

VELCO Operating Committee Meeting Minutes

Thursday, April 28, 2011

11:00 a.m.

Location: Burlington Electric Department, Stowe

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).

I. Minutes of March 17, 2010 meeting

- Under motion duly made by Greg White and seconded by Ellen Burt, the minutes, as amended, of the March 17 meeting were approved.

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

- Mr. Dunn initiated discussion about NW VT situation where a major transmission upgrade will be needed if no incremental generation is installed or a new contract for power on the PV20 transmission line is created.
- Mr. White asked who was going to lead this effort to explore and develop a solution to his solution. Mr. Dunn indicated that VELCO will provide information to the VT DUs and discuss additional steps with VELCO's leadership team.
- Mr. Presume provided an overview of the VT/NH study process and the current status of the solutions study.
 - Solutions have been prepared and they are being evaluated from cost and performance perspectives
 - In addition to NW VT, upgrades will be needed in areas near the CT River, Central Vermont (West Rutland to Coolidge) corridor and in northern VT. Upgrades may be 115 or 345 kV.
 - In response to a question from Mr. Couture, Mr. Presume indicated the ISO DSM NTA options are not accurate enough to be of much use. However, the generation options can be used as DSM or generation or a hybrid due to study approach. The ISO is not identifying the benefit of specific amount of generation at discrete locations. They are not considering cost or feasibility of the generation NTAs. VELCO is continuing to advocate with ISO to get them to enhance the NTA study.
 - ISO is going to consider the longevity of the transmission options being considered.
 - Final set of upgrades will be presented in July.
- There was a discussion about the feasibility of getting generation built. Current market economics make this very challenging.
- Mr. Presume reviewed the analysis ISO is conducting in a post-VY world. Under very conservative assumptions, several deficiencies have been identified that would require immediate action (up to 150 MW of load shedding) after the first contingency. Several "quick fixes" may be available to mitigate this risk. Under optimistic assumptions, no load shedding will be required in the near term. ISO-

NE plans to study system conditions between the most conservative and optimistic assumptions to better understand the drivers of the system concerns.

III. Telecommunications - Allen Stamp

- Mr. Stamp covered the status of Telecom Operating committee. The committee is meeting about every other week discussing network architecture—specifically interoperability testing scheduled to take place next week.
- Mr. Stamp gave a presentation on lit fiber cost allocation. Mr. Dunn told the group about an operational incident where a power line carrier communication path problem impacted system operation. VELCO is exploring
- There was a discussion about alternative potential mechanisms for paying for the electronics. Mr. Nolan asked whether a substation participation agreement-like mechanism would work. Mr. White asked whether a service fee could be established that recovered. He asked whether it was possible to create a separate asset class of assets whose cost is recovered by an amended SPA. Mr. Dunn indicated that VELCO would provide answers to these questions at the May committee meeting.
- Mr. White indicated that CV needs to order its electronics asap.
- Sandia conducting on-site visit next week.
- Mr. Stamp presented an overview on the status of the fiber project. He reviewed current costs and recent experience. Mr. Nolan noted that the overhead costs were high. Mr. Stamp indicated that much those costs are front end load due to the work needed to get the projects underway (PM, R/W, Legal, Field work, etc.). Additional detail on enhanced financial reporting will be available within approximately 2-3 months.

IV. VEC Repayment of Taft's Corners Metering Error-Tom Dunn

- Resolution #1: Mr. Dunn presented the amended Taft Corners Substation Metering Error Resolution. Mr. White moved the motion and it was seconded by Mr. Nolan. Motion passed.
- Resolution #2: Methodology for Resolving Future Metering Errors, as amended, was moved by Mr. Nolan and seconded by Mr. Mason. Motion passed
- Resolution #3: Mr. Mason asked that this item be tabled until the May meeting.

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V. Land Transfer Practices

- Mr. Dunn provided a brief overview of the draft policy that he indicated will call for property transfer to be done at net book value.
- Mr. Dunn will present a proposed procedure for several land transactions between VELCO and the DUs for consideration at the May Operating Committee meeting.

VI. Facilities Rating Methodology Update

- Mr. Dunn reviewed the status of VELCO's analysis. He indicated that VELCO is focusing on BPS facilities and on any lines that present an immediate safety or reliability concern. VELCO is developing a plan to address issues that have been identified.

VII. Other business

- Mr. Dunn reviewed status of the IBM outage event. He provided information on the most likely cause of the K21 pole fire. He also reviewed the status of the engineering stand-down work and stated the need to complete a full functional assessment of work completed since 2005.
- Mr. Presume provided an overview of B-22 reliability impacts. Mr. White asked that the B-22 discussion be included at May's committee meeting and that Mr. Presume provide the committee with a review of the reliability implications of opening the B-22 switch.