

**VELCO Operating Committee
Final Minutes**

December 20, 2012
GMP – Montpelier office

Next Meeting

January 17, 2013
11 a.m. – 3 p.m.

VELCO, Rutland

Participants: Chris Dutton (VELCO), Ken Couture (GMP), Tom Dunn (VELCO), Ellen Burt (Stowe Electric Department), Jeff Wright (VEC), Ken Mason (Lyndonville Electric Department), Bill Powell by phone (WEC), Kevin Perry by phone (VEC), Paul Renaud (VELCO), Ken Nolan (BED)

Other Attendants: Mark Sciarotta (VELCO), Rick Twigg (VELCO), Mike Loucy by phone (VELCO) Keith Bishop (VELCO), Peter Lind (VELCO), Kerrick Johnson (VELCO), Allen Stamp (VELCO)

Meeting called to order

Mr. Couture gave a safety discussion/topic regarding the dangers of Radon Gas as a silent killer in the home, more than fires or accidents.

Mr. Dunn circulated minutes from the November 15th meeting. Ms. Burt motioned to approve as written, seconded by Mr. Couture. The motion passed without dissent.

Substation copper theft and vandalism security presentation:

- Mr. Sciarotta made presentation of theft and vandalism of copper from utilities noting especially the legislative actions coming.
- Mr. Wright noted that real time communication between control centers is important as VEC frequently goes to VELCO substations for inspections after incidents.
- He commented that the thermal imaging cameras at Newfane substation were able to capture quality imagery which led to the arrest of the individuals that stole copper from that substation.
- Mr. Dunn handed out pictures of DC line vandalism in Concord noting the \$90k cost for repairs and \$500k cost for replacement power costs.
- Mr. Johnson informed the group that representative Bill Botzow of Bennington is spearheading the legislative initiative to address metal theft.
- Mr. Dunn, Mr. Johnson and Mr. Wright discussed what actions may be considered
- Mr. Wright described personal experience of a break in and theft totaling \$65k noting that gold/junk dealers put on a good face, but don't really care what their source of the material is.
- Mr. Dunn asked what other utility has thefts to report. Stowe: 1, Lyndonville: 0, WEC: 1
- Mr. Johnson suggested Mr. Wright can help coordinate with him and Mr. Sciarotta to assemble a utility committee in the next month to present to the legislature. Mr. Wright expressed that VEC will support this effort.

Substation Security presentation:

- Introduced Keith Bishop, Rick Twigg, and Peter Lind.

- Mr. Lind informed the group that today's market rate for copper is \$2.70/lb. Mr. Lind then began the substation security upgrade project presentation.
- Mr. Dunn pointed out that interpretation of the changing CIP requirements is an ongoing challenge noting that the experts worried about cyber attacks are very worried, but can't tell the utilities what the nature of the attacks have been.
- Mr. Lind described VELCO business requirements for substation security as: 1. Safety, 2. Security, 3. Operation, 4. Legal liabilities, 5. Financial impact
- Mr. Powell asked what the general liability insurance provider is doing in regard to these events and efforts. Mr. Lind noted that insurance providers generally reduce if you are proactive. Mr. Dutton commented utilities cannot buy coverage to lines outside of the substations and that replacement power costs are costs required to be purchased by the utilities while the line is out of service for repairs. Those costs are probably not covered as part of the insurance coverage.
- Mr. Bishop described the technology that is used by Southwest Microwave (for perimeter fence detection, being vibration & frequency type).
- Couture noted that GMP is very interested in perimeter fence detection and is using a different company.
- Mr. Wright asked how VELCO is achieving secure connections to relays. Mr. Bishop described access to relays over network connections utilizing the Rugged.com equipment and its security capabilities.
- Mr. Bishop showed the video footage of the Newfane copper theft noting the video is recorded locally and the video cameras are "on tour". Pictures of the individuals were handed out.
- Mr. Bishop described that if fence detection was installed at Newfane, it would have caused a visual prompt for VELCO Security indicating where in the fence protection system was triggered at Newfane.
- Mr. Bishop explained the thieves were in the yard for about 2 ½ hours.
- Mr. Dunn commented that continued updates will be needed on this issue.
- Mr. Wright noted that all new VEC SCADA installations will have cameras but not infrared
- Mr. Dunn informed the group that the Concord vandalism incident involved older teenagers and they were caught and are being prosecuted. Vince Illuzzi is prosecutor and it is anticipated they will be fined. Mr. Renaud noted that they can be put into jail for 20 years

Telecommunications Fiber and Radio update:

- Mr. Stamp began the presentation of the Fiber Optic Backbone and Electronics.
- Discussion of where VELCO fiber would be moved from electric space to communication space occurred.
- Mr. Wright asked the reasoning for GMP to not allow fiber in electric space.
- Mr. White described the essence of GMP concerns of having fiber in the electric space, noting it is more problematic when commercial carriers are in that cable. GMP (North) council had a much stricter interpretation suggesting any communication cable in the electric space is too risky.
- Mr. Couture noted that the previous GMP South interpretation allowed for some location of fiber in electric space but not for commercial carriers while GMP North interpretation doesn't allow for any commercial communication usage in the electric space.
- Mr. White asked who the carriers were in the cable, Mr. Dunn replied Sovernet, VTEL
- Mr. Mason noted that Mr. Loucy made a presentation to VPPSA members. He continued now that VELCO knows the loads at the VELCO substations which feed Lyndonville substations, would

VELCO still bring fiber to the Lyndonville subs. Mr. Loucy and Mr. Stamp indicated yes, VELCO would still install fiber to Lyndonville substation followed by Mr. Dunn restating the original scope was to install fiber to 34.5kV substations and higher.

- Mr. White discussed the importance of having the materials on hand for emergency restoration and that the team needed to develop procedures and documentation for restoration.
- Mr. Nelson noted that the network, although commissioned, still has a significant amount of work to be completed to prepare the network for Utility reliability.
- Mr. Nelson presented the status of the Statewide Radio Project.
- Mr. Couture asked the status of the Waterbury tower, Mr. Nelson stated the Bolton MET tower was the preferred site for overall coverage in the Waterbury region. If this tower is acceptable and passes coverage needs, VELCO will file for attachment with a proposed construction schedule of summer 2013. Mr. White asked how the GMP communication team has been working with VELCO. Mr. Nelson indicated that the team requested assistance and VELCO has provided that assistance

Power Accounting update:

Mr. Omand presented the Power Accounting Operating Committee Update to the committee:

- Based on the IGAP criteria, load zone A historical peak, and the generation receiving IGAP credit in load zone A including the revised Block load values with the termination of schedule C2 & C3 KCW will receive up to 14 MW of IGAP credit
- Currently all generation in VT receives IGAP credit based on its ISO-NE entitlement. As a result VEC and GMP will share the KCW IGAP based on their ISO-NE entitlement which equals their PPA percentages.
- Georgia Mountain will receive IGAP credit for BED as long as they have ISO-NE entitlement.
- The KCW agreement has been finalized and will be implemented upon the installation of appropriate metering.

Lyndonville – St. Johnsbury Tie, Proposed Normal Condition:

- Mr. Mason extended his gratitude for being on the agenda. Mr. Mason described his discussions regarding the operation of the line in the open state and the recent coordination with VELCO and GMP. He described the issue as VELCO wanting the line operated closed as normal policy, whereas GMP and Lyndonville are satisfied operating the line Open. Mr. Mason described the specific occurrence when VELCO needed to remove the K26 from service and the effects it has on his system.
- Mr. White agreed that operating the line Open provided better reliability for the most likely events encountered. Mr. Dunn was agreeable that the line could be operated Open and recalled a study had been conducted.
- Mr. Wright expressed a concern that system operation could be impacted by Operational procedure and expressed the importance of the DU's operating the system as they need and VELCO needs to assist/be responsive to these needs. Mr. Dunn noted that if there were operational impacts or safety concerns, VELCO needs to have information of system status, clearly noting this is not a jurisdictional (turf) issue.
- Mr. White discussed the balance of needing to test/shoot the line by closing in a breaker and the need to discuss the practice further. Mr. Wright agreed that standard DU practice involves

“shooting” the line. Mr. White indicated that the completion of the fiber network will improve fault location and segmentation.

- Mr. Dunn led a discussion whereby the group determined that the joint Operating Committee coordinate with Mr. Haas to discuss the operation procedures. Next steps for Lyndonville, Mr. Mason will contact VELCO Haas and inform that the Switch will be open pre storm. Lyndonville will be installing lightning arrestors and will operate as they need after the installation.
- A discussion regarding the sensitivity of market information and operational needs followed, specifically the VELCO requirements to comply with sensitive market data balanced with the operational needs in this changing regulatory environment.

Capital Projects – 2012 Year End Review:

- Mr. Dunn reviewed the 2012 capital project highlights.
- A discussion followed regarding the amount of work completed in 2012.
- Paul Renaud is to be the VELCO contact for generation.
- Mr. White commented that the Department of Public Service is reviewing, and is sensitive to, substation locations in regards to disasters i.e. flooding and flood plains. Mr. Wright noted VEC is updating IRP to include flood plains.
- Mr. White noted that GMP (South) would like to discuss the status of head end equipment as it relates its scope for the Lit portion of the fiber project. It has been VELCO’s approach in the past not to include head end equipment in with the work and so that equipment was not included in the GMP(South) estimate. GMP (South) would like that equipment added to its scope under the Lit portion of the work. Mr. Dunn commented that he would like further discussion of this item within VELCO and would like to address this at the next OC meeting. Mr. White agreed.

Next meeting items

- Impacts of all power resources, specifically NTA’s, affecting DU’s. Discussion about NTA’s.
- Treatment of Telecommunication head end equipment.
- Operational meeting for system coordination – follow up with Dave Haas regarding Lyndonville – St. Johnsbury tie line and others similar coordination.

Mr. Couture motioned to adjourn. Meeting adjourned at 2:25.