

**MINUTES OF SPECIAL MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, May 19, 2021, 5:30 pm

The special meeting of the Burlington Electric Commission was convened at 5:32 pm on Wednesday, May 19, 2021 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Stebbins, and Wheelock participated via Microsoft Teams. Commissioner Moody was absent.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, Andy Elliston, 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. Public Forum

Kelly Devine, Director – Burlington Business Association
George Gattullo, Director of Facilities Management - UVM Medical Center
Luce Hillman, Executive Director of Facilities Management - University of Vermont
Karen Vastine, Sr. Community Relations Officer – UVM Medical Center

Ms. Luce Hillman, Executive Director of Facilities Management at the University of Vermont (UVM) stated that UVM was disappointed in the way the proposed rate increase was communicated and the lack of collaboration between BED and UVM. UVM is a very important client, monthly meetings are held with BED to go over projects and any issues that may come up and expressed her frustration that UVM was not given additional notice for this increase. UVM did receive a call from Burlington Electric in April to inform UVM that an increase was coming but was not provided any numbers at that time. Ms. Hillman stated that UVM was very surprised by the proposed 7.5% increase and their budget for the coming fiscal year has been finalized and accommodating this rate increase would create a hardship for the University and have a material impact on operations. The University will formally present its concerns to the Vermont Utility Commission when the rate proposal is considered.

Ms. Kelly Devine, Director of the Burlington Business Association stated that Mr. Springer and the BED Team have been doing some really great things for Burlington, working on climate change and being forward in the community and trying to make things better overall. Ms. Devine stated that she

does understand that rate increases are necessary, and Burlington has not had a rate increase for many years but is deeply concerned for both the small businesses and property owners and the fact that this increase being presented when we are coming off a pandemic. Ms. Devine stated that the business community is now facing a proposed tax adjustment, which will mean commercial properties will see a tax increase along with an increase in their water bill. There is no question that Mr. Springer and the BED team is doing an amazing job to calculate why this is necessary for BED, it's just happening at a really challenging time. Ms. Devine stated that if there is any way that she can help BED to find other funds to meet this gap that she is happy to assist.

Mr. George Gattullo, Director of Facilities Management at UVM Medical Center (UVMHC) stated that his primary concern is the lack of time to analyze the impact of the rate increase which came as a surprise to UVMHC. This rate increase is going to be significant to the hospital which is a not-for-profit organization that provides care to the community.

Ms. Karen Vastine, Senior Community Relations Officer at UVMHC stated that she has been really appreciative over the last 14 months the strong partnership that UVMHC has had with the City of Burlington. Ms. Vastine stated that everyone is feeling the impact of the economic uncertainty caused by the pandemic and UVMHC believes that this rate increase will be a significant unbudgeted financial impact for UVMHC. We do appreciate the notice that Mr. Springer gave to let UVMHC know that something would be coming but we had not anticipated that it would be this high of a rate increase.

Mr. Springer thank everyone for their comments and stated that he fully understands the challenges associated with this rate case. The pandemic has created challenges for so many in the community and the BED Team has explored every option to mitigate the rate increase for the many reason that have been laid out this evening. BED has sought various Federal and other relief programs and unfortunately we were not eligible for relief like the Paycheck Protection Program which would have largely replaced BED's lost sales revenue. Mr. Springer stated that BED remains open to opportunities for funding to help but are at the point in the budget process where we couldn't wait any further and had exhausted all options.

3. Fiscal Year 2022 Draft Budget

Mr. Springer stated that he will provide a PowerPoint presentation that covers the budget as well as the rate case and stated that both agenda items are tied together. Mr. Springer will walk through the presentation which explains the proposed budget along with the rate case. Mr. Springer stated that although the budget and rate case are separate agenda items, he feels that he should present on both and then give the Commission the chance to consider these items distinctly.

Mr. Springer began the PowerPoint presentation by showing a graph indicating a decrease in sales revenues by \$2.1 million since the start of the pandemic and stated that as a public power utility, BED was not eligible for certain pandemic relief programs, such as the Paycheck Protection Program, which would have replaced some of BED's lost revenues.

The proposed residential rate is projected to remain approximately 11.5 percent below the average Vermont residential rate, and lower than the average residential rate of every other New England state. The average residential bill will increase by \$4.92 per month, and a new BED energy assistance program will mitigate the impact of the rate increase for low-income customers during fiscal year 2022 (FY22).

For the bulk of BED's commercial customers the average bill increase will be \$6.60 per month. BED's commercial and industrial rates will be slightly higher than the Vermont average, but well below the New England average.

While BED's total rates (residential, commercial, and industrial) were higher than the Vermont utility average following our last rate case in 2009, by holding rates steady for 12 years, BED's total rates dropped below the Vermont average and will continue to be lower than that average upon implementation of our proposed new rate.

The increase is being driven primarily by the global COVID-19 pandemic, which has caused several negative financial impacts on BED. Due to those financial effects, BED projects that it will begin FY22 with approximately \$5 million less cash-on-hand than otherwise would have been the case.

The BED team has worked hard to cut or defer expenses wherever possible, and moderate controllable cost increases over the last several years. The average growth rate in controllable costs between FY07 and FY16 was 5.84 percent, but following implementation of cost-cutting steps, the average growth rate has been reduced to 3.55 percent for the period since FY16. Despite our success with controllable costs, adverse effects on BED from the pandemic, increased transmission costs, and delayed customer projects that would have added sales revenue have contributed to the need for a rate case. Specific factors leading to the rate case include the disruption of capital projects and supply chain that have impacted labor cost allocations and reduced customer capital contributions by approximately \$1.5 million; and significant increase in both the total number of customers who have fallen behind on paying their utility bills and the amount of money owed on those bills, exceeding any state and federal assistance.

Mr. Springer stated that to help our customers handle pandemic-related challenges, BED currently is offering several relief programs and taking steps to secure additional arrearage assistance, including suspending disconnections for non-payment, waiving late fees, and providing extended budget billing plans.

Also BED is advocating for and implementing State of Vermont financial assistance programs, such as the Vermont COVID-19 Arrearage Assistance Program (VCAAP) advocating for and implementing an expected second round of funding to help our customers with their electric bill arrearages beyond the nearly \$350,000, and the Vermont Emergency Rental Assistance Program (VERAP) implementing the utility component of this recently created program that helps renters dealing with financial challenges related to the COVID-19 pandemic. BED will also provide additional

arrearage assistance and pandemic relief to customers through City of Burlington ARPA federal funds recommended in the Chief Administrative Officer's FY22 Budget Memorandum; and will continue to assist customers with important Net Zero Energy incentives through our Green Stimulus program, which helps customers switch to technologies, such as cold climate heat pumps, electric vehicles, electric bikes, and more.

Additionally, for FY22, BED is proposing to help low-income customers through a new energy assistance program designed to mitigate the effects of the proposed rate change. Eligibility requirements include being enrolled in the state fuel assistance program, which supports customers with incomes at or below 185 percent of federal poverty levels. This proposed BED energy assistance program is projected to help more than 1,300 qualified residential BED customers. While the proposed energy assistance program is a temporary relief measure, BED is exploring a permanent low-income rate with an FY23 implementation goal.

Mr. Springer stated that BED will be presenting the budget to the Board of Finance tomorrow, May 20 which is another public meeting with public forum. BED will have a rate case consideration at the Board of Finance and City Council on May 24 which also includes a public forum and then if approved, BED will file with the Public Utility Commission (PUC) that will lead to a months long process. This process will also be open to public participation and will go through various vetting with public form and input at a variety of level of government, local and state.

Prior to a final decision from the PUC and in accordance with PUC rules, BED will add a 7.5 percent rate surcharge on customer bills beginning in August 2021.

Commissioner Chagnon made a motion to approve the Fiscal Year 2022 Capital and Operating Budgets as presented; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

4. Proposed Rate Case

Commissioner Chagnon to recommend to the Board of Finance and the City Council the authorization to pursue a rate case with the PUC in the amount of 7.5%, for services rendered beginning August 1, 2021; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

5. Financing of IT Forward Project with Key Bank

Ms. Stebbins-Wheelock stated that in April 2019, the Burlington Electric Department obtained approval from the Board of Electric Commissioners, Board of Finance, and City Council to work with KeyBank to secure lease purchase financing limited to \$1.5 million for information technology solutions or equipment needed by the Department.

BED has completed its IT Forward procurement process and has begun the implementation projects to replace its meter data management system (MDMS) and customer portal. This financing would provide the Department with additional cash and liquidity in the FY22 budget and assist with managing the negative financial effects of the COVID-19 pandemic. We are asking the Commission to recommend that BED enter into a Lease Purchase Financing Line Agreement with KeyBank for an amount not to exceed \$800K for information technology investments.

Commissioner Chagnon made a motion to recommend to the Board of Finance and the City Council authorization for the Burlington Electric Department to enter into a Lease Purchase Financing Line Agreement with KeyBank for an amount not to exceed eight hundred thousand dollars for information technology investments; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

6. Fiscal 2022 General Obligation Bond

In March 2012 Burlington voters approved a City Charter change to allow \$3,000,000 of General Obligation Bonds to be issued by the City annually for capital improvements on behalf of the Burlington Electric Department. As part of our budget review and approval each year, we include a

line item for this \$3,000,000 General Obligation Bond. Bond Counsel of the City requires a formal approval by the Electric Commission before forwarding to the City.

Due to the financial impact of the COVID-19 pandemic, the City is planning to seek City Council approval to issue a Bond Anticipation Note (BAN) instead of a General Obligation Bond for FY21. The BAN will be converted to a bond in FY22.

Commissioner Chagnon made a motion to recommend to the Board of Finance and the City Council the authorization for and to direct the Chief Administrative Officer to pledge the credit of the City by issuing a BAN or bonds in an amount of \$3,000,000 for the 2022 fiscal year for electric capital improvements; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Herendeen 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 6:48 p.m.

Attest:



Laurie Lemieux, Board Clerk