

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, April 10, 2019– 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:32 p.m. on Wednesday, April 10, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

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

Staff members present included Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Casey Lamont, Laurie Lemieux (Board Clerk), Dave MacDonnell, Mary Peterson, Paul Pikna, Jim Reardon, and Darren Springer.

Channel 17 was present to record this meeting.

1. Agenda

There were no changes to the Agenda.

2. March 13, 2019 Meeting Minutes

Commissioner Haskell made a motion to approve the minutes of the March13, 2019 Commission meeting; the motion was seconded by Commissioner Moody and approved by all Commissioners present.

3. Public Forum

The following members of the public were present for the meeting:

Dan Cahill
Alex LaVin
Councilor Brian Pine
Meg Wallace

On April 1, 2019 approximately four (4) residents on Washington Street experienced a power surge and as a result sustained some property damage. Mr. Cahill and Ms. Wallace are two (2) of the residents that sustained property damage and have requested reimbursement for these losses.

Mr. Alexander, BED's Manager of Safety and Risk Management explained that this outage was caused by a failed neutral connection on the pole mounted transformer that feeds these residences, causing a power surge. Mr. Alexander stated that understandable this is very unfortunate but BED is unable to reimburse for these losses. Under Burlington Electric's Operating Guidelines, approved by the Vermont Public Service Board on February 1, 1997 it states:

BED does not guarantee continuous uninterrupted service. Direct or indirect liability for loss or damage to persons or property due to interruption or variation in service is not the responsibility of BED. An interruption or variation of service may include, but is not limited to, accident, labor strikes, fuel supply shortages and acts of nature. BED shall not be responsible for any losses, damages, or injury resulting

from any cause not resulting from the sole negligence of BED.

Mr. Alexander stated that BED is not unique regarding this policy and stated that utilities around the country do not reimburse for this type of loss.

Mr. Cahill and Ms. Wallace stated that as unfortunate as this is, they will be ok but are concerned that several neighbors that sustained damage are not in a financial position to replace the equipment lost by this power surge. Councilor Brian Pine joined Ms. Wallace and Mr. Cahill in the conversation and asked the Commission if there might be some sort of fund that could help low income residents with this type of issue. Councilor Pine is not asking for a fund to cover the full cost of replacement but a fund that would help defray some of the replacement costs.

Commissioner Stebbins thanked Mr. Cahill and Ms. Wallace for coming in and for their understanding on why the utilities practice of not have the ability to pay claims of this type. Commissioner Stebbins asked Mr. Alexander to look at the data regarding how many of these types of claims BED receives in a year and the dollar amounts and asked that Mr. Alexander and share this data with the Commission.

Mr. Springer stated that it's important that BED have an informational insert in the bills letting resident know about these types of situations, what the rights of the customer, and how to contact BED when something like this occurs. Also, if anyone is replacing an appliance or doing any kind of work, BED has a very talented and experienced Energy Services and Energy Efficiency Teams who are available to help with purchasing a new appliance, provide assistance, information on how to save money, and can provide services for residents.

4. Commissioners' Corner

Commissioner Herendeen stated that Julie Reese will present her studies on her results concerning Defeat the Peak at the May Commission Meeting.

Commissioner Herendeen participated in a webinar on the carbon impact of bio mass. This discussion raised serious questions regarding the length of time it takes bio mass to become net zero carbon. The webinar indicated that this is not as big an issue when using wood from forest waste but is a greater issue when using round wood. Mr. Herendeen stated that there is a question regarding the claim that the wood we burn can actually help in in paying back the carbon debt in that within a 2030 timeframe. Commissioner Herendeen will do some research on this issue and share the findings with the Commission.

5. General Manager's Update

Mr. Springer stated that the Mayor presented the State of the City address on April 1. As part of the Mayor's speech he highlighted BED's work on our Net Zero roadmap and announced that BED has now increased the Tier 3 Plug-in Hybrid rebate to \$1,200. BED continues to have a \$1,200 EV rebate and along with this EV rebate customers are eligible for the \$400 towards a charging station and eligible to get on the "off peak" charging rate.

Mr. Springer stated that there was legislation pending in the House as part of the H.133 which is a miscellaneous energy bill that will allow BED to utilize some of our TEPF fund to support the next phase of District Energy. This bill was unanimously passed by the House and is now under consideration in Senate Finance.

The RFP for the Financial Information System, Customer Care Information System, and the Meter Data Management System was release last month with vendor responses due by April 19. Vendor demos will be scheduled this summer and the Department is looking for implementation in FY20.

The Department is working diligently on the budget and we anticipate presenting a draft budget to the Commission during a Special Commission Meeting this month. The Department will be presenting the final budget to the Board of Finance on May 22. Although this budget has been very challenging, Mr. Springers feel that a rate case will not be necessary.

The Department is currently in the process of tiering several areas within the Department. These areas include Lineworkers, Administrators, and several positions at McNeil. It is anticipated that the Department will present these new tiered positions to the Board of Finance on May 13.

BED is working with DPW and CarShare on a pilot program to add an EV to the CarShare's fleet which will help more drivers to try driving electric. BED's support would include adding a new charger downtown, with one port available for CarShare's use and one available to the general public.

Finance

Jim Reardon, Director of Finance, presented a brief review of February 2019 year-to-date financial results.

February Operating Income year-to-date is \$2,390,000 and Net Income year-to-date is \$3,329,000. Year-to-date Operating Income and Net Income are approximately \$850,000 higher than budgeted, primarily due to lower expenses year-to-date than budgeted.

The favorable variance year-to-date of \$310,000 in Sales to Customers is largely due to average temperatures above normal for July, August and September. Other Revenues year-to-date are down \$790,000 due to Energy Efficiency Program cost reimbursements less than planned. Power Supply Revenues year-to-date is relatively on target, after receiving REC (Renewable Energy Certificates) revenue in February budgeted in January. We do expect REC revenue to be lower than planned for the year.

Power Supply Expenses year-to-date is \$701,000 above budget primarily due to McNeil and Winooski One Hydro 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 \$1,529,000, Fuel Expense is \$942,000 below budget due to lower McNeil production (15%) and woodchip costs (per ton) are 5% below budget. The favorable year-to-date variance in Operating Expenses of \$1,639,000 is largely due to underspending for DSM Rebates (\$532,454) and Outside Services (\$701,386) for RPS Compliance (Tier 3), REC broker commissions and consulting services related to "Net Zero Roadmap". Most of the favorable variance in Gain/Loss on Disposition of Plant is due to actual losses less than planned on sales and retirement of assets at McNeil. The Gain on Disposition of Highgate is higher than planned, since the amount did not take into consideration the \$100,000 nonrefundable amount BED received to cover legal fees.

Mr. Reardon then discussed Capital. In total, year-to-date ended March 31st, Capital Spending is 58% (\$5,841,000) of the \$10,045,000 budgeted in Fiscal Year 2019. Year-to-date, we are underspent relative to the budget through March 31st by \$1,838,000, of which a large share is attributable to the IT Forward Project.

On Cash and investments, BED closed March with \$13.5 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is \$3.4 million above what was projected in the budget. This is largely due to underspending to date for capital projects and operating expenses.

There was little change in the Rating Factors from January, 2019 to February, 2019.

6. Draft Strategic Direction 2019-2020 Update

Mr. Springer presented a “Draft” of the 2019-2020 Strategic Direction and explained that all language in “Blue” is new language, all language in “Green” is modified prior language, and all language in “Black” is unchanged.

In the past we have held the mission, the values, the 2030 vision, and the strategic objects the same and only the initiatives have changed. In examining the Strategic Direction this year the BED Team thought it would be a good time to look at the values and strategic objectives, particularly because of the reorganization that was done this year.

To date we have had several leadership meetings that included managers, directors, and supervisors to gather input. These Director’s and Supervisors met with their groups for feedback and submitted their input. This “Draft” will also be presented at the employee meetings next week and employees will be encouraged to submit feedback. It was our goal that the Center for Operations & Reliability, the Center for Innovation, the Center for Safety, and the Center for Customer Care and Energy Services be reflected in the Strategic Objectives. Once these objectives were determined it then easily flowed into the Strategic Initiatives. By establishing the Strategic Objective for each center it now gives them a long term, big picture goal.

Mr. Springer explained that a number of the previous strategic initiatives were kept, or modified and several more were added. Mr. Springer reviewed each addition and modification with the Commission.

Mr. Springer stated that this is a “Draft” document and is asking for Commission input. Mr. Springer asked that Commissioners submit comments to the Board Clerk by April 30; the Board Clerk will compile all the comments and send out to the Commission.

7. Potential Replacement of Pine Street Wind Turbine

Mr. Gibbons explained that the present wind turbine has not been operational for some time and the turbine manufacturer is no longer in business. In researching a fix it was determined that it would be very expensive to even have the turbine looked at, much less fixed, so it was decided to investigate replacement. The best proposal to date is from Pecos Wind Power and they are proposing a non-binding letter of intent. It is estimated that this new turbine production would be 5-10 times the old turbine.

Mr. Gibbons explained that this new turbine would have roughly the same footprint, would not be much different in height, but would have a dramatic increase in production. BED has communicated the site plan and simulations to Burlington Planning and Zoning and they have no concerns. However, there would be specific permitting via the process in 30 VSA 248.

Mr. Gibbons reviewed the scaled simulations on what the new turbine would look like versus the old turbine. These simulations were exhibited behind the BED “B” Building and viewed from the corner of Electric Avenue and Pine Street. It shows that the sweep and the height are a little bigger but there is not a

dramatic aesthetic difference.

Mr. Gibbons stated that the prior turbine was from a time when sound levels were not a big concern so they were unable to find published noise level. Mr. Gibbons estimated that less than 8m/s (18 mph) wind speeds, the sound level will be similar. Above 8m/s winds, the new turbine will be significantly quieter. Also, Pecos does not expect the gearbox to be audible from the ground, unlike the old turbine.

Mr. Gibbons stated that Pecos is offering BED a 20 year purchase power agreement with a 1.5% escalator with an overall negative present value. Mr. Gibbons stated that replacing the turbine would not be done as a way to make money or profit. Overall, there would be slightly negative economics with an NV of negative \$41K and would be spread out with the worst year having a loss of \$3,166 and the best being a loss of \$2,316. A 20% increase in market energy/REC prices would result in breaking even and avoids the cost of decommissioning.

Mr. Gibbons stated that some of the advantages of keeping a wind turbine at this location include continued production at a location where the Department is trying to showcase renewable energy production, and is also advantageous from a PR, tour, and educational aspect.

At this time the Department is consulting with the Commission and looking for approval to move forward. Once we have received Commission approval, the Department will finalize a contract with Pecos, present the final contract with the Commission and with approval present to the City Council for their approval.

The Commission is in support of moving forward with replacing the Pine Street Turbine.

8. Power Contract Update

Mr. Gibbons stated that BED is looking into the possibility of modifying the Department's contract with Sheffield Wind as this would smooth out BED's cash flow in the near future. Due to discussions on specific offer prices and potential terms, Mr. Gibbons feels that these discussions belong in Executive Session.

Commissioner Moody moved to find that premature general public knowledge of a potential power 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 Herendeen and approved by all Commissioners present.

Commissioner Moody moved that the Commission enter into executive session at 7:05 pm with BED Staff to discuss a potential power contract under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Moody made a motion to exit Executive Session at 7:33 pm; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioners' Check-In

There was no Commissioner check-ins at this time.

Commissioner Moody moved to adjourn the meeting at 7:33 pm; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Attest:

Laurie Lemieux

Laurie Lemieux, Board Clerk