

Minutes:

Stowe Electric Commissioners' Meeting
April 14, 2010 7:45 a.m. Offices of Stackpole & French

Present:

Art Lloyd, Chairman; Denise Gutstein, Vice Chairperson; Richard (Dick) Marron, Commissioner (via phone); Ellen Burt, General Manager; Pat Householder, Controller; Ed French, SED Attorney; Dawn Haslam, Clerk of the Board. Guests: David Jaqua, Stowe Resident; Jesse Roman, Stowe Reporter; Craig Kieny, Power Consultant.

Art called the meeting to order at 7:45 a.m.

Approval of the March 10, 2010 Minutes

Dick moved to approve the March 10, 2010 Minutes, Art seconded the motion and the motion carried.

Organizational Alternatives

Art asked Ellen to give the Board an update on the Municipal Task Force and Green Mountain Power (GMP). Ellen began by informing the Board that the Municipal Task Force had their first meeting in March and a second meeting was scheduled for Thursday, April 15, 2010 at 2:00 pm in Morrisville. Art would fill in for Dick's absence at the meeting. Sean Foley from the DPS will be attending to offer assistance and guidance. Ellen stated the Task Force will be interviewing facilitators for the process. Morrisville is interested in seeing an inventory list from all three municipals of vehicles and large tools and are considering the option of combining the linemen and meter readers.

The information for SED and Hyde Park has been assembled and we expect a list from Morrisville prior to the next meeting. Ellen said that the information is very preliminary and would be discussed further at the April 15, 2010 meeting. Ellen also noted that SED has asked GMP for a formal proposal. Dawn Bugbee, CFO, will be in touch with Ellen to

request more information in order to create a complete picture before moving to the next step of the process.

Art asked Mr. Jaqua if he had any questions regarding the Municipal Task Force or GMP. David replied that most of his questions had been answered with Ellen's explanation with the exception of how long SED might think the process would take to determine a final outcome. Ellen told David that after the April 15, 2010 meeting we will have a better idea of a time frame for a decision. Mr. Jaqua encouraged the Board to put all available information out to the public. Dick interjected that we would by all means share information with the public as David had asked with the recognition of there being certain information that will need to stay private until a final decision is made.

Audit: Review Draft and Financials

Pat informed the Board that he and Ellen met with Dana Kittell and should have audited financial statements finalized by the week of April 19, 2010. For the full year 2009 our net income was positive at \$916,000, whereas in the prior year SED had a loss of \$1.6 million. The largest portion of the \$1.6 million consisted of the write-offs of legal fees in the FERC settlement. Additionally, we experienced a significant decline in Purchase Power costs. In 2008, there were sizeable spikes in power that coincided with expiring power contracts which in turn hurt us when power went up in the Spring of 2008.

Pat told the Board that for the May meeting he would provide more analysis for everyone so as to get a better sense for more of the details. Ellen added that she felt very good about the meeting with Mr. Kittell. He informed them that SED is the only municipal utility that did not receive an internal recommendation letter. She felt that speaks volumes about the SED staff and its practices. She also added that Frank Radigan was supposed to attend the meeting regarding our rate case but is still waiting on numbers from Energy New England. She said she would follow up when she received the information.

Other Business

Mr. Jaqua wanted to know the decision-making process for the SED move to the EverBank Building as well as any decisions made for the department. Art began by saying he felt the move to the EverBank Building was a managerial decision for the most part with an overview and consultation involving the Board's input. Ellen found several alternatives for office space and all were explored extensively with the final decision being the most prudent for SED. He also noted that the Board's function was not to run the department, but to give direction and oversee the operations of the General Manager. David commented his concern was if decisions were not being made in the context of three Commissioners consulting outside of the public meetings. Art assured him that all pertinent information is discussed in the public meetings once a month.

David brought up in his review of the February and March minutes he did not recall an approval from the Commission for Ellen to go ahead and commit with the move to the EverBank Building. Dick stated his recollection of the February meeting was of an approval for Ellen to move forward with the lease agreement on the EverBank Building. The rest of the Commission agreed. David continued that he would look back for that approval but his main concern was the process in which the Commission makes decisions for SED. He asked if when SED left VPPSA we had a formal vote on the part of the Board. Ed told him that there was a formal vote when SED exited from VPPSA. Mr. Jaqua thanked everyone for their time and answers to his questions, as always. Art expressed everyone's appreciation for David's questions and thanked him for attending the meeting as a concerned citizen.

The Commission asked the Clerk of the Board to research the February minutes and report back accordingly regarding the approval from the Commission to the General Manager to move forward with the lease on the EverBank building.

Executive Session

Art moved to go into Executive Session at 8:15 am to discuss legal matters and operational issues; Denise seconded the motion and the motion carried. Art moved to come out of Executive Session at 9:10 am; Denise seconded the motion and the motion carried.

Art made a motion to authorize Ellen to engage in further discussions concerning the Hydro Quebec deal, Denise seconded the motion and the motion carried.

Other Business

Denise reported the closing of the sale of the portion of land on the Kirchner property formally agreed upon between Bobby Roberts and SED. The Commission asked Ellen to discuss plans for the remainder of the property with the Selectboard.

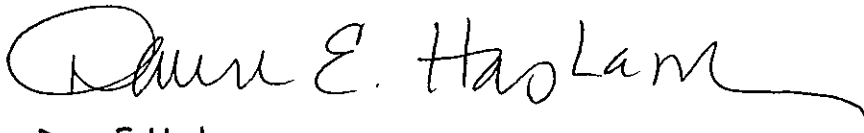
Ed noted that correspondence was sent to the PSB bringing to their attention the situation relating to the primary metering tariff at Trapp Family Lodge.

Denise noted that the Commission authorized GMP to do further investigating in order to satisfy due diligence.

All agreed that the next Commissioners' meeting would be held Tuesday, May 18, 2010 at 7:45 a.m.

There being no further business the meeting was adjourned at 9:20 a.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Dawn E. Haslam". The signature is written in a cursive style with a long, sweeping tail on the "m".

Dawn E. Haslam
Clerk of the Board