

VERMONT

ELECTRIC



As Demands Grow, Grants and Partnerships are More Critical Than Ever

By Rebecca Towne

It seems like every week there's news about available federal funding related to clean energy or infrastructure. It's true!

The 2021 Infrastructure Investment and Jobs Act (IIJA) and the 2022 Inflation Reduction Act (IRA) provide billions in combined federal funding for electric utilities. The State of Vermont has also received funding and has made several grant opportunities available. All of this suggests an opportunity for VEC to apply for grants in infrastructure and renewable generation in a way that's aligned with our vision of lighting the path to affordable clean energy, together – and doing it in a way that emphasizes reliability and safety. Here is what we are doing at VEC to pursue some of these opportunities.

Reducing the Cost of Outage Restoration

Our budget – and rates – do not include funding for extraordinary storms. Luckily, as a not-for-profit, we are eligible for Federal Emergency Management (FEMA) funding to recover from these sorts of storms. Since 2010 VEC has received \$11.6 million in FEMA storm restoration cost reimbursement for 13 different storms, covering 75 percent of incurred costs for eligible counties. Our most recent storms were back-to-back Winter Storms Finn and Gerri which cost the co-op approximately \$2.5 million. We are applying for FEMA funds to cover much of this cost, with support from Gov. Scott. We should know in the coming months whether the federal government approves this application.

Investing in Infrastructure: Reconducting and Undergrounding

The electrification of heating and transportation, as well as the growth of distributed generation, will continue to increase load on our system. In addition, increasingly severe weather is making power outages more likely while expectations of reliability are increasing. So, as we accelerate our infrastructure replacement to provide more capacity and resiliency, we will continue to seek grants to offset this cost.

When a storm is declared a FEMA event, we are eligible to apply for FEMA Hazard Mitigation Funding (this is different from the FEMA storm restoration funding mentioned above) to improve the resiliency of the system for the future. Since 2014 VEC has received over \$4.5 million in grants to improve reliability. Since then, VEC has completed, or is currently working on, 12 resiliency projects in Belvidere, Berkshire, Charleston, Derby, Glover, Holland, Huntington, Johnson, Montgomery, Morgan, Morristown, Newport Town, Richmond, and Starksboro. These projects have resulted in greatly increased reliability in those areas. Our team is currently finalizing grant applications with FEMA from the December 2022 Winter Storm Elliott, hoping for \$1.1 million more to fund four additional reliability projects. Finally, we are analyzing additional resiliency projects resulting from 2024 Winter Storm Finn and Gerri which potentially could add \$1 million or more in investments.

We have also applied for an additional \$20 million through several federal IIJA grants to reconductor or underground approximately 35 miles of older and hard-to-access lines. This will improve both reliability and capacity. With 2,400 miles of line on our system, these additional federal dollars help us do significantly more than we are otherwise able to afford.

Cost-Competitive Renewable Generation

We expect our load to grow 30 percent over the next 20 years. At the same time, we are transitioning to a 100 percent renewable power supply. This means we will need to invest in additional renewable generation both in Vermont and in our region. To help us with these costs, VEC took a first step toward a \$29 million grant through a Department of Energy program designed to target remote and rural areas. We are waiting to hear whether we are invited to submit a full grant proposal.

Smart, Distributed Electric System

Besides grants to support basic infrastructure and storm resiliency, we are also pursuing funding for distributed energy resources and the supporting technology

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A Look at Financial Highlights for 2023



By Caroline Mashia,
Chief Financial Officer

In 2023, VEC faced a range of financial challenges, but it was also a year of remarkable recovery and I'm proud of our cooperative's perseverance. Despite the lingering aftermath of Winter Storm Elliott and rising energy costs, inflationary pressures, and interest rates, VEC managed to emerge as strong as ever.

Our financial report for 2023 reflects this resilience. VEC reported net earnings of \$4.2 million, a remarkable \$2.2 million increase compared to the previous year. While our earnings dipped slightly below the approved budget, this achievement underscores the fundamental fiscal health of our cooperative.

Of course, the journey was not without its challenges. Fluctuating electricity sales driven by inconsistent weather patterns presented challenges, particularly with a warm winter and cooler summer dampening demand for space heating and cooling. Additionally, while we were fortunate to avoid significant system damages during the July floods, the relentless rain and lightning during that event caused several outages, alongside significant restoration costs from weather events in November and December.

Nevertheless, our commitment to financial stability remained unwavering.

In the face of these challenges, VEC's management team demonstrated remarkable adaptability and nimbleness, finding innovative solutions to maintain our financial health without compromising on reliability.

VEC's resilience translates into tangible benefits for our members. Despite the financial headwinds, our cooperative's commitment to prudent financial management earned us an A+ rating from Standard and Poor's, allowing us to continue securing favorable power supply contracts and reduce borrowing costs.

Moreover, after reviewing our finances, the Board of Directors decided to retire \$900,000 in member capital—an action that directly translates into returns for our member-owners. Additionally, our success in securing \$1.3 million in Federal Emergency Management Agency (FEMA) reimbursement for Winter Storm Elliott, along with an additional \$150,000 for damages incurred during the July floods, highlights our cooperative's ability to navigate challenges.

As we reflect on 2023, I am confident in our cooperative's ability to overcome adversity and chart a path towards a brighter future. We have proven that in the face of challenges, our unity, resilience, and commitment to our members remain steadfast. I am optimistic about the journey ahead and the continued success of Vermont Electric Cooperative.

POWERING UP FOR A RELIABLE AND RESILIENT FUTURE



VEC ANNUAL MEETING

SATURDAY, MAY 11 | SMUGGLERS' NOTCH RESORT
BREAKFAST 8-9:30AM | MEETING 9:30AM-12PM

AGENDA

- 8 a.m. - Complimentary member breakfast
- 9:30 a.m. - Business Meeting of the Membership & Board Election Results
- 10 a.m. - Presentation and Q&A
- “Powering Up for a Reliable and Resilient Future” with Dr. Jay Shafer of Disaster Tech and Peter Rossi, VEC Chief Operating Officer
- 10:45 a.m. - Raffle door prizes

JOIN US AND BE ENTERED INTO OUR RAFFLE!

We've got more than \$1,000 worth of prizes including . . .
A Weber Lumin electric grill courtesy of Smugglers' Notch Resort
Gift certificates courtesy of Erica's American Diner in Fairfax,
Paul Frank + Collins and Wilschek Iarrapino Law Office
Gift cards from national retailers courtesy of Charles Curtis, LLC, and more!

West Zone

Alburgh, Bakersfield, Belvidere, Berkshire, Bolton, Cambridge, Eden, Enosburg, Essex, Fairfax, Fairfield, Fletcher, Franklin, Georgia, Grand Isle, Highgate, Hinesburg, Huntington, Hyde Park, Isle LaMotte, Jericho, Johnson, Milton, Montgomery, Morristown, North Hero, Richford, Richmond, Sheldon, Shelburne, South Hero, Starksboro, Stowe, St. Albans Town, St. George, Swanton, Underhill, Waterville, Westford, Williston.

Ken Hoepfner

Vermont Electric Cooperative is a complex business encompassing power supply, finance, energy distribution, public relations, and governance, the committee which I chair. My background includes engineering, planning, finance, auditing, quality and management. I intend to draw on this skill set to bring a conservative opinion to board decision making. In these difficult times it is imperative to keep rates affordable without sacrificing reliability. Vermont is in a unique place. In comparison to other states, it has the highest quality of air and lowest emissions, at 0.1% of the US. VEC has achieved the carbon free goal and is working on the 2030 goal of 100% renewables. However, as technology emerges, we need to be mindful to assure that implementation is cost effective and does not create unbearable burden for our membership.

Some other points to mention. The Department of Public Service and Public Utilities have great respect for VEC competence. The current Board of Directors represent a broad diversity of industry and this environment provides healthy and respectful debate. In addition, I believe in community service and have served in positions at Lamoille County Mental Health, Lamoille Valley Rail Trail, the Vermont Horse Council and the Advisory Committee of Cambridge Christian Fellowship. If elected, I will continue to draw on these various experiences to serve the membership with conservative oversight on the VEC Board of Directors. Being a cooperative, our goal is "Lighting the path to affordable clean energy. . . together"

Contact information: kenandsue@hoepfner.com 802-644-5771



Tim Kenney

I am a lifelong resident of Richmond, VT with experience in serving on boards for commercial entities and nonprofits. I have managed technology companies as well as several international offices for GE Healthcare. I believe my experience would be valuable to the board.

In my current role as President and Chief Operating Officer of SOOS, a cybersecurity company, and through my previous positions in the technology and healthcare sectors, I have developed a strong foundation in overseeing complex systems and ensuring their security and efficiency. On January 31, 2024, the FBI warned Congress that Chinese hackers are preparing to wreak havoc on critical U.S. infrastructure. I am interested in applying my expertise in cybersecurity to enhance the Co-Op's defenses against ever-evolving digital threats.

Additionally, the increased frequency of storms and outages, likely exacerbated by climate change, is a concern that I share with many of you. It's important to improve the resilience of the Co-Op distribution system against such environmental challenges while maintaining an affordable system for commercial and residential members.

I appreciate the Co-Op's movement towards a completely renewable and clean energy supply. The Co-Op must continue to explore localized energy sources and storage solutions. As a family, we are proud participants in the community solar projects initiated by Vermont Electric Co-Op. I am excited about the opportunity to support and expand such initiatives at the board level.

Feel free to connect with me on LinkedIn at <https://www.linkedin.com/in/timkenney-vt/> to review my experience.



Victor Veve

I am a candidate for the director position on the Vermont Electric Co-op board. I bring with me extensive experience in the energy sector, particularly in solar and energy storage development, and a background working with co-ops across the country developing renewable energy projects.

What drives me to seek this role is the opportunity to advocate for the interests of our community, as a local who has lived here in this area my whole life. I believe it is important to carry on our Vermont tradition of environmental stewardship, and I am dedicated to advancing initiatives that promote cost effective sustainability while balancing the needs of our members.

I am committed to ensuring the reliability and affordability of our energy services. I believe in the power of collaboration and inclusivity, and I am deeply invested in ensuring that all voices are heard and represented in our cooperative's decision-making processes. It is essential for all of us to discuss, plan and chart a path together as we face all our shared challenges. "Freedom and Unity" (VT. Motto)

If elected, I will be dedicated to advancing our shared goals of sustainability, resilience, and progress. I will leave no stone unturned in the pursuit of innovative solutions that have the potential for meaningful impact and rate savings.

Together, we have the power to shape the future of our planet and ensure a legacy of hope for generations to come.

I welcome the opportunity to connect with you further; 802-490-1716.



East Zone

Albany, Averill, Avery's Gore, Barton, Bloomfield, Brighton, Brownington, Brunswick, Canaan, Charleston, Coventry, Craftsbury, Derby, Ferdinand, Glover, Greensboro, Guildhall, Holland, Irasburg, Jay, Lemington, Lewis, Lowell, Lyndon, Maidstone, Morgan, Newark, Newport City, Newport Town, Norton, Sheffield, Sutton, Troy, Warner's Grant, Warren Gore, Westfield, Westmore, Wheelock.

Brian Cook

I wish to run for the Zone East board seat. My family settled in Vermont before it was even a state and was only a republic. I fished below the McIndoe Falls dam as a child, and electricity has always been a passion of mine. I majored in industrial electricity in college and worked for New England Electrical Transmission at the AC/DC converter station a few miles from where I grew up in McIndoes.

I served on the Vermont Association of Snow Travelers Board of Directors for 12 years, on the Vermont Brewers Association Board of Directors for 3 years, and I am currently a Jay Peak Area Chamber of Commerce director.

My wife Jennifer, our daughter Addy, and I started Kingdom Brewing 12 years ago. We are stewards of the land with a sustainable Black Angus cattle farm. Protecting our land is important to us.

We are at a turning point with investing in renewables. There needs to be a balance between renewable green energy and being able to afford to keep the lights on. I want affordability and reliability to be top priorities in renewable power. My experiences as a successful business owner will certainly make me a suitable candidate for this board.

I look forward to serving you. I can be reached at kingdombrewing@yahoo.com with any questions or concerns.



Richard Dee

My wife, Renee and I live in Lowell on Mount Norris. We moved here in 2022 after working and raising a family in Ohio. I have a strong business background and am ready to serve this area's cooperative members.

I began my career in New York City as a sales analyst for HBO. We relocated to Ohio in 1981 where I managed computer systems, payroll and accounting for a construction company in Cleveland. I was also an adjunct faculty member at the College of Wooster and performed clarinet in several arts organizations including the Akron Symphony and the Blossom Festival Band. I have taught many students over the years.

In 1998, I worked for Alcan Rubber & Chemical. In 2003, I became part-owner, COO and CFO of ChemSpec, Ltd. I served on its Board of Directors. I oversaw all aspects of the company, especially purchasing and quality control. I traveled extensively throughout the world visiting and inspecting supplier manufacturing plants.

I served on the board for the Greater Akron Musical Arts Association from 2006-2011 and chaired the Finance Committee. I have also volunteered for the Kiwanis, the Boy Scouts of America, Akron Lyric Opera and the PTA.

I am a graduate of the University of Wisconsin in Madison.

I want to keep Vermont Electric Coop in excellent financial condition and focused on benefitting all its members. I want to continue the focus on renewable sources of energy especially from local producers.



George Lague

My name is George H. Lague and I am seeking re-election to the board of Vermont Electric Cooperative. I graduated From VTC in 1970 with a degree in electrical engineering and began my career at Citizens Utilities for sixteen years then went to work for Swanton Village as their manager for twenty three years. At Swanton I managed the electric, water, and wastewater systems as well as the police, fire and street departments. During my time there the Hydro electric facility was expanded from 4 megawatts to 10 megawatts at a cost of over 22 Million dollars. This caused a steep rise in electric rates followed by over seven years of no rate increases at all. The hydro expansion allowed Swanton Village to ultimately have the lowest electric rates in the state for several years. I am interested in the position on the board to offer my experience in the utility business. As a board member you are part of a team of people whose job is to provide guidance and oversight for the manager at the co-op. I am a native Vermonter born in Newport. My wife and I have both lived here most of our lives. We will celebrate our fifty fourth anniversary this summer. We have three daughters that have blessed us with eight grandchildren and now seven great grandchildren with number eight expected in June. Thank you for your consideration.

Respectfully
George H. Lague



Marc Tivoly

My name is Marc Tivoly. I was born in the French Alps. I went to business school in France and in UK. In 2000 I moved to Newport Center. In 2011 I was naturalized. From 2000 until October 2023, I was the CEO of Tivoly Inc (Derby Line VT). Tivoly Inc manufactures High Speed Steel Threading Taps for metal working applications.



VEC has always been a committed and reliable organization. I am interested to become a board member, because I desire to learn more about our community. I would like also to better understand VEC 's challenges & opportunities.

The first thing I did when I started my manufacturing career, was to listen and to learn from our talented team. Eventually, we did amazing things. As a director I will do the same: Listen and learn. I will then contribute to the best of my ability wherever it will be the most needed.

I believe that our challenge is to continue to provide a reliable, cost effective and clean energy while facing an unstable and unpredictable environment.

I have "people skills" and an international background. Easy to speak with. I always welcome ideas, suggestions, and questions. Feel free to reach out: + 1 802 272 0212. Thank you!

VEC's Board of Directors: An Overview

VEC is governed by a 12-member Board of Directors that represents the membership. The board has fiduciary responsibility for setting broad policy in accordance with statute and the coop bylaws in determining the overall operation and direction of the co-op.

Among other things, the board reviews and approves the co-op's financial management, and related retirement of member capital, when it's financially feasible. The board reviews and approves the annual strategic plan and conducts longer term, high level, multiyear planning. The board is also responsible for the hiring and oversight of VEC's chief executive officer and for reporting the past year's progress at VEC's Annual Meeting of the Membership.

Board members also bring questions and concerns from VEC members to the full board and staff when necessary.

Community Fund: Generous VEC Members Making a Real Difference

In 2023 the VEC Community Fund disbursed to local non-profits the largest amount of money ever. The fund gave out grants totaling \$47,959 in 2023, almost double the \$24,100 awarded the previous year and well above any previous year since the fund was launched in 2015.

The fund made 61 separate grant awards in 2023 compared to 32 in 2022.

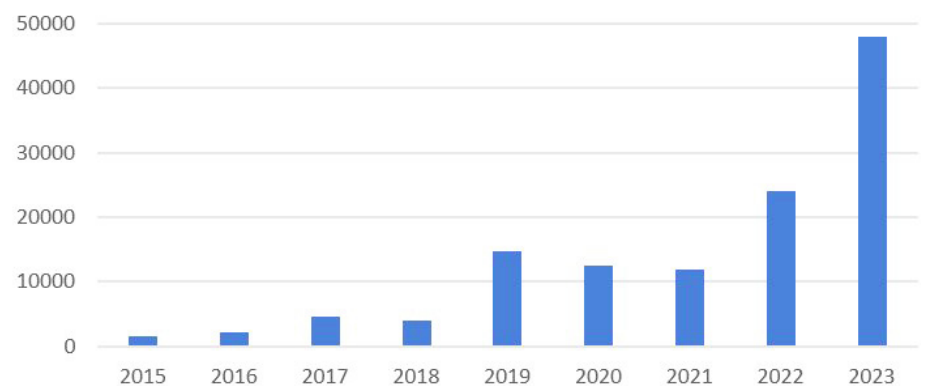
"We've had our best year yet," said Community Fund Committee chair and VEC work order specialist Ed Peterson. "Why? Because our generous members have given a big boost to the program over the last couple of years, by continuing to round up their electric bills and donating member capital," he said.

"The fund can do what it does because there is strength in numbers," he said. "Currently over 2,000 members participate and we are hoping even more members will join in and keep the fund on this promising trajectory," he said.

About eight percent of VEC's 33,000 members participate by either rounding up their monthly electric bill to the nearest dollar or donating their member capital each year, so there is still plenty of room to grow the donations, he said.

Since it made its first donation eight years ago, the fund has sent just over \$120,000 to some 150 non-profit organizations in the VEC region. The fund is supported by co-op members who voluntarily round up their electric bills to the nearest dollar, donate their member capital, or make one-time donations. The funds are entirely separate from money collected by VEC from electricity sales and support local organizations that support economic security, energy education, emergency and disaster relief, and community development.

Value of Community Fund Grant Awards by Year



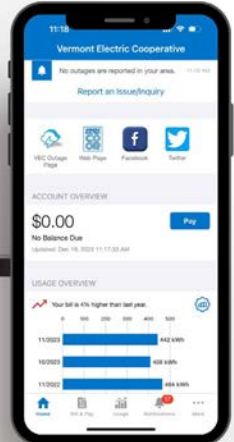

Apply for Support

Do you know a non-profit that serves VEC members that's looking for funding? Applying for a Community Fund grant is easy. Just go to vermontelectric.coop/community-fund and click on the Apply button and fill out the online form. The committee reviews applications and makes allocations quarterly.

Do you want to support the Community Fund? You can round up your monthly electric bills to the next highest dollar, donate your member capital, or make a one-time donation.

More at: vermontelectric.coop/community-fund

CELEBRATE SPRING!

SIGN UP FOR PAPERLESS BILLING IN APRIL OR MAY AND BE ENTERED INTO A DRAWING FOR A \$50 BILL CREDIT

VERMONTELECTRIC.COOP/PAPERLESS-BILLING

Solar Power For People, Not Profit!

Vermont Electric Cooperative is member-owned and committed to the best interests of our members and their communities. This is why we developed VEC Co-op Community Solar—an easy and efficient way for all VEC members to get great value while supporting clean electricity.

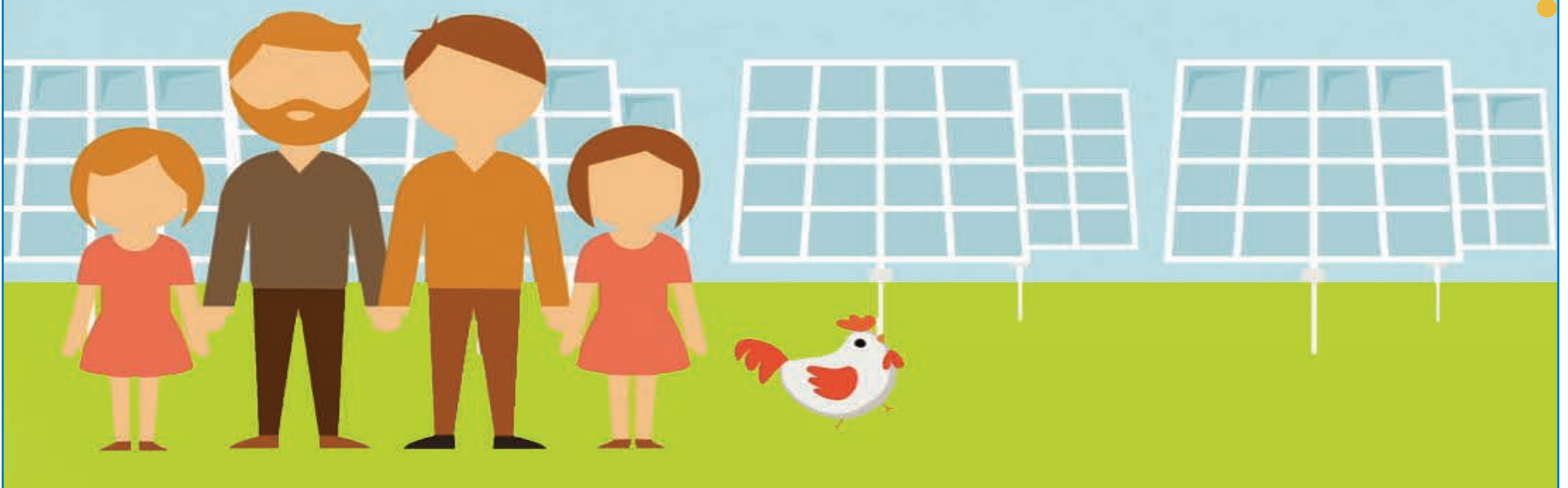
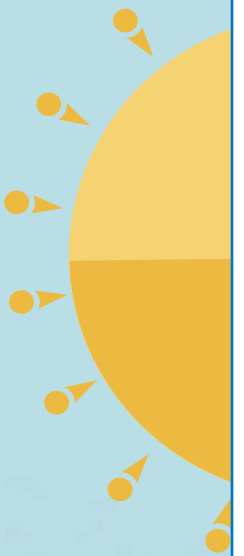
VEC Co-op Community Solar is perfect for folks renting their home and for houses with a shady site or unsuitable roof.

Members simply make a one-time upfront payment to sponsor a portion of the solar array and receive a guaranteed fixed monthly credit on their electric bill.

Participants can opt out at any time for any reason, and get back a prorated portion of their sponsorship. Ten and twenty year terms are available and so is affordable financing.

With projects up and running in Alburgh, Grand Isle and Hinesburg, now is a good time to support solar with VEC Co-op Community Solar.





For more information, visit vermontelectric.coop/solar or call 1-800-832-2667.



Save money Support solar

FREE APPLIANCE REPLACEMENT OPPORTUNITY!

Depending on your income and energy costs, Efficiency Vermont can provide **FREE replacement** of older equipment that could help save you money. You may be eligible for:

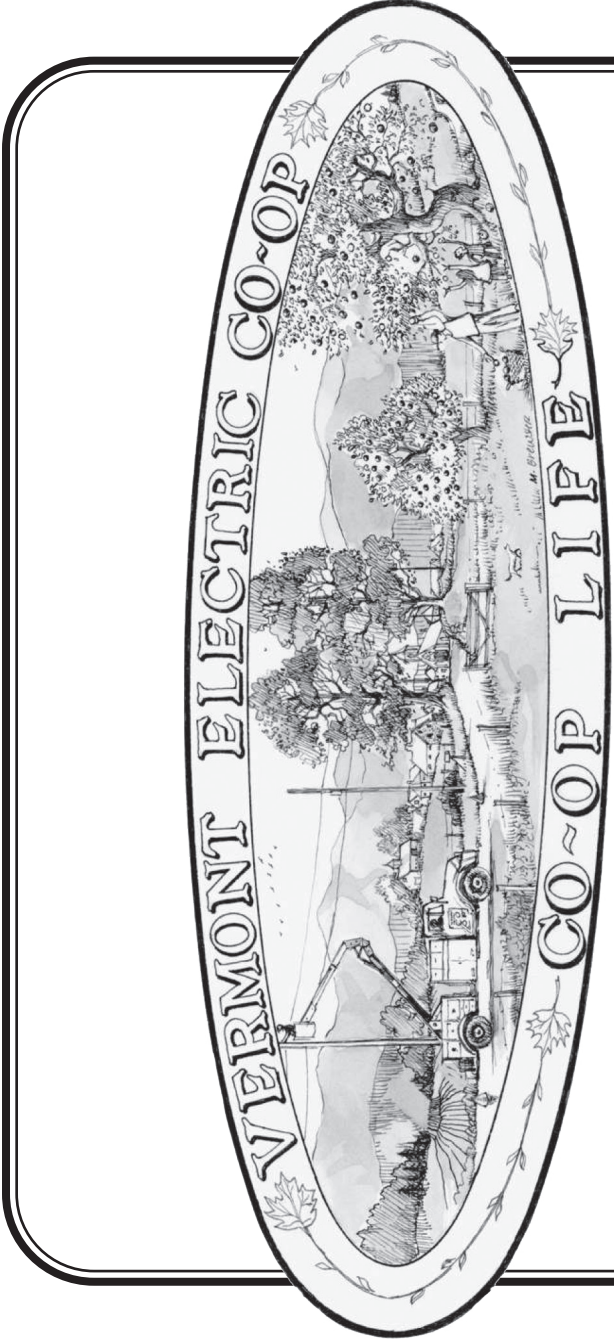
-  New LED lightbulbs and water saving devices
-  New appliances (like a refrigerator, deep freezer, clothes washer)
-  If you use electricity to heat your home or water, you could also get a free ductless heat pump or heat pump water heater
-  A free home energy consultation

This is a **service** provided by Efficiency Vermont for income-eligible Vermonters at no cost. **Over 17,000** homeowners and renters have already taken advantage of this offer and lowered their electric bills, some by **50% or more**.

SCAN TO LEARN MORE:



To confirm your eligibility, call Efficiency Vermont at **888-921-5990** or visit efficiencyvermont.com/free-products to learn more.



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Join us for Annual Meeting May 11! SEE DETAILS ON PAGE 2

The VEC Community Fund – supported by VEC members who voluntarily contribute – recently granted \$1,000 to go toward prizes for North Country Supervisory Union students competing in a regional science and engineering fair. Above are some recent winners: grade 6 students Dan Putvain and Preslee Couture of Coventry. Turn to page 5 to learn more about the Community Fund.



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