

Minutes:

Stowe Electric Commissioners' Meeting
September 29, 2011 at 7:30 a.m. Town of Stowe Electric Offices

Present:

BOARD MEMBERS: Arthur Lloyd, Chairman; Richard Marron, Vice-Chairman;
Tom Evslin, Commissioner;

STAFF: Ellen Burt, General Manager; Patrick Householder, Controller; Aimée Green, Director of Regulations and Compliance; Ed French, SED Attorney; Dawn Foster, Clerk of the Board

GUESTS: Tim Hebert, Michelle Coscia, Energy New England

Art called the meeting to order at 7:34 a.m.

Approval of the August 26, 2011 Meeting Minutes

It was noted under **Other Business**, second paragraph to remove the letter "s" from the word substations, remove the word "over" and add the word "land" after the word substation.

On motion made and seconded, the Minutes of August 26, 2011 were approved as amended.

Smart Meter Project Update

Aimée informed the Commissioners that contract negotiations with Elster Systems (for the purchase of AMI meters and a hosted AMI system), and NorthStar (for the purchase of a hosted MDMS system), were well afoot. She stated that the Implementation Plan and Business Case for the Department of Public Service is under way, and that the Commissioners should expect to receive a draft for their review and comment in the near future.

Aimée then provided an update on discussions to date with cellular carriers to provide the "backhaul" communications network for the AMI system. She stated that the decision will come down to cellular coverage and price.

Aimée then gave a brief update on the public hearing to discuss concerns regarding privacy, cyber-security and opt-out for smart meters. She explained that there will be a supplemental Memorandum of Understanding issued to Smart Metering Docket 7307 that will address the DPS' stance on all three issues. SED is evaluating what the charge to the ratepayers would be for opting-out, in addition to our position on the issue.

Power Supply Overview Energy New England (ENE) Guests Tim Hebert and Michelle Coscia

Mr. Hebert distributed to the Board, copies of Stowe's Power Supply Overview. Referring to the handout, he explained the seven areas that ENE focuses on to help Stowe:

1.) ISO NE Market Management and Administration: This is new to Stowe since leaving VPPSA three years ago. Stowe now directly participates in the ISO NE market rather than through VPPSA.

2.) ISO NE Market Rule Monitoring: This is the number of market rule "tweaks" that are in the works now, and as the market changes. Since June 2010 we have the capacity market, that for the first time put a new market into place for the ISO without finalizing the rules first.

3.) The Snowmaking Contract Procurement, Billing and True-up: ENE buys a load following contract for the Mountain. The power supplied is exactly what the Mountain needs; no more, no less. Commodity markets have provided both Stowe and the Mountain with more stable and lower energy costs.

4.) Short/intermediate term bilateral purchases: are the 1-3 year power contracts that ENE recommends for Stowe to top off long-term entitlements. A good example is the Stonybrook entitlement. Stonybrook still serves a purpose and is an "insurance policy" for Stowe, but due to more efficient gas plants that were built 10 years ago, it does not run as frequently. Bilateral purchases are made for those times to fill in the gaps to reduce the overall cost variability.

5.) Long-term or structured opportunities are different than buying commodity power, which is readily available to Stowe. Stowe is participating in the Miller Hydro project. ENE developed a market based price contract for the owner of the Miller Hydro in Maine that was agreed to and put forth as an opportunity for all of ENE customers. This contract is considered as existing hydro. There are no renewable energy credits associated with it, but it adds carbon-free and green electricity to Stowe's portfolio.

6.) Vermont Regulatory Filing and Reporting assistance. ENE put the Integrated Resource Plan together from the wholesale market perspective earlier this summer, working with Itron on load forecasting. Stowe completed the energy efficiency component as well as the transmission and distribution session of the I.R.P. in-house.

7.) Rate case and reporting assistance: ENE puts together several reports for Stowe including assisting with the annual energy and wholesale budget support. Tim explained the Vermont Public Service reporting done by ENE. The Public Service Board requires a summary of transactions entered into, and small utility reports need to be sent to the Department of Public Service.

Update on Capital Projects

Ellen informed the Board that coming out of the original IRP 20-year engineering study the Wilkins Substation was the only project completed. The Capital Project Plan collates with the 5-year plan given to the Board previously. The Wilkins expansion was in coordination with the new 115 kV line coming into Stowe. The Wilkins was built in 1995 as a three-bay underground substation with one heavily loaded transformer. Plans were made to have a second transformer installed in order to transfer load off of the over loaded transformer. That was completed in November 2009. The second project was the Maple/Pucker Street re-conductoring voltage conversion. The original C.P.G. indicated load from the Dewey Substation would be transferred to the Wilkins; however, recent studies indicate that is no longer the case. An engineering study has been done on the Dewey Substation and the load that was to be transferred to the Wilkins will now stay on the Dewey and the substation will be converted from 4 kV to 12 kV.

A very important project was the Mountain Cable update, not only for purposes of reliability basis, but also to reduce liability. As of September 23, 2011, the power was transferred to the new line. The conduit is in place and the last step is the installation of fiber. Once the fiber is terminated at the base lodge, our linemen are going to work with one of the Royal Electric employees and take it from the termination point back to the lodge as an in-house project.

The billing upgrade project Pat managed was completed as of October 2010. That will be revisited after the Smart Meters are deployed, as the office staff has had issues with the new program. As an added note, with approval from the Public Service Board, any of the monies (\$2.4M) within the capital project funds can be moved around, so long as they are used exclusively for capital projects. We have requested that funds planned for the voltage conversion from Weeks Hill be moved to the Stonybrook upgrade. Ellen did a formal bid out for the project but has recalled the bid as a result of meeting with the excavator on site and realizing that there are too many unknowns and risks. SED is currently in Phase 1 of the bidding process and going to bid the project in phases through the fall/winter in anticipation of a start date of spring 2012.

Executive Session

Art moved to go into Executive Session at 9:15 a.m. to discuss legal matters; Dick seconded the motion and the motion carried. Art moved to come out of Executive Session at 9:52 a.m.; Dick seconded the motion and the motion carried. No action was taken following the Executive Session.

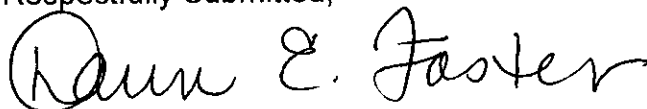
Other Business

Ellen asked Pat if he had heard anything on the financing for the new bucket truck. He responded that he had not.

The Board scheduled the next Commissioners' meeting for Wednesday, October 19, 2011 at 7:30 a.m.

There being no further business, Art made a motion to adjourn the meeting at 9:53 a.m.; Dick seconded the motion and the motion carried.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Dawn E. Foster". The first letter of "Dawn" is circled.

Dawn E. Foster
Clerk of the Board