

VERMONT ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS

January 26, 2021

UNAPPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on January 19, 2021 or by electronic means for those Directors requesting such delivery.

CALL TO ORDER – AGENDA ITEM #1

President Rich Goggin called the meeting to order at 12:01 pm via video conference. Present were Directors Ken Hoepfner, Carol Maroni (Second Vice President), Mark Woodward (Secretary), George Lague, Charlie Van Winkle, Don Worth, Paul Lambert (First Vice President), John Ward (Treasurer), Tom Bailey, Rich Westman, and Jody Dunklee. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, Chief Operations Officer Peter Rossi, Chief Financial Officer Mike Bursell, Manager of Government Affairs and Member Relations Andrea Cohen, and Project Planner Laura Kinney. Craig Kieny also joined.

SAFETY MINUTE – AGENDA ITEM #2:

Lambert noted that he was clearing the driveway and was having trouble with the snow blower and noticed that there was an ice clog. Rather than reaching in to clear it, he fetched a broom and used the handle to clear the clog.

Rossi informed the Board that VEC employees have received all sorts of messages purportedly from Rebecca Towne asking for money. He asked the Board to ignore any such requests that they may receive.

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #3

Goggin asked for a motion to approve the minutes of the December Board meeting.

Woodward moved and Westman seconded:

That the minutes of the regular meeting of the Board of Directors held on December 29, 2020 be approved.

A director noted one correction to the name of a guest Justin Johnson, and the minutes were approved by unanimous vote.

CEO REPORT FOR 2020 - AGENDA ITEM #4

Towne gave a presentation showing VEC's accomplishments in achieving 2020 strategic goals. She walked through each of the key focus areas identified in the strategic plan: develop a culture of engagement and leadership; expand energy transformation; enhance member service through engagement and data; pursue excellence in core business; and enhance the grid and infrastructure. In all, VEC performed very well, adapting to new forms of work due to the pandemic and still accomplishing an incredible volume of work for our members.

There were questions from directors throughout the presentation.

LAUNCH CEO ASSESSMENT – AGENDA ITEM #5

Westman moved and Van Winkle seconded to go into executive session to discuss the CEO review.

The motion passed by unanimous vote and the Board entered executive session at 12:34 pm. Brown, Bursell, Cohen, Kieny, Kinney, Rossi, and Varney exited the meeting.

Lague moved and Worth seconded to leave executive session. The motion passed by unanimous vote, and the Board exited executive session at 12:53 pm.

Brown, Bursell, Cohen, Kieny, Kinney, Rossi, and Varney rejoined the meeting. Dan Potter, VEC's Power Supply Analyst, also joined the meeting.

POWER SUPPLY RENEWABLE DISCUSSION – AGENDA ITEM #6

Kieny provided the fourth in a series of presentations aimed at getting guidance from the Board as to the renewable and/or carbon-free content of our power supply portfolio. He reviewed the current Renewable Energy Standard (RES) requirements under state law, the 2020 legislative proposal from Renewable Energy Vermont to increase RES requirements, and he noted that our current policy direction is to meet but not exceed the RES requirements, allowing VEC to sell any renewable energy credits above state requirement. He also showed our existing committed power supply resources based on type (renewable, carbon-free and fossil-based) and identified

future shortfalls in load requirements that will need to be filled. He described VEC's members' responses about renewable/carbon-free resources in our 2019 member survey, as well as the approaches that are being taken by other Vermont utilities. Finally, he showed projections of incremental rate impacts of filling supply needs with renewable power vs. fossil fuel sources. Costs are highly dependent on the type of renewable resource.

He responded to numerous questions throughout his presentation. The key questions to be answered are:

- Do we want to be more renewable and/or carbon-free than state statutes require?
- Do we want to specify resources types to use?
- How do we want to count (annual, monthly, hourly)?
- How fast do we want to get there?

There was extensive discussion as to the appropriate approach for VEC, with directors expressing a variety of preferences.

Based on the feedback provided, Towne suggested that management present a menu of possible resolutions at a future meeting to focus the debate and facilitate a decision.

BREAK – AGENDA ITEM #6

There was a break in the meeting at 2:28, and the meeting resumed at 2:38.

BROADBAND NEXT STEPS -- AGENDA ITEM #8

Towne kicked off a presentation to recommend a course of action to support the deployment of broadband service in VEC's service territory. She reminded the Board of VEC's goal of trying to find a way to support broadband within the confines of VEC's role as an electric company. Working with Green Mountain Power and with feedback from the Department of Public Service, VEC has developed a proposal to establish a three-year pilot which would provide \$2000 make-ready incentive – applied to capital construction only – with a cap of \$1 million over the three-year period. This would only apply to addresses that are considered unserved, and buildout would be within a year of make-ready completion. The CUDs would perform a verification role. Towne noted that VEC's 2021 capital budget planning anticipates spending approximately \$3 million over the next three years for "energy transformation projects," which were undefined but could include make-ready costs to support broadband.

Bursell noted the importance of VEC's ability to communicate with members' devices as we grow our peak management capabilities. He noted that funding this initiative would not materially impact reliability, VEC's equity levels, or VEC's financial plan.

Towne indicated that, if the Board supports this proposal, the next step would be to file with the PUC to get regulatory approval for the incentive rate.

There were numerous questions and extensive discussion as to the pros and cons of this proposal.

Van Winkle moved and Bailey seconded to seek PUC approval to implement a three-year pilot which would provide \$2000 make-ready incentive per unserved address – applied to capital construction only – with a cap of \$1 million over the three-year period, as presented at the January 26, 2021 Board meeting.

The motion passed by majority vote.

MANAGERS' REPORTS – AGENDA ITEM #9

Towne noted that staff is seeking Board approval for one item in the CFO's report, specifically approval for the issuance of a \$36 million bond to cover VEC's funding needs for the next five years. VEC will draw on the bond as needed, mainly for larger expenditures. He noted that this was part of VEC's long-range financial plan that the Board approved in May, 2020.

Lague moved and Ward seconded to approve the resolution on pages 99-102 of the January Board packet.

There were several questions and discussion about the details and uses of the bond proceeds.

The motion passed by unanimous vote.

Staff fielded a few questions as to the details included in their reports. There was a request to show the trend of the top-ten worst performing circuits over the years in terms of decline in total customer hours out.

ANY OTHER BUSINESS – AGENDA ITEM #10

There was no other business.

ADJOURN -- AGENDA ITEM #11

Woodward moved and Lague seconded that the meeting be adjourned.

The motion was approved by unanimous vote.

The meeting adjourned at 4:36pm.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President