

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 upcoming rate changes consisting of three elements, all proposed to take effect with bills rendered on and after November 1, 2021.

First, the Natural Gas Charge component of your bill is expected to increase by 5.4%, pending regulatory approval. VGS adjusts the Natural Gas Charge portion of your bill quarterly, up or down, in response to changes in the cost of gas. The effect of this change on your bill will vary depending on your natural gas usage but—for a typical residential customer—is equivalent to an increase of about \$1.97 per month. For those who elect Renewable Natural Gas, that component of your bill will decrease slightly as shown below.

The Natural Gas Charge is adjusted quarterly under VGS's alternative regulation plan. In August, an updated version of the alternative regulation plan was approved by the Commission to be effective October 1, 2021. Under that plan, VGS's natural gas 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. It also provides VGS the opportunity to promote innovation and advance Climate Action goals.

Second, VGS has requested an increase to the Low-Income Assistance Program fee. The Commission-approved program requires VGS to maintain a balance of at least \$300,000. When the balance drops below \$300,000, VGS must set its fees to regain a balance above \$500,000. Because the balance has dropped below the minimum requirement, VGS must increase the fees to re-fund the program. If approved, the Assistance Program component of your bill will be \$0.40 per month, per meter.

Finally, on February 16, 2021, VGS filed a request with the Vermont Public Utility Commission to change the Daily Access and Distribution Charges. 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 a 1.95% increase in the Daily Access and Distribution Charges, which, with the proposed 5.4% increase to the Natural Gas Charge, will result in an overall rate increase of 3.4%. A typical residential customer pays about \$1,248 a year for natural gas. With this change that would increase by about \$40 a year or just under \$3.30/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. 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 \$4.14 million of the System Expansion and Reliability Fund that the Commission authorized in 2011 for future use to help bring natural gas service to more Vermonters.

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

Residential

Rate Components	Current Rates	Proposed Rates Effective November 2021
Natural Gas Charge (per ccf)	\$0.4180	\$0.4408
Daily Access Charge (per day)	\$0.7622	\$0.7771
Distribution Charge (per ccf)	\$0.6504	\$0.6631
EEU Charge (per ccf)	\$0.0495	\$0.0495
Assistance Program Fee (per month)	\$0.11	\$0.40

Blended RNG Adder (per ccf)*	\$1.2425	\$1.2405
Locally Sourced RNG Adder (per ccf)*	\$1.5973	\$1.5862

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

Comments regarding the proposed rate changes may be submitted to the Commission via ePUC, the Commission's electronic filing system, under Case Numbers 21-0898-TF (rate increase) and 21-3668-TF (assistance program) 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.

VGS has submitted its rate request and low-income assistance program adjustment via ePUC, the Commission's online case and document management system. Interested customers can view filings either at <http://www.vermontgas.com/account/rates/> or at <https://epuc.vermont.gov/>. Customers are encouraged to provide comments to the Commission at any time via ePUC.

VGS 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!