

Minutes:

Stowe Electric Commissioners' Meeting
July 13, 2011 at 7:30 a.m. Town of Stowe Electric Offices

Present:

BOARD MEMBERS: Art Lloyd, Chairman; Tom Evslin, Commissioner; Richard (Dick) Marron, Commissioner;

STAFF: Ellen Burt, General Manager; Pat Householder, Controller; Aimée Green, Director of Operations & Regulations; Lili Burgess, Clerk of the Board Pro Tem

Art called the meeting to order at 7:30 a.m.

Approval of the May 11, 2011 Meeting Minutes

Art remarked that the minutes have greatly improved over the past 6 months, and that the content is much more comprehensive and clearer. On motion made and seconded, the Minutes of June 16, 2011 were approved.

Acquisition of new bucket truck and financing

Ellen explained the need for a new bucket truck, confirmed that we solicited multiple bids and currently are considering three different vendors. She explained that the equipment to be replaced is the 2000 Altec double bucket truck. She has since learned that this particular model is prone to problems and probably should have been traded in some time ago. The cost for a new bucket truck will be around \$185,000. Since interest rates are very favorable at the moment, Pat felt strongly that it would be financially prudent to take out a loan with Union Bank to spread the cost over five years instead of using a big portion of our working capital all at once. Pat cautioned that a five year loan is long-term financing, which requires Public Service Board (PSB) approval and a subsequent tax-payer vote. Since there is an approximately 6 months lead time on the truck, Pat proposed we order the truck and also file with the PSB for approval. If approved by the PSB in a timely manner, we would add this item to the ballot if a Town election is held in November. If necessary, we could pay cash at the time of delivery in December 2011 and then add the loan approval to the March ballot since we can commit to the purchase prior to the PSB approval. Pat explained that we do not need PSB approval for a capital asset purchase, only for long-term financing. However, waiting for PSB approval to order the truck would delay delivery of the truck of potentially up to a year.

Ellen also reminded the Board that we will need a tax payer vote either in November or March for the approval of the Hydro-Québec contract. Charles Safford, Town Manager, advised Ellen that a special Town vote for November may be considered for an ice rink bond.

On motion made by Tom, the Board approved the purchase of a new bucket truck with the intent to get PSB approval for financing, with the understanding that the capital for a cash purchase is available.

Smart Meter Project Update

Aimée informed the Board of the AMI vendor meetings that are underway, noting that the three vendors under consideration comply with the State's mandated technical requirements including: RF Mesh, Integrated Disconnect and ZigBee, and their original quoting falls within SED's budgetary constraints. A discussion ensued on the technical requirements and costs, in addition to the State's concerns with Opt-Out and Cyber Security. Aimée then added that we should be prepared to select our MDM and AMI vendors, following reference checking, by early August; however we are awaiting additional pricing information from GMP, which could delay the current schedule. The vendors/partners SED chooses will dictate the schedule. Lead time on AMI meters is an average of 12 weeks. The goal will be to have the specificities of potential contract costs and lead times for the August Commissioners' meeting.

Ellen noted that given that SED is a small utility with approximately 4,000 meters, it would be manageable to be one of the first utilities deployed. A discussion ensued regarding the pros and cons of being the first one to deploy. Aimée then shared that an informational campaign will be planned with the selected vendors after the school-year has begun. Dick suggested we invite the media and inform the Select Board.

Tom explained that beside the ability to remotely read the meters, the greatest short-term benefits of the Smart Meters is better outage management, since the Smart Meters will report an outage before the customer might even be aware of it. Utilities will no longer have to wait for customer calls to start to try to locate the source of the outage. This is a very tangible, practical and easily explainable benefit to customers. Better outage management is a win/win situation for everyone, since utilities spend considerably less money locating the source of outages and customers' power is restored more quickly. He added that long-term benefits include giving customers tools to not only reduce today's electric bill, but to allow for an electric future including electric cars and better future appliances. Another great long-term benefit is better voltage management. Today, utilities supply too much voltage because they don't know how much voltage will be needed at the end the line. With Smart Meters, utilities will receive real time 15

minute interval voltage readings at the end of the line, allowing much better electric management, thus reducing the need for oversupplying the top of the line, which ultimately means less wasted electricity. This gained energy efficiency comes at no cost and will positively affect rates. Better load management by not oversupplying electricity results in less voltage fluctuations, which is much better for equipment and at the same time reduces cost.

A discussion then ensued on the PSB's stance on Opt Out options. Utilities are preparing for Opt Out, although SED does not expect to have a big demand. The PSB will be scheduling a hearing to discuss Opt Out and Cyber Security within the next couple of weeks.

Approval of Statement of Operating Procedures

After having reviewed the Statement of Operating Procedures, Art and Aimée met with Peter Eley, Senior Vice President/Managing Trust Officer at Union Bank, for his review and input. Peter made minor suggestions, which were incorporated in the final draft. The Statement of Operating Procedures will continue to be a living document and as procedures change, and we employ the AMI meters, it will continue to be updated. One immediately necessary amendment will be to require a Purchase Order for expenditures over \$1,000. The Board agreed that there will be a need to allow for future amendments to the Statement of Operating Procedures as operating procedures change. Art stated that Stowe Electric likely is among the first utilities to create such a clear Statement of Operation Procedures after the public outcry over the Hardwick defalcation.

On motion made and seconded, the Board approved the Town of Stowe Electric Department's Statement of Operating Procedures.

Other Business

Tom mentioned that since he was relatively new to the Board he would like more information on some items on the Accounts Payable Commissioners' Order and attached Check Register. Pat explained those expenditures. Art stated that he would welcome suggestions on how to improve the procedure to review the A/P Commissioners' Orders. Ellen proposed to e-mail a copy of the Check Register and A/P spreadsheet prior to the Commissioners' meeting to allow time to resolve questions and provide more detail before meetings. The history of Commissioners' Order and procedures of other utilities and Town offices was discussed and Pat noted that he was not aware of any statutory requirements for the need for Commissioners' Orders. Nevertheless, everyone agreed that it was good practice to continue to have the Board review the Check Register and approve the Commissioner' Orders, especially in light of what happened in Hardwick.

Ellen informed the Board that Jerry Wilson, our Plant Superintendent, has given notice and was moving back to Florida next week due to family health issues. Art voiced his disappointment that we are losing such a good employee. Ellen told the Commissioners that we were actively searching for a new Plant Superintendent and that she just received 10 resumes of applicants originally applying for a similar position at VEC. She told the Board that she was sad to see Jerry leave since he did a great job. He greatly improved the crew's morale, had excellent people management skills and was successful in implementing new procedures. Art asked if anyone within our current crew has applied for the Plant Superintendent position to which Ellen replied that Brian had submitted his resume. Ellen explained she will meet with Jerry before he leaves, and will then evaluate our current needs. At this time, we really need a lineman or engineer, with hands-on experience because it takes a long time to really understand our complicated business, including new technology such as Broadband. In addition to obvious technical skills, we need someone with people management skills.

Dick asked for an update on the sale of our property at 1333 Waterbury Road. Ellen informed the Board there has been no interest in the listed property. Our newest lineman, Louis Lacroix, and his wife are currently renting the house and fixing up the property.

The Board scheduled the next Commissioners' meeting for Wednesday, August 24, 2011 at 7:30 am.

There being no further business Art made a motion to adjourn the meeting at 8:32am; Dick seconded the motion and the motion carried.

Respectfully Submitted,

Lili Burgess
Clerk of the Board Pro Tem