



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

APPROVED MINUTES

November 26, 2024

VEC Johnson, VT

As required under the VEC Bylaws, notice of this meeting was sent to each director on November 19, 2024, either via US Mail or by electronic means for those directors requesting such delivery.

Board Members Present: Rich Goggin (President), Paul Lambert (First Vice President), Carol Maroni (Second Vice President), Jody Dunklee (Secretary), Charlie Van Winkle (Treasurer), Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Jeffrey Wilson, 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), John Varney (Manager of Safety, Security, and Facilities), Cyril Brunner (Innovation and Technology Leader), Jeff Bickford (People and Culture Leader), and Thea Schwartz (Corporate Counsel).

Guests: VEC Manager of Engineering Brian Hall attended a portion of the meeting.

AGENDA ITEM #1 -- CALL TO ORDER

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

AGENDA ITEM #2 -- SAFETY DRILL

Ken Hoepfner shared a safety tip that he called "Weather Watch." He described a conversation in which he was asked, "What kind of weather do you get here in Vermont?" and he answered, "Whatever you get." He explained that although some people watch the weather daily for their

jobs, it is important for all to watch the weather as it changes frequently, noting its impact on driving conditions.

AGENDA ITEM #3 – REVIEW OCTOBER 9, 2024 BOARD MEETING MINUTES

President Goggin presented the October 29, 2024 Board meeting minutes. George Lague moved to approve the minutes and Charlie Van Winkle seconded. There was no discussion. The Board approved the minutes by unanimous vote.

AGENDA ITEM #4 – REVIEW OCTOBER 29, 2024 FINANCE COMMITTEE MINUTES

President Goggin presented the minutes of the October 29, 2024 Finance Committee meeting. Van Winkle moved to approve the minutes and Tom Bailey seconded. There was no discussion. The Board approved the minutes by unanimous vote.

AGENDA ITEM #5 – RATE CASE UPDATE

CFO Caroline Mashia presented an update on the rate case submitted to the Public Utility Commission (PUC) in November. Mashia highlighted the key changes that resulted in the rate amount decrease from the tentative percentage the Board approved at its October 29, 2024 meeting, including a decline in power market supply prices and an increase in the amount of income from the sale of Renewable Energy Credits (RECs). Mashia and CEO Rebecca Towne answered questions from the directors.

AGENDA ITEM #6 – REVIEW AND APPROVE CAPITAL BUDGET

Manager of Engineering Brian Hall presented VEC's capital budget proposal for 2025. Hall gave an overview of the completed and ongoing 2024 projects, including:

- 18 distribution projects, highlighting the Main Road Huntington line relocation project, 48-3E East Echo Lake voltage conversion project, and the Moulton Lane Stowe line replacement project;
- FEMA projects, noting approval of 4 more projects from Winter Storm Elliot (2022) beginning in 2025;
- Substation capacity increase at Eden and completion of 5-year maintenance at Montgomery, Irasburg, Jay, Eden, Norton and Canaan; and
- Three TIER III capital projects, including the Goodridge Lumber project in Albany.

Hall described items in the proposed \$13.04 million capital budget for 2025, including transmission, distribution, and substation projects; SCADA system upgrade; fleet additions; and information technology work. He broke down the budget into the following general areas:

- Engineering and Operations (E and O) -- \$8.37 million
- Broadband Make-ready -- \$930,226
- Facilities -- \$330,000
- Fleet -- \$1.35 million
- Information Technology (IT) -- \$320,934
- Metering and member services --\$1.35 million
- Energy Transformation and Innovation -- \$681,301

Hall, COO Peter Rossi, and other VEC staff answered questions from the directors.

Van Winkle moved and Bailey seconded to pass the following resolution:

Approve the 2025 Capital Budget of \$13,040,548 as presented.

The Board passed the resolution and approved the budget by unanimous vote.

Approve the 2025 Capital Budget of \$13,040,548 as presented.

AGENDA ITEM #7 – MANAGEMENT REPORTS

CEO Towne noted work on the budget, rate case, and union contract since the October 29, 2024 Board meeting.

CFO Mashia discussed the power purchase process and the review of purchases on the VELCO system. Mashia talked about the Year-To-Date financial numbers and about the long-term forecast for income/loss. Mashia noted the significant budget impact from the trifecta of storms, increased transmission costs, and increased property taxes. She described the importance of meeting debt covenants and maintaining credit ratings. She described how accounting orders can be used to protect financial strength. There was a discussion of the concept of “known and measurable” and how it factors into establishing the rate case to the PUC.

Manager of Safety, Security, and Facilities John Varney described average yearly incident rates.

Innovation and Technology Leader Cyril Brunner provided an update on Automated Meter Infrastructure (AMI) use and cyber security testing. He noted the value in various types of cyber security testing.

People and Culture Leader Jeff Bickford discussed VEC's comparison of the cost and offerings of its current insurance provider, CIGNA, to that of other medical insurance options noting VEC stayed with CIGNA as medical insurance provider for the upcoming year.

Manager of Government Affairs and Member Relations Andrea Cohen said that at next month's meeting the new lobbying firm will come to meet the Board. She explained that the Vermont legislature is currently sorting out its leaders and committee members after the recent elections. Cohen also briefly described IVUE, a web-based software that helps utilities provide and manage customer service, collections, and outage information, used by VEC Member Services.

The Directors asked numerous questions about details contained in the managers' reports and VEC staff answered them.

AGENDA ITEM #8 – BREAK

There was a break at 2:21 pm and the meeting resumed at 2:34 pm.

AGENDA ITEM #9 – 2025 BOARD CALENDAR

CEO Towne explained that she added periodic updates on AMI projects onto the 2025 calendar and that she kept the periodic executive sessions on the calendar. There was discussion about making sure that the Board has time to spend on NRECA resolutions and parking lot items. Several directors asked for items to be considered to be included in the Board's calendar, including a placeholder for Board training, an examination by the Board of its budget, and financial updates from CFO Mashia two times a year.

AGENDA ITEM #10 – CEO PERFORMANCE SURVEY

People and Culture Leader Bickford described how he worked with CEO Towne to collect CEO evaluation forms from other companies and NRECA. He said that he and CEO Towne had compared them to each other and to the evaluation form that the Board has used in the past to evaluate the CEO. He said that what is most important to him is that any evaluation method used create conversation between those who are doing the evaluation and the person being

evaluated. Several directors said that they would like to see the evaluation include questions about strategy and innovation.

The Board then discussed whether to change the evaluation process for this year and decided that it would not. It was noted that more information could be provided on evaluation processes to the Governance Committee who could then discuss how to proceed at its next meeting.

AGENDA ITEM #11 – EXECUTIVE SESSION

The Board went into executive session to discuss personnel issues at 3:37 pm.

The Board exited executive session at 4:07 pm.

AGENDA ITEM #12 – ANY OTHER BUSINESS

No other business was discussed.

AGENDA ITEM #13 – ADJOURN

Bailey moved to adjourn and Jody Dunklee seconded. By unanimous vote, the meeting adjourned at 4:07 p.m.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President