

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

Wednesday, October 14, 2020, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:30 pm on Wednesday, October 14, 2020 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 via Microsoft Teams included Darren Springer, Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Betsy Lesnikoski, Dave MacDonnell, Andrea McNeil, and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. September 9, 2020 Meeting Minutes

Commissioner Herendeen made a motion to approve the minutes of the September 9, 2020 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. Aye
Commissioner Moody. Aye
Commissioner Whitaker. Aye

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

3. KPMG Audit Presentation

Ms. McNeil provided a brief update on the FY20 financial results. Ms. McNeil reminded the Commission that the preliminary unaudited FY20 financial results were presented at the August Commission meeting and an update was provided at the September Commission meeting. At the time of the September Commission meeting, the Department was projecting a net loss of \$1.2 million and two open journal entries. The open journal entries related to other post-employment

benefits and recording a regulatory asset for which BED received an accounting order. Ms. McNeil stated that both those entries have now been recorded which now results in a net loss of \$972,000 for FY20. Ms. McNeil then invited KPMG to give their presentation.

KPMG reported that the audit opinion would be an unmodified opinion and no new accounting policies were adopted or implemented during FY20.

KPMG stated that: 1) there were no significant or unusual transactions identified during the audit; 2) there were no uncorrected audit differences identified; 3) there were no corrected audit differences identified; 4) there are no non-GAAP policies for which the effect would have a material impact on the FY20 financial statements; 5) there are no matters to communicate regarding material weakness or significant deficiencies; 6) there were no disagreements with management; and 7) there were no significant changes to the risk assessment and audit strategy.

KPMG reviewed the areas of emphasis in the audit results which include Accounts Receivable and Revenue, Cash and Investments, Utility Plant in Service and Debt, Expenses and Inventory, Pension and Postretirement Plans, conformity with GAAP, and consistency with industry practices. KPMG stated that there are no matters to report.

KPMG stated a required management representation letter will be obtained once all KPMG procedures are performed and prior to the issuance of the audit.

The best practice following an audit report is for the Commission to call an Executive Session to review any issues that auditors may not feel comfortable discussing with management present.

Commissioner Whitaker moved to find that premature general public knowledge of KPMG's evaluation of BED's management with the Commission would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313, Subsections (a) (1) and (a) (3) of the Vermont Statutes, because such information may risk contractual relationships with BED counter-parties in the regular sale and purchase of energy and is considered an evaluation of BED personnel. 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 Whitaker. Aye

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

Commissioner Herendeen moved that the Commission enter into Executive Session to discuss the

KPMG information with the Commission under the provisions of Title 1, Section 313, subsection (a)(1)(A) of the Vermont Statutes. This 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. Aye
Commissioner Moody. Aye
Commissioner Whitaker. Aye

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

The Commission moved into Executive Session at 5:55 p.m.

Commissioner Herendeen made a motion to exit Executive Session at 6:06 p.m. This motion was seconded by Commissioner Whitaker.

The Commission Vice Chair 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.

Commissioner Herendeen made a motion to accept the KPMG audit report. This 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. Aye
Commissioner Moody. Aye
Commissioner Whitaker. Aye

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

4. Public Forum

No one from the public was present via Microsoft Teams.

5. Commissioners' Corner

Commissioner Herendeen thanked Mr. Gibbons and Commissioner Stebbins for the discussion regarding McNeil Station and the Department's general policies. Commissioner Herendeen stated that his questions were answered.

Commissioner Herendeen stated that he was very impressed with the Mayor's press release regarding Net Zero Energy on October 6 and more importantly the section on \$100 per ton and the CO2 equivalent that is being folded into policy. Commissioner Herendeen also took a more in depth look at the July PowerPoint presentation and thinks this is really great work.

Commissioner Herendeen stated that the Net Zero logo needs to include a human being and brought this concern up at a previous meeting, Commissioner Whitaker concurs that the change to the logo needs to happen. Mr. Kanarick will work with Mr. Rabin to change the Net Zero Logo.

6. GM Update

Mr. Springer stated that BED is working in collaboration with Planning and the Department of Permitting and Inspections and is proposing a new policy to the City Council which will be considered by the Ordinance Committee. The proposal would apply to new buildings and require that if they are connecting to fossil fuel infrastructure that they pay a carbon fee of \$100 per ton based on the projected emissions of the building. The building would also be required to be built "electric ready" with adequate service, panel size, and pre-wiring to accommodate future electrification such as heat pumps.

The Governor has signed S.337, and BED is now working with DPS and PUC on proposing new programs under this pilot authority to reduce greenhouse gas emissions in the thermal and transportation sectors, utilizing EEU funds. This could include new upstream EV incentives that focus on prioritizing higher MPGe vehicles, additional efforts to support auto dealers with EV infrastructure and sales staff training, and possibly continuing certain green stimulus incentives that have been demonstrated successful in moving the market such as the enhanced heat pump incentive.

Mr. Springer stated that the McNeil Outage is complete, and the plant is back online. The Department appreciates the hard work of the team to conduct the outage work safely during the pandemic, managing external contractors as well.

Mr. Springer stated that the first week of October was Drive Electric Week, and BED provided a "Let's Talk EVs Webinar" for interested customers and also conducted an EV survey which has generated approximately 200 responses. Also, BED hosted a guest speaker from SmartColumbus to talk about their work accelerating EV adoption in Columbus, Ohio, and are considering lessons

learned from that presentation which could be applicable in Burlington.

Jen Green, Director of Sustainability and Workforce development lead BED in equity training, developed by the USDN. This is a great opportunity for BED to deepen our engagement and thought around racial and social equity issues, and how they impact our community, our customers, our organization, and our drive towards Net Zero Energy.

Financials

Ms. McNeil, Director of Finance, reviewed the August 2021 financial results.

Ms. McNeil started with an update on loads and reviewed a chart showing how loads are looking through September 30th. Total system load for August was approximately 1.5% lower than expected due to COVID-19. Residential sales continue to track above forecast, and Commercial sales are continuing to trend lower than forecast. Total system load for September was approximately 3% lower than expected due to COVID-19. The net decrease compared to August was driven by residential load coming back down to more normal levels with the cooling season behind us offset by a slight increase in commercial load as colleges and schools reopened.

Ms. McNeil reviewed the budget-versus-actual results for the month of August FY21. The Department reports net income of \$2.3M which is \$0.4M better than budget largely due to timing. Specifically, the favorable variance in the August results is due to: timing of REC revenue, timing of operating expenses, and reduced operating expenses due to diligent expense management. This is offset by timing of loss on disposition of plant.

Capital spending as of August 2020 is 67% or \$1.1M less than the August YTD FY2021 budget. This is driven primarily by timing of the IT Forward project and various production projects.

As of the 12 months ending August 2020 the Department has 156 days cash on hand, the debt service coverage ratio is well above target, and the adjusted debt service coverage ratio remains below target. Ms. McNeil notes that BED received a \$3M bond anticipation note in July which was a driver in the increased days cash on hand.

7. IRP Presentation

Mr. Gibbons presented an overview of the 2020 IRP Summary as requested at the last Commission Meeting.

Mr. Gibbons stated that the Public Utility Commission's goal in reviewing and approving IRPs is to ensure that utilities are engaging in an appropriate process to address the planning components defined by the statute.

Within this process the BED identifies key risks, as an example price volatility. Some of the

identifiable risks include energy, capacity RECs, and regional transmission services. BED manages these risks by investing in energy efficiency, active demand response, rate structures, purchase, and sale of RECs, and monitoring beneficial electrification adoption.

Mr. Gibbons also reviewed the Department's key priorities which include reliability and grid resiliency, safety, environmental stewardship, low cost electric service and rate stability, customer service and equitable access, financial strength, maintaining a 100% renewable electric generation portfolio, and assist the city transition to NZE by 2030.

At this time Mr. Gibbons reviewed the Chapters in the IRP along with generation and supply for energy and capacity. Also included is the financial assessment and rate pressure base case along with a graph indicating maximum, base, and minimum assessment and rate pressure.

The key focuses in the NZE roadmap include energy efficiency and electrification of buildings, electric transportation and multi-modal transportation, district energy, and alternative transportation.

In summary, planning and priorities include:

- Advancing city goals
- Distribution operation
- Generation
- Power Supply
- Energy Services
- Customer Care and Engagement
- Finance and Rate
- Information Services
- Safety and Risk Management

Mr. Gibbon's stated that it is not too late if the Commission has any comments or additions.

8. Commissioners' Check-In

There were not Commissioner check-ins.

Commissioner Herendeen 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:

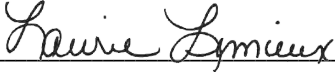
- Commissioner Chagnon. Aye
- Commissioner Herendeen. Aye

Commissioner Moody. Aye
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 6:59 p.m.

Attest:



Laurie Lemieux, Board Clerk