

VELCO Operating Committee Meeting Minutes

As Revised on February 18, 2010

Thursday, January 21, 2010

11:00 a.m.

Location: Green Mountain Power

Committee Members present: Jeff Wright (VEC), Ken Nolan (BED), Ken Couture (GMP), Don Rendall (GMP), Ken Mason (LED), Greg White (CVPS), Ellen Burt (SED), Neal Robinson, and Frank Etori (VELCO).

Others present: Thad Omand, Michelle Nelson, Tamara Strauss

I. Minutes from the October 15, 2009 and December 1, 2009 meeting

The minutes were approved as drafted.

II. Composition of Operating Committee for 2010

Neal Robinson welcomed Ken Couture as the new Green Mountain Power member of the Operating Committee and thanked Don Rendall for his participation and contribution to the Committee. Neal Robinson also handed out a document titled Percentage Ownership of Vt Transco in dollars and discussed the composition of the Operating Committee. Neal mentioned that the current VELCO representatives are Neal, Frank, and Kerrick. Do to other commitments; Kerrick is generally not available to attend. Neal suggested that with Don Rendall leaving it may make sense for VELCO to have legal representation on the group. Don Rendall and Ken Mason agreed that approach was prudent. Neal will work with Leslie Cadwell to determine who from the legal team will be selected.

III. Election of Vice Chairman

Ken Mason volunteered to serve and by unanimous vote he was elected Vice Chair of the Operating Committee.

IV. Substation Participation Agreement & Stowe substation

Discussion on the Substation Participation agreement and how it is has been utilized at Stowe, E. Avenue, and Newfane. The primary discussion was on the ownership and classification of the facilities at the Stowe substation. Frank Etori drew on the dry erase board the operational one-line diagram that VELCO Operations had created based on their understanding of the ownership. Don Rendall read a section out of the Lamoille County settlement agreement that indicated that Stowe would be responsible for all exclusive facility payments. In the end, it was determined that VELCO needs to review all documentation regarding the Lamoille County Project CPG, the Lamoille county settlement agreement, and the accounting forecast for Stowe cost allocation.

There was also considerable discussion on how SED should be treated for the back-up feed from the 3319 line. Ellen Burt expressed the desire that install the additional conduit based on Bernard Machia's testimony. Ellen also indicated that the costs for those installations should not be SED costs because SED's costs are capped based the LCS agreement. Frank Etori indicated that if the PSB would approve leaving the 139-

50 switch there, that would be the most reliable and least expensive option because it would allow VELCO to perform maintenance on the 34.5 kV bus section without taking an outage of the Village of Stowe. No decision was made on this subject, however the options for Stowe going forward are to: 1) consider utilizing the 139-50 switch; 2) install a new conduit; or 3) have a spare underground cable on hand.

Neal suggested that the VELCO plant accounting people need to go back and determine the costs for each VDU for the Stowe substation.

Currently the SPA document has a section to fill out a term for the agreement. VELCO legal review is unclear why there is a term associated with the agreement. The recommendation is to have a common understanding that the term isn't really utilized as opposed to a major modification to the FERC filed document. The group agreed that was sufficient and that we should use a 30 year term in the SPA.

V. Operating Agreement

Neal discussed the wording in the Operating Agreement as it pertains to determining Load Ratio Share which is the basis on which Transco makes investment opportunities available to Vermont distribution utilities. The Operating Agreement calls for the adjusting of load to "reflect current levels of operations...". VELCO has historically used a three year average to adjust load in determining Load Ratio Share. He suggested a 3 or 4 year averaging for this and asked the members to go back to their respective organizations and provide responses to the Committee.

VI. Under Frequency Load Shedding

Frank discussed that currently every year ISO-NE performs an under frequency load shedding audit and VELCO aggregates those loads and submits to ISO-NE. He also indicated that NPCC is going to be modifying the load shedding thresholds and most of the VDU's will need to modify their UFLS relays and plans. Frank suggested that the VDU's report their values directly to ISO-NE. The group was fine with that approach. The group also asked that Frank discuss this issue with the Vermont Operators Forum. Frank said he had already discussed the issue with them and they didn't have any issue with the change.

VII. Opening the B22

Frank informed the group that Morrisville has a desire to open the B22 to avoid wheeling payments and VELCO is studying this to inform them of the affects. The group does not think opening this line is a good idea.

Respectfully submitted,

Frank Etori