

**APPROVED**

**Vermont Public Power Supply Authority**  
**ADVISORY & RISK MANAGEMENT BOARD COMMITTEE**  
**MEETING MINUTES**  
September 12, 2018

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

X	Reginald Beliveau, Swanton	Steve Fitzhugh, Northfield
P	James Pallotta, Ludlow	

*Other Directors present:*

John Morley III, Orleans	
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*Alternates present:*

None	
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*Others present:*

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Amy Parah, VPPSA

(numbers in bold type correspond with agenda item numbers)

- (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)** Director Beliveau, asked if there were requests for changes and/or modifications to the current agenda. There were none.
- (3)** Director 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 Morley made a motion to accept the Committee Meeting Minutes of July 11, 2018. The motion was seconded by Director Pallotta. The motion was approved.
- (5)** The Controller reminded the Committee that Vt. Transco, LLC will offer member units in December of this year. VPPSA staff has reached out to the members to determine if members expect to assign to VPPSA the units offered to them or if they anticipate purchasing the units directly. Subsequently, VPPSA has filed a Section 108(a) requesting approval from the Public Utilities Commission for financing authority to facilitate VPPSA's purchase. Resolution 2018-06 authorizes the purchase the Transco member units (for both members and VPPSA if units are available) and will be included as an action item on the agenda for the October Board meeting. The terms include the purchase up to an amount of \$1.9 million for a term of ten years at an interest rate no greater than 5.0%. VPPSA staff expects the financing to be approximately \$1.3 million; however, the request includes the total amount as offered to all VPPSA members. The Committee did not see any issues with the Resolution.



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The General Manager informed the Committee that BED is bringing the “strategic member” concept to it’s Electric Commission for approval this week. If approved, the Board of Directors would be asked to act on BED’s request to become a Strategic Member at the October or December Board meeting.

(6) The General Manager informed the Committee that over the past few months VPPSA staff had numerous conversations with various members regarding variance in power cost billings. While the variances are for a number of reasons and each explainable, the variance places pressure on the members to cover the unexpected cash flow requirement. VPPSA staff has explored options to alleviate these issues but as the Committee is aware, it is impossible to completely lock in actual costs. One idea that is being explored is to bill members based on their adopted budget instead of actual costs. The General Manager requested initial thoughts and feedback from the Committee. The Committee felt the concept would help smooth monthly costs and did not object to VPPSA exploring the concept further.

(7) The General Manager presented the initial draft budget related to VPPSA’s organizational costs. The variances between the 2018 budget and the 2019 budget were reviewed and discussed. The numbers remain very preliminary at this point; however, the variance from year-to-year is currently an increase of 8.5%. Some of the primary drivers discussed include: one (1) additional FTE was in the FY18 budget for only 6 months, Maria Fischer’s position was in FY18 budget at 24 hrs/wk and this was increased to a full-time position, cost of health insurance related to the new positions and changes in status of other existing positions, and a couple of expenses that were inadvertently not included in the FY budget (TAPS, holiday party).

It was noted that data from BED for McNeil will not be available until early to mid-October and VPPSA staff continues to work out the structure of the RES budget. There was a brief discussion related to the Tier 3 requirements and the interactions between what is required and some of the EVT activities. The AMI activities remain uncertain, so it is expected that a budget for AMI will not be included within the standard budget process, rather it will be produced at a later date and the Board will be requested to act on it at that time.

The Committee discussed the staffing level and felt it warranted discussion by the full Board. The Committee suggested that the General Manager include the new positions in the October presentation to the Board to facilitate full discussion.

(8) Other Business: NONE

The meeting was adjourned at 11:05 a.m.

Respectfully submitted,

*Crystal Currier*

Crystal Currier, Secretary

