



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

APPROVED MINUTES

September 24, 2024

As required under the VEC Bylaws, notice of this meeting was sent to each director on September 17, 2024, either via US Mail or electronically for those directors requesting such delivery.

Board Members Present: Rich Goggin (President), Paul Lambert (First Vice President), Jody Dunklee (Secretary), Charlie Van Winkle (Treasurer), Carol Maroni (Second Vice President), Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Jeffery Wilson, and Mark Woodward.

Staff Present: Rebecca Towne (CEO), Peter Rossi (Chief Operating Officer), Caroline Mashia (Chief Financial Officer), Andrea Cohen (Manager of Government Affairs and Member Relations), Laura Kinney (Project Planner), John Varney (Safety and Security Manager), and Cyril Brunner (Innovation and Technology Leader).

Guests: Colleen Taylor (National Rural Utilities Cooperative Finance Corporation), Scott Mallory (VELCO), Dan Poulin (VELCO), and Craig Kieny (VEC) joined for a portion of the meeting.

AGENDA ITEM #1 -- CALL TO ORDER

President Goggin called the meeting to order at 12:00 pm.

AGENDA ITEM #2 – SAFETY MINUTE

Dunklee reminded the group that hunting season has arrived and that they should wear blaze orange to be as visible as possible while out in the woods and fields.

AGENDA ITEM #3 – MINUTES REVIEW

Maroni moved and Hoepfner seconded that the minutes of the regular Board meeting held on August 27, 2024 be approved as presented. The minutes were approved by unanimous vote.

AGENDA ITEM #4 – REVIEW COMMUNICATIONS COMMITTEE MINUTES

Maroni noted that the committee reviewed the annual member survey in depth, which informs the 2025 member survey and communication plan. She mentioned that the communications department emailed board members requesting their response on questions about cooperatives to include in future member communications.

Maroni requested a motion to approve the minutes.

Hoepfner moved and Wilson seconded that the minutes of the Communications Committee meeting held on September 5, 2024 be approved as presented. The minutes were approved by unanimous vote.

AGENDA ITEM #5 – 2023 KRTA RESULTS

Colleen Taylor joined the meeting.

She is the Regional Vice President of the National Rural Utilities Cooperative Finance Corporation (CFC). She shared the results of the most recent “Key Ratio Trend Analysis” (KRTA), which compares the performance of electric cooperatives across the nation in 145 different metrics. The data is based on submissions from over 800 electric cooperatives to CFC.

For VEC, she developed comparisons to a similar peer group and the larger national cooperative group, noting that many factors account for differences between VEC statistics and the peer groups. Some of the observations from the analysis include the following:

- VEC is in the top 25 percentile regarding size (number of meters). VEC is also in the top 25 percentile in the average consumer per mile.
- VEC’s sales are divided relatively even between residential and commercial/industrial customers. Overall, VEC sales are less than those of other co-ops in the peer group, although since 2021, VEC sales have been trending up.
- VEC’s average residential usage is much lower than the peer group’s likely due to low air conditioning load and electric heating, and the impacts of net metering and energy efficiency programs.
- VEC is on par with the peer group regarding revenue per consumer and costs per customer.
- VEC’s power costs per kWh are higher than the peer group, although they are consistent with other co-ops in the northeast region.
- On interest rates, VEC is slightly higher than the peer group.

- VEC's margins are slightly below the peer group, which likely reflects that VEC provides service at the lowest cost to members. VEC has also been impacted recently by rising costs, including interest rates, power supply, and storm costs.
- In terms of financial ratios, VEC is above the minimum Times Interest Earned Ratio (TIER) that many co-ops use and on par with the peer group. VEC's Minimum Debt Service Coverage (MDSC) is lower than the peer group's, likely reflecting the desire to keep rates low.
- In terms of equity ratio, it is growing steadily and currently exceeds the 40% threshold, slightly above the peer group.
- VEC's retirement of capital credits is slightly lower than the peer group. Still, the trend shows an effort to increase the return of capital credits while maintaining equity levels.
- In terms of reliability, VEC's investment per mile of line is strong and has been increasing, trending above the peer group. However, VEC has experienced higher outage numbers than the peer group due to extreme storms during the last five years. Without storms, VEC would be trending with the peer group.

In summary, Taylor concluded that VEC is in good standing compared to its national cooperative peers, and there was nothing worrisome or strongly actionable in the metrics.

There were several comments and questions throughout the presentation.

Taylor left the meeting.

AGENDA ITEM #6– BREAK

There was a break at 1:20 pm and the meeting resumed at 1:25 pm.

AGENDA ITEM #7 – FRANKLIN COUNTY LINE PROJECT

Scott Mallory and Dan Poulin joined the meeting.

Mallory noted that the existing K42 Franklin County Transmission Line, which runs along four towns and spans 17 miles, ties in Hydro Quebec and local generation, supporting VEC's load. The line has several aged and damaged structures that require updating. The rebuild will maintain the existing ROW, utilizing taller steel structures that lower ongoing maintenance costs and future replacements. Maintaining the existing ROW also creates space for a future line if needed. VELCO has no immediate plans to add another line, however they are exploring the future value for Vermont.

The upgrade will also include installing a new transmission line, which will reduce line losses and increase capacity, including SHEI generation space to accommodate more renewable energy in the Northeast Kingdom, providing value to Vermont and the Northeast.

A Certificate of Public Good was awarded last month, and construction will be in two phases. This month, work began on the south phase from Georgia to St. Albans, which is estimated to be completed in June 2025. The north phase from St. Albans to Highgate is estimated to be completed in April 2026.

There were questions throughout the presentation.

Mallory and Poulin left the meeting.

AGENDA ITEM #8 – TROY BATTERY PROJECT PRESENTATION

Craig Kieny joined the meeting.

Kieny noted that the 3 MW / 12 MWh battery site on Veilleux Road in Troy is online and operating. VEC and GMP jointly own the site, sharing the operating benefits and costs. He noted that the project was partially funded by a \$2 million grant from the Department of Energy.

Kieny highlighted that the SHEI has over 400 MW of renewable and intermittent generation and approximately 250 MW of transmission export capability. However, in 10-15 percent of the hours in a year, the generation in the area exceeds load and transmission export capability, causing curtailment of Kingdom Community Wind (KCW) and increased costs to utility customers. One of the key benefits, and the basis for the DOE grant, was the potential for the battery to reduce these curtailments.

He provided the values of the battery site, including:

- Reduce costs through peak shaving
- Increase the value of resources in the SHEI
- Increase KCW output through reduced curtailments
- Increase revenues through power regulation services
- Reduce costs through energy arbitrage

There were several questions from directors throughout the presentation.

Kieny left the meeting.

AGENDA ITEM #9 – MANAGERS' REPORTS

This agenda item was deferred to the next Board meeting.

AGENDA ITEM #10 – OTHER BUSINESS

Goggin noted that the Community Fund was short a member after Don Worth's departure from the board. Van Winkle volunteered to fill the vacant seat until the end of the term. Hoepner noted that registration is open for NRECA's Director Winter School.

AGENDA ITEM #11 – ADJOURN

Wilson moved and Pratt seconded to adjourn. By unanimous vote, the meeting adjourned at 2:57 pm.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President