

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, November 14, 2018 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:34 p.m. on Wednesday, November 14, 2018 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

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

Staff members present included Paul Alexander, Mike Flora, James Gibbons, Andi Higbee, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, 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. October 10, 2018 Meeting Minutes

Commissioner Herendeen made a motion to approve the minutes of the October 10, 2018 Commission meeting; the motion was seconded by Commissioner Chagnon.

At this time, the Board Clerk conducted a roll call vote by calling on the following Commissioners, who voted as follows:

Commissioner Chagnon: Aye

Commissioner Haskell: Aye

Commissioner Herendeen: Aye

Commissioner Moody: Aye

Commissioner Stebbins: Aye

Results: 5 Ayes, 0 Nays, the motion carries.

3. Public Forum

There was no one present from the public.

4. Commissioners' Corner

Commissioner Herendeen thanked Mr. Gibbons and Casey Lamont for the information on the E-bikes.

5. General Manager's Update

Mr. Springer informed the Commission that the Department, with help from Mr. Kasti, Mr. Reardon, and Lynn Reagan from Human Resources, has completed the tiering process for the Finance Department. This tiering process was part of the union contract which required the completion of the Finance tiering process by December 1. Meetings were held with members of the Finance Department to obtain input along with

input from IBEW. This resulted in a package of tiers for each Finance position that creates an entry level, a mid-level, and a senior level position. These positions were presented and approved by the Board of Finance on Tuesday, November 13 and will be on the City Council consent agenda on November 26.

The Department held the first Safety Day Training. A couple topic areas covered included chain saw safety and pole top rescue. Mr. Springer stated that safety is BED's priority and there will be more training in the future.

The updated Railyard contract went to the Board of Finance and the City Council. This contract was approved and will go into effect at the end of this year. Mr. Springer thanked Mr. MacDonnell and Ms. Lesnikoski for all their great work on this contract.

Due to snow, BED crews are assisting Washington Electric Co-op and Vermont Electric Co-op in restoring power.

The net metering letters regarding the updates to the new rules have been sent to customers, and the BED website has been updated.

Mr. Springer stated that, after 35 years, Burlington's *First Night* New Year's Eve celebration will not be continuing, however, there is a new effort called *Highlight Burlington*. This new and exciting program has been put together by Burlington City Arts and Signal Kitchen Projects. BED will once again partner with Vermont Gas in a continuation of the E-billing promotion. BED/VGS will be letting customers know that they will receive a free ticket to *Highlight* if they sign up for E-billing through December 30. Mr. Springer stated that BED will be attending a press announcement tomorrow on *Highlight Burlington* and the exciting programming planned for Burlington's new New Year's Eve event.

Commissioner Herendeen asked for an update on the status of the District Energy project. Mr. Springer stated that he met with UVMMC again recently and that BED has concentrated on getting UVMMC comfortable with the project. BED feels that, if UVMMC would sign the letter of intent (LOI), then other entities such as Burlington City Place, hotels, state buildings, and other UVM buildings also would sign LOIs. These LOIs are needed to advance to the engineering phase of the project.

BED is hosting Senator Leahy's office tomorrow at the McNeil Generating Plant to share information about the District Energy project. Mr. Springer also will be looking for opportunities to see if the Department of Energy or other federal agency may have support to bring to the project. Mr. Springer stated that the City does have the authority from the PUC to have local regulation on the District Energy project.

Finance

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

As discussed at the October meeting, Depreciation and Amortization for the Fiscal Year (FY) 2019 has been adjusted downward by \$821,000 due to software that was fully amortized at the end of FY 2018, but inadvertently budgeted for FY 2019. Therefore, Operating Loss now is projected to be \$82,000, and Net Income \$2,008,000.

Mr. Reardon stated that BED is relatively on target year-to-date for both Operating Income and Net

Income. While Total Expenses are \$851,000 higher than planned, it is offset by Operating Revenues exceeding target by \$835,000. The favorable variance of \$424,000 in Sales to Customers is due to average temperatures above normal for July, August, and September. Other Revenues are down \$239,000 due to Energy Efficiency Program costs reimbursements less than planned. Power Supply Revenues year-to-date are up \$650,000 due to higher priced REC (Renewable Energy Certificates) sales being completed first.

Power Supply Expenses are up due to higher sales. Winooski One and McNeil production is below budget, thus causing BED to purchase more power from the ISO New England Exchange. While Total Purchased Power is above budget by \$631,000, Fuel Expense is \$246,000 below budget due to lower McNeil production, and woodchip costs (per ton) are 4% below budget. The favorable variance in Operating Expenses of \$784,000 appears to be largely due to timing. The sale of BED's ownership interest in Highgate budgeted in August has been delayed.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending October 31, Capital Spending is 15% (\$1,520,000) of the \$10,045,000 budgeted in FY 2019. Year-to-date, we are underspent relative to the budget through October 31, 2018 by \$1,192,000. Most of the underspending to date is due to timing of projects.

On Cash and Investments, BED closed October with \$10.7 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is \$5.4 million less than what is projected in the budget. We budgeted the sale of Highgate in August for \$3,570,000 and proceeds from the GOB (General Obligation Bonds) of \$3,000,000 in July. Had these two events occurred when budgeted, we would be approximately \$1.2 million above the October ending cash projection of \$16.1 million.

As in previous months, the current Rating Factors are not in line to meet an "A" bond rating. The "Adjusted Debt Service Coverage Ratio" at October 31 is 1.26 compared to a benchmark for "A" of 1.50. This is largely due to lower Operating Revenues.

6. Comcast Settlement MOU

Mr. Gibbons stated that the Department has a proposed settlement with Comcast that needs prior approval from the Commission before going to the Board of Finance and City Council.

The Comcast dispute has been going on since 2006 when Comcast started offering the "Triple Play" service. The current PUC rule defines payment for attaching to BED poles to be based on the number of feet of space the utility is presumed to occupy on the pole. The language states that the one foot rate applies to all attaching entities that are cable television operators that do not provide local exchange telephone service. BED took the position that Comcast became a telephone company when they began offering the "Triple Play" service and began billing Comcast at the two foot rate. Comcast has disputed this assertion and has not paid BED the two foot rate even though they are billed at this rate.

Mr. Gibbons explained that there was a past attempt to disconnect Comcast from BED poles that was pulled back due to pressure from the State. BED reinitiated this action to terminate Comcast's right to attach to BED poles, leading to settlement discussions and to the proposed settlement agreement that is before the Commission.

This settlement states that Comcast would pay BED \$100,000 as settlement of past amounts due and through and including 2018. Beginning in January 2019, Comcast would continue to pay BED at the one foot rate with the agreement that BED would not terminate Comcast's rights to attached to BED poles for three years. It also states that if there is a PUC determination within these three years that the two foot rate should apply, it will be

retroactive to January 1, 2019. Mr. Gibbons stated that there are multiple dockets being addressed at the PUC at this time and there is a good probability that this issue could be addressed during this three year period. During this three year period, BED will not publicly claim that Comcast is “in default” and BED will not terminate, or threaten to terminate, Comcast connections based solely on Comcast paying at the one foot rate.

The Department is asking the Commission to recommend this settlement and approve advancement of this settlement to the Board of Finance and City Council.

Commissioner Haskell made a motion in support of the Comcast settlement and for Commission approval and advancement of this settlement to the Board of Finance and City Council; this motion was seconded by Commissioner Herendeen.

At this time, the Board Clerk conducted a roll call vote by calling on the following Commissioners, who voted as follows:

Commissioner Chagnon: Aye
Commissioner Haskell: Aye
Commissioner Herendeen: Aye
Commissioner Moody: Aye
Commissioner Stebbins: Aye
Results: 5 Ayes, 0 Nays, the motion carries.

7. Commissioners’ Check-In

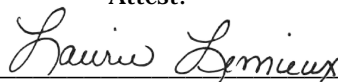
Commissioner Herendeen again thanked Mr. Gibbons and Mr. Lamont for clearly defining what qualifies for BED E-bike rebates. Commissioner Herendeen also stated that the next move regarding E-bikes on the bike path and greenway is not with BED, but is up to the City and the Parks and Recreation Department and that Commissioner Herendeen will be following up directly.

Commissioner Haskell moved to adjourn the meeting at 6:17 p.m. This motion was seconded by Commissioner Herendeen.

At this time, the Board Clerk conducted a roll call vote by calling on the following Commissioners, who voted as follows:

Commissioner Chagnon: Aye
Commissioner Haskell: Aye
Commissioner Herendeen: Aye
Commissioner Moody: Aye
Commissioner Stebbins: Aye
Results: 5 Ayes, 0 Nays, the motion carries.

Attest:



Laurie Lemieux, Board Clerk