



Board of Directors Meeting Minutes

April 5, 2023

Board of Directors:

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

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

Directors 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)	Heather D'Arcy, VPPSA (X)
Sarah Braese, VPPSA (X)	Steve Farman, VPPSA (P)	Ken St. Amour, VPPSA (P)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Lauri Isaacson, Guest presenter (P)
Joni Livingston, Guest presenter (P)	Amber O'Neill, VPPSA (X)	Andy Fusco, Guest presenter (P)
Randy Howard, Guest Presenter (P)	Joni Livingston, Guest presenter (P)	

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Fitzhugh called the meeting to order at 10:03 a.m.
- 2.** Chairman Fitzhugh asked if there were requests for changes and/or modifications to the current agenda.
- 3.** Chairman Fitzhugh asked if there were public comments and/or individuals who would like to address the Board. There was no public comment.
- 4.** Director Elwell made a motion to accept the minutes of the Board of Directors meeting held on March 15, 2023. The motion was seconded by Director Johnstone. Motion approved.



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5. Director Elwell made a motion to approve the Monthly Financial report for the period ending February 28, 2023. The motion was seconded by Director Johnstone.

The Controller provided a summary of operational revenue vs expenses for the period ending February 28th, 2023. It was noted that net income is \$110K. Sales for Resale and Purchased Power expenses are both below budget for the year resulting in income of \$299K greater than budget. VPPSA's Operational loss is \$62K year to date, which is less than the budget by \$34K primarily due to Outside Services being below budget by \$21K and Personnel salaries being below budget by \$17K related to the delayed hire of the new IT position. Other items of note: There have been no REC purchases this year resulting in a net income of \$225K over budget. McNeil generation is under budget 14.31% for the year and interest income is \$15K over budget. The net effect is causing revenue to be below budget by \$34K year to date. P10 income is over budget by \$68K primarily because of Property Insurance being underbudget by \$24K and that fuel expenses were less than anticipated so far this year.

The motion was approved.

6. Director Sullivan moved to approve Resolution 2023-02 Acceptance of the 2022 Audit. The motion was seconded by Director Dasaro.

Steve Veroff from Veroff & Austin PLLC was available (by phone) and presented the 2022 audit report. Mr. Veroff noted that VPPSA received a clean, or unmodified, opinion for 2022. 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.
- Debt was paid down as expected.
- No deficiencies in internal controls.

The motion to approve Resolution 2023-02, Acceptance of the 2022 Audit, was approved.

There was a brief discussion on the amount of detail in the presentation of the audit report and the expected format for the future.

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 that indicated that February was the most expensive month to date. The General Manager provided some additional details around what has been driving the Mystic Station costs. There was a brief discussion on the impact of these expenses and the current rate cases under review. 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. Ms. D'Arcy noted that VPPSA just entered into a contract to purchase Vermont Tier I RECs. She also provided an overview of the forward sales already under contract for 2023 and 2024. Director Morley asked the other Board members what the average percent of their power supply costs was attributed to RES compliance. Each member's cost was similar, but the fluctuations were related to whether the RECs were included in power supply contracts or purchased separately.

8. 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. VPPSA continues to negotiate a MOU with VEIC/Efficiency Vermont under the DRP proceedings for 2024-2026

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and the 2027-2029 performance periods. As battery storage technology continues to permeate the energy market, there are several initiatives that VPPSA is monitoring. VPPSA met with VLITE's Executive Director in mid-March to discuss expanding the scope of eligible work under our existing grant. Negotiations continue for the Advanced Metering Infrastructure, ACRE and the FY2022 Sander's grant agreements. VPPSA has submitted the Grid Resilience & Innovation Partnership Program (GRIP) grant application and there are other funding opportunities that are being monitored and investigated. VPPSA/Swanton and the Missisquoi Valley School District, Highgate Elementary School executed a custom energy transformation project incentive agreement for a thermal project completed in 2022. VPPSA is still coordinating with Rural Community Transportation (RCT) and Lyndonville Electric on incentives for their two (2) electric transit vehicles (eBuses).

9. The General Manager provided a brief Legislative update and overview to the Board of several bills that VPPSA is monitoring 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, the Act 151 extension and S.140 Energy Storage Cost Benefit Study. A discussion around the Affordable Heat Standard was held outlining the changes from the original bill that was discussed previously. VPPSA has proposed some clarifying language to be included before the bill is approved. The discussion in the legislature around H.320 has been heating up again. 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 Senate appears to be undertaking drafting their own version of a RES bill. Director Morley noted that the legislature representatives seem to just get information and input from GMP and not the municipal utilities. S.112 made the cross-over to the Senate. The transportation bill is still being debated in the Senate and a brief discussion ensued about the different reiterations of the ways the State could collect the tax from EV users and the apparent conflict of interest in some of the proposed legislation.

10. Four different Joint Action Agencies from around the country were asked to each give a 15-minute presentation regarding centralized services they provide for their members. Randy Howard of The Northern California Power Agency, Lauri Isaacson of WPPI Energy, Joni Livingston of Missouri River Energy Services, and Andy Fusco of Electricities of North Carolina each presented virtually an overview of the various services that they provide to their members. A question-and-answer session followed the presentations.

11. Lunch break @ 12:33
Reconvened @ 12:57

12. The General Manager provided a brief written overview of the ongoing discussion regarding the data request from the State for Property Valuation and Reporting and asked for input on whether VPPSA has a role supporting the members in complying with the request. A lengthy discussion ensued. Chairman Fitzhugh gave some more detail around various conversations with other people who have had to provide the requested information. Treasurer Paradis gave the Board an update from some information shared at a meeting she attended the prior week. Director Morley spoke with a couple of people in the tax department and the consultant that the State is utilizing who is looking for detailed installation information by asset location from the original date of acquisition that could go back historically to 1975. Treasurer Paradis believes that the tax department is trying to shift the tax burden to the municipal utilities from the towns. Director Johnstone brought up the option of having VPPSA put in an extension request on behalf of all the members. Director Morley suggested sending a letter to the commissioner documenting the reasonable amount of time needed to fulfill the request, because a two-week timeframe is impossible. Chairman Fitzhugh asked about having the General Manager to draft a letter to PVR on behalf of all the VPPSA membership. Discussion continued and the consensus was reached that Chairman Fitzhugh was going to start by having a discussion with the State consultant and would draft a letter to the tax department afterward.

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13. The General Manager provided a written update related to Project 10 activities. P10 has still been able to cover BED's reserve obligation and receive additional revenues whenever forecasts indicate energy markets will be stable. The NERC self-certification audit is underway with only one likely violation identified. Discussions are underway, but it does not appear that a fine will be assessed for the violation. Discussion on the planned capital projects for 2023 continues. 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.

14. The General Manager provided a written overview of the AMI project status. There have been no significant changes since the last meeting. The General Manager indicated the member contracts should be available shortly.

15. Alex Nicholson, VPPSA's GIS Administrator, provided a written overview of the overall GIS program and project plan update. In person and virtual training continues at various members. The database reconciliation process has been completed and results are being applied to the database. The NDA agreements are under review and are expected to be implemented soon.

16. The General Manager provided a brief written update on status of the rate case submittals and IRP's. More than 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 has been completed and we are awaiting the report, and the first member review (Enosburg) has been started. The hiring of three staff positions is underway. Final interviews have been conducted for the Assistant IT manager and the Director of Public Affairs job has been posted. The power supply position will be posted within a week. The GRIP grant application was submitted yesterday. Staff continues to negotiate with the DOE to get access to the \$1 million in congressionally directed spending obtained by Senator Sanders.

17. Board Member Updates: Chairman Fitzhugh indicated that the future weather forecasts from Roger Hill are not as severe as the other weather models are showing.

18. Executive Session:

Director Elwell 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 Johnstone. The motion was approved.

The Board entered Executive Session at 1:49 p.m.
The Board returned to Regular Session at 2:30 p.m.

19. Other Business: None.

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

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,



Grace Sawyer, Secretary