



Washington Electric Cooperative, Inc.

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A MESSAGE ABOUT WEC's RATE INCREASE

Dear Co-op Members:

On November 15th, Washington Electric Co-op filed a request with the Vermont Public Service Board for a rate increase of 23.81%. Although the increase is a large one, it will be the Co-op's first in eleven years. As the graph included with this letter shows, electric rates have risen dramatically almost everywhere else over the last decade, and fuel costs even more so. WEC members are among the only electric utility customers anywhere who have not seen higher rates during that time.

This increase will take effect with power sold beginning January 1, 2011, and will appear on bills sent in February.

We have been discussing the need for an increase for over a year with members through our newsletter and at our member meetings each May and October. As we worked on the numbers and looked for cost savings as well, we let members know the approximate size of the increase we need in the October issue of *Co-op Currents*.

There are a few basic reasons for the Co-op's need to raise more revenue:

- The Renewable Energy Certificates (RECs) from our Coventry landfill gas generating plant have been a major source of revenue and helped us avoid an increase over this extended time. However, the market value of those RECs has dropped, and it dropped a little sooner and a little steeper than had been expected. This one change alone accounts for about half of the rate increase request.
- Our sales to members have flattened out in the last few years. A combination of energy efficiency, the weather and the economy has contributed to members using less electricity. While that helps keep your bills low, it also means the Co-op needs to collect more per kilowatt hour.
- Over the last decade, almost all of our costs of providing service have increased: labor, health care and other benefits, property taxes, materials, and other costs.

We would like our members to know that your Board of Directors, the Co-op's management staff and all our employees have worked hard to reduce costs wherever possible, without affecting our commitment to providing reliable and safe service. Our efforts have included:

- Streamlining our workforce and looking for ways to organize our staff to get the job done most efficiently.
- Limiting increases in employee benefits by changes in health care coverage providers and increasing employee contributions towards the cost.
- Reduction in the size of our vehicle fleet and changes in the size and type of vehicles.
- Owning our own power plant supplying two-thirds of our needs at stable and predictable cost.
- Numerous small savings in day-to-day operations.

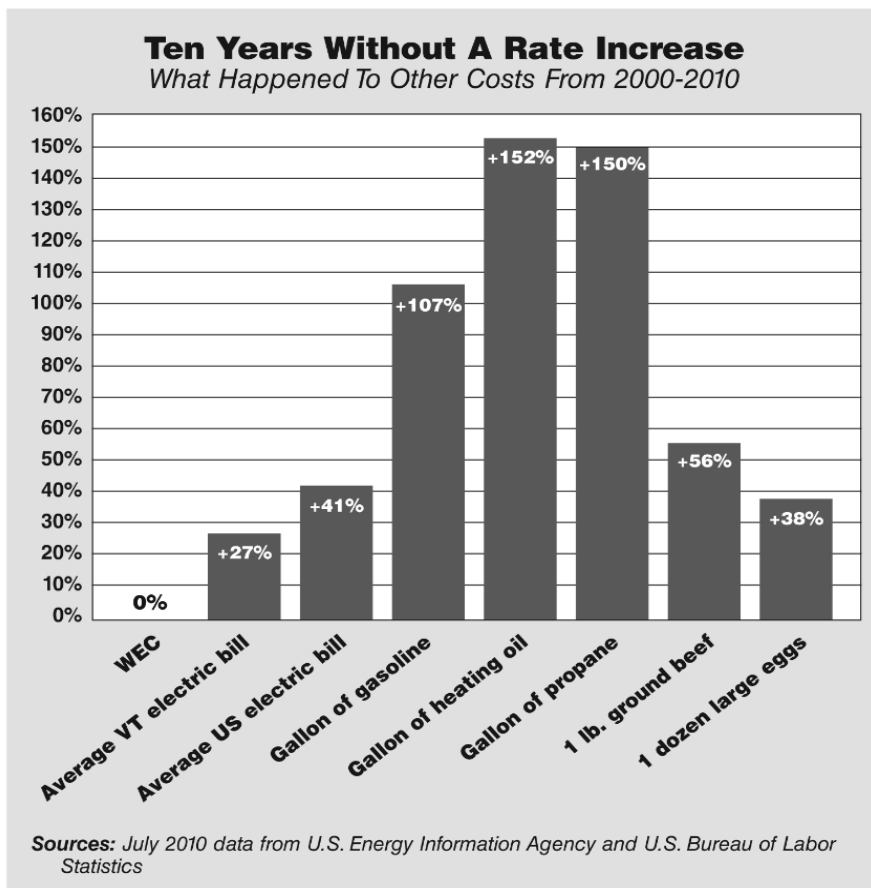
A formal notice regarding this increase was posted on our website early in December, and in several local newspapers. We expect that the Public Service Board will open an investigation to review this increase. If that occurs, it will appear on your bills as a temporary surcharge until the PSB finishes its investigation.

We encourage members to continue to use energy wisely and as efficiently as possible. We also know that some Co-op members are struggling during these tough economic times. If you need information on energy efficiency services available to you, or about where to get help with paying bills, please call the WEC office and our staff can help steer you in the right direction.

While we wish we did not have to increase rates at this time, we are also proud that we have been able to avoid doing so for eleven years. We know that members may have questions about this, and we encourage you to contact General Manager Avram Patt or any members of your Board of Directors.

Avram Patt, General Manager

Barry Bernstein, President
On behalf of the Board of Directors



NOTICE TO WASHINGTON ELECTRIC CO-OP MEMBERS

Notice of Proposed Tariff Changes

On November 15, 2010, Washington Electric Cooperative Inc filed a request with the Vermont Public Service Board (PSB) for an increase in retail rates of 23.81%. The over-all increase in rates is due in part to a decline in the market value of Renewable Energy Certificates associated with WEC's Coventry landfill gas generating plant, as well as increases in the costs of supplying and distributing electricity to members.

This change will take effect with power sold on or after January 1, 2011, and will be reflected on the next bill you receive, in February. The Public Service Board (Board) has no authority to suspend this increase. If the Board opens a formal investigation of this matter, this increase will be shown as a separate surcharge on your bill until the Board finishes its investigation.

To determine the impact on your individual bill, use the present and proposed rates column and your average monthly consumption. For example, a residential member using an average of 500 kWh a month would calculate his or her bill as follows:

		<u>Present Rates</u>		<u>Proposed Rates</u>
Customer Charge		\$ 9.65		\$11.95
First 200 kWh	200 x \$.07722	\$15.44	200 x \$.09561	\$19.12
Usage over 200 kWh	300 x \$.17243	<u>\$51.73</u>	300 x \$.21349	<u>\$64.04</u>
		\$76.82		\$95.11

Any interested person may examine the rate increase filing at the office of the Public Service Board or at the Washington Electric Cooperative office during normal business hours. Any person wishing to comment on the proposed rate increase should file his or her views in writing with the Vermont Public Service Board, 112 State Street, Montpelier, Vermont 05620-2701, or via e-mail to psb.clerk@state.vt.us by December 20, 2010.

	<u>Present Rates</u>	<u>Proposed Rates</u>
RESIDENTIAL		
Customer Charge	\$ 9.65	\$ 11.95
0-200 kWh/month	0.07722	0.09561
Over 200 kWh/month	0.17243	0.21349
SEASONAL RESIDENTIAL		
Customer Charge (6 month prepayment)	\$57.90	\$ 71.70
0-200 kWh/month	0.07722	0.09561
Over 200 kWh/month	0.17243	0.21349
SMALL COMMERCIAL		
Customer Charge	\$ 9.62	\$ 11.91
Per kWh/month	0.14118	0.17479
SEASONAL COMMERCIAL		
Customer Charge (6 month prepayment)	\$57.73	\$ 71.46
Per kWh/month	0.14118	0.17479
LARGE POWER		
Customer Charge	\$16.41	\$ 20.32
Per kWh/month	0.07496	0.09281
Per kW/month	10.62	13.15
TIME OF DAY		
Customer Charge	\$ 9.65	\$ 11.95
0-60 kWh/month - Peak	0.07722	0.09561
Over 60 kWh/month - Peak	0.19088	0.23633
0-140 kWh/month – Off Peak	0.07722	0.09561
Over 140 kWh/month – Off Peak	0.16233	0.20098
SECURITY LIGHT		
Per 100 Watt Light/month	\$15.03	\$ 18.61
Per 400 Watt Light/month	30.04	37.19