

VELCO Operating Committee Draft Meeting Minutes

Thursday, October 21, 2010

11:00 a.m.

Location: Green Mountain Power

Committee Members present: Ken Nolan (BED), Ken Couture (GMP), Ken Mason (VPPSA-Lyndonville-Vice Chair), Criag Myotte (VPPSA-Morrisville) Greg White (CVPS), Pat Householder (Stowe), Tom Dunn (VELCO-Chair), and Thad Omand (VELCO).

Others present: Allen Stamp (VELCO), Hantz Presume (VELCO)

I. Opening Remarks

- Tom Dunn informed the group that Neal Robinson had left VELCO for a position with St. Michael's College. Tom has been asked by Mr. Dutton to assume the responsibilities of Chairman of the Operating Committee.
- Committee members asked for an update on ISO New England VT/NH studies.

II. Minutes of September 10, 2010 meeting

- Under motion duly made and seconded, the minutes as amended of the September 20th meeting were approved as submitted.

III. Update on B-22 study-Hantz Presume

- Mr. Presume presented the results of VELCO's study of the B-22 (see attached). There were several questions about the factors that impact the flows on B-22. Mr. Presume noted that Highgate converter flows have the largest impact on B-22. Mr. White asked about the total losses on the 34.5 kV sub transmission system from East Fairfax through Johnson. Mr. Presume noted the impact on reliability of opening the B-22; several contingencies cause reliability problems on the 34.5 kV sub transmission system in northern Vermont. Mr. White noted that since most of the losses occur during high system loads which are the periods when the B-22 provides most of the reliability benefits, it is unlikely that there would be significant loss savings by opening the B-22 during low load periods.
- Mr. Omand presented an example of how losses are metered, calculated, and monetized. Mr. Myotte expressed a concern that Morrisville had not expected to incur losses with the new connection at the VELCO Stowe substation. Mr. White expressed his concern that CV is paying for all of the losses that are occurring. Mr. Omand will provide the cost of these losses to the group and the distribution of these costs among the affected DU's. Mr. Omand informed the group that the cost of these losses year to date through October 2010 is approximately \$100,000. There was a discussion on how to resolve the cost responsibility for these losses and the operational consequences of opening of the B-22. It was suggested that the affected DUs negotiate a mutually acceptable operational and financial solution. Mr. Myotte agreed to organize a meeting of the effected utilities. This issue will be revisited at the next OC.

IV. Telcom Operating Committee (review of Charter)

- Mr. Stamp presented the Charter for the Telcom Sub-Committee (see attached). Dan Nelson will represent VELCO. Each DU will provide Mr. Stamp with members for the Sub-Committee. The Sub-Committee will provide a report at every OC meeting.

V. Fiber Project Status (including cost allocation)- Greg White

- Mr. White provided a status on the fiber project. Make-ready work is underway in Rutland area. Engineering is complete for over 400 miles of line. Mr. Couture asked for information about the prioritization of the fiber project. Mr. Stamp indicated that this information would be provided.
- Mr. Stamp reviewed a memo on cost allocation for the equipment to light the new fiber (see attached). Mr. White elaborated on the various options under consideration and noted that some options might require modifications to existing tariffs. Mr. Nolan expressed a concern about treating costs associated with the electronics at DU substations or lower voltage facilities (i.e., <115kV) as “common costs”. The OC agreed to continue discussions around the best way to rationalize the lighting costs as the system design matures. Mr. White further suggested that the Telcom Sub-Committee present the OC with system design information which may inform the discussions at the OC about resolving cost allocation questions. Consensus was to keep the cost allocation items at the OC and that the Telecom Sub-Committee will focus on design and operational items.

VI. VTA PDP load credits-Thad Omand

- Mr. Omand presented how VELCO calculates PDP load credits. He reviewed the VTA language that specifies how load qualifies for credit. Mr. Omand noted a number of situations where he believes the backup service terminology in the VTA is not being properly credited to utilities in their PDP calculation. Mr. White asked if there were locations where backup service was not available full time. Mr. Omand will provide financial information on changes to calculation of credits.

VII. Update on work of Metering Forum-Thad Omand

- Mr. Omand provided an update on metering forum issues (B-22, Lyndonville) with the goal of providing changes well in advance of commissioning meters. Mr. Omand is working to document metering information from various DUs.

VIII. Other business

- The group agreed to have an ongoing review of the VY study and related analysis updates to OC agenda.
Mr. Presume reviewed the status of the ISO NE VT/NH studies. Mr. Dunn noted that one possible outcome of a VY shutdown is the need for interim resources to satisfy reliability requirements until a permanent solution is in place. The cost for these resources would likely be paid for by Vermont.