

Minutes:

Stowe Electric Commissioners' Meeting
September 2, 2010 7:45 a.m. Town of Stowe Electric Offices

Present:

Art Lloyd, Chairman; Denise Gutstein, Vice Chairperson; Richard (Dick) Marron, Commissioner; Ellen Burt, General Manager; Pat Householder, Controller; Ed French, SED Attorney; Dawn Haslam, Clerk of the Board, Steve Lambert, Line Superintendent; JD Langdon, Guest; Ken Biederman, Guest; Michael Diender, Guest

Art called the meeting to order at 7:53 a.m.

Approval of the July 27, 2010 Special Meeting Minutes

Dick moved to approve the July 27, 2010 Minutes, Denise seconded the motion and the motion carried.

Approval of the August 23, 2010 Special Meeting Minutes

Dick moved to approve the August 23, 2010 Minutes, Denise seconded the motion and the motion carried.

Special Guests - Michael Diender and Ken Biederman

Mr. Diender introduced himself and Mr. Biederman as citizen advocates for the removal of above ground power lines and poles in the village. He gave some background on a study done in the early 2000's by Ed Pearson regarding the removal of power lines and poles in the village and told the Board the cost at that time was estimated at \$5 to \$6 million. In 2006-2007, a study focusing on the center village, from the Hardware store to the Ski Museum, estimated the cost for that project to be approximately \$3 million. He also noted that there was a capital budget item for the Town for the replacement of 8 - 10 streetlights on Main Street. He explained that he and Mr. Biedermann were seeking the removal of 8 poles on the south side of Main Street, and to either relocate or bury the lines in conduit. As next year's docket includes replacement of the sidewalks, he thinks it would be efficient to bury the power lines and replacing the sidewalks as part of the same project.

Ken informed the Board that one of the reasons he and Michael were in attendance was because they are part of the Stowe Vibrancy group formed for the purpose of bringing vibrancy back to the town. He added that Stowe is a resort community and we live and die by our tourism. Mr. Biederman said the group as a whole felt Stowe needed to continue to make improvements to the town in order to sell ourselves and continue to thrive as a resort town. He said that in order to bring the cost of the project to a palatable number his group wanted to focus on only Main Street because other than the Mountain, that was where most tourists take pictures of Stowe. Last year the Advocacy group did an analysis, met with Fairpoint and Stowe Cable, then asked for funding from the Town but was turned down. This year they are going back to the Selectboard to try and get funding through the voters to engineer the project in steps.

Ken previously met with Ellen and Jerry regarding SED's role if the underground were to be approved. Jerry told Ken he would advise on the project and keep the scale of the project down. Steve Lambert informed the group that he, Jerry, and Harry Shepard (Public Works Director) went on a site walk a few weeks back and all agreed that with the replacement of the sidewalks, conduit should be placed to save time and money in the long run. He continued by pointing out areas where improvement to efficiency and safety would need to occur if the project went forward. He explained that the primary would need to be put on both the north and south side of the streets with flush mount cabinets because having primary on both sides of the street creates a loop feed system. If only one side of the street has a primary, when an outage occurs both sides would be without power for the entire outage whereas with both sides having primary one side can be out while the other still has power. Also, if in the future there is a problem on one side of the line it can be isolated and worked on without affecting the rest of the street, increasing reliability.

Dick spoke and explained that SED is a municipal utility and has a regulatory process in which it can use funds. Ellen conveyed to the group that SED would not need an engineer for the project with Jerry and Steve being able to design the schematics. Harry will need to get costs for the conduit, take that to the Selectboard and have that approved for purchase. The costs for the material on the project will have to come from the Town and SED labor would be charged to the Town at cost.

Mr. Diender's last question was unrelated to the underground project. The Stowe Vibrancy Group had a concern regarding banners that are hung across the middle of town. They had taken pictures of banners when the wind had blown them over and were not legible. He asked if there was some way to tie down the sides of banners that SED put out for local events. Would the town consider changing the banner

policy and start putting up billboards or possibly slider boards around town? He said he was not asking for an answer today but is looking for a better option for the future.

Michael Diender, Ken Biederman and JD Langdon exited the meeting at 8:32 am.

Financial Performance Review 2nd Quarter - 6/30/2010

Pat began with referring to the handouts enclosed in everyone's packet. He started with billing and usage for the first quarter 2009/2010. He said he questioned the kilowatt numbers because he has really never been comfortable with the old billing system. The dollar amounts he is comfortable with because they are actual. The 1st six months of the year the total charges were up 3.7% which equals out to about \$200,000. Usage is down a bit, offset by the rate increase. Dick clarified that in the 2nd quarter residential was showing a significant decrease in kWh and the commercial side shows a slight increase in usage.

Pat continued with revenues and expenses for the 1st Quarter. Revenue for the 1st quarter was a net income of a \$135,000 compared to last year at \$162,000. Pat highlighted various pieces that were of interest. In the Other Revenues area the interest and dividend income increased essentially because we bought a million dollars worth of VELCO equity at the end of 2009. The Spruce Peak contribution, now that the line is serviced, is essentially the amortization to income on the 2.1 million. He went on to tell the Board the wages are down a person in the 1st quarter because Brian Huffman and Jerry Wilson were hired at the end of March beginning of April.

Through the first 6 months of 2010 we are at an income of \$158,000 compared to \$200,000 last year. Looking at the first 6 months, power costs went up by \$200,000 and in June we received the last of the B-22 credit for prior overcharges. He went on to further explain a few things on the balance sheet. The June 30, 2010 accounts receivables Exclusive Facility at \$600,000 was due from GMP and Morrisville Water & Light. Looking at the total assets column under Other Assets, he explained that the section called Hedge on Long Term Debt at 12/30/09 the Hedge was worth \$1.2 million. Right now it is at a loss of \$175,000 so that is essentially the swing of the total assets. Pat told the Board that he has been getting ready for the audit through June 30, 2010. The auditors will be here in September and after that he will have a more detailed breakdown of everything.

Pat concluded we are ahead for the year and feels we will be breaking even for the entire year.

Other Business

It was decided Pat would check on October 2010 dates and meeting rooms for a Commissioners' Meeting at 5:30pm and an Informational Meeting for the public at 7:00pm to follow. He will e-mail everyone when a date is decided on.

Ellen began by telling the Board that the Rate Case was filed August 2, 2010. The Department has agreed that we do not need to tariff the Snowmaking contract. SED is the only municipal left with a special Snowmaking contract.

Executive Session

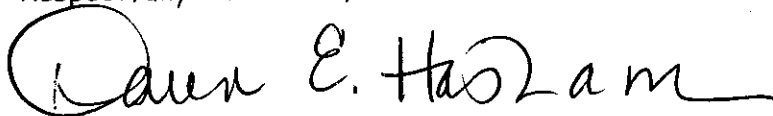
Art made a motion to go into Executive Session at 9:04 am; Denise seconded the motion and the motion carried. Art moved to come out of Executive Session at 9:43 am; Denise seconded the motion and the motion carried.

Dick made a motion to authorize the General Manager, Ellen to contact Sharon Bateman, who will in turn contact the principal brokers for the Town of Stowe regarding the sale of the former Kirchner property. Denise seconded the motion and the motion carried.

Art made a motion to adjourn the meeting at 9:45 am; Denise seconded the motion and the motion carried.

There being no further business the meeting was adjourned at 9:45 a.m.

Respectfully Submitted,



Dawn E. Haslam
Clerk of the Board