

**VERMONT PUBLIC POWER SUPPLY AUTHORITY  
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS**  
(numbers in bold type correspond with agenda item numbers)

April 5, 2017

*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
X	Carol Robertson, Hyde Park	X	Stephen Fitzhugh, Northfield
	Joseph Winter, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

*Alternates present:*

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

*Others present:*

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Steven Farman, VPPSA (phone)
T.J. Poor, VPPSA	Maria Fischer, VPPSA	Dave Gagne, VPPSA
Melissa Bailey, VPPSA	Ken St. Amour, VPPSA	Amanda Simard, VPPSA
Jeffrey Graham, Graham & Graham		

- (1) The meeting was called to order at 9:30 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- (2) Chairman Morley asked if there were requests for changes and/or modifications to the current agenda.
- (3) Chairman Morley 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 Fitzhugh made a motion to accept the Minutes of the Special Board of Directors meeting held December 5, 2016, as presented. The motion was seconded by Director Pallotta and so approved.
- (5) Director Elwell made a motion to accept the Minutes of the Regular Board of Directors meeting held February 1, 2017, as presented. The motion was seconded by Director Pallotta and so approved. Director Fitzhugh abstained.
- (6) VPPSA staff provided a verbal financial report, as well as, the operational budget vs. actual summary related to VPPSA’s operational costs. Operational expenses for the year are under-budget by approximately 11%. This includes payroll that is under-budget by 2.9% and

overheads that are under-budget by 5.5%. Office supplies and expenses are under-budget by approximately 25%. For the year, revenues exceeded expenses by approximately \$17.5K.

The project financial results for 2016 CY-to-date were reviewed as well.

Director Elwell made a motion to accept the Treasurer's report for the period ending February 28, 2017 as presented. The motion was seconded by Director Fitzhugh and so approved.

(7) Resolution 2017-03, Acceptance of the 2016 Audit Report was presented to the Board. Director Elwell made a motion to accept Resolution 2017-03 as presented. The motion was seconded by Director Fitzhugh.

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

Mr. Graham noted that in performing the audit several specific items are considered, including but not limited to: stable revenues, internal control systems, cash flows, regulatory oversight, strong liquidity ratios, the strength of Vermont Transco, and the strength of the VPPSA members. 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.

(8) Resolution 2017-04, Project #10 Reserve & Contingency (R & C) True-Up was presented to the Board. Director Fitzhugh made a motion to accept Resolution 2017-04 as presented. The motion was seconded by Director Sullivan.

The General Manager provided a brief overview of the R & C True-up. It was noted that the generation and other assets committee reviewed the R&C true-up and it is the committee's recommendation to transfer the excess funds to the Project 10 reserve fund.

The motion was Approved.

(9) Resolution 2017-05, McNeil Project REC Treatment was presented to the Board. Director Fitzhugh made a motion to accept Resolution 2017-05 as presented. The motion was seconded by Alternate Director Jones.

The General Manager provided a brief background of VPPSA's process for the sale of McNeil Renewable Energy Credits (RECs) and the participants who benefit from that revenue. VPPSA received a request from the Town of Stowe to receive its share of RECs related to the McNeil facility directly. It was noted that both VPPSA staff and legal counsel have reviewed the various McNeil governing documents and since the documents were prepared in the 1980's it is not fully clear how RECs should be handled. Therefore, it was recommended that VPPSA's process for REC treatment be recorded by Resolution.

Director Birkett requested that the Board have a future discussion regarding the value of RECs to determine if it remains in the best interest of the participants to continue selling the RECs, rather than using them to meet specific RES compliance requirements.

The motion was Approved.

**(10)** Resolution 2017-06, Highgate Converter Sale was presented to the Board. Director Elwell made a motion to accept Resolution 2017-06 as presented. The motion was seconded by Director Fitzhugh.

The General Manager updated the Board on the status of the Highgate Converter sale. It was noted that VPPSA staff has met with Transco staff on several occasions and the sale remains on track to occur prior to the end of May. The Town of Stowe is a Highgate participant under VPPSA's ownership and they have requested to own their share directly. The Town of Stowe also notified VPPSA of its intent to exercise the right-of-first-refusal contained in the Highgate Power Sale Agreements. In addition, Hyde Park has requested that VPPSA sell Hyde Park's participant share to Stowe. These requests resulted in a change to the transaction structure but not the underlying financial value of the transaction. VPPSA staff continues to work with Transco, Stowe and the other participants in an effort to ensure a smooth transition.

Alternate Director Jones questioned whether approval of this Resolution also approves potential financing of the Transco purchases. Staff noted that the Resolution does not approve future financing. Any future financing will be approved by separate Resolution once the terms are determined.

The motion was Approved.

**(11)** The General Manager informed the Board that on March 24<sup>th</sup>, VPPSA received notice that the Public Service Board had opened separate investigations in the latest Net Metering Tariff amendments filed by each of the VPPSA members. Given that the investigations are targeted at all the VPPSA members it raised several questions, 1) should legal representation be hired to manage the Dockets, 2) if so, should VPPSA hire one counsel on behalf of all members and 3) how should those costs be allocated?

Alternate Director Jones made a motion to authorize VPPSA to retain one legal counsel to represent all interested members in the pending net metering tariff Dockets, and to bill individual members for this counsel equally base on the number of members participating. The motion was seconded by Director Beliveau.

There was discussion regarding how the legal costs should be allocated; whether the costs should be allocated to members equally or based on load ratio share. It was noted that since the members would pay their own costs if they participated in the docket individually, it was a consensus to allocate costs equally.

The motion was approved.

**(12)** VPPSA staff provided a brief update on the overall Renewable Energy Standard (RES) approach VPPSA is taking. This includes all three Tiers of the RES including:

Tier I – There has been significant market movement around VT Tier I RECs (low value RECs) in the past several weeks. The General Manager provided a brief overview of how VPPSA currently handles low-value RECs, how they are included in the member’s budgets and how they may or may not be handled to meet the Tier I RES requirement in the future.

Tier II – VPPSA staff is developing a new approach to identifying possible projects in this Tier (related to small scale VT based new generation) and an update to this new direction was provided to the Board. It was noted that the new approach includes a two phase RFP. The first phase would include the issuance of an RFP related to potential sites and projects structured to cast a wide net. The second phase would narrow the scope to focus on those locations that appear viable based on initial vendor interest. It would also include a determination as to whether the project(s) would be owned by VPPSA, the specific VPPSA member(s), or the developer(s).

Tier III – VPPSA staff continues to research and develop Tier III pilot options. Staff is currently researching options such as electric vehicles, heat pumps, and weatherization programs. The VPPSA members previously indicated a preference for having VPPSA research custom projects within the member service territories. In an effort to determine the cost effectiveness of these custom projects, VPPSA staff will be reaching out to members to determine what these specific projects are, the various load requirements, and the potential costs of those projects.

The meeting was suspended at 11:35 a.m. to enter the VPPSA annual meeting.

The Board of Directors meeting was reopened at 11:40 a.m. following the VPPSA annual meeting.

**(13)** VPPSA staff provided a report of the Generation and Other Assets Committee meeting held on March 22, 2017. Several topics discussed at the committee meeting included updates on the Highgate Convertor sale, the 2015 and 2017 Standard Offer projects, Project #10 (performance, financial economics, maintenance, reserve and contingency fund, etc.), the Load Reducer Hydro Performance, and the New England Hydro Resource PPA & PSA process. There was also discussion related VPPSA’s planned solar efforts.

**(14)** VPPSA staff provided a report a report of the Legislative & Regulatory Affairs Committee meeting held on March 22, 2017. An update on the Net Metering rulemaking was provided and generated a significant amount of discussion surrounding the Legislative Committee on Administrative Rules objection to the treatment of pre-existing systems under the Public Service Board’s proposed rule. It was noted that all the utilities in Vermont have provided a united front; however, that has not changed the LCAR’s objection. The Board requested that VPPSA staff provide the members with a list of talking points that can be used when discussing this issue with local legislators and senators.

Other Legislative items that were touched on include, the misc. energy bill, storage in the standard offer program (H.501), net metering RECs (H.396), and dam safety (H.92). Regulatory items touched on include, EVT data transfer (Dkt 8316) and the RES implementation.

(15) Director Myotte provided a copy of the agenda for the VELCO Operating committee meeting as an informational item for the Board. VPPSA staff noted that in Director Myotte's capacity as the coordinator of the votes to elect the public power Directors to the VELCO Board of Directors, he requested VPPSA document the votes for this year's election. The information Director Myotte provided to VPPSA includes:

- I have closed the voting for the Public Power representation on the VELCO Board by the public power utilities
- I have tallied the voting results. Fifteen public power utilities voted. The voting was unanimous for Steve Kaminski and Susan Andersen.
- I have informed VELCO of the voting results.
- I have informed Steve and Sam of the voting results.
- I have informed all of the public power utilities of the voting results by this email.
- I am going to ask Ken Nolan to archive the voting results for the VPPSA members. Please let me know if you wish to have any voting materials for your individual company records.

Director Fitzhugh attended the last two Operating committee meetings. It was noted that several topics were discussed including: VELCO move of transformers, weather analytics (being run by VELCO now not Deep Thunder), net metering, ISO five-minute settlement, and VELCO station metering (Highgate/LED).

(16) No additional staff reports were provided.

(17) Director Elwell made a motion to enter Executive Session for the purpose of discussing an personnel evaluation of a public employee per 1 VSA 313 (a)(3). The motion was seconded by Director Humphrey and was so approved. The Board entered executive session at 12:20 p.m.

The Board returned to Regular session at 12:45 p.m. Director Sullivan made a motion increase the General Manager's salary by 3% effective with the next scheduled payroll. The motion was seconded by Director Fitzhugh and unanimously approved.

(18) Other Business: None.

The meeting was adjourned at 12:48 p.m.

Respectfully submitted,

Crystal Currier  
Crystal Currier, Secretary