

IMPORTANT NOTICE REGARDING UPCOMING RATE CHANGES

For over 50 years, VGS has maintained competitive and affordable rates for its 54,000+ 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, both pending regulatory approval. The first one will go into effect in May and impacts only the Natural Gas Charge. The second one expected in November will impact each rate component. Each of these changes is described below.

First, the Natural Gas Charge component of your bill is increasing by 8.7% effective with bills rendered on and after May 6, 2021. VGS adjusts the Natural Gas Charge portion of your bill quarterly, up or down, in response to changes in the cost of gas. The other components of your bill will not change at that time.

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 2.7%.

Based on that rate change, the residential rate components have been adjusted as follows:

Rate Components	Current Rates	Proposed Rates Effective May 6, 2021
Natural Gas Charge (per ccf)	\$0.3682	\$0.4004
Daily Access Charge (per day)	\$0.7622	\$0.7622
Distribution Charge (per ccf)	\$0.6504	\$0.6504
EEU Charge (per ccf)	\$0.0495	\$0.0495
Assistance Program Fee (per month)	\$0.11	\$0.11
Renewable Natural Gas Adder (per ccf)*	\$1.2272	\$1.2054

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

Next, on February 16, 2021, VGS filed a request with the Vermont Public Utility Commission to change the Daily Access and Distribution Charges as well as the Natural Gas Charge. The effective date of this proposed change is dependent on the regulatory review process but is anticipated to go into effect in November 2021. The rate request is an overall rate increase of 2.6% from the rates in effect as of February 2021. A typical residential customer pays about \$1,294 a year for natural gas. With this change that would increase by about \$32 a year or just under \$2.65/month. 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.

The overall rate change is comprised of a 4.1% increase in the Natural Gas Charge portion of your bill and a 1.95% increase in the Daily Access and Distribution Charges. To limit the increase in the Daily Access and Distribution Charges to 1.95%, VGS has also requested that the Commission allow us to return to customers approximately \$4.44 million of the System Expansion and Reliability Fund ("SERF") that the Commission authorized in 2011 for

future use to help bring natural gas service to more Vermonters.

Please note that the increase in the Natural Gas Charge portion of the bill is based on rates in effect as of February 16, 2021. The actual percent change will depend on natural gas costs at the time of the November 2021 rate change and, under our current regulatory framework, the Natural Gas Charge will continue to change quarterly until then.

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

Rate Components	Current Rates	Proposed Rates Effective May 6, 2021	Proposed Rates Effective November 2021
Natural Gas Charge (per ccf)	\$0.3682	\$0.4004	\$0.3831
Daily Access Charge (per day)	\$0.7622	\$0.7622	\$0.7771
Distribution Charge (per ccf)	\$0.6504	\$0.6504	\$0.6631
EEU Charge (per ccf)	\$0.0495	\$0.0495	\$0.0495
Assistance Program Fee (per month)	\$0.11	\$0.11	\$0.11

This filing is also the first year of the three-year regulation plan the Company filed in November 2020. Under that plan, VGS's rates will be established in an efficient and transparent manner, ensuring customers continue to see stable rates and pay only VGS's reasonable costs to provide safe, reliable service aligned with clean energy goals.

Comments regarding the filings may be submitted to the Commission via e-PUC, the Commission's electronic filing system, under Case Numbers 19-3529-PET (regulation plan) and 21-0898-TF (rate increase) 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(s) in your comments.

Please also note that VGS has submitted this rate request and its regulation plan via ePUC, the Commission's online case and document management system. Interested customers can view both filings either at <http://www.vermontgas.com/account/rates/> or at <https://epuc.vermont.gov/>. The Commission will initiate a process for public input; in the meantime customers are encouraged to provide comments to the Commission at any time via ePUC.

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

See ideas for saving energy - and a description of our [residential energy efficiency programs](#).

Budget Billing: ensures a predictable monthly bill (no cold weather spikes).

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

Financial Assistance: available for 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!