



Regular Board of Directors Meeting Minutes

April 6, 2022

Board of Directors:

	Vacant, Barton	X	Jonathan Elwell, Lyndonville
	Vacant, Enosburg	X	Penny Jones, Morrisville
P	Mike Sullivan, Hardwick	P	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	X	John Morley, Orleans
	Vacant, Johnson	X	Reginald Beliveau, Swanton
X	Thomas Petraska, Ludlow		

X indicates attendance in person, P indicates attendance by phone.

Alternates present:

Lynn Paradis, Swanton (X)	Abbey Miller, Enosburg (P)

Others present:

Ken Nolan, VPPSA (X)	Crystal Currier, VPPSA (P)	Amy Parah, VPPSA (X)
Shawn Enterline VPPSA (X)	Heather D'Arcy VPPSA (P)	Sarah Braese, VPPSA (P)
Julia Leopold, VPPSA (P)	Steve Farman, VPPSA (P)	Amanda Simard VPPSA(P)
Ken St. Amour, VPPSA (P)	Alex Nicholson, VPPSA (P)	Dave DiSimone, VPPSA (P)
James Gibbons, BED (P)	Steve Veroff, Graham & Veroff (P)	

Numbers in bold type correspond with agenda item numbers:

1. Chairman Beliveau called the meeting to order at 9:42 a.m.
2. Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were requested.
3. Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
4. Director Jones made a motion to accept the minutes of the Regular Board of Directors meeting held on March 2, 2022. The motion was seconded by Director Petraska. Motion approved.

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5. Director Elwell made a motion to approve the Monthly Financial report for the period ending February 28, 2022. The motion was seconded by Director Morley.

The Controller provided a review of the 2022 operational revenue vs expenses and noted that expenses exceed revenues by approx. \$19K; which is less than the budgeted expectation of \$64K. Payroll and overheads are underbudget by 4.5% or approximately \$16K and office supplies and expenses were underbudget by 47% or \$102K.

The motion was approved.

6. Director Morley moved to approve the Resolution 2022-04 Acceptance of the 2021 Audit. The motion was seconded by Director Elwell.

Steve Veroff from Graham & Veroff was available (by phone) and presented the 2021 audit report. Mr. Veroff noted that VPPSA received a clean, or unmodified, opinion for 2021. The primary components that led to the opinion include:

- VPPSA's strong cash position
- Disclosures were fair and reasonable
- No new accounting principles related to VPPSA
- No subsequent events (although use of LOC was discussed)
- Current assets to current liabilities were similar to past years, no material changes
- Debt was paid down as expected
- No deficiencies in internal controls

The motion to approve Resolution 2022-04, Acceptance of the 2021 Audit, was approved.

The Controller informed the Board that Jeff Graham is retiring at the end of April.

7. Director Jones made a motion to award the Project 10 refurbishment project to HPI based on the use of new parts and a spring start, and to authorize the General Manager to take all actions necessary to complete the refurbishment. The motion was seconded by Director Elwell.

Dave DeSimone provided a brief background on why the overhaul at the Project #10 is being considered. He reminded the Board that he has been working with Dave Gagne on the RFP process for some time and that process is now complete. Three bids were received from MD&A, PSG and HPI (Latham, NY; Cape Coral FL and Houston TX, respectively).

In addition to the RFP's received, Dave DiSimone prepared an analysis of the various options - they include:

- 1) Self-Insure - ultimately found infeasible due to bond covenants.
 - a. Director Sullivan asked if VPPSA had pursued what it would take to change the bond requirements. It was noted that VPPSA did initially speak with bond counsel but did not pursue the issue beyond that.
- 2) Operate As Is - this approach will not alleviate the risk concern so additional insurance premium increases are assumed. Projected cost over 10 years is \$3,008,440.
- 3) Conduct Blade Assessment - This is the cheapest estimated cost at \$858,000 but has a very low probability of success given past discussions.
- 4) Renew only Rear Blades - This does not refurbish the front blades so there is no change in production but assumes it addresses the damage the insurance carriers are concerned about - approximate cost of \$1,480,000.

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- 5) Renew Front and Rear Blades - the option ultimately chosen to put out to bid. Replaces both blades with new technology resulting in a 10% increase in output. Bids came in at a cost of \$1,460,000-\$1,890,000 (over ten years).

The components of the bids were reviewed and ultimately the staff's recommendation was to award the project to HPI using new parts at a total anticipated ten-year cost of approximately \$1,533,179. Given the increased production, the anticipated payback period is between 4 and 10 years with the most likely being about 7 years. The 2022 budget anticipated the use of \$1.7M from the reserve for this project.

The board discussed the overhaul - how long the units would be offline, if the contractor had the parts/materials on-hand and was ready to proceed, when they would begin, etc.

Director Morley moved to amend the motion to indicate a not to exceed amount that was budgeted of \$1,700,000. The amendment was considered friendly.

The motion as amended was approved.

8. The General Manager informed the Board that over the last several months, several Members have reached out requesting that VPPSA's IT staff take on a more direct role of the Member's IT needs. It was noted that the IT staff does provide support to some members; however, these services have not previously been extensive and are managed exclusively by Ken St. Amour and Kim Harris. The General Manager noted that IT security is becoming more and more important, and the regulators are interested in how the members are managing their IT infrastructure and security updates.

Director Elwell noted that he is unhappy with the IT vendor in Lyndonville and he is interested in having VPPSA perform IT services for Lyndonville. Director Beliveau and Assistant Director Paradis noted that they pay a significant amount for IT services with an outside vendor and would prefer to pay VPPSA staff for these services and feel that it would make more sense if everyone was using the same services.

There was a short discussion regarding the members billing and financial software as well.

The General Manager indicated that he will work with Ken St. Amour to determine what it will take (staffing, equipment, etc.) to offer IT services to all the VPPSA members and will bring a proposal back to the Board for their consideration.

9. The Manager of Information Technology and Security Services and the General Manager provided a brief update on the status of the AMI project. Activities include:

- Financing continues to work with TD Bank on a financing structure.
- VPPSA/Member contract development is in final stages.
- Staff continues to work to obtain State appropriation for a 50% matching grant.
- VPPSA staff continues to meet with individual members as requested.

10. Julia Leopold, VPPSA's Director of Public Affairs, provided a brief report on Legislative activities and the General Manager reported on Regulatory activities. They include:

Legislative:

1. H.715-Clean Heat Standard - creates a program similar to Tier 3 for fuel dealers who are currently unregulated by the PUC.

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2. S.161- Ryegate - received a one-year extension, now in House Energy & Technology
3. S.166-Utility Construction Clean Up - Senate Finance working on language to attach to another bill.
4. H 518 Municipal Fuel Switching Program -a grant program that helps municipalities convert their building to more efficient heating systems that reduce fossil fuels use.
5. S.232/S.264- RES - unlikely to move this year but will be back in 2022/2023 session.

Regulatory:

- **Case #19-0085 Net Metering Rule** - case remains open but the PUC may wait until after the legislative session to proceed.
 - **Case #19-0085 Interconnection Rule** - A revised Rule 5.500 has been developed and comments received on February 11th. Awaiting next steps.
 - **Case #20-0203 Low Income Rates** - Comments on potential funding structures for a statewide low-income rate were filed with the majority of stakeholders being opposed to a requirement to offer a low-income rate. PUC has not taken action yet.
 - **Case # 21-3883 Energy Storage** - Stakeholders await a PUC response to the comments and workshops held in December/January.
 - **Case # 22-0334-INV Net Metering Biennial Update** - The DPS proposed changes to the program are expected to be filed on April 8th and comments will be due on April 15th.
- 11.** Julia Leopold, VPPSA's Director of Public Affairs provided an update on RES activities, including the 2021 Tier 3 program highlights, and the 2022 program planning.

2021 Highlights:

- o Compliance was filed on March 15, 2022
- o Prescriptive and Custom programs resulted in 18,502 MWh savings, or 160% of the obligation
- o Awaiting DPS to verify savings claims

2022 Program:

- To date, received rebates for golf carts, EVs, lawn mower and yard care
 - Gearing up for new pilots including, EV Charge pilot, WRAP, Fuel-switching, Wex Energy PolarSkins and more tailored efforts
- 12.** The General Manager informed the Board that power supply continued its wild ride into February, although it was not as intense as what was seen in January.

Shawn Enterline, VPPSA's Senior Power Analyst provided an overview of the primary driving factors, the budget vs actual for each member and next steps.

- 13.** Alex Nicholson, VPPSA's GIS Administrator, provided an update on the GIS project. The primary activity over the last month has been to implement the post data dictionary creation and conversion of the GIS data, and continued work on the CUD activities.

The Chair recessed the meeting for a 20-minute lunch break. The meeting reconvened at 12:50pm.

- 14.** The General Manager provided a brief report on operational activities at Project 10. They include:
- Building addition is usable and available for meetings. The final roof repair is scheduled for spring and office setup is underway. This will include five workstations and a dedicated office space for Dave Gagne outside of the control room.

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- Both units continue to have good starts (several good starts in a row for Unit #2) and is fully covering VPPSA's reserve commitments and the positive starts have subsequently increased VPPSA's reserve rating.
- Monitoring fuel levels due to high pricing and trying to take advantage of price dips when they occur.

15. The General Manager provided a brief update on several topics, including:

- 1) Assistant Controller - Grace Sawyer will join VPPSA on April 11th.
- 2) Winter Reliability -VELCO continues to convene the Winter Readiness Task Force. VELCO has met with all the Lamoille County load pocket utilities to determine if load reductions can be achieved outside of VELCO activating its transmission level plan - those discussions have uncovered some new operational options that are leading to VELCO revising its plans.
- 3) Cyber Security - the regulators have held utility meetings to review cyber security postures due to the increasing threats from Russia. There were significant concerns raised about the municipal utility capabilities to address these issues. The General Manager noted that he testified on this matter in the House Energy & Technology Committee and that seems to have alleviated the concerns for the time being.
- 4) WRAP - Reminder to those that want to participate in the VHFA WRAP program to contact either Ken Nolan or Steve Farman.
- 5) Payment Plans - Staff has received requests from two members to defer payment of their January power bills. Staff will keep the Board informed as to how the payments progress.

16. The General Manager updated the Board on the sale of Barton. It was noted that the Barton Trustees have officially accepted VEC's purchase offer and have issued a press release and fact sheet supporting the decision. A public informational meeting is scheduled for April 16th. VPPSA will be active in preparing some documentation that will be sent out to village and community residents prior to the informational meetings. There was a brief discussion regarding the sale and what can be done to get information out so that the residents can make an informed decision.

17. Board Member Updates - Director Jones informed the Board that VLCT recently held a meeting that provided some information related to the use of ARPA funds. A short discussion regarding that meeting and the information provided was held.

18. Executive Session:

Director Jones made a motion to enter Executive Session under the provisions of 1 V.S.A. §313(a)(3) to discuss personnel issues and to provide an evaluation of the General Manager. The motion was seconded by Director Elwell. The motion was approved.

The Board entered Executive Session at 1:31 p.m.
The Board returned to Regular Session at 2:20 p.m.

The Chairman will follow-up with the General Manger regarding his annual review. No other action was taken.

19. Other Business
None.

The meeting was adjourned at 2.21 p.m.

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Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary