

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, September 8, 2021, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:32 pm on Wednesday, September 8, 2021 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Moody, and Stebbins, participated via Microsoft Teams at the beginning of the meeting. Commissioner Whitaker joined the meeting at 5:46

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

1. Agenda

There were no changes to the Agenda.

2. August 11, 2021 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the August 11, 2021 Commission Meeting; 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

Results: 4 Ayes with 0 Nays, the motion carries.

3. Public Forum

Mr. Tom Leitz was present for the meeting via Microsoft Teams.

4. Commissioners' Corner

Commissioner Herendeen thanked Mr. Kanarick for the information he provided regarding how the department estimates the number of houses for Defeat the Peak events.

Commissioner Herendeen complimented the department for the upcoming use of yard signs as a marketing tool to promote energy efficiency measures.

Commissioner Stebbins stated that she read in the monthly report that a net zero event was taking place on September 10 and asked what the event entailed.

Mr. Springer stated that, at the launching of the Net Zero Energy Roadmap, BED staff met with community stakeholders to get a sense of what their understanding was of the net zero concept, their thoughts on some of the work that we were doing, what areas they saw for additional outreach and improvements, such as marketing and letting customers know about some of these opportunities. At that time, we had a plan to get back together with this group but, due to COVID, we were unable to meet. The September 10 meeting has been scheduled to reconvene this group and continue to get feedback about how they view the Net Zero Energy Roadmap and initiatives.

Mr. Springer stated that this is not a public meeting, but rather an event being hosted at Hula to allow us to see some of the renewable energy initiatives going on at that facility. Mr. Springer stated that, in the next few months, he plans to bring some of the BED Leadership Team to the Hula campus and, at that time, will extend the invitation to members of the Commission who are interested in attending.

Commissioner Stebbins asked for more information regarding BED's participation with Leadership Champlain on local business owner perceptions of electric vehicle (EV) charging stations and also asked for additional information on the funding to support geothermal test wells.

Mr. Gibbons stated that he was part of the Leadership Champlain phone call and stated that there was a group at Leadership Champlain that completed a series of survey outreach questions for business owners about barriers and experiences around EV charging. Mr. Gibbons stated that a lot of the survey questions were very similar to a survey that BED's intern worked on this summer regarding residential charging. The department is looking at the possibility of taking the Leadership Champlain survey and marrying it with EV charging guide for multi-family dwellings that the intern worked on to create an EV charging guide for business owners.

Mr. Springer stated that, since our last meeting, we have received the order from the Public Utility Commission to approve our proposals for Act 151. This includes the ability to continue our Green Stimulus incentives through 2023. We also have new programs and initiatives that are part of that filing, including one initiative that addresses the concept that geothermal drilling and testing can be expensive and, depending on the proposed site, may be prohibitive for some. We will have funding in reserve to support geothermal test wells that will help customers know if their sites are

appropriate for geothermal. If so, we will have additional incentives that will help further with the project.

Commissioner Stebbins thanked Ms. Stebbins-Wheelock for updating the dashboard in regard to Strategic Direction percentage of goals.

Commissioner Stebbins ask if BED's rate case investigation is following the normal course for such investigations. Mr. Gibbons stated that it is not normal to have a consultant-led investigation for a rate case. Mr. Gibbons believes that the investigation is taking place this way because BED is the one of the largest municipalities and because BED has not filed a rate case since 2009. Mr. Gibbons added that there is a new commissioner and a new view of regulations and how rate cases should be examined, as well as this is the first big municipal rate case the Public Utility Commission has had to work on. Mr. Gibbons stated that we already have met with the consultants and shared information and that the official discovery starts September 10.

Commissioner Herendeen asked where BED is in regard to residential boilers using heat pumps. Mr. Springer stated that we do have air to water heat pump incentives available, although we haven't seen many of them. We have seen an increase in centrally-ducted heat pumps that have use of the furnace duct work.

5. GM Update

Mr. Springer stated that, on August 16, Moody's Investors Service affirmed BED's A3 rating with a stable outlook, on outstanding revenue bonds. This is a welcome development as we announce the new Net Zero Energy Revenue Bond proposal. Moody's cited the action by BED to adjust rates this year as a key factor in supporting affirmation.

Mr. Springer stated that there has not been much progress with district energy over the last few months, and discussions over term sheets between the Joint Owners, VGS, and Ever-Green have required more intensive work. We hope to make progress in the near future and have more to report next month.

Mr. Springer stated that BED has a mock-up of the new NZE yard signs to share. The yard signs will be given to customers who participate in our incentive programs so they can display the signs on their lawns with the goal of generating more attention around our Net Zero Energy efforts. Mr. Kanarick shared the mock-up of the sign along with examples of sticker options and stated that the type of incentive(s) the customer has taken advantage of will lead to BED supplying a corresponding sticker(s) to be displayed on the sign. It is the hope that this will start neighbors talking and that passers-by will ask questions and generate interest in BED's energy incentives.

Commissioners offered their suggestions regarding verbiage, color, and size, etc. Mr. Kanarick thanked the Commission and stated that the communications team will consider these suggestions.

Commissioner Stebbins stated that it would be great if BED could display running totals of Burlingtonians' uptake on NZE initiatives and stated that it may be possible to build upon the Vermont Energy Dashboard and leverage some of the work that's already been done. This dashboard allows you to upload the types of efforts each resident might make and is listed town-by-town and demonstrates how those communities are doing to reach their goals. Mr. Springer stated that this was a great idea and shared that BED also has fed data into the BTV Stat dashboard, which links up with some of our other data efforts in the past. BTV Stat is restarting this fall, creating the possibility of some symmetry between what we are doing for BTV Stat and what might be publicly shared along with the Commission dashboard.

Mr. Springer stated that he will be presenting the Net Zero Revenue Bond proposal to the City Council next week and will request the Net Zero Energy Revenue Bond question be placed on a November ballot for consideration by the voters of Burlington. At this time, Mr. Springer shared the slides that will be presented to the City Council.

Mr. Springer stated that the NZE Revenue Bond requires approval of a majority of Burlington voters. It's important to note that this bond is payable solely from BED rates and revenues, not from City General Fund or property taxes. BED has issued revenue bonds many times for projects (McNeil Generating Station construction, initial Energy Efficiency funding, AMI/Smart Grid infrastructure, the purchase of Winooski One Hydro Facility).

This \$20 million Net Zero Energy Revenue Bond proposal focuses on four key areas of investment to support reliability, and facilitate progress on Net Zero Energy:

- Approximately \$12.3 million for grid investment (\$7 million for reliability projects, \$5.3 million for Net Zero Energy projects);
- Approximately \$3.9 million for technology systems upgrades;
- Approximately \$2.2 million for power plant maintenance and converting the gas turbine to run on renewable biodiesel; and
- Approximately \$1.5 million for Net Zero Energy capital investments such as new EV charging stations, and demand response technologies.

The proposal also frees up annual BED General Obligation Bond capacity to support a doubling of investment in customer strategic electrification incentives between FY23-25, for a total of \$5.3 million in investment in those programs:

- By doubling our investment in strategic electrification incentives for customers between FY23-25, we cut an additional 47,000 tons of greenhouse gas emissions reduction (beyond business as usual), equivalent to nearly 100,000 barrels of oil;
- The investment during FY23-25 equals approximately 25% of what would be needed to be on track to meet the Net Zero Energy goals through Tier 3 investment alone during that timeframe, although we also contemplate city, state and federal policies and investments as well as partnerships with other key stakeholders as playing a major role in supporting progress toward the 2030 goal as well;

- The net incremental revenues from the additional strategic electrification projects are projected to be \$467,000 between FY25-32, providing a strong business case for this investment beyond the climate change benefits; and
- The strategic electrification projects funded between FY23-25 will provide enough revenue to cover approximately 40% of the debt service for the \$20 million revenue bond and the \$5.3 million of general obligation bond during their 20-year repayment.

The Net Zero Energy Revenue Bond is an investment in infrastructure for BED that is fiscally responsible for our customers and ratepayers:

- The average weighted life of the infrastructure investments in the revenue bond is nearly 28 years, well beyond the 20-year debt repayment schedule;
- Debt service on the revenue bond is timed in such a way to allow a maturity on an existing revenue bond to occur in 2025, providing \$684,000 in annual repayment capacity that can be applied to principal on the Net Zero Energy Revenue Bond;
- As discussed above, the customer incentive projects provide further revenue return to be used for repayment of the revenue bond and GO bonds;
- Making all of the investments discussed while maintaining our projected days cash on hand, with the revenue bond puts 4.9% of upward rate pressure for FY23, compared to 23.7% of upward rate pressure without the revenue bond; and
- The revenue bond is repayable only through BED revenues and does not affect the City's debt policy or debt ratio and does not affect property taxes or general fund expenditures.

The Commission asked several questions and asked for more detailed information. Mr. Springer stated that he would answer their questions in a detailed email that has been incorporated into these minutes.

June Financials:

Ms. Stebbins-Wheelock presented a graph showing the monthly impacts of COVID-19 on BED loads from March 2020 through the end of June 2021. In June 2021, BED's loads continued the pattern seen throughout the pandemic; residential sales were 6% higher, commercial sales were 6.3% lower, and overall system loads were approximately 3.2% lower than budgeted projections. Despite the lifting of statewide pandemic restrictions in June, several large employers have not yet returned their employees to the office, and we believe this is a major reason that commercial cooling loads are still trending below baseline levels.

Ms. Stebbins-Wheelock reviewed the budget-versus-actual results for the month of June FY21 and stated that these results are still changing and unaudited. For June, the Department has a preliminary net loss of \$1.5M compared to a budgeted net loss of \$374,000. We are projecting to fiscal year 2021 with a net loss of \$275K compared to the budgeted net income of \$1.9M. Both the June and FY2021 results include a \$1.2M pension expense adjustment (increase).

As of end of June, the Department had spent 65% of the FY2021 capital budget. Capital spending on

transmission and production/generation was approximately on budget. Distribution capital projects were the most affected by delays related to COVID, and some spending occurred on IT Forward. Commissioner Stebbins asked if the capital spending level was due to management decisions to defer projects to next year. Ms. Stebbins-Wheelock stated that this was the case for some projects, but other deferrals were customer-driven decisions or caused by supply chain delays.

On June 30, 2021, the Department had cash on hand of \$6.4M (\$213K below budget), 108 days' cash on hand, and an adjusted debt service coverage ratio of 1.00. Some of these metrics might change slightly based on the audited FY2021 financial statements.

July Financials:

Ms. Stebbins-Wheelock reviewed the budget-versus-actual results for the month of July FY22.

On the revenue side, sales to customers were under budget by \$389K and miscellaneous revenues were down by \$89K. Power supply expenses were favorable by \$125K, and operating expenses were favorable by \$336K. The Department ended July with a net loss of \$325K compared to budgeted net income of \$456K.

Capital spending in July was \$215K compared to a budget of \$437K, which is due to timing of projects. The new electric bucket truck was budgeted for July, but delivery has been delayed until July 2022.

As of July 31, cash on hand was \$6.9M, \$1.4M less than budget due to timing of the receipt of State and City arrearage funds. The Department reported 116 days' cash on hand and an adjusted debt service coverage ratio of 0.96.

6. Commissioners' Check-In

There were no Commissioner check-ins.

Commissioner Moody made a motion to adjourn; 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.

The meeting of the Burlington Electric Commission adjourned at 7:14 p.m.

Attest:

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

Laurie Lemieux, Board Clerk