

SUMMARY OF WASHINGTON ELECTRIC COOPERATIVE, INC.'S
(WEC) RATE CASE

WEC is proposing a revenue increase of \$2,387,879 to be effective on November 1, 2022. This represents a 14.19% increase and will be applied to all existing rate classes and schedules. The rate increase is necessary to provide WEC with sufficient revenues to provide efficient and reliable service to its members and to ensure a level of financial performance required by its lenders.

A breakdown of this increase can be seen on Exhibits WEC 1 and WEC-SPE 1 through 11. A summary of the primary cost drivers is as follows:

- The main driver of this rate increase is WEC's power supply costs. WEC's power supply costs have increased by 8.3% or \$703,618 from the Test Year to the Rate Year. This cost reflects higher energy market costs across New England. WEC has also had to purchase additional, more expensive power over the last year because of work and changes to the Coventry Landfill that caused a decline in production at the Coventry Landfill Gas to Energy Plant.
- WEC needs to raise its net TIER benchmark to a ratio of at least 2.0. The higher net TIER reflects the need to meet Rural Utilities Service (RUS) loan covenant requirements.
- Other drivers of this proposed rate increase include decreased sales and increased costs resulting from additional net-metering facilities, and increased labor and health care, and administrative costs.

The WEC Board and WEC employees continue to look for ways to reduce costs going forward to minimize the need for future rate increases.