

APPROVED



Special Board of Directors Meeting Minutes

September 13, 2023

Board of Directors:

X	Denis Fortin, 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
	Erik Bailey, Johnson		Bill Sheets, Swanton
X	Thomas Petraska, Ludlow		

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

Directors present:

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

Others present:

Ken Nolan, VPPSA (X)	Sarah Braese, VPPSA (X)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Conner Daley, VPPSA (P)	Heather D'Arcy, VPPSA (X)
Steve Farman, VPPSA (X)	Josh Bancroft, VPPSA (P)	Lance Woods, VPPSA (P)
Drew Clayson, VPPSA (P)	Amanda Simard, VPPSA (P)	

Numbers in bold type correspond with agenda item numbers:

1. Chairman Fitzhugh called the meeting to order at 9:32 a.m.
2. Chairman Fitzhugh asked if there were requests for changes and/or modifications to the current agenda. There were no changes.
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 August 2, 2023. The motion was seconded by Director Petraska. Motion approved.
5. Director Johnstone made a motion to approve the Monthly Financial report for the period ending June 31, 2023. The motion was seconded by Director Petraska.

The Controller provided a summary of operational revenue vs expenses for the period ending July 31st, 2023. It was noted that YTD net income is approximately \$1.4MM. VPPSA's Operational loss is \$85K year to date, which is less than the budget by \$102K primarily due to Personnel salaries being below budget



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by \$70K but is expected to come in line with the budget by year end. Other items of note: The REC purchase contract of \$1.1MM was delivered at the end of May. For the budget, we did not anticipate delivery of the full contract at once and had evenly spread the expenses to match the revenue. The project will show a decreasing loss for the remainder of the year as the revenue catches up. McNeil generation is under budget 13.9% for the year resulting in revenue being below budget by \$280K. P10 income is greater than budget by \$108K primarily due to Property Insurance being underbudget by \$24K and interest income is \$112K greater than budgeted year to date. The GIS project is below budget \$15K year-to-date because of the separation with the GIS employee and software being below budget year-to-date.

The motion was approved.

6.a & 6.b The Controller presented the McNeil Capital Reserve annual true up report and capital reserve summary. VPPSA staff recommends retaining the remaining reserve in the amount of \$23,087.07 to cover expected future expenditures.

Director Johnstone made a motion to approve the McNeil Capital Reserve motion as proposed. The motion was seconded by Alternate Director Paradis.

The motion was approved.

6.c & 6.d The Controller presented the Project 10 Annual true up report and capital reserve summary. VPPSA staff recommends retaining the reserve deficit in the amount of \$25,254.90 and applying against the Capital Reserve Fund.

Director Johnstone made a motion to approve the Project 10 Annual True-Up motion as proposed. The motion was seconded by Alternate Director Paradis.

The motion was approved.

7. The Controller presented the results of the Audit RFP. It was noted that only two firms responded to the RFP. One firm was our current auditor Veroff & Austin and the other was McSoley McCoy & Co. While Veroff & Austin LLC. remain the lowest bidder the Board has expressed concern with the level of commitment and presentation of results related to the 2021 Audit. There was a brief discussion about the length of time that was recommended for contracting with an audit firm before changing to a new firm. There was also discussion about the increase in cost to change to a new audit firm. The Board briefly discussed the issues with Verhoff & Austin in the past. Director Morley asked if NEPPA could send out an RFP for these services. Director Elwell noted that this could create conflict concerns similar to those VPPSA and the Members are experiencing with audit firms not wanting to audit both VPPSA and its members.

Director Morley made a motion to hire Veroff & Austin LLC. for the term of one year. Motion was seconded by Director Elwell.

The motion was approved.

8. The Controller and the General Manager presented a recommendation to amend both the VPPSA 457 and the VPPSA Retirement plans. The 10% tax penalty drops off for individuals who have reached the age of 59 ½ and the VPPSA staff recommends amending both the VPPSA 457 and the VPPSA Retirement Plan to line up with the penalty drop.

Director Johnstone made a motion to adopt both the 457 Plan and Retirement Plan amendments as proposed. The motion was seconded by Director Dasaro.

The motion was approved.

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9. The General Manager brought to the attention of the Board that the Legislative Study Committee on the Renewable Energy Standard will be meeting on Wednesday every two weeks until the new legislative session. The General Manager will be representing VPPSA and unfortunately this commitment conflicts with the October and November regular Board Meeting dates. The General Manager expects to be present during the December Board Meeting when the Budget vote occurs. The options are to move the Board Meeting dates or to proceed as scheduled and have the Assistant General Manager act in the stead of the General Manager. The Chairman and Vice Chairman of the board recommend proceeding with the scheduled meeting dates. Should the Board concur with this recommendation then no action is required. There was a brief discussion by the Board about wanting to allow Ms. Braese the opportunity to lead the meetings and the Board concurred that the meeting dates will remain as scheduled.

- 10.** The General Manager provided a status update on the Strategic Plan. The four main goals are:
1. Development and implantation of a technology roadmap:
Staff have been preparing an RFP for consulting services which will be sent out to at least four identified firms and Ms. Currier has been tasked with developing a member committee to discuss/review possible CIS and Financial software vendors.
 2. Evaluation of Centralization opportunities:
No progress currently. Awaiting the technology roadmap discovery and discussions.
 3. Evaluation of workforce gaps and capabilities:
Ms. Currier's role will evolve over the next several months into more of a project manager for technology evaluation and possibly grants. A staffing proposal more aligned with the strategic goals will be included in the FY24 budget proposal. This includes positions identified for staff that are retiring or changing positions as well as filling out the departments that do not have coverage for outages.
 4. Improved Grant management:
If sufficient grant awards (and associated workload) materialize, then staffing will be evaluated at that time.

The Board had a brief discussion about the various CIS & Financial systems that are available and some of the capabilities of each. The General Manager gave an overview of the benefits should the members agree on a single CIS/Financial solution which includes but is not limited to, standardization, ability to share staff, and VPPSA support.

11. Heather D'Arcy, VPPSA's 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. Ms. D'Arcy provided a summary of REC sales and reported that there has been an issue that is still being resolved with Ryegate REC's which has resulted in VPPSA not using these for forward sales. Ms. D'Arcy presented a detailed review of the Mystic Station costs and what the variances would be absent the Mystic costs and how the unfavorable rate variance for most members is primarily due to the unbudgeted Mystic Station Cost. Ms. D'Arcy also gave an overview of the Renewable Energy Credits. She also provided an overview of the forward sales already under contract for 2023-2025. Director Morley asked for some clarification on what lead to the high Mystic costs from earlier in 2023. The General Manager gave a brief overview of history and the steps that need to be taken to file a complaint about the charges and a conversation ensued about the contract and the anticipated replacement for Mystic once the plant retires. Director Elwell asked a question about a resolution for member rate cases regarding the disallowing of the Mystic Cost in rate cases. Steve Farman, VPPSA's Manager of Planning and Support Services provided more detail regarding the litigation that Energy New England ("ENE") and Stowe Electric had participated in trying to get the Mystic Cost included as recurring costs in their recent rate case and the PUC position. Director Elwell expressed that he hoped that VPPSA would be able to glean some benefit for all its members from the decision. The General Manager clarified that VPPSA has not gone down the path of litigation but has taken the position of negotiating. However, with the surprising result from the Stowe litigation it may behoove VPPSA to consider litigation in some situations. A brief conversation ensued. Director Morley asked if the majority

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of the members are covered for power supply for 2024. Ms. Darcy indicated that there were power contracts in place that cover most members for the coverage range in place. The General Manager gave a brief overview of the monthly power supply coverage process.

12. Sarah Braese, VPPSA's Assistant General Manager, provided a brief Regulatory and Power Services update and a highlight of recent and upcoming regulatory items of importance. She summarized the upcoming dates and deadlines for September and October including but not limited to the EVT Utility Working Group Meeting, the Electric Utilities' Investigation into Delivery of Service Winter 2022-2023, Investigation into EV Rates, EVT Best Practices Exchange, EV/EVSE Tariff Petition for Exemption or Extension, VPPSA/APPA Public Utility Accounting Training and the VSPC Quarterly meeting. Dockets that are being monitored include: Case No. 22-2954-PET, Case No. 23-2220-RULE, and case No 23-2221-INV. Ms. Braese also provided a brief recap of the August rulemaking and investigative proceeding filings. She noted that we were informed that there would be a 10% administrative fee on all rebates that EVT processes on our behalf. Director Johnstone asked if anyone was planning on attending the VLCT Town Fair and suggested that VPPSA should be represented. Some members indicated that they planned on attending the EVT Best Practice Exchange. The General Manager noted that GMP has recently been offering to run grant programs for others and he was becoming concerned that it was a strategic decision by GMP to look like they are serving the entire State.

13. Connor Daley, VPPSA's Manager of Government & Public Affairs presented the Board with a skeleton of the presentation that will be done at the PUC workshop to discuss the Christmas Eve storm in 2022.

The General Manager indicated that the risk to the VPPSA membership is not from the investigation for this storm, but the follow on conversation and how our membership may be dragged into mandates around resiliency due to VEC, WEC, and GMP's outage lengths during storm. VPPSA is trying to position itself to insulate the members from this possibility. A discussion ensued. The VPPSA utilities had the same issues that the Co-Ops did but were able to repair and resolve outages in a much quicker timeframe without outside help or mutual aid. Small service territories with the right size crew get the job done quickly. Director Johnstone asked that the slide deck be sent to the members.

14. The General Manager provided a brief overview of the PUC EV Rate Docket and the work that VPPSA has been engaged in to find an overarching solution for Flexible Load Management and EV telematics. There are different paths available for each utility, but the decision will determine the path for other regulations that are coming down the pike. Sarah Braese, VPPSA's Assistant General Manager, and Steve Farman, VPPSA's Manager of Planning and Support Services gave a presentation and led the discussion on tariff development and VPPSA's position. Board feedback will guide the continued development, VPPSA's position in the October PUC process, and some FY24 budget commitments.

The General Manager summarized that there is a software provider that would act as an intermediary and allow the customers or aggregators the customer chooses to opt-in to a VPPSA program. VPPSA would manage on behalf of the members and the software would calculate the credit to the customer that would be included on the customer bill. This would meet the requirements for the June 2024 legislative deadline to offer an EV rate and position the members to retain the customer relationship.

The board held a lengthy discussion on the options and strategies, including reviewing the pros & cons of various solutions and implementation processes. A vendor recommendation was made and the Chairman and the General Manager asked for a poll of the members to determine how many members supported filing for the tariff. All members present indicated the desire to move forward with the direction VPPSA staff had proposed.

Lunch break @ 1:05 p.m.
Reconvened @ 1:31 p.m.

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15. The General Manager provided an update on the status of Project 10 and recent developments. Capital projects have been stalled due to some final engineering changes, but Dave Gagne, VPPSA's Plant Operator, is working to move both open projects forward. In addition, the plant completed what staff believed would be its annual Claimed Capability audit on August 17th, only to find that the temperature in Swanton fell 0.5 degrees below the required 80-degrees. Therefore ISO-NE would not count the run. In the process Unit #2 melted a relay that stopped it from starting up, and Mr. Gagne had to overnight the part for repair. After consultation with Ms. D'Arcy and Mr. Gagne, the General Manager decided to re-run the Claimed Capability audit on August 21st, a day which the ISO had opened an audit window which guaranteed acceptance of the results. That decision required a second fuel burn and required repairs to be done in the morning to allow an afternoon run. Both units passed the audit with flying colors. However, as they were cooling down the ISO called both units to run again. For Unit #1 this call happened after only 30-minutes (even though our stated cooldown time before restart is 1-hour). This second run resulted in Unit #1 having vibration that caused a failed restart. It also resulted in noise emanating from the gear box that Mr. Gagne found concerning. The General Manager consulted with Mr. Gagne and determined to have our consultant MD&A visit to review the status while Mr. Gagne put the unit in turning mode. Before the consultant arrived, ISO-NE called both units to run during the hot spell last week. Unit #1 had vibration on startup, but it subsided as the unit warmed up, leading Mr. Gagne to believe there was a sag in the rotor that has corrected itself. MD&A will be onsite to review the status and assess the gear box, but the initial fears of damage to Unit #1 have passed. The General Manager wanted to recognize and commend Mr. Gagne for his efforts during this time. He went above and beyond resulting in a completed Capability audit and an increase in the units' reserve capability. Director Johnston asked the General Manager to express the Boards appreciation for the hard work of Mr. Gagne as well, and all Board members registered their agreement.

16. General Manager Update: Seven of the IT Cyber Audits have been completed with work on the remaining continuing. Staff continues to implement upgrades to two-factor authentication, hard-drive encryption, and other security recommendations at VPPSA and will begin rolling out these improvements to members over the next several weeks. mPower was onsite during the first week of August and completed a deep dive into the GIS data and software structure. They confirmed the status of all existing data, refreshed the mPower maps to make them visible to all members and gathered enough information to develop a "GIS Administrator as a Service" proposal. They also began working with Dave DeSimone on development of procedures each member could incorporate into their operations for maintaining the maps going forward. mPower is also assisting VPPSA with upgrading the ESRI license to implement ARCServer which will allow for automated and immediate visibility of changes to the maps. The Alcara contract is fully executed. Aclara will be onsite September 14th to begin development of the first Purchase Order for the project. The AMI grant has been approved by the DPA and is "out for signature". Eight members have signed the contract and those remaining are: Barton, Hardwick, & Jacksonville. The PUC filing was made on August 22nd and VPPSA has received the first question from the DPS. Initial conversations with the DPS staff indicate that they are working toward completing due diligence sufficient to submit a recommendation that the PUC approve VPPSA's filing without investigation. Staff has been working with West Burke Housing to evaluate a Custom Tier III measure related to an 8-unit new housing complex. An incentive of \$2,800 resulting in 386 MWh Tier 3 credits were executed in August. Jacksonville Operations: VPPSA staff has managed Jacksonville for the past month. Steve Farman, VPPSA's Manager of Planning and Support Services has been on-site one day per week to address any issues and assist with research. Amy Parah, VPPSA's Accountant/Administrator, has completed all the outstanding bank reconciliation back to the last date this was done by the staff. Missing invoices and checks have been located and VPPSA has a more accurate view of Jacksonville's overall financial situation. Advertisements have been placed for a new Business Manager and the initial screening process has started. The Controller has begun working with Jacksonville's auditor (KBS) to prepare for the 2022 audit which will then allow work to begin a rate case review. Amy Parah, VPPSA's Accountant/Administrator, is now reconciling the billings for DVFiber and Great River Hydro to make sure the escrow accounts are handled correctly. VPPSA's IT staff has designed and implemented an upgrade to Jacksonville's computer system network that will improve internet access and strengthen cyber security. Overall, the Jacksonville operations have stabilized.

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Alternate Director Paradis asked for estimated timing of when Swanton would be installing the test meters for the AMI project. The General Manager noted that Aclara will be on-site tomorrow to finalize the initial Purchase Order, and this will be moving forward at a more rapid pace. VPPSA's desire is to await full approval from the PUC before ordering any equipment but is ready to move forward with the service agreement. The first workshop will be scheduled shortly. There was a brief discussion about how the project was going to move forward and the information that would be collected in the workshop.

17. Board Member Updates: Director Morley expressed thanks to the VPPSA Board and staff for helping to keep Barton a municipality. The Chairman & Director Elwell expressed thanks to Director Morley for leading the charge.

18. Executive Session:

Director Morley made a motion to enter Executive Session to discuss personnel issues as allowed under the provisions of Title 1, §313(a)(3) of the Vermont Statutes,

The motion was seconded by Director Petraska. The motion was approved.

The Board entered Executive Session at 1:49 p.m.

The Board returned to Regular Session at 2:20 p.m.

19. Other Business: None.

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

The meeting was adjourned at 2:20 p.m.

Respectfully submitted,



Grace Sawyer, Secretary