

Minutes: Stowe Electric Board of Commissioners' Meeting

March 20, 2024, at 8:30 am at Town of Stowe Electric Department Conference Room with remote participation available via Zoom.

Present:

BOARD MEMBERS: Larry Lackey, Chair; Sara Teachout, Vice-Chair and Mark Gilkey, Commissioner

STAFF: Jackie Pratt, General Manager, Brent Lilley, Director of Operations; Sarah Juzek, Director of Finance; Michael Lazorchak, Manager of Regulatory Compliance; P. Waugh, Business & Human Resources Manager; and Amber Ives, Clerk of the Board

Call to Order: L. Lackey called the meeting to order at 8:31 am.

Agenda Approval:

All were in favor of adopting the warned agenda.

Approval of February 21, 2024, Meeting Minutes:

On a motion made by S. Teachout and seconded by M. Gilkey, the minutes of February 21st were approved.

Wilkins Substation Upgrade:

J. Pratt informed the Board of Commissioners that in Summer of 2022, a \$4MM bond was issued for upgrade to Wilkins Substation to add a 10 MVA transformer and accompanying equipment to maintain the safety and reliability of Stowe Electric Department's (SED) distribution system. The Wilkins Substation Upgrade also provides infrastructure to support a new distribution "Express Circuit" at the Wilkins Substation to allow SED to feed existing loads along the Mountain Road from two directions, shift loads between existing circuits to the new circuit, and create redundancy for the emergency shelter and downtown center.

J. Pratt advised the Board of Commissioners that SED is considering two paths for the Express Circuit:

1. Along the existing right of way (ROW) for Morrisville Water & Light's existing 34.5 kV line.
2. Along River Rd toward Moscow Rd, and over Barrows Rd with the new circuit connecting to the existing service at the Mountain Rd and Luce Hill intersection.

J. Pratt alerted the Board of Commissioners that due to supply chain issues and lack of bids for concrete work, the completion date of the Wilkins Substation Upgrade has been pushed to 2026.

S. Juzek explained that the project delay has had an adverse impact on SED's debt ratio as the upgrade has not yet been added to SED's assets, while the \$4MM loan borrowed is a liability. S. Juzek explained the higher debt ratio could impact borrowing, and that SED could still borrow prior to project completion, but may require approval by the Public Utility Commission (PUC). S. Juzek informed the Board of Commissioners that the high debt ratio will be resolved once the project is complete, as SED will be able to add the upgrade as an asset.

L. Lackey verified with SED staff that the "Express Circuit" was encompassed in the language of the article that was voted on at Town Meeting, as the Voters approved the general obligation bond "for the purpose of acquiring, replacing or constructing municipal electric plant improvements, namely substation transformers and related equipment."

J. Pratt responded that SED staff felt comfortable that the "Express Circuit" is considered 'related equipment' to the Wilkins Substation upgrade, and in addition, SED staff provided testimony that any remaining funding from the bond would be spent on other Capital projects.

Capital Plan:

J. Pratt advised the Board of Commissioners that the Capital Plan being presented was a rolling five-year plan highlighting the major projects that SED was trying to accomplish in the next five years to help improve distribution and resiliency.

S. Juzek discussed that SED plans to add \$26,969,000 in capital over the next 5 years through the Vermont Electric Power Company, Inc. (VELCO) equity purchase, and projects such as the Wilkins Substation upgrade, Express Circuit, replacement of primary underground, Lodge Substation upgrades, Smith's Falls Dam and Hydroelectric, Cady Hill storage facility and hardening the Mountain Line.

S. Juzek notified the Board of Commissioners that several outside funding opportunities have become available through organizations such as the Federal Emergency Management Agency (FEMA), Grid Resilience and Innovation Partnerships (GRIP), Powering Affordable Clean Energy (PACE) through the United States Department of Agriculture (USDA), as well as various grant opportunities.

The Board of Commissioners and SED staff discussed the projects, funding, PUC rules and operating requirements, recommended debt measures, cash flow forecast, energy cost projections, and the restriction of Capital Funds.

L. Lackey verified that the projects presented in the Five-Year Capital Plan were also in alignment with SED's Integrated Resource Plan, and SED staff confirmed.

After thorough discourse, the Board of Commissioners stated that they were all in favor and supportive of the presented Five-Year Capital Plan.

General Manager Highlights:

The Board of Commissioners and staff discussed the Renewable Energy Standard, staff performance reviews, commissioner stipends, The Alchemist charger, and SED's reliability indices.

J. Pratt notified the Board of Commissioners that P. Waugh passed the Society for Human Resources Management Certified Professional (SHRM-CP) test, and that this credential acknowledges an individual's level of expertise in general Human Resources matters and related duties at work.

Executive Session: Labor Relations Agreement

At 10:14, S. Teachout moved to enter into Executive Session in order to discuss the Collective Bargaining agreement. M. Gilkey seconded the motion, and it was approved.

The Board of Commissioners invited P. Waugh to join the discussion along with themselves and J. Pratt.

At 11:27, S. Teachout motioned to exit Executive Session. The motion was seconded by M. Gilkey, and all were in favor.

There being no further business, the meeting adjourned at 11:27 am.

Respectfully Submitted,

Amber Ives

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Clerk of the Board