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Board of Directors Meeting Minutes

October 4, 2023

Board of Directors:

X	Denis Fortin, Barton	X	Jonathan Elwell, Lyndon
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	X	Bill Sheets, Swanton
P	Thomas Petraska, Ludlow		

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

Directors present:

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

Others present:

Ken Nolan, VPPSA (X) (12:30)	Sarah Braese, VPPSA (X)	Amy Parah, VPPSA (P)
Grace Sawyer, VPPSA ()	Heather D'Arcy, VPPSA (X)	Amber O'Neill, VPPSA (X)
Drew Clayson, VPPSA (P)	Amanda Simard, VPPSA (P)	Lance Woods, VPPSA (P)
Josh Bancroft, VPPSA (P)	Steve Farman, VPPSA (X)	

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. 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 September 13, 2023. The motion was seconded by Director Fortin. Motion approved.
- 5.** Director Morley made a motion to approve the Monthly Financial report for the period ending August 31, 2023. The motion was seconded by Director Elwell.

Ms. Braese, VPPSA's Assistant General Manager provided a summary of operational revenue vs expenses for the period ending August 31st, 2023. It was noted that YTD net income is approximately



APPROVED

\$1.6MM. VPPSA's Operational loss is \$46K year to date, which is less than the budget by \$145K primarily due to Personnel salaries and benefits being below budget by \$85K 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 18.19% for the year resulting in revenue being below budget by \$318K. P10 income is greater than the budget by \$205K primarily due to fuel expense being underbudget by \$107K and interest income is \$136K greater than budgeted year to date. The GIS project is below budget \$9K year-to-date because computer software is below budget year-to-date.

The motion was approved.

6. Sarah Braese, VPPSA's Assistant General Manager provided a status update on the Strategic Plan. A recurring management team meeting has been set up to provide cross departmental coordination of the strategic planning efforts. Crystal Currier, VPPSA's Member Support Advisor, is organizing a committee to review possible Financial and Billing software programs. An RFP has been issued for consulting support to help in the development of the Technology Roadmap and four firms have responded with an intent to bid. Workforce development is being evaluated as part of the CY24 budget. There was some discussion on who is involved from the member staff and a timeline.

7. Heather D'Arcy, 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. 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. There was a brief discussion on the Mystic contract period and what will be replacing it when the contract has ended. 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.

8. 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 introduced Apryl McCoy VPPSA's new Regulatory Analyst. She also summarized the upcoming dates and deadlines through November including but not limited to No. 23-1364-INV - Investigation into EV Rates; No. 23-0773-INV - RES Compliance; the EVT Utility Working Group Meeting; VPPSA/APPA Public Utility Accounting Training; and the VSPC Quarterly meeting. Dockets that are being monitored include: Case No. 22-2954-PET - EEU Demand Resource Plan; Case No. 23-2220-RULE, Clean Heat Standard Proceeding and case No 23-2221-INV, CHS Default Delivery Agent. Ms. Braese also provided a brief recap of the August FERC/NERC rulemaking and investigative proceeding filings. There was some discussion on EV Rates and incentives on the EV docket.

9. Sarah Braese, VPPSA's Assistant General Manager and Steve Farman, VPPSA's Manager of Planning and Support Services provided an update on the PUC EV Rate Docket. There was some discussion on opt in/opt out possibilities. The Assistant General Manager has continued negotiations with the platform provider to obtain a firm quote to include in the CY24 budget. Mr. Farman has begun framing the actual tariff structure to be proposed and assessing which financial accounts should be included, the rider was reviewed with the Board. There was a brief discussion about rates, billing, pricing and how the utilities will incorporate this into the billing system.

APPROVED

10. Sarah Braese, VPPSA's Assistant General Manager, and Ken St. Amour, VPPSA's Manager of Technology and Security Services provided a brief update on the AMI project status. It was noted that an all-hands meeting has been scheduled for October 11th at the Village of Swanton offices. The Aclara contract has been executed and the initial Purchase Order has been submitted. The PUC filing has been made and an initial status conference held.

11. Ken St. Amour, VPPSA's Manager of Technology and Security Services provided a brief GIS project status update. The conversion to mPower as VPPSA's provider is well underway. Dave DeSimone has been working with mPower to develop a more user-friendly data collection tool. Ken St. Amour, VPPSA's Manager of Technology & Security Services, has been leading negotiations with ESRI to license and install ARC Server. VPPSA staff in coordination with mPower have begun to develop internal operating procedures so that members will be able to access support directly from mPower.

12. Sarah Braese, VPPSA's Assistant General Manager provided a brief presentation and overview of the CY24 budget and highlights of variances and changes from prior years. The overall budget draft currently shows a decrease of ~3.5% from the CY23 budget, although the swing between individual members is significant depending upon load and project changes. Variances range from a 13.6% decrease to a 20.2% increase.

13. Ken Nolan, VPPSA's General Manager gave the GM update: Seven of the IT Cyber Audits have been completed with work on the remaining continuing. Staff continues to upgrade and implement two-factor authentication, hard-drive encryption, and other security recommendations and will begin rolling out these improvements to members over the next several weeks. Additional changes are being included in the FY24 budget.

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.

Barton Operations: Barton has hired a new Business Manager, Vera LaPorte. Due to staffing and improvements needed, she has been focusing most of her time on the water/wastewater system, relying on Crystal for electric department operations. Barton has identified over \$1M in investments needed for their hydro plant, with most of that going toward a failing penstock. At the same time, Barton management is concerned about the overall capital needs across village departments and is looking for alternatives. Ken Nolan, VPPSA's General Manager met with Barton management in mid-September to brainstorm landing on a concept whereby VPPSA acquires the Barton hydro facility (through purchase or lease) VPPSA provides the capital, Barton enters a PPA to purchase the plant output, with transfer documents for Barton to reacquire the facility at a later date. Heather and Drew, VPPSA's Power Analysts are assessing the market value and a meeting with Bill Ellis has been set up to determine the most appropriate legal structure.

Pecos Wind: Swanton has expressed interest in hosting one or more Pecos Wind (85kW) turbines. VPPSA is beginning discussions with Pecos on potential PPA rates and interconnection issues. This effort will form the basis for VPPSA moving forward with the community wind concept initially discussed with Pecos.

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Transmission Joint Ownership: APPA and TAPS have been advocating before FERC for some time to allow broader public power ownership in transmission projects. They have argued that allowing public power ownership will decrease the costs to deploy this new transmission. Joint ownership was one of NEPPA's key talking points during its D.C. Congressional fly-in in September. It will also be a major push at the TAPS D.C. Congressional Fly-in in November. On a related note, New England states are in the process of applying for a DOE grant to support buildout of an offshore transmission network to facilitate wind development. The concept being that the states will jointly run an RFP seeking developers to construct a high voltage transmission network off the coast that individual offshore wind projects could connect to. The winning bidder to construct the network will have access to the state sponsored DOE grant and have state support in permitting. MMWEC is proposing that the states should require the winning bidder to allow public power "ownership" of up to our load ratio share of the offshore network, similarly to how the Phase I/II line from Quebec works. In MMWEC's concept CMEEC, MMWEC, and VPPSA would be the public power "owners" because of our statutory ability to raise capital. In theory this would give VPPSA Members access to returns similar to those received from VTTRANSCO. New England States Committee on Energy (NESCOE) staff expressed great interest and a desire to convene further talks between CMEEC, MMWEC, VPPSA and the state delegates to their Board. NESCOE is the regional entity that represents all states in the ISO New England stakeholder process. Each state's Commissioner of Public Service, or equivalent, sits on NESCOE's Board.

14. Board Member Updates: The Board voiced their appreciation to the Assistant General Manager, Sarah Braese for conducting the Board meeting in the General Manager's absence. Director Petraska, Department Manager of the Village of Ludlow asked the Board if a refund was available for opting out of the GIS project. VPPSA staff are pulling together GIS cost details in response to a request from Director Petraska. Chair Fitzhugh asked if Ludlow had an amount related to the refund amount.

There was some discussion on the financial burden this will cause the other members, and if other members would be due a refund if one were provided to Ludlow. Implementation of a Board policy around terms for withdrawal from projects was discussed, as was requiring contracts for all future projects. This will be added to the November board meeting agenda as an action item.

15. 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 1:04 p.m.

Respectfully submitted,

Amy Parah, Assistant Secretary