

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

Wednesday, December 9, 2020, 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:34 pm on Wednesday, November 4, 2020 via Microsoft Teams Video Meeting.

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

Commissioners Chagnon, Herendeen, Stebbins and Whitaker participated via Microsoft Teams. Commissioner Moody was absent.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, Sue Fritz, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk, Betsy Lesnikoski, Dave MacDonnell, Paul Pikna, Andrea McNeil, and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. November 4, 2020 and November 18, 2020 Meeting Minutes

Commissioner Herendeen made a motion to approve the minutes of the November 4, 2020 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Herendeen made a motion to approve the minutes of the November 18, 2020 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

3. Public Forum

No one from the public was present via Microsoft Teams.

4. Commissioners' Corner

Commissioner Stebbins stated that she will be sworn in on January 6, 2021 as the State Representative for the south end of Burlington. Commission Stebbins has reached out to City Attorney Eileen Blackwood to find out if her new role as representative could pose a conflict of interest. Commissioner Stebbins also will be reaching out to the Legislative Counsel at the Vermont State House to see if there are any conflicts of which she should be aware. Commissioner Stebbins stated that she will keep the Commission and BED staff updated.

5. GM Update

Mr. Springer shared with the Commission an updated version of the Net Zero Energy logo which was created in-house by Adam Rabin. Mr. Rabin removed some of the scenery to add in people on bikes, running, and in the car, along with a heat pump next to one of the buildings. Mr. Springer stated that Mr. Rabin did a great job and is presently working on updating all BED documents that carry this logo.

Mr. Springer stated that the Department is continuing to manage our FY2021 budget with a positive variance. BED continues to see lower sales to customers, far higher arrearages than typical, and the likelihood of customer capital projects for FY2021 not proceeding on schedule, which would move labor costs back to the operating budget. Mr. Springer stated that the leadership team is working to assess projects and spending that remains for FY2021 and may cut or delay items that are not a necessity from a safety, reliability, or business operations standpoint. Mr. Springer stated that in FY2020, the Department had an accounting order to help address some of these items, and BED is hopeful that the Department will receive funds from the

The Department has made a strong push ahead of the December 15 deadline to help more of our customers take advantage of state arrearage assistance through the Vermont COVID-19 Arrearage

Assistance Program (VCAAP).

Darren let the Commission know that he would keep its members updated each month as we manage the budget through these challenging circumstances.

Mr. Springer stated that BED has made a few adjustments in our COVID-19 safety posture following concerns about a post-Thanksgiving spike. These changes include moving back to appointments at the Waste Wood Yard and limiting in-person interactions over the next several weeks. We learned this week that the City is providing employees a one-time hazard pay of \$1,200. Eligible BED employees will receive this hazard pay in their checks this week and next week. There is a list of criteria, including that an employee worked more than 50% of their time in what is considered an elevated risk scenario. For BED, this would include employees who were required to work on-site as opposed to employees working remotely.

The Department is pleased to see a strong uptake on heat pumps, and some additional movement on EV incentives as well. We now have seen a more than 4x increase in residential heat pump adoption since the Green Stimulus roll-out, and we now have nearly one-quarter of our EV incentives going to low/moderate-income customers or more affordable, pre-owned vehicles. We are working hard to access how to keep this program going. This program was due to end in 2020 but, given the continued economic recovery needs and the fact that it has been so successful, we would like to keep it moving. We are working on options that may allow this program to continue. The Department also has seen an increase in our appliance incentive programs related to the Green Stimulus, and we have at least one building where we may apply our 100% incentive for affordable housing.

BED is continuing our PUC process for proposing Act 151 programs for the next three-year budget period, including building on some Green Stimulus programs and proposals for new programs as well. We expect this process to conclude in the early months of 2021.

Following the University of Vermont Health Network hacking/outage issue, we are restarting conversations with UVMHC in December, and plan to report out on Phase II of District Energy in the next few months.

BED, along with Permitting & Inspections and Planning, had proposed a new construction buildings policy to City Council that would have involved several compliance options including assessment of a carbon fee. That proposal was found, after review, to be lacking adequate authority in the City Charter to move forward. In light of that, we have a two-pronged approach that we will be pursuing this month, including proposing an Ordinance focused on requiring renewably powered primary heating systems in new buildings (this is supported by building code authority), and also a Charter Change for the Council to consider advancing that would provide the City broader authority to regulate greenhouse gas emissions from buildings.

Commissioner Stebbins asked Ms. Stebbins-Wheelock if the monthly dashboard of key performance

indicators could include targets as well as actual results, particularly in tracking progress toward Burlington's 2030 Net Zero Energy (NZE) goals.

Mr. Springer stated that the Department has multiple goals, including EEU targets and Tier 3 targets as well as NZE targets. The Synapse NZE report provided year-by-year projections for each NZE pathway, but these are more guideposts for adoption of different technologies than realistically achievable goals. Mr. Springer added that BED has contracted with Synapse to update the 2018 data in the NZE roadmap with 2019 and 2020 data in March of 2021.

Commissioner Stebbins stated that she is not looking for the goals that BED can control but for a comprehensive view of how the Department is getting to the end goal.

Commissioner Whitaker stated that there is misunderstanding in the Burlington community about what is happening, who is doing what, and why. Commissioner Whitaker suggested that a high-level dashboard that measures only a handful of things would be an effective way to communicate what BED is doing for Burlingtonians to help with climate change.

Commissioner Stebbins invited Ms. Stebbins-Wheelock to use her creativity in refining the dashboard along these lines.

Ms. Stebbins-Wheelock stated that, with any performance measurement, establishing a target is best practice. Ms. Stebbins-Wheelock reminded the Commission of Mr. Springer's July 2020 presentation to the Commission and City Council on BED's progress toward NZE, which identified necessary policy changes that are beyond the Department's span of control. Mr. Springer plans to make a similar presentation annually. Ms. Stebbins-Wheelock noted that the Department's annual Performance Measures Report is another venue for communicating this information, including the updated NZE progress data from Synapse. The Department will continue to work on evolving the dashboard and will keep the Commission updated.

Financials

Ms. McNeil reviewed the October FY 2021 financial results.

Ms. McNeil reviewed the budget-versus-actual results for the month of October FY21. The Department reports a net loss of \$1.3M, which is \$0.4M less than budget. Specifically, the unfavorable variance in the October results is due to decreased sales to customers due to COVID-19, increased fuel expense due to increased McNeil production, and increased transmission expense. Year to date, the Department reports net income of \$0.7M, which is \$0.3M better than budget.

Ms. McNeil provided an update on the work the Department has been doing on financial forecasting. As the Department looks at the remaining months of FY21, there are several areas of volatility, including COVID-19 impacts on sales to customers and energy prices, customer contributions in aid of construction, non-cash pension expense, and timing of capital projects, as

delays could bring capital labor back to the income statement. Ms. McNeil discussed the positive impact that the Vermont COVID-19 Arrearage Assistance Program (VCAAP) has had on BED customers, helping them to reduce their arrearage balances. Ms. McNeil further noted that the Department has applied through the City of Burlington for the Local Government Expense Reimbursement (LGER) grant to offset certain payroll and other administrative expenses related to COVID-19.

Capital spending as of October is 23% or \$0.7M less than the October YTD FY21 budget. This is driven primarily by the timing of the IT Forward and Data Center projects.

As of the 12 months ending October 2020, the Department has 127 days cash on hand, the debt service coverage ratio is well above target, and the adjusted debt service coverage ratio remains below target.

6. State and Federal Policy Update

Mr. Springer stated that there has been a lot of conversation about what is coming at state and federal levels in terms of energy policy. At the state level, the Global Warming Solutions Act was enacted, and the Climate Council has been formed and had one meeting. There has been discussion around allowing more flexibility and opportunity for efficiency utilities, like BED and Efficiency Vermont, to invest money in greenhouse gas emissions reduction. There is still interest in modifying the Renewable Energy Standard to get to 100% by 2030 and doubling the Tier 2 obligation. As of now, neither of those requirements would directly affect BED, but we will keep a watch on this subject for any changes that could directly impact the Department.

At the federal level, we continue to receive updates each week from Senator Leahy's State Director John Tracy. Mr. Tracy has been providing context for the federal discussion around the stimulus and recovery bills at the federal level. With the new administration coming, there are a few pieces that are of interest, including a number of tax policy items that affect our work at BED that could be up for discussion. This includes whether EV incentives will continue to be phased out for certain manufacturers or whether there is some stability to that policy. Another topic is whether the solar tax credit is phased down or is able to continue at the 30% level. Further, whether or not Congress enacts a climate bill will depend heavily on the Senate having a Democratic majority. There continues to be discussion regarding carbon pricing, but there also seems to be interest in the Green New Deal framework. The federal fuel economy standards will substantially impact what type of market there is for EVs and how states can advance. Mr. Springer stated that Vermont is one of the states, in partnership with California, that is trying to have a strong zero emissions program and strong standards.

Mr. Springer stated that this will be an evolving dialogue and will provide updates regularly.

7. McNeil Station 2021 Calendar Budget

Mr. MacDonnell stated that the draft CY21 expense budget is \$27,114,415 as compared to a CY20 expense budget of \$26,360,210. The CY21 budget is approximately \$754,205 more than the approved CY20 budget. The increase can be explained mainly by an increase in the fuel expense of \$523,192. In CY20 we budgeted for 409,580 tons of wood at \$27.50/ton whereas in CY21, we increased the wood budget to 419,085 tons and the price per ton to an annual average \$27.85/ton to accommodate the current wood chip market.

The capital budget for CY21 is \$1,552,328 as compared to the CY20 capital budget of \$2,191,378 for a difference of \$639,050. The main reason for the reduction of our capital budget is that we are not planning to have an overhaul in CY21 due to the COVID-19 related delay of the scheduled April 2020 overhaul to September 2020. Our next scheduled overhaul is tentatively scheduled for April 2022. Mr. MacDonnell stated that the budget presented this evening was approved by the Joint Owners at the December 7, 2020 Meeting.

Mr. MacDonnell stated that McNeil is asking for a motion to accept the McNeil Station Calendar Year 2021 as presented.

Commissioner Whitaker 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

8. Chittenden Solid Waste District/McNeil Agreement

This agreement proposes a three-year agreement (January 1, 2021 through December 31, 2024) with the provision to have two (2) one-year extensions if both parties agree. McNeil puts a Waste Wood Operator at Chittenden Solid Waste District (CSWD) and this operator is on McNeil payroll but CSWD pays BED \$60,000 annually for this service. McNeil's cost for the service provided to CSWD is approximately \$53,000 per year and we believe the annual \$60,000 payment more than covers McNeil's costs over this 3-year period.

Commissioner Chagnon made a motion to approve the Chittenden Solid Waste District Agreement; this 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

9. IT Forward Update and approval of Vendor Contracts

Ms. Emily Stebbins-Wheelock stated that the purpose of this agenda item is to update the Commission on the status of the IT Forward Project and seek the Commission's recommendation to bring the multi-year contract to the Board of Finance and City Council in January 2021 for approval.

Ms. Stebbins-Wheelock reviewed how the Department decided to replace or upgrade BED's core business systems, including its Meter Data Management System (MDMS), Financial Information System (FIS) including payroll and asset management modules, Customer Information System (CIS), and customer web portal. Ms. Stebbins-Wheelock stated that the original impetus for the project was the need to upgrade the MDMS, which was installed originally as part of the Department's Smart Grid project in 2012. BED determined that upgrading the current MDMS would be too expensive, which led to the exploration of alternatives. Also, BED's current CIS/FIS is over 20 years old, requires specialized support, and limits BED's ability to provide an exceptional customer experience and implement Net Zero Energy programs in an efficient way.

Ms. Stebbins-Wheelock stated that BED has been engaged in an extensive procurement process over the past two years. With the assistance of an organizational technology consultant, BED issued a Request for Information (RFI) to explore current offerings in the software market. BED used this knowledge to issue a Request for Proposal (RFP) in 2019. Both the RFI and RFP processes included vendor software demonstrations based on specific BED functional needs. The BED team also conducted a technical review of the vendor finalists and contacted seven other utilities to hear about their experience with these companies. A cross-functional BED team of front-line employees presented their recommendation for the preferred vendor to the Executive Team in October 2019.

Ms. Stebbins-Wheelock requested that the Commission enter into executive session to discuss the recommended vendor, negotiated pricing, and commercial terms of the vendor contracts.

Commissioner Whitaker moved to find that premature general public knowledge of potential contracts would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; this 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Whitaker moved that the Commission enter into executive session with BED Staff at 6:53 pm to discuss potential contracts under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes; this 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Chagnon made a motion to exit executive session at 7:46 pm.; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

Commissioner Herendeen made a motion to recommend that the City Council approve a Resolution authorizing the General Manager of BED to execute with N. Harris Computer Corporation a Software License Agreement, a Software Implementation Services Agreement, a Support & Maintenance Agreement, and a Hosting Service Agreement that grants BED the option to purchase and receive associated implementation, support and maintenance, and hosting services for a meter data management system, customer portal, financial information and work/asset management system, customer information system, outage management system and interactive voice response system, and staking system at fixed prices good through June 30, 2023, subject to review and approval of the City Attorney's Office and subject appropriations; 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 Stebbins. Aye
Commissioner Whitaker. Aye

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

10. Commissioners' Check-In

There were no Commissioner check-ins.

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

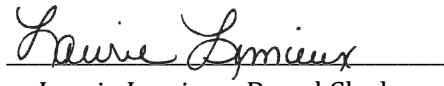
The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 7:49 p.m.

Attest:


Laurie Lemieux, Board Clerk