

*****DRAFT*****
MINUTES OF SPECIAL MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, July 8, 2020 – 5:30 pm

The regular meeting of the Burlington Electric Commission was convened at 5:41 pm on Wednesday, July 8, 2020 via Microsoft Teams Video Meeting.

Channel 17 was present via Microsoft Teams Video to record this meeting.

Commissioners Chagnon, Herendeen, Moody, and Stebbins participated via Microsoft Teams at 5:41 pm, while Commissioner Whitaker joined the Microsoft Teams meeting at 5:54 pm.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Andrea McNeil, Paul Pikna, and Emily Stebbins-Wheelock.

1. Election of Officers

Board Clerk Laurie Lemieux called the meeting to order at 5:41 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting and the first order of business is to elect officers. The Board Clerk opened the floor for nominations for Chair of the Commission.

Commissioner Moody made a motion to nominate Commissioner Stebbins as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Chagnon. The Board Clerk asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Gabrielle Stebbins by way of roll call.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Of the 4 members, 3 votes were cast in support of Commissioner Stebbins, with Commissioner Stebbins abstaining. Commissioner Stebbins was elected Chair of the Commission. At this time Ms. Lemieux turned the meeting over to the Chair.

Commissioner Stebbins opened the floor for nominations for Vice Chair of the Burlington Electric

Commission. Commissioner Herendeen made a motion to nominate Commissioner Moody as Vice Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Chagnon. Commissioner Stebbins asked if there were any other nominations. Hearing none, the Board Clerk asked the Commission to indicate support for Scott Moody by way of roll call.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Stebbins. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Of the 4 members, 3 votes were cast in support of Commissioner Moody, with Commissioner Moody abstaining. Commissioner Moody was elected Vice Chair of the Commission.

Commissioner Herendeen nominated Laurie Lemieux as the Board Clerk for the Burlington Electric Commission; the nomination was seconded by Commissioner Moody.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

Of the 4 members, 4 votes were cast in support of Laurie Lemieux as the Board Clerk for the Burlington Electric Commission.

2. Agenda

There were no changes to the Agenda.

2. Public Forum

Ms. Anu Makinde was present for the meeting. Ms. Makinde is an intern working at Burlington Electric since May and will continued until mid-August. Ms. Makinde is working on energy burden in new American communities and how Section 8 subsidies impact the community and affect

energy efficiency. Commissioner Stebbins recognizes the importance of this work and ask Ms. Makinde to share and present her findings when complete.

3. June 10, 2020 Meeting Minutes

Commissioner Herendeen made a motion to approve the minutes of the June 10, 2020 Commission Meeting; the motion was seconded by Commissioner Moody.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

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

4. Commissioners' Corner

There were no Commissioner comments at this time.

5. General Manager's Update

Mr. Springer stated that the COVID-19 impacts on FY20 for BED had the effect of reducing net income due to lower sales to commercial as well as a halt in customer capital projects and other capital projects causing labor associated with those projects to return to general operating budget. The Department had a targeted net income of over \$900,000 for FY20, and it looks like it will be closer to break even, either up or down around \$100,000. Also, due to deferring capital projects and reducing cash expenditures, our days cash on hand is higher than expected in the FY20 budget by several million heading into FY21, and our metric for cash on hand is well above the A rating threshold. The Department is in discussions with the Department of Public Service whether an accounting order would be appropriate for several hundred thousand in labor that should have been capitalized but was not due to COVID-19. The accounting order could materially improve the net income on our financial statement for FY20 and associated rating metrics, while amortizing the cost of the non-capitalized labor in a future rate case. BED is also pursuing FEMA reimbursement for COVID-19 expenses, but labor is not eligible, so that reimbursement is likely to be relatively modest for BED, approximately \$30K. There is some discussion in Congress regarding another COVID-19 related piece of Legislation that the Senate may work on when they return from recess and BED has been in contact with all three members of the delegation. Also, Ms. Stebbins-Wheelock and Mr. Higbee have been in contact with the Department of Public service on how the plan to allocate \$8M in funding from the state legislator through the Cares Act that will be used to help customers who have fallen behind on their bills and catch-up on their arrearage's.

On July 7, BED joined the Mayor and Planning and Permitting to hold a public forum on potential new standards for electrification requirements in new buildings, with some possibility of applicability in certain existing buildings too. This follows work dating back to October of 2019 and a Resolution originally authored by Councilor Bushor. We have a September 2020 reporting date to provide recommendations back to the Council on this topic. We received great feedback from approximately 35-40 people, and we will continue to receive feedback through the Net Zero button on BED's website for the remainder of July. In August we will begin work on a report back to the City Council with the Ordinance Committee review in October.

A PowerPoint presentation on Net Zero Energy that will be presented to the City Council was sent to the Commission for their review. Per the Net Zero Energy Resolution we are required to periodically update the Council on our progress. Mr. Springer is scheduled to present at the July 13 City Council meeting on BED's Net Zero Energy work. Mr. Springer stated that he is very proud of this presentation as a number of employees across the Department had a hand in adding data and the result is a very good snapshot of where we are as a City on emissions. It also shows that we are down from the 2010 and 2013 Climate Action data. The new 2018 baseline from Synapse shows a trajectory which is modestly down by approximately 5% from 2010 levels. This is largely due to becoming renewable on the electric side and not due to a decrease in natural gas or transportation emissions.

Mr. Springer stated that Green Mountain Transit was not successful with their grant application at the federal level, so there will not be a new E-Bus procurement from them for FY21.

BED has applied for a non-competitive solicitation by Economic Development Association (EDA) for BED to add \$500,000 to our revolving loan fund for small business/non-profit customers, and \$50,000 in administrative costs for BED to administer the program. This will supplement the Department's existing on-bill financing program which originally received support from the EDA. The new funds will be available to lend at 0% interest consistent with the City's Green Stimulus program.

BED has made significant progress during the pandemic with the work that can move forward with EverGreen on phase II of the District Energy project. This includes scoping potential routes with DPW, engineering and design work with McNeil, and continued analysis on economics/financing/regulatory. The missing piece has been UVMMC, but we did have a good conversation with their new facilities director in June, and we anticipate their full re-engagement with us by September. This will delay the Phase II reporting out until the Fall.

Financials

Ms. McNeil, Director of Finance, reviewed the May 2020 year-to-date financial results.

Financials

Ms. McNeil, Director of Finance, reviewed the May 2020 year-to-date financial results.

Ms. McNeil started with an update on loads and reviewed several charts showing how loads are looking through July 4. Residential sales continue to track above forecast, with the warm weather causing an additional increase. Commercial sales are continuing to trend significantly lower than forecast. Total system load for May was approximately 10% lower than expected, with the decline in the commercial sales more than offsetting the slight uptick in residential sales. Total system load for June was approximately 6% lower than expected.

Ms. McNeil reviewed the budget-versus-actual results for the month of May FY20. The Department reports a net income of \$0.5M which is \$0.4M less than budget, due largely to the effects of COVID-19. Specifically, the variance is due to: decreased sales to customers; increased expenses due to labor budgeted for delayed/deferred capital projects hitting operations; loss of revenue from customer contributions to delayed/deferred capital projects (of which substantial amounts were budgeted for April, May, and June); and purchased power costs greater than budget. The unfavorable variances are offset by increased power supply revenues of \$0.46M related to REC revenue. The Department currently projects FY20 year-end net income at breakeven or a slight loss due to COVID-19, but June actuals and year-end accounting adjustments, including the impacts of pension, will affect final results.

Capital spending through June 2020 is 49% or \$3.9M less than the FY20 budget. This is driven by less spending on the IT Forward project as well as less spending on capital work due to COVID.

As of the 12 months ending May 2020 the Department has 122 days cash on hand, the debt service coverage ratio is well above target, and the adjusted debt service coverage ratio remains below target, in part due to impacts from COVID-19. Mr. Springer stated that the impacts of COVID-19 increase the days cash on hand due to less capital spending and decrease the debt service coverage ratio and adjusted debt service coverage ratio due to unfavorable income statement impacts.

6. Strategic Direction

Mr. Springer stated that a red-line version with suggested revisions from the Commission were included in the Commission packet along with a clean version. Mr. Springer reviewed the proposed Strategic Direction changes which includes a greater emphasis on diversity and equity, strengthening some of the language in the program areas, and stronger language on investing and encouraging the use of the electric infrastructure to serve all customers across all modes of transportation to include bikes, EVs, and busses.

Commissioner Herendeen is still troubled by the definition of Net Zero and feels that somewhere in the Strategic Direction it needs to be clear that the climate goal to Net Zero is to reduce carbon emissions to zero.

Ms. Stebbins-Wheelock suggested adding the statement the *“Make Burlington a Net Zero Energy city by reducing and eventually eliminating fossil fuel usage across the electric, thermal, and ground transportation sectors by strategically electrifying, managing demand, realizing efficiency gains, and expanding local renewable generation while increasing system resilience.”*

Commissioner Herendeen stated that the Net Zero logo has a bike in the design which is not an electric bike and there are no people in the actual logo. Commissioner Herendeen asked if the logo could be changed to remove the regular bike, add an electric bike along with adding people. Mr. Kanarick will work with Adam Rabin to make these changes in the logo.

Commissioner Whitaker made a motion to adopt the Strategic Direction with the suggested modifications; the motion was seconded by Commissioner Moody. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

6. Commissioners' Check-In

Commissioner Herendeen stated that the monthly report indicated that Winooski One and the GT were out of commission and asked for clarification. Mr. Pikna stated that the GT is available and the Winooski One has issues with a single unit but is fully available for the water that we have flowing down the river. Mr. Pikna stated that due to the lack of water Winooski One is only producing approximately ½ MW. The Winooski One has a failed transducer and this is scheduled to be replaced in August and will be fully operational and producing 2.5 MW for the fall flooding season.

Mr. Springer asked the Commissioners if they have fully migrated their emails to BED's new system. Commissioner Herendeen and Moody have migrated, they remaining Commission will migrate soon.

Commissioner Stebbins stated that normally we do not hold an August Commission meeting but due to the current situation we will leave this meeting on the calendar. Commissioner Stebbins stated that if Mr. Springer has any updates, he can provide electronically we may not need to convene but this decision will be made as the August 12 scheduled meeting date approaches.

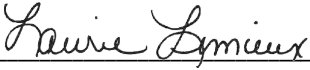
Commissioner Herendeen made a motion to adjourn; the motion was seconded by Commissioner Chagnon. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

The meeting of the Burlington Electric Commission adjourned at 6:45 p.m.

Attest:



Laurie Lemieux, Board Clerk