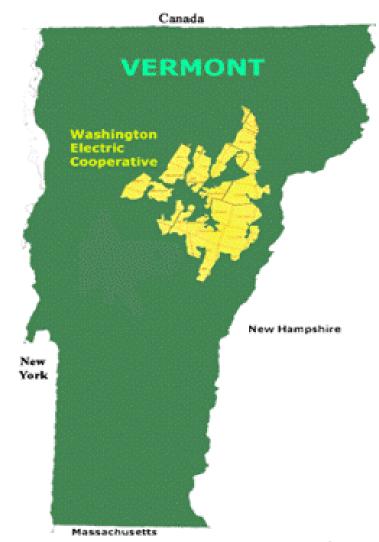


Senate Finance Committee
Washington Electric Cooperative

January 22, 2021 Patty Richards & Barry Bernstein

About WEC

- Electric Cooperative Not for Profit
 - Established in 1939
 - Member owned
 - Created by and for those without power
 - investor owned utility would not extend lines to rural landscape
 - 100% renewable sourced power (85 in VT 15% NY hydro)
- Size
 - Peak 16 MW (Winter)
 - State of VT ~ 1,000 MW Peak (Summer)
 - 70,000 MWH Retail Sales Annually
 - 1.3% of State Load
 - 11,700 meters/members
 - 41 towns 4 counties Central Vermont (Washington, Orange, Orleans, Caledonia)
 - 17% of Vermont Towns
 - 96% of our members residential
- Board of Directors
 - Nine Directors
 - Set Policy
 - All Members
 - Annual Meetings



Broadband

- WEC formed 80 years ago
 - pursuit of electricity for all unserved
- Today's Broadband effort analogous
 - Broadband for all today is just like electricity was 80 years ago
- 75% of WEC members under (<25/3 Mbps) or unserved (< 4/1 Mbps)
 - 8,335 members out of 11,700 meters
- 947 miles of line needed
- \$23M backbone & middle mile ("highway and state road")
- WEC Seeks Tax Exemption (Tax estimate \$500K)

Other Services from Highspeed Internet

Factors Driving Broadband Backbone	Description	
Proliferation of Smart Grid	Backhaul communications necessary to support the data	
Cyber Security Needs	Older technologies do not have the encryptions and firewalls necessary to protect data in transit over lines	
Additional Data Usage	New applications, particularly video-enabled monitoring, require high bandwidths to leverage them to their full potential	
Latency Requirements	Technologies with automated response systems require low-latency systems to respond to signals quickly enough to make actionable decisions	
Improved Distribution Reliability	Real-time monitoring of critical equipment can identify failures before they occur, allowing for replacement and circumventing a potential outage	
Availability of Current Telecommunications Services	Third-party carriers and providers are discontinuing older technologies as they transition to digital networks	

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Potential Fees Used in WEC analysis

Service	FTTH	Rate	Mix
Fast	100/100Mbps	\$69.95	80%
Gigabit	1/1Gbps	\$89.95	20%
Voice		\$29.95	40% of subs
Managed Wi- Fi/Modem		\$0	100% of subs
Average Revenue Per User		\$85.93	

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Partner with Internet Service Providers

- WEC funds backbone and middle mile distribution lines ("highway" and "state roads")
- ISP provider(s) funds the drop fiber, network equipment ("local road")
 - CUDs (CV Fiber, EC Fiber, Valley Net, etc)
- ISP provider(s) serves as the broadband operator and owns corresponding operations
 - Billing, customer questions, etc
- ISP(s) pays WEC a fiber lease.
- Tax estimate \$500K

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Tax Relief

- WEC non-profit
- Targeting a lease rate that will cover:
 - Debt service of the loan to build the network
 - Operation and Maintenance
 - Other expenses
- CUDs not Required to Pay Municipal Property Tax
- Added tax expense to WEC will increase lease rate to ISPs
- If lease cost too high
 - Limit CUD roll out potential
 - Cause electric rates to increase
 - Trying to minimize lease rate to make broadband affordable and avoid rate increase to electric consumers
 - Universal deployment would likely be slowed in under (un) served areas
- WEC seeks exemption for non-profits from property tax for new fiber in under(un)served areas of VT

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Questions & Thank You

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