

**MINUTES OF REGULAR MEETING  
BURLINGTON ELECTRIC COMMISSION**

**Wednesday September 14, 2016 – 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:33 p.m. on Wednesday, September 14, 2016 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Scott Moody, Bob Herendeen, Gabrielle Stebbins, Tim Perrin and Sabina Haskell were present.

Staff members present included Neale Lunderville, Paul Alexander, Chris Burns, Mike Flora, James Gibbons, Andi Higbee, Mike Kanarick, Munir Kasti, Dave MacDonnell, Ken Nolan, Jim Reardon, and Destenie Vital.

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

**1. Agenda**

Mr. Lunderville requested that two items be added to the agenda. The first item would be 5.5 Velco/VTTransco Membership Units and the second item would be an additional Executive Session Item pertaining to BED's contract for billing and payment services. Commissioner Moody made the motion to approve the Agenda as amended; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

**2. Minutes of the July 13, 2016 meeting**

Commissioner Moody made a motion to approve the minutes of the July 13, 2016 meeting; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

**3. Public Forum**

No one from the public spoke at this time.

**4. Commissioner's Corner**

Commissioner Herendeen asked if the Art Hop activities at Burlington Electric was as successful as last year and asked if there are evaluations, criteria or programs being discussed with the Burlington Town Center. Mr. Lunderville stated that he would cover both topics in his update.

Commissioner Stebbins stated that this was Ken Nolan's last Commission Meeting and the Commission presented and read a Resolution highlighting Mr. Nolan's accomplishments throughout his tenure at Burlington Electric. In closing, the Commission wished Mr. Nolan all the best in his new position of General Manager of Vermont Public Power Supply Authority.

**5. General Manager's Update**

Mr. Lunderville stated that he also wishes Mr. Nolan well and all the work that has been accomplished at Burlington Electric in the last two years would not have been possible without Mr. Nolan's help. The Department thanks Mr. Nolan for all the dedication and hard work throughout the years.

The Strategic Plan has given guidance to all BED employees as to where the Department is focusing its time and attention and tonight's presentations is a reflection of that work. Presentations of some of BED's new programs, Energy Champ Whole Home Efficiency, Customer Service, and the Generation Task Force Report will show how these programs tie directly back to the Strategic Initiatives listed in the Strategic Plan.

Mr. Lunderville stated that the Public Service Board has issued a proposal for decision on the South Forty Solar which is the first step towards a final decision that would be in favor of proceeding and granting a CPG. A final decision has not been reached, but the comment period has closed, so a decision should be forthcoming soon.

The Department has been working internally to update BED's SCADA network. This network controls the BED field devices (switches, reclosers, substations, etc.). This update has been going on for a couple of years and should be complete in the next couple months. When this update is complete there will be 105 devices in the field that the Department will be able to remotely monitor and control, which will give the Department insight to how these work and be BED's first look at true grid automation. The Commission will get an update at the November meeting.

BED has been working to narrow down a partner to bring District Energy to the next level. In 2015, requests for information were sent to approximately 1,000 possible partners. The Department received five (5) proposals. These five (5) proposals were reviewed and have been narrowed down to two (2) proposals, one (1) of which gives a clear roadmap on how the Department can determine whether or not the City should move forward on District Energy.

Mr. Lunderville informed the Commission that the Department had a drop-in visit from Moody's Investor Services. The Department put together some information to present and Mr. Lunderville feels that the meeting went very well. Mr. Lunderville stated that BED is going for an "A" rating and feels that the Department is on very strong ground.

Mr. Lunderville stated that the Commission will hear from Chris Burns this evening regarding the Department's Whole Home Efficiency Project with Vermont Gas Systems. This project is building on the success of the Energy Champ Challenge that targeted multi-family buildings. This new project goes after the core residential market for efficiency and BED is looking forward to an early November launch of this program. This is an important piece of connecting with BED customers and is one of the Department's first big marketing efforts to reach out to the large customer base of 16,000. This program will give BED customers the opportunity to understand all of the energy efficiency options open to them, both on the thermal and electric side. This is just the first of many things the Department will be doing to enhance the customer service experience.

Mr. Lunderville stated that there have been many public events lately. BED had a strong appearance at Art Hop this year which included bands and Kid's Hop along with a BBQ. BED handed out over 1,000 plastic BED hardhats and had the chance to connect with a lot of the customers. Mr. Lunderville had the opportunity to speak with at least one customer who had some energy efficiency questions and connected this customer with one of BED's residential efficiency experts.

Mr. Lunderville informed the Commission on other public events that BED has been involved in. BED was present at some of the Lake Monsters games to promote E-billing, the Department hosted Drive Electric Week, and upcoming events to look for are Public Power Week and Innovation Week where BED will be hosting a panel on Net Zero Energy. Look for more information to come.

Mr. Lunderville took this time to answer Commissioner Herendeen's earlier question on the certifications that Burlington Town Center is using. Mr. Lunderville stated that the Burlington Town Center is looking at LEED standards and believes they are looking at Gold. Burlington Town Center is working with BED's Energy Efficiency group on how the Town Center can make a better building up front and how to find ways to use renewable energy.

## **5.5 VELCO/VTTransco Membership Units Oversubscription Purchase**

BED has budgeted for approximately \$2,900,000 for new investments in VELCO and this investment has historically paid a dividend of around 12.5%. VELCO is looking at its entire call for equity, some of the utilities have decided to not to take any or all of their allotted units. Under the operating rules, the membership units not purchased will be offered to the remaining owners on a pro rata basis under oversubscription procedures. BED anticipates its share of the oversubscription offering will be no greater than \$250,000 and the Department has sufficient funds on hand to complete the purchase by rescheduling some smaller capital projects. The Department is asking the Commission to approve proceeding with the purchase of the oversubscription offering up to \$250,000.

Commissioner Moody made a motion to approve proceeding with the purchase of the oversubscription offering up to \$250,000; the motion was seconded by Commissioner Perrin and approved by all Commissioners present.

## **6. Energy Champ Whole Home Efficiency Program**

Mr. Burns stated that the Department wanted to update the Commission on BED's launch of "Energy Champ" Whole Home Efficiency Project and presented the highlights of this program with a PowerPoint Presentation.

BED shares approximately 85-90% of residential customers and 99% of commercial customers with Vermont Gas. In speaking with Customers the feedback has been that it's confusing and daunting to deal with multiple energy efficiency programs. By combining efforts with Vermont Gas a one-stop shop can now be provided for residential customers.

To accomplish this, BED and VGS have developed a combined website for customers to get information and guidance with a single point of contact. We are developing a website based on the Energy Champ Challenge format and approach with the BED/VGS IT team working together on the backend design. BED has connected with the Burlington Assessor's database to gather data and BED IT has connected to the customer billing data and developed algorithms to calculate use intensity metrics. Customers will answer basic information on their home, square footage, etc. and based on the intensity metrics and information provided by the customer, a customized portfolio of efficiency information will be provided. If the results indicate qualification for BED/VGS follow-up then staff will get a notice for outreach.

BED/VGS would like to do an internal launch in 4 weeks with a marketing launch in early November.

## **7. Customer Care Plan FY17**

Mr. Kanarick and Mr. Higbee gave a PowerPoint presentation on the Customer Care Department and how BED can provide exceptional customer care.

Mr. Kanarick stated that the Customer Care Department is following the guidelines of BED's Strategic Plan and one of the Strategic Objectives which is to deliver exceptional customer care.

Mr. Kanarick stated that approximately 6,000 residential accounts turn over every year which is in large part due to the student population in the City of Burlington. Presently the Department has one (1) Customer Care Specialist and four (4) Customer Care Representatives (CSR), along with Mr. Kanarick and Mr. Higbee.

Mr. Higbee informed the Commission that for the year ending 2014 the only measures imposed on the Customer Care Department by the PSB were based on the number of customer complaints received by the Board based on timeliness. Beginning in 2015 that measure changed when the ShoreTel phone system was put in place at BED and call time could be measured. The PSB now requires that all Customer Care

Representatives shall answer at least 75% of the calls within 20 seconds.

Mr. Kanarick reviewed the BED Call Answer Time Results with the Commission and reviewed the following steps for corrective action.

Mr. Kanarick stated that after seeking the advice from team members a series of steps and plans were put together to meet the call answer time goals. Some of these steps include restoring the online bill pay function (Paymentus); continue to drive customers to online billing (e-Billing) and shifting some non-customer care focused tasks to other departments.

Mr. Kanarick explained that this is just one part of enhancing the customer experience and the Department is looking at additional customer service training for the CSR, proactive outreach to prevent delinquencies, a welcome call to new customers after the first bill and to use the ShoreTel systems to provide call/voice mail options for incoming callers.

Mr. Kanarick stated that the team is also working on tracking inbound call types, offering additional on-line services, leveraging the ShoreTel call system to route payments to automated phone bill pay, create an auto-attendant phone tree to route non-customer care calls directly to appropriate team members and implement chat and text functionality.

Part of meeting the PSB measures along with the self-imposed measures will be in-depth Customer Care Team training. The team will partner with Energy Services to learn the menu of Energy Services programs and offerings; CSR's will shadow Energy Service team members and become well versed in Energy Services.

Mr. Kanarick stated that the Department would like the customer to walk away feeling like they were taken care of.

Mr. Kanarick and Mr. Higbee ended the presentation by answering a few questions from the Commissioners.

## **8. BED 2016 Property/B&M Renewal**

Paul Alexander stated that BED's Property/Boiler and Machinery 2016 Insurance Renewal renews October 1st of every year. Mr. Alexander presented the highlights of premium costs and budget comparisons.

Since the Commission meets the second Wednesday of the month and the insurance underwriters will not give the agent numbers until as close to 30 days prior to renewal as possible. Mr. Alexander explained that due to the timing of the City meetings this renewal was already presented and approved by the Board of Finance and the City Council. Mr. Alexander noted that the AIG quote is 4.639% lower compared to last year's premium with the same sub-limits and deductibles. Mr. Alexander also explained that the insurance period is from 10/1/16 to 10/1/17, which differs from our fiscal year budget period. This quote is 4.417% lower compared to the full FY17 budget estimate. The Department is asking the Commission to approve the renewal of BED's Property/B&M Insurance with NU/Chartis/AIG for the time period 10/1/16 – 10/1/17.

Commissioner Moody made a motion to approve the renewal of BED's Property/B&M Insurance with AIG for the premium amount of \$257,812 for the time period 10/1/16 – 10/1/17. This motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

## **9. July 2016 Financial Update**

Jim Reardon, Director of Finance, presented a brief review of June 2016 and the Fiscal Year (FY) 2016 unaudited financial results.

This presentation included a brief discussion of the \$1,592,000 Operating Income for FY 2016 and the \$3,130,000 Net Income for FY 2016. Mr. Reardon pointed out that Other Income for the year ended June 30, 2016 was below budget due to billings/contributions for a significant University of Vermont Medical Center project being less than budgeted (\$1,767,400 versus actual \$1,056,200). Interest expense is in line with budget.

Other Revenue for FY 2016 was below budget due to Energy Efficiency Program costs reimbursements less than planned. June Power Supply Revenues is up \$1,861,000 above budget due to the timing of Renewable Energy Certificates (REC) budgeted in April and delivered in June. Also, more RECs delivered to cover position and this is why Purchased Power in June is up \$1,611,000 above budget. The FY 2016 Power Supply Revenues exceed Power Supply Expenses by \$1,060,000. Sales to customers for the FY 2016 are relatively on target.

On the expense side, the \$913,000 variance in the FY 2016 Operating Expenses is due to higher use of overtime and temporary help than planned, an "Insurance Reserve" established by the City but not budgeted, Administration and General charged to Capital projects were less than planned, offset by items less than budgeted such as Training and Maintenance Contracts. Taxes were up \$194,000 for the FY 2016 as the budget was a preliminary estimate provided by the City and did not reflect final asset values from BED. Depreciation Expense is up over budget \$627,000 for the FY 2016 due to retirement of old Pine Street structures, actual loss on retirement of meters which was higher than estimated in the budget and the depreciation on Winooski One higher than projected.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending June 30, capital spending was 64% (\$5,387,000) of the \$8,458,000 budget. McNeil/GT Production Capital was above budget for the FY 2016 due to the GT (gas turbine) control upgrade, which was a prior year project. A portion of the Solar (\$528,000) has been reallocated to the SCADA (supervisory control and data acquisition) project. The remaining funds (\$993,000) will not be spent as efforts have focused on the airport micro grid and UVM solar RFP. The underspending in Distribution capital spending is primarily due to timing. A portion of the General Plant capital budget (\$248,000) has been reallocated to the SCADA project. Most of the remaining funds, pending a review of projects and priorities, will be carried forward and expended in FY 2017. The remaining funds in Other Production capital spending is due to timing and will be fully expended in FY 2017.

On Cash and Investments, BED closed July 31<sup>st</sup> with \$13.0 million of unrestricted and reserved operating funds.

Mr. Reardon pointed out that the Rating Factors are in line to meet Moody's "A" bond rating.

## **10. Executive Session**

Mr. Lunderville stated that discussion of BED's pending District Energy System contract, BED's Generation Task Force Report, and BED's pending contract for billing and payment services are sensitive in nature and premature public knowledge would put the Department at a substantial disadvantage in negotiations and asked the Commission for a finding that would allow the Commission to move into Executive Session.

Commissioner Moody moved to find that premature general public knowledge of BED's District Energy System contract would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Moody moved to find that premature general public knowledge of BED's Generation Task Force Report would clearly place the Burlington Electric Department at a

substantial disadvantage per Title 1, Section 313 (a) (1) of the Vermont Statutes; this motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Moody moved to find that premature general public knowledge of BED's pending contract for billing and payment services would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a) (1) of the Vermont Statutes; this motion was seconded by Commissioner Perrin and approved by all Commissioners present.

Commissioner Perrin moved to enter into Executive Session with Burlington Electric Department Staff present to discuss BED's pending District Energy System contract, BED's Generation Task Force Report, and BED's pending contract for billing and payment services under the provisions of Title 1, Section 313(a) (1)(A) of the Vermont Statutes; this motion was seconded by Commissioner Haskell and approved by all Commissioners present.

The Commission entered into Executive Session at 7:36 p.m.

Commissioner Moody moved to exit Executive Session at 8:45 p.m.; this motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Moody moved to adjourn the meeting at 8:45 p.m.; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Attest:

  
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Laurie Lemieux, Board Clerk