

*****DRAFT*****
MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, July 14, 2021, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:31 pm on Wednesday, July 14, 2021 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker participated via Microsoft Teams. Commissioner Whitaker left the meeting at 6:00 pm.

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

1. Election of Officers

Board Clerk Laurie Lemieux called the meeting to order at 5:31 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting, and the first order of business is to elect officers. The Board Clerk opened the floor for nominations for Chair of the Commission.

Commissioner Chagnon made a motion to nominate Commissioner Stebbins to continue serving as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Moody. The Board Clerk asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Gabrielle Stebbins by way of roll call.

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 Whitaker. Aye

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

Of the 5 members, 4 votes were cast in support of Commissioner Stebbins, with Commissioner Stebbins abstaining. Commissioner Stebbins was elected Chair of the Commission. At this time Ms.

Lemieux turned the meeting over to Chair Stebbins.

Commissioner Stebbins opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Chagnon made a motion to nominate Commissioner Moody to continue serving as Vice Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Herendeen. Commissioner Stebbins asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Scott Moody by way of roll call.

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.

Of the 5 members, 4 votes were cast in support of Commissioner Moody, with Commissioner Moody abstaining. Commissioner Moody was elected Vice Chair of the Commission.

Commissioner Chagnon nominated Laurie Lemieux as the Board Clerk for the Burlington Electric Commission; the nomination 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.

Of the 5 members, 5 votes were cast in support of Laurie Lemieux as the Board Clerk for the Burlington Electric Commission.

2. Agenda

There were no changes to the Agenda.

3. June 9, 2021 Meeting Minutes

Commissioner Herendeen made a motion to approve the minutes of the July 14, 2021 Commission Meeting; 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.

4. Public Forum

Mr. Jamie Hand was present for the meeting.

5. Commissioners' Corner

Commissioner Herendeen stated that it was great to see that the YMCA met the standards set by the energy efficiency model and that the YMCA now has received the full rebate. Also, Commissioner Herendeen stated that he was very impressed by the new updated Burlington Electric Department website and remarked that it is very user friendly.

Commissioner Stebbins thanked Mike Kanarick and the team for working with a resident regarding concerns with the utility poles surrounding their property, stating that there are a lot of regulations and requirements that are outside of BED's control, and customer requests are not always possible. Commissioner Stebbins further stated that she appreciated that the team worked with the customer to determine how to reposition the lighting so it was not directly falling on the property, but focused more on the road.

Mr. Kanarick stated that this was a team effort and thanked Andy Elliston, Enis Sehovic, and Munir Kasti in the Engineering Department for working with the residents to come to a resolution.

Commissioner Whitaker complimented the BED Team for the E-bike charging map which indicates where all the charging stations are in the City and stated that it is a great resource.

Typically, the Burlington Electric Commission does not meet in August, but Mr. Springer stated that we would benefit from having a meeting next month. Bringing a revenue bond to the voters in November will require approval by the Commission before presenting the bond to the City Council

for its approval in September or October. The BED Team would like to give the Commission enough time to provide feedback and input with an anticipated vote at the August meeting.

The Commissioners agreed, and Commissioner Stebbins and Mr. Springer will meet in early August to discuss budget and finance issues, allowing the August meeting to focus on the revenue bond.

During the August meeting, the Commission also may discuss how the Team wants to return to in-person or hybrid Commission Meetings in September depending on health and household vaccination status.

Commissioner Stebbins stated that the Commission packets are normally sent out a few days before the meeting and asked that, due to the important information scheduled for the August meeting, the packets be sent out with ample time to review and provide feedback.

Also, the revenue bond is extremely important, and Commissioner Stebbins asked Mr. Springer to give a brief update during his GM Update during this meeting.

6. GM Update

Mr. Springer stated that BED is sponsoring a night at the ballpark for customers who sign up for e-billing. When a customer signs up, BED provides them with 2 free Lake Monsters tickets plus \$10 in Monster Money to spend at the ballpark. When customers arrive at the park, they are directed to the BED tent so we can give them the ballpark cash and interact with our customers, sharing energy efficiency and Net Zero Energy information. The two ballgames from which customers can choose are on July 21 and July 29. Also on July 29, BED is hosting employee night at the ballpark. Mr. Springer invited the Commissioners who are interested in attending to please let Laurie Lemieux know, and she will arrange for tickets.

Effective July 6, BED offices are reopened for customers and all employees, and a new Remote Work Pilot Program is operational, allowing for remote work options for employees where applicable. During the Pilot, we'll evaluate different approaches to a hybrid office/remote work set-up, giving each division flexibility to design rotations and schedules that meet their needs. We'll document through employee surveys reduction in vehicle miles traveled and seek to lead by example given how important reduced driving was to our 2020 NZE Roadmap update results.

On July 8, Mayor Weinberger signed a new ordinance that will require new construction projects to include a primary heating system that is renewable, designed to meet at least 85 percent of the building's heating needs. Many renewable heating options would qualify, including heat pumps, geothermal, advanced wood heating, biodiesel, renewable gas, and district heating. This proposal was part of an effort from BED and Department of Permitting and Inspections to advance policy that is implementable now, while the broader Charter Change effort will resume next year in the Legislature. There is an exemption available for the ordinance if a building developer believes complying would be a hardship, but it will involve comparing the least expensive renewable option

compared to a conventional option (including a \$100 per ton carbon price) over a 25-year period for capital and operating.

The rate case was filed with the PUC, and the surcharge will appear on bills in August as planned. We anticipate the process will continue at the PUC throughout the remainder of 2021. July bills will include an insert letter from me explaining why we are pursuing a rate case, and an important message on the bill itself. We've also created a web landing page for the rate case and for customers to sign up for the energy assistance program.

District energy discussions continue on multiple fronts, including with the McNeil Joint Owners on a weekly basis. Ever-Green continues operational work with UVMMC, and VGS and BED are engaged in regulatory discussions. We had good news that, in response to our application, Senator Leahy has submitted a request for Congressionally directed funding to support district energy in Burlington as part of his requests for the Energy & Water Appropriations legislation. This is the first step in a legislative process, but if ultimately successful, this funding would be critical in helping to make the project even more economical and support the inclusion of an electric boiler to run at certain times when McNeil is offline, providing additional carbon reduction and fossil fuel reduction from the project.

Mr. Springer stated that we are in the process of assembling information for Moody's as part of the periodic review that it does for us. We have looked at the potential iterations of the revenue bond and will share with you the details that would accompany the request for consideration and vote. We are investigating whether we should look for authorization for a single amount or ask for funding in portions to help spread the spending over a longer period of time. We also are looking at BED's capacity to move some capital projects alongside our conventional capital project program, what the spending would look like, and what the workforce capacity would look like to move those projects forward. Also, incentives are included, and we are examining how we may be able to front load, through the revenue bond, some of the spending on Tier 3 incentives without it being a significant impact on a given year's budget because it will be repaid as part of a debt service model and align the revenues that return to us from these Tier 3 projects. Also included are the electric grid upgrades that would help us facilitate additional electrification, Mr. Kasti and Mr. Gibbons have been working on this dating back to the IRP. Also with the revenue bond, we would look at upgrading our technology systems due to their key role in our Net Zero initiatives.

Commissioner Herendeen asked if Mr. Springer had a rough dollar number for the revenue bond. Mr. Springer stated that we are looking at a range of \$15M on the lower end and perhaps as high as \$30M on the upper end. That \$30M likely would require multiple authorizations because of the way it works. You have a limited number of years in which to spend down the proceeds from a given revenue bond. In that case, we may be looking at a scenario that would stretch over a longer period of time, whereas if we did a single revenue bond, it might be a four-year period.

Mr. Springer stated that this is an overview of what the BED Team is considering and that there will be more detailed information forthcoming.

Mr. Gibbons stated that the solar test center at McNeil is moving into the permitting stage. There have been site visits with Encore and UVM, and Mr. Gibbons stated that UVM was also a recipient of funds secured by Senator Leahy related to research around that solar test center.

Mr. Springer wanted to recognize that there is a lot of important work going on, particularly in the Finance and Policy and Planning areas, including the revenue bond, the rate case filing, the audit, which is beginning, and the work for the Moody's periodic review. Those two areas in particular have a lot going on, and the teams are doing excellent work. Mr. Springer noted that this work is being done without a Finance Director, with Ms. Stebbins-Wheelock filling in as the acting director. Also, included in the monthly report, we announced that Sue Fritz will be leaving BED and moving on to a new position. We have posted for a new IT Director, and once we are farther along in that hiring process, we will post again for a Finance Director.

Ms. Stebbins-Wheelock stated that we posted for the Finance Director several months ago and decided at that time not to proceed with interviews based on the pool of applicants. We posted for this position in the middle of the pandemic, and we are unsure if we would have received a different response during a different point in time. We are hopeful that, as we are coming out of the pandemic and Vermont is doing very well, people now are thinking more about these types of positions, and we may have a different type of response for the Finance Director position.

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 May FY21. May ended with a net loss of \$596K compared to the budgeted net income of \$1,620M, largely due to the timing of REC revenues that were received in April instead of in May as budgeted.

On the revenue side, sales to customers were 3% or \$106K below budget due to COVID-19 impacts, and other revenues were \$45K less than budget. Power supply revenues were \$2.2M less than budget due to timing. Total power supply revenues for FY21 are forecast to be only \$55K less than budgeted, despite below-budget Winooski One generation.

Power supply expenses in May were under budget by \$184K. Transmission expenses were again higher than budget by \$76K. Operating expense in May was higher than budget by \$45K.

Other income was less than budget by \$32K due to less customer contributions to capital projects.

FY21 year-to-date, the Department reports an actual net income of \$1.3M compared to budget of \$2.3M, or \$992K less than budget.

As of May, the Department has spent 60% of the capital budget. Commissioner Stebbins commented that the capital spending level appears lower than is typically the case. Ms. Stebbins-Wheelock and Mr. Kasti responded that the Department has seen capital project delays and deferrals in part due to customer-driven decisions and in part due to supply chain challenges, which have delayed the arrival of materials and equipment necessary for some projects.

As of the 12 months ending May 2021, the Department has an operating cash balance of \$8.058M and 117 days cash on hand, the debt service coverage ratio is 4.05, and the adjusted debt service coverage ratio remains below target at 1.01.

Ms. Stebbins-Wheelock shared that the Department is currently forecasting to end FY21 at a net loss of approximately \$763K (including an estimated \$1M unbudgeted pension liability expense) and an ADSCR of 0.88. The Department ended FY21 with a strong cash position of 105 days cash on hand as of June 30, 2021.

2021-22 Strategic Direction

Mr. Springer reviewed the three changes from the Strategic Direction version that was discussed at the last meeting based on feedback from the Commission.

- Added the word “*sustainable*” in the Mission Statement;
- Replaced “*eventually eliminating fossil fuel usage*” to “*eliminating fossil fuel usage*” in the 2030 Vision Section;
- Added the statement “*customer and community-based projects*” in #1 under the section Innovate to Reach Net Zero Energy.

Commissioner Stebbins suggested changing this statement to “*customer-owned and community-based projects*” with the understanding that the Commission will continue to support the power supply team to continue looking at clean energy projects for Burlington Electric. The Commission agreed to making this change.

Commissioner Herendeen suggested changing the statement in #3 under section Strength Reliability to add the word “staff” in the “*Take steps to ensure reliable operations through succession planning*” which will read “*Take steps to ensure reliable operations through staff succession planning*”. The Commission agreed to making this change.

Noted at this time that Commissioner Whitaker left the meeting at 6:00 pm due to a prior commitment.

Commissioner Herendeen made a motion to adopt the 2021-22 Strategic Direction 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.

Commissioners' Check-In

There were no Commissioner check-ins.

Commissioner Moody made a motion to adjourn; the motion was seconded by Commissioner Chagnon.

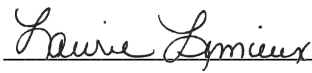
The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

The meeting of the Burlington Electric Commission adjourned at 6:56 p.m.

Attest:



Laurie Lemieux, Board Clerk