

**MINUTES OF REGULAR MEETING  
BURLINGTON ELECTRIC COMMISSION**

**Wednesday, January 10, 2024**

The regular meeting of the Burlington Electric Commission was convened at 5:32 pm on Wednesday, January 10, 2024 at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Beth Anderson, Jim Chagnon, and Scott Moody were presented at 585 Pine Street. Commissioner Bethany Whitaker was present via Microsoft Teams. Commissioner Lara Bonn was absent.

Staff members present at 585 Pine Street included Paul Alexander, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Paul Pikna, Darren Springer, and Emily Stebbins-Wheelock.

Staff members present via Microsoft Teams included Rodney Dollar, Erica Ferland, and James Gibbons.

**1. Agenda**

There were no changes to the agenda.

**2. December 13, 2023 Meeting Minutes**

Commissioner Anderson made a motion to approve the minutes of the December 13, 2023 Commission Meeting; the motion was seconded by Commissioner Whitaker.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Anderson. Aye

Commissioner Chagnon. Abstained as he was not present for the December 13, 2023 meeting

Commissioner Moody. Aye

Commissioner Whitaker. Aye

Results: 3 Ayes with 0 Nays, and 1 abstention, the motion carries.

### **3. Public Forum**

Mr. Alan Bjerke was present for the meeting at 585 Pine Street.

### **4. Commissioners' Corner**

There were no Commissioner comments at this time.

### **5. GM Update**

Mr. Springer stated that our credit line increase charter change was unanimously approved by the City Council and will be part of several public hearings prior to being placed on the Town Meeting Day ballot. BED will work to create an updated term for the credit line renewal that better fits credit rating metrics criteria.

Mr. Springer stated that, beginning tomorrow, the House Energy and Environment Committee will be taking testimony on the framework for updating the renewable energy standard. BED was part of a legislative work group that crafted pieces of this framework that hopefully will be the basis for legislation. We expect testimony in Committee before mid-January, and plan to outline our position further.

Mr. Springer stated that typically we change our incentives in January, but we're waiting on the Public Utility Commission (PUC) proposal for decision on Act 44.

Among the new programs that we've proposed is one that's called the *Super User Incentive*. The idea is that, if you drive more miles, we want to help you even more to get an EV and get customers off of gasoline. Our team proposed adding a \$250 additional bonus EV incentive if you drive 17,700 miles per year, and a \$500 additional bonus if you drive 25,300 miles per year. Mr. Springer had a conversation with the New York Times about this program concept as the NYT is looking to do a story that covers this topic. BED appears to be a leader in the country at establishing such a program. We hope to have incentive announcements this spring.

Mr. Springer stated that we will be getting under way on the Net Zero Energy data update with Synapse with a goal of having the data by April.

BED recently added our first Ford F-150 Lightning to our fleet and promoted this advancement on our social media this month. The new Lightning is wrapped in BED green and white with BED and NZE logos and will include a unique McNeil logo

Mr. Springer stated that in December Moody's affirmed BED's A3 rating with a stable outlook.

Subsequent to enactment of the carbon pollution impact fee ordinance, Councilor Bergman brought a proposal to place a new question on the Town Meeting Day ballot that could immediately impact

the just-passed ordinance that focuses on new construction and large existing buildings over 50,000 sq ft. The new ballot question could change compliance options, add buildings as small as 25,000 sq ft, and increase the carbon fee substantially. BED has raised concerns about this new proposal, as have UVM, UVM Medical Center, and Burlington Business Association. UVM Medical Center sent a note to the Council stating that it is pausing all district energy work with BED and the City while this proposal is pending, given its potential to impact their work in Burlington. The TEUC Committee held a hearing on this topic in December and again on January 9. The full Council could consider this proposal as early as January 16.

## **6. FY24 November Financials**

Ms. Stebbins-Wheelock presented the November 2023 financial results.

The Department's net income for the month of November was \$388K compared to a budgeted net income of \$595K, which is \$207K worse than budget.

Sales to customers were better than budget by \$76K or 1.9%. Other revenues, primarily EEU, were favorable to budget by \$77K for the month. November REC revenues were \$300K below budget; year-to-date REC revenues are \$389K below budget. Ms. Stebbins-Wheelock stated that, as noted in previous Commission meetings, underproduction from McNeil and other generation resources in one period results in decreased REC revenues six months following.

Net power supply expense was unfavorable to budget by \$140K in November. Fuel expense was favorable to budget by \$183K, primarily due to McNeil production being 40% less than budget in November. McNeil was offline for part of November due to unfavorable economics (low energy prices) and to conserve wood. Transmission expense was unfavorable by \$133K; October peak load was greater than budgeted. Purchased power expense was \$210K worse than budget due to a higher Great River Hydro production and increased ISO-NE exchange expenses partially offset by lower wind production and lower Mystic charges.

Other operating and maintenance expenses were favorable to budget by \$54K. Other income was favorable to budget by \$14K.

For FY24 to date, net income was \$2.6M compared to a budgeted net income of \$478K or \$2.1M better than budget.

Ms. Stebbins-Wheelock continued to provide BED management's current outlook for forecast FY24 results. Although year-to-date results are positive, management has identified two major risks to FY24 results. First is REC revenue, which due to lower production in prior periods is \$389K below budget year-to-date and is projected to have an additional negative variance to budget of \$1.4M between now and June. Second, this winter has been mild so far and energy prices have been correspondingly low compared to budget. Based on the most recent energy forwards, management is projecting approximately \$2M of additional, unbudgeted net power supply expense (lost revenue

from selling excess energy) between now and June. This results in a current projected net loss of \$1.5M for FY24. Ms. Stebbins-Wheelock stated that BED's management team is working actively to mitigate these risks and affect the year-end results.

Commissioner Whitaker asked if this forecasted net loss was caused by similar factors to what BED experienced in FY23. Ms. Stebbins-Wheelock responded that it is not an over-spending problem, it is an issue of actual energy prices not materializing at the level used in the budget, which were based on winter energy forwards at the time. Mr. Gibbons added that energy forwards, though not a forecast

Capital spending for November YTD was \$2.7M or 25% of the budget for the fiscal year.

Operating cash at the end of November was just over \$9M compared to a budget of approximately \$8M.

The debt service coverage ratio is 4.64, the adjusted debt service coverage ratio is 1.48, and the days cash on hand is 111.

## **7. Miscellaneous Fees**

Ms. Stebbins-Wheelock stated that BED is presenting the Commission with the information gathered thus far in our analysis of current costs for these standard fees. We are not requesting a decision or vote by the Commission at this time.

BED's miscellaneous fees are assessed under a tariff, and require the same approvals as all of BED's other tariffs, including the Commission, City Council, and the PUC. The current miscellaneous fees went into effect on July 1, 2010 and were based on costs from FY2009, prior to BED's deployment of the Advanced Metering Infrastructure (AMI). Prior to the AMI deployment, BED had all analog meters that had to be read, disconnected, and reconnected manually, requiring someone from BED to visit the customer location to perform these services.

For the past several months, the Department has reviewed all the business processes for all the services associated with miscellaneous fees, including the degree and nature of AMI involvement. We have reviewed and updated all time and personnel involvement with each service, updated labor rates and overhead rates to FY2023 levels, and updated the minimum call and overtime rates per our current IBEW contract. Ms. Stebbins-Wheelock noted that we have not updated any rates associated with the use of the vehicle. Each of BED's fleet vehicles has an hourly rate associated with it based on insurance, maintenance, depreciation, and other expenses; these rates are also due for an update but this update has not yet been performed. Ms. Stebbins-Wheelock stated that updating the vehicle rates would also affect the cost basis of the miscellaneous fees being presented this evening and would also affect any outside billing for work performed.

Ms. Stebbins-Wheelock presented a matrix showing the results of the fee cost analysis, including a description of each fee, the cost basis for each service as of FY09, the rate set for each service on July 1, 2010, the current calculated cost as of FY 2023, the percent cost change, and notes and management's current thoughts about recommended changes to the Commission for the following fees:

Initial Service Fee

Initial Service Fee – After Hours

Reconnection

Reconnection – After Hours

Temporary Service

Return Check Fee

Meter Removal/Replacement for Siding

Collection

Customer Assistance Call

Customer Assistance Call – After Hours

Ms. Stebbins-Wheelock stated that, if the fees were changed, the financial impact is currently estimated to be approximately a \$154K decrease in revenue from initial service fees, which would partially be offset by increases in other fees, with an estimated net decrease in revenues of approximately \$125K-\$135K. Ms. Stebbins-Wheelock reminded the Commission that the Department is also in the process of reviewing its conduit rental fees, which are expected to increase and potentially offset some of the lost revenues from a decrease in the initial service fee.

Ms. Stebbins-Wheelock reviewed the fees charged by other Vermont electric utilities, including Green Mountain Power (GMP), Vermont Electric Cooperative (VEC), and Washington Electric Cooperative (WEC).

Commissioner Chagnon asked how these fees would be applied to customers who opt out of the AMI meters. Ms. Stebbins-Wheelock stated that, per PUC rule, we are not allowed to charge customers who opt out of the AMI meter differently; so, these same fees also would apply.

The Commission discussed next steps. Ms. Stebbins-Wheelock stated that if and when the Commission was prepared to act on a proposal, the process would be for the Commission to advance a slate of revised fees to the City Council, which would need to approve a tariff filing that the Department would submit to the PUC for approval. It was decided that the Department would communicate about the proposed new fee structure with its customers prior to the February Commission meeting, providing them with the opportunity to give feedback before or during public forum at the February meeting when this item will be on the agenda. Then, the Commission would take action in March. Mr. Kanarick will share the proposed fee structure and feedback opportunities in the following communications channels: North Avenue News, Front Porch Forum, BED website, and social media.

At this time, Mr. Alan Bjerke joined the discussion and thanked the Department and the Commission for taking this issue seriously and taking a look at the fee. Mr. Bjerke noted the distinction between signing up a new customer for service where BED does not have any information about that customer, and a returning BED customer, where BED has information in its customer system. Mr. Bjerke recognized that, even with a new customer, a determination needs to be made as to whether they've been a customer previously and, if so, whether they owe any amounts past due before they can have service put in their name and in these instances, there are steps required to open a new account. Mr. Bjerke stated that these steps are not necessary when transferring power to an existing customer pursuant to a standing order and therefore the cost should be less. Mr. Bjerke stated that he is OK with a \$5.00 or \$6.00 fee but would like the Department to consider that there is a public benefit to electrification. In 2009-10, there was a policy decision to charge \$20 for reconnection for non-payment even though the cost basis was higher at \$30 so it is within the realm of what the Department has previously done. Mr. Bjerke stated that there are six utilities that charge an initial customer fee to turn on power, two of the six have an initial service fee but no fee for transferring pursuant to a standing order. If BED were to eliminate the fee pursuant to a standing order, it would be in line with other utilities in Vermont. Mr. Bjerke stated that two of the six Vermont utilities have an initial service fee, but no fee for transferring pursuant to a standing order, and that BED would cross the threshold of being one of the 50 percent of utilities that charge nothing pursuant to a standing order, even though they also charge for initial service. Mr. Bjerke stated that he appreciates the 83 percent decrease in the cost of the initial service fee, but if electrification is in fact a public good and having standing orders in place is something that you want to encourage, it doesn't appear it would cost very much to encourage by setting policy for the next decade. Mr. Bjerke stated that he was going to review the information more closely and will be back at the February Commission Meeting for further discussion.

Ms. Stebbins-Wheelock responded that the revised cost basis presented this evening for the initial service fee is in fact based on the assumption that the new customer is a returning customer. Setting up a new customer takes additional time, and the cost basis for this is about \$9 higher.

Mr. Bjerke asked whether the Department had data about the proportion of returning customers/standing order vs. new customers requiring initial setup.

Commissioner Moody stated that between now and the next meeting the Department will communicate to customers regarding the proposed fee changes and see if we can get more engagement from customer and contractors and look to have action on this item at the March Commission Meeting.

## **8. Commissioners' Check-In**

There were no Commissioner Check-ins.

Commissioner Chagnon made a motion to adjourn; the motion was seconded by Commissioner Anderson and approved by all Commissioners present.

The meeting of the Burlington Electric Commission adjourned at 6:47 p.m.

Attest:

  
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Laurie Lemieux, Board Clerk