

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

Wednesday, September 13, 2023

The regular meeting of the Burlington Electric Commission was convened at 5:35 pm on Wednesday, September 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 Jim Chagnon, Robert Herendeen, Scott Moody, and Bethany Whitaker were present. Commissioner Lara Bond was absent.

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

Staff members present via Microsoft Teams included James Gibbons, David Cressy, and Amber Widmayer.

1. Agenda

The agenda was updated to reflect the following changes:

Added Item 6a. June Preliminary Financials

Cybersecurity Update was moved to Executive Session

Item 10. IRP Update was removed

Commissioner's Check-in was moved to immediately follow Item 9. Cybersecurity Update

2. July 12, 2023 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the July 12, 2023 Commission Meeting; the motion was seconded by Commissioner Whitaker and approved by all Commissioners present.

3. Public Forum

Mr. Peter MacAusland was present for the meeting.

4. Commissioners' Corner

Commissioner Herendeen stated that in the monthly report there was reference made to battery storage and asked Mr. Springer to elaborate. Mr. Springer stated that there is interest at the South Forty Solar Project to evaluate the economics of adding battery storage. In the past, we have had a few different opportunities where we tried to consider utility scale battery storage around the City. This proposal could be a good opportunity. We definitely are interested in evaluating, but battery storage must align for BED in terms of production opportunities, unless it's part of a microgrid with some resiliency component (unlikely in this case). We may be able to get some value from other services with peak production being the main one. It's possible that inflation reduction credits could create favorable economics.

5. GM Update

Mr. Springer stated that BED has proudly put in service the state's first electric bucket truck, which is now operating as part of our line crew fleet. The truck already has been out working in the community, and we are working through a couple minor issues with the chargers. Meanwhile we are able to charge the truck. The truck will be popular at a number of events, including our Net Zero Energy Festival and the REV Conference.

Line worker Ciaran Canavan did a great job at the press event explaining how the truck operates. He also conducted a bucket demo, extending the boom 60 feet into the air and explaining how the mechanics work. Ciaran shared that there are multiple batteries used to power the truck – one to drive the truck, a second battery to operate the bucket/boom system, and even a backup battery within the bucket in the unlikely event the bucket battery ran out of charge and a line worker needed a way to lower the bucket back down.

Our Net Zero Energy Festival 2023 will be September 23 with a rain date of September 24. We are excited to host our second annual event for the community, with fossil-fuel free food trucks, City Departments and the City EV fleet, touch-a-truck with our new electric bucket truck, EV test drives and e-bike test rides, solar and heat pump and other technology partner vendors, CHAMP from the Lake Monsters, the VEEP education program, an e-bike giveaway sponsored by VSECU and North Star Sports, an e-lawn trimmer giveaway sponsored by ACE Hardware, DJ and live music, and our first-ever NZE Award.

Mr. Springer stated that the carbon fee ordinance advanced from the TEUC Committee on August 15. We are waiting for the Ordinance Committee to hold a meeting to consider the Carbon Fee Ordinance. This meeting could happen as early as next week, but we are not sure if it will be one in a series of meetings or if the Committee will try to resolve everything at one meeting. Once the Committee does its work, then the Ordinance goes before the full City Council, with a goal to have it implemented for 2024.

We have had two successful Defeat the Peak runs so far this summer, with partners Old Spokes Home and Intervale Center, and a third upcoming with Age Well.

Mr. Springer stated that our customer bills contain both a FY23 and a FY24 line-item surcharge, as we await Public Utility Commission (PUC) action on last year's surcharge. The issue that's been holding us up is a resolution on the Moran Frame payments.

The Department of Public Service has been reasonably supportive of our position and PUC Counsel had raised concerns about prior negotiations around the Moran Frame and how those impacted this current arrangement.

At the September 7, 2023 oral argument, our attorney Bill Ellis represented BED, and we're now waiting to get resolution so we can include the FY23 rate case as part of our current rates as opposed to a separate line-item surcharge.

Typically, we would have only one line-item surcharge on a bill at a given time, but the FY23 rate case is still pending.. Mr. Springer will keep the Commission updated.

Mr. Springer stated that the panels are going in today at the McNeil solar test center, and we soon will establish a commissioning date. Once the date has been decided, Mike Kanarick will inform the Commission.

6a. Preliminary FY23 June Financials

Ms. Stebbins-Wheelock reviewed the June FY23 unaudited preliminary results, which were included in the packet that the Commission received in August. Ms. Stebbins-Wheelock noted that these numbers are subject to change as the Department finalizes its financial statements for FY23. The preliminary results show a positive net income of \$3.24 million, driven in large part by the adjustment in purchase power expense to create a regulatory asset of \$4.162 million for lost excess winter energy revenue and amortize it over 8 years. The Department has sought PUC approval of this regulatory accounting treatment in the 2023 rate case filing. The Department spent about 88% of its total FY23 capital budget; production capital expenses were higher than budget due to gas turbine repairs that were unanticipated. Timing of work affected expenditures on other projects. As was reported at the June meeting, the Department ended FY23 with \$4.463M in operating cash, which was about \$217K less than we had budgeted to begin FY24 with. The preliminary Moody's rating factors for June 2023 are an adjusted debt service coverage ratio of 1.28 and 93 days cash on hand. The cash on hand number improved because operating expenses decreased due to the adjustment for the winter energy revenues.

6. FY24 July Financials

Ms. Stebbins-Wheelock presented the July 2023 financial results. July's results were positive due primarily to a combination of warmer than normal weather, strong McNeil and Winooski One

production, and relatively strong energy prices.

The Department's net income for the month of July was \$284K compared to a budgeted net loss of 312K, which is \$596K better than budget.

Sales to customers was better than budget by \$67K or 1.3%. Other revenues, primarily EEU, were less than budget by \$204K.

Net power supply expense was favorable to budget by \$289K in July. Fuel expense was unfavorable to budget by \$296K because McNeil production was 29% over budget and the wood price was 7% over budget. Purchased power expense was \$488K better than budget due to lower than budgeted wind production and sale of excess energy to ISO-NE partially offset by lower forward reserve revenue caused by the Gas Turbine being offline. Transmission expenses were \$97K favorable to budget.

Other operating and maintenance expenses were favorable to budget by \$426K due to timing of EEU rebates and outside services expenditures.

Capital spending for July was \$1.1M or 10% for the year. The month's capital expenditures include the total cost of the new electric bucket truck, which will be partially offset from State grant proceeds.

Operating cash at the end of July was \$4.8M compared to a budget of \$4.9M.

The debt service coverage ratio is 4.25, the adjusted debt service coverage ratio is 1.48, and the days cash on hand is 102.

7. District Heat Update

Mr. Springer stated that we originally had planned to have a work session at the City Council as early as September, but we've asked to move that back to October 10. The additional time will allow us to conclude the discussions around the potential terms, the project, the economics, and the financials with the UVM Medical Center.

We have been visiting a number of the NPAs in response to requests to discuss district heat.

We also hosted a district energy webinar yesterday with panelists, including Rob Thorton, President of the International District Energy Association, Markus Paulsson from Lund, Sweden, Peter Cherry from Dalhousie University in Halifax, Nova Scotia, and Ken Smith from St. Paul, Minnesota. The event was moderated by Linda McGinnis, who is a South Burlington resident and has done energy work for both Governor Shumlin and Scott, and also for the Obama administration.

The webinar allowed for an interesting presentation of how other district energy systems operate. Although they are not identical to the model we're contemplating, they all use biomass with district heat and, in some cases, a combined heat and power application.

We have posted three Q&A documents on our website covering McNeil economics, district energy itself, and climate and forestry as they relate to McNeil. Also, we have responded to comments we've heard in the community in an effort to provide additional information.

We are looking to hold a City Council work sessions on October 10 and, if we reach a point in the next several weeks where we get a "project go," we will try to move the project forward through the City Council process. Mr. Springer stated that we are anticipating presenting at our October Commission meeting an agenda item with a full proposal and asking for a potential vote prior to moving the item through the Council process.

Commissioner Whitaker stated that this is a complex topic and agrees that most of the community is not engaged on this topic, despite BED's efforts. Not everyone attends an NPA meeting and not everyone is going to attend a webinar, and unfortunately many people in the community are not even aware that we're looking at district energy or that there's any potential debate around it, good or bad.

Mr. Springer stated that, he feels if our district energy proposal moves to the Council, BED will have a unique opportunity to focus the discussion and present the project in as clear and concise a way as possible.

Mr. Springer stated that, in preparation for the NPA presentations, he has developed 10 slides and will share this presentation with the Commission.

8. Public EV Charger Deployment Plan

Ms. Stebbins-Wheelock and Mr. Nadeau presented a PowerPoint presentation on Public EV Charger Deployment based on several months of work by a team of BED employees. BED has been deploying EV Chargers since 2013. With the adoption of the Net Zero Roadmap and the issuance of the 2022 Net Zero revenue bond, we identified the need to have a long-term plan for the number and locations of future EV chargers in the City. This group was formed to develop these recommendations. This presentation was also the basis for the application we submitted for a U.S. Department of Transportation grant to fund EV charging deployment.

The process that was followed included:

- Projecting the number of EV chargers needed over the next 5-7 years;
- Developing criteria for ranking and prioritizing the installation sites;
- Using the criteria to rank and score the City's major neighborhoods;
- Brainstorming a list of possible EV charger locations;

- Plotting the preferred locations on a map;
- Using the map to identify gaps, considering income by census tract, locations of current chargers, housing density, commercial property density, and locations of subsidized multifamily housing.

The next slide showed the results of a regression model developed by Freddie Hall in Policy & Planning, which assumes growth of EVs of approximately 25% per year and indicates the percentages of Level 2 and Level 3 chargers in the commercial and residential areas and the number of ports the Department will install each year.

The group then looked at site selection based on the following criteria:

Commercial Locations (DCFC/Level 2)

- Number of visits per year
- Multimodal transportation proximity
- Amenities/Touristy
- High load factor
- Ability for expansion
- Cost

Residential/Community Locations (Level 2/Level 1 by exception)

- Housing density proximity
- Justice40/DAC census tracts/BIPOC
- Partnerships with location organizations
- Multimodal transportation proximity
- Community preference
- Lighting
- No site access limits – no fees/permits required

The next series of slides showed the results of the analysis to identify recommended EV charging sites by City neighborhood:

- Downtown
- Waterfront
- Old North End
- New North End
- East End/Student Neighborhood
- South End

Ms. Stebbins-Wheelock closed the presentation by stating that BED is seeking US DOT funding for this plan through 2030, which includes a total of 200 charging ports at a cost of \$6.6M. If we are awarded the grant, BED will be responsible for a 20% cost share, approximately \$1.3M.

8a. Commissioners' Check-In

Commissioner Whitaker asked if the Department knows what streets it will be changing the lighting next year? She added that it makes sense to communicate proactively about upcoming streetlighting updates so we may engage in community conversations before problems arise. Commissioner Whitaker suggested that, at the November or December Commission meeting, it would be beneficial to talk about a community engagement plan for March or April before installations in June and July.

Based on upcoming agenda items in October, this would be an agenda item in November or December.

9. Cybersecurity Update

Mr. Springer stated that it's good practice for the Department to regularly update the Commission on cyber security practices, issues, and items and to let the Commission know what our team is working on to be proactive.

Mr. Springer applauded Ms. Ferland's leadership and her team on this cybersecurity issue and stated that they have been incredibly dedicated and proactive.

Due to the sensitive nature of this topic, we recommend that this discussion take place in Executive Session.

At this time, the Commission will enter into Executive Session to discuss updates on BED's Cybersecurity plan.

Commissioner Whitaker made a motion that premature general public knowledge regarding Burlington Electric Department's BED's Cybersecurity update would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

Commissioner Chagnon made a motion to enter into Executive Session with Burlington Electric Department Staff to discuss BED's Cybersecurity update, under the provisions of Title 1, Section 313(a) (1)(A) of the Vermont Statutes; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Herendeen made a motion to enter into Executive at 6:49 pm with Burlington Electric Department staff to discuss BED's Cybersecurity update; the motion was seconded by Commissioner Chagnon and approved by all Commissions present.

Commission Herendeen made a motion to exit Executive Session at 7:15 pm; the motion was

seconded by Commission Whitaker and approved by all Commissioners present.

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

The meeting of the Burlington Electric Commission adjourned at 7:15 p.m.

Attest:



Laurie Lemieux, Board Clerk