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MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, May 8, 2019– 5:30 p.m.

The regular meeting of the Burlington Electric Commission was convened at 5:36 p.m. on Wednesday, May 8, 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, James Gibbons, Freddie Hall, Mike Kanarick, Laurie Lemieux (Board Clerk), Dave MacDonnell, Mary Peterson, Jim Reardon, and Darren Springer.

Channel 17 was present to record this meeting.

1. Agenda

The Agenda was amended to removed item 5. Quantifying the Benefits of Defeat the Peak. This item will be presented at the June Commission Meeting.

2. April 10, 2019 and April 18, 2019 Meeting Minutes

Commissioner Moody made a motion to approve the minutes of the April 10, 2019 Commission meeting; the motion was seconded by Commissioner Chagnon and approved by all Commissioners present.

Commissioner Herendeen made a motion to approve the minutes of the April 18, 2019 Special Commission meeting; the motion was seconded by Commissioner Moody and approved by all Commissioners present.

3. Public Forum

There was no one present from the public.

4. Commissioners' Corner

Commissioner Stebbins stated that every year the Commission Chair presents the Commission's Annual Summary to the Burlington City Council. This Summary is signed by all Commissioners and will include the current Performance Measures Report as an attachment. Commissioner Herendeen recommended a few edits, which were incorporated by Mr. Kanarick. Mr. Kanarick will print off a clean copy which will allow the Commissioners to sign after the meeting.

Commissioner Stebbins asked if there was an updated on the IRP. Mr. Gibbons stated that the team is currently working on the forecast and he will follow up with the team to see where they are in the process and report back to the Commission.

5. General Manager's Update

Mr. Springer stated that despite BED's best efforts, the Department did not ultimately reach an agreement with DemandEV to start the leasing program for BED customers that the Commission approved. We are therefore cancelling that effort.

BED has secured a donation from FLO, one of our charging station partners, for a two-port charger for the spaces near St. Paul and Main Street. One space will be for CarShare and one public. In addition we plan to install two new FLO chargers at BED Pine Street that will be available for the public and visible from the road.

Mr. Springer stated that the Department has worked hard to refine the budget and this hard work paid off with a better outcome in terms of net income, and the Moody's metrics. Mr. Springer recognized Jim Reardon, Cheryl Mitchell, James Gibbons and his team, and Munir Kasti for their efforts to help shape this budget and provide a good outcome for BED ratepayers and customers.

The Department continues to monitor a couple bills in the Legislature. The H.133 bill that includes the language to allow us to use current thermal incentive funds to help pay for a portion of the next phase of work for district energy has passed the House, and now the Senate as well with amendment. The House is likely to further amend it with some language concerning the Standard Offer exemption. BED is working to ensure the Department continues to have access to the exemption which saves us approximately \$2 million annually on power supply. Another late breaking bill that BED is tracking is H.63 which would create a PUC study over a two year period and would look at the need for an all fuel utility in the State. The intent of the study is to look at whether some energy efficiency dollars should go to weatherization and this Bill includes language that would allow Efficiency Vermont to put some of its efficiency dollars towards weatherization in lieu of an increase in the gross receipts tax. Mr. Springer stated that the Department sought to be exempt from the study since we already run Energy Efficiency and Tier 3 Programs, but the Legislator's preference is to keep BED included the study. Mr. Springer is hoping to give a final update in the next monthly report.

BED has had several discussions with Change the Story, IBEW, and Vermont Works for Women on ways to add more diversity in our Operations area and at McNeil. From those efforts, we'll be hosting Vermont Works for Women's Trailblazers for a discussion on jobs in operations and at McNeil on May 15. The Trailblazers program is an 8 week training and certification program aimed at helping women who want to enter the construction, electrical, plumbing and pipefitting field. In addition to the event on May 15, we are working to develop a job shadow partnership to help more Trailblazers learn about careers at BED.

BED is launching a new electric lawn mower Tier 3 rebate on May 13 which will include both a residential and commercial incentive program.

Finance

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

March Operating Income year-to-date is \$1,519,000 and Net Income year-to-date is \$2,732,000. Year-to-date Operating Income and Net Income are higher than budgeted primarily due to lower expenses year-to-date than budgeted.

The favorable variance year-to-date of \$287,000 in Sales to Customers is largely due to average

temperatures above normal for July, August and September 2018. Other Revenues year-to-date are down \$947,000 due to Energy Efficiency Program cost reimbursements less than planned. Power Supply Revenues year-to-date are relatively on target, but we do expect REC (Renewable Energy Certificates) revenue to be lower than planned for the year.

Power Supply Expenses year-to-date are \$491,000 above budget primarily due to McNeil 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 \$1,902,000, Fuel Expense is \$1,524,000 below budget due to lower McNeil production (22%) and woodchip costs (per ton) 6% below budget. The favorable year-to-date variance in Operating Expenses of \$1,713,000 is largely due to underspending for DSM Rebates (\$656,748) and Outside Services (\$700,265) for RPS Compliance (Tier 3), REC broker commissions and consulting services related to "Net Zero Roadmap". Most of the favorable variance in Gain/Loss on Disposition of Plant is due to actual losses less than planned on sales and retirements at McNeil. The Gain on Disposition of Highgate is higher than planned, since the budgeted amount did not take into consideration the \$100,000 nonrefundable amount BED received to cover legal fees.

Mr. Reardon, then discussed Capital Spending. In total, year-to-date ended April 30th, Capital Spending is 62% (\$6,236,000) of the \$10,045,000 budgeted in Fiscal Year 2019. Year-to date, we are underspent relative to the budget through April 30th by \$2,347,000, of which a large share is attributable to the IT Forward Project.

On Cash and Investments, BED closed April with \$12.9 of unrestricted and reserved operating funds. Mr. Reardon noted that this is \$ 2.3 above what was projected in the budget. This is due to underspending to date for capital projects and operating expenses.

There was little change in the Rating Factors from February, 2019 to March, 2019.

6. Fiscal Year 2020 Budget

Mr. Reardon stated that there were a couple changes to the draft budget that was presented to the Commission at the April 18, 2019 meeting and these budget changes positively affected the Net Operating Income and Net Income. Net Income is estimated to now be \$924,000 for Fiscal Year (FY) 2020. The first change was to Purchased Power and was due to the approval by the Board of Electric Commissioners of an extension of the Great River Hydro Contract. Also, the final allocation of Employer Pension Expense to the Burlington Electric Department was significantly less than originally estimated and is the primary reason for the decrease in Operation and Maintenance Expenses from what was presented in the draft budget.

Mr. Reardon, then discussed the "Bond Rating Metrics", comparing projected FY 2020 to March, 2019. While still not at the benchmark for an "A" rating, Mr. Reardon noted the Adjusted Debt Service Coverage ratio projected for FY 2020 was 1.00, an improvement compared to March, 2019 of .93. Days Cash on Hand is projected for FY 2020 to be slightly above the "A" rating (90 days) at 92 days, compared to March, 2019 of 134 days. Mr. Reardon noted that the decrease is primarily due to lower Net Income over the last couple fiscal years thus BED has not been generating as much cash.

The Commission had several questions that BED staff answered and after some discussion the Capital and Operating moved to a vote.

Commissioner Moody moved to approve the Fiscal Year 2020 Capital and Operating Budget as presented; the motion was seconded by Commissioner Haskell and approved by all Commissioners present.

7. Year 2020 General Obligation Bond

Mr. Reardon stated that, in March 2012, Burlington voters approved a City Charter change to allow \$3,000,000 of General Obligation Bonds to be issued by the City annually for capital improvements on behalf of the Burlington Electric Department. As part of the budget review and approval each year, the Department includes a line item for the \$3,000,000 General Obligation Bond. Bond Counsel for the City requires a formal approval by the Electric Commission before forwarding to the City.

Commissioner Herendeen moved to recommend to the Board of Finance and the City Council the authorization for and to direct the Chief Administrative Officer to pledge the credit of the City by issuing bonds in an amount of three million dollars (\$3,000,000) for the 2020 fiscal year for electric capital improvements; the motion was seconded by Commissioner Moody and approved by all Commissioners present.

8. Strategic Direction 2019-2020 Update

Mr. Springer presented the updated Strategic Direction incorporating comments from Commissioner Stebbins and BED Staff and reviewed these changes with the Commission.

Commissioner Herendeen asked that the acronym GHG be spelled out to Green House Gas and Mr. Springer stated that this change be incorporated in the final. At this time Mr. Springer asked that the Commission approve the Strategic Direction for 2019-2020 which will include the change recommended by Commissioner Herendeen.

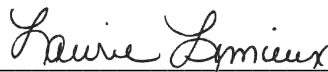
Commissioner Herendeen made a motion to adopt the Burlington Electric Department Strategic Direction for 2019-2020; this motion was seconded by Commissioner Haskell and approved by all members present.

9. Commissioners' Check-In

There were no Commissioner check-ins at this time.

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

Attest:



Laurie Lemieux, Board Clerk