

Minutes:

Stowe Electric Commissioners' Meeting

September 23, 2020 at 8:00 a.m. at Town of Stowe Electric Conference Room

Present:

BOARD MEMBERS: Richard ("Dick") Marron, Chairman; Larry Lackey, Vice-Chairman; Heidi Scheuermann, Commissioner

STAFF: Ellen Burt, General Manager; David Kresock, Director of Operations; Kristin Winer, Controller; Mike Lazorchak, Manager of Regulatory Compliance; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 8:04 a.m.

Approval of the August 19th, 2020 Meeting Minutes

On motion made and seconded, the minutes of August 19, 2020 were approved.

Financial Reports

July Financial Reports: SED ended July with a total net income of \$883,000, which is above the 2020 straight-line YTD budget, with the following highlights. Decreased electric sales to ratepayers has resulted in a YTD 10% decrease of \$730,000. These variances are due to COVID-19 and reflect a 23% decrease in commercial sales, which was offset by a 4% increase in residential sales. Fortunately, this revenue decrease has been counteracted by a decrease in purchase power cost of 18% or \$881,000 from budget, mostly due to greater than expected summer coincident peaks resulting in \$200,000 credits back from VT Transco. This revenue decrease was furthermore counteracted by approximately \$90,000 of reductions due to COVID-19 related, FERC approved Vermont Transmission Agreement waiver allowing for a deferment of up to \$10M in charges to VT utilities, however, only until the end of August 2020. The billing for the Town's underground project in the past 6 months contributed to the 51% variance over budget in Contract Work Fees. Distribution expenses were \$194,000 (25%) less than budget due to project and line clearing deferrals, purchasing limitations and seasonality. These distribution expenses will increase in the following months as line clearing has begun again, and other projects will need to be completed and SED's inventory needs to be replenished.

June 2020 Audit: The June 2020 in-person visit was held on August 12th and 13th. SED is expecting a final report in October dependent on the auditor's schedules. This is well within the Town's timing of November 30th for a final audit report.

Operations Report

David reported that again it was a very busy month.

SED experienced many underground conductor failures over the summer, including, the High School, Topnotch, Robinson Springs, High Farms Road, Valemont Road, Notchbrook and most recently this past weekend, the underground at the condos near Lodge Substation. Most of the conductors were installed 30+ years ago and are unjacketed. Some are in conduit, but most are direct buried (sometimes 12 feet to 15 feet deep) making it very difficult to find the fault and make repairs. Many of those repairs are only temporary fixes, and SED needs to work on the layouts and develop a better solution. SED has the highest amount of underground lines compared to other VT utilities. Replacing underground is about 10 times as expensive as replacing overhead lines.

SED's work on the downtown underground project is for the most part complete. Crews worked overnight on September 3rd to safely remove the overhead primary conductors and equipment as well as cutting the pole tops down to the communications space. SED will still need to relocate one overhead service at 144 Main Street as soon as the contractors complete the foundation repair. SED will not be able to pull the remaining poles until all the communications companies have completed their work, which will hopefully be by mid-October.

Regulatory Report

Case No. 19-3603-RULE – 3.706 (D)(1) Pole Attachment Rates: The Department of Public Service (DPS) and the Public Utility Commission (PUC) updated the formula used to determine the rates for pole attachment infrastructure, and the Distribution Utilities (DU's) updated their pole tariff to reflect this change. The DPS recommended that the PUC approve our tariff increase.

New Easement for 486 Moscow Road:

The status of the easement and the need for a resolution that will grant Ellen the authority to complete an easement on Stowe Electric's property for Ethan's updated wastewater system were discussed in detail. This is a complicated transaction, mostly because of the relatively small size of the parcel and State setback requirements. Mike worked with SED staff and contractors, Ed French, Tyler Mumley, and the State on this issue.

Heidi Scheuermann moved that Stowe Electric Department approve the Resolution prepared by legal counsel, to authorize an updated easement for a waste water system on SED property for the benefit of the adjoining properties now known as 487 Moscow Road and 515 Moscow Road, and to authorize the General Manager, Ellen Burt, to negotiate the terms of the easement and execute all necessary documents. Larry Lackey seconded the motion and the motion carried.

The Commissioners signed the Resolution.

Updated Power Interconnection Rights Holder Agreements:

Since the 1980s, Vermont electric utilities have been receiving clean renewable energy from Hydro-Québec through an Interconnection Agreement referred to as the Phase I Vermont Participation Agreement (VPA). The original VPA SED signed was for a period of 30 years and is set to expire on October 31, 2020. Although different funding and power components of this agreement have expired and been renewed throughout the years there was not much revision to the original agreement.

VELCO, as the transmission provider and agent for the Vermont electric utilities, has met with the utilities to update the VPA. The main terms remain the same and still provides SED with the same clean energy and rights. This renewal is for a term of twenty years which will expire on October 31, 2040, unless renewed again.

Given the length of the contract it is necessary for the Board to sign off on this purchase power agreement. None of the original terms of the contract have been modified or changed. Any power contract that involves transmission falls under FERC regulations, therefore, SED hired John Coyle, legal counsel from Washington, D.C. who specializes in both FERC cases and representing municipalities in FERC cases.

Michael and Ellen were also very involved in the draft of the renewal and the numerous meetings with VELCO. It is agreed that SED's rights and obligations are consistent with the original contract and this power agreement helps to hedge against price volatility in SED's regional power market.

Larry Lackey moved that the Town of Stowe Electric Department approve the Resolution prepared by legal counsel, to enter into the amended and restated Vermont Participation Agreement for Québec Interconnection to be effective on and after November 1, 2020 for a term of not less than twenty (20) years and to authorize the General Manager, Ellen Burt, to execute and sign all necessary documents and agreements. Heidi Scheuermann seconded the motion and the motion carried.

The Commissioners signed the Resolution.

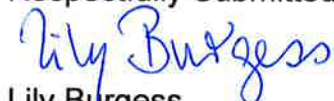
Other Business

The property lines and land ownership around the old SED garage on Dump Road were discussed. The lease options for the old SED garage were discussed at length.

The Board scheduled the next Commissioners' meeting for October 21st at 8:00 a.m.

There being no further business, the meeting was adjourned at 9:31 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board