

## VELCO Operating Committee Meeting Minutes

Thursday, March 18, 2010

11:00 a.m.

Location: Golden Eagle Resort, Stowe

**Committee Members present:** Ken Nolan (BED), Ken Couture (GMP), Ken Mason (LED), Greg White (CVPS), Ellen Burt (SED), Neal Robinson, and Frank Etori (VELCO).

**Others present:** Thad Omand and Michelle Nelson

### I. **Minutes of February 18<sup>th</sup> meeting.**

The meeting minutes from the February 18<sup>th</sup> meeting were unanimously approved without additional changes.

### II. **Substation Participation Agreement**

#### i. **SPA application to a substation with PTF assets**

Michelle Nelson provided a handout for the proposed modification to the SPA calculation. A large discussion ensued to discuss the specifics associated with the calculation to ensure a common understanding of the modification. A motion was made, and unanimously approved, to adopt the methodology on Michele's sheet and that the language in the SPA be updated to reflect the agreed upon methodology. VELCO will work with Jay Matson (FERC counsel) to revise the SPA and bring it back to the committee in April for approval.

#### ii. **Stowe substation exclusive facility cost allocation**

The group has not come to a conclusion and would like an additional 2 weeks, up to April 2<sup>nd</sup>, to reach consensus on the allocation of exclusive facilities costs. The group plans on taking the cost allocation agreement to the surrounding utilities to determine if the other utilities are willing to pay for some of the facilities. Neal indicated that VELCO would like to wait until April 2<sup>nd</sup> to allow the group to negotiate to conclusion. Ken Nolan was concerned that VELCO has gone against our agreement at the February Operating Committee meeting where we would not allow this to continue and he wanted to make sure that the interest charges for not billing are not continuing. The premise of his concern is that the interest incurred should be billed to the participants of the project and not to the VTA. Neal indicated that VELCO would put together a SPA for Stowe for billing back to January 1, 2010. The group concluded that VELCO will bill Stowe for all of the exclusive facility costs early next week and Stowe will have 10 days to pay.

#### iii. **Irasburg SPA billing**

Michele Nelson discussed the exclusive facility issues associated with the Irasburg substation. The Irasburg H16 and H17 breakers are owned by VEC/Barton/Orleans, and WEC respectively. Those facilities changed ownership in 2004 and 2005 and Barton/Orleans, and WEC have never paid any SPA payments. During the 2004-2008 period, VEC and CVPS were overcharged for services under the SPA. As a result the VTA has picked up about \$97,000 for the exclusive facility costs. The group needs to take this issue back to their

respective organizations to give guidance to VELCO about how we handle the back payments. VELCO will also discuss this issue with Jay Matson for legal advice.

**III. Lamoille County Project-CIAC**

Michele Nelson reviewed the CIAC costs for the 34.5 kV line to be given to GMP. Michele performed an analysis to determine if the CIAC is part of the project costs and would ultimately be VTA costs. Greg indicated that the individuals who benefit from the project should pay for it.

**IV. Agree upon basis for determination of Load Ratio Share**

Neal briefly discussed the peak determination for equity offerings.

**V. Update on information received from ISO New England –Frank Etori**

Frank discussed a meeting VELCO attended with ISO-NE. He indicated that at the meeting VELCO discussed the projects on our long range plan, a potential Highgate Controls upgrade, and study assumptions for the regional study. Overall, the ISO meeting was very successfully VELCO received preliminary support for our projects.

The ISO also discussed possible scenarios where Vermont may have to pay for generation that is run out of merit to support Vermont Reliability with VY out of service. ISO also mentioned that the 115kV line from Highgate to Georgia is one of the highest loss lines in New England and VELCO should consider upgrading that line.

**VI. Operations and Maintenance Agreement with GMP**

Frank discussed a proposed Operations and Maintenance agreement between VELCO and GMP for the NRP 115 to 13 kV substations. Frank wanted to make sure the Operating Committee was aware of this agreement to ensure VELCO was being transparent regarding this special agreement.

**VII. Power Purchase group**

Kerrick Johnson attended the meeting by phone to discuss the reinvention of the Vermont utility Planning group and to discuss generation projects at those meetings. Ken Nolan raised the issue of how VELCO handles the code of conduct.

**VIII. Sale of Bellows Falls Transformer**

Frank discussed a transformer that VELCO owns at the National grid substation. Currently, NGRID performs all of the maintenance on the transformer but VELCO has an obligation to replace that transformer if it fails. Frank informed the group that VELCO has a draft sale agreement to sell the transformer to NGRID at book value to eliminate this liability.

**IX. Other Business**

The next meeting is scheduled for April 15th at VELCO.

Respectfully submitted,

Frank Etori