

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

**Wednesday, April 14, 2021, 5:30 pm**

The regular meeting of the Burlington Electric Commission was convened at 5:33 pm on Wednesday, April 14, 2021 via Microsoft Teams Video Meeting.

Channel 17 was present via Microsoft Teams Video to record this meeting.

Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker participated via Microsoft Teams at the start of the meeting.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, Jim Dutra, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Cheryl Mitchell, Paul Pikna, and Emily Stebbins-Wheelock.

**1. Agenda**

There were no changes to the Agenda.

**2. March 10, 2021 Meeting Minutes**

Commissioner Moody made a motion to approve the minutes of the March 10, 2021 Commission Meeting; the motion was seconded by Commissioner Chagnon.

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

Commissioner Chagnon. Aye  
Commissioner Herendeen. Aye  
Commissioner Moody. Aye  
Commissioner Stebbins. Aye  
Commissioner Whitaker. Aye

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

**3. Public Forum**

There were no members of the public present.

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

Commissioner Whitaker stated that she attended the BED/VGS *Plunge in the Lake Challenge* to support Spectrum Youth and Family Services. This challenge was between BED and VGS to see which utility could get the most employees to jump in the lake with the losing utility donating an extra \$200 to Spectrum in the other utility's name. Although BED did not win, it was a great cause.

Commissioner Herendeen thanked Mr. Gibbons for the requested information regarding his question around snow on solar panels.

Commissioner Stebbins stated that it was a pleasure to be at the press event on Monday during which the Mayor and BED provided an update as to the City's Net Zero Energy Roadmap progress based on new analysis by Synapse Energy Economics, indicating that the City is on track to meet its ambitious goal of becoming a Net Zero City by 2030.

Commissioner Herendeen stated that he has read the report, which includes great information, and that he has a few comments that he will forward to the Board Clerk.

#### **5. GM Update**

Mr. Springer stated that the final tiering packet was approved by the City Council on March 22, and that the changes will be implemented shortly. This finishes the tiering/career ladder work under the current IBEW contract, one year ahead of schedule. Mr. Springer thanked Munir Kasti, Jim "Duke" Dutra, and Lynn Reagan, as well as the many supervisors and employees who participated.

BED continues intensive work with our partners on district energy, with a particular focus on working with the McNeil Joint Owners to consider operational and financial options to advance the project. This may include testing the plant to run at a higher than typical output during April to simulate one scenario for district energy operations. BED continues to be engaged with our partners, VGS, Ever-Green, UVM Medical Center, and the University of Vermont.

Sunday, April 18 is National Lineworker Appreciation Day, and the BED Communications team has social media appreciation planned to thank our lineworkers for their hard work and dedication to keeping the lights on for the Burlington community every day in all conditions. Mr. Kasti and Mr. Springer met with the line crew in person, at an outdoor meeting this week, which was the first in-person meeting in approximately one year.

We are encouraging all BEDers who are eligible for the COVID-19 vaccine to make appointments. The Governor has announced additional reopening steps, and we will be reviewing changes in BED's operational posture in the coming months as more vaccine rollout takes place and as the City considers steps toward reopening. We are hoping to provide some options and flexibility for employees to continue either remote work or tele-work for at least a portion of time. This is not only environmentally beneficial, which we are seeing in our Net Zero progress in terms of miles

traveled, but also allows employees to take advantage of work/life balance opportunities that can be provided through those technologies.

We anticipate providing a draft update to the Strategic Direction 2021-22 in May, after incorporating feedback from the BED Team that we have requested this month. Mr. Springer stated that the Mission, Values, and Vision sections will remain the same, and noted that we are concentrating on updating the Strategic Objectives. In this review, any items that have been completed or possibly have become outdated will be removed and objectives can be updated and/or added.

Commissioner Stebbins stated that, when she looks at the monthly dashboard, there seems to be a lot of the targets not being filled in. Some of this is understandable as it's hard to put a target to some of it, however if we have Tier 3 goals, we should be able to have a target for how many heat pumps or hot water heater rebates we have. Commissioner Stebbins continued, stating that, in speaking with Ms. Stebbins-Wheelock in the past, we have raised the question of what the most valuable data is to track and report along with what the most valuable way is to track that data. Commissioner Stebbins asked if the team could think about what modifications need to be made to the monthly dashboard to accurately capture target numbers and to make the dashboard more useful in terms of seeing how the department is doing at meeting the targets.

Mr. Springer asked the Commission to let the Board Clerk know if there are any issues with Commissioners' BED emails. We were advised by the City Attorney to send Commission correspondence and materials to BED accounts. Please let the Board Clerk know if you have any issues.

Commissioner Moody asked a question relative to the Net Zero Energy update announcement last week, asking if the fact that Burlington was the first in the nation to have such a program, has led to inquiries from other cities or municipalities looking for guidance or collaboration.

Mr. Springer stated that, while last week's announcement has not yet been viewed around the nation, other states have definitely taken notice. BED's work with the Building Electrification Institute and with the Urban Sustainability Directors Network has triggered a number of different cities to reach out and learn from what we are doing.

### Financials

Ms. Stebbins-Wheelock reviewed the February FY21 financial results.

Ms. Stebbins-Wheelock showed a graph on BED loads from March 2020 through the end of March 2021. In March BED, continues a similar pattern that has been seen throughout the pandemic. Residential sales have been higher, and commercial sales are lower than BED would normally project.

Ms. Stebbins-Wheelock reviewed the budget-versus-actual results for the month of February FY21. Sales to customers are down 3.2%. February was a good month with a net income of \$1.6M compared to the budgeted net income of \$1.1M. Year-to-date indicates that we are about even with budget with \$500K positive variance. This is due to sales to customers being down, loads being down as a system overall, representing a \$133K unfavorable variance in sales with commercial sales down and being offset by increased residential sales.

Power Supply Revenues were favorable with February being a REC delivery month, so we budgeted and received REC revenues along with EEU, which gets offset by operating expense.

Power supply expenses were favorable, however transmission expenses have been higher than budget from our VELCO transmission under the Vermont 91 common agreement as well as higher rates from ISO New England. Fuel expense was up as McNeil produced 3% more in February than was budgeted. These higher expenses were offset by the purchase power side of the equation as some wind contracts produced less than budgeted along with a decrease in the rate associated with our Hydro Quebec contract.

Operating expenses had an unfavorable variance of \$200K due to higher than budgeted expenses on various items, including outside services, Tier 3, and less offset in part by EEU spending reimbursements being less than budgeted. The department received reimbursement by the City for hazard pay to employees who had been on site for a portion of COVID-19, resulting in a favorable variance in other income. The Department also received \$542K in proceeds from the local Government Emergency Relief Grant that BED applied for through the state from the CARES Act Funding. These cash inflows are a large reason why the department's overall net income was positive in February.

Capital spending picked up; a lot is due to timing. The generation budget mostly is spent through; transmission also mostly is spent through; and distribution projects are being affected by timing.

The department has just under \$9.5M as of the end of February, and the credit ratings have been adjusted. Debt service coverage is at 1.02 which is up from January which was 0.86. Looking at the 12-month averages, the department finally is seeing the effect from the major turbine overhaul at McNeil and the low net income in 2019 that carried that effect through a lot of BED's FY20 results. Now that this has carried out, we are just seeing pandemic period results in the 12-month average. Cash also was up significantly from January because of the one-time inflows discussed, with 126 days cash on hand and 109 days cash on hand in a 12-month average.

## **6. Fiscal Year 2022 Draft Budget**

Mr. Springer stated that BED has held rates steady for the past 12 years at a time the average retail price of electricity in Vermont has increased more than 20 percent, delivering an exceptional financial value for our customers. Even without the pandemic, FY22 would be an appropriate time to consider a rate case. While we have maintained strong ratings metrics, our adjusted debt service coverage ratio has not been where we would want it to be recently, and, as BED has noted for the

last few budget years, that ratio was unlikely to improve until our next rate case as sales to customers have been flat or declining in recent years. With the pandemic, the need to consider a rate case has become more critical. However, we also understand the timing of a rate case is not ideal as we seek to move toward economic recovery as a community with many of our customers still struggling financially. I want to ensure the Commission that, as we explore the potential need for a rate case, we have reviewed and will continue to scrutinize every expenditure planned in FY22, and we are cutting or deferring wherever possible. We also are exploring whether, if a rate case is necessary, we can take some steps to mitigate impacts on our low-income customers during this challenging economic time. Mr. Springer stated that in May we will be asking you not only to recommend our budget to the City Council and Board of Finance, but also to approve a rate case to the City Council and Board of Finance.

Ms. Stebbins-Wheelock walked through some of the high-level assumptions about what is included in the draft budget.

Sales to Customers is a little down from what was budgeted in FY21. The sales to customers number does assume some COVID-19 impacts continuing through FY22. With the model we are using, this starts to taper off slowly over time, resulting in an approximately \$680K variance. EEU reimbursement and Miscellaneous Other also is up slightly, assuming approval of additional EEU spending through Act 151, which is pending before the PUC.

Fuel expense has increased to just under 6 percent from FY21, in part due to higher wood prices and wood volume. Transmission is up quite a bit, with both the VELCO Agreement and the ISO New England transmission tariffs projected to be increased substantially.

Operations and Maintenance expenses are up. The department assumes normal workforce costs, no changes in the number of FTEs, COLA increases, and merit increases, and has included in the budget annual pension liability, which was not budgeted for in previous years. This is based on a three-year average of past pension liability expenses with an initial \$1.22M in labor overhead. Also included is our Tier 3 budget, which is up 51 percent, \$228K additional money for McNeil improvements, additional support, and maintenance contracts for IT Forward.

The total capital budget is approximately \$8M when you net out the customer contributions, making it in line with the department's past capital spending. Also included is approximately \$700K worth of investment in McNeil, including some critical insurance required projects. BED is making another equity investment in Vermont Transco of \$1.1M, investment in Winooski One of \$250K, investments in electrification and R&D, including additional public charging stations. Also included is \$3.6M invested in distribution, including SCADA network investment, an electric bucket truck, and approximately \$1.5M in various IT Forward Projects.

The department has a beginning cash balance assumption of \$5.5M, which is subject to change depending on how we close out FY21. Ms. Stebbins-Wheelock stated that the Department is doing everything it can to close out in as strong a position as possible to set us up best for FY22.

Ms. Stebbins-Wheelock stated that, as we look at this draft budget and the gap, we are confident we can present a revised budget to the Commission in May that maintains a healthy cash position as of June 30 and delivers on ratings metrics where they need to be. To accomplish this, we will need to do a combination of things, including an assumption of potential relief for arrearages from the State or City that is not included in this budget, and possibly relooking at the sales to customers revenue assumptions to assess what level of COVID impact we should assume.

Mr. Springer stated that we have not determined yet what our total revenue bond number likely would be. We are assuming that it potentially would be well beyond \$10M if it's a multi-year infrastructure investment. So, there is potential to support a larger revenue bond for electrification and, we are assuming that, if the revenue bond were advanced and approved later this year, \$3M would be the amount we could draw down for projects that are planned in this budget. We also have made the assumption that, if this revenue bond were not approved, some of those projects or initiatives would have to be deferred.

Commissioner Stebbins asked for a check-in meeting on the budget and potential rate increase before the vote. Things are moving quickly in terms of what's happening at the Federal level, and we still are waiting for whatever the specific rule may be for some of the federal dollars that could impact the budget.

Commissioner Stebbins asked the Commissioners if they would like to meet prior to the May meeting to discuss the budget. All Commissioners were in agreement, and the Board Clerk will schedule a Special Commission Meeting during the first week of May.

## **7. Net Zero Roadmap Update**

Mr. Springer reviewed with the Commission the news shared at Monday afternoon's public announcement with the Mayor and the PowerPoint he presented to the City Council during Monday evening's meeting

Mr. Springer stated that, as of year-end 2020, electricity consumption in Burlington was approximately 8.6 percent lower today than in 1989. This figure was adjusted to remove the COVID-19 impacts. If you add in the COVID-19 impacts, electricity consumption is 12.3 percent lower than in 1989. The City continues to see in excess of \$10M in avoided costs for customers through our efficiency investments and Green Stimulus programs. The Green Stimulus programs were launched in 2020 and are continuing in 2021.. We also are covering up to 75 percent of weatherization projects at rental properties.

Mr. Springer reviewed the 2020 renewability and supply charts, along with the solar chart, indicating that the City has over 8.6 megawatts of solar installed along with a pending upcoming solar project that would increase this number to 9.4 megawatts. For the past couple years, Burlington has been #1 for solar per capita in the Northeast and rates #5 in the nation as of 2020.

Mr. Springer stated that BED has worked with Synapse to get 2019 and 2020 emissions and fossil fuel use data for Burlington. The graph showed a business-as-usual (BAU) trajectory, which compared the BAU Net Zero trajectory, indicating an approximately 9 percent reduction in fossil fuel by 2030. In terms of fossil fuel, the City is slightly ahead of pace in terms of the roadmap in 2020.

Some key points are:

- Fossil fuel use and greenhouse gas emissions in Burlington were lower in both 2019 and 2020, compared to 2018 baseline.
- Greenhouse gas emissions were down more than 15 percent in 2020 compared to 2018 levels.
- Natural gas use in 2020 was down approximately 10.5 percent from 2018 levels.
- Gasoline and diesel consumption for transportation was down approximately 23.6 percent.
- In 2020, Burlington was ahead of pace for emissions reduction compared to the Net Zero Energy 2030 goal for the year.
- In 2020, the pandemic impacted vehicle miles traveled and gasoline use significantly. Synapse estimated 6,415 miles per vehicle compared to a baseline of 8,000.
- While we have made significant progress on strategic electrification we are not yet on pace for the roadmap goals for heat pumps and EVs.

There is an emission rebound rise as the economy reopens following the pandemic. Remote work and telecommuting options and walk/bike/transit may help mitigate this rebound. We also need to increase our efforts to switch to technologies.

Mr. Springer reviewed a list of BED Core Tier 3 and Net Zero Energy programs and incentives that are offered to BED customers, a list of BED Energy Innovation Projects currently underway, and a list of Net Zero Energy Partnership across City Government.

Mr. Springer stated that in 2019 the City met about 1/3 of our Tier 3 requirements with program incentives like the EV incentives, heat pump incentives, with solar RECs making up the remaining 2/3 of that requirement.

Mr. Springer showed a chart that indicated Tier 3 incentives by EV type along with public EV charging usage, which dipped during the pandemic and has not rebounded to pre-pandemic levels. Also shown was the chart on DMV data and full year BED incentive data, indicating approximately 362 all-electric vehicles and plug in hybrid electric vehicles in Burlington by the end of 2020. If we were on pace for the roadmap, Burlington would have 548 EVs; so, we are a little behind. Similarly with heat pumps, although we have doubled the residential heat pumps between 2018 and 2020, the Roadmap goal would have us close to 4,000, and presently we have 891; so, we are off pace with

residential heat pumps.

Mr. Springer laid out next steps for reaching our Net Zero energy goals along with the challenges ahead. Mr. Springer stated that the data shows just how ambitious the Roadmap is and that, even though we are making great progress, we still have much work to do.

## **8. MOU Between the Distribution Utilities**

Mr. Springer stated that Global Foundries filed for a Certificate of Public Good that would allow it to operate as a self-managed utility. This would mean moving from being a Green Mountain Power (GMP) customer to an independent utility that is directly connected to the VELCO System.

VELCO will need to have agreements with Global Foundries and GMP related to infrastructure to serve as an independent customer. This MOU was created to hold harmless the customers of the other distribution utilities from cost shifts that might present as a result of this transaction.

BED is asking the Commission for authorization to execute the Memorandum of Understanding.

Commissioner Whitaker made a motion to recommend authorizing the General Manager or designee of Burlington Electric Department to sign and participate in the Memorandum of Understanding between the Distribution Utilities; the motion was seconded by Commissioner Stebbins.

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

Commissioner Chagnon. Aye  
Commissioner Herendeen. Aye  
Commissioner Moody. Aye  
Commissioner Stebbins. Aye  
Commissioner Whitaker. Aye

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

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

There were no Commissioner check-ins.

Commissioner Moody made a motion to adjourn; the motion was seconded by Commissioner Herendeen.

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

Commissioner Chagnon. Aye  
Commissioner Herendeen. Aye  
Commissioner Moody. Aye  
Commissioner Stebbins. Aye  
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 7:28 p.m.

Attest:

  
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Laurie Lemieux, Board Clerk