

BARTON VILLAGE INC.
MEETING OF THE TRUSTEES
INFORMATION MEETING
DRAFT MINUTES
April 16, 2022 3 PM

PRESENT:

Trustees: Nate Sicard, Jackie Laurion, Tin Barton-Caplin

Village Residents: Lenny Zenonos, Linda Merchant, Ellis Merchant, Christian Corey, Gina Lyon, Jed Lyon, James Conley, Emily Marlow, Marjorie Brown, Marilyn Prue, Duane Prue, Susan Penharlow, Dan Taylor, Bill Cicale, Wiseman Family, John Ullrich, Robert Vail, David Snedeker, Larry Cincotte, Donna Cincotte, Filicamo Vigonia, Bob Ferlazo

Electric Department Customers: Sharon Bickford, Angela White, Stephen Martom, Regina Martom, Richard Royer Sr, Mark Hinton, Lisa Hinton, Michael Pion, James Conley, Kevin Sheltro, Richard Labreque, Deana Labreque, Maury Tinker, Sue Tinker, Gary Lukas, Art LaPlante, Cecile Garfoult, Jean Claude Garbarault, Dave Sargeant, Lindy Sargent, Janice Sicard, Ellen Valley, Joseph Gressor (Chronicle), Grace Mason, Ed Barber (Newport Daily Express), Kathryn Ketchum, Robert Ketchum, Anne Marie Lichen, Richard Jesmer, Rose Stone

Others/Special Interest: John Morley III (Orleans Village), Penny Jones (Morrisville Water & Lights), Donald LeBurre, Mike Sullivan (Hardwick Electric Department), Ken Nolan (VPPSA), Julia Leopold (VPPSA), George Lague (VEC Board), Ryan Racine, John Conley, J.L., James Conley, Steven Matthews, Jon Elwell (Lyndonville Electric), Russ Ingalls, Deb McCormick, Blais, Owen Lehouille, Gary Marcotte, Gerry Cahill

NS called the informational meeting to order at 3:04 p.m.

Introductions

NS introduced the three Trustees: Nate Sicard, Jackie Laurion, and Tin (Justin) Barton-Caplin

NS shared the meeting notices were published in the Village, on the Village website, and in the Chronicle on the March 30th, April 6th, and April 13th.

Meeting Format

Trustees will share information on the background about the past and ongoing concerns related to the Barton Electric Department and provide an overview and timeline of the bidding process and the recommendation of the Trustees based on the bidding process, including information from the sale Fact Sheet.

The format for questions will be opened up to Village residents, rate payers, and then anyone else in attendance. An effort will be made to allow everyone to speak at least once before returning to the

same person. The Trustees request that the questions be directed to the Board. The Trustees are anticipating a 5 p.m. end time but will go longer if the conversation continues past this time.

Information

Background:

NS provided an overview of the history of how the Trustees determined the need to sale the electric utility.

Nate joined the Board of Trustees in 2014 and Tin joined in 2015. At that time, Trustees needed to address significant areas of inappropriate use of electric dept and bond funds where bond funds were both comingled and used inappropriately. The Trustees were providing monthly testimony to the Public Utility Commission (formerly known as the Vermont Public Service Board) to report on progress to address the misappropriated funds and ongoing operations of the electric utility and its financial solvency. The Trustees were also face with an electric utility that had years of underinvestment in capital and infrastructure. Because Barton Electric carried a large debt which restricted options and stymied the ability to invest appropriately in capital projects, progress to rebuilding infrastructure was slow. However, over time and with appropriate improvements in financial policy, accounting systems, and with careful financial oversight, after several years, the Trustees started to see improvements in the electric utilities net financial position.

On April 5, 2019 Barton Electric signed an emergency maintenance agreement/contract with Vermont Electric Cooperative (VEC) as after the departure of all the BVI lineman. Ongoing recruitment attempts with job postings around Vermont, New Hampshire and New England municipal and electric utility listserves and websites and with private job posting vendors continued to be unsuccessful.

On May 1, 2019 Barton Electric received the resignation of the Electric Department Manager.

While operating for a year with the emergency contract with VEC, the Trustees continued to explore options / models for successful field operations. In April 2020, Vermont Public Power Supply Authority (VPPSA) presented a proposal for management and operations that had been developed over several months: the proposal would have had VPPSA providing general management services and Lyndonville Electric providing linesman and supports for field operations. The Trustees rejected this proposal as it seemed like a short-term fix for larger ongoing issues and VPPSA, not being an electric utility, did not have a history of providing field operations management.

Concurrently with this process, VEC had expressed interest in exploring additional options with the Trustees. In May 2020, VEC provided a presentation to the Trustees and VPPSA staff also participated in. The Trustees entered into a letter of intent with VEC on July 20, 2020 which included a period of exclusivity of 120 days to continue to explore these options. The letter of intent/period of exclusivity were extended three times. However, as this process continued, Orleans Village had requested to engage in discussions related to a possible sale of Barton Electric to Orleans Village. Trustees indicated that they were unable to engage in such negotiations at the time due to ongoing discussions with

another utility with a period of exclusivity that prohibited discussions with other utilities. Given, Orleans interest, the Trustees decided to let the period of exclusivity lapse so that a formal bidding process could occur that would allow other utilities to submit proposals for a possible sale of the utility.

Bidding Process and Sale:

On September 25, 2021 the Trustees held an informational meeting to discuss the future of Barton Electric and the intent to put the electric department out for bids to purchase the utility. On September 27, 2021 the bid request was released to all Vermont electric utilities. During this process, four utilities expressed interest and signed confidentiality agreements to receive the confidential bidding information. By the November 1, 2021 deadline, the Trustees received two submissions: one from VEC and one from Orleans. Unfortunately the Orleans submission was non-responsive to the request for bids and essentially requested a time period of 12-18 months to finalize a proposal. The submission did not include any information on a potential offer price.

NS provided an overview of the Barton Electric Utility service area, benefits of the sale, benefits of selling to VEC. NS shared an overview of some of the use of proceeds including liquidating debt, environmental liabilities, paying off bond bank obligations, and ongoing community investments.

NS walked through the Barton Village Fact Sheets and impacts of a sale.

- The sale would not include the High Street Property or the hydroelectric dam
- VEC's offer is based on the net book value of the electric utility (approximately 4.5 million)
- Village would be able to keep the cash assets
- Approximately 3.5 million would be used to pay off the large amounts of debt the Village carries for the Electric Dept
- Remaining proceeds would be used to:
 - Clean up High Street Property with previous contamination from the Electric Dept (\$300,000)
 - Clean up of the diesel powered generating plant at the hydroelectric dam location (\$100,000)
 - Improvements to the hydroelectric dam (\$200,000)
 - Revitalization of the Memorial Building (\$200,000)
 - Covering remaining legal costs to divest from VPPSA and Project 10 (\$200,000)

Public Comments / Questions:

Is the Village willing to give up more than \$500,000 related to VPPSA dues and Project 10?

Response: The Trustees disagree with the dollar amount that VPPSA has put forward

There is a discrepancy to between the information in the Chronicle and what Nate shared about the amount of money due to VPPSA. Can this be clarified?

Response: The Trustees disagree with the dollar amount asserted by VPPSA and believe the information is not accurate.

Ken Nolan responded: VPPSA asserts it's approximately \$600,000

- \$160,000 – dues for membership, VPPSA has not received notice from Barton about their intention to withdraw
- Peaker 10 Project – estimated costs \$400,000
- Power Purchase Contract Costs – \$40,000

What's the revenue form the hydroelectric plant?

Response: Trustees do not have that revenue value available for today's meeting but can provide it by the next public hearing

Later Ken Nolan suggested that the hydroelectric revenue is hard to determine because it reduces the electricity that Barton buys, but he would estimate the annual revenue to be around \$250,000

Do I live in the Village?

Response: The Town clerk can help folks determine if they are Village residents or not.

Can Orleans still submit a bid?

Response: Not at this time. The vote on article 15 is to sell to VEC.

Would the Trustees consider giving it more time to consider a partnering and/or selling to Orleans?

Response: With the completion of bidding process and until the outcome of the Village vote to sell the electric utility is finalized, the Trustees would not be able to enter into negotiations or conversations with any other utility.

Recommendation to throw out the bidding process and to set up to a commission to collaborate with Orleans.

Is there a possibility of selling to Orleans?

Response: The only possibility for this would be for voters to vote No on the current Article 15

Is Orleans Village interested in re-submitting a bid?

John provided a bit of history to Orleans assisting Barton Village. John shared that Barton Village didn't approach Orleans. Orleans set up a commission to discuss purchasing Barton Electric. John indicated that there are ongoing conversations to develop proposals to possibly purchase Barton Electric as well as contingency planning like if the utility had a significant change in load such as the closure of Ethan Allen. John mentioned that he would be willing to pay off Barton Electric debt and would set up two separate bookkeeping accounts / rates for the Orleans service area and the Barton Electric Service area.

Meter reader – why is VEC reading meters when there is a village employee?

Response: The Trustees have been working to reorganize the water and wastewater plants which provided an opportunity for the meter reader to transition to a new position within our department of public works.

Previous treatment plant operators could purchase chemicals cheaper and provided good management.

Response: Returning these operations to the Village with Village employees will help build up our Dept of Public Works (DPW) and provide opportunities for cross training and support. Additionally, our new operators are uncovering several areas of under investment in the treatment facilities and safety concerns that are actively being addressed.

Why would we invest money in the hydroplant to just turn around and sell it.

Response: Selling the hydroelectric plant is one option, but keeping it and investing in it and retaining the annual revenue is also an option that the Trustees will be considering.

When was diesel contamination known? Are there DEC/EPA violations?

Response: Trustees hired a hydroelectric plant operator who has been actively working to improve the plant. As projects were initiated removal of the diesel tanks was recommended to prevent future contamination. So no violations or required action at this time. However, the High Street property contamination has been known since the 1980s/1990s and was never remediated. Last year contamination was found on an adjacent parcel which triggered DEC/EPA notices with a requirement to assess and remediate. The environmental assessment and development of the remediation plan is currently slated to cost \$127,000 and the maximal costs for clean up are estimated to be up to another \$250,000. If there is no sale, these costs will need to come out of the electric department budgets and will impact future rates.

Why is there not a firm value associated with the net book value?

Response: Net book value changes daily due to incoming revenue and liabilities. The sale would be based on the final net book value on the closing date. This is how a majority of sales based on net book value are constructed and the net book value would not change significantly over a 6 month period.

More analysis on net book value needed to be provided.

How will solar be treated with a sale?

Response: Solar generated electricity that is fed into the grid would receive the same reimbursement as that was determined by the State at the time the solar project was permitted/constructed. So this would not change under VEC.

Request to open up the vote to all the rate payers.

Response: State statute lays out the process of purchasing and selling a municipal electric utility and as laid out in statute only Village voters are eligible to vote on a possible sale.

Proceeds – is it possible that the DPS would require some of the proceeds be paid to all rate payers?

Response: Yes it is possible. However, given that a majority of the proceeds will be used to pay off electric utility dept, environmental liabilities, the Trustees' counsel suggests that the possibility would be low.

Ken Nolan: If you look at a majority of sales, the PUC/DPS often require some payment / rebate to ratepayers. Ken believes that probability would be high.

Absentee ballots – request to have these sent to every eligible voter.

Absentee ballots – request to only send it to those who requested them because there's so many new people in the Village.

Outages and VEC – will VEC maintain good outage rates and will it cost more?

Response: The information presented by VPPSA in the Chronicle does not align with the information that VEC reports on for outages. VEC is ranked #3 in the state using the publicly available data from PUC with the outages being resolved on average under 2 hours. This strong performance would continue after a sale.

Ken Nolan: Groups use different metrics to calculate hours of outages

Questions to VPPSA

Does Barton Village have a active presence on the VPPSA Board?

Ken Nolan: No, there is a vacancy but Tin (Justin) Barton-Caplin is an alternate and receives all the director communications.

Does VPPSA help keep the rates lower for Barton?

Ken Nolan: VPPSA provides ancillary services that are probably cheaper for Barton than them doing it themselves. However, VPPSA couldn't predict if that's cheaper than if they sold to a private entity.

DPS is your voice in the process if not a Village resident

Meeting closed at 5:32 p.m.

Date of Next Meetings: April 25th 2022

Submitted by Tin (Justin) Barton-Caplin | Board Clerk