



Member Update

Commercial/Industrial Edition

Fall 2019



VEC Plans Modest Rate Increase

Last week VEC filed a request with the Vermont Public Service Board for a rate increase of 3.29% to take effect at the beginning of 2020.

If approved, this would be the first VEC rate increase in six years. Over the last ten years, VEC has had an average rate increase of less than one percent a year, well under the cost of inflation.

The main drivers of this proposed increase include:

Power purchases. This includes higher capacity costs (ensuring power supply is available when needed), and increased costs of power supply contracts. These as a group are the single most significant cost pressure.

System maintenance and major storms. VEC is seeing increased system maintenance costs associated with keeping the grid resilient, safe, and reliable. This includes increasing our vegetation and tree trimming efforts in order to reduce outages in the coming years.

Cost of doing business. Although VEC has not increased staffing levels in many years, the continued increase in the cost of employee health insurance is a big cost driver, in addition to other costs of running a business such as property taxes and typical cost of living pay and benefit increases.

VEC is also experiencing reduced revenues attributable to increased efficiency and distributed renewable generation (net-metering), in addition to a declining Renewable Energy Certificate market.

"We are proud of the work we have done to keep rates stable in recent years, and in a perfect world, of course, we would prefer not to have to ask for a rate increase," said Rebecca Towne, VEC's chief executive officer. "However, this is a necessary step to ensure we make essential and cost effective investments in an increasingly complex electrical infrastructure system," she said.

Towne said that VEC has a capable and flexible team that continually focuses on improving operations and finding efficiencies to best use limited resources, and those efforts have been a big reason rates have remained stable in recent years.

She also noted that VEC's strong financial status is helping the co-op to save money. For the past three years, VEC has been rated A+ with a stable outlook by

Standard and Poor's. This financial rating is an indicator of prudent financial management, which translates into lower borrowing costs.

"As a member-owned, not-for-profit co-operative, VEC puts our members first," Towne said. "In everything we do, including our long-term financial management, our central focus is on our members and this increase, we believe, is in the best interests of the co-op as a whole," Towne said.

If you have any questions about this filing, please contact Dave Lahar, Key Accounts Manager at 802-802-730-1214.

Results from C&I member survey now posted

VEC's [2019 survey of our business members](#) is now complete and has produced a range of interesting results. Among them: overall ratings of VEC service continue to be very strong, and renewable energy and carbon reduction are viewed as important power supply priorities. Thanks to those who answered the survey, and if you have additional comments on how we're doing, please email Key Accounts Manager [Dave Lahar](#).

Interested in promoting your retail business?

Is yours a retail business offering products or services in the region? You might consider joining VEC's [Member Discount Program](#) where businesses offer discounts to VEC members. VEC periodically promotes the discounts to our 32,000 members, and there's no cost to businesses to participate. Learn more [here](#).

***Know someone who might be interested in this newsletter?
Please forward it!***

***Comments or suggestions about this email?
Call Energy Services Planner Jake Brown at 802-730-0414
or drop him an [email](#).***