



FACT SHEET
PROPOSED SALE OF BARTON ELECTRIC ASSETS
TO VERMONT ELECTRIC COOPERATIVE

On March 28, 2022 the Barton Village Trustees voted unanimously to recommend the sale of Barton Electric Department (BED) to Vermont Electric Cooperative (VEC). This decision is a result of changing and evolving regulatory requirements, hiring challenges, and the need for technological innovation and investment. It has become increasingly complex and expensive to run a small electric utility. The Trustees believe a sale to VEC will provide a variety of benefits to Barton Village and will ensure continued cost effective and reliable service for all Barton Electric customers.

Financial Benefits to Barton Village

- **Cash proceeds above debt levels.** A sale to VEC will provide adequate proceeds to address longstanding liabilities. Although the exact proceeds will not be finalized until closing, the sale will allow Barton Village to retire **all** electric-utility related debt (approximately \$3,500,000), as well as obtain **additional funds** (approximately \$ 1,000,000) that could be available for:
 - Clean up of old High St. garage site including environmental clean-up costs of PCB's from old transformer storage and removal of dilapidated structure to improve neighborhood. (Approximately \$300,000).
 - Environmental clean-up of old diesel-powered generating plant in Charleston including abandoned 50,000-gallon storage tank, four CAT engines/generators, asbestos removal and separation of antique electric gear from hydro facility equipment gear. (Approximately \$100,000).
 - Improvements to the hydro-electric generating plant in Charleston, including replacing 90-year-old roof, safety and penstock work, making the plant marketable for sale. (Approximately \$200,000). (Note: sale of the plant could bring an additional \$700,000 to the Village).
 - Support revitalization and repurposing efforts of the Memorial Building and possibly other Village center improvements. (Approximately \$200,000).
 - Covering remaining legal costs to divest from VPSSA. Includes penalties for withdrawing without 2 years of notice and miscellaneous divestment from Project 10 or Bond #4. (Approximately \$200,000).

Other Benefits to all Barton Electric Department Customers- Barton Village (approx. 300) and Customers outside the Village (approx. 1900) including customers in Westmore, Brownington, Charleston, Sutton, Barton Town, and Irasburg.

- **Continued safe and reliable service.**
VEC has been providing excellent service to Barton Electric customers for three years (since April 2019). VEC's control center offers 24x7 responsiveness and dispatching to local Newport field crews. VEC's on-call rotation and depth of storm response ensures that VEC will be there to safely restore power, expand service, and maintain the electric transmission and distribution system.
- **Future investments for ongoing reliability improvement.**
VEC will invest in the system infrastructure that serves Barton Electric to ensure excellent service over the years. Investments will include substation upgrades, pole and wire upgrades, regular testing and maintenance on all transmission and distribution equipment, vegetation management, and installation of an automated metering system.
- **Financial Stability.**
VEC has an A+ stable credit rating from Standard & Poor's, a hallmark of financial health. This gives VEC access to favorable credit arrangements and power supply opportunities, capital investment funding, and allows for annual distributions to members in the form of member capital credits. Since 2013, those distributions have exceeded \$9 million.
- **Cooperative Community.**
The Co-op, formed in 1938, is a local, democratically controlled, not-for-profit, member-owned cooperative with approximately 33,000 members including members in all current Barton Electric towns. (Barton, Brownington, Irasburg, Sutton, Charleston, and Westmore). Barton Electric customers would be welcomed with the full rights and benefits as all other VEC members.

OTHER RELATED QUESTIONS AND TOPICS

What would happen if Barton doesn't sell?

If Barton doesn't sell, the Village will be faced with increasing challenges and costs to properly run a safe, well managed, and fully staffed utility. The Village will also continue to have trouble ensuring the implementation of the increasing complexity of linework, metering, and billing. If the Village does not sell, it would continue to carry approximately \$3.5 million in outstanding debt and would not have the approximately \$1 million in additional funds to put towards other Village priorities. After going out to bid, the Trustees determined it is in the best interest of the Village residents, and all Barton Electric customers to sell to VEC.

What will happen to the current Electric Department Employees?

Barton Electric Department employees have been offered the option to join the VEC workforce in positions that are well matched to their professional skills within the VEC union structure.

VEC is known to be a great place to work and the team at VEC will ensure any of the staff that choose to remain will be made welcome.

How do VEC rates compare to Barton Electric rates?

As part of the transition, rates for Barton Electric customers will remain fixed at Barton’s current levels for two years. At the end of two years, customers will transition to Vermont Electric rates. See current rate comparison charts below for different usage levels.

While it is difficult to project what BED rates would be 2 years from now if it remained as a municipal utility, necessary investments in staffing and infrastructure would be expected to result in upward rate pressure.

Bill Compare for "400 kWh/mo"; 2022 Rates			
Assumptions:			
Residential User		400	Avg Usage
1st 100 kWh Block		100	kWh/Mo
<u>Rate Type</u>		<u>VEC</u>	<u>Barton</u>
1st 100 kWh Block Rate (RES)		\$0.09193	\$0.09216
All Other Energy (Res)		\$0.18556	\$0.19393
Residential		2022	2022
<u>Description</u>		<u>VEC</u>	<u>Barton</u>
Customer Charge		18.14	10.34
1st 100 kWh Block		9.19	9.22
All Other Energy		<u>55.67</u>	<u>58.18</u>
Total Bill		83.00	77.74

Bill Compare for "600 kWh/mo"; 2022 Rates			
Assumptions:			
Residential User		600	Avg Usage
1st 100 kWh Block		100	kWh/Mo
<u>Rate Type</u>		<u>VEC</u>	<u>Barton</u>
1st 100 kWh Block Rate (RES)		\$0.09193	\$0.09216
All Other Energy (Res)		\$0.18556	\$0.19393
Residential		2022	2022
<u>Description</u>		<u>VEC</u>	<u>Barton</u>
Customer Charge		18.14	10.34
1st 100 kWh Block		9.19	9.22
All Other Energy		<u>92.78</u>	<u>96.97</u>
Total Bill		120.11	116.52

Bill Compare for "800 kWh/mo"; 2022 Rates			
Assumptions:			
Residential User		800	Avg Usage
1st 100 kWh Block		100	kWh/Mo
<u>Rate Type</u>		<u>VEC</u>	<u>Barton</u>
1st 100 kWh Block Rate (RES)		\$0.09193	\$0.09216
All Other Energy (Res)		\$0.18556	\$0.19393
Residential		2022	2022
<u>Description</u>		<u>VEC</u>	<u>Barton</u>
Customer Charge		18.14	10.34
1st 100 kWh Block		9.19	9.22
All Other Energy		<u>129.89</u>	<u>135.75</u>
Total Bill		157.22	155.31

How is a Co-op Different than a Municipal Utility?

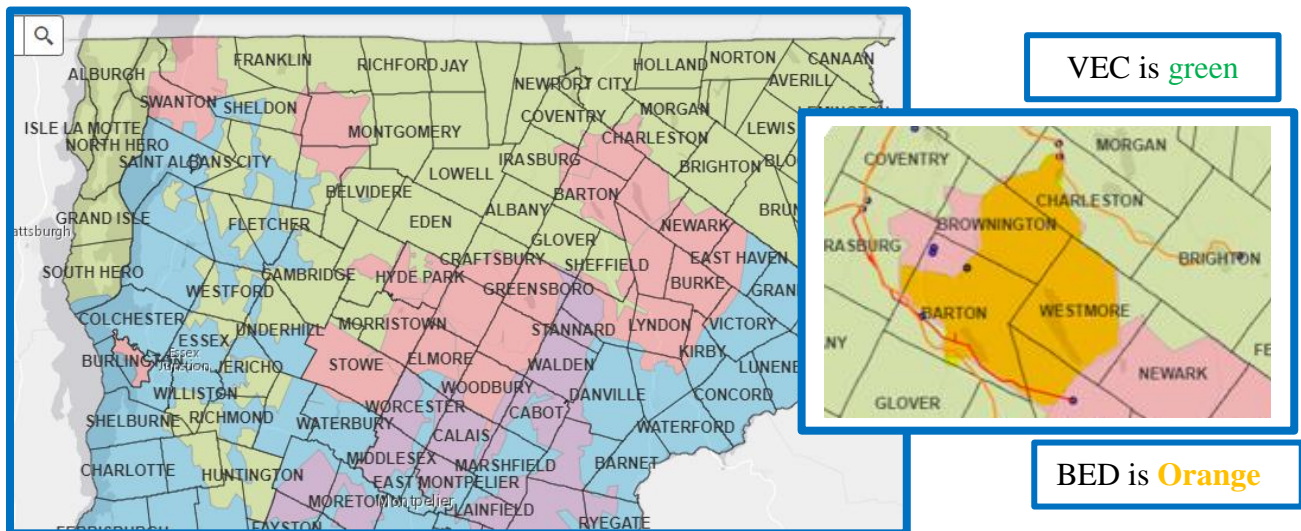
As Public Power entities, there are many similarities between a Co-op and a Municipal utility including democratic governance and a “not for profit” structure. If Barton joins VEC, Barton customers will become full Co-op members with the ability to vote in VEC Board of Director elections, VEC bylaw changes, and will receive all benefits of being a VEC member including member capital allocations. Link here for Information about the Cooperative Model and the Seven Cooperative Principles <https://vermontelectric.coop/co-op-principals>

VEC quick facts.

- Member-owned, not-for-profit, electric cooperative established in 1938 to serve rural and under-served Vermonters
- 33,000 members, 40,000 meters, 75 communities, 8 Vermont counties
- Currently includes members in all Barton Electric towns. (Barton, Brownington, Irasburg, Sutton, Charleston, and Westmore).
- Governed by twelve member elected board.

Barton Electric quick facts.

- Municipal electric utility. Village established in 1894.
- 2,200 customers in the greater Barton area. Village of Barton plus portions of Barton town, Brownington, Irasburg, Sutton, Charleston, and Westmore.
- Governed by Barton Village Trustees



How will Barton Electric Customers be represented on the VEC Board of Directors?

Barton Electric customers would be represented on the VEC Board through three of the twelve VEC Board seats. One District seat (either District 1 or District 3 representative) and two East-Zone at Large Directors. All Co-op members are welcome to run for the VEC Board and Board meetings are open to all Co-op members.

Does VEC have a local presence?

VEC staff operate out of four districts including the Newport/Derby warehouse which is 15 miles from Barton Village. VEC has been providing operational services under contract with Barton Electric since April 2019, and metering services with Barton Electric since January 2022. VEC is well acquainted with Barton Electric service territory and many of our employees are connected to the local community.

What will be transferred in the sale? Is the Hydro-electric facility included in the sale?

The Hydro generating facility will not be part of the sale and will be retained by Barton. Barton will also retain the warehouse and garage. The electric assets including meters, poles, wires, substation, and inventory will transfer to VEC.

How would a sale affect existing power supply contracts?

Barton and VEC will be working with VPPSA to determine the best course of action to honor existing power supply contracts. VEC has experts on staff that negotiate power supply on behalf of all VEC members. VEC is dedicated to ensuring a cost-effective and environmentally sound power supply with a commitment to secure a 100% carbon-free power supply by 2023 and 100% renewable power supply by 2030.

When is the Village vote?

The Village will be asked to vote on the proposed sale by Australian ballot on May 10, 2022. The polls will be open that day from 10 am until 7 pm at the Memorial Hall located downstairs of the Theater.

If the Village votes to approve the sale then what happens next?

If there is a positive vote from the Village, the next step would be to seek regulatory approval from the Vermont Public Utility Commission (PUC) for the sale. This approval process could take up to six months. If the PUC approves the sale, a transition plan would be implemented to integrate Barton customers into VEC systems and operations.

Where can I get more information and updates?

The Barton Village and the VEC website will have information and a link to the most up to date information.

Links:

<https://bartonvt.com>

<https://vermontelectric.coop>