



Senate Finance Committee  
Washington Electric Cooperative

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

# 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
<b>Average Revenue Per User</b>		<b>\$85.93</b>	

# 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

# 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

# Questions & Thank You

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