

VELCO Operating Committee Meeting Minutes

Thursday, January 19, 2011

11:00 a.m.

Location: VELCO Offices, Rutland

Committee members and guests present: Ken Mason (VPPSA-LED), Ken Couture (GMP), Ken Nolan (BED), Greg White (CVPS), Ellen Burt (SED), Jeff Wright (VEC), Kevin Perry (VEC), Tom Dunn (VELCO), Paul Renaud (VELCO), Allen Stamp (VELCO), Hantz Presume (VELCO), Deena Frankel (VELCO—by phone)

I. Minutes of December 22, 2011 meeting

- The minutes of the December 22, 2011 meeting were moved by J. Wright, seconded by G. White and approved by the group.

II. SAIFI Supplemental Definitions – Ken Couture

- Mr. Couture provided an update on SQRP interpretations discussions with DPS that have been underway for approximately five months.
- He reviewed the results of the meeting that took place with the DPS at 10 am on January 19th. Mr. Couture indicated that the DPS is supporting the interpretations of the definitions. Mr. Wright noted that this effort has helped all the DUs standardize their use of the definitions in their respective SQRPs.

III. Vermont True Up – Update Tom Dunn

- Mr. Dunn reviewed this topic and suggested that further discussions were needed to develop a consensus, he indicated that he would continue personal discussions with the members of the committee in an effort to close this issue.
- Mr. Dunn stated that he will talk with Ms. O'Neill about moving the FERC filing forward.

IV. VT/NH Study Update - Paul Renaud/Hantz Presume (presentation)

- Mr. Dunn introduced the draft of the 2012 VELCO Long Range Transmission Plan. He told the group that Mr. Rourke from ISO New England had indicated, during a call on Tuesday, that VT/NH solutions work is now showing the Rutland to Williston element to be outside ten-year window of the study.
- Mr. Presume indicated that ISO is incorporating new information into its load forecast showing flat VT load forecast. He noted that VELCO has worked closely with ITron (firm preparing VELCO's forecast) and Efficiency Vermont on Vermont's load forecast. After integrating this information into VELCO's forecast ITron now projects about .5%/yr increase in peak demand.
- Mr. White asked if VELCO fine tunes its forecast to take into account changes occurring between versions of the plan. Mr. Presume responded that VELCO does revisit conclusions if the assumptions used in the plan materially change.
- The group discussed load forecast variability and factors that affect forecasts of Vermont loads. Mr. Wright talked about the ability to provide load savings by

adjusting system voltages during periods of high demand by using the new grid automation system.

- Mr. Presume reviewed the results of VELCO's LRP plan. Mr. Presume stated that the LRP is updated every 3 years looking at a 20 year planning horizon. Differences between ISO's study and VELCO's LRP include that ISO did not consider the capacitors that exist on the system. VELCO understands that ISO will be making that adjustment. Of note the LRP showed no pre-existing voltage concerns in Jay area. Also, the study shows no issues are showing up in Northeast Vermont, even at winter peak demand.
- Draft report will be submitted to VSPC by end of January. Not many differences between LRTP and ISO's VT/NH studies. LRTP attempts to provide more information on NTAs.
- Ms. Frankel noted that LRTP identifies the "Lead Utility" and "Affected Utilities" for each deficiency. Determination about where cost allocation questions are resolved is an open issue—both for the NW VT issues and generically. At the time the current Operating Committee was formed, the group discussed using the Operating Committee as a forum to try to reach consensus on affected and lead utility determinations, but how cost allocation disagreements get resolved and in what venue (Operating Committee or VSPC) is unclear.
- In the 2009 LRTP VELCO proposed Lead Utility and Affected Utilities for each deficiency and the Operating Committee was used to reach consensus about how the utilities wanted to apply these designations. VELCO modified its initial determinations based on the OpComm's input and no dispute needed to be resolved by the VSPC.
- The Committee discussed the item and supported the concept of using the Operating Committee to discuss cost allocation questions. This work will include review of the determinations of Lead and Affected Utilities for the 2012 LRTP.
- Ms. Frankel reviewed the progress of the NW Study Group. Ambiguity of NW VT situation and deferral of the need for upgrades is complicating the group's work.
- Mr. Nolan reported that the NW Study Group's work includes public outreach. He noted the scheduling challenges associated with developing options on a tight timeframe, though the possibility that NW VT upgrades may not be needed could affect the schedule.

V. Telecommunications Update – Allen Stamp

- Mr. Stamp reviewed the Access Agreement. Mr. Wright asked questions about the access fee and what happens when the equipment is replaced sometime in the future. It is expected that the costs will remain relatively constant until the equipment is replaced. There was a review of the document and suggested changes that were proposed by CV. There was discussion about how the billing will be handled and there was a preference for separate bills to the DUs for these costs. The group agreed that agreement should cover replacement of new equipment and future replacement.

- Mr. Dunn indicated that VELCO would make the changes to the Access Agreement and circulate the document early next week. A conference call was scheduled for the January 25th to vote on the document as amended.
- VELCO develop details on how DUs should bill VELCO for services provided to VELCO (e.g., switching, inspections). VELCO will prepare a proposal on this to review at February meeting.
- Mr. Stamp presented the proposed budget for the VELCO electronics to be installed at DU substations.
- Motion to approve made by Mr. White, seconded by Mr. Couture. Motion passed unanimously.
- Mr. Stamp reviewed the status of the Fiber Project. He noted that the project is on track with respect to budget and schedule goals. He provided information on fiber electronics and indicated that IBM was selected to install the DWDM network.
- Mr. Stamp reviewed the challenges and risks going forward.
- Mr. Nelson provided an update on the Radio Project. Progress has been good especially with the relatively mild winter. Automatic vehicle location is up and running at VELCO. Mr. Mason asked which utilities will be using the system and what it will cost to switch to the new system.

VI. Outage Coordination – Tom Dunn

- Mr. Dunn gave an update on the outage coordination effort underway. He noted that Dave Haas has scheduled three meetings with DU operators to cover a variety of operation issues. Mr. Mason raised the issue about who has control of sub transmission switches interconnecting with VELCO facilities. It was discussed that this would be an appropriate topic for the group to consider.
- Mr. Dunn suggested that VELCO come to VPPSA BOD meeting to review the outage coordination efforts with VPPSA utilities. Mr. Mullet asked that VELCO come to the February meeting which is scheduled for February 9th.

VII. Other Business – Tom Dunn

- a. System Assessment Project
 - Mr. Dunn gave an update on the System Assessment Project.
- b. Other
 - Mr. Dunn provided a brief description Vermont Gas' expansion discussion.
 - For next meeting VELCO will suggest a standardized rate structure for charges to VELCO associated with services provided to VELCO.
 - There was discussion about the status of B22 and the Lyndonville to St. Johnsbury situation.

Other Issues:

- Mr. Dunn told the committee that all 2012 non-VELCO meetings will be held at GMP's Montpelier office.