

**APPROVED**

# Vermont Public Power Supply Authority

## MINUTES OF THE BOARD OF DIRECTORS MEETING

April 4, 2018

*Directors present (X indicates attendance in person, P indicates attendance by phone):*

X	Evan Riordan, Barton	X	James Pallotta, Ludlow
X	Jonathan Elwell, Enosburg	X	Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick		Craig Myotte, Morrisville
P	Carol Robertson, Hyde Park	X	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

*Alternates present:*

Penny Jones, Morrisville	Timothy Yarrow, Hyde Park
Lynn Paradis, Swanton	

*Others present:*

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Steve Farman, VPPSA
Amy Parah, VPPSA	TJ Poor, VPPSA	Jeffrey Graham, Graham & Graham
James Gibbons, BED		

(numbers in bold type correspond with agenda item numbers)

- (1)** The meeting was called to order at 9:32 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- (2)** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. There were none.
- (3)** Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public presence and therefore no comments were made.
- (4)** Director Elwell made a motion to accept the minutes of the Regular Board of Director's meeting held on February 7, 2018. The motion was seconded by Director Humphrey. Motion approved.
- (5)** Director Elwell made a motion to accept the Treasurer's report as presented. Director Pallotta seconded motion.

VPPSA staff provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs. The financial results for the period ending February 28, 2018 indicate operational expenses being under-budget by approximately 9%. This includes payroll that are under-budget by 20% and overheads that are under-budget by 7.0%. Office supplies and



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expenses are under-budget by approximately 4.5%. For the year, expenses exceed revenues by approximately \$15K.

The Controller informed the Board of funds received related to Vt. Transco's UTOPUS sale. It was noted that the funds are distributed based on ownership in Vt. Transco; therefore, the members' that own equity directly will receive the payment directly and VPPSA will receive funds related to the units it owns directly and for the benefit of the members. The total for both members and VPPSA is approximately \$510,000.

The motion was approved.

(6) Board Resolution 2018-04, Acceptance of the 2017 Audit Report, was presented to the Board. Director Fitzhugh made a motion to accept Resolution 2018-04 as presented. The motion was seconded by Alternate Director Jones.

Jeffrey Graham from Graham & Graham, PC was in attendance to present the audit report and indicated the Authority received a clean opinion.

Mr. Graham started by explaining the various items that are looked at during an audit including, but not limited to: revenue streams, accounting principles, auditing standards, regulatory review, availability of funds, investment levels, stress tests on debt levels, review of member financial statements, fraud questionnaires, VPPSA staffing, fixed assets, power supply contracts and concentration of risks.

Mr. Graham noted that VPPSA continues to have stable revenues, strong internal control systems, an increase in cash flows, and strong liquidity ratios. The financial statements (balance sheets, profit and loss statement, cash flow statement) were reviewed and it was noted that the statements represent a strong position. The financial notes were highlighted briefly.

The motion was approved.

(7) The General Manager informed the Board that at the last McNeil Joint Owners meeting, BED approached the Owners about the possibility of delaying the major overhaul scheduled for April. This resulted from BED's determination that if Burlington's District Heating project were to proceed, and the McNeil owners agree to sell the new system steam, then significant changes would be needed to the generator turbine. For this reason, BED felt it would be more economical to complete the overhaul and any upgrades as a result of the new project at the same time. If the overhaul is delayed to 2019, it could reduce McNeil's current year capital budget cost by roughly \$2 million. This would result in a reduction of VPPSA's McNeil budget of approximately \$388,000. Staff posed the question to the Generation & Other Assets committee whether the McNeil budget should be amended or whether VPPSA should continue collecting the funds and set them aside for when the work is performed. The Generation and Other Assets committee discussed this at their March committee meeting and recommends that VPPSA continue invoicing with the approved budget.

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Director Morley inquired as to whether the new District Heating project will result in any risk to VPPSA. The General Manager noted that it is early in the process; however, BED is conducting a risk analysis related to the proposed project. Director Humphrey asked if this project provides any benefit to VPPSA and noted that Lyndonville is not interested in the project if it does not provide value.

The Board discussed the funding options (amend the McNeil budget or leave as is and collect revenue as budgeted) and they did not disagree with the Generation and Other Assets committee's recommendation. VPPSA will continue to invoice participants based on the 2018 approved budget.

**(8)** Director Beliveau provided a brief update on the recent Generation and Other Assets committee meeting. Items discussed at the committee meeting include: an update on the Load Reducing Hydro units and other Project updates (Barton solar, Standard Offer projects, Kearsarge, Project 10, etc.). Director Sullivan inquired as to the status of VPPSA's Solar RFP. The General Manager provided a brief update on the Solar RFP, the Standard Offer Projects, Barton Solar and Project 10 (borescope scheduled for May).

Director Fitzhugh asked whether it would be beneficial for VPPSA to participate in net metered solar projects (own the project) rather than members owning them directly. The General Manager indicated that Barton Solar was a unique situation and typically it is not beneficial for VPPSA to own net metering projects. However, if the Board is interested in having VPPSA look at such projects, the General Manager is certainly willing to consider any projects that the Board might propose.

**(9)** The General Manager provided a brief summary of the recent Legislative and Regulatory Affairs committee meeting. The following bills were reviewed and discussed by the committee:

- H. 739 is the bill that creates a 3-year pilot to expand the self-managed energy efficiency programs (SMEEP.)
- H. 907, the Transportation bill, includes provisions related to electric vehicle charging and would authorize the sale of electricity by owners of EVSE at per kWh rates.
- H. 763 is the GHG reduction bill that would require a decarbonization study.
- S. 259 would have increased capacity for net metering groups (150 – 5 MW) and set compensation at wholesale prices.

Other topics discussed include: the Volkswagen settlement dollars and the use of these funds, VPPSA's RES Tier 3 pilot program, and several proceedings in which VPPSA is involved.

**(10)** The General Manager indicated that the VELCO Board will meet on Thursday April 5th. Primary topics that are expected to be discussed include: the SHEI issue, the UTOPUS sale and various merchant transmission projects. In addition, VELCO will be holding its annual meeting.

There was no additional report on the activities of VELCO's Operating Committee. Director Fitzhugh did note there is a workshop on April 13th related to new IEEE inverter standards.

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(11) The General Manager informed the Board that VPPSA will be advertising for a power supply individual in the next week or so. This effort is likely to result in an internal reorganization.

NEPPA is putting together a legislative rally and is looking for interested persons to meet with legislative/congressional constituents. If there is any interest in attending, please let the General Manager know as soon as possible.

(12) Director Fitzhugh made a motion to find that the premature public disclosure of contract negotiations related to HomeTown Connections Inc. would place the Authority at a substantial disadvantage. Second by Director Humphrey. The motion was approved.

Director Fitzhugh made a motion to enter Executive Session under the provisions of 1 V.S.A. §313(a)(1)(A) and 1 V.S.A. §313(a)(3); to discuss HomeTown Connections Inc. contract negotiations and to provide an evaluation of the General Manager, respectively. The motion was seconded by Director Humphrey. The motion was approved.

The Board entered Executive Session at 10:55 a.m.  
The Board returned to Regular Session at 11:55 a.m.

Director Morley made a motion to Approve Board Resolution 2018-05 as presented. The motion was seconded by Director Riordan. The motion was approved. Hyde Park voted no.

Director Sullivan made a motion to accept the employee evaluation for the General Manager and to implement a 3% increase in pay effective with the next pay period. The motion was seconded by Director Riordan. The motion was approved. Hyde Park Abstained.

(13) Other Business: NONE

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,

*Crystal L Currier*

Crystal Currier, Secretary