

IMPORTANT NOTICE REGARDING UPCOMING RATE CHANGES

For over 50 years, VGS has maintained competitive and affordable rates for its 53,000+ 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.

We want to let you know about two rate changes, one proposed to go into effect in August 6th impacting only the Natural Gas Charge and one expected in November, potentially impacting each rate component. Each of these changes is described below.

First, the Natural Gas Charge component of your bill is **increasing** by 12.5% effective with bills rendered on and after August 6, 2020. The other components of your bill will not change at that time. VGS adjusts the Natural Gas Charge portion of your bill quarterly, up or down, in response to changes in the cost of gas. In fact, this increase comes after 3 years of steady decreases. The drivers of the change are related to toll increases from TransCanada Energy – the pipeline delivering natural gas to Vermont - an increase in the wholesale price of natural gas, and a warmer-than-normal winter in 2019/2020.

The effect of this change on your bill will vary depending on your natural gas usage but, on average, is equivalent to an overall **increase** of 3.3%.

The Vermont Public Utility Commission has assigned this Case No. 20-1340 in e-PUC, the Commission’s electronic case and document management system. Following regulatory review and approval, the commercial rate components will be adjusted as follows:

General Service Low Usage, Low Load Factor – Rate G1

Rate Components	Rates Effective May 6, 2020	Rates Effective August 6, 2020
Natural Gas Charge (per ccf)	\$0.3524	\$0.3963
Daily Access Charge (per day)	\$1.2632	\$1.2632
Distribution Charge (per ccf)	\$0.5060	\$0.5060
EEU Charge (per ccf)	\$0.0454	\$0.0454
Assistance Program Fee (per meter, per bill)	\$0.16	\$0.16
Renewable Natural Gas Adder (per ccf)*	\$1.2995	\$1.2416

General Service Low Usage, High Load Factor - Rate G2

Rate Components	Rates Effective May 6, 2020	Rates Effective August 6, 2020
Natural Gas Charge (per ccf)	\$0.2604	\$0.2928
Daily Access Charge (per day)	\$1.2632	\$1.2632
Distribution Charge (per ccf)	\$0.4212	\$0.4212
EEU Charge (per ccf)	\$0.0352	\$0.0352
Assistance Program Fee (per meter, per bill)	\$0.16	\$0.16
Renewable Natural Gas Adder (per ccf)*	\$1.2995	\$1.2416

General Service High Usage, Low Load Factor - Rate G3

Rate Components	Rates Effective May 6, 2020	Rates Effective August 6, 2020
Natural Gas Charge (per ccf)	\$0.3410	\$0.3835
Daily Access Charge (per day)	\$4.0303	\$4.0303
Distribution Charge (per ccf)	\$0.3881	\$0.3881
EEU Charge (per ccf)	\$0.0354	\$0.0354
Assistance Program Fee (per meter, per bill)	\$1.05	\$1.05
Renewable Natural Gas Adder (per ccf)*	\$1.2995	\$1.2416

General Service High Usage, High Load Factor - Rate G4

Rate Components	Rates Effective May 6, 2020	Rates Effective August 6, 2020
Natural Gas Charge (per ccf)	\$0.2599	\$0.2923
Daily Access Charge (per day)	\$4.0303	\$4.0303
Distribution Charge (per ccf)	\$0.3263	\$0.3263
EEU Charge (per ccf)	\$0.0273	\$0.0273
Assistance Program Fee (per meter, per bill)	\$1.47	\$1.47
Renewable Natural Gas Adder (per ccf)*	\$1.2995	\$1.2416

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

Next, on February 14, 2020 VGS filed a request with the Vermont Public Utility Commission to increase the Daily Access and Distribution charges by 3%. The effective date of this proposed change is dependent on the regulatory review process but was requested to go into effect in November 2020. The Natural Gas charge would continue to change quarterly based on changes in the wholesale market. To limit the increase in the Daily Access and Distribution charges to 3%, VGS also requested approval to use approximately \$5.6 million of the System Expansion and Reliability Fund (“SERF”). The Commission authorized VGS to begin collecting the SERF in April 2011 for future use to help bring natural gas service to more Vermonters.

As we work toward maintaining our core values of safety, climate, customers and culture, we are committed to keeping our rates low and stable for current and future customers. VGS recently amended its filing seeking only authorization to use \$5.6 Million of SERF and **NO** change in the Daily Access or Distribution charges. The change in the Natural Gas Charge portion will depend on natural gas costs at the time of the November 2020 rate change and, under our current regulatory framework, the Natural Gas charge will continue to change quarterly until then.

Pending regulatory approval, the commercial rate components will be adjusted as follows:

General Service Low Usage, Low Load Factor – Rate G1

Rate Components	February Rates	Rates Effective August 6, 2020	Rates Effective November, 2020
Natural Gas Charge (per ccf)	\$0.3558	\$0.3963	To be determined. Current Estimate \$0.4118
Daily Access Charge (per day)	\$1.2632	\$1.2632	\$1.2632
Distribution Charge (per ccf)	\$0.5060	\$0.5060	\$0.5060
EEU Charge (per ccf)	\$0.0454	\$0.0454	\$0.0454
Assistance Program Fee (per month)	\$0.16	\$0.16	\$0.16

General Service Low Usage, High Load Factor - Rate G2

Rate Components	February Rates	Rates Effective August 6, 2020	Rates Effective November, 2020
Natural Gas Charge (per ccf)	\$0.2629	\$0.2928	To be determined. Current Estimate \$0.3043
Daily Access Charge (per day)	\$1.2632	\$1.2632	\$1.2632
Distribution Charge (per ccf)	\$0.4212	\$0.4212	\$0.4212
EEU Charge (per ccf)	\$0.0352	\$0.0352	\$0.0352
Assistance Program Fee (per meter, per bill)	\$0.16	\$0.16	\$0.16

General Service High Usage, Low Load Factor - Rate G3

Rate Components	February Rates	Rates Effective August 6, 2020	Rates Effective November, 2020
Natural Gas Charge (per ccf)	\$0.3443	\$0.3835	To be determined. Current Estimate \$0.3984
Daily Access Charge (per day)	\$4.0303	\$4.0303	\$4.0303
Distribution Charge (per ccf)	\$0.3881	\$0.3881	\$0.3881
EEU Charge (per ccf)	\$0.0354	\$0.0354	\$0.0354
Assistance Program Fee (per meter, per bill)	\$1.05	\$1.05	\$1.05

General Service High Usage, High Load Factor - Rate G4

Rate Components	February Rates	Rates Effective August 6, 2020	Rates Effective November, 2020
Natural Gas Charge (per ccf)	\$0.2624	\$0.2923	To be determined. Current Estimate \$0.3037
Daily Access Charge (per day)	\$4.0303	\$4.0303	\$4.0303

Distribution Charge (per ccf)	\$0.3263	\$0.3263	\$0.3263
EEU Charge (per ccf)	\$0.0273	\$0.0273	\$0.0273
Assistance Program Fee (per meter, per bill)	\$1.47	\$1.47	\$1.47

Please note that Vermont Gas has submitted this rate request via e-PUC, the Public Utility Commission's electronic case and document management system.

Interested customers can view the filing at <http://www.vermontgas.com/account/rates/> or at <https://epuc.vermont.gov/>. See Case No. 20-0431-TF.

While the Commission would generally hold a public hearing in this case, due to the on-going COVID-19 pandemic, all public hearings are postponed until further notice. However, the Commission welcomes comments regarding the filings via e-PUC, the Commission's electronic filing system, under case number 20-0431-TF at <https://epuc.vermont.gov/>. 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 in your comments.

The rates proposed in this filing were planned to be in effect during the first year of VGS's proposed three-year regulation plan. The plan was filed in September for review by the Public Utility Commission. However due to uncertainty surrounding the impact of the on-going COVID-19 pandemic, VGS has requested that the Commission suspend its review of the alternative regulation plan.