



Regular Board of Directors Meeting Minutes

December 7, 2022

Board of Directors:

	Patricia Richards, Barton	X	Jonathan Elwell, Lyndonville
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
P	Mike Sullivan, Hardwick (limited participation due to technical issues - not counted toward quorum)	X	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville		John Morley, Orleans
P	Erik Bailey, Johnson	X	Reginald Beliveau, Swanton
X	Thomas Petraska, Ludlow		

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

Alternates present:

Penny Jones, Morrisville (X)	Lynn Paradis, Swanton (X)
Abbey Miller, Enosburg (P)	

Others present:

Ken Nolan, VPPSA (X)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Shawn Enterline, VPPSA (X)	James Gibbons, BED (P)
Sarah Braese, VPPSA (X)	Julia Leopold, VPPSA (X)	Steve Farman, VPPSA (P)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Bill Sheets (Swanton)

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Beliveau called the meeting to order at 9:33 a.m.
- 2.** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. There were no changes.
- 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. Chairman Beliveau welcomed Bill Sheets as the incoming Manager for the Village of Swanton. Members & staff introduced themselves.

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4. Director Fitzhugh made a motion to accept the minutes of the Board of Directors meeting held on November 2, 2022. The motion was seconded by Director Dasaro. Motion approved.

5. Director Fitzhugh made a motion to accept the minutes of the Special Board of Directors meeting held on November 16, 2022. The motion was seconded by Director Dasaro. Motion approved.

6. Director Fitzhugh made a motion to approve the Monthly Financial report for the period ending October 31, 2022. The motion was seconded by Director Elwell.

The Assistant Controller provided a review of the 2022 operational revenue vs expenses and noted that net income is \$2.4 million, and operational revenue exceeds budget by \$451K or 24%. Conferences, travel, and mileage are significantly below budget and anticipate being \$65K under budget at year end. Payroll and overhead continue to be slightly under budget but anticipate ending the year right on budget. Other items of note: We received the VLITE grant of \$81,000 which is included in the RES financial reports but there have not been any expenditures related to this project. RES Tier III REC purchases continue to be under budget by \$66k or 24%. McNeil generation is under budget 22.6% YTD and in October the plant was out of commission for the entire month.

The motion was approved.

7. The General Manager and the Assistant Controller presented the proposed FY2023 Budget and noted that no additional changes had been made since the Special Board of directors meeting on November 16th. The Assistant Controller has prepared one-page narrative explanations for each member as requested.

Director Fitzhugh made a motion to approve the FY23 VPPSA Operating, and Project Budget as presented. The motion was seconded by Director Elwell.

Penny Jones asked a question about the gross budget presentation versus the net in the project budgets. Director Elwell requested a footnote at the bottom of the summary reminding the utilities to review the detailed budget on the RES project for the net amount. The General Manager indicated that he would discuss the best way to address the questions with staff and follow up information would be provided to the Members.

The motion was approved.

8. The General Manager explained that Chairman Beliveau's retirement will create a vacancy in the VPPSA Board Chair position. As a result, the Board has the option of electing a new Chair or proceeding with Vice-Chair Morley acting as Chair until the April re-organizational meeting. Chairman Beliveau recommended nominating a Chair to fill the vacancy until the April meeting to aid in continuity.

Director Johnstone nominated Director Fitzhugh as Chair for VPPSA until April, effective December 8th, 2022. The motion was seconded by Director Dasaro. There were no further nominations.

The motion was approved.

9. The General Manager and the Assistant Controller presented several proposed updates to the Benefits Guidelines. These included adding the standard language to include both a smoke and a drug free workplace. None of the proposed changes significantly deviated from current standard practices. However, there were several sections where clarifying language was added. Various internal operating procedures were updated and referenced in the Guidelines. There was a brief discussion about mileage for on-call situations at P10. Chairman Beliveau indicated that they were training an employee as a backup for Dave Gagne at P10.

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Director Fitzhugh made a motion to approve the updates to the Benefits Guidelines. The motion was seconded by Director Petraska. The Motion was approved.

10. Julia Leopold, VPPSA's Director of Public Affairs provided the Legislative update to the Board. The general election was held in November and a list of the representatives, and their contact information was provided to the Board along with a brief synopsis of expectations for the session. Ms. Leopold mentioned that there might be an opportunity to work together with utilities across the State presenting a positive message on how wonderful we are doing with meeting the current RES requirements. Director Johnstone indicated that he wanted to be sure that we were prepared to also defend our position. VPPSA may be able to create enough influence to gain traction especially because we may be able to work with BED & WEC to create a solidified position. Director Elwell mentioned that it may be beneficial to get the PUC involved in telling the legislature how we are doing and to back off making any changes to the RES legislation at this point. The General Manager discussed how the Energy committee members have turned over significantly leading into this session and the impact that this will have on the legislation this year. Another item noted was that BED and EVT have telegraphed that they were going to be pushing an increase on the Act 151 fund usage and extending the program for an additional three years.

10.b Julia Leopold, VPPSA's Director of Public Affairs gave a Communications and advertising campaign update. Julia also asked for feedback on the informational email sent about the mandatory EEC notice. She asked if a list serv that was specific to the utility employees that need the information would be a good idea. After a brief discussion the general feedback from the various members was positive on this idea. Julia provided results on the recent Heat Pump campaign and a summary of the VLITE campaign that is currently in the works. The next scheduled campaign will revolve around the Value of Public Power. Future campaigns may include the following: AMI Education, Rate Increases, Transformer Delays, & RES Success. Ms. Leopold asked about the best way to garner additional feedback from the Trustees on the tag lines for the Value of Public Power campaign. A brief discussion ensued. The General Manager provided a recap of the discussion indicating that his sense from the discussion was that additional outreach would not likely provide more information so at this point staff will make a decision and move forward with developing a campaign. Director Elwell indicated that the Lyndonville Electric Superintendent was comfortable with their supply chain constraints and felt that communication to the customer base at this point would be premature. Director Fitzhugh indicated that Northfield and Jacksonville are in the same boat because they contract out the work. Director Dasaro indicated that Enosburg has already sent notices out to their customers. The General Manager provided a high-level overview of the supply constraints across the country as well as the data and legislation requests from APPA. A discussion ensued around the differences in how members handled customer upgrade requests. The OP4 and OP7 plan communications were mentioned, and a recommendation was made to convene discussion groups based on who the transmission provider is for each utility. Communication issues may occur because VEC and GMP have a much larger voice with statewide media but have indicated that they will be taking a more reactive stance as opposed to proactive messaging. VPPSA and our members do not have the reach and in some cases would be working against the messaging that VEC & GMP are putting out. A plan on how members will be able to communicate with their customer base in these possible energy shortfall situations is a priority. Director Elwell indicated that his conversations with VELCO enlightened him that they had a plan in place for LED already and it was not as severe as he was anticipating. However, assistance with communication with the customers in these instances would be beneficial. The necessary delicacy on wording for the communication was discussed briefly.

Director Elwell notified the Board and VPPSA staff that the Town of Lyndonville and the Village of Lyndonville will be going through a merger, and it may affect the internal communications with the trustees through 2024. A separate electric board will be overseeing the Electric department after the merger. Director Fitzhugh briefly mentioned some of the issues that he experienced when Northfield went through the same kind of merger.



11. Shawn Enterline, VPPSA's Senior Power Analyst provided an overview of the power supply markets, the primary driving factors related to power costs, actual and future energy prices, and the budget vs actual for each member. It was noted that if the winter is average to warmer than normal Vermont may not see significant cost swings; however, if it is a cold winter there could be significant shortages. Director Beliveau asked if the efficiencies Swanton had in place were shown in their supply budget? The General Manager indicated that Swanton would see that in the FY23 budget.

Shawn Enterline, VPPSA's Senior Power Analyst provided an annual solar overview and the progress on storage development. Discussions have been held with three vendors (DeLorean, Encore, and Kearsarge) for storage development options. A brief overview of the benefits being sought with the storage products include peak shaving and resilience. The General Manager discussed that the VPPSA led project have focused on peak shaving and we are hearing from various members that a secondary high priority is resilience, and we want to align our efforts. The General Manager also briefly brought up the grant opportunities available and Director Johnstone indicated that he felt we should capitalize on the federal dollars as much as possible. Director Fitzhugh mentioned that the ability to provide a micro-grid during an energy shortfall is something that he is looking for as well. The General manager indicated that another option available is for the storage to be an owner operated battery that may provide more usage flexibility. A quick calculation on installing the batteries in seven viable locations in the VPPSA membership would be approximately \$46 million for full ownership, not counting additional costs for adding resiliency operations. A brief discussion ensued on the pros and cons and risks of the various options. James Gibbons brought up the point that the valuation and regulation of storage use could quickly change.

12. The General Manager provided the AMI status update. The Aclara contract is under final review. The General Manager noted that the loan is nearing closing with Community Bank and are awaiting a closing date. The member contracts are awaiting final review to align with the executed Aclara contract. Bill Ellis has the draft PUC petition and testimony and is awaiting the executed contract, finalized financing & the DPS grant. VPPSA submitted a proposal to the DPS on November 30th requesting \$5.247 million on behalf of all members. The DPS should have their initial review and/or questions within two weeks of the submission. Director Johnstone noted that Morrisville is not slotted in the first tranche but are expecting a significant growth and are working with Ken St. Amour to purchase the AMI meters and install them before their tranche goes live.

13. Alex Nicholson, VPPSA's GIS Administrator provided an overall GIS program and project plan update. Alex also provided an update on the status of each member's project and the anticipated roll-out of the web mapping application for each member. The General Manager provided some clarity around the future trajectory of the GIS program and the project plan timeline.

14. The written Regulatory report was provided to the Board. Sarah Braese, VPPSA's Manager of Government and Member Relations, provided a brief update on various topics including the submission of the 2023 Tier III Annual Plan. Sarah provided an update on the status of the implementation of the P3 software to help automate and streamline the rebate process. VPPSA submitted brief comments on the DPS 2023 Consolidate RES Model assumptions. The General Manager gave a brief update on the Ryegate PPA extension that was passed. Due to vagaries in the wording, there is a dispute with VEPI on implementation of the contract needs to be decided by the PUC. Other stakeholders have indicated that they may withdraw from negotiations due to Ryegate's failure to pay suppliers. Negotiations are still ongoing at this point and Ryegate has sought an extension from the PUC. A brief discussion ensued. Ms. Braese also gave a brief update on the FERC/NERC Registration of Inverter-Based Resources standard. Staff is awaiting more information on the Sander's Grant and received a few additional questions to answer. VPPSA is putting together a concept paper for the GRIP program to get an invitation to submit a full application for Federal Funds. VPPSA is working closely with McGuire Whitney to get the Concept Paper put together by December 16th. The General Manager provided additional details on the work

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and funding requirements for this grant. VPPSA also submitted a response to the RFI from the ERA program. Ms. Braese reminded the members that the emergency disconnect bill is scheduled to expire at the end of 2022 and there has been no communication that this will be extended. Director Johnstone asked if there had been any updates on the small hydro FOA. No updates have been received at this point. Director Johnstone congratulated Ms. Braese on receiving her MBA degree.

15. The General Manager provided a brief update related to Project 10 activities. VPPSA was notified that it was selected to complete the NERC self-certification audit in 2023. Ken St. Amour, VPPSA Manager of Technology & Security Services, will be leading the effort with assistance from Utility Services. This could take significant staff resources to complete in the first quarter of 2023, with the potential for NERC financial penalties for any deficiencies. Also, power supply only bid one unit into the winter reserve market to allow greater flexibility in using P10 for an energy hedge.

16. The General Manager provided a brief update on staffing constraints related to rate cases and IRP's; the IJJA Grant opportunities; and RES, Hydros & Biomass. VPPSA is working on a letter of intent for an R&D grant along with VELCO and GMP on a long-duration storage project. The General Manager provided the Board with the schedule and timeline of the open member filings that staff are working to complete. VPPSA has several rate cases and IRP's in the queue. With Heather D'Arcy, VPPSA Power Analyst, being out on maternity leave, Mr. Enterline's time is very constrained, and this is creating a bottleneck. Mr. Farman has been authorized to contract with Utility Services to work on two of the member's filings. Other power supply tasks are being assessed for the possibility of offloading to other staff to further reduce the bottleneck in Mr. Enterline's time.

17. The General Manager provided a brief update on the status of Barton. The on-call rotation schedule has been updated to include Northline. There were some operational issues including sporadic issues with the call center that caused delays. When there were outages related to high winds flagging support was required and Barton's road/water staff was called in for support. The trustees expressed displeasure and requested that VPPSA make other arrangements for such situations. The Northline staff utilizes cell phones as their primary means of communication which made them difficult to reach at times. VPPSA is working with Northline and the members providing support to address the concerns. Also, Patty Richards & Chris Recchia have begun work on the RFP related to the sale of the electric department. Mr. Recchia expressed that they anticipate the RFP being run over a 9-month period.

18. Board Member Updates: Director Fitzhugh gave a brief update on the VELCO winter readiness plans. He is waiting to receive a sample for a system that provides information on weather and systems outage forecast models with the intent that individual utilities could "buy in" to a service supported by VELCO. Director Elwell was skeptical that it would provide better information than other models seen in the past.

The General Manager recognized Chair Beliveau for his many years of service and dedication to both VPPSA and public power and expressed staff's best wishes in his retirement. A plaque commemorating Chair Beliveau's tenure on the VPPSA Board, and as Chairman, was presented. The Board then recessed for a luncheon honoring his retirement.

Lunch break @ 12:35
Reconvened @ 1:10

19. Executive Session:

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Director Fitzhugh made a motion to enter Executive Session to discuss personnel issues as allowed under the provisions of 1 V.S.A. §313(a)(3). The motion was seconded by Director Elwell. Motion approved.

The Board moved into Executive session at 1:12 pm.

The Board returned to Regular Session at 1:25 pm.

Director Elwell made a motion to authorize the General Manager to remove the rollover cap on vacation for Crystal Currier and allow her to carry forward all remaining earned vacation time into 2023. Director Fitzhugh seconded the motion.

The motion was approved.

20. Other Business: NONE

The meeting was adjourned at 1:26 p.m.

Respectfully submitted,

Grace Sawyer, Assistant Controller