

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, February 8, 2023

The regular meeting of the Burlington Electric Commission was convened at 5:36 pm on Wednesday, February 8, 2023 at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Lara Bonn, Jim Chagnon, Robert Herendeen, and Scott Moody were present. Commissioner Whitaker arrived at 5:57 pm.

Staff members present at 585 Pine Street included Paul Alexander, Andi Higbee, Munir Kasti, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Katie Morris, Paul Pikna, Darren Springer, and Emily Stebbins-Wheelock.

Staff members present via Microsoft Teams included Erica Ferland, James Gibbons, Mike Kanarick, and Amber Widmayer.

1. Agenda

There were no changes to the agenda.

2. January 11, 2023 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the January 11, 2023 Commission Meeting; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present. Commissioner Whitaker was not present for the vote.

3. Public Forum

No one from the public was present for the meeting.

4. Commissioners' Corner

Commissioner Herendeen asked for an update regarding the street lighting meeting that is to take place. Mr. Springer stated that Mr. Kasti is working with Gabrielle Stebbins to schedule the street lighting meeting and that Mr. Kasti will reach out to Commissioner Herendeen when they have a date.

5. GM Update

Mr. Springer stated that he, Jen Green, Betsy Lesnikoski, Munir Kasti, and IBEW Local 300 Business Manager Jeffrey Wimette, and IBEW Chief Steward Jim Dutra released a media statement regarding the proposal by Renewable Energy Vermont (REV) to change Vermont's Renewable Energy Standard. This proposal could potentially cost BED customers tens of millions of dollars in additional power supply costs with no additional benefit since we are already 100 percent renewable. It also would phase out McNeil's eligibility to count toward Vermont's renewable energy targets. REV's announcement raised serious concerns about the new legislative proposal. BED also shared the statement with many legislators, as well as members of the City Council's Transportation, Energy, and Utilities Committee (TEUC), which is considering holding a forum on wood energy.

Media coverage included Seven Days (with a correction added at our request), Fox44/ABC, and Vermont Business Magazine, which printed the full statement from BED and IBEW. This proposal by REV hopefully will not pass as written, but there seems to be some interest in the proposed legislation particularly in the Vermont House. BED will continue to engage in this discussion, and Mr. Springer encouraged the Commission to be engaged as well if deemed appropriate.

Commissioner Moody stated that the Commission would craft a statement to address this proposal. Mr. Springer stated that this would be extremely helpful.

Mr. Springer stated that he testified in the Senate committee on Tuesday, February 7, 2023 on the Affordable Heating Standard bill. The department will be working with other utilities to get limited additional language added that will clarify how these new programs will work with our existing incentives.

Mr. Springer stated that BED and Efficiency Vermont will be working together to seek an extension of Act 151, which gives BED flexibility to use a portion of our efficiency dollars in tandem with our Tier 3/Net Zero incentives.

Mr. Springer stated that the FY23 budget is challenging mainly due to warmer than expected winter temperatures leading to lower than expected energy prices year-to-date through December. BED is working on strategies, including how we deploy McNeil in an attempt to mitigate additional expenses.

Mr. Springer stated that the District Energy Act 250 Jurisdictional Opinion request has been filed with the district coordinator by Burlington District Energy non-profit. We are engaging with State agencies to discuss financing options for the project. Federal funding from former Sen. Leahy still is pending review with the Department of Energy. UVM Medical Center (UVMC) will be presenting the District Energy Project to its neighbors at a community meeting in February, which BED will join. Work continues on steam pricing with BED, DPW, and Ever-Green coordinating more closely on project details.

Mr. Springer stated that the Mayor, DPI, BED, and many organizations supporting the carbon pollution fee ballot item held a press conference at Hula in January. This ballot item will be on the ballot in March.

Mr. Springer stated that BED held a press conference (also in January) to announce updates to our 2023 incentives and to explain the new Weatherization Repayment Assistance Program (WRAP) tariff on-bill financing for heat pumps and weatherization. BED also is working on a heat pump rate pilot program in an effort to develop a heat pump peak use mitigation strategy that could entail a customer bill credit monthly for enrolling and participating in the future.

6. December FY23 Financials

Ms. Stebbins-Wheelock presented the December FY2023 financial results.

The Department's net loss for the month of December was \$66K compared to a budgeted net income of \$434K, which is \$500K worse than budget.

Sales to customers were \$53K higher than budget for December and \$191K or within 1% of budget for the fiscal year to-date. Commercial sales overall for the year so far are under budget and residential sales are slightly above budget.

Other revenues, primarily EEU, were higher than budget by \$146K for the month.

Power supply expenses were unfavorable to budget by \$913K in December. This is due to a combination of increased fuel and purchased power expense. The Department continues to experience unbudgeted capacity charges related to the Mystic, MA power plant, which were \$147K in December

Non-power supply operating expenses for December were \$136K higher than budget and \$311K higher for the fiscal year to date, largely due to timing variances.

Other income was \$346K higher than budget largely due to customer contributions for prior year billable and increased interest income and unrealized gain on investments in the construction fund.

For FY23 to date, the Department has an actual net loss of \$209K compared to a budgeted net income of \$712K. Exclusive of any volatility in the energy markets, which could be considerable, the Department is currently forecasting to end the fiscal year with a net income of approximately \$0, or \$1.1M less than budget.

As of December 31, the Department's capital spending was \$4.7M versus the \$5.6M budgeted, or 46% of the total FY23 capital budget.

Cash as of December 31 was \$4.7M compared to a budget of \$8.9M, or 76 days cash on hand. Department management will continue to monitor the cash position closely over the remainder of the fiscal year.

For the 12 months ended December 2022, the Department's debt service coverage ratio is 3.04 and the adjusted debt service coverage ratio is 0.88.

7. IRP Forecast Update

Mr. Gibbons presented a PowerPoint presentation that explained the Department's Integrated Resource Plan (IRP). Mr. Gibbons explained that the IRP is a triennial utility obligation created by 30 VSA 218 and stated that an IRP is a "least-cost integrated plan" for a regulated electric or gas utility. It is also a plan for meeting the public's need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost.

Mr. Gibbons explained that an IRP is not an approval to undertake any actions that the plan concludes are appropriate or a determination of prudence with regard to any action in the plan in respect to rate recovery. Mr. Gibbons explained that all actions a utility takes may require PUC approval even if included in an IRP (for example, approval to enter a contract may be required based on the contract details even if an IRP concludes it should be done). Also, 30 VSA 248 section 6 requires that, "with respect to purchases, investments, or construction by a company, is consistent with the principles for resource selection expressed in that company's approved least-cost integrated plan."

Mr. Gibbons explained that approval equates to approval of the decision-making processes described in the IRP.

Some of the major statutory components of an IRP include forecast, resource evaluation, energy efficiency/demand response trade-offs, distribution evaluation, economic impacts (rate trajectory), and environmental impacts.

Mr. Gibbons also outlined some recent Public Service Department suggestions as to what should be in an IRP.

Mr. Gibbons stated that, unlike prior IRPs, assumptions regarding the pace of electrification are by far the largest unknown in terms of impact on load served. By extension they, in combination with resource expiration, are also the largest impact on both power supply and distribution upgrade requirements. In turn, the biggest drivers for the impact of electrification are the deployment rate of EVs, the average consumption of EVs, the deployment rate of efficient electric heating, and the consumption associated with efficient electric heating.

Mr. Gibbons reviewed the graphs showing Potential EV Deployment Trajectories and Potential Heat Pump Deployment Trajectories.

Mr. Gibbons stated that the IRP is due on September 1, 2023. There is still much work to be done, and he will keep the Commission updated as the IRP progresses.

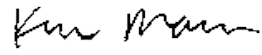
8. Commissioners' Check-In

There were no Commissioner check-ins.

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

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

Attest:



Katie Morris, Temporary Board Clerk