

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

December 19, 2013, 11 a.m. – 3 p.m.
GMP Montpelier Office

Participating members: Ellen Burt (Stowe Electric Department), Ken Couture (Green Mountain Power), Tom Dunn (VELCO), Ken Nolan by phone (Burlington Electric Department), Kevin Perry (Vermont Electric Cooperative), Bill Powell by phone (Washington Electric Cooperative), Paul Renaud (VELCO),

Other participants: Frank Etori (VELCO), Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Mike Loucy (VELCO), Thad Omand (VELCO), Dan Nelson (VELCO)

Next meeting

January 16, 2014
11 a.m. – 3 p.m.

VELCO Rutland Office

Meeting opening

- Mr. Dunn opened the Operating Committee (OC) meeting at approximately 11:05 pm.

Safety topic

- Mr. Dunn discussed that checking in with elderly or other neighbors who may need some assistance during the winter months can be helpful and a good safety measure. In a recent news story a homeowner checked on an elderly neighbor had run out of heating fuel and promptly assisted with coordinating refueling.

Minutes approval

- Mr. Couture moved and Mr. Perry seconded approval of the minutes of November 19, 2013, which were approved without dissent.

Telecommunications

- **Fiber Project update**
 - Mr. Loucy reviewed the fiber project update materials provided to the OC.
- **Statewide Radio Project (SRP) update**
 - Mr. Nelson presented the SRP materials provided to the OC.
 - Mr. Dunn discussed that the plaintiff in the Well's litigation was able to convince the jury that the home was inhabitable as a result of VELCO's wireless installation even though the plaintiff purchased the property with an existing wireless facility.
 - Mr. Etori asked what telecommunication preparations have been made with the pending weekend storm. Mr. Nelson responded that VELCO is coordinating with the Distribution Utilities (DU) as well as third parties to provide recovery efforts. He explained that when a wireless site is utilizing a leased line the recovery effort will not be in VELCO's direct control but VELCO will work with the providers to identify and bring the sites back into service.
 - Mr. Dunn asked how long the wireless sites will stay operational in the event of a power loss. Mr. Nelson responded the sites are designed for seventy-two hours of backup power run times.

- Mr. Renaud asked if a meter identification code could be provided ahead of time to the DU's. Mr. Nelson responded that he'll take this as an action item to distribute this information.
- Mr. Couture asked who in the northern sections of the state are utilizing the SRP. Mr. Nelson responded that Stowe, Morrisville, Hardwick, WEC, and Ludlow are currently using the system.
- Mr. Etori asked if we have spare handheld radios. Mr. Nelson responded that VELCO maintains 50 standby radios but in order to deploy them they need to be configured to the area of use. Looking forward it's a more efficient and timely plan that the DU's purchase sufficient radios as they will be configured and have completed testing.
- **Review Draft Network Access Agreement**
 - Mr. Nelson discussed that VELCO is welcome to review comments on the draft version presented at the November OC meeting.
 - Mr. Dunn asked that VELCO circulate the current draft again to the OC members for review prior to the January OC meeting. Mr. Nelson agreed to take this action.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC.
- Mr. Couture asked if a metering interval has been decided upon. Mr. Etori responded that no final decision has been made but recent discussions have been fifteen minute intervals and, if ultimately a 5 minute interval is desirable we may program the system on 5 minutes and aggregate the data to 15.
- Mr. Dunn asked are there any impacts on generators. Mr. Etori responded that the generators need to provide their data on 5 minute intervals.
- Mr. Renaud asked how any discrepancy between the load centers and generators will be settled. Mr. Perry responded that the generators get paid on a nodal basis and the load settles on a weighted zonal average. Based on these calculations there won't be any discrepancies in the data.
- Mr. Nolan asked if there are any plans to move the metering software in house vs. using Bridge Consulting. Mr. Etori responded that Bridge Consulting hosts all the software and data and on an annual basis VELCO pays approx \$210,000 to maintain the system. This fee does not cover any upgrades and VELCO is reviewing the relationship and possible alternatives. He also indicated VELCO is looking to the best course of action for the software.
- Mr. Nolan asked if VELCO was aware of an ongoing challenge with the VELCO settlement system and reconciliation with the SPEED metering. Mr. Etori responded that VELCO is aware of challenges with new SPEED resources and configuring the meter for MV-90 data but not aware of any particular issue. Mr. Etori agreed to follow up on this issue and report back to the OC.
- Mr. Couture asked if the Bridge support system is up and operational. Mr. Etori responded yes.
- Mr. Etori discussed the recent Operating Procedure #4 event and the resulting capacity shortage event. Mr. Etori commented that because of a procedural change this is the first time New England has had a shortage event and will result in a reduction of a resources capacity payment. Mr. Couture suggested that the CFO forum be made aware of capacity shortage event.
- Mr. Etori discussed that Northeast Utilities is moving forward at ISO-NE with its submittal of a proposed plan application for their Northern Pass transmission project. VELCO will be abstaining from voting because NU and HQ have not fully described how they are going to treat the simultaneous loss of the Phase II and the Northern Pass lines due to the common corridor and lines crossing. This situation could lead to significant bulk reliability concerns and needs further vetting.

How VELCO Makes Money

- Mr. Omand presented the materials provided to the OC.
- Mr. Couture asked that in the future is the Vermont revenues stay flat and the rest of ISO-NE entities continue to increase their spend, what happens to VELCO's return. Mr. Omand responded that Vermont transmissions costs will increase under these circumstances.

Floyd Update

- Mr. Dunn provided an update on the John M. Floyd (Floyd) review underway at VELCO. The review was initiated in the fall of 2013 and the process has included the review of all business functions and followed by recommendations of potential areas of improvement. Overall many of the recommendations have been accepted by VELCO and implementation plans are in development. Floyd recommended expediting VELCO's plans to reduce its reliance on management consulting services with more aggressive strategies to have VELCO staff take over the responsibilities. Ultimately this recommendation has yielded no "net" change in overall headcount.
- Ms. Burt asked if there was one primary area of improvement identified by Floyd. Mr. Dunn responded that there was no single prime area of improvement but that expediting the knowledge transfer from the managing consultants has been a focus. Mr. Dunn also discussed the recommendation to evaluate VELCO's compensation practices around health care costs against industry norms.
- Ms. Burt asked if there were any areas the Floyd team identified that VELCO does well. Mr. Johnson responded that overall the Floyd team found that VELCO has been operating efficiently and there weren't many areas that required significant improvements but rather some streamlining.

Incident Review Update

- Mr. Connaughton presented the materials provided to the OC.
- Mr. Couture asked how VELCO defines an incident. Mr. Connaughton responded that VELCO's policy is to capture all incidents regardless of the business operation and then a team assigns a severity level which drives the future action plan. A future objective is for VELCO to start capturing near miss incidents as part of this process.

Other business

- Mr. Couture discussed that Mr. Hill submitted a notification that the North East Kingdom, which GMP is considering to encompass Montpelier north, should expect upwards of ½" radial ice formation from Saturday evening to Sunday evening. GMP and other utilities are in the process of securing additional third party support.
- Mr. Etori asked if Mr. Hill provided a time estimate of the start of the icing. Mr. Couture responded that the forecast stated early evening.
- Mr. Connaughton provided an update on VELCO's Project Process.
 - Mr. Couture asked how long has this process been in use at VELCO. Mr. Connaughton responded that the process was rolled out in September.
- 2014 Calendar

Proposed agenda topics

- The process of modifying a Substation Participation Agreement
- Network Access Agreement final review

Adjournment

- Mr. Perry moved and Ms. Burt seconded adjournment, which was agreed to without objection at approximately 2:15 pm.