

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, April 12, 2017 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:36 p.m. on Wednesday, April 12, 2017 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 was present via conference call.

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

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

1. Agenda

Mr. Lunderville asked that the Agenda be amended to move Item #6, the Legislative Session Update immediately following Item #4, Commissioners' Corner. The agenda was amended to reflect this change.

2. Minutes of the March 8, 2017 Meeting

Commissioner Perrin made a motion to approve the minutes of the March 8, 2017 meeting; the motion was seconded by Commissioner Haskell. At this time the Board Clerk, Laurie Lemieux conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

3. Public Forum

There was no one from the public present at the meeting.

4. Commissioners' Corner

Commissioner Herendeen has three (3) students working on a net zero energy project and wanted to take this time to thank Mr. Gibbons for assisting these students.

Commissioner Herendeen asked if time of rates would be on the agenda at the next meeting. Mr. Lunderville stated that there would be an update in May on dynamic rates and cost of service allocation.

Commissioner Perrin stated that one of the more recent BED installations of the EV charging stations was in the Hannaford parking lot and asked what participation has been at the charging units. Mr. Lunderville stated that the Department will pull analytics on the charging stations and get an answer to Commissioner Perrin by the end of next week.

Commission Perrin asked about the pilot on Packetized Energy and the virtual power plant concept and wondered if BED was evaluating potential partners. Mr. Lunderville stated that BED's Energy Services team regularly investigates technologies as they come up and evaluates them. At this time Packetized Energy is the only technology that the Department is actively working on which is an in-home virtual power plant model. The Department is still trying to work the bugs out on the installation and hope to have the Department's first 12 installed soon. Mr. Lunderville stated that BED is not actively looking at other companies at this time.

5. Legislative Session Update

Mr. Kanarick stated that Burlington Electric Department has engaged Primmer Piper as legislative liaison for the Department. Primmer Piper is at the State House every day during the session and closely monitoring issues that could have an impact on Burlington Electric and where necessary, will try to influence legislation to make sure our customers are protected. A couple of key issues BED is working on this session are net metering and standard offer. Mr. Kanarick will also give an update on Burlington's practice regarding immigration status which may or may not impact BED.

Mr. Springer began the presentation discussing net metering and stated that the Public Service Board came out with the final rules setting the standards for a new 2017 and beyond Net Metering Program. This new program includes new pricing, new incentives along with new ways that systems are being treated. Mr. Springer stated that one concern in the new rule deals with pre-existing systems which concerns some of the legislators. There is a bill that would change the REC program for net metering.

Mr. Springer stated that there is legislation in the Senate on S. 51 Miscellaneous Energy Bill that hasn't moved forward yet. There have been several days of testimony on this bill which would lock in the comprehensive energy goal of 90% renewable energy by 2050 and BED has testified in favor of this bill.

Mr. Springer gave an overview on the standard offer which BED is currently exempt from due to the Department's 100% renewable status.

Mr. Kanarick continued the presentation on the City Immigration Status Practice. Mr. Kanarick stated that the City will continue the practice of not asking community members about their immigration status, which is consistent with the current federal law. Mr. Kanarick stated that City Hall will be monitoring policy development very closely and will keep BED informed if there are any new policies that will impact federal monies that may come to BED.

6. General Manager's Update

Mr. Lunderville stated that there are a number of items to cover and will have a short oral report after a few presentations.

At this time Mr. Lunderville asked Munir Kasti and Destenie Vital to present the report on BED's outage response and community outreach during the last storm on April 1st. Mr. Lunderville stated that safe and reliable power is extremely important to BED and strives to quickly restore power outages quickly. Due to our underground lines, tree trimming program, and installation of animal guards, Burlington does not experience a lot of outages. When outages do happen the Department looks at what can be done differently or better and Mr. Lunderville stated that one of the things the Department is working on is the coordination between the outage system, when crews are call in, how the customers are notified and how outage times have gone down.

Mr. Kasti stated the Department experienced three (3) outages on April 1st and began the PowerPoint presentation reviewing the map which shows the location of the outages, what lines were affected, and the restoration of the outage.

Mr. Kasti stated that the largest outage took place at 6:33am on the bike path which was due to a tree falling on the primary lines which took the entire substation out and affected residents in the Starr Farm Road/Woodbury Road Area. Mr. Kasti gave an overview on how the power was restored in sections by remotely controlling the reclosers and stated that there was partial restoration to 1037 customers at 7:07am. Mr. Kasti stated that at 7:30am the second restoration of McNeil Line 1 occurred which restored power to 2511 customers. Mr. Kasti continued his presentation stating that at 8:05am, after the tree was cleared from the line, power was restored to 42 customers with the final restoration to the last 62 customers at 8:35am.

The second of the three (3) outages occurred at 6:23am affecting the East Avenue line (2L2) in the area of Colchester Avenue. The power was restored in at 7:34am and impacted 37 customers.

The third outage occurred at 7:01am affecting the McNeil Line (1L4) in the area of Lopes Avenue. The power was restored at 9:45am and impacted 4 customers.

Mr. Kasti reviewed the System Average Interruption Frequency Index (SAIFI) and the Customer Average Interruption Duration Index (CAIDI) which showed the historical year to date numbers. Mr. Kasti reviewed the SAIFI numbers and indicated that the Department goal was to be ≤ 2.1 which is being met and also exceeding this number. The CAIDI also shows that since 2014 the Department is steadily improving and in 2017 the Department met the goal of ≤ 1.2 .

Mr. Lunderville stated that in 2015 and prior, the outage numbers indicated estimated time. This was because the Department was starting the outage time when the first customer called in to report the outage until the dispatcher marked it done. From January 2016 forward these numbers are based on actual time from the AMI Smart Meter.

Ms. Vital began the Outreach portion of the PowerPoint presentation but stating that BED has five (5) media channels, Twitter, Facebook, You Tube, Instagram, and LinkedIn. The Department only uses two (2) of these channels for outages which are Twitter and Facebook and occasionally Instagram if the outage is large. Ms. Vital stated that BED now uses standard graphics to report Planned Outages and Outage Alerts. These standard graphics are used to communicate on the most active sites such as Facebook and Twitter. During an outage Twitter is the most active social media site and requires the most monitoring during outages and a crisis. Ms. Vital reviewed the *Outage Restored* images that are used to communicate power restoration after the outage alert post and stated that as power is restored interest starts to wane on social media. When an outage occurs an email will go out within a few minutes which will show the addresses of the affected customers. There are 3 individuals monitoring social media and one will catch it and start the social media postings.

Commissioner Herendeen asked why the Department feels the need to post the outages and post when the outage is over. Ms. Vital stated that customers want to know why there is an outage, what caused it and the Department posts when the outage is over because BED doesn't want to leave it unclosed. Mr. Lunderville stated that the media also monitors the BED Twitter account and the Department wants the media to know that the power has been restored.

Mr. Lunderville wanted to update the Commission on the Department's resources, which include owned generation, received energy as well as those that the Department contracts with and asked Mr. Gibbons to present the update.

Mr. Gibbons gave a brief summary on where BED's renewable resources come from by reviewing the table with the Commission. This Table includes 2016 Production in MWh, 2016 Production Actual/Budget, and estimated MWh. Mr. Gibbons stated that the Department is looking at four (4) months of actual data from November 1, 2016 to February 28, 2017 and this period of time was selected because this timeframe is the next window exempting BED from the Standard Offer. Mr. Gibbons concluded his presentation by reviewing the potential risks and opportunities with the Department's resources.

Mr. Lunderville stated that BED, along with UVM, UVMMC, the Burdes Group, Burlington Town Center, and Vermont Gas Systems has contracted with Corix to do a District Energy Study. Corix studied scenarios with different sets of customers, a customer survey and spent time on what is out there and came back with 11 scenarios. The criteria Corix was looking for was three-part: does it meet the test of being a project that can be built; does it use resources wisely; and finally does it give the city meaningful greenhouse gas emissions reduction. Corix also looked to see if the cost of service is in a range that Corix, as experts, thinks it can work with. A meeting was held with approximately 40 people who included Corix and all the partners and collectively decided to continue investigating these two (2) options: one that would use waste heat and some steam from the McNeil Plant, and a second scenario would use the waste heat from McNeil along with the sewage heat recovery from the wastewater treatment plant at Perkins Pier. The next step for Corix will be to do a more in depth look at what is the *business as usual costs* to heat buildings for the specific customer side business and a more detailed look on the two (2) scenarios that the group narrowed down. Corix will report back their finding to the larger group in June.

7. Proposed Sale of Highgate Converter

Mr. Gibbons stated that BED owns 7.7% of the Highgate Converter Station. This station is a 225 MW back to back AC/DC/AC (the American AC system and the Canadian AC system are not in sync) converter station and allows power delivery from Canada to the US system. The approval ownership for this structure came about because BED was expecting to take the original Hydro Quebec contract which didn't happen but left BED with ownership of the facility. VELCO has proposed acquiring the shares owned by the Vermont Distribution Utilities (BED, Vermont Electric Coop, GMP, VPPSA). VELCO already maintains and staffs this facility but this is really not part of BED's core business. Recently there has been a change in the FERC regulations, the compliance and the filing requirements associated with the converter and for BED this could mean both increased time and expense for a small return. VELCO is proposing to purchase the shares at net book value and to do it by making a stock offering. BED would be trading bills for operating the facility from VELCO with revenue from ISO for share of ownership for stock in VELCO with a return on equity. BED needs to look at the details of the 2011 bond, BED can't borrow public monies and turn over to private use so the Department needs to see if this bond was earmarked for this specific purchase and ensure the bond covenants do not preclude the sale of the asset. BED is speaking with Bond council to make sure there is no barrier to selling. Mr. Gibbons stated that there is no action required at this time but action may be required in May.

8. Extension of BED's Line of Credit with Key Bank

Mr. Reardon stated that the Department has previously entered into a revolving line of credit with KeyBank up to \$5.0 million. This line of credit matured March 31st. The Department has worked with KeyBank to negotiate new terms and conditions which Mr. Reardon stated were summarized in an attachment sent to the Burlington Electric Commission dated April 12, 2017.

Mr. Reardon stated that this line of credit also is included in the calculation of "Days Cash on Hand" for rating agencies.

Commissioner Herendeen made a motion to authorize Burlington Electric Department to enter into the revolving line of credit with KeyBank; the motion was seconded by Commissioner Haskell. At this time the Board Clerk, Laurie Lemieux conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

9. February FY 2017 Financial Update

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

This presentation included a brief discussion of the \$3,975,000 Operating Income year-to-date and the \$4,745,000 Net Income year-to-date. Year-to-date Operating Income is \$1,135,000 higher than budgeted and year-to-date Net Income is \$410,000 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 \$248,200 is a timing issue. Most of the savings in Interest Expense year-to-date is related to the General Obligation Bond refinancing.

Sales to Customers year-to-date are slightly below budget and are most likely due to February average temperature warmer than normal. 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 higher than budget due to the timing of a Renewable Energy Credits (REC's) for McNeil and Wind, which were received in February but budgeted in January.

On the expense side, Power Supply Expenses are \$1,797,000 below budget year-to-date. Year-to-date fuel costs are lower than budget by \$2,063,000. McNeil production was 9% below budget and woodchip costs (per ton) were 23% under budget. Purchases Power supply year-to-date is relatively on target (\$61,000 below budget). The \$318,000 year-to-date favorable variance in Operating Expenses is due to position vacancies in the process of being filled and less than planned expended for Materials & Supplies. The \$562,000 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 March 31, Capital Spending is 70% (\$8,157,000) of the \$11,640,000 budgeted. Year-to-date, we are underspent relative to the budget through March by \$575,000. In summary, the underspending can be attributable to the Microgrid project, which is due to timing.

On Cash and Investments, BED closed March with \$13.3 million of unrestricted and reserved operating funds. The projected March balance for the FY 2017 budget was \$8.5 million. 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

11. Proposed Service Contract with Vermont Public Power Supply Authority

Commissioner Herendeen moved to find that premature general public knowledge of a telecommunications contract with Burlington Telecom and the proposed service contract with Vermont Public Power Supply Authority 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 Perrin. At this time the Board Clerk, Laurie Lemieux conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye

Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

Commissioner Perrin moved that the Commission enter into Executive Session to discuss the telecommunications contract with Burlington Telecom and the proposed service contract with Vermont Public Power Supply Authority under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes. The motion was seconded by Commissioner Herendeen. At this time the Board Clerk, Laurie Lemieux conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

The Commission moved into Executive Session at 7:55 pm.

Commissioner Herendeen moved to exit Executive Session at 8:33 pm; this motion was seconded by Commissioner Haskell. At this time Mr. Lunderville conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

Commissioner Herendeen moved to adjourn the meeting at 8:34 pm; the motion was seconded by Commissioner Perrin. At this time Mr. Lunderville conducted a roll call vote by calling on the following Commissioners:

Commissioner Perrin. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

Attest:



Laurie Lemieux, Board Clerk