



Advisory and Risk Management Committee Meeting

9:30 AM, March 12, 2020
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	
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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 (3)
5. Minutes of the Advisory & RMC Meeting held on September 11, 2019 (3)
6. Minutes of the Advisory & RMC Meeting held on November 13, 2019 (3)
7. Committee Charters and Assignments (10)
8. Barton Status Update (10)
9. Battery Storage Discussions/Approach (15)
10. Customer Interactions and Data sharing (15)
11. Other business

CC:

Vacant, Barton
Gary Denton, Enosburg
Pam Moore, Jacksonville
Thomas Petraska, Ludlow
Craig Myotte, Morrisville
John Morley III, Orleans
Lynn Paradis, Swanton

Tin Barton Caplin, Barton
Mike Sullivan, Hardwick
Mac Butova, Jacksonville
Deb Keller, Ludlow
Penny Jones, Morrisville
Marilyn Prue, Orleans

Jonathan Elwell, Enosburg
Meredith Birkett, Johnson
Phil Wilson, Johnson
Bill Humphrey, Lyndonville
Clay Bailey, Lyndonville
Jeff Schulz, Northfield

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Advisory and Risk Management Meeting Minutes

July 10, 2019

Committee Directors:

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

Other Directors present:

X	John Morley, Orleans		
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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 18th (Board) and June 19th (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

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Advisory and Risk Management Meeting Minutes

September 11, 2019

Committee Directors:

X	Reginald Beliveau, Swanton		Steve Fitzhugh, Northfield

Other Directors present:

X	John Morley, Orleans		
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X indicates attendance in person, P indicates attendance by phone.

Alternates present:

None	

Others present:

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

Numbers in bold type correspond with agenda item numbers:

- 1.** The meeting was called to order at 9:37 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 were no public comments.
- 4.** The minutes of the Advisory & RMC meeting were tabled due to a lack of quorum.
- 5.** VPPSA staff reminded the Committee that Vt. Transco will be offering equity later this year. It is expected that TRANSCO will make one offer, that is expected to be funded in two segments - one in November (reissue of the LCSF equity buyback) and one in December (BED SF equity buyback). VPPSA staff has notified the members of the equity issuance and has requested a response as to whether each member expects to purchase the equity directly or if they will assign the units to VPPSA. In order to effectuate the VPPSA purchase, the Board will be asked to approve Resolution 2019-06. This Resolution authorizes the financing of the VPPSA purchase. It was noted that the Resolution indicates an interest rate no greater than 5%; however, based on the responses from lenders thus far, the actual rate is expected to be less than 3%. The Committee did not have objections to the Resolution as written.



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6. The General Manager informed the Committee that staff has been working on the 2020 Operating budgets but a draft was not complete in time for the meeting. However, it was noted that several areas of the budget have been under discussion and the General Manager indicated that he would like feedback from the Committee so that their comments could be factored into the budget draft that will be presented to the Board on October 2nd. The high-level items reviewed include:

Revenues:

Hyde Park is completely removed
2019 Standard Offer revenues of \$130K (revenue for May-Dec 2020)

Expenses:

Added AMI Project - the General Manager explained that VPPSA is currently in the AMI RFI process. The next step will be the RFP process and it is currently assumed that all members will participate through this process and the project budget would be amended once the RFP process is complete. The project concept was discussed briefly - the parts of the project that could be centralized at VPPSA and the components that may be at the member level. Director Morley questioned how members that don't participate initially, could participate in the future. The option of adding non-members was also considered.

Salaries - includes 3% increase

Health Insurance - currently includes 12.5% increase

Travel - significant increase of 32% (based on strategic plan, added staff, etc.)

Communications - increased media presence, planned events, etc.

Information Technology - 28% increase - mobile workforce, cyber security

Depreciation - increase for building renovations

Outside Services - includes architect, strategic plan, BED

Preliminary Results:

Expenses increased 6.2% (offset by Standard Offer revenues)

Member cost increased .7%

Member cost increase ranges from 1.6% - 7.5%

Project budgets still being developed

The Committee did not object to the 3% salary increase or the AMI project concept (project includes RFP process and will be amended going forward).

Additional Services - The General Manager indicated that he is currently looking at software developed by mPower, a GIS software vendor out of Minnesota. Several of the members already use mPower and the General Manager indicated that mPower may be willing to provide a member-wide license for the VPPSA members that would either be hosted by VPPSA or at mPower and managed by VPPSA. If this service were to move forward, it would require additional staff at VPPSA. Costs related to additional services are not currently in the budget it is expected that the budget will be updated after the Board retreat on September 24th (if needed).

7. The General Manager reminded the Committee that the Strategic Planning Retreat for the Board is being held on Tuesday September 24th. This retreat is specifically to focus on how to better utilize VPPSA and the services that VPPSA can provide. The General Manager will provide a broad overview of the agenda and will identify both internal and external challenges that the Board has previously raised. Tim Blodgett from Hometown Connections will then facilitate the discussion with the Board. The General Manager requested information from the Committee regarding topics that they felt would be important to discuss during this meeting. The primary topic discussed was related to member operational activities that could be considered contract services and moved to VPPSA.



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8. Other Business: NONE

The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary



Advisory and Risk Management Meeting Minutes

November 13, 2019

Committee Directors:

X	Reginald Beliveau, Swanton		Steve Fitzhugh, Northfield

Other Directors present:

X	John Morley, Orleans	X	Bill Humphrey
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X indicates attendance in person, P indicates attendance by phone.

Alternates present:

None	

Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Julia Leopold, VPPSA

Numbers in bold type correspond with agenda item numbers:

1. The meeting was called to order at 9:40 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 were no public comments.
4. The Minutes of the meeting held July 10, 2019 were tabled due to lack of a quorum.
5. The Minutes of the meeting held September 11, 2019 were tabled due to lack of a quorum.
6. The General Manager reminded the Committee that like the policies and procedures, each year the staff reviews the Benefits Guidelines to ensure compliance with any changes in law during the previous year and to assess whether the guidelines continue to provide the best framework for the organization. While there were no specific changes in law, there were several areas where the staff felt changes would be appropriate to enhance operations. The areas where changes occurred include:

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No smoking policy
Office Hours and Flex Time
Overtime
Domestic Partners
Sick Leave Donation
Health Insurance

The Committee discussed each of the topic areas, with the primary areas of focus surrounding the office hours/flex time, sick leave and health insurance. The Committee had no objections to the changes.

7. The General Manager provided an update on the progress of the 2020 Operating budgets. Several minor changes were incorporated after the last Committee meeting and further review at the Board of Directors meeting. The changes since the first draft include:
 - a. Increased revenues of approximately \$3K due to anticipated Transco purchase
 - b. Change in health coverage from BCBS to MVP Healthcare
 - c. Employee elections to health care coverages
 - d. McNeil budget updated with BED budgeted data
 - e. Reduction to AMI contract services
 - f. Reduction in P10 budget due to calculation errors
 - g. Updated RES budgeted based on 2019 actual Tier 3 activity

The changes noted above result in an overall decrease of 3.7% or \$397K as compared to the 2019 budget. While expenses are up, project costs are down significantly (primarily McNeil).

8. The General Manager reminded the Committee that during the Strategic planning process the Board identified four (4) areas that they would like the staff to focus. Those include: 1) GIS/Mapping, 2) Engineering, 3) AMI, and 4) Management/Staffing.
 1. GIS/Mapping – staff continues to solidify the software costs with mPower and the other required staff needs to meet this objective.
 2. Engineering – continued efforts on estimated cost of potential staff Engineering assuming that VPPSA pays for a full-time position. VELCO has also expressed a willingness to look at providing engineering services to VPPSA under a contract arrangement but those details are vague at this point.
 3. AMI – AMI is currently included in VPPSA’s 2020 Operating budgets through the RFP stage. This effort will be reassessed in 2020 when the RFP process is complete.
 4. Management/Staffing – this effort has been somewhat challenging and to some degree will be dependent upon the decision on how to utilize the engineer position. A draft list of functions that would be required has been developed but further discussion with the Barton/Orleans management is needed to put specific plans in place.

The Committee discussed each of the topic areas and specifically, the costs and the allocation of those costs related to each initiative. The Committee was supportive of the new initiatives.

9. During the previous discussion regarding the additional services VPPSA may undertake as a result of the Strategic planning process, several new positions were discussed. The General Manager requested that the Committee enter executive session to discuss potential staff changes.

Director Humphrey made a motion to find that premature general public knowledge of the Authority’s discussions and/or negotiations with existing and potential employees would place the Authority in a position of substantial disadvantage during such negotiations. Director Morley seconded the motion. The motion was approved.

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Director Humphrey made a motion to enter executive session to discuss employment relations as allowed under the provisions of Title 1, Section 313 (1)(B) of the Vermont Statutes. The motion was seconded by Director Morley. The motion was approved and the Committee entered Executive session at 11:45 am.

The Committee returned to general session at 12:20 pm. No action was taken.

- 10.** Other Business: Director Morley provided a brief update on the status of the Village of Barton's operations.

The meeting was adjourned at 12:20 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary

Memorandum

To: Board of Directors – Advisory & RMC
From: Ken Nolan, General Manager
Date: March 6, 2020
Subject: **Agenda Item #7** – Committee Assignments

At the last Board meeting the consensus was to allow Board members to self-select committee assignments and attend any meeting they chose. The desire was to move away from an approach that required a quorum to be present.

As a governmental body this approach presents a few challenges that staff will need to address in order to comply with open meeting laws. In order to prepare the proper documents for the April Board meeting staff would like to discuss options with the committee.

To not require a quorum, committee charters will need to be established or modified to clearly delineate that the committees are advisory only and have no authority to take action. The Charters would also need to be clear that no votes will be taken at the committee level and therefore there is no quorum requirement. Agendas would still need to be posted, and staff notes of the meeting would be taken and posted, but not be voted upon by the committee.

Alternatively, the Board could proceed with the same structure in place today but ask each Board member to self-select a committee they wanted to commit to attending, while still be able to attend any meeting they chose. This approach would more cleanly fit within the open meeting requirements.

The third alternative would be for the Chair to assign Board members to committees. The Chair has indicated a reluctance to take this approach, and staff is concerned that assigning committees would be more likely to lead to low attendance, resulting in difficulty meeting open meeting law requirements (as we are experiencing today).

Memorandum

To: Board of Directors - Advisory & RMC
From: Ken Nolan, General Manager
Date: March 6, 2020
Subject: **Agenda Item #8** - Barton Status Update

Staff continues to refine VPPSA's proposal for management services to Barton and is preparing to send the full packet to the Barton Trustees. Since the last committee meeting, the following steps have been taken:

- The proposal has been shared with relevant staff, Board members, and counsel for feedback. A final revision is underway to address comments received, but the proposal description is nearly complete.
- A draft contract between Barton and VPPSA has been developed and is under review to make sure it addresses all VPPSA items. The intent is to provide this to Barton with the proposal description to facilitate discussions. It is fully anticipated that the contract provided will need revision to address Barton's desires, but it will provide a starting point.
- A draft contract between Lyndonville and VPPSA is being developed by VPPSA counsel.
- Steve Farman obtained Barton's FY20 budget and has worked with Kate Kran to understand how the existing VEC contract is embedded in that budget. He then prepared a 5-year forecast of how the VPPSA proposal would affect Barton's revenue requirements, assuming no efficiencies can be identified. The intent is to provide this information to Barton with our proposal.
- The Field Service Manager position has been posted for hiring. Some applications have been received for consideration and advertising continues.

Further updates will be provided at the meeting.

Memorandum

To: Board of Directors - Advisory & RMC
From: Ken Nolan, General Manager
Date: March 6, 2020
Subject: **Agenda Item #9** - Battery Storage Approach

In conducting my member visits this spring several members mentioned an interest in battery storage at their substations. VPPSA is also getting feedback from Encore Renewables that they would like to start pairing storage with their solar projects. In addition, VELCO is beginning to discuss battery storage options for transmission support, and we are hearing from some industrial customers through our RES Tier 3 conversations that storage developers are reaching out to them with proposals to use batteries as a way to reduce demand charges.

Overall, it feels like the timing may be right for VPPSA to issue a storage RFP similar to the approach we took with solar in 2017. The intent would be to identify locations members wanted to consider for storage (substations, emergency service locations, large customers, etc.) and also ask developers for any sites they wanted to propose.

If VPPSA can obtain pricing quotes and more information on presently available technologies, then we would be in a much better position to advise both members and their customers.

Since issuing the RFP would be a significant effort, committee feedback would be very useful in deciding whether to proceed, and if so how to craft the approach.

Memorandum

To: Board of Directors - Advisory & RMC
From: Ken Nolan, General Manager
Date: March 6, 2020
Subject: **Agenda Item #10** - Customer Interactions and Data Sharing

Several issues have surfaced recently with regard to VPPSA's access to customer information and relationship with the members. Specifically:

- In conducting the Great Blue Research survey, VPPSA was not able to get customer contact information from the majority of members. As a result, Great Blue needed to purchase contact information. When purchasing data, it is provided at the zip code level. This created significant issues for Great Blue in trying to verify that survey respondents were VPPSA member customers. It both raised costs and resulted in some unhappy customers. If VPPSA is going to continue these efforts, we need to find a way to share this information.
- In processing Tier 3 rebates Julia is increasingly running into difficulty verify that rebate submitters are VPPSA member customers. The members are sending full customer data sets to EVT but are unable to provide VPPSA with similar data. In many cases VPPSA gets more detailed information from EVT than from the members, but even then EVT is bound by its protocols and does not consider VPPSA an extension of the members.
- At the same time some members have expressed concern that VPPSA staff is getting between the members and their customers. While not expressed as a major concern at present, some members are clearly nervous about the possibility.

It is becoming clear as VPPSA looks to ramp up Tier 3 programs, work more closely with EVT to bring back EEC dollars, and tries to do more communications to build political capital that this tension will remain and could grow.

Now is the time to begin discussing how best to address it and put the protocols in place to minimize member concerns.