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**MINUTES OF REGULAR MEETING**  
**BURLINGTON ELECTRIC COMMISSION**

**Wednesday, March 9, 2016 – 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:37 p.m. on Wednesday, March 9, 2016 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Scott Moody, Gabrielle Stebbins, Bob Herendeen, and Tim Perrin were present. Commissioner Newman participated via conference call.

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 not present to tape this meeting.

**1. Agenda**

There were no changes to the agenda.

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

Commissioner Herendeen noted a typographical error in the January 13, 2016 minutes and asked that the minutes be amended. Commissioner Herendeen made a motion to approve the minutes of the January 13, 2016 meeting as amended; the motion was seconded by Commissioner Stebbins. The Board Clerk then asked for a roll call by calling on each Commissioner. Commissioner Stebbins: Aye; Commissioner Herendeen: Aye; Commissioner Moody: Aye; Commissioner Perrin: Aye and Commissioner Newman (on conference call): Aye, Motion passes 5-0.

**3. Public Forum**

No one from the public spoke at this time.

**4. Commissioner's Corner**

Commissioner Perrin had a couple questions regarding the information in the Monthly Highlights portion of their packets.

Commissioner Perrin had a question on the section relating to the EV charging graph, stating that in the past couple of months the amount of electricity consumption, as well as the total session count, is down compared to the year before. NL stated that this is consistent with the timing of

the Department implementing the charge for the power which started in June, with July being the first full month that charging for power began.

Commissioner Perrin noted that in McNeil's report, it stated that McNeil ran about 90% of the capacity factor for the month of February and asked if this was the highest capacity to date. Mr. MacDonnell stated that McNeil did run at 99.8% last year for one month. Commissioner Perrin stated that the McNeil lighting upgrade project was discussed at a previous Commission Meeting and asked if the upgrade is a project that Energy Services (ES) is working on? Mr. Lunderville stated that ES will help McNeil with the project, but McNeil will do the actual upgrade.

Commissioner Herendeen asked if the Riverside Avenue Project encompasses just lights and fixtures or does it include moving poles? Mr. Kasti stated that only fixtures would be replaced.

Commissioner Herendeen asked about the activity with the DPS regarding the South Forty. Mr. Lunderville stated that the petitioner filed and BED has received comments back from the DPS last week. The DPS is looking for more information and raised a question about the price. At the time the Commission and the Council approved this project the price was solid but over the past couple years, as technology improves, it's normal that contracts will look a little worse than when you actually execute them. BED's team is confident that this is still a really great project for Burlington and falls within the range established in the Department's last IRP and is in the best interest of BED. Mr. Lunderville stated that the DPS had a 90 day window in which to comment on this contract after it was approved by the City Council and filed in 2014 and no comments or questions were received. The Department will be supplying the DPS with more information and once the DPS receives this additional information Mr. Lunderville is confident that the project will be supported.

Commissioner Herendeen asked if there would be a report on the benefit costs for John Floyd and Associates (JMFA). Mr. Lunderville stated that the topics for the next Commission Meeting will include an update on the implementation of the JMFA recommendations, Energy Efficiency Programs and possibly an update on rate design from Burns and McDonald.

Commissioner Stebbins has received calls from a few solar contractors who submitted proposals for the UVM Solar Project asking for the status on this project and suggested that Mr. Lunderville may want to send out an update.

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

Mr. Lunderville informed the Commission that the Department is working on two (2) main dockets. One is the Net Metering Docket which includes the new proposed rules that BED is not in full agreement with. BED is geographically constrained when it comes to solar and this makes net metering more expensive for Burlington. Mr. Nolan stated that in the Net Metering Rules the incentives are structured to give more money to small projects pushing towards roof top, parking lot or brown field installations. If one of these projects is done an adder is placed onto the base net metering payment, meaning almost everything in Burlington would get the higher payment which is a differential to what other utilities are paying.

Commissioner Stebbins has received phone calls on this issue and asked if BED is concerned about rate impact because of so much solar on roof tops and asked how this can be switched so we see reduction in the soft cost. What is the rationale for the difference between net metering compared to larger scale projects in terms of prices? Mr. Nolan stated that it's a combination of issues: part is committing to South Forty three years ago and the other issue is that customers can keep the RECs so BED can't count it as renewable so there is a loss of revenue.

Mr. Lunderville stated that the Department is also working on the PURPA Docket. This docket has been around since the 1970's and BED is looking at avoided costs and how the state is implementing PURPA. BED is in strong agreement with the DPS to move away from a model where the cost is fixed and BED will have to buy PURPA units above the market. The current Vermont PURPA states that the cost of this power is socialized among all utilities but that is changing and all utilities are in agreement.

Commissioner Newman asked that Mr. Lunderville and Mr. Nolan plan on giving a presentation on these issues at the next meeting. Mr. Lunderville stated that the monthly highlights will include this information so the Commission will have the opportunity to come up with any questions before the meeting.

Mr. Lunderville asked Mr. MacDonnell to update the Commission on the scheduled April plant shutdown. Mr. MacDonnell stated that every April the plant shuts down for 2 weeks so that all inspections and repairs can be done and outside contractors are brought in to do the major repair work. Every year before any maintenance or repairs can happen, employees need to go through safety training and McNeil has a very good safety record during plant overhaul. Also, an invite has gone out to Pine Street employees looking for volunteers to help out during the shutdown.

Mr. Lunderville informed the Commission that the Department has several new employees which add to the new energy of BED. Also, over the last year BED has been making more of an effort to do more with the City. Paul Alexander is leading a city wide effort around risk management, also Ken Nolan and the IT team have been working closely with Beth Anderson, the new CIO to develop shared services.

## **6. IBEW Contract Update**

Mr. Lunderville informed the Commission that the negotiating team for BED was Mr. Lunderville, Mr. MacDonnell and Mr. Flora. City negotiators were Mr. Bob Rustin, Ms. Eileen Blackwood, Ms. Susan Leonard and IBEW was led by Mr. Jeffrey Wimetete. This is the first contract in approximately 12 years that has not gone to fact finding or arbitration and the communications between the union and management is strong.

Mr. Flora guided the Commission through a Power Point presentation highlighting the changes in the BED - IBEW Union Contract.

Mr. Flora informed the Commission that this is a multi-year agreement, retro-active from July 1, 2014 and runs through June 30, 2018. Mr. Flora also noted that there has not been a contract in

place since June 30, 2014.

The three main negotiating items were: compensation, health insurance and retirement. Mr. Flora presented the highlights of the compensation details to include the wage increases over the 4 year period of the contract, along with the details of the increase in employee contributions to the health insurance and retirement plan.

Mr. Flora concluded this presentation with the specifics on other contract changes which include:

- Details on minimum callouts
- Prescription safety glasses program
- OSHA mandated employer provided clothing
- Details on the Family and Medical Leave provision
- Job postings
- Company Credit Card Elimination and the addition of Per Diem
- Updated Business Travel Policy

### **Strategic Plan Update**

Mr. Lunderville began by informing the Commission that the Mission Statement and Values are a 25 year look at where BED is going in the future as an organization; the Department's Vision is a 10 year look that asks where the next decade is going; the objectives are a 5 year look at the things BED needs to accomplish to meet the vision; and the initiatives feed up to the objectives, and what are the specific things BED will do to meet the objectives.

Mr. Lunderville introduced the BED ***"DRAFT"*** Strategic Plan with a Power Point presentation and stated that there are five (5) components to this plan beginning with the Department's Mission and Vision statements which have not changed since presented to the Commission last year. Mr. Lunderville then detailed the Department Values, which include Safety, Integrity, Community, Engagement, and Innovation followed by BED's Strategic Objectives.

Mr. Lunderville stated that the Department has been honing in on establishing Burlington as a Net Zero Energy City which is an aggressive and exciting goal. This means that this is not just in the area of electricity, but also includes thermal and transportation. Mr. Lunderville explained that BED controls the electric part, but to accomplish this goal will require partnerships. The Department will have to work closely with Vermont Gas, the community, supporters of district energy and district heat, Planning and Zoning, and the City Council just to name a few and BED would be spearheading this endeavor and would work with our partners across the City, both government and non-government.

Mr. Lunderville presented the Department's Strategic 5 year Objectives and the 2 year outlook on Strategic Initiatives that will work towards the Department meeting these objectives, noting that the first two initiatives are foundational, there are a couple of evolutionary initiatives along with one optimization initiative.

Mr. Lunderville closed the presentation by letting the Commissioners know that feedback is important and is happy to meet with anyone to talk about this. Mr. Lunderville hopes to have a final package that the Commission could endorse by the next Commission Meeting.

## **7. January 2016 Financial Update**

Jim Reardon, Interim Director of Finance, presented a brief review of January 2016 year-to-date financial results.

This presentation included a brief discussion of the \$2,201,000 Operating Income year-to-date and the \$3,679,000 Net Income year-to-date. Mr. Reardon pointed out that Other Income was down for the seven months ending in January 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.

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 due to Energy Efficiency Program costs reimbursements less than planned. Power Supply Revenue for January was \$1,021,000 below budget and year-to-date \$594,000 below budget due to timing of REC (Renewable Energy Certificates) delivered in February but budgeted in January. Power Supply Revenue year-to-date should come in line with budget estimates and the variance should be eradicated in February.

On the expense side, Power Supply Expenses are up \$520,000 year-to-date. Purchased power supply was above budget year-to-date by \$790,000 due to excess energy sales at lower prices and lower volume than estimated in the budget. Higher purchased power supply was offset by year-to-date fuel costs being lower than budget year-to-date by \$315,000. Woodchip costs (per ton) were 5.3% under budget. Operating Expense was down \$396,187 year-to-date, which was driven by: position vacancies that are in the process of being filled, IBEW negotiations just completed (contract signed March 9, 2016) for costs of living increases not yet reflected in actual expenses but will start in March 2016 financial results and outside services lower than estimated in the budget. Taxes were up \$118,000 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 \$328,000 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 February 29, capital spending was 27% (\$2,264,000) of the \$8,458,000 budget. McNeil/GT Production Capital was above budget in February due to the GT (gas turbine) control upgrade, which was a prior year project. Other projects have been amended to cover this project. The Solar capital budget under spending is due to timing and the budget for the Solar and Storage is planned for February thru June. Mr. Reardon pointed out that \$528,121 of the Solar as well as \$248,000 of the General Plant capital budget has been reallocated to the SCADA (Supervisory Control and Data Acquisition) project. Distribution, General Plant and Other Production under spending is due to

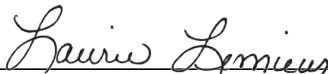
timing. Mr. Reardon noted that \$370,000 of the General Plant capital budget was reallocated to the Open Way Metering System project.

On Cash and Investments, BED closed February 29 with \$10.8 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. The internally restrictive reserve fund for the employee Voluntary Buyout Plan had no payments in February but will be fully expended this fiscal year.

Mr. Reardon pointed out that the Rating Factors are continuing to trend in the right direction.

Commissioner Herendeen moved to adjourn the meeting at 8:07 p.m.; the motion was seconded by Commissioner Stebbins. The Board Clerk then asked for a roll call by calling on each Commissioner. Commissioner Stebbins: Aye; Commissioner Herendeen: Aye; Commissioner Moody: Aye; Commissioner Perrin: Aye and Commissioner Newman (on conference call): Aye, Motion passes 5-0.

Attest:

  
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Laurie Lemieux, Board Clerk