

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday March 8, 2017 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:31 p.m. on Wednesday, March 8, 2017 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

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

Staff members present included Neale Lunderville, Paul Alexander, Mike Flora, Mike Kanarick, Munir Kasti, Dave MacDonnell, and Darren Springer

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

1. Agenda

There were no changes to the agenda.

2. Minutes of the January 11, 2017 and March 1, 2017 Special Meeting

Commissioner Moody made a motion to approve the minutes of the January 11, 2017 meeting; the motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Herendeen made a motion to approve the minutes of the March 1, 2017 special meeting; the motion was seconded by Commissioner Moody and approved by Commissioner Perrin and Commissioner Stebbins. Commissioner Haskell did not attend the March 1, 2017 and abstained from the vote.

3. Public Forum

Mr. Parker Cornbooks was present for the meeting.

4. Commissioners' Corner

Commissioner Herendeen has three (3) students working on a net zero energy project and Mr. Kanarick and Mr. Springer have provided a lot of help to these students. Commissioner Herendeen wanted to take this time to thank them both for taking time to assist these students.

Commissioner Herendeen stated that at the January 11, 2017 meeting the new energyChamp website was presented and feedback was requested. Commissioner Herendeen did send feedback but has not received any comments back.

Commissioner Herendeen's wife visited the new energyChamp website and felt that the results did not truly reflect usage in the household and quickly lost interest. Commissioner Herendeen explained to Mrs. Herendeen that the household was assigned a group with statistical similarities and was not showing actual data. Commissioner Herendeen has expressed resistance to this method in the past and would like to reinforce this again and stated that this website is not delivering anything that can be beneficial to the Herendeens.

Mr. Lunderville stated that with any new website there is always time for updates. The Department would like to make the website more individualized going forward but one of the hurdles is to develop the interface in a way that allows the customer to log in and get data without jeopardizing private customer information. Mr. Lunderville stated that one of the next phases will step up the log in so more individualized information can be provided to customers.

Commissioner Perrin stated that because of the amount of focus and attention both Commissioner Herendeen and Commissioner Perrin have put on energy over the years that the individuals with energy backgrounds are not one of the intended user groups.

Commissioner Moody asked the status of the *time of use rates*. Mr. Lunderville stated that with staff turnover, this did go to the back burner. Now that the IRP is out of the way, the Department can focus more time on this issue. Also, BED has been exploring opportunities to make the new rates work. The cost of service allocation has been done but not finalized and once this is complete the focus can then be on the rates.

5. General Manager's Update

Mr. Lunderville stated that at the last meeting there was discussion on the Department's Tier III measures. Since the last meeting the Department has had a couple meetings with Green Mountain Transit (GMT) regarding the E-bus idea. BED, together with GMT, is working on getting the BYD bus to Burlington in late March to do testing on E-busing. BED is working with GMT on an E-bus purchase and hopes to have some great results by the end of the year.

Mr. Lunderville stated BED met today with Corix, the company that is conducting the District Energy Study. Corix studied many different scenarios and had narrowed it down to seven (7). Corix worked with BED to determine which scenarios out of the seven (7) were good and which ones could be moved to the back. It was determined that two (2) scenarios could be removed and three (3) more scenarios were added. Mr. Lunderville stated that the Commission will be updated with more information at the May meeting.

6. Strategic Plan Update

Mr. Lunderville stated that staff and employees have put data points and ideas in the Strategic Plan but setting the actual direction of BED is the domain of the Commission. The work the Department has done is preliminary and has been done to kick off the process.

Mr. Lunderville stated that this Strategic Plan needs to be done on a yearly basis because some of the initiatives have been completed; initiatives need to be updated and new initiatives need to be added. It's important that the Department stop and evaluate progress against the plan. Mr. Lunderville stated that once this becomes part of the Department's operating practice it gets easier with each year and becomes more of what the Department does before the budget is finalized as this document drives the budget.

Mr. Lunderville stated that part of the Strategic Plan was to talk to the employees to see how well BED is doing. In 2015 the Department conducted an employee survey and another survey was sent to employees in January. The first 12 questions are the exact same questions that were asked in 2015, these questions were used to try and get a benchmark to compare year after year. The other area of the survey was used to focus on the cultural aspects. Mr. Lunderville stated that the results show that employees are proud to work at BED which is great, but in other areas Mr. Lunderville had hoped for better results. This survey shows that the Department has some work to do in certain areas and indicates that employees need clear communication and accountability.

Mr. Lunderville pointed out that results vary from employees who have been at BED for over 10 years versus employees who have been at the Department for a shorter period of time. Mr. Lunderville believes

that this may be due to change and change can be difficult in an organization. Mr. Lunderville believes that when this survey is done again in two (2) years, this number will be narrowed.

Mr. Lunderville stated that employee sessions were conducted over the course of a couple weeks. These sessions were conducted to talk about the Strategic Plan, the survey and the results. Mr. Lunderville reviewed with the Commission the key takeaways and stated that one of the issues is that the Department wants to make sure the employees are engaged and connected to the Strategic Plan, especially the line group and the generation group who expressed disconnection from the plan. One of the goals is to make sure to bring all employees into the plan especially the groups who are feeling disconnected.

Mr. Lunderville reviewed the handout regarding the status of current initiatives, the progress and management recommendations on whether these initiatives should be included in future plans, along with nine (9) possible new initiatives.

7. Update on Grow Local Energy: Solar

Mr. Springer presented a PowerPoint presentation on Grow Local Energy, BED's Net Metering Program. Mr. Springer began by stating the Department looked at what BED can do as an initial step in the grow local energy program to encourage more adoption of solar net metering and ways to create savings that will benefit all rate payers.

Mr. Springer reviewed BED's current net metering program stating that BED has approximately 100 residential scale solar net metering installations and has a net metering capacity equal to approximately 7% of peak. Mr. Springer gave an overview of the "Socialize Concept" which is defined as a grass roots outreach strategy. In the upper valley there is a non-profit organization that was funded to work with a solar developer to go out and do a neighbor to neighbor outreach. This was done to try and entice as many people to sign up for solar installations with the theory that the more people who signed up the larger a discount the developer could offer to the customers.

BED has talked about this concept and the Department hosted a meeting today attended by approximately 20-25 people in the solar industry. This meeting was conducted to receive feedback on the concept and what would work in Burlington. Some of the ideas included a trusted partner program with solar installers, financing qualification assistance and public land community system to name a few. Mr. Springer stated that BED could also offer installers assistance in areas of customer outreach, bulk purchases, permitting efficiencies and meaningful prescreening.

Mr. Springer stated that some of the next steps would be to design a program that included BED goals, what service would be provided, cost recovery, and would this program focus on residential rooftop or community groups systems, or both.

Mr. Springer closed the presentation by stating that the more this program is discussed the more customers may decide to hold off on solar installation until the program is announced so the timeline needs to be short to make certain the market doesn't stall.

8. Integrated Resource Plan

Mr. Gibbons thanked the IRP Committee: Ron Backus, Andrew Savage, Commissioner Perrin, and Commissioner Stebbins for the hard work on the IRP and is asking the Commission for approval on the IRP.

Commissioner Perrin moved that the Commission approve the Integrated Resource Plan filed in draft form by the Burlington Electric Department with the Vermont Public Service Board on January 31, 2017, and that the Commission recommend approval of the IRP by the City Council. The motion was seconded by Commissioner Moody and approved by all Commissioners present.

9. January FY 2017 Financial Update

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

This presentation included a brief discussion of the \$4,483,000 Operating Income year-to-date and the \$5,155,000 Net Income year-to-date. Year-to-date Operating Income is \$833,000 higher than budgeted and year-to date Net Income is \$134,000 higher than budgeted. Mr. Reardon pointed out that Other Income was below budget due to assumed contributions for a Microgrid project and South Forty Solar that has been delayed and lower customer contributions for the UVM Chiller project than assumed. The assumed contributions for the UVM Chiller project of \$630,600 versus actual of \$217,200 is a timing issue. Most of the savings in Interest Expense year-to-date are related to the General Obligation Bond refinancing.

Sales to Customers year-to-date are on target. Other Revenue for the month and year-to-date is lower than budget due to Energy Efficiency Program costs reimbursements less than planned. Power Supply Revenues for the month and year-to-date are lower than budget due to the timing of a Renewable Energy Credits (REC's) for McNeil and Wind, which will be booked in February and March.

On the expense side, Power Supply Expenses are \$1,508,000 below budget year-to-date. Year-to-date fuel costs are lower than budget by \$1,780,000. McNeil production was 10% below budget and woodchip costs (per ton) were 23% under budget. Purchases Power supply year-to-date is relatively on target (\$35,000 below budget). The \$334,000 year-to-date favorable variance in Operating Expenses is due to position vacancies in the process of being filled, less than plan expended for Outside Services and Materials & Supplies. The \$466,000 unfavorable variance in Depreciation & Gain/Loss is due to a loss on retirement of McNeil assets that was not planned, an adjustment due to a change in accounting for transformers to comply with Federal Energy Regulatory Commission (FERC) accounting requirements and loss on retirements related to building renovations.

Mr. Reardon then discussed Capital Spending. In total, year-to-date ending February 28, Capital Spending is 63% (\$7,291,000) of the \$11,640,000 budgeted. Year-to-date, we are underspent relative to the budget through February by \$706,000. In summary, the underspending can be attributable to the Microgrid project, which is due to timing.

On Cash and Investments, BED closed February with \$14.4 million of unrestricted and reserved operating funds. The projected February balance for the FY 2017 budget was \$10.7. The difference between actual versus projected is primarily due to the timing of disbursements for Capital Spending, the underspending in Operations and Power Supply Expenses.

Mr. Reardon pointed out that the Rating Factors are in line to meet "A" bond rating.

10. Proposed Telecommunications Contract with Burlington Telecom (Expected Executive Session)

Commissioner Moody moved to find that premature general public knowledge of a telecommunications contract with Burlington Telecom would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. The motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Commissioner Moody moved that the Commission enter into Executive Session with BED Staff to discuss a telecommunications contract with Burlington Telecom under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes. The motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

The Commission moved into Executive Session at 7:17 pm.

Commissioner Moody moved to exit Executive Session at 8:17 pm; this motion was seconded by Commissioner Perrin and approved by all Commissioners present.

Commissioner Moody moved to adjourn the meeting at 8:17 pm; the motion was seconded by Commissioner Perrin and approved by all Commissioners present.

Attest:

Laurie Lemieux, Board Clerk