

**Final VELCO Operating Committee
MINUTES**

November 19, 2015, 11 a.m. – 3 p.m.
GMP Office, Montpelier

Participating members: Frank Etori (VELCO), Steve Litkovitz (Green Mountain Power), Ken Mason by phone (Vermont Public Power Supply Authority), Bill Powell (Washington Electric Cooperative), Chris Root (VELCO), Jeff Wright (Vermont Electric Cooperative).

Other participants: Thomas Dunn (VELCO), Deena Frankel (VELCO), Kerrick Johnson (VELCO), Mike Loucy (VELCO), Dan Nelson (VELCO) by phone.

<p>Next Meeting December 17, 2015 11 a.m. to 3 p.m. Conference Call: 1-866-720-4556 Code: 6027065</p>

Opening

- Mr. Root called the Operating Committee (OC) meeting to order at 11:05 a.m.

Safety topic

- Mr. Loucy discussed that with the onset of the hunting season, wildlife are more active along the roadways and to for everyone to be on extra alert while driving.

Minutes approval

- Mr. Powell moved, Mr. Wright seconded and the September minutes as posted were approved without objection.

Statewide Radio Project (SRP) update

- Mr. Nelson discussed that coverage was added from nine new sites with three more in construction. The sites planned for the Rupert, Barnet and Thetford areas are in the development phase as they all have different challenges that are being worked. Of particular note is the site in Thetford where a national tower carrier is asking for a \$3000 per month rental fee which is far beyond budget and therefore VELCO is considering the possibility of relocating to a new site location.
- Mr. Nelson discussed that both the known congestion and interference issues have or will be resolved by the end of the year. He summarized that VELCO has specifically completed upgrades on nine locations and two more are underway with a schedule to be completed by year end.
- Mr. Dunn asked if the system stress testing has been completed. Mr. Nelson responded that the system recently passed the stress tests. He discussed that VELCO has been conducting additional training meetings with the municipal utility (DU) customers and is scheduling with other DUs in an effort to continue to improve system usage and limitations. Municipal DU field personnel feedback has been positive regarding improvements seen in reliability, coverage and the periodic training and system update

meetings provided by VELCO. Mr. Nelson concluded that his team is continuing to reach out to all DU users to provide similar update meetings.

- Mr. Wright mentioned that Vermont Electric Cooperative has found the system coverage and reliability much improved and appreciates the focused work effort.
- Mr. Dunn asked if Mr. Nelson had any particular concerns with any area in Vermont. Mr. Nelson responded that the current Jay site is not providing as good coverage as expected so future work will include looking at different locations.
- Mr. Nelson also mentioned that VELCO has an ongoing effort to analyze the initially deployed backhaul strategy. The purpose is to evaluate whether it makes business sense to install VELCO fiber extensions to any of the sites to offset third party backhaul costs and improve reliability.

Power Accounting update

- Mr. Etori presented the materials provided to the OC summarizing that VELCO has fully transitioned away from the Bridge Energy Group and that the support provided by ARC Solutions has been superb.
- Mr. Etori also discussed that it appears ISO-NE is gearing up to require five-minute revenue metering from all the tie lines between the utilities. The objective may be to drive market accountability for service delivery at a more granular level vs the current hourly based methodology.

Regional issues

- ISO-NE and Regional Issues Update
 - Mr. Etori presented the materials provided to the OC and summarized that in order to obtain regional funding to support construction projects, all project aspects must be under a competitive bid, including solution analyses.
 - Mr. Root mentioned that VELCO is advocating at ISO-NE to establish a threshold value where the competitive bid concept would be applied. He offered that for consistency with ISO-NE process, a \$5 million limit may be the most efficient which was agreed to by all.
 - Mr. Dunn added that another potential risk is that of the design standards being lowered by bidders proposing solutions that are below current, lessons learned standards employed by VELCO.
- Regulatory review of renewable projects
 - A general discussion of current projects was conducted.
- Three-State Clean Energy Request For Proposal (RFP)
 - Mr. Etori mentioned that the RFP was released and it is expected to take several months to analyze the responses.

Interconnection rule update

- Ms. Frankel summarized the current state of rule revision process. The Department of Public Service (PSD) is currently working on a next draft, which we expect to see in late November or early December.
- Mr. Dunn asked for clarification of who has the responsibility to file with ISO-NE for Section I.3.9 “no adverse impact” determination in the case of PURPA qualifying facilities (QFs) applying under state rules. Mr. Etori responded that ISO-NE has said the

responsibility falls to the interconnecting transmission utility but it could transfer to VELCO if the interconnecting utility is not a signatory to the Transmission Operating Agreement or a Market Participant.

Vermont System Planning Committee (VSPC) evolution

- Ms. Frankel presented the materials provided to the OC summarizing current challenges with the VSPC and Docket 7081 process. The process was designed prior to many current trends in the electrical industry. She stated that VELCO is talking with stakeholders to determine whether changes may be needed to ensure the VSPC continues to add value.
- Ms. Frankel reported that outreach has begun to consider the need for changes to the VSPC process or structure, which may or may not require formal regulatory action. Initial feedback has been that the VSPC is a worthwhile forum to share information around bigger picture statewide electric grid issues and that changes may not be necessary in law or PSB orders.

Proposal for new IT resources

- Mr. Nelson provided a summary of the third-party evaluation of VELCO's IT networking needs which recommended creating several additional positions. However, VELCO has decided to start with an IT Manager, an Application Integration Manager to find efficiencies between applications, daily scripting, etc., and a Network Engineer to address increased system complexity, scale, and number of internal and external users.
- Mr. Root discussed that these positions do not result in an increase in headcount but rather VELCO reallocated existing positions to align better with business needs.

Vermont Weather Analytics Center (VTWAC) next steps

- Mr. Johnson presented the materials provided to the OC summarizing that the project is nearing completion and will meet its planned schedule and budget. With the IBM contract ending the plan is to transition the VTWAC operation and computing to an internal Vermont resource and VELCO is currently working on developing the support structure and business case to take to its Board of Directors.
- Mr. Dunn asked what the mechanism is to support a proactive feedback loop to ensure user information is shared. Mr. Johnson responded that that the current structure utilizes a specific representative at each distribution utility using the VTWAC data to share their findings and be provided updates from what other users are finding.

Emergency Management System (EMS) upgrade at VELCO

- Mr. Root summarized that the EMS upgrade went largely as planned and was successful. There is one outstanding issue that VELCO is working through regarding moving data outside the EMS firewall, but still internal to VELCO, and that a resolution is underway.

Fiber market analysis

- Mr. Loucy presented the materials provided to the OC summarizing that as state and federal funded fiber build programs are reaching completion it is prudent for VELCO to re-evaluate the potential to secure additional value from its fiber network for its owners and Vermont. He continued that our guiding principle remains to do no harm to electric

ratepayers while considering potential telecommunication business models. The market analysis will include both a technical review and financial modeling. Some of the business models under consideration include: not entering into other arrangements, partnering with an incumbent telecommunication provider(s), distribution utilities, lit fiber services, and dark fiber leasing.

Other business

- VELCO will poll the members to consider cancelling the December meeting given the few agenda items. Notification will be sent out of the result.

Proposed agenda items

- Storage analysis update
- Large renewables update

Motion to adjourn

- Mr. Wright moved and Mr. Root seconded adjournment, which was agreed without objection at 2:10 p.m.