

## **Minutes:**

Stowe Electric Commissioners' Meeting

January 31, 2018 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; Denise Sullivan, Controller; Matthew Rutherford, Manager of Regulatory Compliance; David Kresock, Director of Operations; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 8:00 a.m.

### **Approval of the December 13<sup>th</sup>, 2017 Meeting Minutes**

On motion made and seconded, the minutes of December 13, 2017 were approved.

### **Approval of the January 4<sup>th</sup>, 2018 Special Meeting Minutes**

On motion made and seconded, the minutes of January 4, 2018 were approved.

### **IT Report**

The IT Report was part of the Commissioners' Meeting Packet but was not discussed in further detail.

### **Regulatory Update**

Cady Hill Solar Project - Supreme Court Decision and Remand to the PUC: The proposed project was initially dismissed by the Public Utility Commission ("PUC") in April 2017 because the PUC deemed that the application was not complete since they had failed to provide notice of the actual filing to an abutting neighbor. The developers appealed the dismissal to the Supreme Court of Vermont and the Court recently issued their decision in which they reversed and remanded the case back to the PUC, stating that they allowed similar application review to move forward despite not filing such notice. This result is not a surprise as the PUC's decision was based on such a narrow procedural issue. Prior to the PUC's order of dismissal, the Town of Stowe, the abutting neighbors and Stowe Electric

all filed comments and requests for dismissal on varying substantive grounds. These motions will now need to be addressed as the PUC will now have to weigh in on them in the original order. SED is now waiting to receive the PUC notice of public hearing conference.

2017 Integrated Resource Plan: SED filed the final version of the IRP on December 15<sup>th</sup>, but has not heard any input from the PUC yet. Ellen and Matt will begin working on a notice to customers, once SED has set a docket schedule which will include the date and time for a public hearing.

Docket 8316 - Interval Data Transfer: The parties met again in mid-January to try to develop a final settlement. The Public Service Department (“PSD”) reiterated that there needs to be an incremental benefit to customers in order to justify the cost of these programs and ultimately the program cost should be built into the VEIC budget. It seems unlikely now that there will be bilateral settlements rather than a group MOU. Discussions are ongoing with a current deadline to file a proposed resolution by March 12<sup>th</sup>.

Docket 7307 - Cyber Security and Privacy Principles: Most of the parties have come to a consensus on the Privacy Principles and the Cyber Security Protocols. The American Civil Liberties Union raised concerns about the disclosure of customer information in certain scenarios and want less information disclosed. This will likely be the focus of the workshop for February 12<sup>th</sup>.

## **Operations Report**

The Operations Report was part of the Commissioners’ Meeting Packet but was not discussed in further detail beyond that SED finished 2017 with a total of 113 new services, and that SED’s bucket truck made it back from the US Virgin Islands. David furthermore elaborated on the Town asking SED to look at undergrounding the aerial utility lines on Main Street. All utilities (Fairpoint, FirstLight, Stowe Cable and SED) met Friday, January 26<sup>th</sup> to see how to be able to make the Town’s request work. SED also met with Public Works to discuss the initial design and Harry Shepard has taken the lead on this project, and asked SED to put together costs.

## **Personnel Matter (Executive Session)**

The Board moved to go into Executive Session at 8:34 a.m. to discuss a personnel matter and invited Ellen Burt and Denise Sullivan to stay. The Board made a motion to come out of Executive Session at 8:49 a.m. and the motion carried. No actions or motions resulted from the Executive Session.

## Financial Update

Presentation of 2017 Financials through November: Denise S. presented the actual YTD results. Snowmaking Revenue was \$483,409 less than budgeted, since power was bought at 30% less than budgeted. The correlated snowmaking purchase power expense was therefore also down by \$475,473. All other Revenues are on pace. The significant change in VEPPi Contracts was discussed, as those are “must take” revenue accounts. This increase in the amount budgeted is explained due to the fact that the PUC and PSD have allowed that more units run in 2017 than originally anticipated. The increase in the VEPPi Contracts expense is due to upgrades to the plant made in 2017, Ellen will follow up with VPPSA to find out more about these upgrades.

As already reported to the Commissioners by Ellen, there are a few additional significant changes. The big VEPPi SPEED REC Sales discrepancy is a 2017 budgeting error in that \$298,139 were input as an expense rather than a REC credit of \$266,988. Expenses therefore should have been lower by \$565,127. The second big error identified in the 2017 budget is in connection with “ISO NE - Capacity Charges” as well as “Transmission - VT Transco”: The 2017 budget SED received from Energy New England (“ENE”) included four line items, which the previous Controller broke up into different accounts. Unfortunately, he assumed that the \$1.1 million “VTA Specific Facility Charge” was included in these four line items, and reduced the “Transmission - VT Transco” line by those \$1,100,000. The “Transmission - VT Transco” line therefore was budgeted for \$548,775 instead of the correct amount of \$1,648,775. Furthermore, the way SED actually codes the invoice, it is shared between “Transmission - VT Transco” and “ISO-NE Capacity Charges”. A summary level of the budget will not show and identify a mistake like this, which is why a detailed budget is needed to understand all charges, especially since the “VTA Specific Facility Charges” are not included in the amount that ENE provides for preparing the SED budget.

The Board had some questions about the Direct System Costs in connection with the Mutual Aid provided, as well as the “Depreciation – System Plant”, which is the depreciation of the Nebraska Valley Solar Farm. Upcoming Capital Projects were discussed. Denise S. elaborated on the three FEMA storm reimbursement programs SED may qualify for. The IT costs increase is due to the billing program conversion and the increase in legal costs is related to the proposed Cady Hill Solar Farm dispute. Renting vs Owning the SED office facility was discussed in detail. Financing for necessary upcoming capital projects was discussed.

Presentation of 2018 Budget: Total transmission charges are expected to increase considerably in 2018, whereas ISO-NE energy charges are expected to decrease. Overall Revenues as well as Purchased Power - Energy charges are expected to increase by less than 1%. Since REC credits were incorrectly budgeted in 2017, there will be a \$600,000 increase for the 2018 budget. Since SED did not own the Highgate Converter when the 2017 budget was prepared, the 2018 budget includes these expenses and recoverable expenses (true-up in April) and depreciation as newly allocated during 2017. The overall increase in transmission cost (partly due to the errors made in the 2017 budget) will be considerable. Ellen will ask ENE about the RES Tier 1 line item cost in the 2018 Budget. Direct System Costs remain fairly stable and are expected to increase about 3%.

**Other Business**

Moscow Mills Property: The current status of the building project, including driveway needs, parking and easements were discussed in great detail. Public access to the old Mill building once renovated and/or a public park were also discussed. The building project is currently on hold.

The Board scheduled the next Commissioners' meeting for Wednesday, February 21<sup>st</sup> at 8:00 a.m.

There being no further business, the meeting was adjourned at 10:19 a.m.

Respectfully Submitted,



Lily Burgess  
Clerk of the Board