



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

APPROVED MINUTES

March 25, 2025

As required under the VEC Bylaws, notice of this meeting was sent to each director on March 17, 2025, 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), Mark Woodward, Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Jeffery Wilson

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), Laura Kinney (Project Planner), Cyril Brunner (Innovation and Technology Leader), Jeff Bickford (People and Culture Leader), Thea Schwartz (Corporate Counsel), and Brittany Greene (Controller).

Guests: Bill Keyser and Mark Meyer of KBS joined for the first portion of the meeting.

AGENDA ITEM #1 -- CALL TO ORDER

President Goggin called the meeting to order at 12:01 pm.

AGENDA ITEM #2 – SAFETY MINUTE

President Goggin reviewed the hand-out with general household safety tips that Charlie Van Winkle provided for the Board. Discussion followed as to where to best locate different types of detectors, smoke, carbon monoxide, and more.

AGENDA ITEM #3 – MINUTES REVIEW

Ken Hoeppner moved, and George Lague seconded, that the minutes of the regular Board meeting held on February 25, 2025, be approved. Carol Maroni requested that a spelling error be fixed. The minutes were approved by unanimous vote.

AGENDA ITEM #4 – REVIEW 2024 FINANCIAL AUDIT REPORT

Mark Mayer introduced himself and Bill Keyser, both from KBS, VEC's auditing firm. Mayer explained that KBS audit work began in May 2024 with a physical inventory visit and included field work in October 2024 with completion in February 2025. Keyser reported on the results of the audit. He explained that KBS has issued an unqualified opinion with no audit adjustments recommended or made. He said there were no significant deficiencies. He clarified that KBS had not done an internal control audit. He noted that the audit included a "single audit" due to FEMA grants for hazard mitigation projects and storms. He said that VEC has had two single audits in a row and starting next year VEC will no longer be considered high risk. He explained that this change in consideration does not change the audit process for next year since there are different FEMA funding requirements that are still open that require a single audit to be conducted. He reviewed the 2023 rate increase of 8.33 percent and the 2024 proposed rate increase of 4.84 percent. He shared that distribution costs were relatively stable and that increases in transmission costs were responsible for more than one-half of the rate case request. Storm costs and the importance of the accounting order that VEC obtained, the maintaining of the equity ratio, and the role of TRANSCO stock on debt were discussed.

There were a number of questions from Directors during and at the conclusion of Keyser's presentation. Keyser and CFO Caroline Mashia answered questions.

President Goggin asked the Senior Leadership Team (SLT) and other VEC staff to step out of the meeting so that the Board could discuss the audit report with the auditors without them present.

At 12:42 pm, the SLT and other VEC staff left the meeting. All staff, except for Laura Kinney and Brittany Greene, returned after the completion of the auditors/Board one-on-one time at 1:12 pm.

Bill Keyser and Mark Meyer left at the completion of the auditors/Board one-on-one time.

AGENDA ITEM #5 – RELIABILITY REPORTING

COO Peter Rossi presented on VEC's 2024 Rule 4.900 report. He explained that VEC provides the report to the Vermont Public Utility Commission and that the following data is in the report:

$$\text{CAIDI (Customer Average Interruption Duration Index)} = \frac{\text{sum of all customer interruption durations}}{\text{total number of customer interruptions}} = \frac{\text{SAIDI}}{\text{SAIFI}} = \frac{\text{average hours}}{\text{outage}}$$

$$\text{SAIFI (System Average Interruption Frequency Index)} = \frac{\text{total number of customer interruptions}}{\text{total number of customers served}} = \frac{\text{average outages}}{\text{customer}}$$

$$\text{SAIDI (System Average Interruption Duration Index)} = \frac{\text{sum of all customer interruption durations}}{\text{total number of customers served}} = \frac{\text{average minutes}}{\text{customer}}$$

He reviewed data that is provided in the report that shows causes of outages, such as weather, tree damage, animals, power supplier, and equipment failure. He noted the impact of vehicle crashes into poles, both in terms of outages and costs. He said that VEC typically looks back five years at outage statistics. He explained the effort by VEC to try to figure out how to spend resources to make areas that may be prone to outages more robust so that recovery from outages in those areas can occur more quickly. He shared information about major storm events that VEC experienced in 2024:

- Winter Storm Finn started on January 9, 19:00 and ended on January 15, 15:00. At peak, 9,451 meters without power and 219 outage events.
- Winter Storm Gerri started on January 13, 00:00 and ended on January 15, 12:00. At peak, 5,833 VEC meters without power and 155 outage events.
- Winter Storm Debby started on August 9, 19:00 and ended on August 12, 22:00. At peak, 45,219 VEC meters without power and 296 outage events.

He concluded with an explanation that the VEC Service Quality & Reliability Plan ("SQRP") defines a major storm as a severe weather event that satisfies all three of the following criteria:

- Extensive mechanical damage to the utility infrastructure has occurred, and
- More than 10 percent of the customers in a service territory are out of service due to the storm or the storm's effects, and
- At least 1 percent of the customers in the service territory are out of service for at least 24 hours.

Directors asked Rossi numerous questions.

AGENDA ITEM #7 – BREAK

All agreed to take the break later in the meeting.

AGENDA ITEM #8 – CYBERSECURITY

Innovation and Technology Leader Cyril Brunner gave a presentation on cybersecurity. He introduced the VEC cybersecurity team. He said that each team member serves other roles for VEC and consequently has other work duties besides cybersecurity. He shared that the team meets monthly and quarterly to identify vulnerabilities, review threats and treatment, and examine the top five risks. He reviewed the tools that the cybersecurity team uses to identify vulnerabilities and threats. He explained that those vulnerabilities and threats and the risk they pose informs the VEC cybersecurity focus and strategy.

He gave a hypothetical example of a cybersecurity incident – staff unintentionally causing a data loss of member data – and walked through how the team would respond.

He discussed the findings of the 2024 penetration test and explained the details of the next planned penetration test.

He answered multiple questions from the Board, including questions about policy formation. He concluded his presentation by saying that his goal is to keep the Board informed of VEC cybersecurity work .

AGENDA ITEM #9 – BOARD TRAINING UPDATE

CEO Rebecca Towne thanked Directors for filling out the survey on board training topics. She shared that the survey results show that there was significant variability in how Directors feel about the need for training on a topic and its relevance to future decision-making. She noted overlap with SLT’s perspective on important training topics and Directors’ interest in these three topics:

- Grid Orchestration and Managing Demand
- Rate Making Strategies and Decision Making
- Financial Decision Making.

There were questions regarding training on risk oversight and rate-making. Rebecca explained that the topics were chosen using the survey results. She also explained that next year VEC is planning to conduct a cost of service study. She then asked Directors to participate in an exercise to choose one topic on which they would like to spend a day training.

A break was taken at 2:51 pm during which the Directors participated in the dot exercise and the meeting resumed at 3:07 pm. Rebecca noted the selection of Grid Orchestration and Managing Demand as a training topic and ask the board to email her specifics on what they would like to see as part of that topic.

AGENDA ITEM #11 – MANAGERS’ REPORTS

Chief Executive Officer Rebecca Towne gave an update on and answered questions about tariffs.

Chief Financial Officer Caroline Mashia answered questions about peak prediction and informed the Board that VEC would be going out to bid for the future financial audit services, per VEC’s periodic rebidding policy.

Chief Operating Officer Peter Rossi answered questions on new customers, shared services, transformer availability, and the increase in pole make-ready services due to broadband expansion in VEC’s territory.

Manager of Safety, Security, and Facilities John Varney answered questions about circuit distribution panel work.

Innovation and Technology Leader Cyril Brunner answered questions about AMI work, cybersecurity, and press coverage.

Manager of Government Affairs and Member Relations Andrea Cohen answered questions about the Clean Heat Standard and Vermont Legislature activities.

People and Culture Leader Jeff Bickford informed the Board that Finance Department employee Deb Machia, who has worked at VEC for 40 years, would be retiring soon. CFO Mashia answered questions about how Deb’s retirement would affect the financial team’s work, and the status of the search for a replacement.

Corporate Counsel Thea Schwartz answered questions about the Legal Report.

Towne left the meeting at 3:57 pm.

AGENDA ITEM #12 – OTHER BUSINESS

Ken Hoepfner informed the Board of the progress that the Governance Committee had made at its meeting earlier in the day, noted the one more scheduled meeting of the Committee in July, and advised that additional meetings could be needed.

AGENDA ITEM #13 – ADJOURN

George Lague moved and Jeffery Wilson seconded to adjourn. By unanimous vote, the meeting adjourned at 4:25 p.m.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President