12,539 relates to  
6 snowmaking pass-through costs and \$5,125 relates to SED's non-snowmaking  
7 purchase power costs. The variance is attributable solely to differences in  
8 invoice timing. SED maintains its fiscal periods open for a longer period to  
9 capture all applicable power supply costs, whereas ENE closes its reporting  
10 periods earlier. Accordingly, this timing difference does not materially affect  
11 the reasonableness of the TY or the resulting revenue requirement.

12

13 The Rate Year's sales and load data are based on actuals from March 1, 2025  
14 – February 28, 2026. Mayhew Seavey made a number of adjustments that are  
15 fully explained in his testimony but generally fall within 6 categories – power  
16 supply costs, operating and maintenance costs, depreciation, interest expense,  
17 net income, and other income. The result of the adjustments shows an  
18 additional \$2,250,603 is required for SED to meet its Rate Year revenue  
19 requirement. Restated succinctly, without a 14.6% increase in customer rates,  
20 SED would not be able to meet its revenue requirement in the Rate Year.

21

1 Q6. Can you summarize the principal cost drivers of the rate filing?

2 A6. As noted in the prefiled testimony of Mayhew Seavey, power supply costs and  
3 operation and maintenance costs are the significant cost drivers leading to  
4 SED's request for a 14.6% increase in its current rates. Michelle Coscia's  
5 testimony explains the impact power supply cost increases have between the  
6 Test Year and the Rate Year, which reflects a 20% increase in power supply  
7 costs between the Test Year and the Rate Year.

8  
9 Additionally, SED, like all distribution utilities in Vermont, has been impacted  
10 by New England's wholesale electricity markets and the broader United States  
11 economy. New England experienced the highest wholesale electricity costs in  
12 seven years and the coldest winter in 20 years. Wholesale market increases are  
13 also compounded by the recent economic disruption caused by the United  
14 States – Iranian conflict, and the United States economy has experienced an  
15 18% increase in energy prices between April 2025 – April 2026. *See Bureau of*  
16 *Labor Statistics, U.S. Department of Labor, Consumer Price Index data –*  
17 *April 2026, <https://www.bls.gov/news.release/pdf/cpi.pdf>.*

18  
19 Q7. Please discuss the need for the 14.6% proposed rate increase.

20 A7. SED has worked closely with its Board of Commissioners, external  
21 consultants, and lenders to manage its cash flow and meet its financial

1 obligations in a prudent and responsible manner. As stated above, SED faces  
2 several external cost drivers that require the utility to implement a 14.6% rate  
3 increase across all customer categories by August 1, 2026, to ensure the utility  
4 maintains a positive cash flow to meet its revenue requirements and debt  
5 service.

6  
7 Despite the best efforts of SED management to implement cost mitigation  
8 strategies, including an updated power supply policy with a conservative  
9 winter hedged position and demand-side management programs, power supply  
10 cost increases are the main cause for SED's proposed rate increase. SED's  
11 financial performance during the Test Year and the factors influencing that  
12 performance are discussed more fully in SED's FY2025 audited financial  
13 statements attached as Exhibit SED SJ-3 and Mayhew Seavey's testimony.

14  
15 The 14.6% rate increase is needed to ensure SED can meet its obligations as  
16 they come due and to fund operations, the servicing of existing debt, and  
17 continue to make planning capital investments into SED's system. The rate  
18 increase will also help replenish the cash deficits by creating 120-days  
19 operating cash in alignment with SED's Financial Metrics Policy [Exhibit  
20 SED SJ-5] adopted by the SED Board of Commissioners in December 2025.  
21 The purpose of this policy is to establish consistent financial ratios and

1 metrics that will be used to monitor the financial health, liquidity, and long-  
2 term sustainability of SED. These metrics ensure sound financial management,  
3 transparency, and compliance with industry standards for municipal electric  
4 utilities.

5  
6 Q8. Please explain the fully allocated class cost-of service study completed by  
7 SED.

8 A8. The fully allocated cost-of-service study (study) was completed in 2026 by  
9 SED staff and Mayhew Seavey. The study is more fully described in Mayhew  
10 Seavey's testimony, which discusses the methodology and summary of results.  
11 SED undertook this study to update its cost-to-serve analysis and provide an  
12 opportunity to evaluate if the current cost allocation between rate classes  
13 should be adjusted. Mayhew Seavey identified that the residential rate tariffs  
14 are slightly out of alignment with costs. This means that revenues from  
15 residential customers are about 2.7% lower than costs. However, commercial  
16 tariff collections are sufficient to make up the difference based on the current  
17 rate of return for that customer class, which is in alignment with other public  
18 power utilities Mayhew Seavey consults with. Due to affordability concerns,  
19 SED is not recommending a reallocation of costs between residential and  
20 commercial customers at this time. The SED Board of Commissioners  
21 supported this decision. Ultimately, the study showed that SED's cost

1 allocation is fair and does not unduly discriminate against any one rate class to  
2 the benefit of another rate class.

3

4 However, the study showed that changes to the interruptible load tariff were  
5 required to ensure that SED could charge customers taking service under the  
6 tariff the full cost to serve them. SED recognized that the language in the  
7 tariff might make it difficult to attribute power supply changes that occur  
8 during the winter snowmaking season to customers taking service under the  
9 tariff. Therefore, SED has provided the Commission with a redlined version of  
10 the tariff to ensure that SED can recover costs attributable to service provided  
11 under the tariff and minimizes the potential for cross-subsidization for those  
12 customers not taking service under the tariff.

13

14 Q9. Please describe the process SED used to complete the study.

15 A9. The study relied on a methodology consistent with Commission precedent and  
16 SED's previous study, Docket 8463 and Case No. 18-2372-TF. PLM Electric  
17 Power Engineering was awarded the contract to complete the study and  
18 collaborated closely with SED staff and external power supply consultants.  
19 This process is more fully described by Mayhew Seavey in his testimony;  
20 however, I will briefly introduction the methodology here. We followed the  
21 standard three-step process to complete the study – functionalization,

1 classification, and allocation of the functionalized and classified costs across  
2 each of SED's existing rate classes.

3

4 First, Mayhew Seavey determined SED's revenue requirement based on  
5 operating costs (power supply and O&M), depreciation, and interest expense  
6 minus net income and other income. These costs were categorized by the  
7 functional operation they are associated with, which includes generation,  
8 transmission, and distribution.

9

10 Next, the revenue requirement classified by the utilization or cost causation to  
11 determine each class's share of the overall revenue requirement. These  
12 expenses are classified based on customer costs, energy costs, and demand  
13 costs. The customer cost is determined based on the number of customers  
14 served and those costs attributed to the customer. These costs include capital  
15 costs, customer service, and administrative costs. Energy costs are incurred to  
16 supply kilowatt hours (kWh) to customers.

17

18 Demand costs are capacity costs based on the plant designed, installed, and operated to  
19 meet maximum hourly or daily electric usage requirements. These facilities include  
20 generating plants, transmission lines, and local distribution facilities designed to meet

1 customer maximum demands. Demand costs vary based on the size of the plant but are  
2 not altered by the number of customers served or the amount of energy delivered.

3  
4 The final step is the allocation of the functionalized and classified costs to the  
5 various rate classes. The model developed by Mayhew Seavey assigned the  
6 costs incurred by SED to serve each SED rate class individually. Direct  
7 assignments will identify the cost causation to serve individual customers or a  
8 customer class, and are those cost categories necessary to provide service to a  
9 rate class. The cost components that are necessary to serve multiple-rate  
10 classes are allocated based on consumption attributes within each customer  
11 class. This includes energy sales, number of customers, and coincident and  
12 non-coincident peaks. We compared the results of Mayhew Seavey's model to  
13 the current cost allocation to determine if the cost responsibility for each rate  
14 class still meets the principles of public utility rates as presented by James C.  
15 Bonbright, Bonbright, J C, "Principles of public utility rates," (1961)

16  
17 Q10. What are the results of the study?

18 A10. The study shows that the cost responsibility for the utility's revenue  
19 requirements between customer classes has not materially changed since  
20 SED's last allocated cost-of service study. When costs were apportioned to  
21 2026 revenue, there is a nominal allocation shift between classes, which

1 remains in alignment with SED' previous allocated cost of service study filed  
2 in 2015. The updated study shows that SED's rate design, as previously  
3 presented to the Commission, still maintains the principles of rate design as  
4 first defined by Bonbright's rate design principles.

- 5 1. Simplicity and understandability.
- 6 2. Rates have to be easily understood.
- 7 3. Rates have to yield total revenue requirements.
- 8 4. Revenue stability from year to year.
- 9 5. Rate stability, meaning rate changes should not unduly harm existing  
10 customers.
- 11 6. Fairness, meaning each customer class pays its fair share of the revenue  
12 requirement.
- 13 7. Avoid undue discrimination in rate relationships.
- 14 8. Efficiency, discourage wasteful use of service.

15  
16 Therefore, SED proposes to apply the Rate Year revenue requirement  
17 adjustment on a uniform basis across classes. The study results will be used to  
18 support future rate structures and pricing signals, which may include an  
19 income-based, time of use rate for electric vehicles, and other rate  
20 innovations.

21

1 Q11. What changes are proposed to the existing tariffs?

2 A11. SED filed with its petition redlined and clean tariff sheets for all current  
3 tariffs showing a proposed 14.6% rate increase and an effective date of August  
4 1, 2026, for service rendered. The proposed tariff changes are based on the  
5 known and measurable cost drivers identified in Mayhew Seavey's rate model  
6 and allows SED to meet its Rate Year revenue requirement and maintain 120  
7 days cash on hand without charging customers an excessive rate that would  
8 result in a TIER greater than 2.0.

9

10 As explained above, SED provides a redlined and clean version of the  
11 interruptible load tariff that allows SED to recover known and measurable  
12 ISO-NE wholesale power markets and administrative costs that result from  
13 power delivered through the tariff. The proposed tariff changes do not reflect a  
14 change in the apportionment of the revenue requirement between customers  
15 taking service under the interruptible load tariff and other SED rate classes.  
16 Rather, the study shows that the current tariff language might not accurately  
17 explain to customers taking service under the tariff that they are responsible  
18 for changes in power supply costs that can occur throughout the winter season.

19

20 For example, the recent pricing changes in day ahead market attributed to the  
21 day-ahead ancillary services initiative might not be fully recoverable under the

1 current version of the tariff. If SED were unable to adequately recover day  
2 ahead ancillary services costs attributable to the energy provided through the  
3 load-following contract, then that would lead to unfair cross-subsidization as  
4 other rate classes, or the utility, would have to cover those costs. Therefore,  
5 the language proposed by SED in the redline version of the tariff will ensure  
6 that during subsequent winter seasons customers taking service under the tariff  
7 will pay their full cost to receive service under this tariff.

8  
9 Q12. Please describe Capital Project Financing SED Anticipates in 2026.

10 A12. SED provided an updated in Case No 25-1167-PET that offers more detail on the  
11 proposed borrowing discussed here. I refer to this borrowing here to show that while it  
12 is a factor, this financing is not the primary driver for this current rate case.

13 SED anticipates seeking a \$2,400,000 revenue-backed bond from the Vermont Bond  
14 Bank Energy Efficiency & Renewable Energy Program (“EEREP”) in fall of 2026.

15 This EEREP financing will be for a term of 10 years and at an interest rate of 2.125%  
16 to implement energy efficiency and renewable energy projects. SED will use the  
17 financing for the Smith’s Falls Hydroelectric facility and Moscow Mills rooftop solar  
18 with backup battery storage at SED’s Emergency Operations Building. Both projects  
19 qualify for federal elective pay Investment Tax Credits (ITC) of up to 40% of eligible  
20 costs. Once SED receives its ITC payments following completion of the projects, the  
21 ITC funds will be used to pay off the EEREP loan. As noted on the Vermont Bond

1 Bank's website (<https://www.vtbondbank.org/energy>), "An eligible use of loan  
2 proceeds is the bridging of elective pay credits." The Vermont Bond Bank will next  
3 issue financing under the Green Energy Fund on or before September 1, 2026.

4

5 Q13. Does this conclude your testimony?

6 A13. Yes.

7

8

EXHIBIT LIST

9	Exhibit SED SJ-1	Resume of Sarah A. Juzek
10	Exhibit SED SJ-2	Test Year Financials
11	Exhibit SED SJ-3	FY2025 SED Audited Financial Statements
12	Exhibit SED SJ-4	Snowmaking Bills
13	Exhibit SED SJ-5	Financial Metrics Policy

1

2

**DECLARATION OF SARAH JUZEK**

3 I declare that the testimony and exhibits that I have sponsored are true and accurate to  
4 the best of my knowledge and belief and were prepared by me or under my direct  
5 supervision. I understand that if the above statement is false, I may be subject to  
6 sanctions by the Commission pursuant to 30 V.S.A. § 30.

7


8

9 June 7, 2026

10 Date

11

12

  
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Sarah Juzek,  
Director of Finance  
Town of Stowe Electric Department