



## Advisory and Risk Management Committee Meeting

9:30 AM, September 11, 2019  
5195 Waterbury-Stowe Road, Waterbury Center, Vermont

**CALL IN NUMBER: 1-773-231-9226**

**MEETING ID: 802 244 7678#**

### Directors

|                       |                            |  |
|-----------------------|----------------------------|--|
| Reg Beliveau, Swanton | Steve Fitzhugh, Northfield |  |
|-----------------------|----------------------------|--|

### Agenda

*Allotted number of minutes set forth in bold type after each item*

1. Call to Order
2. Consideration of changes/modifications to agenda (**3**)
3. Public comment (**3**)
4. Minutes of the Advisory & RMC Meeting held on July 10, 2019
5. Resolution 2019-06 Transco Equity Purchases Financing
6. VPPSA Operating and Project Budget Discussion
7. Board Strategic Planning Session

### Executive Session

None

8. Other business

### CC:

Vacant, Barton  
Gary Denton, Enosburg  
Riki French, Hyde Park  
Meredith Birkett, Johnson  
Bill Humphrey, Lyndonville  
Penny Jones, Morrisville  
Marilyn Prue, Orleans

Tin Barton Caplin, Barton  
Mike Sullivan, Hardwick  
Pam Moore, Jacksonville  
Phil Wilson, Johnson  
Clay Bailey, Lyndonville  
Jeff Schulz, Northfield  
Lynn Paradis, Swanton

Jonathan Elwell, Enosburg  
Carol Robertson, Hyde Park  
Mac Butova, Jacksonville  
Vacant, Ludlow  
Craig Myotte, Morrisville  
John Morley III, Orleans

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## Advisory and Risk Management Meeting Minutes

July 10, 2019

**Committee Directors:**

|          |                            |          |                            |
|----------|----------------------------|----------|----------------------------|
| <b>P</b> | Reginald Beliveau, Swanton | <b>X</b> | Steve Fitzhugh, Northfield |
|          | James Pallotta, Ludlow     |          |                            |

**Other Directors present:**

|          |                      |  |  |
|----------|----------------------|--|--|
| <b>X</b> | John Morley, Orleans |  |  |
|----------|----------------------|--|--|

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

**Alternates present:**

|      |  |
|------|--|
| None |  |
|      |  |

**Others present:**

|                  |                        |                      |
|------------------|------------------------|----------------------|
| Ken Nolan, VPPSA | Crystal Currier, VPPSA | Julia Leopold, VPPSA |
| Amy Parah, VPPSA |                        |                      |

**Numbers in bold type correspond with agenda item numbers:**

- 1.** The meeting was called to order at 9:34 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- 2.** Director Morley asked if there were requests for changes and/or modifications to the current agenda. There were none.
- 3.** Director Morley asked if there were public comments and/or individuals who would like to address the Board. There were no public comments.
- 4.** Director Beliveau made a motion to approve the minutes of the Advisory & RMC meeting held on November 14, 2018. The motion was seconded by Director Morley. The motion was approved. Director Fitzhugh abstained.
- 5.** Director Fitzhugh made a motion to approve the minutes of the Advisory & RMC meeting held on May 8, 2019. The motion was seconded by Director Morley. The motion was approved. Director Beliveau abstained.
- 6.** VPPSA staff informed the Committee that a full review of all VPPSA organizational policies, procedures and benefits are taking place. The staff met to review the organizational policies and the comments/changes based on those discussions (if applicable) are highlighted in the policies



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that were distributed to the Committee. The staff provided a brief overview of the policy changes. The Committee specifically discussed the following:

- G2- Director interaction with the media
- OP1 - Computer security, passwords and cyber security
- P3- Power supply ratios (forecasted vs actual)

The Committee did not object to any of the changes as presented. It was noted that the Board will be requested to approve the policies as revised at the August BOD meeting.

7. The General Manager reminded the Committee that one of the goals stated at the offsite retreat was having VPPSA manage the RES Tier 3 programs on behalf of the members. This goal implies a higher level of activity and involvement than VPPSA has taken in the past. At the same time, the VPPSA staff has been discussing how to maximize its communications capabilities, as well as, how to comply with regulatory requirements that members provide "best practice load control" as part of their Tier 3 programs. It was noted that in order to accomplish these and other related activities, VPPSA will need access to members' customer information. The Committee and staff discussed what information is readily available, the concerns that might arise from VPPSA having this information and other general marketing programs that might be useful.

The General Manager informed the Committee that staff has reached out to Great Blue Research about the feasibility of conducting a member-wide customer survey. This survey would provide key information regarding customer satisfaction, knowledge, attitudes and interest in a variety of areas. Since this type of outreach would require contact with end-use customers, the Committee was asked if there were any concerns or parameters members may want to place on the effort. The primary concerns were related data privacy and Great Blue's company history (who are they, references, etc.)

Director Morley asked what VPPSA will do with the information once they have it. The General Manager indicated that the intent is for the customer information to be used to conduct the survey and potentially to allow outreach on Tier 3 and load control programs (such as e-mail/text messages being sent to notify customers of peak times). Any other uses would also need to be approved by the members. It was noted that VPPSA staff is continuing to work with Great Blue to develop a budget that is manageable and Great Blue would be invited to the next Board meeting so that the Directors can gain more information and become comfortable with the company.

8. The General Manager reminded the Committee that the Strategic Planning Retreat was conducted on June 18<sup>th</sup> (Board) and June 19<sup>th</sup> (staff), with Tim Blodgett from HomeTown Connections facilitating. The feedback subsequent to the retreat was positive and both the Directors and staff were satisfied with the results. The Committee discussed the vision, mission, values and the list of "goals" and the "areas of focus" that resulted from the effort. It was noted that the staff has subsequently had several discussions/debates regarding the vision and mission and the changes in those statements were discussed. The goals and areas of focus were reviewed in more detail and it was noted that the staff continues to develop these further.

The General Manager reminded the Committee of the many hours over the past several months that staff has dedicated to strengthening the relationship with EVT leadership. That effort seems to be working, in that the PUC will soon be beginning several cases related to the utility/EVT structure and EVT has put forward initial positions that are more in alignment with VPPSA's viewpoints. One key area of discussion is earmarking a portion of EEC funds for individual utility programs. Given that one of the strategic goals was to have VPPSA be more involved with electrification efforts, VPPSA would not want EVT directly related in that realm and EVT agreed. VPPSA has suggested that 50-75% of the EEC be earmarked for local programs. The Committee discussed the idea of

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aggregating the VPPSA member's EEC funds and the fact that EVT may be willing to increase the amount earmarked if the funds are aggregated. The idea was well received.

9. During the strategic planning effort, the General Manager noted that he was able to spend a significant amount of time with Tim Blodgett discussing the public power landscape in Vermont. The VPPSA membership was discussed and it was noted that VPPSA is entering a time of risk. Mr. Blodgett highlighted that this same issue is prevalent across the country and that there is a need for a focused communications strategy and a detailed understanding of the specific value the public power utility brings to the community. With the addition of VPPSA's new Communication Specialist, VPPSA is rapidly developing the tools we need to perform these types of communications; however, VPPSA may not fully understand all of the benefits each member brings to their specific communities. Hometown Connections provides a service designed to help public power utilities identify and quantify the intrinsic value of these benefits. HCI has provided a proposal for helping VPPSA's members understand this issue. The General Manager requested feedback from the Committee as to whether utilizing HCI to develop "Value of Public Power" material would be worthwhile. The Committee liked the concept but questioned whether HCI would be needed to actually perform that analysis or whether higher level guidance in what types of issues to consider might be sufficient. The committee asked for more information on how HCI would obtain the information, the types of information that would be used and what types of results would be provided.

**10.**Other Business: NONE

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

Respectfully submitted,

***Crystal L Currier***

Crystal Currier, Secretary

## Memorandum

To: Board of Directors – Advisory & RMC  
From: Crystal Currier, Controller  
Date: September 5, 2019  
Subject: **Agenda Item #5** – 2019 TRANSCO Purchase & Financing

As you may be aware, TRANSCO will be offering equity later this year. It is expected that there will be one offer with two issues funded independently. The estimated equity issuance is approximately \$9,944,260, with approximately \$740,000 being offered to the VPPSA members.

It is expected that several VPPSA members will directly purchase the equity offered to them and the rest will assign the units to VPPSA to purchase. While some members may purchase the units directly, Resolution 2019-06 is attached and authorizes the financing for the entire amount offered to the VPPSA members.

VPPSA staff will be looking for authorization of 2019-06 at the October Board of Directors meeting.

# Vermont Public Power Supply Authority

## BOARD RESOLUTION 2019-06

### Transco Equity Purchase (December) Long-Term Debt Financing

Whereas, Vermont Transco, LLC (“Transco”) will offer up to 994,426 member units valued at \$9,944,260 to the Vermont Distribution utilities in November and December of this year; and

Whereas, the members of the Vermont Public Power Supply Authority (“Authority”) are allowed under the Transco Operating Agreement and the Transco Equity Agreement between the Authority and its members, to assign their pro rata share as offered to the member, to the Authority; and

Whereas, the Authority is allowed under the Amended Transco Operating Agreement to purchase member units offered to the Authority members, not otherwise purchased or assigned to the Authority; and

Whereas, the Authority intends to purchase all member units assigned to it and to purchase any member units offered to Authority members that are not otherwise purchased or assigned to the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. The General Manager is authorized to enter into long-term debt financing in an amount not to exceed \$750,000 for the purpose of: 1) the purchase of Transco member units for the benefit of certain Authority members (those member units assigned to the Authority by the members); and 2) the purchase of any Transco member units offered to the Authority members not otherwise assigned to the Authority or purchased directly.

2. The financing shall include a fixed interest rate of no more than 5.0% for a term not to exceed ten years. The General Manager may negotiate terms as deemed appropriate, including but not limited to, the selection of a specified lender and the granting of collateral to that lender as security for such financing.

3. The General Manager and the Chair of the Board of Directors of the Authority are authorized to sign the financing documents executed in connection with the above-mentioned transactions.

Adopted by the Board of Directors  
This 2nd day of October, 2019

ATTESTED: Crystal L Currier  
Crystal Currier  
Secretary

## Memorandum

To: Board of Directors – Advisory & RMC  
From: Ken Nolan, General Manager  
Date: September 5, 2019  
Subject: **Agenda Item #6** – VPPSA Operating & Project Budget Discussion

Staff has been working diligently on the Operating and Project budgets since the Board retreat in June. A first draft is well underway but is not yet ready to share with the Committee. A first draft will be ready for the October Board meeting with anticipated further discussions in November and the vote in December. For this committee meeting Crystal and I will focus our discussion with the Committee on areas where questions remain and guidance would be helpful.

One key question relates to additional services. As a concrete example, I have opened discussion with mPower, a GIS mapping vendor out of Minnesota. Lyndonville, Morrisville, and Swanton presently use the software, as do many municipalities in Massachusetts. mPower is willing to consider a member-wide license offered through VPPSA where the software is either hosted at VPPSA or hosted at mPower and managed by VPPSA. In discussions with Bill Humphrey he has expressed support for adding a staff position to manage mapping for all members utilizing the mPower software. I saw a demonstration of the software's power at this year's NEPPA Conference and the analytical capability is quite impressive if you are able to link the maps to your billing system and/or AMI meter data.

From a budget perspective this raises questions about how these new services should be modeled. Should they be rolled into the overall proposed budget or initially treated as project proposals?

The committee should anticipate a general overview of where we see the budget headed, and a conceptual discussion around how we should prepare certain key items as we finalize the October draft.

## Memorandum

To: Board of Directors – Advisory & RMC  
From: Ken Nolan, General Manager  
Date: September 5, 2019  
Subject: **Agenda Item #7** – Board Strategic Planning Session

As the Committee is aware, we will be holding an all-day Board Retreat on the 24<sup>th</sup> specifically to discuss ways to better utilize VPPSA.

Tim Blodgett of HomeTown Connections is returning to facilitate the discussion and I have been working with him over the last couple of weeks to prepare an agenda. That agenda is being driven by both external factors we are becoming aware of as well as the internal succession planning and member challenges Board members have raised.

I plan to walk the Committee through the high-level agenda and information we plan to provide to frame the Board conversation. Your guidance regarding the preparation will be very helpful as staff tries to ensure the Board has sufficient context to have the necessary discussion while respecting that this will be a very challenging meeting covering topics that are likely to solicit a wide range of viewpoints.