



Board of Directors Meeting Minutes

August 2, 2023

Board of Directors:

X	Denis Fortin, Barton	X	Jonathan Elwell, Lyndonville
X	John Dasaro, Enosburg	X	Scott Johnstone, Morrisville
P	Mike Sullivan, Hardwick	X	Stephen Fitzhugh, Northfield
	Vacant, Jacksonville		John Morley, Orleans
P	Erik Bailey, Johnson	X	Bill Sheets, Swanton
X	Thomas Petraska, Ludlow		

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

Directors present:

Abbey Miller, Enosburg ()	Lynn Paradis, Swanton (X)
Erica Welton, Lyndonville ()	Penny Jones, Morrisville (P)

Others present:

Ken Nolan, VPPSA (X)	Sarah Braese, VPPSA (P)	Amy Parah, VPPSA (X)
Grace Sawyer, VPPSA (X)	Conner Daley, VPPSA (P)	Amber O'Neill, VPPSA (X)
Drew Clayson, VPPSA (P)	Amanda Simard, VPPSA (P)	Lance Woods, VPPSA (P)

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Fitzhugh called the meeting to order at 9:30 a.m.
- 2.** Chairman Fitzhugh asked if there were requests for changes and/or modifications to the current agenda. There were no changes.
- 3.** Chairman Fitzhugh asked if there were public comments and/or individuals who would like to address the Board. There was no public comment.
- 4.** Director Sheets made a motion to accept the minutes of the Board of Directors meeting held on July 19, 2023. The motion was seconded by Director Johnstone. Motion approved.
- 5.** Director Johnstone made a motion to approve the Monthly Financial report for the period ending June 30, 2023. The motion was seconded by Director Petraska.

The Controller provided a summary of operational revenue vs expenses for the period ending June 30th, 2023. It was noted that YTD net income is approximately \$1.2MM. VPPSA's Operational loss is \$73K year to date, which is less than the budget by \$96K primarily due to Personnel salaries being below budget by \$77K related to the delayed hiring at the start of the year and the lag time in hiring

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replacements for vacated positions. Other items of note: The REC purchase contract of \$1.1MM was delivered at the end of May. For the budget, we did not anticipate delivery of the full contract at once and had evenly spread the expenses to match the revenue. The project will show a decreasing loss for the remainder of the year as the revenue catches up. McNeil generation is under budget 35.13% for the year resulting in revenue being below budget by \$201K. P10 income is greater than budget by \$227K primarily due to Property Insurance being underbudget by \$24K, fuel expenses have been less than anticipated so far this year and interest income is \$94K greater than budgeted year to date.

There was a brief discussion about the shortage of the McNeil production for the year and how it affected the VPPSA membership.

The motion was approved.

6. The General Manager requested the Board consideration of waiving interest charges for Lyndonville Electric as the department has fallen behind on its payments to VPPSA while waiting for its rate case surcharge to take effect. The General Manager proposed a motion to authorize the waiver of \$7,994.66 in Finance Charges billed to Lyndonville Electric related to their past due 03-2023 and 04-2023 CDA invoices. Director Elwell gave a little more detail to the board about the difficulties that LED has been facing with their cash flow and requested that the Board waive the current finance charge and any possible future finance charges for the remainder of 2023. Director Sheets moved to accept the revised motion as presented. The motion was seconded by Director Dasaro.

There was additional discussion about how the interest rate on finance charge is calculated. The General Manager also mentioned that both himself and the Controller were planning to have discussions with various local financial institutions regarding financing. Director Sullivan asked if it made sense to keep this policy in the future if we are going to waive all charges. Further discussion on policy change was tabled.

The motion was approved.

7. The General Manager provided an update of his discussions with VELCO following the meeting on July 19th. He informed Mr. Tom Dunn of the VPPSA member discussion around developing a SCADA/dispatch system to provide the data VELCO required and detailed the technology roadmap development that was derived from our strategic retreat. They also discussed the most useful interval for VELCO to join the VPPSA Board meetings. Finally, Mr. Dunn informed the General Manager that Dan Nelson, VELCO's VP of Technology, intends to reach out directly to the individual VPPSA members to look for ways that VELCO could assist, but the General Manager warned him that it could be counterproductive. VELCO does have a secure data center that may be something that VPPSA could utilize for virtual servers in the future. Chairman Fitzhugh reiterated that he also had a discussion with Dan Nelson that new ideas should be run by the General Manager first before reaching out directly to members. The General Manager suggested having VELCO executive team join the Board meetings on a quarterly basis via video for a specific timeslot. Treasurer Paradis suggested including Michelle Nelson due to the large capital calls that are coming up. A consensus was reached that the quarterly interval was sufficient. A brief discussion about different SCADA systems ensued.

8. Following the Board retreat on June 26th the staff met on June 27th to attempt to consolidate the Board approved Goals into actions. The staff brainstorming ideas and notes were then compiled by Hometown Connections into a draft Action Plan.

The draft Action Plan was presented for discussion.

Areas of action identified:

- Technology: Hire external consultant; catalog constraints & drivers; evaluate gaps; develop plan, timeline & budget.

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- Centralization: Develop a standardized approach for evaluation, establish steering committee, leverage Tech investments when possible.
- Grant Management: Quantify position, assess value of staff vs contract, split of grant/project management.
- Workforce Development: Updated organization chart; establish staff development, internship, and recruitment programs; evaluate use or sale of the physical office.

There was a brief discussion about the pros and cons of VPPSA owning a physical office and other possibilities around the hybrid work schedule and decentralization of the office location.

The next step is that the General Manager will be reaching out to set up the steering committees for the different areas of the Action Plan.

9. The General Manager also provided a brief update on the Barton operation, noting that he had met with the Barton Trustees and discussed replacing VPPSA's existing contract with them for Operational Services with a new contract that would extend the term to 5 years and reduce the weekly price. The Trustees approved the new contract at the meeting. As requested by the VPPSA Board, the contract revisions include an ability for Barton to transfer the agreement directly to Orleans, and VPPSA will be working with the two members to encourage that transfer over the next several months. The tentative transition date has been set for August 28th.

The General Manager provided a brief update on Jacksonville operations. Kyle Hamilton, the office manager has resigned her position as of the end of July. There had been discord in the office for some time and issues between the office and field staff members. In addition, VPPSA staff has been trying to work with Jacksonville for several months to move their 2023 audit and their desired rate case forward, with little success. With the staff turnover VPPSA will now assist the Trustees in hiring a new Business Manager or Utility Manager and will help to perform some of the financial duties until the new hire can be put in place. There was additional discussion around the circumstances in Jacksonville and how VPPSA will be able to assist Jacksonville in getting back on track. The General Manager has started the conversation with the Trustees about changing their charter so that the Trustees do not need to come from the village, which is a small pool, but instead allowing Trustees to be a customer of Jacksonville Electric.

10. The General Manager 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. The General Manager presented a detailed review of the Mystic Station costs and what the variances would be absent the Mystic costs and how the unfavorable rate variance for most members is primarily due to Mystic Cost of Service. There was a brief discussion about the Mystic costs and what was recoverable in rate cases. The General Manager also gave an overview of the Renewable Energy Credits. He also provided an overview of the forward sales already under contract for 2023-2025.

11.a Sarah Braese, VPPSA's Assistant General Manager, provided a brief Power Services update and a highlight of recent and upcoming regulatory items of importance. She summarized the upcoming dates and deadlines for August including but not limited to the PSD Technical Working Group Kickoff, Clean Heat Standard, 2023 RES Tier III Annual Plans, and 2022 Annual RES Compliance. Connor Daley, VPPSA's Manager of Government & Public Affairs, gave a brief overview of the VT PUC Clean Heat Standard proceedings. There was a brief discussion about heat pumps and how they are not the solution for every household. Ms. Braese expressed that Biodiesel and retrofitting may go a lot further for a smaller investment for some households in Vermont. There has been a blip with the MOU that was filed with the DRP between EVT and VPPSA. There was an item specifically agreed to in the MOU around flexible load control (EV Telematics) that EVT was not going to pursue unless Utilities specifically asked EVT to do so, which they are now actively pursuing through various channels. VPPSA's approach and intent moving forward with load management is not solely for EV's but to utilize a product that would allow for multiple device management that gives customers the option to make their own choices. There was a discussion around how this information can be gathered and analyzed for the members and how

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it fits into the technology roadmap. Lastly, in July VPPSA submitted a joint grant proposal under all three Parts of the PSD's Energy Storage Access Program (ESAP) with Washington Electric Coop and Burlington Electric Department. Additional details can be shared upon request. VPPSA will also be preparing a comprehensive program proposal in the coming weeks related to the EV/EVSE Rates requirement.

11.b Connor Daley, VPPSA's Manager of Government & Public Affairs, provided a brief update and overview to the Board including a response to the recent EV/EVSE rates order #23-1364-INV. Both the Department of Public Service and the Legislature are currently separately engaging in Renewable Energy Standard analyses. Senior Power Analyst Heather D'Arcy will participate in the DPS working group/committee on behalf of VPPSA. The General Manager will participate on behalf of VPPSA in the legislative working group. VPPSA has begun sponsorship agreements for several conferences/events throughout the summer with partners, and communications planning will continue through the summer. This includes sponsorship of Efficiency Vermont's Best Practices Exchange, which will highlight C&I customers in member service territories. VPPSA will also be developing a small landing page on its website with resources on flood/storm recovery efforts. It will also continue uplifting as many of those resources on its social media channels as possible. This will be evolving as flood response and recovery efforts continue.

12. The General Manager shared an update that Commissioner Tierney hosted a call that included an invitation for each utility member. Ms. Tierney asked for assistance from the utilities not affected by the flooding. VGS postured to take a leadership role and assist by utilizing efficiency staff to evaluate improvements that can be made to help impacted customers utilizing Tier III funds. EVT had been allocated \$35 million for weatherization during the last legislative session and is seeking to have \$10 million of that reallocated to flood relief efforts. EVT is concerned about multiple efforts stretching resources. Member updates on flood recovery status: Morrisville does not expect hydro generation for several months. Hardwick needs to have their power supply needs looked at because they will not have generation for several months either.

13. General Manager Update: Seven of the IT Cyber Audits have been completed with work on the remaining continuing. Staff continues upgrades to implement two-factor authentication, hard-drive encryption, and other security recommendations at VPPSA and will begin rolling out these improvements to members over the next several weeks. mPower will be onsite for three days in the beginning of August to verify data, refresh maps, etc. and develop a "GIS Administrator as a Service" proposal to replace the vacated staff position. Ludlow informed VPPSA that they were opting out of the program and will be proceeding with the NISC offering. Alcara has executed the AMI contract and VPPSA anticipates executing it within days. VPPSA has sent the final grant language to the DPS and is awaiting final DPS approval. Only four members haven't signed the contract and the General Manager met with two of the Board of Trustees on July 31st. The PUC filing is on target to be made by the end of the month. VPPSA received two responses to the audit RFP that was sent out in July. Subsequently there were clarifying questions received from one respondent which resulted in a significantly modified proposal. The Controller will be sending out a best & final request to both respondents and the results will be presented at the next meeting. Lyndonville had a Custom Tier III project which they declined to offer directly. The incentive meets all the criteria required for the General Manager to authorize the incentive on behalf of VPPSA so the 386 MWh credits will be allocated to all members based on their contribution to VPPSA's 2023 Tier III budget.

14. Board Member Updates: Director Petraska mentioned that he would be reaching out to the other members for comparable pay rates, because he needed to do a salary review.

15. Other Business: None

16. Executive Session: None

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Director Petraska made a motion to adjourn the meeting. The motion was seconded by Director Dasaro. Motion approved.

The meeting was adjourned at 12:49 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Grace Sawyer". The signature is written in a cursive style with a large initial "G".

Grace Sawyer, Secretary