

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, April 13, 2022, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:31pm on Wednesday, April 13, 2022 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Moody, Stebbins (arrived 5:42 pm), and Whitaker participated via Microsoft Teams.

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

1. Agenda

There were no changes to the Agenda.

2. March 9, 2022 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the March 9, 2022 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. Not present for vote.
Commissioner Whitaker. Aye

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

3. Public Forum

No one from the public was present for the meeting.

4. Commissioners' Corner

Commissioner Herendeen thanked Mayor Weinberger for hosting Dr. Sterman from MIT to run through their model for predicting the greenhouse gas emissions that was presented to the community during a 1-hour Town Hall style webinar on April 6, 2022.

5. GM Update

Mr. Springer stated that there is a potential to move to in-person Commission meetings for those who are able to join along with a hybrid option starting in the May timeframe. Mr. Springer suggested that the discussion continue during the Commissioner Check-in portion of this meeting after Commissioner Stebbins arrives to the meeting.

Mr. Springer stated that we have successfully applied over \$ 1million in ARPA funds to residential customer accounts that had past due balances as of late March. Commercial customers with past due balances received a communication asking them to pay their past due balances and providing a hardship exemption certification that provides access to ARPA funds if they certify that their arrearage is due to pandemic-related economic hardship. Our goal was to help clear the backlog of arrearages prior to resumption in May 2022 of our disconnect for non-payment policy. Disconnection always will remain a final resort, with our Customer Care team taking many steps to work with customers prior to any disconnection for non-payment. State arrearage assistance programs, including VERAP for renters, remain available as well, and we've continued to help customers access those programs. Also, a new program for income-qualified homeowners (not renters) is available.

Commissioner Whitaker asked if BED's application of ARPA funds to customer arrearages was automatic so that, if customers are in arrears, BED sends them a note stating that their balances have been cleared. Commissioner Whitaker also asked whether BED will continue to encourage customers to sign up for the low-income program that is being discussed this evening.

Mr. Springer stated that communication had been mailed to the eligible residential customers informing them that BED would be automatically applying the ARPA funds to clear their past due balances. Commercial customers received a communication encouraging them to pay their past due balances, and also providing an option to certify their need for a hardship exemption that would enable them to receive ARPA assistance.

The department has been operating the temporary Energy Assistance Program throughout

FY22. We have had approximately 60 customers who have completed the application process and approximately 28-30 customers who are in the process of applying. It is our plan that, if the low-income pilot rate that we are proposing this evening is approved by the Commission, we would then present the rate to the Board of Finance and City Council for their approvals on April 25. At that time, our goal would be to automatically transfer all eligible customers who already are signed up for the Temporary Assistance Program to the new low-income pilot rate that would be available beginning in FY23.

BED has been meeting weekly with UVMMC and every other week with UVM in an effort to conclude Phase 3 of our district energy plan. Funding from Senator Leahy now has been finalized as part of the recent omnibus appropriations bill signed by President Biden. We are getting updated construction pricing given the impacts of inflation and getting updated pricing from our previous bidders and hope to have a substantive conclusion to Phase 3 in the near future.

Mr. Springer stated that BED has created a new, two-week radio ad focused on EV rebates. The ad includes the voices of the Mayor, Chair Stebbins, and GM Springer, and has been running on Star 92.9 and WVMT. We also have digital ads running and a new bill insert forthcoming focusing on heat pump water heaters.

As reported in the Center for Innovation monthly report, the NZE Net Zero Energy (NZE) Revenue Bond has been issued. Mr. Springer offered much appreciation to the many BEDers who helped move this forward to fruition.

BED staff are undergoing a mandatory cyber security training, as we take further steps with leadership from our new IT Director and IT team members to implement additional measures on this front.

The Thermal Energy Charter Change has passed the Senate and is headed to the Governor. BED testified in the Senate and House in support. BED also testified in support of Clean Heat Standard legislation, and at a cyber security hearing in House Energy & Technology.

6. FY22 February Financials

Ms. Byrne presented the budget-vs-actual results for the month of February FY22. The Department had a net income of \$1,368K in January compared to a budgeted net income of \$1,074K. On the revenue side, actual sales to customers were unfavorable to budget by \$69K. Residential sales were up \$139K, and commercial sales were down \$209K. Ms. Byrne noted that, for the year-to-date, actual sales to customers are within \$22K of budget. Other revenues were down \$315K, partially due to lower than budgeted EEU receipts. REC receipts to were down \$220K due to lower hydro and wind

production at the beginning of the year.

Power supply expenses were \$266K less than budget. Transmission fees were over budget for the month. This was offset by excess generation at McNeil during February and higher than budgeted prices for generation. Other operating expenses were down \$252K compared to budget. Other income was up \$86K, interest expense was under budget by \$12K.

For FY22 year-to-date, actual net income is \$991K or 32% better than budget. Sales to Customers is \$22K under budget. Other revenues are down due to EEU and customer billings. Power supply revenues are down by \$49K or less 1 % for the year. McNeil REC revenue is tracking to 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 \$1,530K, driven by purchase power, transmission, and fuel costs all coming in under budget. Operating expenses are running below budget by \$1.2M.

As of January, the Department has spent 37% of the FY22 capital budget. When adjusted for projects and spending that we know will not occur, the capital spending is closer to 43% of budget, this will see an increase in April and May due to the McNeil overhaul. At the end of February, the Department has an operating cash balance of \$11.9M with 145 days cash on hand. The debt service coverage ratio is 5.26 and the adjusted debt service coverage ratio is 1.43.

7. Fiscal Year 2023 Draft Budget

Ms. Byrne presented the preliminary FY23 budget. The preliminary budget was based on several assumptions, including a 4.9% rate increase, a COLA for employees, a level of capital investment similar to prior years (including investments using proceeds of the 2022 revenue bond, and \$3M of annual general obligation (GO) bond proceeds). Additionally, the preliminary budget assumes the phase-out of impacts from COVID-19 over the next 5 years as commercial business reopen and people return to the office.

The preliminary FY23 budget accounts for anticipated changes in expenses, including: an additional \$1.171M in REC purchases, \$869K increase in transmission costs, an approximate \$1M increase in labor and labor overhead expenses, a \$134K increase in the allocation from the City, \$118K for the first payments to the City for the Moran Plant, a \$462K reduction in taxes due to property reappraisal, a \$1.289M reduction in capital contributions (the FY22 budget assumed \$750K in APRA funding), and a \$712K increase in interest costs due to the issuance of the 2022 Revenue Bond. The budget assumes that sales to customers will increase due to the rate case and our assumptions that the usage continues to return to a pre-pandemic state. Operating expenses are anticipated to increase approximately 7%. The Department continues to work on incorporating several unknowns into the budget including current energy prices, inflation, and the cost of fuel.

The preliminary FY23 budget, based on the assumptions presented, currently has a net operating loss of \$3.585M, and a net loss of \$1.393M. The projected cash position at the end of FY23 is \$6.569M. The preliminary FY23 budget assumes \$5.75M of capital spending using revenue bond

proceeds and \$3.37M of non-revenue bond spending, for a total projected capital spending of \$9.12M. Based on the assumptions in the FY23 preliminary budget, the debt service coverage ratio is 3.17 and the adjusted debt service coverage ratio is 0.97, with a projected 83 days of cash on hand. The department will submit a budget in May with improved metrics for commission approval.

Mr. Springer stated that further discussion regarding the draft budget should be discussed in Executive Session due to the sensitivity of certain aspects of the budget.

Commissioner Chagnon made a motion that premature general public knowledge of the upcoming FY23 Draft Budget with the Commission would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; the motion was seconded by Commissioner Whitaker.

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.

Commissioner Chagnon made a motion to enter into Executive Session with Burlington Electric Department Staff at XXX p.m. to discuss the FY23 Draft Budget, under the provisions of Title 1, Section 313(a) (1)(A) of the Vermont Statutes; this motion was seconded by Commissioner Whitaker.

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 Commission moved into Executive Session at 6:43 p.m.

Commissioner Moody made a motion to exit Executive Session at 7:23 p.m. This motion was seconded by Commissioner Herendeen.

Commission Chair Stebbins 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.

8. Renewal of BED's Line of Credit with Key Bank

Ms. Byrne stated that in the past the Department has entered into a revolving line of credit up to \$5M with KeyBank, serving as additional cash if needed. This item is to approve the renewal of this line of credit for another two years. Moody's flagged in our previous line of credit that there was language around the material adverse change clause that was problematic, indicating that we would not include the line of credit in our cache in the cache metrics. KeyBank has agreed to pull this clause from this line of credit agreement. This means we could count the cash in our cash position which will improve our metrics. The interest rate on the line of credit is better than our existing one. The new rate will be Statement of Financial Activities (SOFA) rate plus 1.1%, previously it was SOFA rate plus 1.4%.

Commissioner Whitaker made a motion to authorize Burlington Electric Department to enter into the revolving line of credit with KeyBank; 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.

9. Synapse Net Zero Energy Roadmap

Mr. Springer reviewed the PowerPoint presentation that he will be presenting to the Board of Finance and the City Council on April 25 and will present during BTVStat on April 27.

Mr. Springer compared the Roadmap Business as Usual graph to Net Zero path. Last year, we were essentially on the Net Zero path, although we caveated very heavily that it was partly due to reduced driving during the pandemic that was subject to rebound. Mr. Springer stated that we have had some mild rebounds and that we are up about 1½% relative to 2020, but noted that we are still down compared to 2019 and 2018.

Mr. Springer shared key takeaways from the 2022 Roadmap Update:

- Fossil Fuel Use and Greenhouse Gas Emissions in Burlington experienced a mild rebound compared to pandemic-impacted 2020. Burlington Emissions were up approximately 1.5% in 2021 compared to 2020. Nationally, emissions were up 6.2% in 2021, compared to 2020. However, Burlington emissions were still down 12.5% in 2021 compared to 2018 levels.
- Natural gas use in 2021 in Burlington was down approximately 1% from 2020 levels; gasoline and diesel consumption for transportation was up approximately 10% from 2020.
- In 2021, vehicle miles traveled partially rebounded to an estimated 7,565 per vehicle, up from 6,671 in 2020. The 2018 baseline was 8,187.
- We have made significant progress on strategic electrification, but are not on pace for the Roadmap goals for heat pumps and EVs.
- Recent initiatives, such as weatherization in rental properties, new construction renewable heating, and the Net Zero Energy Revenue Bond, have not yet impacted the data but will start in 2022.
- The Net Zero Energy 2030 goal remains an important guiding goal for our community, and BED's work and progress toward the goal are critical, but we need to contextualize withing state and federal trends.

Mr. Springer reviewed the graph showing the heat pump installations under the Tier 3 incentive programs, showing that we had a 15x increase from the period prior to the Green Stimulus launch. Mr. Springer indicated that, while a great trajectory, we still are not at the Roadmap pace. More specifically, including EEU and Tier 3 program incentives, we have provided rebates in the residential sector for 1,235 heat pumps, yet the roadmap goal is slightly greater than 6,300.

We have doubled the number of EV and plug-in hybrids since the Green Stimulus launch in June of 2020 relative to the period prior. There are 549 total EVs and plug-in hybrids registered in Burlington in 2021. The Roadmaps goal was a little more than double that amount at 1,209.

Our charging infrastructure has a significant build-out planned as part of the rental expansion of the EV Match Program and includes funding from our Net Zero Energy Revenue Bond. We are looking at a major expansion throughout the City in the coming years. Mr. Springer reviewed the

analysis that was done looking at multifamily housing, median income, and identifying areas of the City where we had a good opportunity to expand charging in areas that lacked it, particularly serving areas where we have a higher number of low-income residents and a higher percentage of multifamily buildings.

Mr. Springer stated that we will continue to manage peak loads and to advocate for carbon pricing for a level playing field for renewables. We will continue to focus on balancing our financial responsibility for our customers along with our need to make investments in various technologies.

Mr. Springer reiterated that he will be presenting this PowerPoint presentation to the Board of Finance and City Council on April 25 and BTVStat on April 27.

Commissioner Stebbins asked if this presentation would be posted on the BED website. Mr. Springer stated that some sort of update will be posted. Mr. Kanarick is assisting with updating the Performance Measures Report, which is on the website and anticipates that this will be included as part of the Performance Measures Report.

Mr. Springer will forward this PowerPoint presentation to the Commissioners.

10. BED Low-Income Rate

Mr. Gibbons gave a quick summary of the energy assistance the department has been offering since the last rate case went into effect on August 1. We have been running a temporary energy assistance program using funding from the COVID relief funds to residential customers to apply a 7.5% discount on their electric bill. This discount offsets the 7.5% rate increase. Eligibility is based on participation in either the State Vermont Fuel Assistance Program, which is offered for households below 185% of the federal poverty level, or a housing choice voucher for Section 8. The current number of participants is approximately 59 customers, which is 1% what we estimate the eligible potential population to be. The average bill for the participants is 470 kW hours per month, which is below the residential overall average.

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 a stated percentage discount off the rates and charges that otherwise would have applied. Both programs are using an outside entity to determine eligibility for the rate.

The BED team did review Austin Energy's program that offers a flat discount per month for the customer charge to offset their customer charge. BED also looked at Sacramento Municipal Utility District (SMUD). 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. The BED team also spoke to the Burlington Water Resources Department. They are offering a waived fixed monthly fee of \$7.95, which is the equivalent of our customer charge, and which represents roughly a 15% bill discount. The

qualification is based on an income of less than 200% of the federal poverty level.

BED is proposing a 12.5% discount for eligible customers. Eligible customers will be better off under this proposal as they are currently receiving a 7.5% discount on their bill and will now get a 12.5% discount. This increase would displace a potential 4.9% rate increase in addition to the 7.5% increase from 2021. The eligibility criteria would be unchanged, and all current customers would transition to the pilot rate. The external verification will stay consistent with the VGS threshold (185% of FPL) as their service territory overlaps BED's better than Green Mountain Power's service territory.

The proposed resolution is that the Commission approves BED seeking approval for an 18-month pilot energy assistance program, based on a 12.5% discount to BED charges for residential non-net metering customers whose household income is less than or equal to 185% of the Federal Poverty Level, to take effect on or after July 1, 2022.

BED will monitor and report on participation, cost impacts, and potential revisions to either assistance or eligibility.

Commissioner Whitaker made a motion to adopt the BED Low-Income Rate as presented and to recommend adoption of this rate to the Board of Finance and City Council; 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.

11. Commissioners' Check-In

Commissioner Stebbins stated the BED staff are ready to go back to in-person Commission Meetings in May and asked how the other Commissioners felt about returning to 585 Pine Street. We have learned a lot over the last 2 years that we can be a productive via the hybrid approach and allow for greater community participation through the remote option. All Commissioners were in agreement to return to in-person meetings along with working with CCTV to provide a hybrid option.

Commissioner Stebbins asked that anyone who is unable to attend any meeting in person let the Board Clerk know that they will be attending via the hybrid option.

Commissioner Herendeen asked if there would be a lighting update at the May Commission Meeting. Mr. Springer stated that it's worth having a conversation with Mr. Kasti and Mr. Elliston to see if they have something to share at that time. Mr. Springer believes we are still waiting for information from IES, but if the Commission wanted a basic primer on lighting, we can look into providing one. Mr. Herendeen will send his comments to Mr. Springer. Commissioner Stebbins feels that this is a complex enough topic that it should warrant a primer so that when we do receive information from IES we are up to date on the information.

Commissioner Herendeen stated that Mr. Springer mentioned that a carbon profile of McNeil will be available later, but is not available at this time. Mr. Springer confirmed that it's not available as of yet but will share as soon as it's provided.

Commissioner Herendeen asked if the BTVStat meetings are open to the public. Mr. Kanarick will check and get back to Commissioner Herendeen.

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 8:19 p.m.

Attest:



Laurie Lemieux, Board Clerk