

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, January 13, 2016 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:36 p.m. on Wednesday, January 13, 2016 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Spencer Newman, Scott Moody, Gabrielle Stebbins, Bob Herendeen and Tim Perrin were present.

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, Mike Kanarick, Munir Kasti, David MacDonnell, Ken Nolan and Jim Reardon

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

1. Agenda

The agenda was amended to move item 8b. South Forty Contract to item 3.5 immediately following the Public Forum.

2. Minutes of the December 9, 2015 meeting

Commissioner Moody made a motion to approve the minutes of the December 9, 2015 meeting; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

2. Public Forum

No one from the public spoke at this time.

3.5 South Forty Solar Contract

Several members of the public were present, three individuals requested to speak regarding the South Forty Solar Project, Mr. Von Turkovich, Mr. Leshner and Mr. Elder.

The first individual to speak was Mr. Frank Von Turkovich.

Mr. Von Turkovich represents South Forty Solar, LLC, and is working with the City of Burlington to build the proposed solar farm. Mr. Von Turkovich gave a brief update on the status of the project and offered to answer any questions. Mr. Von Turkovich stated that an aesthetic investigation has been completed and wetland permits were obtained last spring. Mr.

Von Turkovich noted that this project has been reduced in size and scale and has a proposed output of 2.5 MW, and the actual size has shrunk to 16 acres. One of the major parts of this project was the impact on the immediate neighbors. The neighborhood groups that are most affected by this project are the neighbors that live on Sunset Cliff Road, Curtis Avenue, Strathmore Homeowners Association and the Appletree Homeowners Association. The concerns of these residents have been addressed by using extensive screening on Sunset Cliff Road; providing a deeper buffer behind the Curtis Avenue neighborhood and improving the visual impact on their properties by pulling the project back to east of the sewer line easement and leaving approximately a 150ft. setback. The Strathmore Homeowners requested landscaping, fencing and asked that the storm water management be addressed. Part of this project will be to create a storm water retention basin that will detain enough storm water. The Appletree Homeowners Association expressed concern about the panels being constructed on the sewer line easement and it was agreed that these panels would be removed and the City of Burlington would have access to the sewer line area. Mr. Von Turkovich closed by stating that this is a good and strong project and is looking forward to getting this project completed and working with the City of Burlington.

The next member of the public to speak was Mr. John Leshar.

Mr. Leshar spoke on behalf of the Appletree Homeowners Association and stated that the Association is in opposition of this project. Some of the concerns of the Association is the removal of 10 acres of standing trees and by doing so will create a lot of standing water. Mr. Leshar feels that it would be in the best interest of the City to go back and look at this project because the Association feels that it is not the same project that was originally presented to BED. Mr. Leshar expressed concerns regarding REC prices and concerns regarding the power not being used locally and shipped to southern New England. Mr. Leshar asked that BED consider having a condition in the contract that this power can only be used locally.

The next member of the public to speak was Mr. Brooks Elder.

Mr. Elder resides on Starr Farm Road which is very close to the project and feels that the land in that area is very wet, wildlife usage is high and is the home to the very vulnerable New England cottontail and mole salamander. Mr. Elder also stated that this project is located on leased land which the applicant does not own and has great concern about what will happen at the end of the solar panel lifespan. Mr. Elder feels that there are other areas in Burlington for this project such as the barge canal or the Moran Plant and this project should not be placed in the green spaces. Mr. Elder also expressed concern regarding deforesting this area to allow sun to fill the array and feels that this does not fit with Burlington Electric's Mission Statement.

Mr. Lunderville thanked the members of the public that came out to speak tonight and the Department always welcomes public participation and feedback. Mr. Lunderville informed the Commission that Mr. Nolan would be speaking about the extension of South Forty Solar Purchase Power Agreement and stated that developers often request a contract extension so this is not an unusual request. Mr. Lunderville stated the department has been looking purely at an energy perspective. When this was passed by the Commission and by City Council through a

resolution, BED was specifically asked not to intervene in any of the permitting or environmentally regulatory procedures. Mr. Lunderville turned the discussion over to Mr. Nolan.

Mr. Nolan stated that the Department put together couple of pages of factual documents to make sure everyone is on the same page. Mr. Von Turkovich contacted Burlington Electric regarding solar on this particular parcel which resulted in the South Forty project. The Commission approved the PPA for this project March, 2014 with 25 year duration. The original contract stated that all permits would be received by May, 2015 with operation by the end of the year. Due to some of the environmental studies that had to be done in the winter this would not happen. An amendment was executed in March, 2015 which extended the dates out one year. The project filed its 248 permit and ANR permit but the PSB proceeding is still on going and the hearings have not happened yet and the order is not issued. Taking all of this into consideration it's clear that the construction by the end of this year will not happen. The project has now come back and asked to extend one more year, which would put permits being required by February, 2017 and commercial operation by the end of 2017.

The original contract was executed based on 2012 IRP, and pricing assumptions. After looking at pricing assumptions and performing some analysis the Department is in the same anticipated total value stream as when the contract was signed.

Commissioner Perrin asked if the Department had any concerns regarding the 99 year lease on this site or do the terms and conditions of the PPA preclude any of these concerns. Mr. Nolan stated that the PPA agreement is for 25 years and after 25 years if BED does not renew the contract, the developer would have to find another off taker or remove the project. If they get a certificate of public good from the PSB the project can keep generating on that site as long as the project is in compliance with their permit requirements. Usually part of the PSB review requirements would include decommissioning funds.

Commission Newman made a motion to approve Amendment 2 to the South Forty Solar PPA, extending the commercial operation deadline to December, 2017 and to provide notice of approval to the City Council; the motion was seconded by Commissioner Perrin. Commission Stebbins, Aye; Commission Moody, Aye; Commission Herendeen Nay. This motion passed 4-1.

4. Commissioner's Corner

Commissioner Moody stated that there have some discussions with a resident stating that although the resident's bill was being paid on line, this resident was still receiving paper bills. Mr. Lunderville informed the Commission that the Department reached out to this individual and discovered that this resident had paid the bill on line but had not signed up for e-billing and the Department is in the process of signing this resident up for actual e-billing to eliminate receiving the paper bill.

Commission Moody also stated that when paying the electric bill on line this option did not allow for partial payments and only allowed for payment of the entire bill and feels that this could be problematic. Mr. Lunderville stated that back in early May the Department had an issue and took

the on-line billing off line due to a potential security issue, no data was compromise but there was a potential and keeping BED customer data secure is of the utmost importance to the Department. The Department is now working with the company Paymentus and has only brought on the first phase of the payment options. Within the next couple months the customer will see more options added such as auto-pay, partial pay, ability to see back bills, etc.

5. General Manager/Commission Information Items (Oral Update)

Mr. Lunderville informed the Commission that BED has been extremely busy. The reorganization is done and employees are figuring out job duties and responsibilities and the staff has been doing extremely well, have worked very hard and Mr. Lunderville feels that BED has some of the best employees anywhere. Mr. Lunderville is in the process of meeting one-on-one with every employee for 30 minutes and getting employee opinions and thoughts on all the changes and to discuss where the Department is going. Mr. Lunderville stressed that if the Department finds that things are not working, it will be changed and employees have the greatest insight to the day to day operations.

Last month BED hosted the Energy Efficiency Calendar event and Mr. Lunderville thanked the employees who helped out along with former Commission Mark Stephenson who was very generous and did a great job with the kids.

The Department has received great international press lately regarding BED's achievement of becoming 100% renewable. Commissioner Newman stated that sending out the BED press emails are great and Commissioner Newman shares them on social media and encourages the continued practice.

Mr. Lunderville stated that last week a tentative agreement was reached with the IBEW Union and believes it's a good agreement and hopefully at the next meeting Mr. Lunderville will be able to give a more detailed report.

Mr. Lunderville informed the Commission that last year McNeil did not lose a single hour to lost time for injuries. This is a real achievement and would like to recognize John Irving and Dave MacDonnell for their great leadership in safety.

6. McNeil Contracts

Dave MacDonnell presented the McNeil/Shelburne Limestone Contract. When McNeil was built the Public Service Board required that 75% of the fuel be delivered by rail. Shelburne Limestone has operated the rail yard since 1983 and BED has had a contract with them since then. This is the ninth amendment to this 3 year contract agreement. Rates for 2016 remain at the same rate as 2015; rates for 2017 and 2018 are \$3.15/ton and \$3.20/ton respectively, which equates to a 1.3% increase.

Commissioner Perrin made a motion to approve the ninth amendment to the agreement of May 5, 1983 between the City of Burlington and Shelburne Limestone; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

7. Addition of J. Reardon/K. Nolan to the Signatory List for BED Accounts

At the last Commission Meeting Mr. Lunderville informed the Commission that Jim Reardon has joined the team at Burlington Electric and will take up where Daryl Santerre left off. Mr. Lunderville stated that Mr. Reardon comes to the Department with nearly 30 years of experience with the State of Vermont, working under three governors and BED is lucky to have him as part of this team. With the retirement of Mr. Santerre and the change in the organization, the signing authorities need to be updated and the Department is requesting a motion from the Commission authorizing Mr. Reardon and Mr. Nolan as signers on our accounts.

Commissioner Stebbins made a motion that the Burlington Electric Commission approves adding Mr. Reardon and Mr. Nolan as signers on the various accounts; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

8. Solar Program Update and Next Steps

Mr. Nolan guided the Commission through a Power Point presentation highlighting the current and upcoming solar and storage programs and projects that the Department is working on by first explaining the program goals. Mr. Nolan reviewed and updated the Commission on some of the projects, a residential battery pilot program, the Airport micro-grid, South Forty Solar, UVM RFP and the SPARC Program Designation. Mr. Nolan went on to explain the Department's approach on several Solar/Storage Efforts, storage vendor outreach, Utility 2.0 efforts, The rate design process, the IRP Process and Permit Reform to name a few. In conclusion, Mr. Nolan explained the cost/benefit models by reviewing the graphs associated with these cost benefits.

9. October/November 2016 Financial Update

Mr. Reardon presented a brief review of November, 2015 year-to-date financial results.

This presentation included a brief discussion of the \$322,000 Operating Income year-to-date and the \$1,086,000 Net Loss year-to-date. Mr. Reardon pointed out that the Net Loss was due to Other Income being down for the five months ending in November due to the timing of billings/contributions for a significant University of Vermont Medical Center project. As this project progresses, Other Income year-to-date should come in line with budget estimates and the Net Loss should be eradicated. Interest expense for the year is in line with budget.

Sales to Customers year-to-date are relatively on target and within 1% of budget; Other Revenue for the month and year-to-date was below budget. The variance in this revenue is driven by the timing of bills and customer requested work. Energy Efficiency Program cost reimbursements are less than planned. Power Supply Revenue year-to date is \$405,000 above budget due to REC (Renewable Energy Certificates) for wind which is higher due to volume, Winooski One Hydro

REC price is above budget, offset by standard offer RECs not sold as budgeted but “banked” for future value and revenue recognition.

On the expense side, Power Supply Expenses are up \$308,000 year-to-date. Purchased power supply is above budget by \$447,000 due to wind production which is twenty seven percent (27%) above budget (note above that REC for wind is higher than budget due to volume), standard offer production is above budget which is driven by solar and ISO (Independent System Operator) purchases that are higher than budget due to low Winooski One production. Higher purchased power supply is offset by year-to date fuel costs being lower than budget \$146,000. Woodchip costs (per ton) were 5.8% under budget. Operating expense is down \$726,000 year-to-date, which was driven by a number of factors including: position vacancies that are in the process of being filled, IBEW negotiations which has just completed for costs of living increases not yet reflected in actual expenses but will in subsequent months financial results, outside services lower than projected, and Winooski One \$162,000 lower than budget. Taxes were up \$87,000 year-to-date as the budget was a preliminary estimate provided by the City and did not reflect final capital asset values from BED. Mr. Reardon pointed out that this variance will continue to unfavorably increase thru FY 2016. Depreciation was up \$236,000 year-to-date due to actual loss on retirement of meters which was higher than estimated in the budget and the depreciation on Winooski One was higher than projected.

Mr. Reardon then discussed Capital Spending. In total, year to date ending December 31, capital spending was 25% (\$2,114,000) of the \$8,458,000 budget. McNeil/GT Production Capital was below budget due to the timing of projects such as pavement repairs where was delayed to later in the year, deferral of projects and/or projects not being done this fiscal year (boiler roof replacement) until next fiscal year. Solar power production capital of \$168,000 was a carryover from the fiscal year 2015 budget for the 585 Pine Street solar project. The Solar capital budget under spending is due to timing and the budget for the Community Solar and Storage is planned for February thru June. Distribution spending was under budget due to the timing of various capital projects. General Plant was underspent as IT capital spending is being deferred pending an overall infrastructure “needs assessment”. The under spending in Other Production is timing and as stated by the General Manager, will be fully expended this fiscal year.

On Cash and Investments, BED closed December 31 with \$9.6 million of unrestricted and reserved operating funds. The balance is expected to decrease by year end FY 2016 to \$7.0 million. In addition to the Operating Fund, there is the Construction Fund of \$3.3 million financed by the 2016 General Obligation Bond, which includes bond proceeds and premium. The internally restrictive reserve fund for the employee Voluntary Buyout Plan had more payments made since the September FY2016 financial update and now has a balance of \$463,000.

The Debt Coverage for the twelve months ended November 2016 is 5.71. Mr. Reardon discussed other rating factors, pointing out indicators that are trending in the right direction.

10. McNeil Contracts

Mr. Lunderville stated that the Department is looking at long term agreements with McNeil that

are sensitive in nature and premature public knowledge would put the Department at a substantial disadvantage.

Commissioner Moody moved to find that premature general public knowledge of upcoming McNeil contracts would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. Commissioner Herendeen seconded the Motion. The motion passed and was approved by all Commissioners present.


Commissioner Moody moved that the Commission enter into executive session to discuss upcoming McNeil contracts under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes. The motion was seconded by Commissioner Herendeen. Motion passed and approved by all Commissioners present.

The Commission moved into Executive Session at 8:30 p.m.

Commissioner Moody moved to exit Executive Session at 8:55 p.m. The motion was seconded by Commissioner Stebbins and approved by all Commissioners present.

Commissioner Herendeen moved to adjourn the meeting at 8:56 p.m. The motion was seconded by Commissioner Stebbins and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk