

WASHINGTON ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS

August 31, 2022

The regular meeting of the Board of Directors, conducted in person and via video teleconference, was called to order at 4:04 p.m. by President Stephen Knowlton. The following Board members were in attendance:

Susan Alexander	Steven Farnham	Richard Rubin
Betsy Allen	Roger Fox	Mary Just Skinner
Don Douglas	Stephen Knowlton	

Also present were General Manager Louis Porter; Attorney Ron Shems of the law firm Tarrant, Gillies, & Shems, the Cooperative's legal counsel; Interim Director of Finance & Administration (F&A) Teia Greenslit; Director of Products & Services Bill Powell; Member Services Supervisor Susan Golden; and Administrative Assistant Rosie Casciero. Directors Alexander, Allen, and Rubin, as well as Mr. Powell and Mr. Shems, attended remotely via video teleconference; all other participants attended in person. Director Skinner arrived at 4:13 p.m. Director Hamilton was absent. Also in attendance were Vermont Public Power Supply Authority (VPPSA) representatives Shawn Enterline and Steve Farman. Mr. Enterline and Mr. Farman left at 5:20 p.m.

CONSENT AGENDA

The consent agenda included the minutes of the regular Board meeting held July 27, 2022.

There being no objection, President Knowlton declared the minutes of the July 27, 2022 Board meeting approved with one noted correction.

RATE INCREASE FILING

General Manager Porter, Interim Director of F&A Greenslit, Mr. Farman, and Mr. Enterline reviewed for the Board the main contributing factors to the Co-op's need to file for a rate increase on September 15, 2022. Staff requested the Board approve that WEC file with the Public Utility Commission (PUC) a request for a rate increase of up to 15%.

Staff described the most significant factors as a decline in production from the Coventry Landfill gas power plant, high and volatile energy prices in the New England market triggered in part by the war in Ukraine, and the export of U.S. natural gas. In addition, ever-present factors like increasing net metering in WEC territory and rises in prices for materials and employee salaries have contributed. Lastly, the Co-op's obligations to its lenders require achieving certain financial ratios; with WEC likely unable to meet its lender obligations for 2022, a rate increase will help ensure they are met in 2023.

Mr. Farman reiterated the importance of filing to meet a TIER of just above 2, as well as the various technical considerations both he and the Department of Public Service (DPS) have made, and may make, regarding WEC's filing. He also described elements of the testimony process. Mr. Enterline then presented his calculations and considerations pertaining to WEC's power supply, particularly Coventry generation, noting that the plant's average annual production over the last five years was 52,319 kWh. This average adversely affects the filing's test year data.

The Board also discussed how best to present information to members regarding the rate increase filing. Mr. Porter stated that a basic overview and, later, details of the rate increase would be published in *Co-op Currents*, as well as online. A public hearing with the PUC will also occur.

Director Douglas moved to authorize Washington Electric Cooperative staff to file a rate increase not exceeding 15% on September 15, 2022. Seconded by Director Farnham, the motion passed unanimously.

TEMPORARY SUSPENSION OF TIER III INCENTIVES

Regarding staff's request of the Board to approve suspension of Button Up Tier III Incentives in the fourth quarter of 2022, Director of Products & Services Powell stated that, while it has met its Tier III target, the Co-op continues to have cash flow issues. There are still costs related to efficiency incentives incurred by WEC due to partnership with Efficiency Vermont over which WEC does not have oversight. It is uncertain whether the Department of Public Service (DPS) will continue its current stance on banked credits in 2023, as well, but there is a precedent by another distribution utility to suspend incentives. There was discussion regarding the impact on current projects.

Director Douglas moved to approve the suspension of 2022 Button Up Tier III program incentives, effective September 1, 2022. Seconded by Director Farnham, the motion passed unanimously.

NET METERING EFFECTS ON WASHINGTON ELECTRIC CO-OP

President Knowlton provided an overview of an article to be published in the September issue of *Co-op Currents*, the Co-op's newsletter, regarding net metering's effects on WEC. The piece describes the history of net metering and presents statistical, regulatory, and personal views on the current state of net metering. The purpose of the article is to inform members of the inequities in the current net metering legislation and to encourage discourse thereon. The September issue will focus entirely on net metering. Staff requested the Board indicate what the byline for the article should read.

Director Skinner moved to approve that the byline for the article published in Co-op Currents regarding net metering include both the full Board of Directors and General Manager Porter to reinforce that the views contained therein were those of Washington Electric Cooperative. Seconded by Director Douglas, the motion passed with two abstentions.

FINANCIAL REPORTS

Interim Director of F&A Greenslit explained that the estimations calculated regarding aging accounts receivable will be trued up at year-end. She stated that staff anticipates the balance will decrease as members pay their arrearages that accumulated throughout the pandemic. General Manager Porter added that WEC has been performing disconnections, which frequently galvanizes members to either pay their past-due bills or apply for State assistance programs.

GENERAL MANAGER'S UPDATE

Hiring & Employment

General Manager Porter officially informed the Board of Directors of Mr. Larry Monserrate's resignation as Director of Finance and Administration. He thanked Ms. Teia Greenslit for taking the position of Interim Director of Finance and Administration. Additionally, WEC hired a new apprentice lineworker, Christian Gagne, beginning work on September 7, 2022.

Tariffs

At Attorney Shems' suggestion, WEC will file amendments to its General Terms & Conditions separately from the rate increase. This affords the Board more time to consider the changes presented to them by staff. Mr. Porter added that the Co-op's new rates are included in the tariffs, so it will be simpler to file for the rate increase before any amendments to the tariffs.

Renewable Energy Vermont (REV) Annual Conference

President Knowlton provided an overview of REV as an organization and what its conference typically entails. He stated it is useful for new members of the WEC Board to attend, despite WEC not being a member of REV. REV is a trade organization which appears to focus on maximizing renewable energy business, as Director Fox noted. Director Skinner added that it is worthwhile to attend to understand the political atmosphere in Vermont.

Low-Income Community Solar

Mr. Porter informed the Board that WEC jointly filed with Vermont Electric Coop (VEC) an application with the DPS for a community solar project intended to assist low-income members. (See minutes of the July 27, 2022 meeting for more information).

Fall Membership Gathering

Mr. Porter reminded the Board that WEC will hold an informal gathering of the membership on Saturday, September 10 from 11 am to 3 pm at the Operations Center.

EXECUTIVE SESSION

The Board entered Executive Session at 6:02 p.m. to discuss the General Manager's contract.


The meeting reconvened in open session at 6:08 p.m.

The Board voted to approve the General Manager's contract. The motion passed; there were two abstentions.

There being no further essential business to discuss, the meeting was adjourned at 6:08 p.m.

Mary Just Skinner, Secretary

The foregoing record of the minutes was duly accepted by the Board of Directors at a regular meeting held on September 28, 2022 at which meeting a quorum of the Board was present and voting.



Mary Just Skinner, Secretary