

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

November 24, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on October 20, 2020 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 noon 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, and Project Planner Laura Kinney. VEC staff Craig Kieny, Cyril Brunner and Caroline Mashia also joined the meeting.

SAFETY MINUTE – AGENDA ITEM #2:

Hoepfner provided a warning about a person who died from eating too much black licorice which contains a chemical that if consumed at high enough levels can cause serious physical ailments.

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #3

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

VanWinkle moved and Woodward seconded:

That the minutes of the regular meeting of the Board of Directors held on October 27, 2020 be approved.

The minutes were approved by unanimous vote.

REVIEW CAPITAL BUDGET -- AGENDA ITEM #4

Brunner gave a presentation on the 2021 capital budget that staff has proposed. He began by noting 2020 accomplishments which included 39 distribution projects, including some funded by FEMA, several Clean Air Program projects and a major facility construction project in Newport.

He then walked through the subcategories that make up the proposed 2021 annual budget, including the annual "bucket" (day to day work), pole replacements, and make-ready work to support broadband initiative.

There was a discussion as to whether VEC should be contributing to the cost of make-ready work or whether those costs should be billed entirely to the broadband provider that request the make-ready work. Goggin noted that this issue would be discussed further later in the meeting.

Brunner further summarized planned 2021 Engineering and Operations projects including distribution projects, Agency of Transportation support projects, FEMA hazard mitigation projects, substation projects (including Sheldon to be built in 2021 and commissioned in 2022), and transmission projects. The 2021 capital budget also reflects further work on the new Newport warehouse, fleet replacements, a number of IT projects, meter replacements and upgrades, and additional investments in battery technology.

There were questions from directors throughout the presentation. After the presentation there was a discussion as to how to proceed given the concern about the appropriate contributions to make-ready costs.

Ward moved to approve a capital budget of \$10.6 million, with the caveat that the \$595,000 that was included for make-ready costs may need be reallocated to other capital projects based on a subsequent Board decision on whether to consider a make-ready subsidy or not. Hoepfner seconded.

There was discussion as to the timing of the decision regarding make-ready, with Towne noting that the Board will have ample opportunity to discuss and decide this issue over the coming months without an impact on the planned capital budget. Further discussion ensued.

The motion was approved by unanimous vote.

POWER SUPPLY 101 – PART 2 -- AGENDA ITEM #5

Kieny gave a presentation focused on Renewable Energy Credits (RECs) as the second part in laying a foundation for a future Board discussion as to whether VEC should go beyond the renewable resource requirements in the Vermont Renewable Energy Standard (RES). He began by defining what constitutes a REC, which renewable resources qualify as producing RECs, and how RECs can be bought and sold in the market. He noted that RECs are a mechanism to allow utilities to demonstrate compliance with state-specific renewable portfolio standards. He discussed how RECs are electronically tracked by ISO-New England, based on generation data for renewable generators in the ISO. He briefly touched on the various renewable energy standards adopted by the New England states as well as prices of different types of RECs depending on their source.

He then summarized VEC's REC strategy thus far, which is to retain as many RECs as necessary to meet the Vermont RES and sell as many as possible after that to keep costs down for members. He shared how VEC treated its REC entitlements in 2019, noting that selling RECs provided VEC with about \$1.9 million additional revenue.

There were numerous questions throughout the presentation.

There was a break in the meeting at 2:17 and the meeting resumed at 2:30.

BOARD MEETING SCHEDULE -- AGENDA ITEM #6

Goggin noted that he would like to finalize the meeting schedule for 2021, noting that holding meeting via videoconference provides new flexibility for the Board. He noted that the Board had agreed to experiment with holding meetings later in the day to accommodate Board members who have full time jobs. He also noted that the Board moved meetings to Mondays in the past during the legislative session to accommodate directors who are also in the legislature. Directors shared their thoughts, ideas and concerns about alternative meeting times. Some favored continuing to meet by video during the winter months (even post-covid) or suggested that alternative meeting locations, e.g. the new Newport warehouse, be considered. There was a suggestion to try the late afternoon in February and then decide on a schedule for the rest of the year.

Woodward moved to hold the regular Board meeting for the month of February beginning at 3:00 on the regularly-scheduled Tuesday, after which the Board can decide the meeting schedule for the rest of the year. Hoepfner seconded.

There was discussion of the motion.

Goggin asked for a vote and the motion was approved by majority vote.

REVIEW 10.26.20 FINANCE COMMITTEE MEETING NOTES -- AGENDA ITEM #7

Ward moved and Maroni seconded to approve the meeting minutes of the October 26, 2020 Finance Committee meeting.

The motion was approved by unanimous vote.

BROADBAND UPDATE – AGENDA ITEM #8

Kinney first providing a summary of the current RDOF auction. There will be up to 19 bidding rounds, concluding on November 25, 2020. She noted that after round eight, there were few census blocks within VEC service territory that had not been bid. Bids will be awarded in January/February 2021. She reminded the Board that FCC rules prohibits participants from speaking to entities outside our consortium until after “quiet period” of the auction ends in early spring.

Towne followed with a presentation as to the avenues available for VEC to act as a catalyst for the deployment of broadband. She noted that conversations with broadband providers indicate that their greatest need is to accelerate make-ready work so they can attached to VEC poles and start serving customers sooner. There is also a concern about the cost of make-ready and whether VEC can do anything to bring down costs. These considerations include whether members benefit if discounted make-ready costs drive broadband deployment (particularly in underserved areas), whether VEC can get additional value from having access to the new fiber, and whether grant money could pay for make-ready without the need for a VEC subsidy.

There were many questions and extensive discussion throughout the presentation.

Finally, Towne noted that the available options for VEC need much more analysis and refinement before the staff will be able present a fully vetted proposal for the Board's consideration. She asked for a sense of whether the Board is interested in staff diving into this work at this time.

Directors shared their concerns and their hopes about this effort, with the consensus being that staff continue this work and bring additional information back for the Board's consideration.

MANAGERS' REPORTS – AGENDA ITEM #9

Staff fielded a few questions as to the details included in their report. Maroni noted that a Communications Committee meeting would be scheduled in December.

ANY OTHER BUSINESS – AGENDA ITEM #10

VanWinkle informed the Board that he has taken a new position with a solar company and wanted to disclose that development with the Board.

Goggin noted that directors should be on guard for official looking emails that seem to come from VEC. If you hover over the return email address, you will see that it is a fake. Those should be deleted. A director suggested some follow-up training for the Board concerning how to spot cyber-threats.


ADJOURN -- AGENDA ITEM #11

Lague moved and Westman seconded that the meeting be adjourned.


The motion was approved by unanimous vote.

The meeting adjourned at 4:20 pm.

Respectfully submitted:

DocuSigned by:

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Mark Woodward, Secretary

DocuSigned by:

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Rich Goggin, President