

VELCO Operating Committee Meeting Minutes

Thursday, February 18, 2010

11:00 a.m.

Location: Central Vermont Public Service (Grove St)

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

Others present: Thad Omand, Michelle Nelson, Jose Sebastiao, and Craig Myotte(MWL)

I. **Comparison of current to revised SPA with proposed corrections**

Michelle Nelson gave a presentation simulating a substation with 4 participants and illustrating how the shared use costs would be allocated to the participants. There was discussion on how PTF and non-PTF costs are treated for shared use facilities.

Mr. Mason handed out a project cost estimate for the Lyndonville substation with the breakout for PTF, Non-PTF, specific, and exclusive costs. There wasn't enough breakout information on the estimating sheet to populate Michelle's spreadsheet. Jose and Michelle will work with the Lyndonville cost estimates to show the group how the shared costs will be treated under the SPA with a PTF/non-PTF asset.

Neal asked the group if the proposed changes to the SPA were more in line with what the Operating Committee originally set up to achieve than the current wording of the revised SPA. While the sentiment was that the proposed changes were appropriate, given the questions regarding the application of the SPA in a substation including PTF assets, it was agreed that VELCO will circulate an example which will be discussed during a to be scheduled conference call.

Neal Robinson volunteered to submit a proposal, with examples and descriptions, to be included in the VTAM.

II. **Lamoille County Project**

i. **Review project costs**

Neal discussed the cost breakdown of exclusive facility costs. The exclusive facility costs are now \$1.2 Million. This number has been reduced from earlier numbers because it initially had the land costs included and they have been removed.

Neal handed out a document that illustrates an allocation factor that identified participants beyond GMP, SED, and MWL. In addition to the original three, it includes Hardwick, VEC, CVPS, Village of Johnson, Hyde Park, and WEC. Mr. Myotte suggested that GMP, SED, and MWL get together to resolve the cost allocation among the three participants. Upon Ken Mason's motion and Greg White's second, the committee unanimously approved the following motion:

Stowe, Morrisville and GMP will negotiate an exclusive facilities cost sharing agreement on or before March 18, 2010. At that time each of

the three parties and VELCO will execute a SPA for the Stowe Substation and billing under the SPA will be made retroactive to January 1, 2010.

ii. Getaways

Jose provided the getaway costs to the group.

iii. CIAC for the GMP 34.5 kV Line

There was discussion on how VELCO should treat the 34.5 kV underbuilt from the Stowe substation to Little River. The discussion was whether VELCO should give GMP the 34.5 kV facilities and have a CIAC payment to GMP of approximately \$900k or if VELCO should own the facilities and have a bill back agreement with GMP similar to the one with VEC on the Northern loop.

The group agreed that either direction we go that all participants will need to have an allocation agreement for right of way maintenance.

Michelle will provide a cost comparison for all distribution utilities with both options to provide substantive data for better determination.

III. Stowe spare conduit

Frank suggested that VELCO may be willing to assist in petitioning the PSB for approval to leave the 3329 line disconnect, metering package, poles and wires for a backup source for the Wilkins substation. No decision was made on this item at this time.

2. Next meeting

The next meeting of the Operating Committee is scheduled for March 18th at Stowe.

Respectfully submitted,

Frank Etori