



Case Study: Vermont Electric Power Company, Inc. (VELCO) Delivers Capital Initiative \$6 Million Under Budget

Industry: Electrical Transmission Utility Company

Services Provided: Project Management, Scheduling, Estimating, Mentoring/Coaching, Methodology Enhancement, Risk Management & Mitigation



Company: VELCO is the owner and operating entity of all the electrical transmission assets in the state of Vermont, connecting four regional generation and transmission utility companies.

Value Delivered

This high-risk capital project was completed on time and \$6 million under budget. The concerted public relations approach used helped to eliminate hearings before the state utility regulatory board, and grant the project a certificate to proceed six months earlier than previous large transmission projects.

“Early stakeholder outreach and interested-party negotiation reduces project cost and the timeframe for project completion – results that increase system reliability, which is VELCO’s primary responsibility. The PM Solutions’ project manager for the East Avenue Loop Project embraced this approach and brought a higher, more disciplined level of project management practice, which helped us to save ratepayer dollars and successfully complete a critical project.”

~ Chris Dutton
CEO, VELCO

Challenge: Vermont’s largest metropolitan area depends upon on a single source of electrical power. With massive ice storms and blizzards not uncommon, power outages posed a danger, not just to business and property, but to life itself! VELCO was therefore required to provide a redundant electrical feed into the area to meet regional reliability criteria. The catch: a previous large transmission project had resulted in a firestorm of public outcry about the need, aesthetics, and cost of transmission projects in general. In order for the new project — the **East Avenue Loop Project** — to proceed, the VELCO leadership had to craft a strategy for anticipating and proactively addressing public concerns. If they could defuse the environmental and cost issues on this project, they reasoned, future projects would also benefit from an atmosphere less fraught with hassles and holdups. Of course, the \$35.7 million capital project then had to be managed to meet cost and schedule estimates, as well as the commitments made to state regulators and the public.

Solution: VELCO selected PM Solutions to manage this politically sensitive endeavor. PM Solutions’ first mission was to develop a public engagement process that proactively solicited input from the public and state regulators. A series of public and city council meetings were held to explain the project need, address issues, and build support. Much like a political campaign, the VELCO project was painted in its best light and the concerns of stakeholders were listened to carefully, with strategies for response carefully crafted. Meanwhile, critical details were addressed; including the development of an accurate cost estimate and a realistic but demanding schedule. Strong governance practices were established by VELCO’s Project Management Office (PMO) – a proven agent of success.

Result:

The East Avenue Loop Project was completed on time and \$6 million under budget. At the same time, customer satisfaction scores increased by 20%. The public outreach improved community relations, and the resulting agreements reached helped to eliminate hearings before the state utility regulatory board. This was the first project of its size to be approved by this board without several days of hearings. As a result, the project was granted a board certificate to proceed six months earlier than previous large transmission projects — an exponential savings of time and money for VELCO.

Unique risk management and mitigation strategies used by PM Solutions and the VELCO project team resulted in significant construction cost savings on the project. For example, when the team needed to access an island in the river to install large transmission line structures, they took advantage of adverse weather to build an ice bridge instead of a standard bridge, resulting in a \$460,000 cost savings.

PM Solutions continues to help lead and support large-scale capital projects for VELCO, adding an element of political savvy to the business of electrical transmission construction.