

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

Wednesday, December 8, 2021, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:32 pm on Wednesday, December 8, 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.

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

1. Agenda

There were no changes to the Agenda.

2. October 27, 2021 Special Meeting Minutes and November 10, 2021 Meeting Minutes

Commissioner Chagnon made a motion to approve the minutes of the October 27, 2021 Commission Meeting; 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. Abstained
Commissioner Moody. Abstained
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Commissioners Herendeen and Moody abstained from the vote as they were not present for the October 27, 2021 Special Commission Meeting.

Commissioner Herendeen made a motion to approve the minutes of the November 10, 2021 Commission Meeting; 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. Abstained
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Chagnon abstained from the vote as he was not present for the November 10, 2021 Commission Meeting.

At this time, Commissioner Whitaker left the meeting due to a prior commitment.

3. Public Forum

Present for the meeting were Mr. Thomas Melloni, Esq. and Ms. Kathy Zhou, Esq. both from the Paul, Frank, and Collins law firm.

4. Commissioners' Corner

Commissioner Herendeen congratulated the BED Team for all its hard work on the Net Zero Energy Revenue Bond, which was passed by Burlington voters by an overwhelmingly large margin.

Mr. Springer stated that BED is very proud of the results of the Net Zero Energy Revenue Bond. It is a testament to the entire BED Team and organization that there is continued confidence from the community and the investments that were proposed. The Department is grateful to the community for all the support.

5. GM Update

Mr. Springer stated that BED is partnering with CarShare Vermont and Champlain Housing Trust on a proposal to VLITE that will be considered in December to add two new electric vehicles to the CarShare fleet in Burlington, one of which will be located near the Family Room in the Old North End. The proposal includes dedicated charging for the CarShare EVs, and an additional public charger in the Old North End that would expand access to charging for residents.

Mr. Springer stated that we continue to have a number of discussions about a Burlington District Energy System. BED, VGS, and Ever-Green will meet with UVM and UVMC as we work to wrap up Phase 3 of the feasibility work. During Phase 3, to-date, we have worked with the McNeil Joint

Owners to reach an agreement in principle on a McNeil term sheet, performed extended testing at McNeil to ensure that we can accommodate district energy operationally, had a third-party engineering design review for UVMMC, and further refined the project's financials.

An agriculture subcommittee of the Vermont Climate Council had proposed, without consensus, some recommendations that would jeopardize our ability to pursue district energy and could even lead to a forced shutdown of existing wood-chip plants in Vermont. BED, GMP, VPPSA, and IBEW sent a letter outlining our serious concerns with both the process and the substance. Ultimately, the full Council took a straw poll vote on the language showing that there it did not have support; so the Council tabled the recommendations, and the Council's Cross-sector Mitigation Subcommittee, which includes energy sector representation, now will engage further on this issue. We will continue to monitor and engage on this issue.

Commissioner Stebbins asked Mr. Springer to update the Commission on the various open positions at the Department and the progress being made to fill these positions.

Mr. Springer stated that the Department has made a successful offer to bring on a Finance Director, who we anticipate will start work in January. Mr. Springer stated that we are unable to announce the individual's name as of yet but will soon do so. Ms. Stebbins-Wheelock has been leading a number of IT Team search processes, and we are in the process of making offers. There have been challenges from a workforce standpoint, as we have had several turnovers in certain areas. We have potential candidates who are considering moving to Vermont from other states. The City currently is considering a long-term, remote work policy that may help support our recruitment and retention efforts. Hopefully in January or February, we will have additional employees on board and introductions to make.

Commissioner Stebbins stated that she was glad to see arrearages are starting to come down and asked if the Department is seeing uptake with the VCAAP and VERAP programs and if there was anything more that can be done to close the gap by helping customers connect with available opportunities.

Mr. Springer stated that we had around \$500K total of assistance that's been provided through VCAAP and VERAP, the program supporting income-qualified renters with electric utility relief. VCAAP closed in October, although there are a few lingering applications in process where we may have further reimbursement coming to BED. VERAP will continue through the fiscal year, and perhaps even longer depending on the funding. There also may be additional assistance for income-qualified homeowners as opposed to renters, perhaps through a VHFA program that may be coming soon. Our Customer Care Team is working hard to move customers through the process with the various state programs.

Mr. Springer stated that we were able to successfully achieve the ARPA funding allocation from the City and that we have the ARPA funding in reserve and, as we move through the state programs, our hope is to apply the ARPA funding, prior to the end of FY22 to help clear what remains of the

arrears at that point.

Commissioner Stebbins also asked for an update on the rental weatherization ordinance.

Mr. Springer stated that our team has been working on energy services with VGS to identify which joint customers would need to comply with the ordinance. The ordinance, as passed, focuses on creating groups based on highest energy use buildings. There are groups of buildings that are below a certain energy use threshold that are not likely to be subject to the ordinance. Our team, along with the permitting team, has identified the buildings that will need to comply and will let them know that they are subject to the ordinance and should get into the queue for weatherization assistance service and that there will be added incentives available through programs offered by BED and VGS.

Commissioner Stebbins asked about vehicle-to-grid technology vendors and stated that her interest comes from the huge potential for the creative use of electricity that is sitting in EV batteries.

Mr. Gibbons stated that the problem to consider is the impact on the EV and the warranty of using it in ways to back up the grid. Mr. Gibbons stated that he would reach out to his team members Freddie Hall and Casey Lamont to provide the Commission with more information.

6. FY22 October Financials

Ms. Stebbins-Wheelock reviewed the analysis of the deviation of sales to customers compared to pre-COVID levels through October 2021. Sales to customers in September and October 2021 were down 2% overall, with residential sales increased 3% and commercial sales decreased 3%, respectively, compared to pre-COVID levels. The variation from typical pre-COVID levels this fall has been less than that seen during most previous months during the pandemic.

Ms. Stebbins-Wheelock reviewed the budget-versus-actual results for the month of October FY22. On the revenue side, actual sales to customers were unfavorable to budget by \$41K. Residential sales were up \$57K and commercial sales were down \$100K. Other revenues were down \$26K compared to budget. Ms. Stebbins-Wheelock stated that the financial packet presented to the Commission has been enhanced to include two new graphs showing cooling degree days (actual versus budget) and heating degree days (actual versus budget) instead of the average monthly temperature graphs that were provided previously. The Department's load forecasting and financial analysis staff felt that these graphs give a more nuanced picture of actual vs predicted weather and this variance's relationship to electric sales.

Net power supply expenses were down \$156K, with purchased power savings of \$564K offsetting unfavorable variances in fuel and transmission expenses. Other operating expenses were essentially on budget. Other income was \$227K under budget for October, mostly due to customer contributions not arriving as planned.

For FY22 year-to-date, the Department ends the month with a negative variance of \$617K vs. budget. Ms. Stebbins-Wheelock stated that the year-to-date results are worse than was reported to the Commission in November due to an error in the September FY22 financial results as reported. We reported that September FY22 sales were significantly better than budget, but we had not concluded all of our external financial reporting at that time. In the process of conducting that reporting, the Finance and Accounting team discovered that September 2021 sales had been overstated by approximately \$600K. The error was caused by a mistake in the monthly estimation of unbilled revenue that we perform to account for the electricity that has been delivered but not yet billed for that month, depending on where the billing cycle falls against the close of the accounting period.

As of October, the Department has spent 18% of the FY22 capital budget and has an operating cash balance of \$9.2M or 108 days cash on hand. The debt service coverage ratio is 4.29 and the adjusted debt service coverage ratio is 1.10.

7. Revenue Bond Reimbursement Resolution

Ms. Stebbins-Wheelock stated that with Burlington voters' approval of the revenue bond on December 7, the BED Finance team has begun working with the City and its bond counsel, Mr. Thomas Melloni and his colleagues at Paul, Frank & Collins, to prepare for bond issuance. The proposed City Council resolution will enable the Department to begin working on capital projects that will be funded with bond proceeds in advance of the bond being issued. This will enable BED to reimburse itself from the bond funds after issuance.

Mr. Melloni stated that the resolution submitted for consideration is to comply with federal tax law that allows BED to expend funds on hand now for the capital projects with an expectation that the Department will be reimbursed when it issues the tax-exempt bond, which is expected to be in the spring of 2022. The requirement under the tax regulation is that the issuer declare "official intent" that it expects to reimburse itself. This rule is imposed by the IRS to prevent a municipality, state, or local government from issuing bonds today for a project that was completed years ago and using the cash on hand.

Mr. Melloni continued that it is expected that this resolution will be presented to the Board of Finance and then the City Council on December 13, because those bodies ultimately have approval for the incurrence of indebtedness. It was determined that a two-step process be followed, and the resolution would be presented to the Board of Electric Commissioners for its approval prior to the vote of the City Council.

Commissioner Herendeen made a motion to advance the resolution as presented to the Board of Finance and City Council; the motion was seconded by Commissioner Stebbins.

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.

8. McNeil Station 2022 Calendar Budget

The draft CY22 expense budget is \$28,531,577 as compared to \$27,165,763 for the CY21 budget. The CY22 budget is approximately \$1,365,814 more than the approved CY21 budget. The increase can be explained by an increase in the fuel expense budget of \$584,812. In CY21, the wood tons were budgeted at 419,085 tons, and the price per ton was at \$27.85/ton for an annual average, in CY22, we have budgeted 420,232 tons with a price per ton annual average of \$28.00/ton to accommodate the current wood chip market. The remaining expense budgeted increase of \$781,002 is due to the rising cost of materials and labor, planned CY22 annual overhaul, and raising property taxes.

The capital budget for CY22 is \$2,061,391, as compared to CY21 was \$1,552,328 for a difference of \$509,063. The main reason for the increase of our capital budget is that we did not have an annual overhaul in CY21 due to COVID. We last had an overhaul in September of 2020, our next overhaul has been approved by ISO NE to start on April 23, 2022.

Commissioner Herendeen made a motion to accept the budget as presented; 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.

9. Commissioners' Check-In

No Commissioners offered any items for check-in.

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

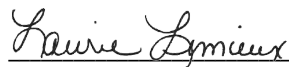
The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

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 6:42 p.m.

Attest:



Laurie Lemieux, Board Clerk