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

**Wednesday, March 13, 2019– 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:32 p.m. on Wednesday, March 13, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Commissioners present included Jim Chagnon, Sabina Haskell, Bob Herendeen, Scott Moody, and Gabrielle Stebbins.

Staff members present included Paul Alexander, Mike Flora, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Mary Peterson, Paul Pikna, Jim Reardon, and Darren Springer

Channel 17 was present to record this meeting.

**1. Agenda**

There were no changes to the Agenda.

**2. January 9, 2019, January 16, 2019, and January 30, 2019 Meeting Minutes**

Commissioner Moody made a motion to approve the minutes of the January 9, 2019 Commission meeting; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Moody made a motion to approve the minutes of the January 16, 2019 Special Commission meeting; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

Commissioner Moody made a motion to approve the minutes of the January 30, 2019 Special Commission meeting; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

**3. Public Forum**

There was no one present from the public.

**4. Commissioners' Corner**

Commissioner Stebbins stated that in December Mr. Springer nominated her to serve on the APPA Policy Makers Council and attended the conference in Washington, DC in February. On the APPA Agenda were five (5) resolutions:

- Reducing wildfire risk
- Insuring proper cost allocation for the Central Valley Project Improvement Act
- Affirming local control for pole attachments
- Reviewing municipal bond modernization updates that occurred during the tax update 2 years ago
- Control of transmission cost increases

Commissioner Stebbins will share the overall APPA Policy Guidance Measures and a brief write up.

## **5. General Manager's Update**

Mr. Springer welcomed Mary Peterson, the new Burlington Electric Manager of Strategy and Innovation. Ms. Peterson has been with the Department for approximately one month and BED is happy to have her on the team.

Mr. Springer testified yesterday at the House Energy and Technology Committee in support of adding language to a miscellaneous energy bill to allow the use of BED TEPF funds to support the engineering phase for District Energy. It is expected that this bill will move by the end of the week and BED will be tracking this through the process with the House and Senate.

BED is also tracking any potential changes on the Standard Offer Statute, which BED continues to have an exemption under current law.

The Department has been talking to the Transportation Committee regarding EV Charging and a potential change regarding jurisdiction over EV Charging Stations and discussions regarding a new KWH fee on transportation charging. BED's position is to take some time to give the adoption rate for EVs a chance to continue to move before setting a tax.

BED is again partnering with VT Sustainable Jobs Fund and VCET on a 2019 summer energy program for Accel-VT.

Accel-VT is a business accelerator program, and BED sponsored and hosted the 2017/2018 cohort of businesses, and later formed partnerships with several of the participating businesses on pilot projects. Accel-VT worked with us to craft the focus statement for the 2019 cohort, which is about technologies that reduce fossil fuel use and emissions in the heating and transportation sectors, consistent with our Net Zero Energy City goal. This year, in addition to sponsoring and hosting and providing fundraising outreach to partners, BED is offering to provide up to \$10,000 in Tier 3 funds for up to two participating businesses in the Accel-VT program to demonstrate their technologies in Burlington.

Mr. Springer stated that on February 19 the reorganization package received approval by the Board of Finance and City Council and this reorganization has been implemented.

### Finance

Jim Reardon, Director of Finance presented a brief review of January 2019 year-to-date financial results.

January Operating Income year-to-date is \$1,570,000 and Net Income year-to-date is \$2,383,000. Year-to-date Operating Income and Net Income are approximately \$800,000 lower than budgeted; primarily due to RECs (Renewable Energy Certificates) revenue budgeted in January but received in February.

The favorable variance year-to-date of \$328,000 in Sales to Customers is largely due to average temperatures above normal for July, August and September. Other revenues year-to-date are down \$601,000 due to Energy Efficiency Program cost reimbursements less than planned. Power Supply Revenues year-to-date is relatively on target but we do expect RECs revenue to be lower than planned for the year.

Power Supply Expenses year-to-date are \$501,000 above budget primarily due to McNeil (12%) and Winooski One Hydro (14%) production below budget, thus causing BED to purchase more power from the ISO New England Exchange. While total Purchased Power year-to-date is above budget by \$1,129,000, Fuel Expense is \$678,000 below budget due to lower McNeil production and woodchip costs (per ton) are 5% below budget. The favorable year-to-date variance in Operating Expenses of \$1,538,000 is being analyzed as we are reviewing budgets for Fiscal Year 2020 to determine what level of spending should be recommended for the next fiscal year. Most of the favorable variance in Gain/Loss on Disposition of Plant is due to less actual losses than planned on sales and retirement of assets at McNeil. The Gain on Disposition of Highgate is higher than planned, since the amount budgeted did not take into consideration the \$100,000 nonrefundable amount we received to cover legal fees.

Mr. Reardon, then discussed Capital Spending, in total, year-to-date ended February 28<sup>th</sup>, Capital spending is 56% (\$5,610,000) of the \$10,045,000 budgeted in fiscal Year 2019. Year-to-date, we are underspent relative to the budget through February 28<sup>th</sup> by \$1,462,000, of which a large share is attributable to the IT Forward Project and Production (i.e. Wood Handling Front End Loader will not be purchased and Hydro Facility Unit Number 2 Major Overhaul \$90,000 less than planned).

On Cash and Investments, BED closed February with \$14.8 million of unrestricted and reserved operating funds. Mr. Reardon noted that this is \$2.7 million above what was projected in the budget. This is largely due to the underspending to date for capital projects.

There was little change in the Rating Factors from December, 2018 to January, 2019.

At this time Commissioner Herendeen asked for an update on the Airport Microgrid.

Mr. Gibbons stated that the Airport Microgrid RFP was issued in late 2016, and in 2017 the vendor selected was unable to maintain the price that they bid, so in October 2018, the RFP was reissued and BED received five (5) responses. Unfortunately the low price disappeared and clustered around a mean, unfortunately a mean that is very expensive. This mean is around \$25 per KW-month for a turnkey solution. This cost has to be recovered from the capacity market, the transmission markets, and the energy markets and that is difficult. Presently BED is talking to vendors about potential smaller storage system options in the Burlington area but we are not sure if this can economically happen.

## **6. Potential Hydro Purchase for up to 5-years (Replacement of the Great River Contract)**

In December 2017 BED signed a two year hydro contract with Great River Hydro. This contract will end in December 2019. The reason for the two year contract was due to concerns regarding the standard offer exemption and whether BED would make the same purchase if that exemption was not available. Since then there has been some clarity on the exemption front and the PUCs recommendation is that the utilities that had previously qualified for the exemption can maintain the exemption provided they never drop below 100% renewable. At this time there is no statutory proposal to accomplish the PUC recommendation, but the status quo works for BED, which is a year by year exemption.

Mr. Gibbons reviewed a graph on the history of market prices for energy for 2020 and 2021 and what they have been trading at over time. When BED signed the contract in 2017, energy was being traded around \$38. Since then it has gone as high as \$45 but recently been falling back and Mr. Gibbons feels this will continue and the price will be comparable to when BED signed the contract in 2017.

The Department is asking the Commission for the ability to act on a contract, providing that a seller can be

found with similar characteristics at a price at or below the price of the current contract.

Mr. Gibbons stated that if BED cannot beat the previous price then an alternate proposal would be presented to the Commission but giving the Department the flexibility to act if the price could be met would be helpful.

Commissioner Moody made a motion authorizing BED Management to replace the Great River Hydro Contract, which expires on 12/13/19, for a term of up to five (5) years, provided that a seller can be found offering hydropower with similar characteristics at a price at or below the price of the expiring contract. The motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

## **7. IRP 2020 Discussion**

Mr. Gibbons stated that we are in the new IRP cycle which is due January 2020. During the last cycle BED was given an extension but there will be no extensions this time around.

Tom Lyle will be overseeing this process for Policy and Planning and the internal initial meeting was held. It was decided to follow the prior template, review the assumptions, look for new technologies that need evaluation and use the IRP model ideally to evaluate some of the proposals coming out of the Net Zero Roadmap.

Mr. Gibbons asked for two Commission volunteers to set on the team. It was decided that Commissioner Stebbins and Commissioner Herendeen will serve as Commission representatives.

BED will seek community members to fill the remaining two spaces.

## **8. Reliability and Safety Presentation**

### **Reliability:**

Mr. Kasti stated that BED has seen continued improvement in reliability and efficiency performance. As of December 31, 2018 the System Average Interruption Frequency Index (SAIFI) which measures the average number of interruptions per customer is 0.43. The Customer Average Interruption Duration Indices (CAIDI) which measures the average time customers have seen an outage is 0.93, which means less than half of BED customers have seen about one outage. Distribution system losses, which is the energy wasted on the distribution circuits was 1.69% in 2018.

BED also monitors SAIFI and CAIDI on planned and unplanned outages.

A few examples of *unplanned* outages are due to animal contact, trees on lines, equipment failure, weather, etc. The 2018 SAIFI on unplanned outages was 0.32 hours per customer and CAIDI at 0.67 hours per customer.

A few examples of *planned* outages are for repair, maintenance, and upgrade to avoid unplanned outages in the future and are typically longer in duration. The SAIFI on planned outages was 0.10 hours per customer and CAIDI at 1.73 hours per customer.

Mr. Kasti then reviewed the historical SAIFI and CAIDI values and over the past three years. BED has shown continuous improvement in our CAIDI which is the duration of the outages and well below the

Department target value and continue to be well below Department target values in our SAIFI.

Mr. Kasti reviewed the annual distribution system losses from 1996 – 2018 which included both 4 kV and 13.8 kV. It was decided to eliminate the 4 kV lines and convert all lines to 13.8 kV. As a result BED has a more efficient distribution system and the losses have drastically improved.

**Safety:**

Mr. Flora stated that there are several indicators that the Department tracks, the Lost Time Incident Rate (LTIR), the Lost Time Severity Rate (LTSR), and the Service, Quality, and Reliability metric of the Public Service Board (SQRP). These are the benchmarks that are measured by the State and other utilities.

The formulas that are set by the Public Service Board is 200,000 person hours calculated by 100 workers x 40 hours x 50 weeks which puts BED on a level playing field with larger or smaller utilities.

Mr. Flora reviewed the Historical LTIR from 2013 to 2018 which shows the SQRP Target which is determined by the State, and BED's actual incident rate which is way below the State Target.

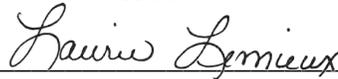
BED's Historical LTSR for 2018 was 109.75 days of lost time which is much higher than the State's target rate of 71 days of lost time. Although BED was much lower than the State target during 2015, 2016, and 2017, the Department had 2 incidents that resulted in 116 lost work days with one incident resulting in 115 lost work days as a result of shoulder surgery and then 1 additional work day lost. Mr. Flora stated that just one injury can cause the numbers to jump but feels that BED safety record is still within an acceptable range.

**9. Commissioners' Check-In**

There was no Commissioner Check-ins at this time.

Commissioner Moody moved to adjourn the meeting at 6:49 p.m. This motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

Attest:



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Laurie Lemieux, Board Clerk