

Minutes:

Stowe Electric Commissioners' Meeting
March 22, 2017 at 8:00 a.m. at Town of Stowe Electric Conference Room

Present:

BOARD MEMBERS: Richard ("Dick") Marron (via telephone), Chairman; Larry Lackey, Vice-Chairman; Denise Gutstein, Commissioner

STAFF: Ellen Burt, General Manager; Kevin Weishaar, Controller; Matthew Rutherford, Manager of Regulatory Compliance; David Kresock, Director of Operations; Lily Burgess, Clerk of the Board

Larry called the meeting to order at 8:10 a.m.

Approval of the February 22nd, 2017 Meeting Minutes

On motion made and seconded, the minutes of February 22, 2017 were approved.

IT Report

The IT Report was part of the Commissioners' Meeting Packet but was not discussed in further detail beyond the purchase of a new phone system.

Regulatory Update

500 kW Solar Net Metering Projects: Moscow Road and Cady Hill: The PSB issued a final order and CPG for the Moscow Road solar project. The CPG is subject to many conditions the applicants will have to meet in order to commence operation of the project. They will also have to file a letter with the Public Service Board supplied by SED that confirms that the project includes all conditions and system upgrades recommended in the final System Impact Study. As of now, there have been no developments on the Cady Hill project with either CPG application or the System Impact Study.

Interval and Billing Data Transfer - PSB Docket 8316: Representatives from utilities, VEIC, and the Public Service Department met early this month to review the cyber security and privacy protocols and policies which would be applied to any data which may be transferred to VEIC as a result of the conclusion of this docket. All parties were satisfied with the level of sophistication and comprehensiveness of the measures in place. The Public Service Department filed a request with the Board to extend the deadline for submission of a proposed resolution or recommendation of further process to April 14.

Net Metering Rule: Legislative Objection: Through the Rulemaking process, the Public Service Board submitted their proposed net metering rules to the Legislative Committee on Administrative Rules ("LCAR"). LCAR filed a letter in opposition to Rule Section 5.125 which addressed rates and benefits for net metering systems that submitted applications for approval before January 1, 2017. The letter asserted that the Public Service Board did not have the authority to change the rate or benefits for these customers. The new net metering rule guaranteed the current rate of compensation for 10 years of the net metering system operation and allowed these benefits to be applied to all charges on a net metering customer's bill during that same period. After 10 years of operation, these customers would get a reduced rate of compensation and would not be able to apply those credits to non-bypassable charges, such as the customer charge or efficiency charges.

The Public Service Board filed a letter in response to LCAR's objection, stating they would delay adopting the final rule to allow the Legislature to clarify whether the Board does have that authority. They also strongly disagreed with LCAR's position and stated that LCAR's recommendations in the final rule would run counter to the Legislature's instructions to the PSB in developing a new net-metering program, as stated in Act 99. The Board further contends that locking pre-existing net metering customer rates and benefits at their current level would lock-in the cost shifts and upward rate pressure and would work in opposition of the stated goals of Act 99.

2017 Integrated Resource Plan ("IRP"): SED has begun the process of creating a new IRP with Energy New England and also has filed a motion with the Public Service Board requesting to withdraw the 2011 IRP. The Public Service Board will coordinate with their staff during the development process. SED anticipates to be able to file the IRP early this summer.

Financial Update

SED completed their audit for December 31, 2016 without any problems. The new KBS partner managing SED's audit has requested additional audit information, such as an IT audit. KBS has furthermore requested that SED add an allowance for doubtful accounts (miscellaneous invoices, such as uncollectible Car/Pole accident invoices). Overall, SED had a remarkably good year with net income for 2016 of \$796K, \$387K over 2015. Energy costs during the 4th quarter were \$587,000 less than budgeted, mainly due to snowmaking as well as increased usage of market power. Expenses (including new assets, such as a Truck and Digger truck) as well as Other Direct System costs and personnel changes were discussed. Kevin elaborated on the increased IT costs, such as a new server, improved cyber security and PC upgrades in anticipation of the billing system conversion. Capitalized labor cost in connection with the Solar Farm project were discussed.

Operations Report

Operations had a very busy month, with many customer jobs in progress. David elaborated on the line work at the Houston Substation and the installation of the new switch and voltage regulators. The sidewalk project, cell antennas, pole survey were discussed in detail.

Legal Matter (Executive Session)

The Board moved to go into Executive Session at 9:08 a.m. to discuss a legal matter and invited Ellen Burt, Matt Rutherford, and David Kresock to stay. The Board made a motion to come out of Executive Session at 9:44 a.m. and the motion carried. No actions or motions resulted from the Executive Session.

Other Business

Preliminary plans for the Moscow Mills building, timing, and necessary permits for demolition and construction were discussed.

Training and the conversion to the new, more integrated billing system in April were discussed in detail.

Ellen mentioned that the NEPPA Public Management Program from March 29th to March 31st will be held in Stowe. APPA will hold its Board of Directors Annual Meeting in Stowe later this fall as well. SED will be hosting a tour of the solar facility and the EV charging stations and answer any questions during both events.

The Board scheduled the next Commissioners' meeting for Wednesday, April 26th at 8:00 a.m.

There being no further business, the meeting was adjourned at 9:44 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board