

VERMONT ELECTRIC COOPERATIVE, INC.
85th ANNUAL MEETING OF MEMBERS
MAY 11, 2024
UNAPPROVED MINUTES

The meeting was called to order at 9:30 by President Rich Goggin.

INTRODUCTIONS

President Goggin introduced the members of the VEC Board of Directors:

Don Worth, Island Pond (not present), District 1; John Ward, Newport, District 2 (not present); Carol Maroni, Second Vice President, Craftsbury, District 3; Mark Woodward, Johnson, District 4; Charlie Van Winkle, Treasurer, Underhill, District 5; Paul Lambert, First Vice President, Georgia, District 6; Rich Goggin, President, South Hero, District 7; George Lague, Derby, East Zone I; Tom Bailey, Derby, East Zone II; Jody Dunkley, Secretary, Fairfax, West Zone I (not present); Ken Hoeppner, Jeffersonville, West Zone II; and Bonnie Pratt, Cambridge, West Zone III (not present).

SAFETY MINUTE

Goggin introduced a video highlighting VEC's success in creating a robust safety program and culture.

PRESIDENT'S ADDRESS

Goggin welcomed members to Smuggler's Notch Resort for VEC's 2024 Annual Meeting.

1. Maintained our financial strength despite two tough years and major budget cuts, which is important to our long-term viability and getting the most cost-effective power supply
2. 2023 was our first year 100% carbon-free
3. Excellent safety record and a culture of constant safety improvement across the whole company (and with our members)
4. Developed our first webinar, which was successful and we will do more to share with our members (make pitch to sign up)
5. Reached 2 MW of flexible load (utility-scale and residential batteries, EV chargers, Commercial project like Jay Peak boilers) to help us reduce our peak

He noted that 2024 has been a busy year at VEC as the co-op moves forward on its commitment to lowering VEC's carbon footprint and providing members with reliable and affordable energy solutions. He said that VEC's goal is to be 100% carbon free by end of 2023 and 100% renewable by 2030, using various traditional renewable energy options such as solar, wind and hydro while monitoring new energy sources including offshore wind and emerging technologies.

One key element of VEC's push toward renewables is VEC's Community Solar Program, which allows members to sponsor panels in one of three solar farms. VEC also began electrifying its fleet, by acquiring Ford F150s and hybrid-electric bucket trucks.

He also noted that VEC stands ready to assist members in transitioning to electric uses, especially in the home, including smart thermostats, home security, and energy monitoring. VEC provides a range of incentives to our members for various projects to encourage this transition, including heat pumps, home appliances and garden tools, and electric vehicles and chargers. Looking ahead, he noted that battery technology advances will enable even more electric options.

He further pointed out that supporting the local community is an essential part of VEC's mission as a cooperative. Key to that is the VEC Community Fund, which is funded by members who "round-up" their monthly bill and donate member capitol credits. The Fund collected over \$20,000 in 2022 and is on track to collect \$25,000 in 2023. The Fund supports non-profit organizations in local communities, including food shelves, wellness programs, local recreation programs, veterans events, volunteer firefighter needs, and more. He encouraged members to support the Community Fund.

Finally, he noted that these accomplishments were only possible with the hard work and dedication of the VEC staff. He thanked them for their efforts in ensuring that our cooperative remains a reliable and trustworthy energy provider.

CERTIFICATE OF QUORUM AND AFFIDAVIT OF MAILING

Goggin introduced VEC Secretary Jody Dunklee. Dunklee read the Certificate of Quorum stating that ----- members voted in the election. That number exceeded the quorum requirement in VEC's bylaws of at least 100 members.

Dunkley read the Mailing Affidavit certifying that a copy of the notice of Annual Meeting of the members was mailed to each member of the cooperative on April 15, 2024, in the manner prescribed by the bylaws.

Dunklee noted that it is customary to waive the reading of the Notice of Annual Meeting and asked for a motion. _____ moved and _____ seconded to waive the reading of the notice.

There was no discussion and the motion passed by voice vote.

MINUTES OF THE 2023 ANNUAL MEETING OF MEMBERS

Dunkley noted that she would entertain a motion to approve the 2023 Annual Meeting of Members minutes.

_____ moved and _____ seconded that the minutes of the May 13, 2023 Annual Meeting be approved.

There was no discussion and the motion passed by voice vote.

TREASURER'S REPORT

Treasurer Charlie Van Winkle reported that VEC continues to maintain a financial rating by Standard & Poor's at A+ with a stable outlook. He noted that stronger financial ratings benefit VEC when negotiating power supply contracts and borrowing funds at lower interest rates.

Cost effective power supply, control of operating costs, strong management, effective rate regulation.

He reported that VEC's independent auditors, Kittell, Branagan & Sargent, completed their independent audit of VEC for 2023 and issued an unqualified accounting opinion, which assures the members that the financial results presented in VEC's annual financial summary conformed to industry-wide, generally-accepted accounting principles.

Van Winkle reported that for the 2023 calendar year, VEC had revenues of \$93.9 million and that net income was \$1.0 million, an increase of \$2.8 million over 2022. Other income included carry-over Paycheck Protection Funds of \$1.4 million, interest and dividend income of \$5.5 million, mainly from investments in Vermont Transco, our statewide transmission provider.

Power supply costs for 2023 were \$45.3 million, which represents a 5% increase from 2022. He noted that this was on top of a 20.22% increase in power supply costs from 2021 to 2022.

He reported that VEC has invested \$41.4 million in stock in Vermont Transco, which provides a 12.51% return. He also reported that long-term debt as of 2023 was \$93.8 million. He reported that between 2013 and 2023, VEC returned \$12.5 million of member capital through bill credits

to current members and checks to former members. Finally, he noted that VEC invested approximately \$10.5 million in capital improvements in 2022.

_____ moved and _____ seconded that the Treasurer's Report be accepted as presented in the meeting.

There was no further discussion and the motion passed by voice vote

ANNOUNCEMENT OF 2024 ELECTION RESULTS

Secretary Jody Dunkley announced the results of the election for the Board of Directors, as follows:

District 2: Kate Stallman

Jeffery Wilson

District 7: Rich Goggin

Sylvia Jensen

East Zone At Large: Brian Cook

Richard Dee

George Lague

Marc Tivoly

West Zone at Large: Ken Hoeppner

Tim Kenney

Victor Veve

She thanked all the candidates for their participation in this year's election, noting that democratic control is a key co-op principle.

CHIEF EXECUTIVE OFFICER'S REPORT

Goggin introduced VEC Chief Executive Officer, Rebecca Towne.

Towne welcomed the members and recognized guests Steve Knowlton, Roger Fox and Don Douglas from Washington Electric Co-op. She thanked the VEC employees who organized and attended the annual meeting as well as the vendors who supplied gifts for the raffle.

1. How awesome our team is – that the people are really what drive the co-op
2. Our relationship with members is changing as we invite them to be part of our extended grid
3. A few comments about the last two years of rate increases – how it's been painful for our members, very frustrating, that we've had budget cuts too, a few comments on the primary drivers
4. We are very focused on the biggest challenges / opportunities of our times:
 1. Moving to renewable power supply not just for VEC, but in our region
 2. Load growth and supporting members' energy transformation
 3. Reliability, particularly as expectations rise and it gets more challenging

She then introduced a panel to present on “Powering Up for a Reliable and Resilient Future:” Dr. Jay Shaffer, Chief Science Officer, Disaster Tech, Inc; and Peter Rossi, VEC Chief Operating Officer.

PANEL PRESENTATION

Shafer shared the challenges utilities have experienced in recent years as extreme weather and climate changes have resulted in increasingly unpredictable weather events. He noted that 90% of excess energy from greenhouse gases and climate change are going back into oceans and that oceans strongly regulate weather. In 2024 the world experiences the fastest input of atmospheric carbon from carbon-intensive economy in 3-4 million years. This in turn causes temperature increases to accelerate. In his view, mitigation and adaptation are critical. The 2023-2024 winter season was the warmest on record for Vermont; it was also the second wettest. The result is more thaws, more precipitation, less snow cover, expanded storm season, and more intense storm potential.

He described the risks of increases “seasonal shenanigans” including:

- **High Confidence Seasonal Change**
 - Retreating cold: Shorter winters with more precipitation
 - Expanding warmth: Elongated periods of heat earlier and later in the season
 - Combination creates more intra-seasonal variability
- **Frequency change:** Expansion of storm impact season with hazards emerging at different times of the year
- **Intensity change:** Storm movement is becoming slower; creates heavier precipitation and makes predictability harder
- **Compounding risk:** More complex multi-hazard storms with blurry seasons

To address the challenges associated with increasingly unpredictable weather, Peter Rossi shared a presentation as to the steps VEC is taking to improve its reliability, defined as keeping the lights on every day, and resiliency, which he defined as making investments to prevent and recover from events. He shared VEC's outage history over the past five year, noting that the majority of outages are due to trees and weather. VEC's actions include:

- Regular maintenance
- Monitoring and control
- Infrastructure investment
- Energy diversification
- Grid hardening and redundancy
- Technology
- Enhanced emergency response

He provided a case study where VEC used FEMA funding to move a line in West Charleston to roadside and make other reliability investments. This resulted in reducing the number of outages on the line by 35% and outage time by 94%.

Towne opened the meeting to questions from members and there were a number of comments and questions for Towne as well as the panelists.

RAFFLE

Towne introduced VEC employees Jeff Bickford and Caroline Mashia to conduct the raffle at the conclusion of the meeting. Bickford thanked the exhibitors who attended the annual meeting and our generous members who donated raffle gifts.

ADJOURNMENT

_____ moved and _____ seconded to adjourn the meeting.

The motion passed by voice vote.

The meeting adjourned at 10:57.

Respectfully submitted by:

Jody Dunkley, Secretary

And

Rich Goggin, President