

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

Wednesday, November 4, 2020, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:34 pm on Wednesday, November 4, 2020 via Microsoft Teams Video Meeting.

Channel 17 was present via Microsoft Teams Video to record this meeting.

Commissioners Chagnon, Herendeen, Moody, and Stebbins participated via Microsoft Teams. Commission Whitaker was absent.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Paul Pikna, Andrea McNeil, and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. October 14, 2020 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the October 14, 2020 Commission Meeting; the motion was seconded by Commissioner Chagnon. Commissioner Stebbins abstained from the vote as she was not present at the October 14, 2020 meeting.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

3. Public Forum

No one from the public was present via Microsoft Teams.

4. Commissioners' Corner

Commissioner Herendeen stated that, based on the new Electrification/Decarbonization Ordinance

and the \$100 per ton fee, Commission Herendeen did the math based on his home and it would produce a cost to him of approximately \$3,700 for a 10-year period. Commissioner Herendeen asked if that fee had to be paid up front if a resident does not electrify.

Mr. Springer provided a background of the Electrification/Decarbonization Ordinance.

BED is working in collaboration with Planning and the Department of Permitting and Inspections, and BED has proposed a new policy to the City Council that will be considered by the Ordinance Committee. The proposal would apply to new buildings and require that, if they are connecting to fossil fuel infrastructure, they pay a carbon fee of \$100 per ton based on the projected emissions of the building. The building would also be required to be built “electric ready” with adequate service, panel size, and pre-wiring to accommodate future electrification such as heat pumps. Mr. Springer stated that the ordinance will apply to new buildings only and would not affect existing homes.

Commissioner Herendeen asked about electrification efforts at Cambrian Rise and stated that he was under the impression that there was still a lot of natural gas at these facilities. Mr. Springer stated that Cambrian Rise is looking at a significant heat pump project. The Energy Services team has been working very closely with them and working on making sure we can provide incentives for construction and buildings to move in the direction of heat pumps.

5. GM Update

Mr. Springer stated that the Department’s year-to-date budget performance has a positive variance, although some of this is due to timing of expenditures. BED’s Management Team will be closely tracking budget performance, understanding that we still are likely to see negative variance on sales to customers and some challenges with implementing capital work depending on the developments with the pandemic.

As we enter the colder weather season, BED will be careful to avoid having too many employees on-site and indoors during periods where inclement weather prevents outdoor work. The City has updated its face mask policy, and our Center for Safety is ensuring compliance with the new policy for our on-site employees.

Mr. Springer stated that the Department is working to propose additional programs under the recently-enacted Act 151, which allows an energy efficiency utility (EEU) to use part of its budget for electric efficiency programs and services on programs that reduce greenhouse gas emissions (GHG) in the thermal energy and transportation sectors. These programs would complement and support our Tier 3 and Net Zero Energy initiatives. The PUC process will take place over the next several months.

After recently and successfully re-engaging with UVMMC on District Energy, our efforts are paused momentarily while they address the recent hacking events affecting their network. We hope to resume engagement and conclude Phase II work and update the Commission in the near future. Mr.

Springer stated that BED has been involved in meaningful community engagement over the past few weeks, despite the pandemic. This included our team virtually visiting all of Burlington's 4th-grade public school classes to kick off the 2021 Net Zero Energy calendar contest. In addition, we partnered with the Lake Monsters to host an outdoor Halloween trick-or-treating event at Centennial Field. Also, BED made our annual contribution to support the CVOEO WARMTH initiative and is encouraging customers to join us in that effort through our bill inserts this month.

Commissioner Stebbins asked for background regarding Information Services and the unexpected MI System Outage, along with an explanation on the DPS request regarding net metering data.

Ms. Stebbins-Wheelock stated we experienced an equipment failure that also unexpectedly did not auto fail-over to the backup device. The IS team was able to restore the network using the backup router, and a replacement device for the failed equipment is on order. While the network was down, reads from the meters were being collected but were not able to be sent back to the collection engine. After the network was restored, there was a catchup period during which the meters sent back all the information that was being held but not able to be transmitted. This delayed some billing processes temporarily, but the BED team caught up quickly.

Mr. Gibbons addressed the DPS net metering data request and stated the data requested related to calendar year 2019 and asked for information to be broken out by class of net metering. Net metering is now divided into the number of different classes based on size and location. The DPS asked us to provide the revenue impact of the lost revenue and what we paid out in terms of REC adjusters. They also asked us to provide a valuation by net metering periods of how much we saved in the wholesale market level resulting from net metering in 2019. This was a complicated request, and BED was able to fully comply.

Financials

Ms. McNeil, Director of Finance, provided an update on the FY 20 financial audit. Ms. McNeil reported that the audit is finalized and that, as expected, KPMG issued an unmodified audit opinion. Ms. McNeil proceeded to walk the Commission through the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows for the years ended June 30, 2020 and 2019.

Ms. McNeil then reviewed the September FY 2021 financial results.

Ms. McNeil started with an update on loads and reviewed a chart showing how loads are looking through October 17th. Total system load for September was approximately 3.2% lower than expected due to COVID-19. Residential sales continue to track slightly above forecast, but have come back down to more normal levels. The decrease in residential sales compared to August is driven by the cooling season being behind us. Commercial sales are continuing to trend lower than forecast. Total system load for the first half of October was approximately 2.5% lower than expected due to COVID-19.

Ms. McNeil reviewed the budget-versus-actual results for the month of September FY21. The Department reports a net loss of \$0.3M which is \$0.2M better than budget largely due to timing. Specifically, the favorable variance in the September results is due to timing of operating expenses, and reduced operating expenses due to diligent expense management, offset by decreased sales to customers due to COVID-19.

Capital spending as of September is 36% or \$1.0M less than the September YTD FY2021 budget. This is driven primarily by timing of the IT Forward project and timing of the Data Center upgrade.

As of the 12 months ending September 2020, the Department has 154 days cash on hand, the debt service coverage ratio is well above target, and the adjusted debt service coverage ratio remains below target. Ms. McNeil notes that BED received a \$3M bond anticipation note in July, which was a driver in the increased days cash on hand.

6. BED 2020 Property/BM Renewal

Mr. Alexander stated that Commercial Property/B&M insurance covers BED's physical assets from risks such as fire, lightning, smoke, explosions, storms, burst pipes, theft, and vandalism. It is designed to protect BED's tangible property, such as buildings, boilers, transformers, and property inside and outside.

Mr. Alexander stated that BED's current Property/B&M Insurance coverage with AIG/Starr Tech/Zurich/AEGIS is scheduled to expire on 11/20/2020 and that currently BED pays an annual premium of \$579,330. BED's insurance agent (Paul Plunkett of Hickok & Boardman: H&B) sought out 25 carriers, including our existing four carriers. AIG wants to reduce its "capacity" (the largest amount of insurance that a company or the market is able to write) to 25% (vs. current 30%), and H&B is in constant negotiations with them (and others) to "fill in" this 5%.

Mr. Alexander discussed future options to consider to lower BED's costs and stated that the Department continues to be diligent on completing carrier engineering recommendations whenever possible.

BED's FY21 budgeted amount of \$560,596 was calculated using four months at the current premium amount of \$579,330 and eight months at the projected premium amount of \$551,229.

Commissioner Moody asked if McNeil Joint Owners pay a portion of these premiums. Mr. Alexander stated that McNeil Joint Owners will pay approximately 50% of whatever gets charged to the McNeil station, which comes to approximately \$236,000.

Commissioner Stebbins asked Mr. Alexander to provide an update at the December meeting and asked that Finance provide a sense of the budgetary adjustments at the next meeting.

7. Non-disclosure Agreement (VELCO, VEIC, and Vermont Distribution Utilities) to discuss cybersecurity issues

Ms. Stebbins-Wheelock stated that this cybersecurity non-disclosure agreement stems from a PUC order issued in September 2019 that closed out a docket dating back to 2007. The PUC developed six principles that relate to sharing cybersecurity information among the Vermont distribution utilities as well as VELCO/VT Transco, VPPSA, VEIC, and the Department of Public Service. In order to implement the practices and principles required by the PUC and to comply with the requirements, BED seeks to enter into the non-disclosure agreement with the other parties to share critical information. There is no financial component to the agreement but due to the indefinite term that may extend beyond one year, BED is seeking Commission approval to recommend that the City Council approve a resolution authorizing BED to execute the non-disclosure agreement.

Commissioner Herendeen made a motion to recommend that the City Council approve a resolution authorizing BED to execute the non-disclosure agreement; the motion was seconded by Commissioner Moody.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Results: 4 Ayes with 0 Nays, the motion carries.

8. Commissioners' Check-In

There were no Commissioner check-ins.

Commissioner Moody made a motion to adjourn; the motion was seconded by Commissioner Herendeen.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

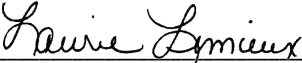
Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye

Commissioner Stebbins. Aye

Results: 4 Ayes with 0 Nays, the motion carries.

The meeting of the Burlington Electric Commission adjourned at 6:43 p.m.

Attest:



Laurie Lemieux, Board Clerk