

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, June 8, 2016 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:34 p.m. on Wednesday, June 8, 2016 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

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

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, Mike Kanarick, Munir Kasti, David 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 asked that the agenda be amended to add Item 7, Proposed Executive Session to discuss the Hydroelectric Contract.

2. Minutes of the May 11, 2016 meeting

Commissioner Herendeen asked to make a revision on page 58 under Item 7, Strategic Plan. Commissioner Herendeen would like the sentence to read “*sourcing at least as much renewable energy as consumed*”. Commissioner Herendeen made a motion to approve the minutes of the May 11, 2016 meeting as amended; the motion was seconded by Commissioner Stebbins 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 someone could explain BED’s definition of a micro-grid. Mr. Nolan stated that the Department’s definition of a micro-grid is a combination of generation, load and battery storage that is electrically connected together and can be removed from the rest of the electric grid without stopping operation.

Commissioner Stebbins commented on how catchy and colorful the BED bill stuffer is. This stuffer is for the “Come Play Ball” E-Billing promotion with the Lake Monsters. Commissioner Perrin asked what percentage of BED customers are still receiving paper bills. Mr. Kanarick stated that 1,500 of the 16,000 residential customers are signed up for e-billing, approximately 9%.

Commissioner Herendeen stated that in reviewing the BED Monthly Highlights it looks like there are not as many residents opting for the energy star refrigerators as in past months. Mr. Nolan stated that this comes in waves, as new appliances come out with new and better efficiency standards, incentives will increase.

Commissioner Perrin wanted to thank Dave MacDonnell, and specifically Sue Boomhover, for an exceptional tour provided to Commissioner Perrin’s child’s 2nd grade class.

Commissioner Perrin read a VPR story on the dangerous ice on Georgia Mountain Wind Turbines and wondered if BED staff had a comment. Mr. Lunderville stated that BED is not responsible for the operation of Georgia Mountain wind and in the contract to procure the power, there is a very clear line between the operation of Georgia Mountain and BED's procurement of power. Mr. Nolan stated that icing was reviewed when the turbines were built, the Public Service Board had evidence presented as to what would happen if there was an icing situation and procedures were put into place for shutting down if icing were to occur.

5. General Manager's Update (Oral Update)

Mr. Lunderville stated that there have been a lot of changes at BED and invited the Commission for a quick tour of the facility after the meeting to see what has been completed in the redesign. Mr. Lunderville stated that the lobby has undergone changes and the Finance and IT departments are complete and the staff seems energized and enthusiastic about working in these new spaces.

Mr. Lunderville stated that after the Commission adopted the Department Strategic Plan at the last meeting, this plan was put into a one page document and distributed to the Company and has received great reviews. The employees are finding this helpful to see where everything fits together.

The Department Budget that was approved by the Commission was presented to the Finance Committee and will be going to the City Council this month.

Mr. Lunderville discussed the S230 Siting Bill that was vetoed by the Governor this week.

At the last meeting Mr. Lunderville expressed concerns regarding parts of this bill and these concerns came through to the Governor's administration as well as other groups. BED's opinion was solicited and there are two areas that BED had strong objections to which were also two of the four that concerned the Governor. Mr. Lunderville stated that overall S230 is a good bill and 95% of this puts Vermont in the forefront of being a state that knows how to regulate renewables.

Mr. Lunderville stated that the first area of concern is the wind turbine noise standards and the second area is the provision that requires a Certificate of Public Goods (CPG) for solar projects being attached to the property deed. BED feels this is not in our customer's best interest and the consequences attached to this provision has not been reviewed. If a customer has a CPG out of compliance and that customer is trying to sell a home then this deed is not clear and could result in a substantial cost to the customer. Mr. Lunderville also stated that without a study on this, costs could be increased for renewable solar installations.

Mr. Lunderville has heard that both of these items will be fixed during the veto session this week. The Senate would sustain the Governor's veto, make changes to the bill, and hopefully will pass the Senate and go on to the House and a clean S230 Bill would emerge.

Mr. Lunderville stated that McNeil's outage has been successfully completed. Also, as discussed with the Commission previously, a preliminary operations report is almost completed and will be provided to the Commission soon.

Mr. Lunderville informed the Commission that this is the busiest time of the year for Customer Service and last week the Department had 1200 calls per day come in when the norm is approximately 200 calls per day. Mr. Lunderville stated that the Department has met the metrics for the 1st quarter, but it is unlikely that BED will meet the metrics for this quarter due to the volume of calls in the month of May. BED is reviewing the metrics to see if these are the right ones. BED would like to see Customer Care Representatives spending more time on the phone with customers and using this time to inform the customers what BED has to offer them. This may require the Department going back to the PSB to either modify the current metrics or ask for new metrics focused more on quality.

Mr. Nolan has begun an effort to meet with BED's top 50 customers. Mr. Lunderville and Mr. Nolan had a great meeting with Champlain College today and it was very insightful on how BED's customers are viewing the Department.

Mr. Alexander and Mr. Flora have been doing great work managing the safety discussion with the City of Burlington and have been leading this Safety Committee and making recommendations to the Mayor on hiring a City of Burlington Safety Officer.

Mr. Lunderville stated that the "We Love Cities" campaign is coming to an end and Destenie Vital has been keeping the Twitter and Facebook feeds going. This week Mr. Nolan will be featured on the Department Facebook page and there will be others featured in the upcoming months.

Mr. Kasti and Mr. Lunderville challenged the field team to close out as many jobs in June as possible and the team has been working extremely hard to close out the year really strong.

Tonight marks 7 years that the Department has had Spencer Newman on the Electric Commission and stated that this is Commissioner Newman's last night. On behalf of the entire staff at Burlington Electric Mr. Lunderville thanked Commissioner Newman for the guidance and for all the work that Commissioner Newman has done for BED customers, the City of Burlington and the electric utility.

Commissioner Newman stated that it has been an honor and how much the Commissioner has loved working with the Department and the other Commissioners.

6. April 2016 Financial Update

Jim Reardon, Interim Director of Finance, presented a brief review of April year-to-date financial results.

This presentation included a brief discussion of the \$868,000 Operating Income year-to-date and the \$2,330,000 Net Income year-to-date. Mr. Reardon pointed out that Other Income for the ten months ending in April 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 the month and year-to-date was below budget due to Energy Efficiency Program costs reimbursements less than planned. Mr. Reardon pointed out that this also means Burlington Electric Department (BED) incurred fewer expenses for Energy Efficiency Programs than planned which offset this loss of revenue. Power Supply Revenue for April was \$1,774,000 below budget and year-to-date \$1,829,000 below budget due to timing of Renewable Energy Certificates (REC) delivered in May and June but budgeted in April. McNeil, Wind and Hydro REC's were delivered in May and Standard Offer will be delivered in June.

On the expense side, power supply expenses are down \$302,000 year-to-date. Purchased Power Supply was above budget year-to-date by \$142,000 due to excess energy sales at lower prices and lower volume than estimated in the budget. Higher Purchased Power Supply was more than offset by year-to-date fuel costs being lower than budget by \$611,000. Year-to-date, McNeil production was 4% below budget and woodchip costs (per ton) were 6% under budget. Operating Expenses year-to-date is relatively on target and the variance is 1% of budget. Taxes were up \$119,000 year-to-date as the budget was a preliminary estimate provided by the City and did not reflect final asset values from BED. Depreciation was up \$410,000 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 May 31, capital spending was 49% (\$4,108,000) of the \$8,458,000 budget. McNeil/GT Production Capital was above budget in May due to the GT (gas turbine) control upgrade, which was a prior year project. Other projects have been amended to cover this project. Solar and General Plant capital budget will not be fully expended in FY 2016. The

underspending in Distribution Capital Spending is primarily due to timing. Other Production will be fully encumbered in FY 2016.

On Cash and Investments, BED closed May 31 with \$9.7 million of unrestricted and reserved operating funds. 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 premiums.

Mr. Reardon pointed out that the Rating Factors are in line to meet Moody's "A" bond rating. The adjusted Debt Service Coverage Ratio is 1.42, just light of the 1.50 for an "A" Rating Factor.

7. Executive Session – Hydroelectric Contract

Mr. Lunderville stated that discussion of the Hydroelectric Contract is sensitive in nature and premature public knowledge would put the Department at a substantial disadvantage.

Commissioner Herendeen moved to find that premature general public knowledge of the upcoming Hydroelectric 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 Moody and approved by all Commissioners present.

Commissioner Moody moved that the Commission enter into Executive Session with BED Staff to discuss the upcoming Hydroelectric Contract with the Commission under the provisions of Title 1, Section 313 (a)(1) (A) of the Vermont Statutes; this motion was seconded by Commissioner Stebbins and approved by all Commissioners present.

The Commission entered into Executive Session at 6:33 p.m.

Commissioner Herendeen moved to exit Executive Session at 6:54 p.m.; this motion was seconded by Commissioner Moody and approved by all Commissioners present.

Commissioner Newman moved to adjourn the meeting at 6:54 p.m.; the motion was seconded by Commissioner Moody and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk