

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, October 10, 2018 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:31 p.m. on Wednesday, October 10, 2018 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Jim Chagnon, Sabina Haskell, Bob Herendeen, Scott Moody, and Gabrielle Stebbins.

Staff members present included Paul Alexander, Mike Flora, James Gibbons, Mike Kanarick, Munir Kast, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Dave MacDonnell, Jim Reardon, Darren Springer, and Destenie Vital.

Channel 17 was present to record this meeting.

Commissioner Stebbins began the meeting by thanking Mr. Alexander for his support and patience in balancing multiple jobs and stepping up as Interim General Manager and also welcomed Mr. Springer in his new role of Acting General Manager.

1. Agenda

There were no changes to the Agenda.

2. September 12, 2018 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the September 12, 2018 Commission meeting; the motion was seconded by Commissioner Chagnon and approved by all members present.

3. Public Forum

There was no one present from the public.

4. Commissioners' Corner

Commissioner Herendeen thanked Mr. Springer for meeting last week and thanked Mr. Gibbons for the meeting regarding Defeat the Peak. Commissioner Herendeen also stated that Mr. Casey Lamont provided very helpful information regarding the output of the South Forty Solar Farm.

5. Acting General Manager's Update

Mr. Springer thanked Mr. Alexander for serving as Interim General Manager and informed the Commission that Mr. Alexander will serve as Interim Manager of Strategy and Innovation until the position is filled.

Mr. Springer stated that Mr. Kanarick, along with the Customer Care Team, will be sending letters to net metering customers to explain rule modifications to the state's net metering program as set forth by the Vermont Public Utility Commission (PUC), as well as program updates from BED, that will result in billing

changes. BED was delayed in implementing these rule changes based on the Department's work on upgrading the billing, customer information, and meter data management systems. Mr. Springer explained that customers who installed their net metering systems pre-January 2017 will not see much change in terms of the compensation structure if the customers are in the first 10 years of service. Customers who installed their net metering systems post-January 1, 2017 will see a reduction in compensation as Burlington Electric transitions to the new rules. In addition to the letters, the Customer Care team will update the BED website to inform our customers of these changes.

Mr. Springer informed the Commission that BED will not be pursuing the strategic partner membership with VPPSA due to an issue that may get worked out in the future. However, BED is moving forward with the update to the current structure regarding BED's and VPPSA's sharing of staff and resources. The Department is working on the ability to do bi-directional billing and quarterly tracking and will continue to provide the Commission with updates.

The Department has received many qualified submissions for the Net Zero Roadmap, and those submissions have been internally scored by the BED team. This Team is in the process of narrowing down those submissions to a set of finalists and then selecting a consultant within the next couple weeks. Once the finalist is selected, BED will hold meetings with other stakeholder partners in this effort, including City Departments, Vermont Gas Systems, and the Chittenden County Regional Planning Commission. Once a finalist is selected, Mr. Springer will provide an update to the Commission.

Commissioner Stebbins suggested that members of the Commission be involved in the kick-off meeting, if possible. Mr. Springer stated that the finalist could either come to a Commission meeting or participate by phone.

Commissioner Moody noticed in the monthly highlights that the number of disconnects for lack of payment jumped considerably over the last month and wondered if there was a specific reason. Mr. Kanarick stated that he will take a look at the numbers for the last few months and for September 2017 to determine why the September 2018 number increased and will follow up with the Commission.

Due to computer technical difficulties, the Commission proceeded with Agenda item 6.

6. E-Bike Program: BED Rebates for Electric Bikes

Commissioner Stebbins stated that a request was made by Commissioner Herendeen to bring this discussion to the Commission because Burlington Electric does provide rebates for E-Bikes.

Commissioner Herendeen voiced support for E-Bikes on roadways and bike lanes, but has concerns regarding electric bikes on the Burlington Bike Path/Greenway. Commissioner Herendeen stated that there is uncertainty and lack of specificity in the process of defining E-Bikes. Commissioner Herendeen stated that the City does not have a true definition of what an "electric bike" is and the Parks and Rec. Department presently is working on this definition. State regulation states that anything under 1,000 watts and 1.3 hp with an upper limit of 20 mph is legally not a motor vehicle. However, some of the statements on the BED website indicate that E-Bikes can exceed 20 mph and state that the conversion kits may allow for higher speeds or pedal-free operation. Given all the uncertainty surrounding E-Bikes, Commissioner Herendeen feels it's important for BED to consider what product is being subsidized.

Commissioner Stebbins agreed to put this item on the Agenda because BED is providing rebates and, if Commissioner Herendeen is requesting changing support for E-Bikes, then such a change would need to

come before the Commission for a vote. Commissioner Stebbins stated that this is an issue that does need to be addressed by other City Departments and divisions, but if there is language on the BED website that is directing people towards a certain behavior, then the website should be examined.

Mr. Gibbons stated that the E-Bike program is the most popular Tier III program at Burlington Electric and that the Department has processed 53 E-Bike incentives to date. Mr. Gibbons stated that the speed of an E-Bike is a concern and definitely comes down to etiquette, rules, and following the rules, and does not feel that the Department is in a position to enforce the rules. Mr. Gibbons stated that these concerns should not warrant discontinuing the program. Mr. Gibbons also stated that the Department has received requests from other utilities that want to replicate this program because it's one of the more unique programs in the country and that it would be unfortunate to send a message that BED is pulling back on the program when other utilities are reaching out.

Commissioner Herendeen stated that the language on BED's website indicates that some E-Bikes offer a throttle button and no pedaling is needed and also talks about conversions. Commissioner Herendeen did not ask for a vote now, but supported further consideration to be determined.

Commissioner Stebbins asked Commissioner Herendeen to reach out to the City to find out what the timing is on making a decision regarding E-Bikes.

Mr. Gibbons stated that the Department will clarify the website language that states Burlington Electric will only incentivize electric assist E-Bikes, will provide Commissioner Herendeen with the Tier III calculations, will remove the language on the website that speaks to non-electric assist E-Bikes and ensure that it is consistent with the Tier III tag and bring back a proposal that makes it clear that BED is only incentivizing electric assist bikes.

At this time the meeting continued with the Financial Report:

Finance

Jim Reardon, Director of Finance and Administration, presented a brief review of August year-to-date financial results.

Mr. Reardon stated that BED is relatively on target year-to-date for both Operating Income and Net Income. While Total Expenses are \$720,000 higher than planned, it is offset by Operating Revenues exceeding target by \$789,000. The favorable variance of \$318,000 in Sales to customers is due to average temperatures above normal in July and August. Other Revenues are down \$137,000 due to Energy Efficiency Program costs reimbursements less than planned. Power Supply Revenues are higher than planned for the month due to REC (Renewable Energy Certificates) sales budgeted in July but completed in August. Power Supply Revenues year-to-date is up \$607,000 due to higher priced REC sales being completed first.

Power Supply Expenses are up due to higher sales and Winooski One production below budget, thus causing BED to purchase more power from the ISO New England Exchange. The favorable variance in Operating Expenses of \$718,000 appears to be largely due to timing. The budget assumed a COLA (Costs Of Living Adjustment) for union and non-union employees. The COLA for IBEW (International Brotherhood of Electrical Workers) employees was put in place in September and retroactive to July 1, 2018. There has been no COLA adjustment for non-union employees to date. Other timing issues include various equipment maintenance items for Winooski One, technical services for the McNeil Plant, RPS Compliance (Tier 3), City of Burlington Indirect Costs for July and August paid in September, 2018 and customer driven Energy Efficiency Projects. The favorable variance in Depreciation and Amortization of \$155,000 is largely due to amortization expense of software that was inadvertently budgeted in Fiscal Year

2019, but was fully amortized at the end of Fiscal Year 2018. The sale of BED's ownership interest in Highgate budgeted in August has been delayed.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ended September 30, Capital spending is 9% (\$932,000) of the \$10,045,000 budgeted for FY 2019. Year-to-date, we are underspent relative to the budget through September 30, 2018 by \$690,000. Most of the underspending to date is due to the timing of projects.

On Cash and Investments, BED closed September with \$10.1 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is \$5.3 million less than what is projected in the budget. This is all due to timing. We have budgeted the sale of Highgate in August for \$3,570,000 and proceeds from the GOB (General Obligation Bond) of \$3,000,000 in July. Had these two events occurred when budgeted, we would be approximately \$1.3 million above the September ending cash projection of \$15.4 million.

As in previous months, the current Rating Factors are not in line to meet an "A" bond rating. The "Adjusted Debt Service Coverage Ratio" at September 30 is 1.34 compared to a benchmark for "A" of 1.50. This is largely due to lower Operating Revenues.

7. Amendment to Agreement of May 5, 1983 between City of Burlington and Shelburne Limestone

Ms. Lesnikoski stated that, when McNeil was built, the Public Utility Commission required that 75% of the fuel be delivered by rail. Shelburne Limestone has operated the rail yard since 1983, and BED has had a contract with them since that time. This is the 10th amendment to this 3-year contract agreement. For the period beginning January 1, 2019, the rate will be \$3.20 per ton of woodchips, the rate for 2020 will be \$3.26 per ton of woodchips, and the rate for 2021 will be \$3.30 per ton of woodchips. This formulation equates to a 3% increase over 3 years.

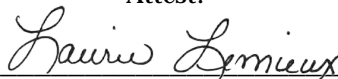
Commissioner Haskell made a motion to approve the 10th amendment to the agreement of May 5, 1983 between the City of Burlington and Shelburne Limestone; this motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

8. Commissioners' Check-In

There were no Commissioner Check-ins at this time.

Commissioner Moody moved to adjourn the meeting at 6:21 p.m. This motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Attest:



Laurie Lemieux, Board Clerk