Hyde Park Electric Department Timeline
2015–2026

12/22/2015: Department of Public Service expressed concern about HPED's financials, noting HPED "may not have sufficient cash flow to service the debt" and that HPED had experienced operating losses prior to borrowing

2015

- **January** → Village declares independence from the Town of Hyde Park
- **December** → The PUC approved HPED's petition to borrow $3.5M in long-term debt to finance the Waterhouse Solar Project

2015 Financials Not Verified

2016

- **August** → Waterhouse Solar Project commissioned
- **December** → HPED enters into a computer software agreement to replace antiquated billing & accounting software

2016 Financials Not Verified

2017

- **February** → Waterhouse Solar Project debt re-payments commenced

Operating Loss ($196,324)
EOY Net Position: $1,111,373

2018

- **August** → HPED severs relationship with VPPSA
- **December** → Village of Hyde Park Taxpayers (not HPED) borrowed $225,000 from Union Bank in the form of a Tax Anticipation Note (TAN)

Operating Loss ($374,170)
EOY Net Position: $866,684

2019

- **February** → Union Bank TAN was increased to $460,000
- **September** → 15.69% rate increase took effect—it had been 9 years since HPED had requested a rate increase
- **December** → Trustees extended the due date of Union Bank TAN for $460,000 to 2/14/2020

Operating Loss ($461,113)
EOY Net Position: $546,172

General Manager Carol Robertson serves from 2013 until March 2023

2015	2016	2017	2018	2019
Trustees: Riki French (Chair) Jack Anderson, Charlie Aronovici, Peter Gallo and Timothy Yarrow	**Trustees: Riki French (Chair) Jack Anderson, Charlie Aronovici, Peter Gallo and Timothy Yarrow**	**Trustees: Riki French (Chair) Jack Anderson, Charlie Aronovici, Peter Gallo and Timothy Yarrow**	**Trustees: Riki French (Chair) Jack Anderson, Charlie Aronovici, Peter Gallo and Dan Young**	**Trustees: Riki French (Chair) Jack Anderson, Charlie Aronovici, Peter Gallo and Dan Young**

4/20/2020: From Audit Letters:

"Management does not possess the expertise in financial accounting and reporting in order to prepare financial statements in accordance with generally accepted accounting principles. Village of Hyde Park would need to hire personnel with adequate accounting experience to perform these functions. Management must decide whether the potential benefit would exceed the cost of correcting the deficiency."

2020

February → The $460,000 TAN from Union Bank is rolled-over again to February, 2021

2021

January → An additional loan from Union Bank for $250,000 is agreed

February → Union Bank loan of $460,000 due in February is extended to February 2022

April → Financial Statement Findings show Material Weaknesses in Internal Control

Action Taken: Management will evaluate the costs and benefits to hiring additional staff with the financial expertise in financial accounting and reporting.

2022

February → The Union Bank loans are again extended and consolidated into a $710,000 loan

June → Audit Letters: Material Weaknesses in Internal Control

Action Taken: Management hired a Zoning Administrator in November of 2021… allowing accounting staff to focus on accounting and reporting in a timely manner.

2023

4/13/2023: From Audit Letters: "Management does not possess the expertise in financial accounting and reporting in order to prepare financial statements in accordance with generally accepted accounting principles. Because of this, **there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected."**

February → The Union Bank loan is again extended

March → Carol Robertson, who served as the General Manager since 2013, resigns. Brian Evans-Mongeon named Interim General Manager

July → Trustees adopted a resolution to increase electric rates by 2% effective 9/15/2023

Evans-Mongeon's position named permanent

2024

February → Union Bank TAN for $710,000 is again rolled-over and increased to $921,000

June → Board agrees to $400,000 Revenue Anticipation Note (RAN) with 12-month term

August → Another rate increase by 3%, effective 10/1/24 approved

2020	2021	2022	2023	2024
Operating Loss ($36,480) EOY Net Position: $567,593	Operating Loss ($174,616) EOY Net Position: $458,923	Operating Loss ($323,650) EOY Net Position: $195,586	Operating Loss ($405,749) EOY Net Position: $(157,867)	Operating Loss ($229,724) EOY Net Position: $(350,928)
General Manager Carol Robertson serves from 2013 until March 2023			Brian Evans-Mongeon Interim General Manager —> General Manager	
Trustees: Riki French (Chair) Jack Anderson, Adam Lory, Peter Gallo and Dan Young	**Trustees: Riki French (Chair) Jack Anderson, Peter Gallo, Dan Young and Adam Lory**	**Trustees: Riki French (Chair) Sue Trainor, Peter Gallo, Dan Young and Adam Lory**	**Trustees: Riki French (Chair), Peter Gallo, Amy O'Toole, Adam Lory and Sue Trainor**	**Trustees: Riki French (Chair), Peter Gallo, Sue Trainor, Amy O'Toole and Vacant**

<u>10/10/2025 Audit Letters:</u> ...reconciliations of interfund balances were not performed on a timely or regular basis. This deficiency increases the risk that errors or misstatements in account balances may not be detected and corrected promptly, which could result in inaccurate financial reporting. Timely reconciliations along with increased staffing and training are key controls that would help to ensure the completeness and accuracy of financial information.

2025

June → New Union Bank one-year Revenue Anticipation Note (RAN) agreed to in the amount of $539,959

September → At the Department's direction, HPED informed the Commission that it "has negative retained earnings and a negative net income position."

October → The Commission opened Case No. 25-2569-INV, an investigation into the financial status of HPED

November → Rate increase of 20.10% requested and approved, effective 3/6/26

2026

January → Scott Johnstone named Interim General Manager

April → Rate increase of another 14.92% increase requested, effective 6/1/26

HPED filed petition under § 108(c) to refinance $1,480,734 in debt to replace short term borrowing set to mature on 6/30/26, which included: 1) the Current Expense Note of $400,000 originally issued in 2024 and renewed in 2025 and 2) a taxable Current Expense Note entered to replace a village 2025 Tax Anticipation Note with an outstanding balance of $1,080,734

June → The Commission approved HPED's § 108(c) petition subject to Department recommended conditions

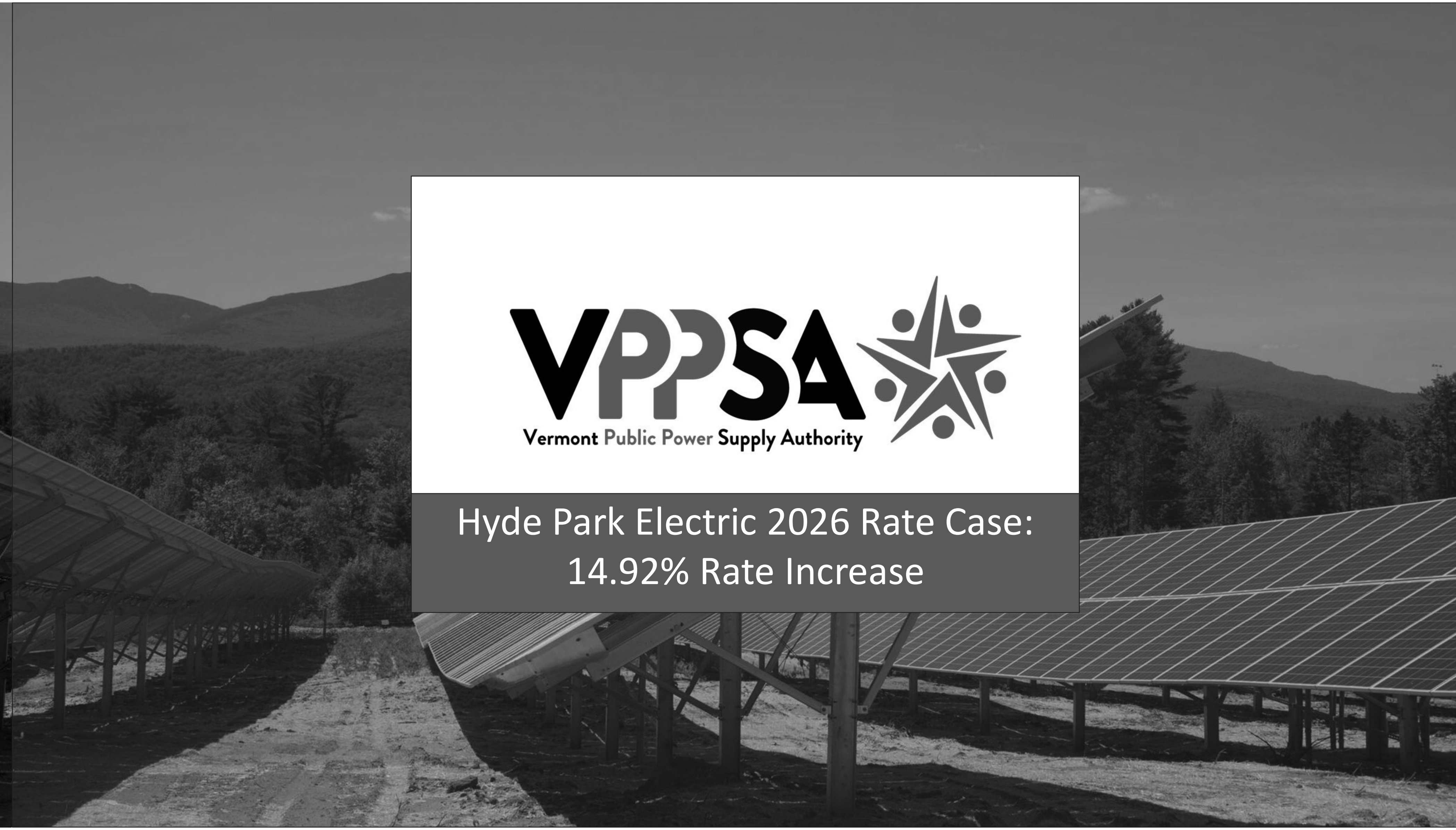
2025 Financials Not Yet Filed	2026 Financials Not Yet Filed
Brian Evans-Mongeon General Manager	**Scott Johnstone, Interim General Manager**
Trustees: Riki French (Chair), Peter Gallo, Sue Trainor, Amy O'Toole and Vacant	**Trustees: Sue Trainor (Chair), Riki French, Peter Gallo, Amy O'Toole, and David Whitesell**

From the Department of Public Service:

The events documented here did not occur in isolation. They reflect cumulative decisions relating to borrowing, rates, governance, and financial reporting made over more than a decade, each of which individually may have appeared manageable, but which collectively contributed to a utility that entered 2025 with negative retained earnings, significant short-term obligations, and an inability to meet basic financial obligations without extraordinary corrective measures. The Department submits that understanding this history is necessary, not merely useful, to designing remedies that address underlying causes rather than symptoms.

What's Next?

Follow the Phase II rate case proceedings on **epuc.vermont.gov** in case no.26-0716-TF, and the broader investigation into the future of HPED in case no.25-2569-INV


VPPSA
Vermont Public Power Supply Authority
Hyde Park Electric 2026 Rate Case:
14.92% Rate Increase

HPED Rate Case – 2026 Cost of Service Study

Proposed Rate Increase:

- On April 15, 2026 HPED requested a 14.92% increase to all current rates
- Effective June1, 2026
  - On service rendered basis, based on the 4/15/2026 filing date
- Over the 15 year period from 2010-2025 HPED had increased rates by 30.85% or about 2.1% per year on average
- Including the current request, the average increase is 2.86% per year, still tracking close to the average rate of inflation since 2010.

Rate Case - Cost of Service Study

VT State Statute Rules for Developing Rate Case:

- Start with a “Test Year”, actual financial results for most recent calendar year
  - Test Year for this case is twelve months ended September 2025; Rate Year is 6/1/26 – 5/31/27
- “Known and Measurable” adjustments to test year are allowed
  - Documented costs that will occur during the rate year
  - Executed contracts, invoices, bond amortization schedules
- Sum of test year and adjustments results in “Rate Year” cost of service and proposed % increase over test year

How did we get to the 14.92% Rate Increase?

Test Year Revenue Requirement:

- $2,820,446

K&M Adjustments to COS:

- Add up to over $507,351
  - Net of prior partial year rate increase $579,874

Rate Year Revenue Requirement:

- $3,907,671

Net K&M Adjustments

- $1,087,225 - $579,874 = $507,351

Resulting Rate Increase: 14.92%

Components of Rate Increase

VILLAGE OF HYDE PARK
BREAKDOWN OF PROPOSED RATE INCREASE -4/15/2008 FILING
TEST YEAR: 12 MONTHS ENDING SEPTEMBER 30, 2025
RATE YEAR: June 1, 2026 - May 31, 2027

	COMPARED TO TEST YEAR COSTS		
	Revenue Requirement Increase	**Percent of Cost Increase**	**Rate Increase Req'd**
Change in Net Power Costs	$93,806	18.49%	2.76%
Change in O&M Costs	$355,421	70.05%	10.45%
Change in RES costs	$41,093	8.10%	1.21%
Change in Depreciation/Amortization	$219,412	43.25%	6.45%
Change in Taxes	$29,738	5.86%	0.87%
Operating Reserve Adjustment	$111,577	21.99%	3.28%
Change in Interest Expense	$10,388	2.05%	0.31%
Change in Net Income	$227,576	44.86%	6.69%
Change in Other Income & Revenue Credits	-$1,785	-0.35%	-0.05%
Subtotal Rate Year Cost Adjustments	$1,087,225		
Partial Year rate Increase (25-2845-TF)	-$579,874	-114.29%	-17.05%
Total Additional Revenue Requirement	$507,351	100.00%	14.92%
Base Revenue (Allowed)	$3,400,319		
Percent Increase vs Previously Allowed Costs	14.92%		

VPPSA

HPED Rate Case Power Supply Adjustments

Changes in Resource Costs:

- Resource Costs ($141.5K)
  - Main Driver: higher energy prices

Changes in Market Costs:

- Market & Other Costs $194.9K
  - Higher Energy prices $152K
  - DAAS costs $46.7K
  - Other $3.7K

Total Adjustment $93.8K

Changes in Transmission Costs:

- Transmission Costs $40.4K
  - OATT (RNS SCH 1 & 9) $22.9K
  - VELCO VTA $17.5K

VPPSA

Changes in O&M Costs:

Changes in (*non power supply*) O&M costs:

- Payroll $166.3K
  - New staff acct 6/1/26, $54.2K
  - New Superintendent 1/1/27 $96.2K
  - Escalation @3% $15.9K
- New Positions benefits/overheads $ 63.1K
- VPPSA Support Contract $ 66.0K
- Legal Support (TGS) $ 60.0K

$ 355.4K

VPPSA

Changes in Other Operating Expense

Other OperatingExpense Adjustments:

- **AP regulatory asset & Term Loan balances** $ 222.0K
  - AP amortization: $148K
  - Term Loan amortization $ 74K
- TIER/Net Income $ 227.6K
  - TIER at 2.0x $115.4K
  - Eliminate test year net loss $112.2K
- Operating Reserve Adjustment $ 111.6K
- Misc (RES, taxes, interest, depreciation, misc income) $ 76.8K
- Total Other Operating Expense Adjustments: $ 638K

Adjustment to Revenue Requirement -Summary

• Power Supply	$93.8K	
• Other (non-power supply) O&M	$355.4K	
• Other Operating Expenses	$ 638K	
• Total Adjustments to Test Year:		$ 1,087.2K
• Partial Year Collection of prior year increase		($ 579.9K)
• Net Adjustments to Test Year		$507.4K

- Base Revenue $3,400,319
- Percent Increase 14.92%

HPED Operating Reserve Adjustment

EXHIBIT HPED-FARMAN-11B

Operating Reserve adjustment			**Rate Year**
Days of O&M Target Reserve	120	--->	$ 1,096,644
beginning cash/reserve		$ 397,184	
depreciation & Amortization	$ 339,004		
Net Income (standard TIER 2.0x)	$ 115,368		
Incremental external financing	$ -		
subtotal sources		$ 454,372	
bond amortizaion	$ 197,797		
Cap Ex	$ 115,000		
Subtotal Uses		$ 312,797	
current reserve balance			$ 538,760
Reserve Target Shortfall			$ 557,884
Reserve Adjustment	20%		$ 111,577

VPPSA

Questions?

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