



Regular Board of Directors Meeting Minutes

November 2, 2022

Board of Directors:

	Patricia Richards, Barton	X	Jonathan Elwell, Lyndonville
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
P	Mike Sullivan, Hardwick		Stephen Fitzhugh, Northfield
	Vacant, Jacksonville	X	John Morley, Orleans
X	Erik Bailey, Johnson	X	Reginald Beliveau, Swanton
X	Thomas Petraska, Ludlow		

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

Alternates present:

Penny Jones, Morrisville (P)	Lynn Paradis, Swanton (P)
Abbey Miller, Enosburg (P)	Jeff Shultz, Northfield (P)

Others present:

Ken Nolan, VPPSA (X)	Alex Nicholson, VPPSA (P)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Shawn Enterline, VPPSA (X)	James Gibbons, BED (P)
Sarah Braese, VPPSA (X)	Julia Leopold, VPPSA (X)	Crystal Currier, VPPSA (X)
Josh Bancroft, VPPSA (P)	Amanda Simard, VPPSA (P)	Steve Farman, VPPSA (P)
Heather D'Arcy, VPPSA (P)	Ken St. Amour, VPPSA (X)	

Numbers in bold type correspond with agenda item numbers:

1. Chairman Beliveau called the meeting to order at 9:32 a.m.
- 2.** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. The General Manager requested to add item 5.a to the agenda as an action item to discuss waiving Jacksonville interest charges.
- 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. Director Bailey was welcomed to the board and each attendee introduced themselves.

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4. Director Morley made a motion to accept the minutes of the Special Board of Directors meeting held on October 12, 2022. The motion was seconded by Director Petraska. Motion approved.

5. Director Morley made a motion to approve the Monthly Financial report for the period ending September 30, 2022. The motion was seconded by Director Dasaro.

The Assistant Controller provided a review of the 2022 operational revenue vs expenses and noted that net income is just over \$2 million, and operational revenue exceeds budget by almost \$93K or 5%. Conferences, travel, and mileage continue to be significantly below budget (75% or \$55K). Staff will be attending several conferences during the last 3 months of 2022 which will begin to turn this trend in the other direction.. Payroll and overhead continue to be slightly under budget. Other items of note: We received the VLITE grant of \$81,000 which is included in the RES financial reports but there have not been any expenditures related to this project. RES REC purchases continue to be under budget by \$60k or 14%. There was a brief discussion around staff training and education goals.

The motion was approved.

5.a The General Manager informed the board that Jacksonville has incurred an interest charge on overdue invoices. The Jacksonville board requested a waiver of the interest charge. Director Morley made a motion to waive the interest charges. The motion was seconded by Director Petraska. Director Bailey asked if the interest waiver could be pending Jacksonville bringing their account current within 30-days. Director Morley accepted the change as a friendly amendment. The amended motion was seconded by Director Petraska. The amended motion was approved.

The General Manager, the Controller, and the Assistant Controller presented the proposed FY2023 Budget. The General Manager presented the consolidated budget comparison comparing "business as usual" year to year and breaking out the new projects with an overview of each project in the 2023 budget. Director Sullivan asked for a general project overview of the McNeil project and the benefit to the members who participated. James Gibbons from BED added some additional information. There was some discussion around the Project 10 budget and the 5-year capital plan. The RES budget is up significantly from 2022 with Tier I being the main driver of the increase. The bad hydro year that we have been experiencing has added more pressure to the available RECs in the market. Which in turn driving up the costs of those that are available. The requirement for RES increases each year until the 75% goal is met. There was discussion around the difference between buying REC's separately or bundled and included within a power contract. The true RES cost cannot be calculated by looking at the budget because it is combined with the power supply expenses in some cases. The AMI project was discussed in detail. The grant that was earmarked for public power utilities during the last legislative session is a reimbursable grant, so it is beneficial to capture all the expenses to capitalize on the reimbursement. Director Johnstone asked if there was interest in an offline discussion that was a deep dive on the RES compliance. The General Manager asked if there were any specific concerns or items that we needed to dive further into. Director Morley asked for a budget variance narrative that each member could take back to their trustees. The General Manager asked about finding a date for a special board meeting to discuss any additional budget questions before the December Board meeting and the vote. November 16th was suggested, starting at 9:30am.

6. Shawn Enterline, VPPSA's Senior Power Analyst provided an overview of the power supply markets, the primary driving factors related to power costs, actual and future energy prices, and the budget vs actual for each member. Currently the natural gas market is significantly lower than in August. It was noted that if the winter is average to warmer than normal Vermont may not see significant cost swings; however, if it is a cold winter there could be significant shortages. The General Manager gave an update on the Howard Wind contract negotiations. Several Monte Carlo charts graphing the possible risk profile and changes to the price were presented. Subsequently, VPPSA has been negotiating with Stetson Wind (Brookfield) for a bundled power contract that includes RECs. Brookfield provided two

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different options, one with MA class 1 RECs and one with VT class 1 RECs. The risk band is very small with the Stetson Wind bundled with VT class 1 RECs. The staff recommendation was to move forward with the Stetson Wind proposal and buy enough to cover the possible winter shortages. Director Elwell supported moving forward with the Stetson Wind (Brookfield) contract and there was a consensus among the Directors. Director Morley asked if timing was going to be an issue with approving the contract before the potential winter shortages. A brief discussion was held about how quickly VPPSA could lock in the contract. Director Sullivan asked about the weather prediction models being utilized in the forecast for the hedge decisions. VPPSA will proceed with locking down the contract with Stetson Wind (Brookfield).

7. Ken St. Amour, Manager of Information Technology and Security Services, provided the AMI status update. Two kickoff meetings have been held with the members and the third will be scheduled shortly. The AMI project continues to move forward with the expectation that the Aclara contract will be executed within a week. The General Manager noted that the loan documents are expected to close within the month and the funds placed in escrow. The member contracts have been updated with final staff edits. Bill Ellis has the draft PUC filing and is awaiting the executed contract, finalized financing & the DPS grant.

8. Alex Nicholson, VPPSA's GIS Administrator provided an overall GIS program update. Alex also provided an update on the status of each member's project and the anticipated roll-out of the web mapping application for each member. There was a brief discussion around the future trajectory of the GIS program and additional data functions.

9. Julia Leopold, VPPSA's Director of Public Affairs provided the Legislative update to the Board. The three key points from the recent legislative outreach are as follows: 1. Climate and environmental policies need to be in better alignment 2. Electric utilities are facing significant cost pressures this winter 3. Electricity needs to be affordable for Vermonters. James Gibbons asked if there has been any discussion on a fuel adjustment clause to mitigate some of the market volatility. Director Johnstone requested that VPPSA prepare some strategies to keep on the offensive throughout the session and not be playing catchup and stuck in a defensive position. The General Manager indicated a couple of items that VPPSA had prepared, including working with the Vermont Bond Bank on a bill.

Julia Leopold, VPPSA's Director of Public Affairs gave a Communications and advertising campaign update. She provided an update on both the recent and the future planned campaigns. The Momentum Communications hosted focus groups had some engagement from a few of the members. Preliminary results have shown that the tagline "Community is at the Heart of Local Power" had the most traction. Outreach campaigns are still under consideration and include a customer AMI education outreach; an outreach alerting customers about how supply constraints may affect upgrade and extension completions; and an outreach highlighting "Made in Vermont" hydro-power generation.

Lunch break @ 12:12

Reconvened @ 12:42

10. The written Regulatory report was provided to the Board. Sarah Braese, VPPSA's Manager of Government and Member Relations, provided a brief update on various topics including the negotiations with the DOE on the BERAP grant, the conversation with the PSD on the ACRE Proposal, and VPPSA's response to the PUC's Order Requesting Comment on Model 20-0203-INV Low Income Rate Investigation. Sarah also gave a brief overview of the VPPSA response to the Low-Income Docket. VPPSA is prepared to file with the Vermont Supreme Court if necessary to appeal the equity of the administration of a Low-Income Rate for customers. Additionally, the Tier III Annual Plan has been submitted. The Winter Readiness Plans were discussed along with how the VEC & VELCO's plans coordinated with the individual utilities.

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11. The General Manager provided a brief update related to Project 10 activities. A backup RTU was tested with ISO-NE this month. Also, power supply only bid one unit into the winter reserve market to allow greater flexibility in using P10 for an energy hedge. The five-year capital plan for P10 was discussed. The turbine overhaul that was completed this year may produce some savings on the insurance coverage for 2023.

12. The General Manager provided a brief update related to Islesboro, ME; Isle Au Haut, ME; Jacksonville; NEPPA; and the CEO Retreat.

13. The General Manager provided a brief update on the status of Barton. The Barton Trustees approved the Operational Agreement and it is now fully executed. The on-call rotation schedule will be updated shortly. There was an incident this month where a customer complained about the length of an outage. Research of the incident uncovered a potential issue with the call center operations. This has been added to the agenda for the next weekly check-in meeting.

14. Chairman Beliveau provided a brief update on MEAV Operations. With the recent turnover of multiple board members, the overall structure is open for Board discussion. It was noted that VPPSA could be the administrative arm for MEAV going forward if needed, but that does not fill the empty board seats. The members discussed among themselves if there may be any of the member's staff that might potentially want to attend the meetings or be involved. The Chair was asked to send an e-mail to all MEAV members seeking volunteers.

15. Board Member Updates: Director Morley - VEC is filing for a rate increase of 10%-15%. Barton is also looking for a rate increase, but the amount has not been determined. There is ½ Billion in CUD funding coming available through the Vermont Community Broadband Board. Director Beliveau - Teamed up with EVT on the Button Up Vermont program and had more than 1,000 participants in a Halloween event.

16. Executive Session:

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


The Board moved into Executive session at 1:44 pm.

The Board returned to Regular Session at 2:14 pm.

17. Other Business: NONE

The meeting was adjourned at 2:15 p.m.

Respectfully submitted,



Grace Sawyer, Assistant Controller