

VELCO Operating Committee Meeting Minutes

Thursday, June 16, 2011

11:00 a.m.

Location: Vermont Public Power Supply, Waterbury

FINAL Minutes

Committee Members present: Ken Mason (VPPSA-LED), Ken Couture (GMP), Ken Nolan (BED), Greg White (CVPS), Jeff Wright (VEC), Tom Dunn (VELCO), Allen Stamp (VELCO), Hantz Presume (VELCO), Sandy Rowe (VELCO), Thad Omand (VELCO), Ellen Burt (Stowe), Eric Warner (Hardwick).

I. K41 Outage

- Mr. Dunn provided information on the K41 line where VELCO has determined that line clearances are insufficient and that the line has been opened until repaired.
- Mr. Wright expressed a concern that this line outage will negatively impact upcoming capital projects and reliability. He encouraged VELCO to explore ways to correct the problems as quickly as possible.

II. Minutes of May 19, 2010 meeting

- Under motion duly made by Ken Mason and seconded by Greg White, the minutes of the May 19 meeting were approved.

III. Land Transfer Practices

- Ms. Rowe provided a brief review of the proposed policy at last month's meeting, and has received no comments to date.
- Mr. White noted that CV conceptually agrees with the policy, but is continuing to evaluate the impact it could have on their bond indentures
- Mr. Nolan suggested that the Committee be prepared to vote on the proposed policy at the July meeting. The Committee agreed that a vote on the proposal would take place in July.

IV. B22 Loss Allocation

- Mr. Omand reviewed an alternative hourly real-time allocation of the B22 using load ratio share based on a utility's statewide tie loads.
- There was discussion about the proposal and alternatives including sale of the CV line.
- The group agreed to continue discussions outside of the OC to determine if the issue can be resolved.

V. Update on ISO NE VT/NH study-Hantz Presume

- Mr. Presume reviewed the presentation on the results of the VT/NH study, specifically the recommended solutions for the four areas in VT that were identified as having reliability problems.

- Mr. Nolan noted that the NW VT issues are exacerbated by underlying weak system in NY and that we consider our options to get these issues resolved promptly. Mr. Dunn indicated that VELCO and NE ISO are working to meet with NYPA and NYISO to discuss these issues, potential solutions and develop action plans.
- The group noted that transmission costs are increasing at a rapid pace and this is becoming a large part of the cost of service.

VI. Telecommunications - Allen Stamp

- Mr. Stamp gave a presentation on proposed allocation of the costs of the fiber electronics and the status of the fiber optics project.
- Mr. Nolan moved for approval of the proposed cost allocation for the fiber electronics, seconded by Jeff Wright. The motion passed.
- There was discussion about maintenance of electronics and also the repair of fiber. It was suggested that the work could be completed by the DU or by a contractor. However, the maintenance of the electronics would be responsibility of the DU in the case of the electronics located in DU substations. VELCO will be responsible for the maintenance of the fiber plant.
- Allen Stamp also provided an update on the progress of the fiber project (see attached presentation).

VII. System Assessment Project

- Mr. Dunn gave a presentation on the System Assessment Project.

VIII. Other business

- Mr. Mason/ Brian Callahan provided information on VPPSA proposal to convert hydro units to treat them as negative load to avoid transmission costs. Process would involve declaring a non-price retirement of the units.