



CO-OP LITE



July 2007

Member Newsletter



CEO Corner

by David Hallquist

Stowe Transmission

Stowe Electric Department's decision in 2005 to cease guaranteeing power

for new construction raised an alarm on a problem first identified in 1974. In the three decades since, utility companies in Lamoille County have made several temporary fixes to the power system, but they have consistently balked at what experts say is the only long-term solution – building larger lines into the county to provide substantially more electricity to the local power grid.

The stumbling block has always been the cost of new lines. It has risen from \$2.6 million in 1974 to an estimate of \$20 million in 2005, to \$40 million today, for a new and controversial power line from Duxbury to Stowe and system upgrades.

The principal driver for the PSB approved Lamoille County Project (LCP) is expansions on Mt Mansfield which is within Stowe's service area. Stowe does not want to pay for the entire upgrade due to the significant upward impact on its electric rates. If Stowe pays for its specific share of the project, Stowe Electric customers would see about a 50 percent increase in its rates. Four area municipals (Hardwick, Hyde Park, Johnson and Morrisville) have appealed to the Federal Energy Regulatory Commission (FERC) to intervene. In lieu of hearing the case the FERC proposed that the Vermont utilities try reaching an agreement and they appointed a settlement judge to mediate the settlement process.

At the first settlement session the FERC settlement judge proposed a concept that is not favorable to the other Vermont utilities. The judge suggested that the way VELCO is applying funds that it receives back from ISO New England for the use of VELCO's network transmission (Regional Network Service (RNS)) could be changed to include crediting Specific Facilities (like the LCP). The wording in the 1991 Transmission Agreement does not preclude the crediting of RNS payments to Specific Facilities, but this is not the way VELCO has been applying the payments. If VEC accepted this settlement offer, it would cost VEC an approximate \$500K per year above the \$50K we agreed to pay for the LCP.

The settlement judge only has the power to provide his opinions and mediate the settlement process. If a settlement is not reached the case will be heard by the FERC.

VEC Scheduled for NERC Audit

The North American Electric Reliability Council (NERC) was given a strong mandate to ensure electric utilities are in compliance with updated standards after the August 14, 2003 outage that impacted 50 million customers in North America. NERC's mission is to ensure the reliability and security of the bulk power system in North America. To achieve that, NERC develops and enforces reliability standards; monitors the bulk power system; assesses future adequacy; audits owners, operators, and users for preparedness; and educates and trains industry personnel.

Compliance enforcement is a key part of NERC's charter, and ensures that corrective mitigating actions are taken to preserve bulk power system reliability. Financial penalties and sanctions for non-compliance are administered as described in the NERC Sanction Guidelines. Financial penalties are very high, up to \$1 million per day.

VEC has been registered by the NERC as being responsible for compliance in three functions; load-serving entity, distribution provider, and purchasing-selling entity. The Northeast Power Coordinating Council (NPCC), the regional reliability organization, has scheduled VEC for a NERC compliance audit in September, 2007 in the purchasing-selling entity function. CVPS is also being audited in four of their registered functions. These requirements are very detailed and compliance requires a lot of work for VEC staff. All of the Vermont utilities recognize that complying with these requirements will require additional staff time. CVPS and GMP estimate at least one full-time person will be required, while BED estimates that a half-time person is needed. VELCO has agreed to pull together the requirements and provide leadership in this area.



AMR Project Update (Automated Meter Reading)

The AMR project suffered a major setback as a result of the Richford incident in September of 2006. VEC is now required to perform a complete and extensive

review of its substations before doing any work or making any changes in those substations. The substation drawings have not been kept up to date, and in many substations, drawings were non-existent.

As a result, VEC had to find an outside engineering firm (SGC) to perform this work. The firm has now reviewed the substations and will provide drawings for those substations by the end of August. Meanwhile VEC is working with SGC to prioritize its work, which will enable the AMR project to get back on track. The Richford substation will be completed in June; Cambridge in July; and West Charleston in August. SGC will complete its work by September 1, 2007.

REDONA Update

At its annual meeting in May, VEC presented its plan to introduce a gasifier that will provide energy from biomass fuels. Vermont Electric Cooperative, Sealander Waterworks from Washington, D.C., and ENERKEM from Sherbrooke, Quebec, have formed a partnership that will develop, test, and market a turnkey one megawatt gasifier – generator – heat recovery unit that would be used for distributed on-site generation combined with district heating and cooling. The research work will be fully funded from Canadian and American grants and no costs will be incurred by VEC's members. The project is called Renewable Energy Development of North America (REDONA) and this new venture will be operated separately and independently from VEC.

An initial filing has been made with the Department of Defense (DOD) Small Business Innovation Research (SBIR) program will be placed this week. Initial telephone discussions were very favorable in terms of the DOD funding research on this project. Meetings in Washington DC have been scheduled for late June.

Dartmouth College has agreed to work with REDONA to provide third-party review of the physics. Cornell University, which has received grants to investigate agriculture and its role in energy production, is very interested in working on the REDONA project.

No commitments will be made until the project is funded. VEC will request help from the University of Vermont as the funding becomes closer to a reality. VEC is being very careful to not set false expectations, at this point, as this project is completely dependant on outside funding. ✂



VEC's EMPLOYEE EVOLUTION JUNE 2007

by Sally Lumbr, Human Resources

On May 24th, 2007 VEC was very pleased to announce the promotion of Rhoda Kimble to Engineering Services Group Leader. Kimble, a 27 year veteran of VEC, has worked for the past 20 years in the Engineering area. Among her many accomplishments she has been instrumental in several continuous improvement efforts including technology advancements,



VEC Field Engineering staff: Tony Brown, Troy Reynolds, Evan Mercy Bart Bacon, Chris Sheltra, Denise Durivage, and Rhoda Kimble.

process improvements, updated record keeping, and the development of relationships with other utilities. Group Leader is a union position that requires more supervisory responsibilities than all others. As

Engineering Services Group Leader, Kimble will provide assistance to the Chief Operating Officer by coordinating and directing all resources of the Field Engineering area.

The addition of Troy Reynolds to the Field Engineering staff on June 11th was another welcomed change. Reynolds began his work here at VEC as an apprentice lineworker in 2001. On June 1, 2006, he achieved his 1st Class Line Worker certification. Working extensively with underground and new service installations, his proficiency will be advantageous to VEC in this new role. Reynolds' transfer to Engineering was prompted by the resignation of Tony Brown. Brown, an experienced Lineworker and Field Engineer, is returning to line work at Access Energy Cooperative in Mt. Pleasant, Iowa. We wish Tony great success at Access Energy.

Wayne Atkinson, Substation Manager, recently joined us from Howell, Michigan. Atkinson has 23 years of substation experience to his credit. His areas of expertise are in controls, protection and troubleshooting power systems. Since his early days at Westinghouse he has worked extensively to develop and provide generic and



customized training programs in the areas of OSHA electrical safety; substation maintenance; controls; circuit breaker maintenance and related fields. He is now responsible for VEC's substations, metering points, and Supervisory Control and Data Acquisition (SCADA) system.

Finally, VEC is anticipating the arrival of our newest lineworker on July 2, 2007. Fred Jewett has accepted the position of 3rd Class Lineworker C for our Richford Service District. Jewett, a local to the area, has worked for Adelphia Cable Company and currently works for the Village of Enosburg Falls. Jewett expresses a fondness for the electric utility business and wants to concentrate his training and career in this field. Although based in Richford, Jewett will be assigned work in all districts throughout his apprenticeship.

At least two excellent candidates for the Chief Operating Officer position have been identified. Staff and employees have been interviewing these candidates during the month of June. The personnel committee has also interviewed the candidates and if all goes well we will make an offer by the end of June.

Our search continues for a planning engineer and a substation technician. These positions may be difficult to fill, as utilities nationwide are looking for similar candidates and the pool of available candidates is small.

VEC Vehicles For Sale

VEC has two vehicles for sale and will accept sealed bids until 4:00 pm, August 10, 2007. Please submit all bids to the attention of:

Jane Tallman, Purchasing Agent
Vermont Electric Cooperative
42 Wescom Road
Johnson Vermont 05656

Vehicles advertised may have high mileage and may be in need of mechanical /body work unless otherwise noted.



These vehicles are located at the Johnson Warehouse:

- 1995 Ford E-250, Two wheel drive, Van. Mileage is 132,081+/-
- 2000 Ford E-150, Two wheel drive, Van. Mileage is 45,325+/-

Questions pertaining to the above vehicles may be directed to Mark Bennett at 802-730-1144.

The Company reserves the right to reject any or all bids which, in its sole judgment, it finds unacceptable. All vehicles/equipment are sold on an "AS IS" basis, with no warranty expressed or implied. Risk of using any of the above vehicles is completely assumed by the purchaser.

Efficiency Vermont

"Ask Rachael"

Q. I have large south-facing windows that make my place unbearably hot in the summer. I'd like to avoid air conditioning and still keep my view. Can you suggest any options?

- A. Sure can. Look for window coverings that can block direct sun while keeping some of your view clear. And see if an awning could keep midday sun out without blocking your view. When you need to replace a south facing window, choose ENERGY STAR[®] qualified models having a low U-factor (<.35) and with the addition of a high Solar Heat Gain Coefficient (>.45). This will block some summer heat and keep in more winter heat while allowing in lots of sun.

Rachael is a business development specialist at Efficiency Vermont. To find more energy saving tips or to submit a new question about energy use in your home or business, visit www.encyvermont.com/askrachael or call, toll-free: 1-888-921-5990 to speak with a customer service representative.

Vermont Electric Cooperative, Inc. 42 Wescom Road Johnson, VT 05656 1-800-832-2667 or 802-635-2331

Business hours Monday—Friday 7:30 a.m.—4:30 p.m.

Emergency Service 24—7



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