

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

Wednesday, December 11, 2019– 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:30 p.m. on Wednesday, December 11, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Jim Chagnon, Bob Herendeen, Scott Moody, Gabrielle Stebbins, and Bethany Whitaker.

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

Channel 17 was present to record this meeting.

1. Agenda

There were no changes to the Agenda.

2. November 13, 2019 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the November 13, 2019 meeting; the motion was seconded by Commissioner Herendeen and approved by Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker.

3. Public Forum

The following people were present for the Meeting:

Mr. William W. Calfee, Mr. Joshua Laware, and Ms. Susan Laware

Mr. Calfee, a Burlington resident stated that he has worked with several automakers to set up the event *Electric Car Test Drive*. This event was developed for members of the community, including employees from Burlington Electric, to have the opportunity to test drive an EV. Anyone can log onto the website <http://www.btvec.com> and sign up for an hour timeslot to test drive an EV. Mr. Calfee stated that this event is a great opportunity to learn more about EVs first-hand and to have the EV driving experience. Mr. Calfee stated that there will be several different EV's available: Tesla, Hyundai, Audi, and Nissan and this event will take place on December 12-13 from 8:00 am – 7:00 pm.

Mr. Springer thanked Mr. Calfee for all his hard work on this event and stated that the web interface is great and easy to sign up for an hour block. BED appreciates everything Mr. Calfee has done to promote EVs and helping the City with the Net Zero efforts.

Mr. Laware, owner of Laware Logging and Excavation in New York is present at the meeting to ask the Commission for clarification on the policies and procedures when McNeil awards contracts for wood chips.

Mr. Laware stated that there is a group of large chip producers that have their own contracts, and then there is a group of small chip producers that go through a broker. Mr. Laware asked the Commission for clarification on the following questions:

What policies and procedures are in place to issue contracts to bio-mass producers;
What level of a chip producer does a company have to be issued a contract;
What policies and procedures are in place to award broker contracts;
Does BED govern the amount of money the broker can charge to a logger without a contract; and
Does BED ask the broker to deal with the smaller loggers, and if so does BED control the guidelines.

Mr. Laware has concerns that there is no bidding process associated with these contracts and feels that the current process is not fair and equitable.

Commissioner Stebbins stated the commission only reviews contracts in the final stage and does not get involved in any contract negotiations or the details on how the contract holder is doing business with their entities. Commissioner Stebbins stated that the Commission knows how hard the BED team works to keep the price on the tonnage as low as possible so the residents of Burlington can see an affordable rates while being fair to the loggers.

Commissioner Stebbins stated that this issues cannot be address at tonight's meeting. The Commission is happy to take a look at this issue and Commissioner Stebbins stated that she would personally reach out to Mr. Laware in early next year to follow up.

Mr. Springer stated that there has been discussion regarding litigation related to this matter and would not want to have further conversation without the advice of the City Attorney.

4. Commissioners' Corner

Commissioner Herendeen asked if there was an update on BED's Property/B&M Insurance. Mr. Alexander stated that it's still a work in progress and our Hickok and Boardman Agent, Mr. Plunkett will be meeting in NYC with AIG on Monday, December 16. Nothing has been finalized, the extension remains through December 20. Mr. Alexander will inform the Commission when he has more information.

5. General Manager's Update

Mr. Springer stated that the BED team appreciates the Commission support as we are grieving the loss of Jim Reardon. The Finance division and Ms. Stebbins-Wheelock have been working above and beyond what is normally required to keep our operations moving. Mr. Springer stated that he would be in touch with the Commission in the next couple of weeks regarding a plan to go forward in that division.

As stated in the Monthly Report, out of respect for Jim we will not be running the slides as usual this month but will give a very brief financial update.

Mr. Springer stated that the Department had a negative variance on net income, partly due to higher operating expenses and lower than expected sales to customers. The year-to-date is roughly on target for net income and cash. The Department has not drawn down the \$3M general obligation bond, and has not drawn down the reserve and replacement fund that has excess cash that Mr. Reardon had been planning to draw down as part of our FY20 budget. The Moody's metrics are good except for the adjusted debt which continues to be challenging. Based on projections for the full year we expect that this number will improve.

BED hosted a breakfast meeting with area heat pump installers to discuss a new program aimed at providing a recommend list of installers to BED customers. Participating installers would have to agree to certain terms, including providing appropriate technologies and information about BED rebates to customers, and support installation of BED approved load control devices when available. Installers in the room unanimously agreed they would seek to participate, and the BED team is drafting an MOU for installers to review and sign.

In an effort to support fossil fuel reductions in the City fleet, BED designed a custom Tier 3 incentive for new hybrid Ford Explorer Police Interceptors for the Burlington Police Department. These Interceptors are higher MPG rated, and can use their hybrid batteries to cut down on fossil fuel use during idling. Future purchases may include EV or PHEV models for the Police Department as more models become available, but at the moment this is the best option.

BED has one more NPA meeting in December to complete our Roadmap outreach. Feedback has been largely positive, and questions from NPA participants have ranged from questions on specific incentives to broader concerns around transit availability and energy generation portfolios.

In November, the BED team joined Vermont Gas (now VGS) for their announcement about a de-carbonization strategy. It includes attempting to convert their system to run on 20 percent renewable natural gas by 2030, and boosting weatherization investments. This is directionally helpful for our continued partnership given Burlington's Net Zero Energy goal.

On December 4th BED was joined by Mayor Weinberger, Mark Stephenson, former Burlington Electric Commissioner and calendar sponsor, and Champ, to celebrate our 2020 calendar contest

winners. 4th grade artists from Burlington public schools competed in the contest, and the selected artwork represents Burlington's efforts on energy efficiency, renewable energy, and net zero energy.

6. Updated Dashboard

Ms. Stebbins-Wheelock stated that at the October meeting the Commission inquired about the measures the Department presents at BTV Stat. The Department saw this as a good opportunity to not only meet the Commission's needs for the data, but to also look at how we can meet our own internal needs in progressing towards our Strategic Direction. The new dashboard that was included in the Commissioner's packet is in the "concept" stages and we are looking for feedback. The proposal that we are giving the Commission this evening is to supply more of a quantitative dashboard. In the past, the Department has been providing the Commission with more of a narrative on progress towards the Strategic Direction as well as the monthly report with general updates. The proposal to consider tonight would be a quantitative dashboard along with the continued narrative version of the monthly report. This means that any quantitative items that have been routinely included in the monthly report would be removed and would be put into the dashboard. The purpose of the dashboard update would be to allow the Department to see the progress toward meeting our Strategic Direction and to utilize the same set of data for external reporting.

Ms. Stebbins-Wheelock is looking for feedback as this dashboard and realized that in its present state contains a lot of data and would like to narrow it down to what the Commission feels is meaningful.

Commissioner Stebbins would like to spend more time to compare the old dashboard with the new dashboard. There is a lot of data included in the updated dashboard and would like to take the time to see what data would be beneficial. Commissioner Stebbins asked that a column be added that shows the to-date percentage of the target that was set.

Commissioner Whitaker felt that some of the data would be more helpful in graphic form instead of a table form. The idea of a dashboard is more of a "look and then you see" concept and would like to see the items narrowed down to 5 or 10, which would make it easier for everyone.

Mr. Springer suggested that another option might be to report monthly on different metrics, possibly each month the reporting would center on a section of the initiatives.

Ms. Stebbins-Wheelock thanked the Commission for their feedback and will incorporate these suggestions in the next revision next month.

7. Inventory

Ms. Stebbins-Wheelock stated that at the October 16, 2019 Commission meeting the auditors proposed an unadjusted audit difference to our FY 2019 financial statements related to an unreconciled inventory variance that reduced inventory and increased operating expenses by

approximately \$145,000.

BED's Finance and General Services' teams met in November to review the Department's current accounting and reporting procedures for physical inventory. The review resulted in a better understanding of the entire workflow between the Finance and General Services and the data flows among the various FIS modules that support physical inventory tracking and accounting. The review affirmed the importance of relying on system-generated batch files to update inventory records. Also, as a result of our review, the Finance team will reconcile the physical inventory between the Purchasing/Inventory module and the General Ledger each month as part of the period-close process. After reconciling and monitoring the rolling variance for several months to ensure that our improved procedures are effective, Finance will record a one-time adjustment to correct the historical variance. A copy of the procedures developed were included in this month's Commission packet.

8. Addition of M. Kasti/D. Springer/E. Stebbins-Wheelock to the Signatory List for BED Accounts

Mr. Springer stated that with Mr. Reardon's passing it was brought to the Department's attention that the only authorized signatories were former employees. Mr. Springer is asking the Commission to approve the addition of Darren Springer, Munir Kasti, and Emily Stebbins-Wheelock as signatories on the various BED accounts.

Commissioner Herendeen made a motion that the Burlington Electric Commission approves adding Mr. Kasti, Mr. Springer, and Ms. Stebbins-Wheelock as signatories on the various BED accounts; the motion was seconded by Commissioner Chagnon and approved by Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker.

9. Approval of State EV Incentive Contract

Mr. Springer stated that the State EV Incentive Contract has been brought to the Commission because this could be a multi-year process. The state has approximately \$1.1M in funding through the VW settlement that is being put towards this incentive. It is possible that these funds would be exhausted in one year but it's also possible that this could be a multi-year agreement.

Mr. Gibbons stated that BED is nearing an agreement with the state to administer the new state low/moderate income EV incentive, which will be available at participating auto dealers at the point of sale with anticipated availability starting sometime in December. This incentive, combined with BED's rebate, could allow qualifying BED customers to get up to \$6,800 off, plus the federal tax credit. BED has met with dealership to discuss this new program, and also a new idea for a preferred EV Dealer concept and BED is asking auto dealers who sell EVs to commit to several criteria, including sales team education and training, installing chargers on-site, and stocking EV and PHEV models, to become a BED preferred EV Dealer. We are also working with the Dealers to be a point of sale rebate for BED along with the point of sale rebate for the state.

Mr. Gibbons stated that the Department has been successful in getting language in the contract that states that the contract can be canceled with a 30 day notice by either party.

Commissioner Whitaker made a motion to approve entering into an agreement with the State of Vermont to administer the State EV Incentive Program; the motion was seconded by Commissioner Chagnon and approved by Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker.

10. McNeil Station 2020 Calendar Budget

Mr. MacDonnell presented the draft of the McNeil calendar year (CY) budget. Mr. MacDonnell explained that the McNeil Plant actually produces two budgets, a CY Budget because the Joint Owners operate on the CY and a Fiscal Year (FY) Budget because BED operates on a FY.

Mr. MacDonnell stated that the draft Calendar Year 2020 (CY20) budget is approximately \$1.8M less than the approved Calendar Year 2019 (CY19) budget. This decrease is due to the major overhaul that occurred in CY19. Using the latest figures received, the major overhaul came in at about \$2.3M which shows that hard work occurred to keep the CY20 budget level funded as compared to last year which excluded the major overhaul. Mr. MacDonnell stated that there is a 6.1% (approximately \$900K) increase in fuel expense overall, the whole tree chip cost remained at \$27.50 per ton but due to an increase in current REC prices the estimated wood usage increased from 373,000 tons in CY19 to 409,000 tons in CY20 which explains the increase in fuel expense, i.e. the increase is due to consumption and increased capacity factor and not price paid per ton.

Commissioner Chagnon made a motion to accept the budget as presented; the motion was seconded by Commissioner Moody; and approved by Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker.

11. Commissioners' Check-In

Since Ms. Lesnikoski was not present for the Public Forum portion of the meeting as she was traveling, Mr. Springer asked if she had anything to add in open session regarding the wood chip discussion that occurred earlier.

Ms. Lesnikoski stated that McNeil is presently working on the policy and procedures on how contracts are written, and what occurs when suppliers come in mid-way through the fiscal year. Ms. Lesnikoski stated that every supplier has the same contract and when someone comes in mid-way through the fiscal year, a list of existing contracts is given to the supplier and they make the connection themselves, we do not get involved in any brokerage fees. Ms. Lesnikoski stated that during the winter months when the plant is running strong, we have room for more suppliers, but in the summer months when the plant isn't running a lot and we are on quota, we have too many suppliers. We make every effort to balance our base group of suppliers and when someone new comes in mid-year we are unable to write a new contract but we are willing to take your wood.

Ms. Lesnikoski stated that they are presently working on these procedures with the City attorney, and will hopefully they will have the final draft to present to the Commission at the January meeting.

Commissioner Moody moved to adjourn the meeting at 7:05 p.m. This motion was seconded by Commissioner Chagnon and approved by Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker.

Attest:

A handwritten signature in cursive script, reading "Laurie Lemieux", written over a horizontal line.

Laurie Lemieux, Board Clerk