



## Special Board of Directors Meeting Minutes

March 15, 2023

### Board of Directors:

	Patricia Richards, Barton	<b>X</b>	Jonathan Elwell, Lyndonville
<b>P</b>	John Dasaro, Enosburg	<b>P</b>	Scott Johnstone, Morrisville
<b>P</b>	Mike Sullivan, Hardwick	<b>P</b>	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	<b>P</b>	John Morley, Orleans
<b>P</b>	Erik Bailey, Johnson		Bill Sheets, Swanton
<b>P</b>	Thomas Petraska, Ludlow		

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

### Directors present:

Penny Jones, Morrisville (P)	Lynn Paradis, Swanton (P)
Abbey Miller, Enosburg (P)	Chris Recchia, Barton (P)

### Others present:

Ken Nolan, VPPSA (P)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (P)
Grace Sawyer, VPPSA (P)	Shawn Enterline, VPPSA (X)	Crystal Currier, VPPSA (X)
Sarah Braese, VPPSA (X)	Julia Leopold, VPPSA (P)	Heather D'Arcy, VPPSA (P)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Ken St. Amour, VPPSA (P)
Reg Beliveau, Swanton (P)	Marilyn Prue, guest (P)	Steve Farman, VPPSA (P)
Amanda Simard, VPPSA (P)		

### Numbers in bold type correspond with agenda item numbers:

1. Chairman Fitzhugh called the meeting to order at 9:30 a.m.
- 2.** Chairman Fitzhugh asked if there were requests for changes and/or modifications to the current agenda. The General Manager requested to add the NEPPA board seat reappointment and Barton activities to other business. It was also requested that the recent Hyde Park activities also be added to other business for discussion.
- 3.** Chairman Fitzhugh asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Bailey made a motion to accept the minutes of the Board of Directors meeting held on February 1, 2023. The motion was seconded by Director Sullivan. Motion approved.



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5. Director Morley made a motion to approve the Preliminary Monthly Financial report for the period ending January 31, 2023. The motion was seconded by Director Bailey.

The Controller provided a summary of operational revenue vs expenses for the period ending January 31<sup>st</sup>, 2023. It was noted that net income is \$260K. Sales for Resale and Purchased Power expenses were both below budget in January resulting in income of \$255K greater than budget. VPPSA's Operational loss is \$51K for January, which is less than the budget by \$21K primarily due to Outside Services being below budget by \$17K and Personnel salaries being below budget by \$8K related to the delayed hire of the new IT position. Other items of note: There were no REC purchases in January resulting in a net income of \$110K over budget. McNeil generation is under budget 16.19% for January. P10 income is over budget by \$34K primarily because of Property Insurance being underbudget by \$24K and that fuel expenses were less than anticipated in January.

The motion was approved.

6. Director Sullivan moved to approve the amended Power Supply Policy P3 Attachment 1 as proposed. The motion was seconded by Director Bailey.

The General Manager provided an overview of the proposed revision to Attachment 1 to the Power Supply policy to loosen the existing requirement for each member's coverage ratio. The revision would allow staff to compare forward prices for the month to the 10-year historical average of actual LMP's and reduce the required coverage ratio by 10% for each standard deviation that forward prices are above the historical average. The General Manager reminded the Board that policy allows him to delegate the authority for making these decisions. There is a new internal procedure in place where the General Manager has delegated the day-to-day and short-term purchases to the Manager of Power Resources, but the long-term purchases and contracts still need to be approved by the General Manager.

The motion was approved.

7. Shawn Enterline, VPPSA's Manager of Power Resources, 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. Mr. Enterline presented a detailed review of the Mystic Station Costs and how the LNG prices are affecting the individual members. He shared data about where the varying costs have been coming from and how they come about, including when tankers are turned away from the plant. The General Manager let the Board know that there are discussions going on about the Mystic Station management and whether or not the contract will be renewed in the future. Heather D'Arcy, VPPSA's Power Analyst gave an overview of the Renewable Energy Credit revenues to actual for each member for the calendar year 2022 and the budget for 2023. She also provided an overview of the forward sales already under contract for 2023 and 2024. The General Manager discussed that VPPSA is currently evaluating the market and determining if more 2023 and 2024 forward sales will be locked in due to the legislative reduction of the ACP in Massachusetts. Mr. Enterline went over the various data ratios that are available for each member for CY2022. Shawn reviewed the cash flows for REC revenues and the resource, transmission cost, and load cost variances for January.

8. The General Manager provided a brief AMI project status update. The General Manager noted that the Aclara contract is done and the Statement of Work in the process of finalization. The funds are currently being held in Escrow pending finalization of the member contracts. Bill Ellis has drafted the PUC petition and testimony and is awaiting finalization with the executed contract. The draft grant agreement has been received and is under review. Alternate Director Paradis asked when to expect the member contracts to come out. The General Manager indicated that contracts should begin to be circulated within the next several weeks. Chairman Fitzhugh asked when they would know if the water portion of the AMI rollout would be covered under the grant. The General Manager noted that the grant

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agreement VPPSA received included the cost of the water meters and is included in the funding amount we requested, so all indicators are that they will be includable expenses.

**9.** Alex Nicholson, VPPSA's GIS Administrator, provided an overall GIS program and project plan update. Alex noted the initial rollout has gone fairly well and that bugs are being worked out of the system as they are identified. Additional training is being provided to member staff as needed. Director Johnstone asked if an Android tablet would work for the field application. Director Paradis mentioned that their field staff is happy with the application, but they need to have updated pole locations to make it more useful. Mr. Nicholson noted that he is working on getting updated pole locations for Enosburg and Swanton, but it is hinging on the information sharing protocols with the CUDs and others. The NDA agreements for data sharing protocols are under review. He also noted that Android devices would work fine with the application. Director Bailey asked when the rollout would happen for Johnson and Mr. Nicholson indicated that he would be reaching out to them soon. The General Manager clarified that some of the member staff is quickly and easily picking up the new system, but VPPSA has reached out to Dave DeSimone to have him assist with additional training and with the rollout for members who may be having a more difficult time with the implementation. Director Recchia asked if there was anything that he could assist with in getting Barton up to speed. The General Manager provided more detail about how Dave DeSimone is assisting with the process by being a translator for the line crews trying to learn the system and helping to ensure the most valuable information is being collected. Director Dasaro asked if they could get on the list for assistance from Mr. DeSimone. Mr. Nicholson provided information on how to get staff added to the working group list. He also noted that efforts are being made to test and create methods to update the archived databases from online content. Director Morley asked about when the request that he had made for data would be completed. Mr. Nicholson noted that he would be reaching out to him tomorrow, because this was a vendor under contract with Orleans and should be covered under the contract NDA requirements. Director Recchia mentioned how this had been dealt with in the past in organizations he had been involved with.

**10.a** Julia Leopold, VPPSA's Director of Public Affairs, provided the Legislative update to the Board. This week is when cross-over happens with the bills. Any bill with appropriation in it has an extra week to make the cross-over. There may be bills that don't make the cross-over this session but won't be automatically booted out because this is the first session of the biennium, and they could return next session. Ms. Leopold provided an overview of several bills that are being monitored by VPPSA including S.5 Affordable Heat Standard, H.289 Renewable Energy Standard, H.320 Renewable Energy Standard, S.112 Misc. Changes to the PUC, H.437 Energy Storage and the Act 151 extension. There was a brief discussion about the various bills including how the legislature was responding to possible vetoes if the bills were passed. There is significant pressure on getting to 100% renewable and there are various iterations in play. The General Manager briefly gave more details around the discussion in the legislature and that Public Power as a whole is against H.320, but the speaker is determined to have a bill move forward. H.289 may be the starting point. VPPSA has partnered with BED, VEC and WEC to have a cost study done about how the various iterations would affect the rate payers in Vermont. Director Recchia asked if VPPSA had estimated the impact of increasing Tier I only. The General Manager described how the quantity and timing issues related to the limitations in H.320 were worrying as it basically narrowed qualifying resources down to new solar installations. Julia also noted that the transportation bill is still in play exploring different options to replace the gas tax revenue being lost by increased EV's on the road in VT. Director Morley expressed concerns about the cost burden this bill could create and asked thoughts on the best way to go about fighting it. A brief discussion ensued around both the transportation bill and H.437 Energy Storage bills and touched on the conflict of interest that members were seeing with the bills. Director Johnstone expressed concern about the possible open-endedness of the proposed Act 151 extension. Ms. Leopold provided more color around why VPPSA has supported the proposed five-year extension up to this point. The General Manager also gave details about the strategy that VPPSA has been utilizing on various bills.

**10.b** Julia Leopold, VPPSA's Director of Public Affairs, provided the Communications update to the Board. Other current campaigns include developing a bill insert for Tailored Efforts, flyers, and

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newsletters about the availability of VLITE funds, and press releases related to rate increases. Other campaigns under consideration include an AMI Education outreach, Winter Readiness, and Heat Pumps. Director Recchia noted that Barton notified rate payers about their rate increase and yesterday two of the incumbent board members that were up for reelection were not reelected and the third board member who was not up for reelection resigned at the end of the meeting. He associated voter opposition to existing Board members in part to concerns with the rate increase. Other Board members indicated that they have had very few if any comments from the public after they announced their rate increase. VPPSA has launched our “Community is at the Heart” shared tagline which Julia introduced the campaign with a slide presentation. The vision for the rollout includes utilizing the tagline for the website, utility bills, bill inserts, newsletters, email signatures, phone answering, social media, and quotes to the press. Ms. Leopold stated that it has been an honor working with everyone and expressed her appreciation to The General Manager for hiring her four years ago and she will miss everyone.

**11.** The written Executive Summary and regulatory update was provided to the Board. Sarah Braese, VPPSA’s Assistant General Manager, provided a brief update on various regulatory hot topics. For Renewable Energy Standards: Tier III VPPSA has published appropriate representations of members’ generation portfolios, preliminary reports show that VPPSA has met the 2022 Tier III Compliance Obligations and VPPSA has submitted the 2023 Tier III Annual Plan. Ms. Braese provided a brief update on the recent grant negotiations and applications that VPPSA has filed or are in process. VPPSA is meeting on a weekly basis with EVT to negotiate and develop an MOU. The DPS sent out a request for information on low-income rates and VPPSA is actively following the case. The VPPSA is monitoring the docket on the proposed revisions to the PUC 5.100 ruling, but no specific comments have been submitted. Various other rulings and proceedings are being actively monitored. VPPSA has submitted pre-filed testimony on the Ryegate case. The General Manager expounded briefly on the docket. The PUC issued a draft Order based on the MOU GMP & VEC entered with Ryegate. The Commission has just opened an investigation into the response to the Christmas storm and VPPSA will be monitoring going forward. The General Manager provided an overview of the FERC’s order on New England’s 2/2/22 Order compliance filing.

**12.** The General Manager provided a brief update related to Project 10 activities. P10 has still been able to cover BED’s reserve requirement. Ken St. Amour and Dave Gagne have filed the NERC self-certification audit by its due date. No issues or violation concerns have been identified during documentation prep, but NERC has issued a request for further information. Discussion on the planned capital projects for 2023 has been underway. The items identified include an upgrade to the control system that was delayed due to the turbine overhaul completed last year, a steel storage building, and possibilities for a transformer reconfiguration. The 10-year projection plan is in the process of being updated and expanded to help analyze the funding amount in the Reserve account.

**13.** The General Manager provided a brief update on status of the rate case submittals and IRP’s. About half of the rate cases for the members have now been filed. VPPSA has partnered with BED, VEC and WEC to hire Synapse to undertake an analysis of the cost impacts of the various RES bills presently before the legislature. The VPPSA IT cyber review is nearing completion, and the first member review to be completed will be done at Enosburg. The hiring of three staff positions is underway. An offer has been made and accepted for the Staff Accountant position, resumes are being reviewed and interviews scheduled for the Assistant IT manager and the job description for the Director of Public Affairs is being revised and updated to align with the skills needed in the future. The General Manager met with the congressional staff at the APPA rally and was able to engage with the USDA about programs that VPPSA has not been eligible in the past to participate in. There is a Tier 3 incentive under negotiation for an e-bus in Lyndonville. However, if Lyndonville does not choose to move forward with this VPPSA may do so on behalf of all the members and distribute the credits.

**14.** Board Member Updates: None

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15. Executive Session: None

16. Other Business: There is a NEPPA board seat that will need to be filled with the retirement of Reg Beliveau. The seat is typically filled with nominations and then there will be a vote. In May NEPPA is expecting the Vermont members to have a name for nomination. The nomination and election process were briefly discussed. Reg Beliveau recommended Alternate Director Paradis for the seat, and she volunteered to fill the vacancy. A brief discussion ensued on the process to nominate a member for the vacancy. Director Morley indicated that a decision did not need to be made today but could be an action item at the next board meeting. The Chairman and the General Manager will coordinate for the next meeting.

The General Manager briefly reviewed the changes that happened yesterday to the Board of Trustees in Barton. Director Morley provided more details and background about how the complete overturn of the Board of Trustees came to be and the political environment that caused this. Director Recchia mentioned that a merger with Orleans was briefly discussed at the village meeting. The new Board will need to organize and fill the remaining vacancy for one year. The General Manager indicated that Barton may be leaning on VPPSA to provide additional support during the transition period.

Carol Robertson is no longer the manager at Hyde Park. An interim part-time village manager has been appointed. The General Manager had a discussion with the interim manager who indicated that they were having issues with hiring lineman. The Chairman asked if VPPSA thought that Hyde Park may wish to become a member of VPPSA again, but the General Manager felt that because they reached out to ENE for a contract that it was not likely. Director Sullivan indicated that he just hired the remaining lineman so currently Hyde Park does not have any lineman on staff.

Director Morley asked if anyone else had been contacted by the State Property Valuation with an information request for more detail about the valuation of capital assets by town including CPR records. Director Sullivan indicated that he had been arguing with them about how they were valuing various assets for Hardwick so this could be part of the cause for the information request. A brief discussion was held by the members about how over the last two years this an increasing issue and there is even litigation about the valuation and depreciation differences. Director Dasaro had some information that he was going to share with the group about an issue that happened with the valuation of the hydro in the Town of Sheldon. There was a consensus that the members should get together and take a more proactive approach and have a strategy going forward. The Chairman and the General Manager will work together to get this on the next agenda for the board.

Director Morley made a motion to adjourn the meeting. The motion was seconded by Director Petraska. Motion approved.

The meeting was adjourned at 12:59 p.m.

Respectfully submitted,



Grace Sawyer, Controller