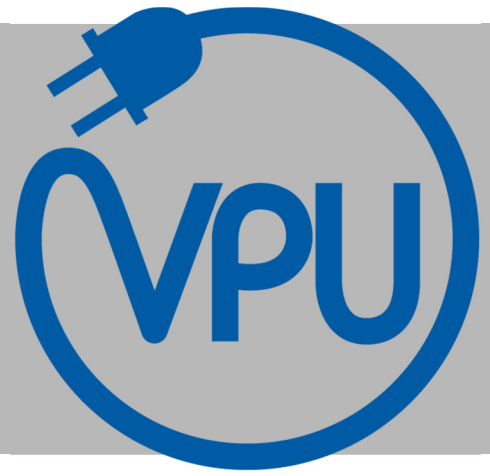


# The VPU Quarterly

April 2024



## Core District Steam Conversion Announced

On January 22, 2024, the Virginia Public Utilities Commission voted to abandon the steam heating system in Virginia, and on February 26, 2024, the Commission passed a resolution detailing the plan for abandonment.

The most recent conversion plan looks very similar to the first go-around for abandonment that occurred from 2018-2021, with the only noticeable difference being a cap on the loans of \$600,000. Although this will not affect the residential customers, it may impact a few of the remaining large commercial customers. The purpose of the cap is to be sure VPU will have enough funds to be able to offer every customer some loan monies. Other than that, VPU will still be offering the following at no charge: disconnection from the steam district, natural gas service to the property, and electrical service upgrade to the house or building, if necessary. Conversion packets are available in our office or under the "Forms" tab on our website, [www.vpuc.com](http://www.vpuc.com).

For the Utility, this is the end of an era that began in the early 1900s, and it is not a decision that VPU made lightly. Even with the elimination of the Northside and Southside zones, the Utility is still struggling to maintain the antiquated infrastructure in the core. Also, the financial outlook with the *(continued)*

### Quick Notes:

#### The office will be closed on the following dates:

May 27th  
June 19th  
July 4th

#### Know the smell of natural gas!

If there is a faint smell, call the VPU at (218) 748-7540.

If in doubt, exit the building & call 911!

#### Sign up for Direct Pay and eliminate the need to write a check each month!

Forms are available in the VPU office or on our website at [www.vpuc.com](http://www.vpuc.com).

## Core District Steam Conversion Announced *(continued from page 1)*

steam system in place is grim. Since we announced the first conversion, the Utility has been able to implement cost-savings measures, such as decreasing staffing in the plant, decommissioning our superheated boilers in favor of smaller and more efficient units, reducing the spending on required maintenance in the plant, and eliminating coal as a fuel source, thus lessening the burden of environmental costs. Despite these efforts, we are still anticipating a steam department loss of up to \$5 million for 2023. There is no reasonable combination of reducing expenses and raising revenue that will be able to bridge that gap, thus the decision for abandonment was made.

The deadline to convert is October 31, 2026.

## VPU Looking Forward

With the abandonment of a commodity, it is natural to wonder what Virginia Public Utilities will look like five or ten years down the road. In 2021, the Northeastern Minnesota Municipal Power Agency (NEMPPA), a joint action agency comprised of 15 municipal entities in the region, including Virginia, negotiated a contract with Minnesota Power to purchase wholesale electricity at rates that were much more competitive than what we would be able to offer had we continued to generate. This contract will help keep our electric rates low through December 2029, while providing the citizens of Virginia with local customer service and an on-call Line Crew. This translates into a faster response time when outages occur. Furthermore, without the albatross of a steam plant around the Utility's neck, we will have more funds available for capital improvements, leading to more reliable and cost-effective service for our customers.

Finally, natural gas has seemed to level off in terms of volatility. Whether that will last long-term or not remains to be seen, but the Utility has an effective natural gas buying program that hedges against upward risk in the market and should provide some protection against wild swings in gas costs.

To sum it up, VPU is committed to positioning itself to remain reliable, efficient, and cost-effective in the future.

## Equal Payment Plan

Enclosed with this month's bill is an application for the Equal Payment Plan. If you are already enrolled, you do not need to return this form. Your Equal Pay will continue until you cancel. If you are interested in the program, please complete the form and return to our office by the due date indicated on the first page. The goal of the program is to help you better budget for your utility bills by paying the same amount every month. Although you'll pay more in the summer, the sting of the winter bills will be less!