



IMPORTANT NOTICE REGARDING UPCOMING RATE CHANGES

For over 50 years, VGS has maintained competitive and affordable rates for its 55,000+ customers. As we work to enhance our customer service and make investments in safety and Vermont’s clean energy future, we are committed to keeping those rates low for current and future customers. Thus, we want to let you know about two proposed rate changes pending regulatory approval.

Overall Rate Increase: Case No. 22-0480-TF

On February 15, 2022, VGS filed a request with the Vermont Public Utility Commission (“Commission”) for an overall rate increase of 3.7%. The effective date of this change is dependent on the regulatory review process but, it is anticipated to take effect in November 2022. A typical residential customer pays about \$1,423.00 a year for natural gas. With this change that amount would increase by about \$55.00/year or approximately \$4.57/month. The overall rate change is comprised of a 0.3% decrease in the Natural Gas Charge portion of your bill and a 6.18% increase in the Daily Access and Distribution Charges. To limit the increase in the Daily Access and Distribution Charges to 6.18%, VGS has also requested that the Commission allow us to return to customers approximately \$3.5 million of the System Expansion and Reliability Fund (“SERF”) that was established in 2011.

Please note that changes in the Natural Gas Charge and voluntary Renewable Natural Gas (RNG) portions of the bill are based on rates in effect as of February 15, 2022. The actual percent change will depend on natural gas costs at the time of the November 2022 rate change and, under our current regulatory framework, the Natural Gas Charge and RNG adders will continue to change quarterly until then.

Purchased Gas Adjustment: Case No. 22-1975-TF

As noted above, VGS adjusts the Natural Gas Charge and voluntary RNG portions of your bill quarterly, up or down, in response to changes in the cost of gas. This is called the “Purchased Gas Adjustment” or “PGA”. On May 26, 2022, VGS filed its proposed PGA for bills rendered on and after August 6, 2022. That filing proposed an increase in the Natural Gas Charge of 27.0%, equivalent to an overall firm rate increase of 9.9%, and a slight downward adjustment to the voluntary RNG Adders, as shown in the chart below.

The Natural Gas Charge increase is driven primarily by the wholesale cost of natural gas, which has been influenced by world events affecting supply, including the Russia/Ukraine crisis as well as a warmer than normal spring, which has increased demand on natural gas used for electric generation. Additionally, U.S. liquefied natural gas exports are at record high levels, chasing higher prices in Asian and European markets, which further constrains supply available in the U.S. All these factors have created the highest natural gas prices that VGS has seen since 2010. It is anticipated that natural gas prices will continue to see significant volatility as market forces continue to adjust to world events. It should be noted, however, that if natural gas prices soften in the coming months, any overcollection from customers will be returned through subsequent Purchased Gas Adjustments. As is set forth in VGS’s Alternative Regulation Plan, the purpose of the PGA is to ensure that customers pay what VGS pays for natural gas – no more and no less.

We know that this rate increase comes at a time when customers are seeing high inflation. As always, we strive to maintain affordable rates for our customers, and will continue our work to do so. Pending regulatory approval, the rate components will be adjusted as follows:

Residential

Rate Components	Current Rates	Proposed Rates Effective August2022	Proposed Rates Effective November 2022
Daily Access Charge (per day)	\$0.7771	\$0.7771	\$0.8251
Natural Gas Charge (per ccf)	\$0.4918	\$0.6247	To be determind. Current estimate: \$0.6581
Distribution Charge (per ccf)	\$0.6631	\$0.6631	\$0.7040
EEU Charge (per ccf)	\$0.0514	\$0.0514	\$0.0514
Assistance Program Fee (per month)	\$0.40	\$0.40	\$0.40
Blended RNG Adder* (per CCF)	\$1.1436	\$1.0298	\$1.0298
Locally Sourced RNG Adder* (per CCF)	\$1.5098	\$1.3754	\$1.3754

*Only applies to customers participating in the voluntary renewable natural gas program.

VGS has submitted the overall rate request and PGA via ePUC, the Commission's online case and document management system. Interested customers can view the filings at <http://www.vermontgas.com/account/rates/> or at <https://epuc.vermont.gov/>.

Comments regarding the filings may be submitted to the Commission via ePUC under Case Number 22-0480-TF (overall rate increase) and Case Number 22-1975-TF (Purchased Gas Adjustment). Alternatively, the Commission accepts comments by mail at 112 State Street, Montpelier, VT 05620-2701, and by email at puc.clerk@vermont.gov. Please note the case number(s) in your comments.

Vermont Gas has the following resources to help manage your bill:

Residential energy efficiency programs: see ideas for saving energy and a description of our programs.

Budget Billing: see Payment Plans to ensure a predictable monthly bill (no cold weather spikes).

Online Account Access & Bill Payment: check your payments or pay your bill 24/7.

Financial Assistance: see Assistance Programs available to income qualified residential customers.

Please call us at (802) 863-4511 if you have any questions or would like to learn more about these or other options, including renewable natural gas!