

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, January 9, 2019 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:30 p.m. on Wednesday, January 9, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Jim Chagnon, Sabina Haskell, Bob Herendeen, Scott Moody, and Gabrielle Stebbins.

Staff members present included Paul Alexander, Sue Fritz, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Paul Pikna, Jim Reardon, Darren Springer, and Destenie Vital.

Channel 17 was present to record this meeting.

1. Agenda

There were no changes to the Agenda.

2. December 12, 2018 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the December 12, 2018 Commission meeting; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

3. Public Forum

There was no one present from the public.

4. Commissioners' Corner

Commissioner Herendeen stated that it was great to read that Energy Services followed up with Main Street Landing and the result of this visit it was determined that the specs were met regarding their energy retro-fit.

Commissioner Stebbins asked why Hotel Vermont requires a follow up retro-commissioning. Mr. Springer will ask Mr. Burns to brief Commission Stebbins on this subject.

5. General Manager's Update

Mr. Springer stated that BED will be announcing the new EV rate and updated EV and PHEV incentives on January 22 at 1:00 pm. Tentatively this announcement will take place at a customer's home that has an EV charging station. BED has invited Commissioner Tierney from the Department of Public Service and Mayor Weinberger and other representatives from the electric vehicle community will be in attendance.

Now that the 2019 Legislator is in session, BED will continue to work with Primer & Piper who track legislation that relates to energy and utilities. BED will be focused on ensuring continued access to the

Standard Offer exemption, following a PUC report to the legislature making recommendations related to Standard Offer. BED also anticipates discussion of the regulatory environment for electric vehicle charging station investments by utilities and third parties. Other topics that may be taken up this session include increased funding for weatherization, and state incentives for electric vehicles.

BED has completed the sale of Highgate and the settlement with Comcast, and both payments have been received.

The staff is currently working on tiering the Customer Care and GIS/CAD positions, and anticipate submitting the updated positions along with the structural changes to the City Council in late January or early February.

Mr. Springer stated that part of the FY 20 budget process requires taking a look at the Strategic Plan. Mr. Springer feels that not only should we look at the initiatives but we need to also look at the objectives and the language the Department is using around the net zero goals given that BED is working on the net zero roadmap process.

Mr. Springer asked Mr. Kanarick to update the Commission on staffing related items in the Customer Care Department.

Mr. Kanarick stated that our Customer Care Representative Katie Dorey has accepted a position in the Finance Department which is a great opportunity for her. Also another Customer Care Representative, Jessica Walker will be leaving to relocate to Florida.

Mr. Kanarick stated that Customer Care has a plan in place during this transition which will not diminish the exceptional customer care that BED offers.

Finance

Jim Reardon, Director of Finance and Administration presented a brief review of November 2018 year-to-date financial results.

October Operating Income year-to-date is \$1,142,000 and Net Income year-to-date is \$1,679,000. Year-to-date Operating Income and Net Income are approximating \$1.1 million less than budgeted, primarily due to the delay in the sale of the Highgate Facility completed in December but budgeted in August.

The favorable variance year-to-date of \$284,000 in Sales to Customers is due largely to average temperatures above normal for July, August and September. Other Revenues year-to-date is down \$351,000 due to Energy Efficiency Program cost reimbursements less planned. Power Supply Revenues year-to-date is relatively on target after receiving proceeds from the sale of RECs (Renewable Energy Certificates) in November budgeted in October.

Power Supply Expenses year-to-date is \$298,000 above budget due to McNeil (8%) and Winooski One (29%) production below budget, thus causing BED to purchase more power from the ISO New England Exchange. While total Purchased Power year-to-date is above budget by \$635,000, Fuel Expense is \$305,000 below budget due to lower McNeil production and woodchip costs (per ton) are 4% below budget. The favorable year-to-date variance in Operating Expenses of \$719,000 appears to be largely due to timing (i.e. RPS Compliance/Tier 3 expenses), but will need to be more closely reviewed in the upcoming months.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ended December 31st, Capital Spending is 51% (\$5,093,000) of the \$10,045,000 budgeted in FY 2019. BED purchased in December additional shares in VT TRANSCO LLC, which on average pays a 12% annual return. Year-to-date, we are

underspent relative to the budget through December 31, 2018 by \$1,298,000, of which a large share is attributable to the IT Forward project.

On Cash and Investments, BED closed December with \$13.7 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is approximately \$2.0 million above what is projected in the budget. The \$2.0 million above budget is due to underspending in Operating and Capital Funds.

As in previous months, the “Adjusted Debt Service Coverage Ratio” is not in line to meet an “A” bond rating, declining from 1.13 at October 31st to 1.00 at November 30th.

Mr. Reardon stated that the audit is usually completed by the end of October but the audit was extended to the end of December. This was due to the City’s delay in releasing the actuarial report and the post-employment benefits other than retirement before November. The City did deliver this report in November and KPMG did question some of the assumptions that were used in the actuarial report. BED is waiting to hear if KPMG is satisfied with the results and if so, we can wrap up the audit and will present to the Commission which will require a brief “Special” Commission Meeting.

6. DemandEV Contract

Mr. Springer stated that the Department has been working on this project for some time and feels this innovative idea will keep BED on the leading edge. This project is specific around electric vehicles and the experience when driving an EV which led the Department to come up with a way to provide BED customers with the opportunity to try an EV before they purchase or lease. Mr. Springer stated that the Department is very excited to present this concept to the Commission and to BED customers as this is a cost effective and innovative way to bring the EV experience to more of our customers.

Mr. Gibbons stated that this contract with DemandEV is a short-term contract to establish an initial pool and a way to “try before you buy” an EV for the benefit of Burlington residents, businesses, and employees.

BED’s obligations are minimal; there is no direct monetary outlay except for any applicable tier 3 incentives under BED’s Tier 3 programs. The obligations include:

- Parking locations and charging between leases;
- Snow removal to provide vehicle access;
- Marketing;
- Assist and approve web design;
- Provide administrative support for leases;
- Point of contact;
- Program feedback to DemandEV.

Demand EV Obligations include:

- Funding the capital cost of an initial 5 vehicle feet of EVs that will be available for short-term lease;
- Set up of a web based portal for leasing and reservation based on BED guidance;
- Maintain, insure, and upkeep of the EV fleet to include 24/7 roadside assistance;
- Specify the leasing process to include the required forms.

Mr. Gibbons stated that BED’s tier 3 incentive structure has a higher incentive level for low and moderate income as there is a proposal in the contract allowing for a discounted lease rate structure for low and moderate income. Mr. Gibbons noted that this has not been finalized yet but DemandEV has agreed to the concept.

Mr. Gibbons stated that the Department is asking the Commission to approve executing a one year contract with DemandEV substantially in the form provided.

Commissioner Herendeen asked where these leased vehicles would charge and would the lease include a level 2 charger. Mr. Gibbons stated that these EVs can handle level 1 charging and would have the ability to charge at public or private stations. Mr. Gibbons believes that these EV's will come with the device that allows for charging in a standard outlet, but will verify with DemandEV.

Commissioner Herendeen raised a concern regarding the one month required for leasing which might place a burden on some customers. Customers may be interested in leasing for one or two weeks which might be more affordable.

Commissioner Moody also stated that weekly leases would be more affordable and more popular among the customers.

Commissioner Stebbins asked that if it was found that the leases were being taken by mainly businesses that a mechanism could be put in place that would allow for 1 or 2 of the fleet to be designated for residential. Commissioner Haskell also suggested that 1 or 2 of the fleet be earmarked for weekly leases.

Mr. Gibbons stated that he will speak with DemandEV regarding these issues but feels that the contract put forth as it stands offers a service to BED customers with minimal risk to the Department that we do not have the ability to offer at all at this time. If we can improve the contract by getting DemandEV to shorten the term that would be better, but to not offer it at all until these changes are made may not be in the best interest of BED.

Mr. Springer stated that this is not only a start-up business, it is a start-up idea, and there are very few, if any similar programs in the country hosted with a utility, so BED is breaking new ground around the country. Mr. Springer stated that BED will go back to DemandEV and make the case for an opportunity to have weekly or bi-weekly lease options.

The Commission felt that they are not ready to vote on the contract as written and asked that BED discuss the concerns with DemandEV and see if these concerns can be addressed.

BED will go back to DemandEV to discuss these concerns and will reach out to the Commission for a special meeting next week.

7. IT Forward Update

Ms. Fritz stated that BED hosted 10 RFI demos during the months of November and December. These demos were not to select a vendor, but to assist in identifying needs, wants, and pain points along with determining what exists in the market.

Ms. Fritz reviewed the next steps with the Commission and discussed the tentative timeline assigned to each step, with a release date of April for the RFP and vendor selection by July.

Ms. Fritz discussed the additional technical requirements that were overlooked in the process such as rebate tracking, work orders, and field work management. The process improvement piece is moving along and the Department met with the Vermont Manufacturing Extension Center to discuss an MOU for the

next step in the training which is value stream mapping. This training is designed to take customer interaction from initial contact to payment and looking at that process to see where improvements can be made and also training employees in this scientific method of performing processes. As the Department goes through the implementation we have more capability at making sure the implemented systems work effectively.

Ms. Fritz stated that the final piece is organizational alignment. This piece is designed to break down silos between departments, developing working, core and leadership teams and empowering employees.

8. Airport Microgrid

Mr. Gibbons stated that an RFP was issued in late 2016 and in 2017 the vendor selected was Tesla. Unfortunately Tesla was unable to maintain the price that they bid so in October 2018, the RFP was reissued and BED received five (5) responses. Those responses are being evaluated and Tesla is one of those vendors but Tesla's price has increased dramatically, with the two (2) previous highest prices coming down slightly.

Mr. Gibbons stated that the structure discussed was as follows: The Airport would make space available, a battery would be located there with the liability being their payment for use of the space and the Department would use market revenues and use of the battery to pay for the battery. Mr. Gibbons stated that the price is now high enough that it's not clear that BED can offset the cost of the battery and there is probably no money for reliability. In the meantime GMP has made some improvements to their switching that will reduce the outage time at the Airport. The Microgrid proposal would remain bumpless, the GMP proposal is not bumpless, and although it is very fast fiber switching, it can interrupt computers.

We did receive another proposal for another storage option in the Burlington area which is under a different economic structure. This proposal would not give BED full use of the battery but would have a discounted price. The Department is continuing to look at this storage and it may be that BED's pilot storage could end up being located somewhere other than the Airport.

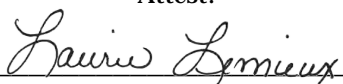
9. Commissioners' Check-In

Commissioner Herendeen asked if there was an update on District Energy.

Mr. Springer stated that he had a phone call today with the Department of Energy and is exploring if there are additional external sources of support that may be put towards the next phase of work. The Department of Energy has some resources around District Heat and Mr. Springer will do more follow up to see if that is a viable path.

Commissioner Moody moved to adjourn the meeting at 7:01 p.m. This motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk