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Board of Directors
Meeting Minutes
December 6, 2023

Board of Directors:

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

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

Alternate Directors present:

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

Others present:

Ken Nolan, VPPSA (X)	Sarah Braese, VPPSA (P)	Jackie Pratt, Guest (X)
Grace Sawyer, VPPSA (X)	Heather D'Arcy, VPPSA (X)	Crystal Currier, VPPSA (P)
Drew Clayson, VPPSA (P)	Amanda Simard, VPPSA (P)	Lance Woods, VPPSA (P)
Josh Bancroft, VPPSA (P)	Steve Farman, VPPSA (P)	Apryl McCoy, 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 was an addition to the agenda of item 7.a.
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 Bailey made a motion to accept the minutes of the Board of Directors meeting held on November 1, 2023. The motion was seconded by Director Sheets. Motion approved.
5. Director Johnstone made a motion to accept the minutes of the Special Board of Directors meeting held on November 29, 2023. The motion was seconded by Director Morley. There were two abstentions. Motion approved.



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6. Director Morely made a motion to approve the Monthly Financial report for the period ending October 31, 2023. The motion was seconded by Director Johnstone.

Ms. Sawyer, VPPSA's Controller provided a summary of operational revenue vs expenses for the period ending October 31st, 2023. It was noted that VPPSA's Year-to-date (YTD) Net Income is \$2,219,257, which is greater than budget by \$220K. Net Power supply and transmission expenses are \$34K above budget. Interest income is \$102K greater than the budget. Interest expense is below budget by \$18K YTD because VPPSA has not had to draw on the LOC. VPPSA's Operational income is \$1,408, which is greater than budget by \$202K Year to date. 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 31.15% for the year resulting in revenue being below budget by \$398K. P10 interest income is over budget by \$167K YTD and various other operating expenses are below budget by \$25K YTD resulting in net income of \$518K which is \$192K greater than budgeted YTD. The GIS Revenue loss of \$5K from Ludlow leaving the project and depreciation expense of \$5K results in the project being over budget by \$10K YTD.

The motion was approved.

7. The General Manager provided a brief written overview of the VPPSA Budget process and noted that Per VPPSA's Bylaws the Board needs to approve VPPSA's annual budget in December so that the new budget is in place effective January 1st. The Board received an overview of FY24 major drivers in October, a high-level budget at the November regular meeting, and a detailed budget package for discussion at the November 29th special meeting.

Director Johnstone made a motion to approve VPPSA's FY2024 Operating, Project and Capital budgets as presented. The motion was seconded by Director Bailey.

The motion was approved.

7.a. The General Manager provided an overview of Burlington Electric Departments request to join in the VPPSA financing and the Strategic Partnership discussions with Burlington Electric Department. BED would like to become a Strategic Member of VPPSA and requested this in writing to the Board of Directors. The General Manager also presented the proposed membership agreement. There was a brief discussion around the membership fees and services and the possible future VPPSA borrowing limitations. There was also a brief discussion about Hyde Park and Stowe possibly wanting membership with VPPSA again. Director Morley asked if there would be a press release in regard to the Strategic Partnership and requested Board notification when posted.

Director Johnstone made a motion to approve BED's Strategic Membership Memorandum of Agreement as presented and authorize the General Manager to sign. The motion was seconded by Director Morley.

The motion was approved.

8. The General Manager provided an overview of the Vt Transco equity that is being issued in December to the members valued at \$30,000,000 to the Vt Distribution utilities. Several of the members have requested to assign to VPPSA, the member units as offered to them. VPPSA has discussed financing with several lenders and explored multiple financing options for this purchase. VPPSA staff recommends engaging with Burlington Bank who has provided the lowest rates and both short and long-term options.

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Director Bailey made a motion to approve resolution 2023-04 with an amendment to just include the rate not to exceed 7.5%. Director Johnstone seconded the motion. The motion was approved.

9. Director Petraska made a motion to enter Executive Session, under the provisions of 1 V.S.A. §313(a) to discuss the McNeil Generating Plant - District Energy. The motion was seconded by Director Bailey. The motion was approved.

The Board entered Executive Session at 10:23 a.m.

Director Morley made a motion to return to Regular Session, seconded by Director Bailey. The motion was approved.

The Board returned to Regular Session at 11:41 p.m.

Director Johnstone made a motion to schedule a Special Board of Directors Meeting on Monday December 18th @ 2pm, seconded by Director Bailey. The motion was approved.

10. Heather D’Arcy, VPPSA’s 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. Ms. D’Arcy 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 the unbudgeted Mystic Station Cost. It is anticipated that this winter the costs will not be as significant as they were in the prior winter. However, ISO-NE has a new fuel program where members will see a charge for an incentive for plants to keep their tanks full. P10 will receive revenue from this program. Ms. D’Arcy also gave an overview of the Renewable Energy Credits. The General Manager notified the Board that VPPSA was going to try and buy as many 2023 Tier III REC’s as possible because the cost has dropped even though it is not in the budget. They will be banked for future years. She provided an overview of the forward sales already under contract for 2023-2025.

Lunch break @ 11:56 p.m.
Reconvened @ 12:26 p.m.

11. Sarah Braese, VPPSA’s Assistant General Manager, provided a brief Regulatory and Power Services update and a highlight of recent and upcoming regulatory items of importance. Ms. Braese also notified the Board that the PUC has denied the use of a proxy applied to mid- and downstream rebates administered by Efficiency Vermont to benchmark low-income spending. As a result of the PUC Order, VPPSA has been ordered to submit its 2022 RES Compliance and will need to adjust future compliance reporting and filings. In regard to previous discussions with the Department of Public Service (PSD) and release of customers’ PII for the purpose of incentive program evaluations, the PSD has rejected VPPSA’s proposed “Opt-in” method to authorize disclosure of personal identifying information. The PSD indicated that refusal to share the complete list of Tier 3 participants (beginning with 2024 program year) the PSD intends to exercise its authority under 30 V.S.A. § 206 and raise the issue with the PUC. After discussion, the Board expressed its desire to pursue an explicit PUC Order to disclose customers’ PII. Ms. Braese reviewed Case No. 23-3604-PET, VPPSA’s petition to implement EV/EVSE Tariff Riders on behalf of its members as well as upcoming dates and filing deadlines including launch of the 2024 VPPSA Rebate Program and new measures.

12. Ken Nolan, VPPSA’s General Manager gave the GM update summarizing the status of various projects including the IT Cyber review, various Federal Grants, Jacksonville Operations, Barton Operations, Pecos Wind, Transmission Joint Ownership, the Legislative RES working group, the AMI project, and the GIS project. As previously noted, VPPSA was not awarded the GRIP grant, nor were most Vermont grant applications. VPPSA is working with our consultant, Meguire Whitney, to assess whether a revised version of our GRIP proposal should be resubmitted. The Sander’s Grant is still under

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negotiation and VPPSA is awaiting approval. Overall, Jacksonville has stabilized, and steps are beginning to improve the operations. Significant progress has been made in bringing down past due amounts to VPPSA. VPPSA continues to look at how it can assist Barton with significant needed hydro facility capital improvements. Bill Ellis has reviewed outstanding bond covenants and determined that a purchase or lease by VPPSA is not feasible. Bill has suggested that a more workable approach may be for Barton to hire VPPSA to operate the facility under an "Operating Agreement" that includes provisions for VPPSA to make capital investments in the plant and recoup the funds through the operating fees. VPPSA is beginning discussions with Pecos on potential PPA rates and interconnection issues. This effort will form the basis for VPPSA moving forward with the community wind concept initially discussed with Pecos. The proposal VPPSA has been working on with MMWEC and CMEEC has passed another milestone in state (NESCOE) review. The legislative RES Working Group has been very active. There is still significant debate, and the utilities are trying hard to bring net metering reform into the conversation. It is likely that VPPSA will want to avail itself of the opportunity for a minority report, and then will need to gear up for the legislative session. The AMI project is now up and running. Aclara is in State working on the FCC licenses. The DPS has indicated the intent to submit testimony in the PUC Docket, "mostly supportive" and has proposed a follow up schedule for VPPSA's response. VPPSA continues to work with mPower to convert GIS operations, and with Dave DeSimone to do Member training. P10 Unit 2 had an outage for several weeks because the unit would start and then trip off. The relays that were installed were the wrong size, so they added another set of relays inside the system to resolve the issue. Then ISO-NE would send the signal to start the unit and it would not receive it, however Dave could start when he tested it. Another test run with ISO-NE was done and it started and ran successfully. Unit 1 is working beautifully.

13. Board Member Updates: Most members fared well with the last outages. Director Morley reminded the members to keep up to date with the VT Outage website. Director Morley inquired about members' input around potential disconnection rule changes mandated by the Legislature and being proposed under Case No. 17-4999-INV. A brief discussion ensued around remote disconnects and landlord notices.

14. Other Business: None

Director Johnstone made a motion to adjourn the meeting. The motion was seconded by Chairman Fitzhugh. Motion approved.

The meeting was adjourned at 1:31 p.m.

Respectfully submitted,

Grace Sawyer, Secretary