

## VELCO Operating Committee Meeting Minutes

Thursday, May 19, 2011

11:00 a.m.

Location: VELCO

**Committee Members present:** Ken Mason (VPPSA-LED), Ken Couture (GMP), Greg White (CVPS), Jeff Wright (VEC), Ellen Burt (Stowe), Tom Dunn (VELCO), Allen Stamp (VELCO), Hantz Presume (VELCO), Karen O'Neill (VELCO), Sandy Rowe (VELCO), Chris Dutton (VELCO), Michele Nelson (VELCO), Dan Nelson (VELCO). Ken Nolan participated by phone for the Telecommunications segment.

Telecommunications went first since Ken Nolan had limited time.

### I. Minutes of April 28, 2011 meeting

- Minutes of the April 28th meeting were approved.

### II. Land Transfer Practices

- In an effort to standardize the methodology and cost structure for transfers of land and other property rights for utility purposes between VELCO and Vermont DU's, Sandy Rowe presented a proposed policy for discussion and development.
- Generally, the policy proposes that a.) fee simple conveyances and assignments of easements should occur at net book value; b.) fee structures for leases and MOU's developed in support of the Statewide Radio Project should be based on prorated reasonable operational and maintenance fees and expenses; and c.) co-location licenses and easements should be conveyed at no cost, except for reasonable admin or make-ready costs.
- The draft policy was included with the meeting documents and emailed. Comments on the draft should be forwarded to Tom Dunn and Sandy Rowe ([srowe@velco.com](mailto:srowe@velco.com)).

### III. B22 Losses

- Mr. Presume summarized reliability impact of B22 open –
- Greg White - options
  - Socialize state wide
  - Socialize on a statewide load share basis for the 9 utilities impacted
  - CVPS believes it is not fair to pay all B22 losses to provide this reliability.
  - Consider exempting Hardwick, and other transmission customers – customers receiving transmission service already absorb 3% losses
  - Mr. Dutton – Annual cost \$120K/yr, take a step back and consider the benefit received and not view this as a point of principle. Then consider what is an appropriate way to socialize the dollars, should consider netting out the DUs that receive no reliability benefit
  - Ms. Burt: agreed with Mr. Dutton's comments and is willing to consider statewide load ratio share allocation among the 9 affected utilities
  - Mr. Dunn asked that Thad provide results of a cost sharing analysis prior to the June meeting using 3% loss factor for analysis– invite all nine

members to June OC meeting at VPPSA (Hardwick, Hyde Park, Johnson, Morrisville, Stowe, WEC, VEC, GMP, & CVPS)

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

- Mr. Dutton's introduction focused on NW VT issues - PV20 driving need.
- Mr. Dutton: Not a VY in/out issue, PV20 at NY state issue (DCT), no contract with Saranac = lose baseload unit.
- Mr. Presume discussed the alternatives under consideration for Vermont. He stated that the selection process should not only compare costs but also consider other factors such as longevity
- Mr. Couture – longevity is getting traction.
- Discussion about cost of transmission options to resolve reliability problems.
- Greg White - Which NTA would be best? Need an analysis to find answer.

**V. Telecommunications - Allen Stamp**

**Lit Fiber**

- The Operating Committee reviewed the proposed cost allocation for lit fiber services on the proposed network.
- Karen O'Neill, VELCO Legal, provided a review of the options available to the team for cost allocation.
- The group discussed the options and agreed that an "Access Fee" approach appears to meet the intent of the Executive Committee's guidance.
- Jeff Wright asked how O&M costs are proposed to be addressed.
- Dan Nelson covered the issues and opportunities related to O&M and suggested that the O&M costs for the electronics be addressed by each DU directly.
- Greg White asked if the costs would be billed back to VELCO.
- Michele Nelson indicated that this would be a possibility, however the group was comfortable with either approach.
- Greg White suggested that further development of the estimated costs should be addressed for review at the next OC Meeting at that time the committee should be able to recommend a path forward.

**Fiber Optic Backbone Project Update**

- Allen Stamp provided a verbal update on the project.
- Challenges have occurred with the extreme winter conditions experienced this year and performance issues with one of our contractors.
- The project team will revisit the estimate to complete financial projections at 25%, 50% and 75% field complete progress.
- Indications are that the current segments are meeting their cost and productivity goals (with the exception of the vendor with performance issues)
- The most productive approach appears to be having the DU's complete the make ready and follow with a cable installation contractor.

**VI. NERC Facilities Rating Methodology**

**VII. Other Business**