



## Regular Board of Directors Meeting Minutes

February 2, 2022

### Board of Directors:

|          |                           |          |                              |
|----------|---------------------------|----------|------------------------------|
|          | Vacant, Barton            | <b>X</b> | Bill Humphrey, Lyndonville   |
|          | Jonathan Elwell, Enosburg | <b>P</b> | Penny Jones, Morrisville     |
|          | Mike Sullivan, Hardwick   | <b>P</b> | Stephen Fitzhugh, Northfield |
|          | Vacant, Jacksonville      | <b>X</b> | John Morley, Orleans         |
| <b>P</b> | Meredith Dolan, Johnson   | <b>X</b> | Reginald Beliveau, Swanton   |
| <b>P</b> | Thomas Petraska, Ludlow   |          |                              |

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

### Alternates present:

|                           |  |
|---------------------------|--|
| Lynn Paradis, Swanton (P) |  |
| Marilyn Prue, Orleans (X) |  |

### Others present:

|                            |                                     |                      |
|----------------------------|-------------------------------------|----------------------|
| Ken Nolan, VPPSA (X)       | Heather D'Arcy VPPSA (P)            | Ken Pulido, VHFA (P) |
| Kim Lyon, VPPSA (P)        | Melissa Bailey, VPPSA (P)           |                      |
| Alex Nicholson, VPPSA (P)  | Ken St. Amour, VPPSA (P)            |                      |
| Crystal Currier, VPPSA (P) | Shawn Enterline VPPSA (P)           |                      |
| Amanda Simard VPPSA(P)     | Maura Collins, VHFA (P)             |                      |
| Amy Parah, VPPSA (X)       | Kelly Lucci, Efficiency Vermont (P) |                      |

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

1. Chairman Beliveau called the meeting to order at 9:30a.m.
2. Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were requested.
3. Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
4. Director Humphrey made a motion to accept the minutes of the Regular Board of Directors meeting held on January 5, 2022. The motion was seconded by Director Morley. Motion approved.



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5. Director Morley made a motion to utilize \$175,000 of the 2021 CY Member fees to be applied as credits to CY 2022 Member fees. The motion was seconded by Director Humphrey.

The Controller provided a review of the 2021 Operational revenue vs expenses with an overall excess of approximately \$221K. This does not include any year-end adjustments that could move this number up or down. Revenues were increased due to billings to members for management services and these were offset by standard offer revenues that were not realized due to projects not going online as expected. Expenses were down overall with the primary drivers being outside services, travel/training, computer, advertising and building maintenance.

During the last several Board meetings, the Board discussed options for reducing the 2022 budget costs. Given that CY 2021 is seeing such significant excess, the staff recommended utilizing a portion of that excess to reduce the 2022 member fees.

The motion was approved.

Director Humphrey made a Motion to accept the February 2022 revenue and expense report as presented. Motion was seconded by Director Morley. Motion approved.

6. Director Morley moved to approve Resolution 2022-02 Project #10 Reserve & Contingency True-up. The motion was seconded by Director Fitzhugh.

The Controller provided a report of the capital improvements at Project #10 along with a summary of funds in the reserve and contingency fund. The total capital expenditures were \$596,705 and \$91,218 is available for transfer from the reserve and contingency; leaving a shortfall of \$505,487. VPPSA staff recommends utilizing the P10 reserve fund to cover the shortfall.

The motion to approve Resolution 2022-02 Project #10 Reserve & Contingency true-up, was approved.

7. Ken St. Amour, VPPSA's Manager of Technology and Security Services provided a brief update on the status of the AMI project. VPPSA has received comments from Bill Ellis on the Aclara contract along with a draft VPPSA/Member contract, both of which are being reviewed internally. Financing continues to be pursued with TD Bank and it is expected that draft documents will be available in the near future. In an effort to utilize ARPA funding for this project, VPPSA was successful in getting AMI on the priority list for Legislative review. Lastly, VPPSA has hired Mequire Whitney, NEPPA's lobbying firm to seek Federal grants and/or other opportunities that might be available for the AMI project. There was a short discussion on other bills in the Legislature.
8. Melissa Bailey, VPPSA's Manager of Government Relations, provided a brief report on Legislative activities. There are two bills under consideration that would implement a 100% renewable requirement for electric utilities. Renewable Energy Vermont (REV) is pushing for an increased requirement for in-state renewable generation while a proposal by Senator Bray would study the costs & benefits of doing so. There was some discussion on how this will affect member hydroelectric plants.

Utilities have provided testimony on a set of grid related infrastructure funding requests to the House Energy and Senate Transportation Committees. Securing funding for AMI remains the top priority for VPPSA.

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Ms. Bailey provided an update on Regulatory activities, highlighting the following rules/cases/dockets:

- **Case #19-0085 Net Metering Rule** - Remains open but the PUC may wait until after the legislative session to proceed.
  - **Case #19-0085 Interconnection Rule** - A draft revised Rule 5.500 has been circulated with comments due February 11th.
  - **Case #20-0203 Low Income Rates** - Comments on potential funding structures for a statewide low-income rate were filed with the majority of stakeholders opposed a requirement to offer a low-income rate.
  - **Case # 21-3883 Energy Storage** - A workshop on siting storage resources was held on **January 13** and a second workshop on aggregation of resources and treatment of storage at existing net-metered and standard-offer projects will be held **on January 20th**.
  - **Case #21-2642 Rate Flexibility** - The standards and procedures to implement minor rate adjustments and innovative rates and services have both been approved by the PUC.
  - **EV Rates** - The PUC submitted a report to the Legislature on electric vehicle rates.
9. Melissa Bailey, VPPSA's Manager of Government Relations reminded the Board that a coalition of utilities, Efficiency Vermont, and Vermont Housing Finance Agency (VHFA) have developed a proposal for an optional to-the-meter tariff that would allow energy efficiency, electrification, and weatherization projects to be paid for through the electric bill.

Ken Pulido and Maura Collins from VFHA and Kelly Lucci from Efficiency Vermont were present to discuss the program and address any questions and/or concerns that Board may have.

The primary discussion was around the benefits of the program, how the program would be implemented, the fact that the program is tied to the meter and not the customer, and that most importantly utilities are not at risk for amounts not collected. Board members expressed concerns with the billing mechanics needed to implement this within their specific billing software programs and asked several specific questions related to how the program is structured. VHFA offered to hold follow up meetings with individual utilities to talk through necessary processes if doing so would be useful.

10. Julia Leopold, VPPSA's Communication Specialist provided an update on RES activities, including the approval of the 2020 RES compliance filing, the 2021 Tier 3 program highlights, and the 2022 program planning. A rebate webinar will take place for utility staff on February 8<sup>th</sup> at 10am. This webinar will review all 2022 rebates and answer any questions utility staff may have.

2021 Highlights:

- o Prescriptive - 486 rebates met 106% of compliance needs
- o Custom - Three custom projects met 51% of compliance needs
- o Combined - 18,258 Mwh savings, or 157% of compliance with the average program cost of \$30.58/MWh

11. Shawn Enterline, VPPSA's Senior Power Analyst provided an overview of the 2021 power supply variances compared to budget. Mr. Enterline also discussed the January wholesale market prices and responded to Board questions about when VPPSA's next planned purchase would occur. Mr. Enterline noted that VPPSA has completed its analysis of the quantities needed by each member but was waiting for wholesale prices to normalize and the legislative discussion about possible Renewable Energy Standard changes to resolve before proceeding. Action will need to be taken in 2022 to address resource needs beginning in 2023.

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**12.** Alex Nicholson, VPPSA's GIS Administrator, provided an update on the GIS project. The primary activity over the last month has been to define the components of data dictionary, update and complete the data dictionary so that implementation can begin. The General Manager shared that Christa Shute, the NEK CUD Executive Director, has reached out to VPPSA to discuss federal grant mechanisms for upgrading aging infrastructure.

**13.** The General Manager provided a brief report on operational activities at Project 10. They include:

- An update on the building addition
  - Roof leak has been repaired.
  - Expanding Wifi coverage
  - Setting up office and classroom spaces
- Dave Gagne and David DeSimone are receiving bids for the potential overhaul in the spring of 2022.
- Both units passed the winter capability audit for the ISO Capacity markets.
- VPPSA staff has managed the plant's bid in the wholesale market on a daily basis to maximize value in the reserve market while maintaining a hedge against excessive energy prices.

**14.** The General Manager provided a brief update on several topics, including:

- 1) Winter Reliability -VELCO continues to convene the Winter Readiness Task Force; however, parties continue to raise concerns that the curtailment plans do not treat all customers the same.
- 2) Communications - Momentum Communications has met with all VPPSA directors and most trustees. They have reported there is a significant gap in alignment between how the VPPSA staff describes the value of public power and how the trustees describe the same value. Momentum will be providing a "communications audit" diving deeper into what they heard during the interviews and will present this to the Board in March.
- 3) Jacksonville - A new accountant has been hired to replace Pam Moore and she seems to be diving right in; however, Mac Butova the other longer-time employee recently left, leaving just one staff person in Jacksonville. They will be looking to hire a customer service type person and Steve and Crystal will continue to provide support as needed.
- 4) Staff Turnover - Today marks Melissa Bailey's last day. Following up on discussion at the last Board meeting the General Manager is moving forward to filling that position.

Kim Lyon has also provided notice and her last day will be February 4<sup>th</sup>. More on this will be discussed in Executive Session.

Hometown Connections (HCI) is seeing similar staff turnovers. In an effort to fill gaps there, the General Manager has had preliminary discussions with the interim CEO to see if there is an opportunity to share an administrative position that would be an VPPSA employee providing support to HCI.

**15.** Board Member Updates

Director Morley noted that gossip in Barton seems to point toward Barton Village moving toward a vote to sell their utility at their village meeting. Because Orleans put in a bid and signed a non-disclosure agreement, Orleans participation in the public discussion surrounding the sale will be severely limited. Director Morley asked the Board whether others felt that VPPSA should be an active participant in the public discussion or should take a more passive role. There was

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unanimous agreement among the Board members present that VPPSA should actively make sure the Barton residents understood the value of owning a municipal electric utility and the risks associated with selling to a non-public entity such as VEC. The Board also wanted to make sure residents understood the hidden costs of a sale, such as Barton's obligations to VPPSA. VPPSA staff will work with Momentum Communications to get the message out.

Director Morley also mentioned concern over the lack of Directors and Alternates and the importance of reaching out to members to fill those vacancies. As members have experienced turnover in leadership they have not always appointed replacement VPPSA Directors, and it is becoming a concern in meeting quorum requirements. The General Manager will work with Chair Beliveau to conduct outreach.

Chairman Beliveau had a short discussion on Swanton's concerns of the Vermont Water Quality Standards and potential impacts on both the Highgate Falls hydro facility and the state's climate goals.

Chairman Beliveau also reported on the election of Public Power Independent Directors to the VELCO Board. Each year all public power utilities must elect candidates to represent public power on the VELCO Board of Directors. The utilities take turns managing the vote, with Swanton responsible for the 2022 process. The results are recorded in VPPSA's minutes to create a record of the results. Chairman Beliveau reported that only two nominations were received for Steve Kaminski and Susan Anderson, who both presently hold the seats, With voting complete Susan Anderson received 14-votes and Steve Kaminski received 13-votes. The Village of Barton abstained and the Village of Jacksonville did not respond. The Village of Orleans cast a vote for Ms. Anderson, but not for Mr. Kaminski. Chair Beliveau will notify VELCO of the results for inclusion in the VELCO Board of Directors balloting.

Chairman Beliveau further informed the Board that the NEPPA Executive Director search committee has narrowed their list to six (6) candidates. They will be presenting finalists to the NEPPA Board of Directors in the near future.

### 16. Executive Session

Director Humphrey moved to enter Executive Session to discuss personnel issues under the provisions of 1 V.S.A. §313(a)(3). The motion was seconded by Director Morley. Motion approved.

The Board entered Executive Session at 12:41pm.  
The Board Returned to Regular Session at 1:05 pm.  
No action was taken.

### 17. Other Business

None.

The meeting was adjourned at 1:05p.m.

Respectfully submitted,

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Amy Parah, Assistant Secretary