

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

July 17, 2014, 11 a.m. – 3 p.m.
GMP Montpelier Office

Participating Members: Ellen Burt (Town of Stowe Electric Department), Ken Couture (Green Mountain Power), Frank Ettori (VELCO), Ken Nolan (Burlington Electric Department), Bill Powell (Washington Electric Cooperative) and Chris Root by phone (VELCO), Ken Mason (Vermont Public Power Supply Authority) and Chris Smith (Vermont Electric Cooperative)

Other Participants: Brian Connaughton (VELCO), Thomas Dunn (VELCO), Mike Fiske (VELCO), Deena Frankel by phone (VELCO), Kerrick Johnson (VELCO), Dan Nelson (VELCO)

Meeting Opening

- Mr. Dunn opened the VELCO Operating Committee (OC) meeting at approximately 11:00 am.

Safety Topic

- Mr. Dunn discussed that we should remind our teams to be aware of driving hazards associated with work zones paying special attention for multiple work crews and notices such as flagging and signage. We should all be mindful of our speed and distractions as we approach these zones.

<p>Next update</p> <p>August 21, 2014 11 a.m. – 3 p.m.</p> <p>GMP Montpelier Office</p>
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Minutes Approval

- Mr. Nolan moved and Ms. Burt seconded approval of the minutes of June 19, 2014, which were approved without dissent.

Pentachlorophenol Issues/PSB Investigation

- Mr. Connaughton presented the materials provided to the OC.
- Mr. Mason expressed concern that it would take more than a year to resolve this issue, and that a pole “retirement” fund may be needed.
- Mr. Powell asked for a clarification if the concerns were associated with all wells or was limited to shallow dug wells. Mr. Connaughton responded that the concern is limited to shallow wells and springs as these are more susceptible to contamination from surface water supplies.
- Mr. Connaughton suggested and the OC agreed that an OC subcommittee be developed to provide routine updates to the OC. Mr. Connaughton will send the Public Service Board (PSB) motion to the OC for review and to solicit participation in a subcommittee focused on this issue.

NE Governors Infrastructure Initiative

- Mr. Dunn provided the background to the New England States Committee on Electricity (NESCOE) effort as well as the main drivers of the project.
- Mr. Dunn discussed that VELCO has engaged LaCapra Associates to evaluate the effort and to provide additional information to VELCO’s Board of Directors (BOD) regarding possible risks and benefits to VELCO, its owners and Vermont.
- Mr. Dunn discussed the importance of continuing to focus on this topic and to prepare to become more engaged if the NESCOE proposal moves forward.

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- Mr. Dunn discussed that VELCO continues to be approached by project developers seeking to construct transmission in Vermont, including developers that do not intend to participate in the NESCO effort. The main driver for the interest is Vermont's geographic position between generation and the New England load centers.
- Mr. Dunn discussed that gas generation costs have increased as a result of the winter of 2013/2014 which are expected to generate stronger political support. He further explained that it is also expected that the pending legislation regarding electrical supplies in Massachusetts will be resolved at the end of the month. If it passes, it is expected that the effort would be bolstered.

Substation Lock Progress

- Mr. Fiske presented the materials provided to the OC.
- Mr. Fiske discussed that for substations where VELCO and a DU are collocated, the locks will be "daisy chained" to allow DU personnel access and for VELCO only substations. At VELCO only substations, if an approved DU switch person requires access the initial plan is to provide them with a tracked VELCO key
- Mr. Fiske discussed that a "key package" will be developed and presented to any impacted DUs at scheduled safety or special request meetings based on the preference of each DU.
- Mr. Fiske discussed that the "existing" locks will remain on the station equipment. If needed, a spare "2685" key will remain in the control building in the event access to the locked equipment yard is required.
- Mr. Couture inquired if the ultimate goal would be the use of one lock/key for all situations. Mr. Fiske replied that VELCO had considered this but decided that using a two lock system to differentiate the access type within the substations (e.g. general yard access and building/equipment access) better serves the intended purpose.

VELCO Transformer Purchases

- Mr. Fiske presented the materials provided to the OC.
- Mr. Fiske reviewed the condition assessment report for each unit as well as information provided by VELCO's planning department regarding impacts associated with the loss of the units and the need to purchase replacement units.
- Mr. Fiske reviewed the details of the New Haven units VELCO rejected upon inspection and discussed that new radiator replacements are due in 4Q2014. He also explained the transformer units proposed to be purchased in 2015 and their justification. He further explained that 2015 units will be used as replacements for existing units at Hartford, Highgate and Coolidge stations.
- Mr. Smith inquired as to the condition of the South Hero Substation and the placement of the spare transformers. Mr. Fiske replied that the South Hero unit was assessed with no issues identified and the spare units will be centrally located.
- Mr. Nolan asked for an update on impedance and high fault current reviews. Mr. Fiske responded that VELCO Engineering was currently performing the reviews but did not have a completion date. Mr. Dunn commented that VELCO intends to consult with any effected DU upon the completion of the reviews.

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Arc Flash Update

- Mr. Root discussed the current status of the Arc flash review with the OC. He stated that this effort was on schedule for completion by the end of the summer. Once complete, VELCO will present the information to the effected DUs to review the work that was completed as well as develop the next steps.

Telecommunications

Fiber Project Status

- Mr. Nelson presented the materials provided to the OC.
- Ms. Burt described the Town of Stowe Electric Department's fiber work planned for installing fiber to Mt. Mansfield.
- Mr. Nelson discussed that VELCO plans to evaluate the fiber optic network to determine if any telecommunication reliability improvements may be necessary.

Statewide Radio Project (SRP)

- Mr. Nelson presented the SRP materials provided to the OC.
- Mr. Dunn inquired as to the status of work specifically planned to improve areas of radio coverage gaps. Mr. Nelson responded that the effort to review the system and evaluate areas of weak coverage is underway. Solutions not already discussed that require additional cell site installations will be discussed with the OC as part of the routine updates.
- Mr. Couture asked for additional details regarding temporary radio sites including size, location and overall configuration. Mr. Nelson described the functional differences between a fully equipped radio facility and a micro-facility.

Power Accounting Update

- Mr. Etori presented the materials provided to the OC.
- Mr. Etori reviewed expected costs of the project as well as other options including leveraging ISO processes.
- Mr. Etori discussed that the intent of invoking the auditing clause in VT Transco's contract with the Bridge Energy Group (BEG) was to determine compliance with the contract deliverable requirements.
- Mr. Nolan suggested that representatives from the DUs meet to discuss power supply accounting needs, evaluate alternatives and to collaborate on solutions. The OC members agreed that a separate meeting was warranted and Mr. Etori will schedule a meeting. Mr. Dunn expressed the importance of broad participation in this effort. Mr. Mason suggested VELCO should attend a VSPPA Board of Directors meeting to better explain the challenges to encourage broader participation. Mr. Dunn agreed to this request.

ISO-NE update

- Mr. Etori provided an update of recent developments at ISO-NE, discussion items include pending requirements for generators greater than 10MW to control power output to be able to respond to system events. This requirement poses challenges for intermittent resources.

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- Mr. Etori discussed several New England projects being reviewed by the ISO-NE Reliability Committee including a project proposed in southern New England with high estimated costs due to expected challenges associated with right-of-way acquisition.
- Mr. Etori provided an update on the change in the return on equity (ROE) rate. Mr. Dunn will provide a presentation regarding this item to the group at the next OC meeting.
- NESCO GII draft tariff language is being developed and will be made available to the wider group. Mr. Johnson indicated that there would be greater levels of media coverage.

Meeting Format Discussion

- Mr. Dunn discussed the meeting format options of in person vs. conference calls.
- Mr. Dunn expressed that due to the complexity of the topics presented, it was preferred to meet in person. It was discussed that the phone conference held in June may have had limited participation due to the temptation to multi-task. The group decided to meet in person on a monthly basis and to remove several recurring content items

Other Business

- Mr. Dunn discussed the status of the DU budget item requests of VELCO for 2015 and 2016 and asked the OC to verify they have completed their requests. Mr. Smith and Mr. Mason responded that they will verify that their VELCO project requests have been received and follow up as appropriate.
- Mr. Mason discussed the need to review the rules around disseminating information provided between VELCO and the DUs associated with interconnections. Mr. Dunn agreed and suggested to expand the review to include training sessions on confidentiality from ISO-NE staff.
- Mr. Mason discussed the use of “game cameras” as part of the security program. The group discussed the limitations and areas where such a camera has been used.

Proposed Agenda Topics

- Mr. Root sought ideas to obtain broader input into the development of agenda items. Several items that warrant continued discussion include: Arch Flash, VT GAS Project, PENTA issues as well as ISO NE and power accounting updates

Adjournment

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