

**VELCO Operating Committee (OC)
FINAL MINUTES**

January 16, 2014, 11 a.m. – 3 p.m.
Rutland Office

Participating members: Ellen Burt by phone (Stowe Electric Department), Ken Couture by phone (Green Mountain Power), Tom Dunn (VELCO), Ken Mason by phone (Vermont Public Power Supply Authority), Kevin Perry (Vermont Electric Cooperative), Bill Powell by phone (Washington Electric Cooperative), Jeff Wright by phone (Vermont Electric Cooperative)

Other participants: Frank Etori (VELCO), Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Peter Lind (VELCO), Steve Litkovitz (Green Mountain Power), Mike Loucy (VELCO), Dan Nelson (VELCO), Karen O'Neill (VELCO), Allen Stamp by phone (VELCO Contractor)

Next meeting

February 20, 2014
11 a.m. – 3 p.m.

GMP Montpelier Office

Meeting opening

- Mr. Dunn opened the Operating Committee (OC) meeting at approximately 11:20 pm.

Safety topic

- Mr. Loucy discussed that with the temperatures around the freezing mark we should pay attention to areas where vehicles can spread water from puddles into a thin layer potentially forming ice.

Minutes approval

- Ms. Burt moved and Mr. Litkovitz seconded approval of the minutes of December 19, 2013, which were approved without dissent.

Telecommunications

- **Fiber Project update**
 - Mr. Nelson presented the materials provided to the OC.
 - Mr. Dunn asked if creating an internal network management system offset purchasing an external service. Mr. Nelson responded that an internal system will minimize the need for VELCO to purchase third party services ultimately reducing overall project costs.
 - Mr. Dunn asked how many substations are currently connected to VELCO's network. Mr. Nelson responded that approximately 160 substations are using VELCO's network.
 - Mr. Johnson asked how many substations are forecasted to use VELCO's fiber network when the project is complete. Mr. Loucy responded that 199 substations are currently planned to use the fiber network of which 48 are VELCO's and 151 are the distribution utilities' (DU).
- **Statewide Radio Project (SRP) update**
 - Mr. Nelson presented the SRP materials provided to the OC.
 - Ms. O'Neill provided an update on the Wells litigation stating that VELCO has requested the Rutland Superior Court Judge (Judge) for either a new trial or to amend the \$1M judgment. Ms. O'Neill further explained that VELCO assumes the Judge will deny this request and VELCO's next step may be to

appeal the case to Vermont State Supreme Court. If the request to the Judge is denied VELCO will likely seek approval to appeal from its Board of Directors.

- Mr. Litkovitz asked what precedent might be established as a result of the Rutland Superior Court's decision. Ms. O'Neill responded that the decision would likely be used in other utility easement valuation cases.
 - Mr. Dunn asked if the radio system is broadcasting beyond the desired coverage area. Mr. Nelson responded that this is a common occurrence with wireless networks and VELCO has leased spectrum outside of its licensed area to remain in compliance.
 - Mr. Wright discussed that VEC was unable to physically access many areas during the most recent ice storm and asked if VELCO experienced this. Mr. Nelson responded that because of the length of the power outages and engineered backup power systems VELCO did not have an emergency need to access its SRP locations as they remained operational. He further stated that this potential situation will be discussed during the lessons learned process for future planning improvements.
 - Mr. Dunn asked if VELCO refueled any of the SRP sites during the recent storm. Mr. Nelson responded that VELCO didn't run into a situation where it needed to refuel and took such measures as switching between backup battery and generator power sources to extend operational run times.
 - Mr. Wright asked if VELCO's user group could be expanded to include field and operational personnel. Mr. Nelson responded that a users group does exist and he would take this as an action item to include a wider group.
- **Review Draft Network Access Agreement**
 - Mr. Nelson discussed the draft version of the Network Access Agreement (NAA) provided to the OC.
 - Mr. Dunn discussed that the purpose of today's discussion is to obtain comments from the OC. He stated that VELCO will incorporate any comments and perform an internal legal review to generate a final version for a future OC vote.
 - Mr. Couture discussed that GMP may have a need to replace equipment in the future and that the proposed language governing the responsibility of paying for any residual costs is reasonable.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC.
- Mr. Etori discussed the proposed Coventry solar installation and the associated Power accounting software changes necessary to accommodate the addition of the Coventry solar project. VELCO will need Vermont Electric Cooperative (VEC) to install revenue metering at both the Coventry landfill and Coventry solar locations to properly determine losses and their allocation from the H17 line. VELCO will also need to know where and what type of meters will be deployed at the landfill and solar locations. Mr. Perry responded that he'll follow up at the next Meter Forum but the current plan is to install two meters at both the landfill and solar locations. Mr. Perry continued that the use of different meters has resulted in complications in calculating power flow so VEC is moving to install a common metering platform.
- Mr. Wright discussed that the synchronous condenser installation is complete at the Kingdom Wind facility and that communications have been established between VEC and VELCO to capture power flows. There was discussion previously on allocation of losses for the KCW synchronous condenser losses and VELCO might have to make Power Accounting programming changes. Mr Wright commented that VEC and GMP have agreed to take care of these losses outside of VELCO.

ISO-NE Update

- Mr. Etori presented the ISO-NE update. He discussed the Northern Pass proposed plan application (PPA), the new shortage outage event definition, and the recent cold snap high prices.
- Mr. Dunn asked for an update on the Northern Pass PPA coordination with Hydro Quebec (HQ) regarding minimizing a single event taking out both lines when sharing or crossing a corridor. Mr. Etori responded that VELCO asked HQ that when sharing a corridor, the second line should be engineered and constructed in such a way as to not have single event outage of both lines. He further discussed that one engineering practice could be to locate the second line underground where the lines cross. Mr. Etori stated that HQ agreed with this suggestion but that they have the right to evaluate other alternatives to placing the lines underground.

Floyd Update

- Mr. Dunn updated the OC that the Floyd effort is wrapping up and that onsite presence is anticipated to end in the February timeframe.
- Ms. Burt asked if VELCO plans to implement the Floyd recommendations. Mr. Dunn responded that VELCO has largely accepted the recommendations and will be implementing them throughout 2014.
- Ms. Burt asked that the recommendations be sent out to the OC. Mr. Dunn agreed to have the recommendations emailed out to the OC.

Vermont Gas Update

- Mr. Lind presented the materials provided to the OC.
- Mr. Lind discussed that Vermont Gas Systems (VG) is planning to initiate horizontal directional drilling for the river crossings in early second quarter of 2014.
- Mr. Dunn asked if VG has a schedule for resolving the 50+ potential condemnations along their proposed route. Mr. Lind responded that VG is forecasting to be completed with this effort by September, 2014.
- Mr. Wright asked if VELCO had to add VG to its existing easements. Mr. Lind responded that VG has the responsibility to seek their own easement rights from the underlying landowners across VELCO's right of ways as VELCO cannot convey its access rights. Mr. Dunn added that VG will also be required to compensate VELCO where VG plans to collocate within VELCO's right of ways and VELCO in-fee properties.
- Mr. Wright asked if VELCO line crews have expressed any concerns with collocating a gas line within the electrical corridor. Mr. Lind responded that VELCO's line crew and engineering department has been party to the development of VELCO's position and specifically asked that any buried gas lines be a minimum of 4 ft below the ground surface to minimize any contact while out in the corridor. Mr. Dunn added that VELCO's main objective is to be protective of VELCO's assets within the corridors and any costs incurred by VELCO in accomplishing this is to be covered by VG.
- Mr. Etori asked if we have assessed the value of the easement. Mr. Dunn responded that VELCO is investigating both an upfront and reoccurring fee structure. The upfront fee will be based upon the assessed value of the right of way and the reoccurring fee on the annual maintenance costs of the right of ways. Once the analyses are complete VELCO will approach VG with a compensation proposal.
- Mr. Litkovitz asked about the need for a second VELCO line within the corridor. Mr. Dunn responded that there currently is no need for a second VELCO line in these corridors but we have preserved space during the review efforts to retain this flexibility for the future.

- Mr. Wright asked that VELCO notify VEC if they become aware of any proposals for VG's gas line to cross VEC's corridors. Mr. Lind responded that he will look for all other distribution utility crossings and reach out as appropriate.

Other business

- Mr. Dunn discussed that the Vermont Transmission Administration Manual (VTAM) proposed revisions to expand the OC membership to any interested distribution utility were approved by both VELCO's OC and BOD. Any distribution utility requesting membership rights should send an email to VELCO's General Counsel, Ms. O'Neill naming their representative.
- Mr. Dunn discussed that the Barre transformer has failed and VELCO is in the process of changing this unit out.
- Mr. Dunn discussed that as he is working on transition plans into his new role as VELCO Chief Executive Officer, Mr. Renaud has been appointed as the new Chair of the OC.

Proposed agenda topics

No topics were proposed.

Adjournment

- Mr. Couture moved and Ms. Burt seconded adjournment, which was agreed to without objection at approximately 1:35 pm.