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DRAFT

TO: All Attending
FROM: Colleen Rouille
DATE: April 12, 2017
SUBJECT: McNeil Station Joint Ownership Operating Committee Meeting Notes

The meeting of the McNeil Station Joint Ownership Operating Committee convened at 12:20 A.M. on Wednesday, April 12, 2017 at the McNeil Generating Station Farmhouse.

PRESENT: N. Lunderville, BED
K. Nolan, VPPSA
S. Litkovitz, GMP
A. Parah, BED
D. MacDonnell, BED
J. Reardon, BED
J. Gibbons, BED
S. Clifford, BED
P. Pikna, BED
M. Kasti, BED
C. Rouille, BED

1. Agenda

D. MacDonnell made one change to the agenda. S. Clifford, BED will be giving the Fuel Procurement Update instead of Ms. Lesnikoski.

2. **Review of Joint Owner Operating Committee Meeting Notes of November 30, 2016** No changes were made to the minutes. N. Lunderville, BED made a motion to approve the Joint Owner Committee meeting minutes of November 30, 2016. The motion was seconded by K. Nolan, VPPSA and approved by all Joint Owners present.

3. Public Forum

There was no one present from the public.

4. Overview of Operating Reports for November 2016 through March 2017

D. MacDonnell summarized the reports for the last five months.

In November 2016, the McNeil Generating Station produced a total of 26,064.0 net MWH of power for a Capacity Factor of 72.4%. The plant operated for a total of 618.9 hours or 85.9% of the total hours in November. The McNeil Station had an equivalent availability of 97.6%. As of November 30th, our total MWH produced for calendar year 2016 to date was 281,559.0 MW. There were an estimated 37,916.2 tons of wood consumed in November. The reductions and limitations in November were minor, one being the circulating water chemistry issue. N. Lunderville, BED asked if Burlington was still in drought conditions. D. MacDonnell, BED said the Burlington area, as of April 1st, 2017 is currently out of drought conditions and McNeil has not cycled off due to water

conditions recently. Abdi Abdi worked his allotted time of 100 days as a temporary worker at the McNeil Station and has ceased working for B.E.D.

In December 2016, the McNeil Generating Station produced a total of 24,345.0 net MWH of power for a Capacity Factor of 65.4%. The plant operated for a total of 539.9 hours or 72.6% of the total hours in December. The McNeil Station had an equivalent availability of 96.3%. As of December 31st, our total MWH produced for calendar year 2016 to date was 305,904.0 MW. There were an estimated 35,838.6 tons of wood consumed in December. There were a few reductions and limitations in December most notable was the boiler east and west mud drum door gaskets. In December we hired another 100 day temporary worker. On December 20th, McNeil performed the seasonal maximum claim audit where we produced 54.4 MW for 2 consecutive hours. The fourth quarter REC's for 2016 ended on December 31st. McNeil's average NOx emissions for the quarter were .069 lb/mmbtu which were low enough to qualify for Connecticut class 1 REC's. During calendar year 2016, the average capacity factor was 69.7%. The equivalent availability monthly average for calendar year 2016 was 85.2%. We consumed 457,272 tons of wood in 2016.

In January 2017, the McNeil Generating Station produced a total of 25,689.0 net MWH of power for a Capacity Factor of 69.1%. The plant operated for a total of 568.7 hours or 76.4% of the total hours in January. The McNeil Station had an equivalent availability of 98.5%. As of January 31st, our total MWH produced for calendar year 2017 to date was 25,689.0 MW. There were an estimated 36,072.9 tons of wood consumed in January. There were a few reductions and limitations in January but nothing notable. The 100 day temporary worker, David Rosario left employment in January for personal reasons. After more than 10 years of service to Burlington Electric, yard worker Steve Mitiguy retired effective January 26th. Jeremy Parent was hired on January 30th as the new 100 day temporary employee. Mechanic 1st class Anthony Meyer has taken the apprentice line worker position at Pine Street. The position he left is currently vacant.

In February 2017, the McNeil Generating Station produced a total of 25,812.0 net MWH of power for a Capacity Factor of 76.8%. The plant operated for a total of 609.1 hours or 90.6% of the total hours in February. The McNeil Station had an equivalent availability of 99.4%. As of February 28th, our total MWH produced for calendar year 2017 to date was 51,501.0 MW. There were a few reductions and limitations circulating water chemistry and a plugged wood auger. There were an estimated 35,752.1 tons of wood consumed in February. The Yard Worker position was posted on February 3rd and closed February 15th. Wood Yard Operator Arthur Blakesley was the only internal candidate that applied and was awarded the job on February 24th. The Wood Yard Operator position is now vacant and will need to be filled. N. Lunderville, BED asked if the Wood Yard Operator position could be converted to a generalist position. D. MacDonnell said the current job has responsibilities for 40 hours a week and could not be changed.

In March 2017, the McNeil Generating Station produced a total of 25,479.0 net MWH of power for a Capacity Factor of 68.5%. The plant operated for a total of 579.4 hours or 77.9% of the total hours in March. The McNeil Station had an equivalent availability of 85.2%. As of March 31st, our total MWH produced for calendar year 2017 to date was 76,980.0 MW. There were an estimated 35,830.0 tons of wood consumed in March. The reductions and limitations for March included two tube leaks, an economizer leak and a water wall leak. The plant has been cycling on and off for the past six months, 5 to 10 times a month. There is another possible tube leak that will be looked at during the annual overhaul in April. The Wood Yard Operator position was posted on March 27th and closed on April 11th. McNeil's average NOx emissions for the quarter were .070 lb/mmbtu which were low enough to qualify for Connecticut class 1 REC's. McNeil conducted its annual safety training for all hands in April.

5. Fuel Procurement Update

Forester, S. Clifford, BED gave a summary on wood supply. The wood yard is in good shape right now with 45,325 tons in inventory. Chipped wood is more than 33,000 tons and 12,000 tons is round wood split between McNeil, Swanton and Altona New York. McNeil is behind on purchases and usage as compared to the wood plan because we anticipated cold weather and higher usage over the winter. The piles of wood have been rotated approximately once every two months to avoid problems. The plan for the summer is to match wood purchases to usage and keep the piles rotated. McNeil is anticipating that the prices this summer for raw chips will be \$28.00 dollars per ton, round wood will be \$21.00 per ton and mill residue will be \$20.00. These prices depend on factors such as the weather which effects availability as well as usage at the plant. S. Clifford, BED said our biggest supplier of wood for McNeil is a broker who supplies 100 to 120 loads a week who we pay directly and they get the suppliers. Contract negotiations are still in the works with this broker who deals with 12 to 30 suppliers each week. Some of McNeil's more traditional suppliers who chip their own wood have been approached and have been open to discussion about locking in the price we have right now for half of their anticipated quota on a weekly basis. This would guarantee that McNeil would take half the suppliers volume of wood, excluding a major shutdown of the plant, and that the price would not drop for them or go up for McNeil. If agreed upon, McNeil would see if this works well for both the plant and the suppliers on a temporary basis. Once evaluated, we could go forward if it is working for the next Burlington Electric's fiscal year contracts. N. Lunderville, BED asked if he could get an update on this at the July meeting. The emerald ash borer, a forest predator, is entering their flight period which is the period of most concern. The State of VT will be putting up more traps in Vermont and New York to monitor any spread of the bug. The forestry staff is entering the spring mud season phase, checking jobs for water quality issues and starting to prepare for the summer. B. Lesnikoski, BED and D. Tobi, BED have been working with University of Vermont on some forestry projects. N. Lunderville, BED asked if there was anything in the legislature this year that could affect forestry. S. Clifford, BED said there is no legislation pending.

6. Financial Review

Ms. Parah reported that the first two months of the calendar year spending was slightly under budget by 10.6% without the fuel. There was no other financial news to report.

7. McNeil Operating Statement

J. Reardon, BED reported on the McNeil revenue and expenses for the calendar year ending December 31, 2016. The total revenues were reported at \$22,392,058. There were some assumptions made to come up with the revenue total including REC revenue when received (CY16 Generation = FY 17 RECS) and some incomplete information from the Joint Owner REC sales and it was assumed to be at the same average REC revenue as BED. Total fuel costs are \$18,924,284 million. The bottom line is a \$6,435,343 million dollar loss before any financing expenses or interest expense. This is an improvement over the 2016 fiscal year loss. Most of that improvement is due to bringing down the cost of fuel, most notably the cost of raw materials/wood and from a budgeted amount of \$35.00 per ton to \$28.00 per ton. We have not seen a full year of those prices so the projected bottom line will continue to improve by the end

of BED's fiscal year. Reduced operating expenses have also contributed to the improvement. After deducting the fuel costs from the revenue there is 3,467,774 available to cover other expenses. Other expenses include operation, maintenance, transmission, A&G, and other. Depreciation was assumed at \$1,933,254 and was included to come up with the net loss for the calendar year. M. Kasti, BED asked what J. Reardon, BED thought the projected loss would be by the end of calendar year 2017. J. Reardon believed it would be more than another million dollar improvement. N. Lunderville, BED asked if Jim could provide a projection for the end of the fiscal year 2017 and calendar year 2017 so we could look at two half years ahead. K. Nolan, VPPSA noted that if energy revenue were to increase over the next year the bottom line could be even better. J. Gibbons, BED said that the monthly McNeil update meetings are now being held at McNeil to include more McNeil personnel and engage the staff in this discussion.

8. Plant Status, Operating/ Maintenance Concerns

D. MacDonnell, BED was asked to do his update before the G.M. update. He reported that the annual plant outage is scheduled from April 15, 2017 to April 30, 2017. Some of the major projects being worked on are the ESP mechanical field rebuild, a live bottom being rebuilt, installing an automatic voltage regulator on the generator, a PLC upgrade, and some train trestle repair work. There will be some cooling tower and turbine maintenance. There will be some people from BED Pine Street helping out during the outage. D. MacDonnell, BED wanted to inform the joint owners of two items that needed to be reported to the State for violations. There was an ammonia slip violation and an opacity issue. The plant has been running well. Main focus during the outage is will be safety.

9. BED – GM Update

N. Lunderville, BED gave an update on district heating. Corix has come back with a work plan the next stakeholder meeting on the week of June 19, 2017. This work plan will include an in depth study of the district energy costs versus business as usual for the actual users. Burlington Electric will not be picking up any additional cost. The option of using both the McNeil economizer and the Waste Water treatment plant is being look at seriously. A study of the Waste Water plant will be done through Corix. N. Lunderville, BED said it would be an interesting project if we were able to do district heat without taking any steam from McNeil, do district heat itself, use biogas and also clean phosphorous up in the lake. Corix did an amazing job presenting their plan to all involved. N. Lunderville, BED said there has been three strategic planning sessions during the employee annual safety training at McNeil for updating the strategic plan. McNeil employees gave good feedback. Staffing at McNeil is a concern and is being looked at especially in the areas of vacancies, retirements and apprentice jobs. M. Kasti, BED said that meetings are in process to address these issues.

10. Schedule for next Meeting

The next Joint Owner meeting is scheduled for July 26, 2017 at noon at the McNeil farmhouse. Other meetings scheduled are October 3, 2017 at noon and December 5, 2017 at noon.

11. Meeting Adjourned

Mr. Lunderville moved to adjourn the meeting at 1:24 pm. The motion was seconded by K. Nolan and approved by all Joint Owners present.