

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, December 13, 2023

The regular meeting of the Burlington Electric Commission was convened at 5:30 pm on Wednesday, December 13, 2023 at Burlington Electric Department at 585 Pine Street, Burlington, Vermont and virtually through Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Beth Anderson, Lara Bonn, Scott Moody, and Bethany Whitaker were present at the meeting. Commissioner Chagnon was absent from the meeting.

Staff members present at 585 Pine Street included Paul Alexander, Rodney Dollar, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Paul Nadeau, Paul Pikna, Darren Springer, and Emily Stebbins-Wheelock.

Staff members present via Microsoft Teams included Erica Ferland.

1. Agenda

There were no changes to the agenda.

2. November 8, 2023 Meeting Minutes

Commissioner Bonn made a motion to approve the minutes of the November 8, 2023 Commission Meeting; the motion was seconded by Commissioner Whitaker and approved by all Commissioners present.

3. Public Forum

No one from the public was present at the meeting.

4. Commissioners' Corner

Commissioner Whitaker asked Mr. Springer for his thoughts on the political changes anticipated when a new mayor is elected.

Mr. Springer stated that a number of City Council seats may change and the biggest thing to know from a utility standpoint is Mr. Springer's position of General Manager is a mayoral appointed position and his appointment runs through June 2024. No other BED staff positions are impacted.

The new mayor will decide whether or not to reappoint the department heads in place once she becomes mayor.

Mr. Springer stated that, while it is too early to understand the details, , some of the issues BED is working on could be topics of conversation under a new mayor. Who wins the mayoral race and how the City Council make-up changes could lead to different priorities.

5. GM Update

Mr. Springer stated that we are pleased that District Energy passed the City Council at its November 20 meeting. In the coming months we will be working on the energy service agreements with the customers and the District Energy non-profit. Mr. Springer noted that this step is needed before taking this through the permitting process. We issued an RFI for the wood chip dryer and other efficiency measures.

Mr. Springer stated that the Carbon Fee Ordinance also passed at the November 20 City Council meeting and will be implemented beginning on January 1, 2024.

Councilor Bergman introduced a resolution that was referred to the Transportation, Energy, Utilities Committee (TEUC) for consideration of having another ballot item that would be voted on during Town Meeting Day 2024. We raised concerns that we have not engaged in the type of process that we typically engaged in. Before the prior ballot item that led to the Carbon Fee Ordinance, we engaged in a 6½-month process that allowed us to work with stakeholders who would be affected. We attended all of the NPA meetings, shared ideas, and took feedback. We worked with the Building Electrification Institute to do different analyses of different building typologies using real-world data from our Energy Services Team to determine the impact of different options from capital and operating cost perspectives.

In addition, the proposed ballot language not only is limited to extending the current program to new buildings, but also would open the questions of which fuels qualify and what the fee should be for new construction and for buildings over 50,000 square feet, an issue that we just settled on November 20 and that is being implemented beginning January 1. Mr. Springer stated that he has concerns from a policy and planning stability, as well as from a practicality, standpoint of changing the rules so soon without having implementation experience. These questions have been referred to the TEUC and will be discussed at its next meeting.

Mr. Springer stated that BED's Charter Change for an increase in our line of credit was approved at the December 11 City Council Meeting. This change is to increase our credit line from \$5M to \$10M.

BED is doing a lot of work at the Public Utility Commission (PUC) to determine where our incentives will land for next year based on a new program that is replacing our Act 151 funding. Through the work of the Policy and Planning, Energy Services, and Finance teams, we will ensure

that there are no changes perceptible to our customers on January 1 and that incentives remain steady in all the key programs behind the scenes.

We are seeking a PUC order on this question in January that will provide clarity allowing us to reshape the incentives, add some new programs, and possibly make modifications to existing programs.

In the meantime, BED will fund existing incentives through our Tier 3 program while the PUC hopefully enacts an order on Act 44 funding by mid-January. For customers, there will be no disruption, and we will not be making any changes to our incentive programs in 2024. Instead, we will evaluate the PUC order when it comes, and look to make changes more towards spring 2024.

Earlier today, we had the last meeting of the Renewable Energy Standard Legislative Committee, a group of which BED has been a voting member. The group voted to adopt a report that characterized the discussions. The report has in its appendix legislation that was put forward and not adopted by the group but was an attempt by Legislative Council to capture some of the conversation. We would not necessarily be supportive of the legislation itself because it does not really capture all of the things that we are looking for, but we believe the issues we are looking for in that conversation are being discussed both inside and outside that committee with a number of different stakeholders. Mr. Springer does have some level of optimism that, assuming the process continues to work well, there could be a renewable energy standard bill this year that has broader support.

6. FY24 October Financials

Ms. Stebbins-Wheelock presented the October 2023 financial results.

The Department's net loss for the month of October was \$380K compared to a budgeted net loss of \$1M, which is \$641K better than budget.

Sales to customers were better than budget by \$270K or 6.8%. Other revenues, primarily EEU, were less than budget by \$54K.

Net power supply expense was favorable to budget by \$404K in October. Fuel expense was favorable to budget by \$458K, largely due to McNeil being offline in October. Purchased power expense was \$123K better than budget due to a combination of low energy prices, lower wind production, and lower Mystic charges partially offset by increased ISO-NE exchange expenses. Ms. Stebbins-Wheelock noted that underproduction from McNeil and wind contracts will result in decreased REC revenues during the second half of the fiscal year.

Other operating and maintenance expenses were favorable to budget by \$23K. Other income was favorable to budget by \$25K.

For FY24 to date, net income was \$2.2M compared to a budgeted net loss of \$118K or \$2.3M better than budget.

Capital spending for October YTD was \$2.1M or 19% of the budget for the year.

Operating cash at the end of October was \$11.4M compared to a budget of \$8.2M.

The debt service coverage ratio is 4.48, the adjusted debt service coverage ratio is 1.44, and the days cash on hand is 122.

7. Energy Assistance Program Permanent Rate Approval

Mr. Gibbons stated that BED has an energy assistance program (EAP) pilot rate that was issued under the pilot rate authority and will expire in February. This rate is a 12.5% discount to customers at or below 185% of the federal poverty level. We must file to make it a permanent tariff or the rate will expire and go away on February 1.

Mr. Gibbons stated that we are not changing the income eligibility requirement or the discount. We are requesting to convert the rate to a permanent one, and we are adding a couple methods of verifying customer eligibility that also require being at 185% of the federal poverty level. We are adding the potential for BED to opt people into the rate if we become aware of their eligibility rather than requiring the customer to take the action to call us. We are working to obtain a list of currently eligible customers who we can opt into the rate. Customer could opt out if they so choose.

Finally, we plan to put an affirmative obligation on customers to let us know if their conditions change for the better, thereby excluding them from the discount. Also, we would be able (not more than annually) to ask for reaffirmation.

We are requesting to advance this to a permanent rate with the minor changes discussed above for approval as a final tariff.

Commissioner Anderson made a motion to authorize the General Manager to modify the EAP pilot rate to permit additional income verification options, and to take any required actions to convert the modified EAP pilot rate to a permanent tariff; Commissioner Whitaker seconded the motion, which was approved by all Commissioners present.

8. McNeil 2024 Calendar Year Budget

Mr. Dollar and Mr. Pikna presented the McNeil 2024 Calendar Year (CY) Budget.

The draft CY24 expense budget is \$30,732,680 as compared to \$33,878,365 for the CY23 budget. The CY24 budget is approximately \$3,145,685 less than the approved CY23 budget. The decrease can be explained by a decrease in the fuel expense budget of \$2,925,940. In CY23, the wood tons

were budgeted for 397,691 tons and the price was \$40.00/ton for an annual average. In CY24, we have budgeted 397,700 tons with an annual average price of \$31.85/ton to accommodate the current wood chip market. The remaining expense budgeted decreased \$219,745 due to the fiscal year budget cuts.

The capital budget for CY24 is \$2,799,727 as compared to \$2,843,556 for the CY23 budget, a difference of \$43,829. The main reason for the decrease of our capital budget is due to fewer capital projects in the previous fiscal year budget.

Commissioner Whitaker made a motion to accept the budget as presented; the motion was seconded by Commissioner Bonn and approved by all Commissioners present.

9. SCADA/ADMS

Mr. Kasti stated that, at the November Commission meeting, we discussed the Advanced Distribution Management System (ADMS) project and informed the Commission that we would be presenting our vendor selection and asking for the Commission to vote to recommend that the City Council approve a Resolution authorizing BED to execute a series of agreements with BED's chosen vendor. We have selected Survalent Technology Inc. for our ADMS project and included in your packet a detailed memo describing the business need for this purchase, the vendor selection process, pricing, and the agreements BED would execute if so authorized by the City Council.

BED requested Commission approval, and Commission Bonn made a motion to recommend that the City Council approve a Resolution authorizing the General Manager of BED to execute with Survalent a Software License Agreement, a Sales/Implementation Services Agreement and a Support & Maintenance Agreement to purchase and receive associated implementation, support, and maintenance services for an Advanced Distribution Management System at fixed, not-to-exceed prices, subject to review and approval of the City Attorney's Office and subject to appropriations for each relevant fiscal year; the motion was seconded by Commissioner Anderson and approved by all Commissioners present.

10. Commissioners' Check-In

Commissioner Whitaker stated that we talked about street lighting at the end of last summer and about how the department would try to be more proactive with resident engagement and let customers know that updating street lighting was coming and asked if there was any progress on this.

Mr. Nadeau stated that most of our budget to perform streetlight replacement and maintenance work on BED's project list was exhausted for the year. We have addressed two street lighting projects recently, and neither is in a residential area. Once we start developing the FY25 street lighting plan, we will share it with the Commission. Also, once we have our plans in place, we will

communicate effectively with impacted Burlingtonians so that everybody will be well aware of our plans and any concerns can be addressed before projects begin.

Commissioner Whitaker made a motion to adjourn; the motion was seconded by Commissioner Bonn and approved by all Commissioners present.

The meeting of the Burlington Electric Commission adjourned at 6:16 p.m.

Attest:



Laurie Lemieux, Board Clerk