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Vermont Public Power Supply Authority
ADVISORY & RISK MANAGEMENT BOARD COMMITTEE
MEETING MINUTES
November 14, 2018

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

P	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	Paul Lambert, EVT (phone)	Amy Parah, VPPSA
Crystal Currier, VPPSA	Barry Hulce, EVT (phone)	

(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)** The General Manager asked if there were requests for changes and/or modifications to the current agenda. There were none.
- (3)** The General Manager asked if there were public comments and/or individuals who would like to address the Board. There were no public comments.
- (4)** Director Morley made a motion to accept the Committee Meeting Minutes of September 12, 2018. The motion was seconded by Director Pallotta. The motion was approved.
- (5)** The General Manager reminded the committee that about a year ago VPPSA began a collaboration with EVT and noted that Paul Lambert and Barry Hulce from Efficiency Vermont were on the call as invited guests. During the collaboration efforts EVT conducted Member site visits, and during those visits it became evident that the Members were interested in information related to the EEC charges submitted to EVT and the efficiency measures implemented in each Member's service territory. Mr. Lambert and Mr. Hulce were invited to speak about various reporting tools that VPPSA and EVT have worked on over the last several months. It was noted that the effort and primary objective is to provide a reporting structure that would give the Members greater insight in to the efficiency work performed in their respective service territories and how each Member's EEC funds are being spent. A detailed review of a composite report for



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the aggregate of all VPPSA Members was provided and the committee was asked for feedback regarding whether the structure, once individualized, would meet their needs.

The General Manager questioned the breakdown of the various cost in proportion to other utilities (for example the cost per total calls for VPPSA members vs. cost per total calls for GMP). Other questions that were raised include the type of projects EVT provides to customers and ownership of Tier 3 (and other program) credits.

The committee indicated that the layout was appealing; however, the committee is eager to see the individualized reports as the data will be easier to relate to.

(6) The General Manager presented the second draft of VPPSA's operational budgets. The changes implemented since the first draft were a result of Board and Member feedback received over the last month. The primary changes include:

- a. Updates to the VPPSA's operational cost
 - i. Updated employee salaries/overheads
 - ii. Added UTC membership
 - iii. Updated HP dues to reflect membership through November
 - iv. Removed BED from Strategic membership
- b. Updated McNeil with operating and capital costs received from BED
 - i. Lower fuel costs in 2019
 - ii. Includes \$500K for analysis and repairs to the water wall
 - iii. 2018 capital reserves credited to 2019 revenues
- c. Updated P10 fuel cost and estimated market revenues
- d. Updated Net Metering to only include VPPSA's internal effort to upgrade existing software

The General Manager noted that he heard from some members about Trustee concerns with the increase in the 2019 budgets and how that might occur again after Hyde Park's departure. The General Manager provided a summary of the consolidated budget costs (VPPSA organizational costs *and* all project budgets) and noted that while member fees are increasing, the total budgeted costs overall are decreasing. The members seeing the largest decrease are those members that participate in the McNeil project since that project is seeing a large decrease in costs for 2019.

The committee was supportive of the consolidated budget and felt that it told a good story. Director Beliveau provided support for the staff and encouraged the General Manager to move forward with the budget with the inclusion of the new staff addition. That position was echoed by the other Directors present.

(7) The General Manager reminded the committee that when VPPSA and the municipal utilities met with the PUC and DPS to discuss areas of concern to the municipals, one of the topics that came up was the struggle related to the approval requirements for municipal utilities when obtaining Section 108 approvals for financing. Subsequently, VPPSA has been working with Bill Ellis (McNeil, Leddy & Sheahan) and Jamie Feehan (Primmer, Piper & Eggleston) to

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develop proposed legislative language to change the Section 108 approval requirements for both municipal utilities and VPPSA.

The proposed changes were reviewed with the committee and it was noted that VPPSA will be sharing the language with other stakeholders over the next several weeks in preparation for the legislative session. The committee was supportive of the proposed changes.

(8) The General Manager reminded the Board that when he attended the Hometown Connections Inc. (HCI) annual meeting, he was able to connect with the managing partner of Wortham Insurance, which is a subsidiary of Marsh Company. They offered to review VPPSA's existing insurance policies to see if any savings could be achieved. This effort resulted in Wortham providing a proposal several weeks ago that we have been considering. The primary savings will be realized in the Project 10 property coverage (generation is an area in which they have expertise); however, there are other positive attributes to the potential coverages that we do not have currently. In addition, Wortham made several other suggestions such as the fact that VPPSA could consider creating a VPPSA pool of insurance products where VPPSA and all of the VPPSA members could pool property to achieve economies of scale related to insurance costs, and VPPSA could participate in APPA's pooled health plan when it becomes available. Wortham had noted that they provided a similar property insurance pool to Southern Minnesota Public Power Agency (SMMPA) and had been able to achieve roughly \$10,000/year savings for each member.

The General Manager noted that this insurance review represents the first direct benefit to VPPSA from its HomeTown Connections Inc. investment, and that given the size of savings indicated and the clear expertise demonstrated by Wortham with regard to generation insurance he was inclined to make the switch. However, the committee was reminded that VPPSA's policies are currently with Denis Ricker and Brown (local agent in Montpelier). A change of this nature would replace VPPSA's longtime relationship with Denis Ricker and Brown, so the committee was requested to provide feedback regarding their thoughts on making this move before it occurred. The General Manager did note that not all policies need to be moved to Wortham. An alternative would be to move several of the primary policies (including the P10 property) to Wortham/Marsh and to leave several of the smaller policies with the local agent (such as workers comp, auto, Waterbury property, etc). This would retain the local relationship and would provide significant savings with several policies.

Director Morley expressed interest in the pooled property coverage and requested that VPPSA explore this concept. The Committee did not express any concerns with making the move in its entirety.

(9) Other Business: NONE

The meeting was adjourned at 11:40 a.m.
Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary

