

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, March 9, 2022, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:34 pm on Wednesday, March 9, 2022 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker (arrived 5:28 pm) participated via Microsoft Teams.

Staff members present included Darren Springer, Paul Alexander, Emily Byrne, Andy Elliston, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Dave MacDonnell, and Paul Pikna.

1. Agenda

There were no changes to the Agenda.

2. February 9, 2022 Meeting Minutes

Commissioner Herendeen asked that the February 9, 2022 minutes be amended to correct the following statement from *“several communities in Burlington”* to read as follows:

Commissioner Herendeen stated that several towns have already reduced the number of lights they had by a large number.

Commissioner Moody made a motion to approve the minutes of the February 9, 2022 Commission Meeting as amended; 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

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

3. Public Forum

Tim Devlin, Assistant City Attorney, was present for the meeting.

4. Commissioners' Corner

Commissioner Herendeen thanked Ms. Stebbins-Wheelock and other staff members for including the degree day information that was requested.

Commissioner Herendeen stated that the department has installed a couple of EV fast chargers recently. The data shows that it takes approximately 30 minutes to charge a car to go 300 miles, (30 kW hours). If we compare that 30 minutes to the 3-4 minutes a customer would be at a gas pump, fast charging still seems to be an issue.

Commissioner Stebbins stated that the charging market is constantly evolving, and we will see substantial changes within the coming years.

Commissioner Herendeen stated that he was on the bike path along the lake on Sunday around 5:00 pm when the wind storm blew through. The City experienced an outage at that time, and Commissioner Herendeen wondered if the outage was caused by the wind storm.

Mr. Springer stated that the outage was caused by a tree limb down on the lines on the bike path. BED did experience other smaller outages scattered throughout the City, and at one point had several thousand customers without power. The team restored power to approximately 2/3 of the customers within 5 minutes, and all customers were back online within two hours.

Commissioner Herendeen asked if street lighting would be discussed at the meeting this evening. Commissioner Stebbins stated that the department has reached out to the Illuminating Engineering Society (IES) regarding light level reduction several times and is awaiting a reply. Commissioner Stebbins has requested a Street Lighting Primer for the April meeting to refresh the Commission regarding lighting issues and to learn what other communities are using for standard levels. Mr. Springer stated that Mr. Kasti and Mr. Elliston have been working on getting a response from the IES and cannot promise an answer in time for the April Commission meeting. Also, the April Commission meeting will have an extremely full agenda that will include 4-5 items. The Commission meeting can include the lighting primer, or the Commission can hold the item until the May meeting. Commissioner Stebbins agreed and stated that, if the department has not heard back from the IES, this item will be discussed at the May meeting.

5. GM Update

Mr. Springer stated that McNeil had an historic run in January, with 24/7 production during one of the most expensive periods in ISO-New England history. This run created a positive economic impact for BED, which is part of the January financial update, and also helped reduce the region's

reliance on fossil fuel generation during the winter. Mr. Springer stated that he expects this will have a positive impact in February also, although probably not as significant as January. Mr. Springer offered appreciation to the McNeil operations teams for their great work this winter, and to our foresters for keeping the plant well-supplied with wood.

Mr. Springer stated that the department is in the process of reviewing the initial materials for the FY23 budget. We talked extensively with the Commission and the City Council last year following the 7.5% rate increase and let them know that, in all likelihood, the department would need another rate adjustment and expected this adjustment to be more moderate than the 7.5%, possibly 5%. The inflation environment that we are in is not helping and is creating more challenges. Our goal is to deliver a budget for FY23 that may include a rate adjustment proposal, one that we predict will be more moderate than last year's. BED has been in communication regularly with our larger customers who have expressed a desire to stay in touch given the significant impact that a rate increase would have on their budget development processes. We have had regular financial meetings with UVM and UVM Medical Center to let them know what we are seeing and what our trajectory looks like so they can make their own budget determinations.

On March 2, 2022, Moody's announced that BED's forthcoming Net Zero Energy Revenue Bonds have received an A3 rating, with a stable outlook. As with our A3 rating on existing revenue bonds announced last year, Moody's credited the recovery in the local economy following the pandemic, BED's forward looking renewable energy and climate mitigation strategies, and our financial management and rate plans. This is positive news as we move towards issuing the bonds this spring.

Mr. Springer stated that customers will receive a letter soon outlining BED's plans to support customers who still have pandemic-related arrearages as of February 28, 2022 with application of the \$1.3 million in City ARPA funds. Customers who have past due balances from the pandemic will see the application of ARPA funds on either their March or April bills. Going forward, BED will resume our regular policy of disconnection for nonpayment starting May 1. We will continue to work with customers who need assistance via our temporary energy assistance program, our budget payment plans, and available state assistance programs for renters and homeowners.

Mr. Springer stated that the Burlington Charter Change related to thermal energy has passed House Government Operations, House Appropriations, and the full House. It will now move to the Senate for consideration.

Mr. Springer stated that work is progressing on District Heating and that in addition to the information in the monthly report, BED has scheduled meetings over the course of the next few weeks with UVM and UVM Medical Center and that the partners are working toward the conclusion of phase three. Mr. Springer reported hearing about movement in Congress with a likelihood that the Omnibus Appropriations Bill will be advancing in the near future. We received confirmation that the District Energy Funding that Senator Leahy appropriated for the City is in the final version of that bill. We expect that the funding will be available once that bill is passed. We also are applying

for competitive funds that would further lower the cost of the project, expand more infrastructure to the Intervale Center to help more of its buildings potentially join the project, and expand control technology for automation at UVM Medical Center.

Mr. Springer stated that the Policy & Planning team will present on ideas for a permanent BED low-income rate in FY23 to replace our temporary energy assistance program, which runs through the end of FY22. Our goal is to have a low-income rate ready in FY23, to support customers in need of long-term assistance. This will be important as we will face additional upward rate pressure in the next several years, although we've moderated that upward pressure through the Revenue Bond strategy. The Commission can expect to have a proposal for a vote in April, along with several other key financial items, including renewal of our KeyBank line of credit and presentation of a draft budget.

Mr. Springer stated that BED currently is considering a proposal from ChargePoint to replace our two outdated 25 kW CHAdeMO chargers with new, 62.5 kW fast chargers that are compatible with CCS and CHAdeMO charging. These would be the first modern fast chargers located in the City, and some of the fastest anywhere in the state. They would be funded through the Revenue Bond with funding that was included in our FY22 budget. We'll have more to report on this at the April meeting and, if necessary, may bring approvals for multi-year agreements with ChargePoint to support the chargers to the Commission at that meeting as well.

Also in April, we expect to have the updated Synapse Net Zero Energy Roadmap data for 2021.

Mr. Springer stated that he submitted a commentary to Vermont Business Magazine and Vermont Digger that supports the Clean Heat Standard Proposal that the Legislature is considering, makes points relative to previous work with McNeil, and addresses various RES energy project policy changes.

6. FY22 January Financials

Ms. Byrne presented the budget-vs-actual results for the month of January FY22. The Department had a net income of \$557K in January compared to a budgeted net loss of \$337K. On the revenue side, actual sales to customers were favorable to budget by \$195K. Residential sales were up \$205K, and commercial sales were down \$12K. Ms. Byrne noted that, for the year-to-date, actual sales to customers are within 0.3% of budget. Other revenues, mainly EEU, were down \$36K. There are no REC receipts to report in January.

Power supply expenses were \$605K less than budget, as a result of transmission and purchased power being under budget. McNeil had excess generation during January and received higher than budgeted prices for generation. Other operating expenses were down \$79K compared to budget. Other income was up \$6K, interest expense was under budget by \$12K.

For FY22 year-to-date, actual net income is \$698K or 35% better than budget. Sales to Customers is

\$90K ahead of budget. Other revenues are down due to EEU. Power supply revenues are ahead by \$171K or 4% for the year. McNeil REC revenue is tracking the budget, helping make up for lower performance for wind, hydro, and other REC generators. On the expense side, power supply is under budget by \$1,264K, driven by purchase power, transmission, and fuel costs all coming in under budget. Operating expenses are running below budget by \$953K.

As of January, the Department has spent 32% of the FY22 capital budget and has an operating cash balance of \$10.6M, or 142 days cash on hand. The debt service coverage ratio is 5.15 and the adjusted debt service coverage ratio is 1.39.

7. McNeil Side Track Lease

Ms. Lesnikoski stated that, as part of the required delivery of wood chips to fuel the McNeil Generating Station, Burlington Electric Department (BED) has leased from the New England Central Railroad (NECR) land, track, and switches near the plant. Two outmoded leases from 1983 and 1984 are now being replaced by an updated lease to modernize contract terms and provide clarity for party responsibilities and costs. The new terms have been agreed to by both BED and NECR staff.

The Commission asked several questions regarding the expiration date, lease cost, and changes from the previous leases. These questions were answered by Ms. Lesnikoski and Mr. Devlin to the Commission's satisfaction.

BED requested that the Burlington Electric Commission approve the Sidetrack Lease agreement and recommend approval by the Board of Finance and City Council at their next meetings on March 21, 2022.

Commissioner Whitaker made a motion to approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department to execute a Sidetrack Lease with the New England Central Railroad to facilitate the delivery of wood chips to the McNeil Generating Station, subject to review and approval of the City Attorney's Office; the motion was seconded by Commissioner Moody.

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.

5. Low Income Rate

Mr. Gibbons stated that the purpose of this agenda item is to give the Commissioners some idea of what BED is considering and to solicit comments, rather than to present the item and ask for a vote all in one meeting. Mr. Gibbons stated that it is his intent to bring the proposed tariff language for action at the next meeting.

Mr. Gibbons stated that there are two Energy Assistance Programs that are approved in Vermont. One is at VGS and the other is at Green Mountain Power. Both programs are structured fairly similarly, and both use stated percentage discount off the rates and charges that otherwise would have applied. Both programs are using an outside entity, the Department of Children and Families, to determine eligibility for the rate. So, if you're qualified at the Department of Children and Families, you're also qualified for the rate. Both have slightly different income thresholds; one is 185% of the federal poverty level and the other is 150%. At this time, BED is not aware of any other Vermont utilities offering a low-income rate.

The BED team did review Austin Energy's program that offers a flat discount per month for the customer charge. Essentially, they offset your customer charge. Eligibility is determined at the city level. Austin Energy uses a higher level of 200% of federal poverty level as its cut-off.

BED also looked at Sacramento Municipal Utility District (SMUD), one of the biggest municipal utilities in the country. SMUD does a tiered monthly discount that reduces the customer energy charges. The discount is dollar-based, tiered based on the federal poverty level, and determined yearly, so it changes over time and by participant income level.

At this time, BED staff is leaning toward a percentage discount for eligible customers. It has the merit of having a structure that is approved and in use at two other regulated utilities in Vermont. That structure also means: the higher the bill, the more assistance you receive, as opposed to a flat credit.

The BED team is looking into the implementation side and, if we cannot implement as an actual percentage reduction in the bill, there may be a work-around that would involve filing tariffs for income-qualified customers that were a stated percent lower than the other applicable tariffs. For example, if we wanted to do a 5% eligible discount, we could file a residential rate for eligible customers that was 5% lower than the standard RS rates.

Our plan is to come up with an estimate of not only the structure, but also the impact on our financials of the structure for the Commission by the next meeting. Mr. Gibbons stated that we are cognizant that, currently, a significant reduction in revenues due to offering this rate is not built in our budgeting assumptions.

Once all the calculations are done, we would be able to propose a pilot rate structure that would have an 18-month duration, and that potentially could be extended beyond 18 months. The pilot rate structure would not require the full regulatory approval process that BED would normally have to go through. At the end of the 18 months, if we decided that we wanted to continue, we would provide 45 days' notice and, if there were no objection during that 45 days, the rate would continue beyond the 18-month window.

Mr. Gibbons stated that we are looking for Commission input at this time. Then, our goal for the next meeting would be to: calculate the eligible customer pool based on a threshold; provide a proposed rate structure, including the eligibility criteria, that defined what the assistance would be; ; and calculate the economic impact this structure would have on BED finances. After presenting all of this information, we would ask the Commission to vote on the proposed rate.

6. Commissioners' Check-In

Commissioner Moody asked about the City stipend for Board and Commission members.

Mr. Springer stated that there was an effort during the pandemic to offer stipends for participation on Boards and Commissions in an effort to ensure participation and increase the pool of candidates for such participation on Boards and Commissions. The intent of the City is to continue to fund these stipends over the long run. as the City engages in its budgeting process over the next few months, there may be more clarity about the stipends.

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 7:01 p.m.

Attest:


Laurie Lemieux, Board Clerk