

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

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

The regular meeting of the Burlington Electric Commission was convened at 5:37 p.m. on Wednesday, January 10, 2018 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Sabina Haskell, Bob Herendeen, Scott Moody, and Tim Perrin were present. Gabrielle Stebbins participated via conference call.

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, James Gibbons, Mike Kanarick, Munir Kasti, Tom Lyle, Dave MacDonnell, Jim Reardon, Darren Springer, and Destenie Vital

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to record this meeting.

1. Agenda

There were no changes to the Agenda.

2. December 13, 2017 Meeting Minutes

Commissioner Haskell made a motion to approve the minutes of the December 13, 2017 Commission meeting; the motion was seconded by Commissioner Perrin.

At this time, the Board Clerk conducted a roll call vote, and the Commissioners voted as follows:

Commissioner Haskell: Aye

Commissioner Herendeen: Aye

Commissioner Moody: Aye

Commissioner Perrin: Aye

Commissioner Stebbins: Aye

Results: 5 Ayes, 0 Nays, the motion carries.

3. Public Forum

The following people were present for the meeting: Kirsten Merriman Shapiro, Senior Policy and Project Specialist at the Community & Economic Development Office; Meagan Tuttle, Principal Planner at the Department of Planning & Zoning; and Michael Moser, Principal at Spruce Lane Consulting.

4. Commissioners' Corner

Commissioner Perrin stated that our focus is usually on energy innovation, energy efficiency, power supply, or renewables, and it was great to see the amazing accomplishments regarding BED's safety by achieving the best mark in years in lost time accidents. Commission Perrin stated that, above all else,

safety is the number one priority and this is an indication of the great safety program that is in place at BED.

Commissioner Herendeen congratulated the staff at BED for the Great River (Bellows Falls) Hydro deal and noted that the staff moved quickly on this deal and that it is going in the right direction.

Commissioner Herendeen stated that South Forty is now on line and asked if it would be possible for the public to know how much energy South Forty is generating. Mr. Gibbons stated that BED will look into opening up the data portal to make it publically available and could potentially add both the Airport and BED solar systems. Mr. Gibbons will get back to Commissioner Herendeen when this is accomplished.

Mr. Lunderville stated that there are preliminary numbers on BED's solar output for 2017 and that that information will be part of the February report along with a presentation at the February meeting.

Commissioner Stebbins asked if the Greater Burlington YMCA new construction project would be a good application for solar hot water. Mr. Springer stated that the Energy Services team, along with Jen Green, the City's Sustainability Coordinator, is working closely with the YMCA and that Mr. Springer will forward an update to Commissioner Stebbins via email.

5. General Manager's Update

BED had a great year with McNeil, and Mr. MacDonnell and the McNeil team do a great job of keeping the aging plant up and running. The plant has been running non-stop at close to full capacity since December 20, 2017. Mr. Lunderville explained that, due to the cold weather, the market is running extremely high. Mr. Lunderville explained that the sale of MWH this time of year is usually budgeted at the \$70 - \$80 per MWH range, but the cold weather has McNeil selling at the \$150 - \$250 per MWH range.

Mr. Lunderville stated that, while there is not a monthly primer on the agenda, Mr. Kasti will make a short presentation on BED's Distribution System Performance.

Mr. Kasti began the PowerPoint presentation by reviewing the graph that shows the actual unplanned and planned outages for the previous 10 years along with the average outages. Mr. Kasti explained that in 2017, there were 73 planned outages and 82 unplanned outages. Unplanned outages are unexpected interruptions in service, and planned outages are scheduled in advanced for system maintenance and repair.

Mr. Kasti reviewed the System Average Interruption Frequency Index (SAIFI), which measures the average number of interruptions per customer for the years 2008 to 2017. Mr. Kasti also reviewed the historical Customer Average Interruption Duration Index (CAIDI), which measures the average time in hours required to restore service to an interrupted customer.

Mr. Kasti stated that internal changes were made to reduce outage duration. Some of these changes included modifying BED's call-in procedures, allowing direct call-in for a second line worker, allowing line crew access to the Stockroom after hours, and instituting weekly meetings with the line crew.

Mr. Kasti stated that BED's Advanced Metering Infrastructure (AMI) Meter Outage Notifications now send emails directly to Dispatch when outages occur and provides Dispatch with an interactive map that shows all outages.

Mr. Kasti closed the presentation by stating that BED has met the reliability targets on both the SAIFI and CAIDI indices.

Finance

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

November Operating Income year-to-date is \$2,223,000, and Net Income year-to-date is \$2,503,000. Year-to-date Operating Income is \$794,000 higher than budgeted, and year-to-date Net Income is \$272,000 higher than budgeted. The favorable variance of \$794,000 in Operating Income largely relates to less expended than projected for Operating Expenses. Actual expenses for Outside Services are significantly below budget, some of which is a timing issue. RPS Compliance (Tier 3) assumed \$194,000 would be spent through November. To date \$37,800 has been charged to other category codes. The Northbrook contract for Winooski One ended and was less than planned (\$127,000). The General Obligation Bond (GOB) closing fees were budgeted in October for \$52,000, but the closing actually occurred in December. Other Outside Service items less than budgeted are Renewable Energy Credit (REC) Broker fees (\$85,700) and Legal fees (\$65,000). Other Operating Expenses less than budgeted are Training (\$50,600), Software (\$39,900), and Postage (\$23,200). Other Income year-to-date is \$530,000 below budget due to assumed customer contributions for Capital Projects that have not been completed.

Mr. Reardon pointed out that actual Power Supply Revenues for the month of November were higher than budgeted due to approximately \$2,200,000 RECs delivered in November, but budgeted in October. Other Revenues year-to-date are lower than budget due to Energy Efficiency Program costs reimbursements less than planned. While Sales to Customers year-to-date are below budget, a large portion of the \$726,000 unfavorable variance is offset by \$533,000 less in actual versus budgeted Power Supply Expenses. Fuel costs (\$383,000) and Transmission fees (\$135,000) are below budget.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending December 31, Capital Spending is 46% (\$4,774,000) of the \$10,280,000 budgeted for the Fiscal Year 2018. Year-to-date, we are underspent relative to the budget through December, 2017 by \$2,606,000. In summary, the underspending is largely due to timing and is the reason for Other Income year-to-date, specifically Customer Contributions, being below budget through November 2017.

Mr. Reardon noted that in December, BED purchased 132,900 Class A units and 169,146 Class B units in VT Transco LLC for costs of \$3,020,460.

On Cash and Investments, BED closed December with \$10.7 million of unrestricted and reserved operating funds, compared to a cash projection of \$9.9 million. The \$800,000 favorable variance is due to lower spending than anticipated for Operating and Capital.

The current Rating Factors are not all in line to meet an "A" bond rating. The "Adjusted Debt Service Coverage Ratio" currently is 1.19, compared to a benchmark for "A" of 1.50. This will need to be monitored closely.

As discussed at the November meeting, REC revenues for Fiscal Year 2018 are expected to be \$829,241 less than originally budgeted. Mr. Reardon stated that BED has identified Operating and Capital Expense

reductions that will bring spending back in balance with the revised forecast of REC revenues for Fiscal Year 2018.

6. Customer Satisfaction Survey Presentation

Mr. Kanarick stated that every three years the Public Utility Commission requires BED to ask the customers how satisfied they are with BED's services. BED has been working with Michael Moser, an independent consultant since 2005 to lead us through BED's triennial Customer Satisfaction Survey.

Mr. Moser stated that the Customer Satisfaction Survey outreach was conducted by a third-party. This survey is unbiased and guarantees respondent confidentiality. The survey was conducted in October 2017 during daytimes and evenings on weekdays and weekends. The survey collected responses from 439 residential customers and 203 commercial customers.

Mr. Moser's assessment of the Residential Survey is that all the results have remained steady and stable since 2005. Offering innovative or new services seems to be the least important to BED customers and reliable electric service seems to be the most important.

Mr. Moser presented the Commercial Customer Survey, which indicates that the results are pretty much the same as Residential results with a little increase in overall satisfaction.

Mr. Lunderville stated that full survey will be forwarded to the Commission.

7. Great Streets Standards

Mr. Lunderville stated that at the November Commission Meeting the Great Street Standards was presented and the Commission raised questions and concerns. Ms. Tuttle worked with Mr. Kasti and Enis Sehovic, Senior Protection Engineer, to resolve these issues. Commissioner Herendeen also met with Mr. Kasti, Mr. Sehovic, and Ms. Tuttle to discussed concerns regarding adherence to the dark sky initiatives.

Ms. Tuttle began the presentation by reviewing the selected fixtures, which are based on IES recommended lighting levels along with uniformity, performance, durability, workability, and cost. Energy efficient LED fixtures were chosen that provide adequate light, color temperature, and appropriate BUG rating to reduce stray light. Ms. Tuttle stated that the incremental cost for the decorative fixtures and banners (equipment and maintenance) above BED's standard assembly will be paid in advance by the City.

Ms. Tuttle is asking for Commission support for the Great Streets Initiative.

Commissioner Perrin made a motion to support the section of the Great Streets Standards relevant to the installation of electric utility facilities and decorative street lighting, which has been approved by the Department per the Commission's adopted Street Lighting Policy, and to recommend adoption of the relevant sections of the Great Streets Standards to the City Council. This motion was seconded by Commissioner Haskell.

At this time the Board Clerk conducted a roll call vote, and the Commissioners voted as follows:

Commissioner Haskell: Aye

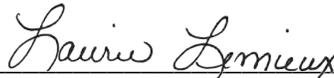
Commissioner Herendeen
Commissioner Moody: Aye
Commissioner Perrin: Aye
Commissioner Stebbins: Aye
Results: 5 Ayes, 0 Nays, the motion carries.

Commissioner Herendeen moved to adjourn the meeting at 7:26 pm; the motion was seconded by Commissioner Haskell.

At this time the Board Clerk conducted a roll call vote, and the Commissioners voted as follows:

Commissioner Haskell: Aye
Commissioner Herendeen: Aye
Commissioner Moody: Aye
Commissioner Perrin: Aye
Commissioner Stebbins: Aye
Results: 5 Ayes, 0 Nays, the motion carries.

Attest:



Laurie Lemieux, Board Clerk