

Minutes:

Stowe Electric Commissioners' Meeting:

December 7, 2022, at 8:30 am at Town of Stowe Electric Department Conference Room with remote participation available via Zoom.

Present:

BOARD MEMBERS: Larry Lackey, Chair; Heidi Scheuermann, Vice-Chair; and Sara Teachout, Commissioner

STAFF: Jackie Pratt, General Manager; Brent Lilley, Director of Operations; Sarah Juzek, Controller; Michael Lazorchak, Manager of Regulatory Compliance; Amber Ives, Clerk of the Board

GUESTS PRESENT: Gregory Morrill; Richard J. Thompson; Lois Kiefer; Gregory Kiefer; Margaret Scotti

GUESTS PRESENT VIA ZOOM: "tbart"; Pete Heintzelman; "Your Name"; Bechtel; Dave Lamont; Hilary Radley; Robert Kasle; Chris Beaudry; Michelle Coscia; "19783407721"

Call to Order: L. Lackey called the meeting to order at 8:30 am.

Agenda Approval:

S. Teachout moved to approve the warned agenda, the motion was seconded by H. Scheuermann and was approved.

Approval of November 16, 2022, Meeting Minutes:

On a motion made by H. Scheuermann and seconded by S. Teachout, the minutes of November 16th were approved.

Cady Hill Cold Storage Facility:

L. Lackey familiarized all present with the order of the Cady Hill discussion: staff will make the presentation; the three Commissioners will be allowed to ask any questions that they may have and then the meeting will be opened to questions from anyone else.

L. Lackey advised everyone that this was an informative presentation for both the Commission and the public to understand what Stowe Electric Department (SED) is

proposing and why. As it was the first time that the Commissioners had seen this detailed plan, L. Lackey didn't anticipate making any firm decision about the proposed storage facility on the Cady Hill parcel.

J. Pratt reiterated that there would be no vote today on the project, that SED is assessing the public perspective and trying to determine the best course of action. J. Pratt asserted that the Cady Hill location seems to be the best solution and the purpose of the presentation was to set the stage for what SED is proposing, to demonstrate that the storage facility should not be incredibly disruptive to the neighborhood and that it has been designed to be visually appealing.

Currently, SED has materials stored at multiple outdoor locations: Wilkins substation, Dump Road, and the Old River Road Substation (decommissioned). At SED's current garage location on Moscow Road, there are space limitations, and the parcel does not have room for additional structures. Some equipment is currently being stored outdoors, and there is no room for additional equipment, inventory, or materials. J. Pratt alerted all present to the current physical attacks that have been taking place on electric facilities across the country and the heightened concern around the physical security of equipment within the industry.

The Public Utility Commission (PUC) and The Department of Public Service (PSD) prohibit long-term storage within substations. Currently, SED has materials stored at the Wilkins substation. The planned upgrade to the Wilkins substation will require removal of stored materials before starting work.

J. Pratt advised that if a storage facility is not erected prior to the upgrade, in a worst-case scenario, SED would need to put up a fence adjacent to the substation (on the SED parcel) and move all the equipment that is currently being stored in the Wilkins substation to that new enclosure. However, this is not an ideal solution as it still leaves valuable equipment exposed to the elements.

An indoor storage facility would provide:

- Improved longevity and quality of inventory prior to deployment.
- Security of high-value materials and equipment.
- Room for increased inventory to meet deadlines and maintain reliability despite ongoing supply chain issues.
- Protection of ratepayer investments from weather, vandalism, and theft.

J. Pratt noted that in 2019, SED purchased the Cady Hill parcel (two lots totaling 5.06 acres) in response to a solar proposal on the property. The parcel was purchased for \$97,500, and there was an additional \$52,000 in legal fees associated with the proposed solar development and ultimate purchase of the parcel. There was no development or use restrictions placed on the property by the Commission or on the deed at the time of purchase. J. Pratt referenced the Stowe Electric Commission Minutes from June 25, 2019 at which the intention for use of the Cady Hill parcel was

discussed: “Heidi raised the Cady Hill neighbors’ concerns, and whether SED is planning to build structures, a substation, or a solar project on the property. Dick explained that while that is not the intent of this Board, future Commissions should not be restricted on how they could use the property. Dick [Dick Marron, Chair] reiterated that SED goes before the Development Review Board like everyone else. Ellen [Ellen Burt, GM] stated SED works hard to find mutually beneficial solutions for SED and the affected neighbors.”

J. Pratt explained that the Cady Hill parcel is ideal for a storage facility due to its’ proximity to the office and garage located on Moscow Road, as well as its’ adjacency to the Vermont Electric Power Company (VELCO) substation, Wilkins substation, and major SED infrastructure. As SED is already storing materials on-site at that location, the inclusion of a storage structure on the parcel shouldn’t increase traffic significantly in any way. J. Pratt reiterated that the storage facility is for municipal utility use. SED is not setting up a business location at the facility, so it is not commercial use, SED is simply building a structure to safely store items already on-site to protect ratepayer investments.

Building a storage facility at Cady Hill is the most responsible use of ratepayer funds. SED has an obligation to consider the benefit to the greatest number of customers, while doing what is best for operational efficiency and system reliability. J. Pratt said she was not discounting the neighbors’ concerns but asserted that there is a larger population that SED serves, not just the direct abutters.

J. Pratt reiterated that the proposed structure will require Development Review Board (DRB) approval and satisfaction of zoning requirements. SED intends the design of the storage facility to be aesthetically compatible with the existing historic character of Stowe and to have a barn-inspired look that will blend appropriately with the landscape. In addition, SED plans to implement strategic plantings that will help screen the view of the site from the neighbors.

J. Pratt presented the Board with some alternative options in lieu of developing on the Cady Hill parcel and the pros and cons associated with those options.

A. Sell the Cady Hill parcel

- The concern with this option is that SED would still need to purchase an alternative parcel in today’s challenging real estate market as Stowe is facing high costs and low inventory.
- The parcel would need to be sold at market rate to allow SED to purchase a new parcel in today’s complex real estate market.
- Restrictions would need to be placed on the Cady Hill parcel at time of sale as SED needs to protect critical infrastructure that runs through the property.

B. Retain ownership of Cady Hill and purchase a new parcel for a storage facility

- This option would still require SED to purchase an alternative parcel in today's real estate market with high cost and low inventory, negatively impacting SED's finances.
- Purchase of an alternate parcel will impact the timeline for the Wilkins substation upgrade (slated for late Summer/early Fall) as the parcel would need to be located, purchased, closed on, a new design developed (to fit the new location), approved and built. This time-consuming process would significantly delay SED's ability to improve and expand service out of the Wilkins substation.
- Another concern of this option is that every parcel has neighbors. What concerns will be raised by the new abutters and what unforeseen issues will SED face in trying to build a storage facility? A lot of time and money could potentially be spent, while ultimately not resolving the issue.

C. A Conservation Easement on the Cady Hill parcel

- The conservation easement would have SED continue to own the parcel while a third party managed and maintained the land.
- A conservation easement would still allow SED to construct a facility on the parcel, therefore not addressing the concerns of the Cady Hill neighbors.
- A concern of this option is that the parcel may not be of interest to a third party, such as Stowe Land Trust, as it is not a prime location for conservation due to relation of what surrounds it.
- Another concern of this option is that SED still has critical infrastructure that needs to be protected, and this could impact use of the parcel and interest from third parties to manage this land.
- J. Pratt explained to the board that SED does not see a Conservation Easement on the Cady Hill parcel as a viable option.

J. Pratt gave the Board an overview of the three cheapest properties on the market in SED's service territory and showed that costs are high compared to the overall purchase price of the Cady Hill parcel. Due to the limitations in real estate, SED also looked at alternative locations that are owned by the town: Nebraska Valley highway garage, Moscow Recreational fields, Town of Stowe Recreation Field, the decommissioned Dewey substation, and the old electric garage on Dump Rd. As explained by J. Pratt, all these locations were deemed "not viable" as alternative locations for the storage facility due to various reasons.

J. Pratt explained that if Cady Hill is the location that SED is going to pursue, the next steps would be for SED to come back to the Commission in January/February for official approval of the design and permission to move forward and present the plans to the DRB.

J. Pratt concluded her presentation, and the discussion was opened to the Commission for questions.

H. Scheuermann said that when the property was purchased in 2019, she had just become a Commission member. H. Scheuermann recalls the discussion about the property and that she brought up some of the neighbors' concerns at that time about building on the parcel and remembers the Commission saying that 'there's no intent to do this.' H. Scheuermann wanted to reiterate that it came as a bit of a surprise when the discussion to build on Cady Hill came to the Commission a couple of months ago. H. Scheuermann also wanted to make clear that she realizes these materials have been sitting outside for decades without concern enough to propose a building site, but that given the current state, H. Scheuermann does think that SED needs to have something built to store these materials inside.

H. Scheuermann asked if the proposed building would be built from metal or wood.

J. Pratt responded that technically, it could be either, but she thinks that wood would give more of the vibe that SED and the Cady Hill neighbors are looking for. H. Scheuermann stated that it is possible to make metal structures that look like a barn, and she wanted to be sure. J. Pratt asserted that SED could go metal, as it would be the easiest thing to do, but J. Pratt feels the wood look has a better touch and feel to it for the Cady Hill neighbors.

H. Scheuermann then asked for clarification on the Dump Rd property as she didn't understand why it was deemed to have insufficient space as there is currently a four-bay garage on the property, just as SED is proposing to build on Cady Hill. M. Lazorchak responded that SED does not have access to the garage anymore as it is currently being leased to the Lamoille Regional Solid Waste Management District (LRSWMD). H. Scheuermann asked when the lease was up and M. Lazorchak responded that he thought it was a long period, like twenty-five years, that the building was being leased. The small pole-barn on the property currently being used by SED leaves no space for a redesign that would make it accessible for the line crew to get equipment in that structure.

H. Scheuermann stated that she thought the lease on the Dump Rd. property was on a 5-year lease. M. Lazorchak responded that SED could look at it again, but reminded the Board that SED needs to have a storage solution in place by 2023 to accommodate the Wilkins upgrade.

H. Scheuermann questioned the urgency of erecting a storage facility if there were an alternative location that would come available in five years as that would allow time to get it prepped and ready. J. Pratt responded that SED could double-check on the lease length, but she understood it to be a long-term lease and that LRSWMD did not want to vacate the parcel.

J. Pratt expressed that just because the materials and equipment have always been stored outside, it doesn't mean that was necessarily the right choice. J. Pratt informed the Board that B. Lilley had described to her situations in which the wooden core had

rotted off brand new reels of wire thereby making it incredibly difficult to move and utilize. J. Pratt also noted that SED currently has very expensive transmission wire currently sitting under a tarp.

R. Thompson interjected and stated, 'it hangs on a pole though, it hangs outside.'

J. Pratt responded that these are new materials, and the wire needs to be in good shape before it is deployed. J. Pratt noted that transformers hang on poles, and they hang outside, but you don't want to take one that has been sitting outside for 15 years before you put it in the field for actual use. J. Pratt voiced that she feels it is a longevity issue and that the Wilkins substation is certainly driving some of the urgency behind building a storage facility. J. Pratt noted that former General Manager, Ellen Burt, had envisioned resolving the storage issue with a permanent solution so that SED could get the Wilkins upgrade done without impacting the work that needs to be done at the substation.

J. Pratt informed the Board that another factor driving the urgency is that the electric utility industry is currently experiencing a lot of physical security threats and is receiving a lot of Homeland Security alerts on this matter. Substations are being targeted and most recently in North Carolina, two substations were severely damaged by gunfire in a targeted attack, causing a power outage to roughly 36,000 customers. J. Pratt noted that there are some real concerns in the electric industry regarding the vandalism/domestic terrorism taking place in the country.

J. Pratt explained that another immediate need driving the urgency behind the storage facility is the supply chain issues that the electric industry is currently experiencing. Replacement materials are much harder to obtain right now, and with the long wait times and increased expense of materials it has pushed proper storage and protection of materials to the forefront.

S. Teachout asked if SED currently had an estimate for the storage facility and if it was reflected in the 2023 budget.

J. Pratt responded that the barn is in the five-year capital plan, so there is a budget item for it. SED plans to circle back with the Commissioners to give an updated capital plan in January along with cash flow information and then will present an adjusted budget reflecting the new barn-style design.

L. Lackey asked SED staff to remind the Commissioners of what was budgeted for the storage facility. SED staff responded that it was around \$240k.

R. Thompson asked if that figure included the sitework or just the structure itself. B. Lilley responded that it included both. J. Pratt went on to say that due to inflation, the rising cost of materials and the design modification that SED would need to adjust the budget for the facility, and it would be presented to the Commissioners at the January meeting.

S. Teachout noted that as the design concept has been improved and landscaping added to the plan for the facility that she imagines that it would add to the budget and that the cost would be more than the initial budget of \$240k.

J. Pratt indicated that in the budget for the five-year plan, SED had construction of a pole barn at the Dump Rd. facility in addition to the construction of a facility at Cady Hill. Upon assessment, SED does not think that a new pole barn would fit at the Dump Rd facility, so those two budget items could be combined and hopefully, there would be no significant net change. J. Pratt explained that SED would need to take a closer look at what was budgeted for the structure and adjust accordingly based on the design and upgrades and this information would be presented to the Board in January as these numbers would need to be firmed up prior to applying for permits.

S. Teachout then asked if the Cady Hill barn is built, would all materials and equipment fit in the building, or would SED still need to store some materials outside. J. Pratt responded that the proposed building was designed to meet current needs, plus a little bit more. B. Lilley stated that nothing would be stored outside at Cady Hill and that if needed, it would be stored at a different location. B. Lilley also explained that storing everything inside the barn would eliminate the need to install a metal fence around the entire structure parking lot for security reasons.

L. Lackey asked if the prohibition of storing items in the substation by the Public Service Department is a code issue or if it is in the Certificate of Public Good (CPG). M. Lazorchack responded that it is not currently in the Wilkins CPG, but it is considered a best practice at both a State and Federal level as the concern with storing items at substations is site access and maneuverability, safety, security, and environmental concerns. B. Lilley stated that safety for the linemen is a main concern as the guys need clear access to the subs at least once a month. In addition, B. Lilley is concerned about access to the substation and potential vandalism.

L. Lackey asked SED staff why SED couldn't make do with erecting a fence adjacent to the substation and storing materials there. M. Lazorchack responded that SED does not own the land, it is town owned. SED does not own anything beyond the footprint of the substation; therefore, a fence could not be erected adjacent to it. J. Pratt explained that if a fenced area were erected to store materials it would need to be erected on the parcel of land owned by SED, the same spot in which SED is proposing building the barn.

L. Lackey asked about the proposed size of the storage facility (40 x 100), what it is comparable in size to and if SED truly needed a brand-new facility or could the needs of SED be satisfied with an existing structure. J. Pratt responded that SED could probably use an existing structure, but SED would want to make sure that it is in good shape and that having nothing currently on the market makes that challenging.

As the Commissioners had no further questions, L. Lackey opened the floor for public comment on building a storage facility at Cady Hill. L. Lackey notified the room that he would take comments from those physically present and then he would turn it over to the guests participating via Zoom.

R. Thompson thanked the staff and Board for inviting the Cady Hill neighbors to the meeting. He stated that, as SED was aware, the neighbors were shocked to hear and learn about the proposal to build on Cady Hill. R. Thompson stated that when SED purchased the parcel, the neighbors were told that it was to protect the underground easement and to ensure the preclusion of any future development on that parcel. R. Thompson voiced that what he found most unfortunate, or misleading, is that when the vote for an expanded substation was presented to the neighbors and the town, there was never a disclosure given, it was never understood, that the materials would then be displaced and would need to find a new location and that location would likely be Cady Hill. R. Thompson continued to say that whether that information was intentionally withheld, unfortunately, now, he would not have voted for the upgrade, but recognized that the vote would likely still have passed.

R. Thompson expressed that Cady Hill is a residential area that is zoned residential, and that he felt that SED is going to have to get a conditional use permit. R. Thompson stated he understood that SED is a community-owned utility, but the Cady Hill residents already have two substations, VELCO and SED, in their neighborhood and he expressed that he was tired of the intrusion in a residential neighborhood. R. Thompson informed the staff and Board that he hears the commercial trucks going up and down the road and that he felt building a storage facility would lead to more traffic and expressed concern over how frequently the residents would hear that noise in the middle of the night during a power outage. R. Thompson voiced that a storage facility was not compliant with the character of Cady Hill and the neighborhood and asked that if SED is going to build what is effectively a commercial structure that SED find a zoned commercial district in which to do so. R. Thompson suggested that if SED built the storage facility in a commercially mixed residential use area that SED may not have as many neighbors appealing the proposal. R. Thompson stated that in his opinion, he had not seen a valid need statement for the storage facility. R. Thompson said he understood the desire to get the equipment and materials out of the weather but did not feel that justified the cost that ratepayers would incur to build the structure.

M. Scotti expressed concern over what she considered commercial development in a residential/historic district and how property values would be affected. She also stated that in her opinion, SED will be parking vehicles at the storage facility based on the proposed size of the driveway parking area (60 x 100) and that there is no way that the parking area needs to be that big.

G. Morrill conveyed that the proposed driveway comes very close to his property and that he does not think that planting additional trees would help shield the driveway from view and due to that, he would notice the traffic going to the substation more than he

does now. G. Morrill noted that a berm was constructed to protect the historic lower village from view of the substation, and not only does it protect the rural Vermont aesthetic, but it also does a wonderful job of blocking sound. G. Morrill noted that preserving the rural Vermont viewpoint was one of the reasons the Cady Hill neighbors opposed the solar field that was originally proposed for the Cady Hill lot prior to SED's purchase of the property. In addition, G. Morrill expressed concern over property values being impacted by a storage facility's construction.

G. Keifer voiced concern over the proximity of the proposed driveway (10 ft.) to neighboring properties, and the potential noise from the trucks in the middle of the night.

L. Keifer noted that in the presentation, SED expressed that they did not want to build a storage facility on town-owned recreational properties. She voiced her concern over building on the Cady Hill parcel as the parking lot is used considerably for recreation in the Cady Hill Forest. She let the Board and staff know that the traffic has increased so much that the Cady Hill neighbors were successful in getting the speed limit lowered for the road. In addition, L. Keifer expressed concern over safety, the S-shaped curve and road conditions.

L. Lackey opened the floor to questions for those participating via Zoom.

G. Bechtel expressed concern over increased traffic at the bottom of the hill, especially from heavy machinery and heavy equipment related to commercial use vehicles as there are kids and mountain bikers in the neighborhood. G. Bechtel stated that there is already increased risk from all the low-load traffic that is coming in to use the Cady Hill Forest. He feels that the Cady Hill neighbors mitigated some of that risk by getting the speed limit lowered. G. Bechtel conveyed concern over safety along the S-shaped curve as he feels it creates a very dangerous situation for other vehicles and bicyclists. G. Bechtel stated that the recreational fields only get used periodically when games are scheduled while Cady Hill Forest is used extensively daily, increasing the risk of potential calamity related to that usage. G. Bechtel voiced concern over a zoned residential area morphing into commercial use as it goes against the intent of what was developed there originally.

P. Heintzelman voiced concern over a commercial building being built in a residential area, as well as the size of the proposed storage facility as he feels that it will be a massive eyesore from the other side of Route 100, and they already must look at the substation. P. Heintzelman asked if SED was planning to make a fenced area around the building. J. Pratt responded that it was not part of the plan at this time, but that could change in the future if there is a need for better security. P. Heintzelman asked if there would be overnight parking or long-term parking on the parcel. J. Pratt responded that SED does not have any specific thoughts on that for the future, but it is not SED's intention at the moment. P. Heintzelman asked if there is a way for SED to utilize the three current storage areas more efficiently as opposed to building something new and expressed concern that building the storage facility would increase rates as well as

cause his property value to decrease as the building would be in his view shed. P. Heintzelman said that he would love to see some analysis in terms of SED utilizing what it currently owns in a more efficient manner to accomplish the same thing.

L. Lackey responded that what he took away from the presentation was that collectively, the three existing locations are inadequate in terms of security, the protection of the equipment from the elements, and the convenience of having it all in one place. L. Lackey noted that it is not just about the equipment SED owns now, but the inventory SED wants to maintain due to concerns over extended lead times. J. Pratt verified L. Lackey's assessment and added that there is inadequate room to build cover at all three of those locations.

L. Keifer stated that when SED purchased the Cady Hill property, that the abutters were told that there wouldn't be any buildings built on the property and that nothing was planned. L. Keifer expressed her frustration that she was again being told that nothing is planned, and she felt that, essentially, SED could do whatever it wants down the road.

J. Pratt responded that she understood what L. Keifer was saying, but the reason SED does not want to state anything with absolute certainty is that circumstances and needs could change. J. Pratt further explained that SED wants to try and find mutually beneficial options and that SED wants to be a good neighbor.

L. Keifer stated that the Cady Hill residents provided a right of way for SED to access the land and now she feels that they are getting slapped in the face. J. Pratt responded that there are challenges as a utility providing reliable service to the community of Stowe. The facilities that exist at Cady Hill are necessary to support the growing community with reliable, safe electricity and because SED is ratepayer owned, it is the goal of SED to do this in a fiscally responsible way which prioritizes good outcomes for all of SED's customers. J. Pratt stated that SED is not trying to be an adversary, nor is SED trying to misrepresent anything. SED is trying to find good solutions to continue to provide high quality, reliable electricity to SED's customers in a way that makes sense, while meeting the requirements that SED is obligated to as a utility. J. Pratt conveyed that SED is not a nameless, faceless utility that customers send a check to every month. SED is part of this community, and the community matters to SED. The utility is having these conversations and hearing these concerns as SED wants to do what is right for all of its customers. J. Pratt noted that in SED's evaluation, the Cady Hill parcel is where a storage facility makes the most sense, and this conversation is important for that reason.

G. Keifer asked if SED had evaluated the parcel where the old Stump Dump used to be in Moscow as that is town-owned land that would be out of everybody's way. SED responded that they had not investigated building on that property but would inquire.

R. Thompson asked if SED had prompted any discussions with Vermont Electric Power Company (VELCO) to collaborate with them and build a storage facility on the plot

where the substations are currently located as it is a flat site which would not require a ton of site prep. B. Lilley responded that there are a few issues with building there as there is a major transmission line that goes through there to Morrisville, SED has underground cables through there and there is not a lot of real room to build there due to the infrastructure that exists.

R. Thompson inquired if SED had considered some sort of easement, not necessarily a conservation easement, but an easement that would prohibit future construction and compensate SED for the loss of not being able to build on the parcel. M. Lazorchack responded that SED is not aware of that type of easement, how to value it, who would hold it and who would pay SED for not building on the land. L. Lackey questioned the reason for SED to convey an easement to a third party if SED is not entirely sure of future needs. L. Lackey stated that in just about every development proposal, there is someone who is adversely affected, and it is not the norm to grant that type of easement to address the concerns of the neighbors. Therefore, in L. Lackey's opinion, it would not be in the public interest to grant an easement of that type on the Cady Hill parcel.

In wrapping up the Cady Hill discussion, L. Lackey summarized next steps: SED would ask the town about the Stump Dump location and SED would continue to refine some of the cost estimate and design for the storage facility. J. Pratt asked if the project is a non-starter or if the Commissioners would like SED to proceed with the cost estimate and design. H. Scheuermann responded that she would like to find a different parcel. L. Lackey asked H. Scheuermann what it is that she thinks SED will find that is better than the Cady Hill parcel. H. Scheuermann responded that she didn't know and that she was still thinking. J. Pratt asked H. Scheuermann if SED should pursue both options for the next meeting. H. Scheuermann responded that she didn't have an answer to that either, she was trying to wrap her head around it and she thinks that there might be better options. L. Lackey reiterated that there is a time pressure of needing to get transformers out of the existing substation fence so that the work for the Wilkins upgrade can proceed. J. Pratt confirmed that some of the early groundwork for the Wilkins upgrade would begin mid to late Summer of 2023 and that SED has a defined need for a building. L. Lackey said he began the conversation as a skeptic as to whether SED needs to change something about the existing storage, but he thinks that J. Pratt and staff have made a good case for a new facility. L. Lackey noted that SED can't keep storing all the equipment in all the places SED has been, and certainly not within the substation on Cady Hill. SED needs a different facility and now it is a question of where the storage facility will be located and what form it takes. L. Lackey noted that it would be ideal to have an interim solution that would allow SED and the Commission more time to come up with other options for a location while not impeding the timeline for the Wilkins upgrade. S. Teachout voiced that she feels SED should continue to explore other options if there are some as the Cady Hill site is problematic. S. Teachout stated that she sympathized with the landowners, but that she also understands the needs of the Electric Commission and therefore, SED should move forward with planning for an

option. J. Pratt asked if S. Teachout was referring to an option at Cady Hill and explained that SED could pursue two threads: SED can investigate the Stump Dump property as well as other potential parcels and SED can map out the cost of Option A versus a cost of Option B and bring that to the Commission in January with regard to the purchase of another parcel.

H. Scheuermann stated that if SED must purchase another parcel that she doesn't see a problem with selling the Cady Hill parcel in order to get the money to purchase a new parcel. H. Scheuermann voiced that if that is over two lots, or three houses, she thinks it is still a better option for that neighborhood than a commercial building, and that building on that parcel should not preclude SED from selling it. J. Pratt responded that SED must ensure the infrastructure is protected and that will need to be considered if SED sells. L. Lackey expressed that SED needs to continue to refine the design for the facility while at the same time continuing to explore alternatives. J. Pratt stated that SED will try to capture costs for both options, research the potential value of the parcel and get some determination on whether the parcel can be sold outright or whether it needs to go to bid.

J. Pratt stated that at the January Commissioners meeting, if it looks like Cady Hill is the direction that SED is going, the SED staff will continue to refine the official proposal for approval at the February Commissioners meeting. J. Pratt stated this timeline would get SED on the Development Review Board (DRB) schedule in order to get the project going, but due to the timeline of the Wilkins upgrade, it might mean that a temporary location might need to be found for the items that are currently at the Wilkins substation. J. Pratt reiterated there are numerous reasons why building a covered storage facility is the right decision for SED, but as this is clearly a sensitive subject for the Cady Hill location, SED will come back to the Commission with a couple different options to help the Board make a better, more informed decision. L. Lackey agreed with J. Pratt that Cady Hill needed to continue to be considered and that SED should keep going down both tracks to come up with the best solution.

At 9:39, guests Gregory Morrill; Richard J. Thompson, "RJ"; Lois Kiefer; Gregory Kiefer; Margaret Scotti; "tbart"; Pete Heintzelman; "Your Name"; Bechtel; Hilary Radley and "19783407721" left the meeting.

December 2022 Rate Case:

S. Juzek informed the Commissioners of a change to the 2023 Operating Budget. The Commissioners had been provided with a budget that reflected a rate model of 12.6%. However, based on a recent review with the Department of Public Service (PSD), the rate model had been reduced from 12.6% to 12.1%. S. Juzek noted that she would provide the Commissioners with an updated 2023 Operating Budget that reflected this change and the adjusted numbers.

D. Lamont explained to the Commission that the rate increase was driven by rising purchase power costs, increases to wages and benefits, and interest expenses related to the Wilkins substation. D. Lamont reminded the Board that 3% of the proposed rate increase of 12.1% was left over from the last rate case as the recommendation was for SED to petition for a 16% rate increase, but SED was approved to ask for a 13% increase. L. Lackey asked D. Lamont if he felt the department would consider the rate of 12.1% as a valid request based on the methodology for determining the revenue requirement. D. Lamont responded that he felt the department would be fine with the rate request of 12.1%.

L. Lackey noted that the Wall Street Journal reported that natural gas prices seem to be going down and that he was curious about our long-term contracts that are indexed to market and whether Energy New England (ENE) has done projections for those based on the formula in the purchase power agreement. D. Lamont responded that the rates were based on forward prices and that the market prices should consider fluctuations and be reflected in the calculations. R. Kasle stated that the current decrease in gas prices are winter related as the weather has been mild so far, the situation is still volatile, ENE is not seeing a corresponding decrease in power prices and that ENE feels the gas prices could go back up pretty quickly due to the situation in Europe and cold weather.

H. Scheuermann asked what factors SED should look for to reduce rates and what the historical timeline is for making these assessments. M. Coscia responded that the financials are submitted to the department every year and that if the revenue outweighed the cost, the department would trigger a rate reduction. H. Scheuermann stated that she does not want to wait for the department to trigger a rate reduction, she wants SED to trigger the rate reduction and be proactive in reassessing SED's current rate. J. Pratt responded that S. Juzek is checking numbers every month and if SED is consistently over-collecting, S. Juzek will flag it and suggest that SED lower its rate.

M. Lazorchack responded that SED has worked hard to close its open position in the winter and that SED has considered moving toward a seasonal adjustment as power prices are natural gas dominated in the winter which makes it difficult to predict rates. L. Lackey stated that if SED saw a consistent, enduring drop in prices, that SED can tell the department that SED would be fine with filing a lower rate increase if the department feels it is justified. In addition, SED could petition the state for a rate decrease at any point in time. L. Lackey stated that electric utilities are in an unusual position as they cannot economize by finding a less expensive source of power as they are already doing that. M. Lazorchack explained that SED has been trying really hard to close its open position to avoid market price fluctuations and that SED is constrained by the Renewable Energy Standard (RES) in Vermont which requires distribution utilities to procure a defined percentage of their total retail electric sales from renewable energy. S. Teachout asked SED staff to update the Commission quarterly on the budget projection and SED's current standing to assess if SED can petition for a rate decrease.

J. Pratt stated that as a public utility it is SED's intent to provide fair price and good service, therefore SED would like to be able to decrease rates if it is feasible financially.

L. Lackey asked if there is more that SED could do to reduce the transmission charges by reducing the peak load. J. Pratt responded that SED is in the early stages of looking at battery storage to reduce some of those higher costs and to help SED increase its resiliency in an emergency situation.

L. Lackey summarized that the Commissioners had received an overview of SED's power cost from ENE, confirmation that there was no way to economize and buy less expensive supply in order to meet SED's requirements, and that action needed to be taken on the rate request.

H. Scheuermann moved a motion to allow SED staff to petition the Public Utility Commission for a rate increase not to exceed 12.1% with the final amount of the rate increase to be determined through the calculations by the Department and its consultants, to be effective February 1, 2023. S. Teachout seconded the motion, and it was unanimously approved.

At 10:05 am, Dave Lamont; Robert Kastle; Chris Beaudry and Michelle Coscia exited the meeting.

2023 Stowe Electric Department Operating Budget:

J. Pratt and S. Juzek informed the board that with power supply and material costs skyrocketing, the 2023 Operating Budget relies heavily on a rate increase to ensure the utility can adequately cover expenses. In addition to the rate adjustment, SED staff has sought creative ways to reduce operating costs, including reducing credit card and legal fees, replacing the current phone system, establishing an in-house tree crew, and potentially changing the current fiscal year to a July-June cycle in alignment with the Town of Stowe in order to reduce the number of audits conducted.

L. Lackey inquired about SED's plan to lower the maximum daily credit card transaction amount to \$2,500 effective January 1, 2023, and whether this policy requires approval of a tariff filing by the PUC. S. Juzek responded that it does not, SED would only need to update our tariff if SED charged a processing fee which SED does not. H. Scheuermann noted that there is a current movement in the world to pass those credit card fees on to the customer and asked if that was something that SED could do. J. Pratt explained that yes, SED could charge those fees, but it would need to be filed with the tariff and that currently, our existing contract with our billing company does not allow SED to charge these fees. In addition, S. Juzek explained that SED receives a lower percentage rate from the credit card company because SED does not pass those costs on to its customers.

L. Lackey inquired as to how many employees the SED staff foresees being on the proposed in-house tree crew. B. Lilley responded that SED would employ a Foreman/Crew Leader, a climber and a groundman as any tree work that is done in a tree requires two climbers on-site. B. Lilley explained that if a climber was off (due to injury, vacation, illness, etc.), that the remaining tree crew members could do ground clearing. H. Scheuermann inquired as to what assets SED will need for the tree crew. B. Lilley responded that SED would need to purchase a forestry bucket truck, a chipper, chainsaws, and various equipment. S. Juzek explained that a rough estimate for cost was about \$250k and that the depreciation for the equipment was \$51k. L. Lackey inquired as to the cost savings on contracting versus payroll. S. Juzek replied that the budget was reduced by \$200k as SED had budgeted \$235k for tree trimming contractors.

S. Juzek informed the Commission that SED is experiencing difficulty in finding contractors to do the job and that by hiring an in-house tree crew, it will allow SED to meet the line maintenance requirements of the PUC. S. Juzek further explained that a tree crew could potentially add revenue to the budget as the tree crew could be contracted out to other utilities who are in need of line maintenance services. L. Lackey asked if the tree crew would be Union employees. J. Pratt responded that based on the Union contract and policies at the State level that the HR attorney felt the tree crew would need to be Union, but that SED would dig into that a little more. L. Lackey inquired as to the costs of reversing the SED-owned tree crew if SED found that it was not going well, and SED had to return to contracting the work. B. Lilley stated that every utility in Vermont is struggling right now trying to find right-of-way crews and that Green Mountain Power had contacted B. Lilley when they heard that SED was thinking about forming an in-house crew and stated that they would be interested in utilizing them as well.

S. Teachout inquired as to whether it would be hard to get the employees. B. Lilley responded that it could be, but the wages and benefits would attract them to the position as a lot of tree crew members probably don't have a lot of benefits. J. Pratt stated that having an in-house tree crew would help with not only meeting PUC requirements, but reliability in the event of severe weather and therefore the pros of having an in-house tree crew outweighed the cons. S. Juzek added that adding the tree crew had no impact on financials. S. Teachout stated that she liked the idea of having a dedicated, local crew. L. Lackey added that he feels there is a value in service restoration, not delaying installations and increasing the number of line miles cleared each year. L. Lackey stated that when voting on the budget, the Commission will expressly note that it includes these additional positions and that would indicate the Commission's support and green light for adding an in-house tree crew.

J. Pratt told the Commission that the other big change that SED staff proposed was to reduce the number of audits conducted from two to one to save an estimated \$26k annually. Currently SED is conducting an audit following the close of the Town's fiscal

year on June 30th to provide audited financials for the Town's annual report. The second audit is conducted after Stowe Electric's operating year closes on December 31st. J. Pratt noted that the audits come at a substantial cost and that it takes a lot of staff time, most notably S. Juzek's time, to complete them. J. Pratt noted that one way for SED to eliminate an audit is for SED to get the Town of Stowe to waive the requirement for a June audit. This option does not seem likely, so the other option is to move SED to a July 1st to June 30th fiscal year to align with the town. J. Pratt stated that SED staff have determined that there would be no issues with the PUC as they have other utilities who are on a July-June fiscal year, and they submit six months of audited financials and six months unaudited.

H. Scheuermann made a motion to change Stowe Electric Department's fiscal year to a July through June cycle to align with the Town of Stowe. The motion was seconded by S. Teachout and unanimously approved.

H. Scheuermann requested confirmation that the 2023 Operating Budget that the Commission was voting on would be adjusted to show a 12.1% rate increase versus a 12.6% rate increase. S. Juzek confirmed and stated that the audit elimination was also not reflected in the presented budget. S. Juzek stated that with changing the expected February 1st rate increase to 12.1% and including the approved audit elimination savings of \$26k, the 2023 calendar year budget anticipates a total Net income of \$479,846.

S. Juzek informed the Commission that since 2021, SED sales have increased by 40% while purchase power sales have increased by 60% and therefore, this 20% gap was driving the rate increases.

S. Teachout made a motion to approve Stowe Electric Department's revised operating budget, reflecting a 12.1% rate increase and removal of the second audit, for calendar year 2023. The motion was seconded by H. Scheuermann and unanimously approved.

2023 Commission Meeting Schedule:

In an effort to improve transparency and accessibility, the Stowe Electric Commission indicated a desire to establish a regular, predictable meeting cadence for 2023. After some discussion with the board at the November 2022 meeting, it was determined that meetings should be held the fourth Wednesday of each month at 8:30 am in the SED office when practicable. Based on the discussed timing and any conflicts with holidays or school vacation weeks, J. Pratt proposed the following Commission Meeting Schedule for 2023:

- January 25, 2023
- February 22, 2023
- March 22, 2023
- April 26, 2023 – NOTE: Spring Break for Stowe Schools

- Alternate Date: April 19, 2023
- May 24, 2023
- June 28, 2023
- July 26, 2023
- August 23, 2023
- September 27, 2023
- October 25, 2023
- November 22, 2023 – NOTE: Day Before Thanksgiving
 - Alternate Date: November 29, 2023
- December 27, 2023 – NOTE: Holiday Break for Stowe Schools
 - Alternate Date: December 20, 2023

H. Scheuermann moved to approve the proposed 2023 Stowe Electric Department Commissioners Meeting schedule: January 25th, February 22nd, March 22nd, April 19th, May 24th, June 28th, July 26th, August 23rd, September 27th, October 25th, November 29th, and December 20th. The motion was seconded by S. Teachout and unanimously approved.

General Manager Highlights:

J. Pratt highlighted that there are some concerns among ISO New England around winter reliability, particularly if New England receives extremely cold weather. There are concerns with liquid natural gas and #2 fuel oil supplies which are generally used when utilities need to kick on the peaking generation sources. J. Pratt illuminated that gas pipelines in New England are constrained during the winter months because a significant amount of those fuels are used for home heating. This year, due to the challenges of the war in Ukraine and the impacts the war is having on the energy markets, there is definitely a sense of worry on the part of the utility industry.

J. Pratt noted that the Town of Stowe Select Board will soon approve an updated sexual harassment policy for all Town employees. Once the policy is officially adopted, J. Pratt will present a similar Sexual Harassment Policy update for adoption by the Commission. S. Teachout asked if the updated Harassment Policy would mirror the Town's. J. Pratt responded that would be the goal- SED would just go through and change 'Town of Stowe' to 'Stowe Electric Department.'

Other Business:

J. Pratt informed the Commission that in light of the recent attack on two substations in North Carolina, utilities have been seeing a lot of alerts from various utility and security organizations as there is some serious concern about what has been happening to grid infrastructure throughout the country. J. Pratt let the Commission know that she would be monitoring the situation as it develops and would keep the Board informed.

Executive Session:

At 10:29 am, H. Scheuermann moved that the Commissioners enter Executive Session with General Manager, J. Pratt, in order to discuss a personnel contract negotiation. The motion was seconded by S. Teachout and approved.

The Board made a motion to come out of Executive Session at 11:23 am and the motion carried.

No action was taken or motion made.

There being no further business, the meeting was adjourned at 11:23 am.

Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'Amber Ives', with a long horizontal stroke extending to the right.

Amber Ives

Clerk of the Board