

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, October 11, 2017 – 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:37 p.m. on Wednesday, October 11, 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 participated via conference call.

Staff members present included Neale Lunderville, Paul Alexander, Patrick Campbell, Mike Flora, James Gibbons, Freddie Hall, Munir Kasti, Mike Kanarick, Jim Leip, 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

The Agenda was amended to reflect the need for an Executive Session immediately following the KPMG Presentation.

2. Minutes of the September 13, 2017 Meeting

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

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell: Aye

Commissioner Herendeen: Abstained. Commissioner Herendeen was not present at the September meeting.

Commissioner Moody: Aye

Commissioner Perrin: Aye.

Commissioner Stebbins: Aye

Results: 4 Ayes, 0 Nays with 1 Abstention, the motion carries.

3. Public Forum

Jacob Flanigan was present at the meeting. Also present was Renee Bourget-Place and Heather Kuney from KPMG. There were no public comments.

4. Commissioners' Corner

Commissioner Perrin asked if there would be more information regarding the "Defeat the Peak" accomplishments. Mr. Lunderville stated that there were 2 events between late June and the end of September and in both cases the targets were met to reduce demand during the peak periods. Defeat the Peak was designed as a pilot program so the Department could see the effects of BED's customer engagement, and overall the Department feels that the program was a success.

Commissioner Herendeen stated that suggestions were forwarded to the Department regarding changes to the "Energy Engage" Program which have not been incorporated and asked for an update. Mr. Lunderville

stated that these changes have been discussed with Brian Reilly, BED's Residential Energy Services Engineer, and part of the challenge is that BED has an old platform for Energy Engage and this platform needs to be updated. Presently the Department can make minor changes to the platform but to incorporate large changes, this platform would require an update. At this time the Department has not made a final decision on the Energy Engage Program but all the work BED is doing on the IT Forward plan suggests that the entire platform would be upgraded in the next fiscal year.

Commissioner Herendeen asked what additional incentives are being offered to the Burlington City Place that are beyond the minimum scope of LEED. Mr. Lunderville stated the Department will forward that information to Commissioner Herendeen.

Commissioner Herendeen stated that the monthly highlights indicate that the estimated load for the new Town Center Project is going to be 2 MW and asked what the present load is at the Mall. Mr. Lunderville indicated that the Department would look into it and, if there is not a privacy issue regarding the sharing of this information, then BED would forward the information to Commissioner Herendeen.

5. KPMG Audit Presentation

Mr. Reardon was present for the audit report and discussion. Also present and presenting were Renee Bourget-Place, KPMG Engagement Partner for BED and Heathy Kuney, KPMG Engagement Manager for the BED audit.

Ms. Bourget-Place and Ms. Kuney presented their "Report to the Board of Electric Commissioners". This included: 1) a review of the audit objectives; 2) an overview of the FY 2017 audit results; 3) a discussion of BED's control environment and presumed risks factors by statement of auditing standards number 99; 4) areas of emphasis during the audit; 5) required communications under "Statement of Auditing Standard" (SAS) number 114 and 6) emerging issues.

KPMG reported that the audit opinion would be an unmodified (also known as an unqualified) opinion.

KPMG stated that 1) there were no matters involving the internal control structure and its operations that they considered to be material weaknesses; 2) they had no disagreements with management; 3) they encountered no difficulties in performing the audit; and 4) they confirmed they are independent of BED as of October 11, 2017.

KPMG discussed two areas of concern. As of October 19, 2016, KPMG identified two uncorrected audit differences that had not been recorded by BED. The first one involved an unreconciled difference between the accounts receivable sub-ledger and the general ledger. The second one involved a non-GAAP (Generally Accepted Accounting Principles) adjustment related to the amortization of bond premium and discounts. It was noted that these issues are immaterial to the overall financial statements and may remain as unadjusted audit differences for FY 2017.

Ms. Bourget discussed GASB 68 "Accounting and Financial Reporting for Pension". Although the amounts BED booked were essentially final, KPMG was still working with BED Finance and Accounting, the City and their Auditors to complete the full disclosure (narrative and possibly numbers) required.

Ms. Bourget-Place discussed GASB "Emerging Issues". She stated there will be a new GASB pronouncement effective for fiscal year 2018. This will be Government Accounting Standards Board (GASB) 75- Accounting and Financial Reporting for Postemployment Benefits other than Pensions. She mentioned other GASB pronouncements: Asset Retirement Obligations effective for fiscal year 2019 and Leases effective for fiscal year 2021. Under "Asset Retirement Obligations", requirements have been developed on recognition and measurement of asset retirement obligations other than landfills. "Leases" will require all leases (both capital and operating) to be recorded on the balance sheet. In the past, by definition, this would be recorded as an expense on the income statement.

In closing, KPMG stated that although the financial reports are still in draft format and subject to further review, neither BED or KPMG expect any material change from what was presented until when the reports are printed and distributed in final form. However, if there were significant or material changes, KPMG would report back to the Commission.

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

Commissioner Herendeen 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 Perrin.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

Commissioner Haskell: Aye
Commissioner Herendeen: Aye
Commissioner Moody: Aye
Commissioner Perrin: Aye.
Commissioner Stebbins: Aye
Results: 5 Ayes, 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 Perrin.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

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

The Commission moved into Executive Session at 6:07 pm

Commissioner Perrin made a motion to exit Executive Session at 6:13 pm; this motion was seconded by Commissioner Herendeen.

At this time a roll call vote was conducted by calling on the following Commissioners:

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

Commissioner Moody made a motion to accept the KPMG audit report; this motion was seconded by Commissioner Perrin.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

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

6. Monthly Primer: Grid 101

Mr. Munir Kasti began the PowerPoint presentation by showing an example of installed equipment on a typical BED pole. Mr. Jim Leip went on to further explain the function of each piece of overhead equipment. These pieces of equipment include the primary wire, secondary wire, insulator, transformer, capacitor, switch, recloser, fused cutout, lightning arrestor, riser, animal guards, and guy wire. Mr. Leip showed an example of a typical overhead service and explained that BED's responsibility for this service ends at the weather head on the roof, however BED does own the meter that is in the socket. Mr. Leip then showed an example of a typical underground service, a conduit system, and a distribution hand-hole.

Mr. Kasti went on to explain that BED's distribution system is operated as an open primary network consisting of interconnected primary circuits with normally open switches at the interconnection points. When a problem arises on the circuit, back-up is provided to customers by other circuits by changing the normally open and closed points on the system. Switching can be done by BED's SCADA system or by manual switching.

Mr. Kasti explained the drawing of a one-line diagram showing substations, lines with the normally open points, switches, breakers, reclosers, along with the customers on these lines indicated by the asterisks. Mr. Kasti closed the presentation by highlighting the reliability benefits of reclosers on circuits by going over the one-line diagram examples with and without reclosers.

Mr. Lunderville stated that BED's reliability numbers are so good because of the hard work of Mr. Kasti, Mr. Leip, and the Line Crew to keep the system running and to build it in a smart way so when an outage occurs the power is restored quickly.

7. General Manager's Update

Mr. Lunderville informed the Commission that the red binder contains the information requested by the Commissioners, including the Memorandum of Understanding for the Commissioners, Commissioner's job description, list of acronyms, frequently asked questions, current Strategic Direction, and the first four (4) monthly primers. Mr. Lunderville stated that Ms. Lemieux will forward copies of all new monthly primers to be included in the Commissioners' binders.

Mr. Lunderville stated that last week was Public Power Week and BED celebrated this week with a "#Women in Power" campaign on social media by highlighting several women at Burlington Electric.

BED hosted a press conference with Governor Phil Scott, Mayor Miro Weinberger, and many heads of area utilities to talk about expanding electric vehicle rebates to low- and moderate-income households. This program is another step to ensure that BED programs are meaningful to all customers which is one of the Department's strategic initiatives this year.

BED is only one of three Vermont utilities that are sending crews to the Caribbean to assist in the aftermath of the hurricanes. BED Lineworkers Bob Risley and Drew Delorme are presently in Fort Lauderdale and scheduled to be flying out on Monday to the U.S. Virgin Islands. This crew will be working 12 hour days for 4 weeks and will then be relieved by a second crew for another 4 weeks.

Mr. Lunderville stated that there is a solar panel with a cabinet underneath the panel located in the front of Burlington Electric. This system is being loaned to BED for 2 years from a Waterbury based battery manufacturer named Northern Reliability. This panel is a solar system that charges a battery, which allows BED to dispatch that battery during peak times.

Mr. Lunderville stated that the monthly report has been restructured to reflect more statistics, matrices, and graphs to give the Commissioners a better sense of how BED is tracking against many of the strategic initiatives and strategic objectives. Mr. Lunderville pointed out that for the past 3 months, EV charging has been spiking, which is a direct link back to the EVs that have been sold in Burlington. It is estimated that on a per capita basis, BED customers took advantage of the Nissan program more than any other utility's customer base in the country.

Mr. Lunderville stated that BED has been working very closely with Corix to develop an actual firm pricing proposal for district energy customers. Corix will be in town next week to review the numbers with BED, and the Department should be ready to put some hard numbers in front of potential customers by the first and second weeks of November. The next phase would be to collect letters of intent, with these LOIs signaling to BED whether or not there is a critical mass of customers to go forward. Mr. Lunderville stated that having enough LOIs does not mean District Energy is a go, but does mean that BED will have cleared a hurdle. Until a final technical design and final model are completed, BED will not know if it's a go. Mr. Lunderville stated that there should be a more detailed report for the Commission at the December meeting.

8. Update on Status and Proposed Action Plan for New Rates at BED

Mr. Gibbons and Mr. Hall presented a PowerPoint presentation on an action plan for new rates at BED by giving examples of possible programs.

Mr. Gibbons began the presentation with the first example, Green Pricing Rates. Green Pricing Rates would give customers the choice to consume Class I renewables which is allowed under current Vermont statute. This program would give customers the ability to elect to have BED retire high value RECs instead of purchasing class II replacement RECs. Mr. Gibbons explained that pricing would probably be around long term planning average or long term average revenues received.

Peak Time Rebate: The goal would be to launch a citywide demand reduction strategy. This rebate would allow customer to realize the value themselves, continue a donation option, and enrollment would be open to all customers.

Residential EV Charging Rate: This charging rate would be a flexible, off-peak charging rate for lower fuel costs. This would reduce fossil fuel emissions in the transportation sector which is a key component of net zero. Commissioner Herendeen asked several questions to clarify the difference between the Residential EV Charging proposal and a more general off-peak time-of-use rate.

Improved Load Control: This rate would be a citywide demand reduction strategy and integrate demand reduction and distributed resources in regulatory planning and program design. This program would supersede the existing Power Miser Program and could be drafted to allow for expansion into other devices.

Mr. Gibbons then presented the West Facing PV, which would provide incentives for afternoon PV production. This program could improve economics of west facing solar arrays in recognition of the peak output occurring later in the day.

Mr. Gibbons closed the presentation by reviewing reasons that BED is looking at rate designs including reasons to leave things as they are, optional rates, and advanced options.

Commissioner Haskell moved to adjourn the meeting at 7:57 pm; the motion was seconded by Commissioner Herendeen.

At this time the Board Clerk conducted a roll call vote by calling on the following Commissioners:

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