BURLINGTON
BOARD OF ELECTRIC COMMISSIONERS

585 Pine Street
Burlington, Vermont 05401

To be held at Burlington Electric Department (and)
Via Microsoft Teams
+1 802-489-6254
Conference ID: 636 059 465#

LARA BONN
MICHELLE HOBBS
SCOTT MOODY, CHAIR
ANDY VOTA
BETHANY WHITAKER, VICE CHAIR

AGENDA
Regular Meeting of the Board of Electric Commissioners
Wednesday, November 13, 2024 – 5:00 PM

1. Agenda
2. Minutes of the October 16, 2024 Meeting
3. Public Forum
4. Commissioners' Corner (Discussion)
5. GM Update
6. Financial review (Discussion) – Emily Stebbins-Wheelock
7. FY2024 Audited Financials (Discussion) – Emly Stebbins-Wheelock and Amanda Hurlbut
8. BED's 2024-2025 Property/B&M Insurance renewal (discussion and vote) – Paul Alexander
9. Commissioners' Check-In

Attest:

Elena Alexander, Board Clerk

If anyone from the public wishes to speak during the public forum portion of the Commission Meeting and/or wishes to be present for the Meeting of the Board of Electric Commission via Microsoft Teams, please email ealexander@burlingtonelectric.com to receive a link to the meeting.

Note: Members of the public may speak during the Public Forum, or when recognized by the Chair during consideration of a specific agenda item.

DRAFT MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, October 16, 2024

The regular meeting of the Burlington Electric Commission was convened at 5:05 pm on Wednesday, October 16, 2024, at Burlington Electric Department, 585 Pine Street, Burlington, Vermont, and on Microsoft Teams.

Channel 17 was present to record this meeting.

Commissioners Lara Bonn, Michelle Hobbs, Scott Moody, Andy Vota, and Bethany Whitaker were present.

Staff members Elena Alexander, Paul Alexander, Paul Charbonneau, Erica Ferland, Amanda Hurlbut, Mike Kanarick, Munir Kasti, Betsey Lesnikoski, Darren Springer, and Emily Stebbins-Wheelock were present.

Staff members Rodney Dollar and James Gibbons were present via Microsoft Teams.

KPMG Auditors Heather Kuney and Renee Bourget-Place were present via Microsoft Teams.

Members of the Public Nick Persampieri, Ashley Adams, Andre Oyagas and Greg Hancock were present via Microsoft Teams.

Agenda
No changes to the Agenda.

Meeting Minutes
- Commissioner Vota made a motion to approve the minutes of the September 11, 2024, Commission Meeting; Commissioner Bonn seconded the motion. Vote: 4 ayes 0 nays (Commissioner Whitaker was not present for this vote).

Public Forum
No members of the public requested to speak.
Mr. Persampieri submitted written comments (Exhibit A) attached hereto.

Commissioners' Corner
No items presented.

General Manager's Update
No verbal update provided.

FY25 July Financials

CFO and Manager of Strategy & Innovation Emily Stebbins-Wheelock presented the August FY2025 financial results.

- The Department's net income for the month of August was $1.685 million compared to a budgeted net income of $1.965 million. A negative variance of $280k.
- Sales to customers compared to budget were down $174k for the month. Other revenues had a positive variance of $14k to budget, due mostly to a variance in EEU revenues. Power supply revenues were at a negative variance of $20k to budget.
- August's net power supply expense had a favorable variance of $120k to budget that included a positive variance on fuel offset by an unfavorable variance on purchased power. Both wind and McNeil production were under budget. The FirstLight contract that was signed in July was not budgeted for, causing an unfavorable variance between now and December. Transmission had a slight positive variance.
- Other operations and maintenance expense had a negative variance of $387k. This larger delta was due to $211k in uncollectible expense from an estimate that we gave to a customer for service work that was inadvertently billed and never recognized as revenue. This bill will be cancelled to correct the variance.
- Other income had a positive variance of $150k.
- Capital spending for August fiscal year-to-date was $909k or 8% of budget.
- Operating cash at the end of August was $9.2 million, $400k better than budget.
- The most-recent-12-months Debt Service Coverage Ratio was 6.22 and the Adjusted Debt Service Coverage Ratio was 1.41.

FY2024 Audit Presentation

BED's Controller Amanda Hurlbut presented the FY2024 Draft Audit with KPMG representatives Renee Bourget-Place and Heather Kuney. These are preliminary audit findings due to one outstanding audit item, an actuary report for GASB 75 disclosure. That will require one final adjustment to the financial records which should be completed by the end of the week. BED anticipates having all documentation to KPMG by mid next week. KPMG will need 3-4 days to complete their review process before the audit is finalized and the FY24 financial statements are issued along with the auditors' opinions.

Ms. Bourget-Place and Ms. Kuney stated the line items that they are required to share with the Commission as part of their audit are listed in Exhibit B attached hereto.

Commissioner Vota asked what kind of audit findings have come up in past years. Ms. Bourget-Place shared that in previous years, there have been some control deficiencies surrounding inventory. There were a couple of years where controls over inventory were not strong enough but that was remediated. Ms. Kuney added that for the proposed audit entries, oftentimes these have involved non-GAAP (generally accepted accounting principles) policies that the Department has and the difference between recording something in accordance with GAAP versus the Department's policy.

It wasn't something that rose to the level that KPMG would have requested to be reported, but it was high enough that we needed to report it to the Commission.

Commissioner Hobbs asked for clarification of required communications. Are they specific to Burlington Electric Department or just standard practice? Ms. Bourget-Place confirmed that these required communications are part of the professional audit standards and not just for Burlington Electric Department. All audits require auditors to communicate those things to the governing board.

Commissioner Bonn asked what the next steps are in the audit process for addressing significant risks. Ms. Bourget-Place explained that this is also is part of standard auditing practices, in which auditors always presume that there is a fraud risk related to management override. It requires that the auditors design specific procedures to alleviate that risk and satisfy themselves that there is not material misstatement due to fraud. Once the auditors have done all of these things and have satisfied themselves, there's nothing further to be done. Ms. Bourget-Place stated that as far back as she can remember, there has been no findings related to fraud at Burlington Electric Department.

KPMG - Executive Session
Commissioner Hobbs made the motion that premature general public knowledge regarding 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 (a)(1) of the Vermont Statutes; Commissioner Bonn seconded motion. Commission vote; 5 ayes 0 nays.

Commissioner Bonn made a motion to enter into Executive Session at 5:39pm to discuss the KPMG information with the auditors under the provisions of Title 1, Section 313(a) (1)(A) of the Vermont Statutes; Commissioner Whitaker seconded the motion. Commission vote; 5 ayes 0 nays.

Commission Moody made a motion to exit Executive Session at 6:01pm; Commission Bonn seconded the motion. Commission vote; 5 ayes 0 nays

IT Forward Update and CIS Contract Approval
Ms. Emily Stebbins-Wheelock and IT Director Erica Ferland presented the Commission with a background of the Department's "IT Forward" initiative and how BED has come to the decision to enter a contract with SpryPoint to implement a new CIS, a new customer portal replacing the SilverBlaze portal, and a new mobile workforce management solution.

Ms. Stebbins-Wheelock explained that the IT Forward initiative dates back to 2017, when BED identified the need to replace its core business systems, including its customer portal and customer, financial, and meter data management systems. Initially, the Department hoped to contract with a single vendor for all of these solutions, but due to changes in the utility software market, is now pursuing a multi-vendor, “best fit” solution.

The Department implemented its new Meter Data Management system, SmartWorks Compass, in April 2023 and its new customer web portal, SilverBlaze, in August 2023. The Department is also planning to implement an Outage Management System as phase 3 of its SCADA/ADMS project. The current recommendation to the Commission is to approve a contract with SpryPoint for a Customer Information system, Mobile Workforce Management system, and a new customer portal. Future RFPs are planned for a Financial Information system, a Work and Asset Management system, a Payment Processor, and an Integrated Voice Response system.

The vendor selection process for CIS/Portal/Mobile Work Management began in April 2023. A cross-functional team 13 BED employees from Customer Care, Billing, Communications, IT, Energy Services, Policy & Planning, and Finance viewed introductory vendor demos and updated requirements before issuing an RFP in December 2023. The Department received responses from 6 vendors. The team invited 5 vendors for day-long on-site demos and selected 3 finalists for follow-up demos and reference checks.

The team has selected SpryPoint, a relatively new, privately held SaaS-based company that has been growing rapidly and gaining new customers. SpryPoint was selected based on the following criteria:
Ability to handle BED’s functional requirements, including a strong rates/billing engine, account management, and rebate processing.
Modern SaaS platform and agile approach aligned with BED’s strategic vision for Innovation.
Growing customer base reflective of BED peers (including many smaller municipal utilities) and references.
Pricing/10-year cost of ownership
Availability of companion mobile fieldwork management and work order/asset management solutions

The key terms of the proposed SpryPoint contract are as follows.
The Software-as-a-Service (SaaS) subscription agreement:
Covers license/use, hosting/infrastructure, all updates and upgrades, and ongoing support/maintenance of CIS, portal, and mobile work management.
Auto-renews annually unless either party gives notice.
Annual subscription fee, $145,250, subject to annual budget appropriations, with annual increases = to CPI x 1.25
Termination for convenience clause
An attached statement of work includes:
Fixed fee pricing for implementation, $940,800 (revenue bond-funded).

Milestone-based payment structure.
Cites BED's requirements.

The contract has additional exhibits for insurance, service levels, customer data protection.

Commission Chair Moody asked why the Department's current payment processor, Paymentus, is listed as "planning rebid for pricing." Ms. Ferland explained that once the customer web portal has been switched to SpryPoint, BED will evaluate its payment processing needs to see what best fits for our customers. Is Paymentus providing the appropriate service for the cost? Are there other market options that would be more favorable on a cost standpoint?

Commissioner Whitaker asked if the rebid cycle for the Paymentus contract seemed longer than normal since it was signed in 2012. Ms. Stebbins-Wheelock stated that generally speaking, most IT systems useful life is roughly 10 years. That said, there are current contracts that would benefit from more frequent rebidding.

Commissioner Vota asked what the cost will be to implement the new SpryPoint solutions and what is the breakdown of outage management and customer information? Ms. Stebbins-Wheelock stated that both the SilverBlaze portal and the SpryPoint portal are full cloud SaaS solutions. The Department is currently paying approximately $48k/year in annual fees for SilverBlaze and the SaaS fee for the SpryPoint portal would be less than half of that. There will be approximately $50k of implementation fees for the set up but BED would be saving 50% annually in operating expense. The SilverBlaze implementation ended up taking about 2 years instead of the expected 6-9 months, the cost was higher after factoring in internal labor.

Commissioner Whitaker asked if SpryPoint was still venture capital funded or if they have their own revenue stream. How long have they been around? Ms. Stebbins-Wheelock did not know the answer to their funding source but noted that SpryPoint has been in business since 2011.

Commissioner Vota asked what the CPI x 1.25 means and what percentage that would be for an average year. Ms. Stebbins-Wheelock stated that each year the annual fee will be increased by a factor composed of the consumer price index plus 1.25 to cover inflation and infrastructure costs.

Commissioner Vota asked if the $50k portal implementation cost is included in the $940,800k. Ms. Stebbins-Wheelock confirmed that yes, the $50k is included in that figure.

Commissioner Bonn asked that if SpryPoint is a Canadian company, how do they consider the differences? Do they have customers in both US and Canada? Ms. Stebbins-Wheelock confirmed that SpryPoint does have customers in US and Canada. All the references provided were US-based companies and BED does not see any underlying issues as we have used Canadian companies in the past. Commissioner Bonn asked if the references SpryPoint provided were companies that were trying to integrate multipurpose services. Ms. Ferland confirmed that BED asked the references who their existing providers were, and how well SpryPoint integrated with other applications. BED felt that the reference companies were trying to do the same things we are trying to do and have had success.

Commissioner Whitaker asked if the funding would come from the existing or new revenue bond. Ms. Stebbins-Wheelock stated that it would be a combination of the two bonds should the November vote pass and the new bond is issued. Ms. Stebbins-Wheelock emphasized how important the new CIS is to BED and even if the November bond vote does not pass, BED would try to figure out a way to move forward with the contract.

Commissioner Hobbs made the motion that the Board of Commissioners recommend to the Burlington City Board of Finance to approve a one-year auto-renewing software-as-a-service contract for $145,250 with SpryPoint for CIS services with an implementation cost of $940,800, subject to City Council approval. Commissioner Bonn seconded the motion. Commission vote; 5 ayes 0 nays.

Bank of America Credit Card Update
Mr. Alexander and Mr. Charbonneau presented to the commission members:
We use the BOA credit card(s) for many transactions (in-store purchases, online orders, maintenance service agreements, etc.)
We have used the BOA credit cards since at least 2001.
We had a change in the Director of Purchasing & Facilities position here at BED (JT to PC) effective 1/25/24.
As such, the BOA reached out to us via phone in the last few weeks and requested a formal transfer of the cardholder's name on this account with approval from at least 2 board members, as we are listed as a "Non-profit business account", not a "Corporate account", and to then forward on to them such meeting and approval minutes.

Commissioner Moody asked if the Mr. Charbonneau's purchasing ability falls under the auditors guidelines as stated earlier. Mr. Alexander confirmed that there are processes in place, and they will continue to follow those.

Commissioner Vota made the motion to (unless otherwise notified in writing) for the BED Board of Electric Commissioners to authorize Paul Charbonneau, Director of Purchasing & Facilities at the Burlington Electric Department, to be formally listed/named as BED's main point of contact and primary cardholder for the related Bank of America's credit card(s) program and to at the same time, remove the name of the prior Director (Jeff Turner), effective immediately. Commissioner Bonn seconded the motion. Commission vote; 5 ayes 0 nays.

McNeil Economics IRP Rebuttal Testimony

Mr. Springer addressed Mr. Persampieri's written comments by stating that the chart (Exhibit A) attached hereto refers to fiscal years 2014 through 2023 for the IRP that was filed in 2023. It includes the last 10 fiscal years for which we have audited financials; we do not have audited financials for FY24 yet.

The top section of the chart shows values associated with McNeil that appear on BED's financial statements as well as additional values that do not. The bottom section of the chart is the same, but uses more conservative assumptions and excludes certain elements. For example, the PILOT payment from McNeil to the City General Fund is a benefit to City taxpayers, not BED, but we are being a little more conservative by excluding it in the second chart because we are looking at the ratepayer value only.

The key point being, the intervenors' testimony was based on plant profit and loss statements that are provided at McNeil joint owners' meetings. McNeil is managed as a joint asset with two other utilities, which is different from BED's other 100%-owned facilities. The financial impacts on BED, however, are subsumed within BED's financials. The McNeil profit and loss statements are not audited, and they include language indicating that they are based on certain assumptions. For example, we do not know the revenues that the joint owners get from their share of McNeil's RECs, so we simply double BED's McNeil REC revenues as an assumption. Similarly, BED does not know what the other joint owners book for depreciation on their ownership share of the plant. The profit & loss statements therefore are not necessarily the right metrics by which to judge the financials of the plant. Not only are they not audited, but they also do not include any other values to BED that are important and directly connected to McNeil. BED's rebuttal testimony referenced fiscal years 2014 through 2023. The numbers in Mr. Persampieri's e-mail referenced 2024 non-audited financials and excluded the 2014 more favorable financials.

As shown, in the bottom half of the chart, a more conservative valuation of McNeil's benefit to BED over the last 10 years is estimated at $7.3 million. Even if you included half of the FY24 profit and loss statement, BED would still, over these eleven years, have a net cumulative positive benefit from its ownership of McNeil. If you exclude any of the 2024 value streams, BED still has a net positive benefit over the 11-year period.

James Gibbons walked through the calculations for each column of the rebuttal testimony document (Exhibit C) attached hereto in the IRP docket, including both value streams that are included in BED's financial statements and those that do not. Mr. Gibbons noted that values that are not included in BED's financial statements generally take the form of an avoided cost, which is a cost that you did not pay because you owned an asset. The only way you could record a value for that avoided cost would be to over-inflate the expense (to reflect what you would have paid) that would then be offset by a positive value stream (reflecting what you saved) and we don't typically do that in our financial statements.

The expenses are audited and the chart indicates BED's share of McNeil's expenses. This includes depreciation and amortization, which is a non-cash expense, as well as cash expenses such as fuel O&M, insurance, and things of that nature. The value streams that occur through the ISO markets are the ones that appear on our income statements. Energy revenues specific to McNeil, however, are not an audited value. BED's audited financial statements show aggregate energy receipts from ISO-NE, but do not break down energy sales by resource. Capacity revenues are payments for a generating unit that has the ability to generate, regardless of whether it is producing energy at a given time or not. Capacity revenues in aggregate are audited and tested on BED's financial statements. Ancillary revenues are relatively de minimis but do appear in aggregate on BED's financial statements.

Mr. Gibbons explained that the green-shaded columns represent values (or avoided cost) to BED that are not reflected in our audited financial statements.

First is Ryegate Savings. Any utility in Vermont that receives 1/3 of its energy from woody biomass generation is not assigned a portion of the Ryegate energy contract with the State. If BED did not have McNeil and acquired a chunk of another biomass plant, our share would probably be 6 to 7%. Then we would have a partial offset because we did not take 25 megawatts of biomass off, you took 25 megawatts of biomass off and then added a few megawatts back on. That is the "above-market" value of Ryegate that BED avoids by having McNeil.

Commissioner Whitaker asked why Ryegate is showing a positive under BED when it is not something BED uses. Mr. Gibbons explained that if McNeil was removed from our costs, BED would save all of the expenses under the first blue "Expenses" column, but immediately incur Ryegate costs equal to what is shown in column H. One cannot claim the full savings of taking McNeil out of BED's portfolio without recognizing that BED would acquire Ryegate costs in return. Column H represents the above-market costs of Ryegate that BED would incur if we did not have McNeil; it is either an offset to any savings of not having McNeil or it is a value stream to having McNeil.

Commissioner Vota asked what are the components of the above-value costs? Mr. Gibbons explained that they are all components that you are seeing in blue and a couple of the ones you are seeing in green. For example, if we removed the McNeil expense column, that would be a savings. Then you would lose all of the revenues in the blue columns but at the same time acquire an assignment of Ryegate power because of that. When you take the cost of the power and subtract the revenues from the power is above-market. BED's share of the above-market Ryegate costs that we would have to bear is $208k in the first year.

Second, IGAP Credit. Under the 1991 VELCO Transmission Agreement, referred to as the 91 VTA,in-state generation that is connected at sub-transmission voltage and in an area that has sufficient load to absorb that generation receives a transmission credit based on the unit's seasonal claim capability rating (ISO New England capacity value), which reduces your VELCO transmission bills. Without McNeil, BED would have paid higher VELCO bills by the amounts shown on the chart.

Third, Standard Offer. BED avoids costs from having to take higher-priced power under standard offer contracts. We have assigned 30% of our savings from standard offer to McNeil as a rough estimate. Mr. Springer added that the standard offer exemption is generation-based. One of the assertions made in Mr. Persampieri's e-mail stated that BED could get a standard offer exemption by having a different renewable contract; that is a hypothetical. These numbers are based on the actual renewability that BED had during each of these years, and this is the attributable portion for MC Neil.

Fourth, Tier 3. BED runs strategic electrification programs under Tier 3 of the Renewable Energy Standard, and the amount of credit a utility receives under those programs is a function of how renewable the utility's resource mix is. We have assigned some portion of the renewability each historical year to the units that provided that renewability, which for McNeil is about 30%.

Fifth, Tier 2. BED qualifies for an exemption from having to build new in-state renewable generators of five megawatts or less by being 100% renewable in each year. Again, we have assigned some portion of the renewability each historical year to the units that provided that renewability, which for McNeil is about 30%.

Sixth, Long-term contract premium. This is a conceptual value that the PUC ascribed in the standard offer program to the value of having stable long-term prices. In many ways, McNeil acts like an insurance policy in years without a market disruption. McNeil's prices are not linked to the natural gas markets in New England, they are linked to wood prices and to a lesser extent to oil to diesel prices for transportation. This is not a calculable value, but the PUC ascribed a value of 2% in the docket.

Finally, Payment in lieu of taxes. McNeil does not pay property taxes, but does make a payment in lieu of taxes (PILOT) to the City of Burlington general fund. All things being equal, BED believes that an injection to the City general fund is better than not having an injection to the general fund. And in this case, half of the injection is paid for by non-Burlington entities, Green Mountain Power and Vermont Public Power Supply Authority. We have chosen to ascribe half of the payment lieu of taxes as a benefit to the City of Burlington.

Commissioner Whitaker asked for clarification on how the values were calculated. Mr. Gibbons explained that the chart does not show the formulas for the calculations but the rebuttal testimony submitted describes the calculations in detail. Commissioner Whitaker stated that she did not want to vote on something she could not see calculations on. Mr. Springer explained to the Commission that this is an informative agenda item only and requires no vote. Commissioner Whitaker understood and wanted to clarify that the Commission is not responsible for the calculations submitted and would like to better understand how the formulas were calculated. This information can be found in the rebuttal testimony in the IRP docket.

Commercial Negotiations – Executive Session
Mr. Springer shared that he and the Mayor held a meeting discuss the idea of trying to transfer 100% of the plant and site at McNeil to BED and the reasons why we were pursuing that. There is a letter agreement that says that we are going to enter into negotiations with the joint owners for up to a six-month period to have those discussions.
Commissioner Bonn made a motion to find that premature general public knowledge of the commercial negotiations would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes. Commissioner Vota seconded the motion. Commission vote; 5 ayes 0 nays

Commissioner Bonn mad a motion that the Commission enter into executive session at 7:40 with BED Staff to discuss the commercial negotiations under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes. Commissioner Vota seconded the motion. Commission vote; 5 ayes 0 nays.

Commissioner Vota made the motion to come out of executive session at 8:06. Commissioner Hobbs seconded the motion. Commission vote; 5 ayes 0 nays

Commissioners' Check-In
No check-in topics presented.

Adjourn
Commissioner Whitaker made a motion to adjourn at ; the motion was seconded by Commissioner Bonn, Commission vote; 5 ayes 0 nays.

The meeting of the Burlington Electric Commission adjourned at 8:17p.m.

Attest: ______________________________

Elena Alexander, Board Clerk

To: Burlington Board of Electric Commissioners

From: Darren Springer, General Manager

Date: November 8, 2024

Subject: **October 2024 Highlights of Department Activities**

General Manager

- **NZE and Grid Reliability Revenue Bond –** The BED team is grateful to our community for the approval of the Net Zero Energy and Grid Reliability Revenue Bond on November 5th. With 79.6% voting in favor, it is an even stronger show of support than our first Net Zero Energy Revenue Bond vote during the special election in December of 2021. BED will work with our financial advisors to look at timing of an issuance and the interest rate environment while keeping an eye on the drawdown of our current revenue bond as well. This bond approval will ensure we have the resources needed through the end of the decade to fund our capital program. We appreciate the community's support for this financially responsible approach to investing in our climate and reliability needs in Burlington.
- **Energy Benchmarking Ordinance –** The TEUC reviewed and approved an energy benchmarking ordinance proposed by BED and DPI as a first step towards tracking energy use in space heating under the building emission reduction ordinance concept. The full Council will act on the Ordinance on Dec. 9th, and in the interim BED is seeking stakeholder input and members of the community can also provide public input at the next regularly scheduled TEUC meeting.
- **Calendar Contest –** The annual BED calendar contest celebration is happening Nov. 21, and we look forward to sharing the new 2025 NZE Calendars with our community and appreciate the continued support of our 4th grade classes and teachers and school administrators in participating in this great community initiative!

Center for Innovation – Emily Stebbins-Wheelock

- Coordinating efforts to track and respond to federal and state funding opportunities, negotiating award agreement for Charging & Fueling Infrastructure grant and continuing to work with FEMA on grants for July 2023 and July 2024 flood damage at Winooski One.
- Continued sponsorship of IT Forward implementations; concluded contracting with selected CIS vendor, SpryPoint.

Finance & Billing

- Audited financial statements for Burlington Electric Department were issued by KPMG on 10/28/2024. KPMG issued an unmodified (clean) audit opinion.

- Audited special-purpose financial statements for Joseph C. McNeil Generating Station were issued by KPMG on 10/28/2024. KPMG issued an unmodified (clean) audit opinion.
- Filed audited financial statements with bond trustee and ISO-NE.
- PUC held public hearing on 2024 rate filing; no BED customers attended.
- Continuing work on Energy Efficiency Utility Fiscal Agent FY24 audit.
- Reviewed McNeil calendar year 2025 budget.
- Continued work on updating vehicle rates for charging to work orders.
- Continued work on RFP development for a new financial information system.
- Reviewed responses to PUC questions re 2025 Energy Efficiency Charge rate calculation.
- Continued work on the close-out of DPS Electric Vehicle Supply Equipment Grant.
- Continued work on updating credit card policy and an RFP for procurement card program.
- Review and revamp of travel policy.

Information Services

- Survalent SCADA/ADMS project: Milestones on track. Cybersecurity work continues.
- Fit-up of new dispatch room: IT installed business systems in new Pine St. room; Lake St. fit-up to commence once existing room is prepared.
- Customer Information System: Vendor contract approved by Electric Commission, Board of Finance, and Burlington City Council and signed by GM. Expect delivery timeline and kick-off in November.
- Financial Information System RFP: work continues to document and develop requirements ahead of a fall RFP release.
- Distributed Energy Resource Management System (DERMS): The project team, with VPPSA and WEC, is developing technical requirements and scheduling pre-RFP demonstrations with select vendors.
- Phase two rollout of zero-trust platform continues.
- Continued participation on the State of Vermont's Cybersecurity Advisory Board.
- Ongoing phishing and security testing of our users.

Policy & Planning

- Continued work on Winooski One FERC Relicensing and Winooski bridge replacement coordination
- Filed Tier III plan update for 2025 with PUC on 11/1/2024
- Site meeting with Pecos Wind at 585 Pine Street.
- IRP PUC docket continues.
- Attended 3rd of three DPS meetings on Act 179 report on replacement program for affordable housing solar.
- Attended DPS planning meeting on Solar for All.
- Submitted comments for PUC's annual EV rates report in 24-3023-INV.
- Building GIANTS GRIP grant official kicked off with U.S. Dept of Energy.
- DPS grants for distributed energy resource management (DERMS) and battery storage kicked off with VPPSA and WEC.
- Contract reviews for Winooski One dam replacement.

- Statewide Flexible Load Management Working Group meetings.
- 2025 EEU Rate update filings.

Sustainability & Workforce Development

- Hosted women-focused EV Ride and Drive event with partners VT Clean Cities Coalition, Association of Africans Living in Vermont, and others.
- Initiated planning with Mayor's office on the creation and management of a City climate and sustainability team.
- Continued brainstorming with VGS re possible joint activities and future collaboration in residential sector, commercial sector, and "storytelling."
- American Public Power Association DEED contract executed; worked to finalize draft for weatherization video.
- Completed VLITE contract to advance the electrification of CarShare VT's fleet and expand public-level charging.
- Launched efforts to conduct equity mapping using BED rebate data and with support from the City of Burlington's GIS specialist.
- Organized October's Lunch and Learn with FBI Senior Intelligence Analyst on cybersecurity threats facing U.S. utilities and other critical infrastructure.
- In conjunction with Communications & Technology Specialist Adam Rabin, recorded several new NZE podcast episodes, including with BED's Bill Parizo, Director of System Operations on Bill's several decades of work at BED, from Moran to McNeil and beyond and with Amanda Sachs, data specialist, Rewiring America.
- Participated in the monthly Transformative Justice Fellowship meeting.
- Attended the Urban Sustainability Directors Network Summit in Minneapolis and presented on storytelling, public engagement, and community outreach with colleagues from San Luis Obispo and Denver.
- Planning to host the bi-annual New England Municipal Sustainability Network meeting in Burlington, including speakers, tours, and agenda-setting for 30 colleagues from the New England region.
- Presented at Chittenden Area Transportation Management Association annual summit on the role of the Burlington 2030 District in reducing vehicles miles travelled by District members.
- Attended REV annual conference.
- Supported the Fletcher Free Library in their EPA Climate Communities Change Grant including information on resiliency, NZE, and sustainability.
- In conjunction with other BED colleagues, honed BED's superusers program designed to support high-mileage drivers including meeting with non-profit Coltura about outreach and marketing to advance program uptick.
- Attended State of Vermont's Racial Equity Office's <u>2024 Movement Builder's Conference</u>.
- Participated in City REIB mission and vision rebrand meeting.
- Attended the UVM Community Coalition meeting.
- Accompanied VEEP to all Burlington 4th grades for a lesson on electricity and sharing about BED's 2025 calendar contest.

<u>Center for Safety and Risk Management – Paul Alexander</u>

Safety

- Conducted weekly operational safety/ops meeting.
- Conducted monthly Generation Safety Committee meeting.
- Conducted inspections of fire extinguishers.

- Conducted demonstrated proficiency in Pole Top & Bucket Rescue
- Performed Sling & Climbing gear inspections
- Performed safety orientation for new Meter Technician
- Participated in monthly BED Safety Committee meeting.
- Participated in quarterly WC claim review with Travelers.
- Provided operations/generation supervisors weekly safety summary.
- Completed weekly OSHA 300 reporting.

Environmental

- Conducted Biweekly Environmental/Operations meetings.
- Conducted monthly wastewater sampling
- Participated in R99 Biodiesel Gas Turbine Test Pilot meeting with Vermont Clean Cities coalition.
- Completed the quarterly emissions report
- Worked with the state to obtain testing permission for R99 fuel at the GT
- Conducted the annual stormwater walkthrough for the McNeil facility
- Oversaw the hazardous waste disposal for the McNeil, GT, and Pine St. facilities

Risk Management

- New Claims Investigations (3 total: 2 pole accidents and theft of power).
- Hold 1 new employee Workers' Compensation/Accidents/Loss Control orientation.
- Attended Net Zero Energy (NZE) debrief meeting.
- Review City's revised Purchasing Policy and BED's Travel policy.
- Review T&C's on Cormetech agreement
- Send out shared file for BED's ECL (Emergency Contact List)
- Reply to DHS on their *Security Assessment at First Entry* (SAFE) recs.
- Research UVM solar project invoice with Finance.
- Respond to NERC's/ISO-NE GADS request and EOP-011-4 standard
- Chair monthly BED Safety Committee (BSC) meeting.
- Attend meeting on VW grant app for next All electric line truck.
- Work with Travelers auditor on WC data/submittal
- Create Release for Harvest Run event at Farmhouse.
- Pay dues for CUSP AMF, PRIMA and CPCU organizations
- Attend VT CPCU Chapter Meeting (Cyber security)
- Attend L&L webinar (Cyber risks via DHS/CISA)
- Create BEC resolution for Bank of America credit card name transfer
- Review of McNeil T&C's for rubber bladder contractor
- Meet on cameras for new Dispatch area
- Meet with Travelers on their quarterly WC claim review
- Extensive work preparing for Property/B&M Insurance renewal and presentations
- Meet with City rep on election Day security measures
- Attend COB's Wellness fair
- Review Digger truck agreement for Distribution

Purchasing/General Services

- Walk Through with Bill Morris for Polling Place Site Security
- Slated Roof repaired Farmhouse
- Started work on VW grant to replace C-3 with a new electric truck

- Ordered camera for new dispatch room
- Worked last stages of getting Winooski 1 bladder delivered to McNeil

Center for Operations & Reliability – Munir Kasti

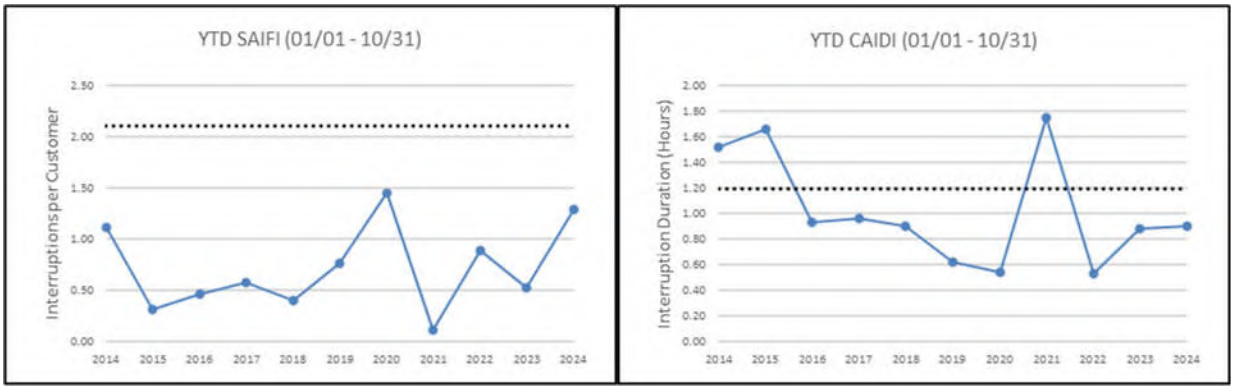
Engineering, Grid Services & Operations

- Assisted the Department of Public Works and contractors with temporary relocation work associated with the Great Streets-Main Street project.
- Completed replacement of fixtures on Pine Street related to the Champlain Parkway project.
- Participated in design meetings for a new EV bus charging project at the Green Mountain Transit (GMTA) bus terminal on Industrial Avenue.
- Continued rebuild work of the underground system on Summit Ridge.
- Issued a work order related to the relocation of a primary metering package for the backup feed to the McNeil plant.
- Issued estimates for customer service upgrades at 1200 Airport Drive.
- Released work orders for customer service upgrades at 40 Kingsland Terrace.
- Submitted estimates to VTrans for engineering related to the Winooski Bridge Upgrade project.
- Completed service upgrade at 165 Shelburne Street.
- Submitted work orders for replacement of 8 condemned poles.
- Submitted a work order for the replacement of an overloaded distribution transformer on Colchester Avenue.
- Continued the installation, testing, and commissioning of the new SCADA/ADMS system with Survalent. The testing and commissioning will continue into December when we plan to go live with the new system and new Dispatch Center.
- All BED's Power System Operators attended a training session on the new Survalent SCADA system.
- Developed a detailed SCADA training Program for all Operators to go through prior to go live with the new SCADA system.
- Completed an Admin training session on the new Survalent SCADA system.
- Completed Civil Work related to the installation of a Level 3 EVSE at the Parks Department's Pease Lot on the Waterfront and issued workorder for field crews.
- Started replacement of underground cables and transformers on Lake Forest Drive.
- Continue to transfer the primary and secondary wires on North Street to new poles.
- Our crews participated in our annual pole top and bucket rescue safety day.
- Filled the Line Extension Right of Way Coordinator position.
- Filled the Underground Cable Locator position.

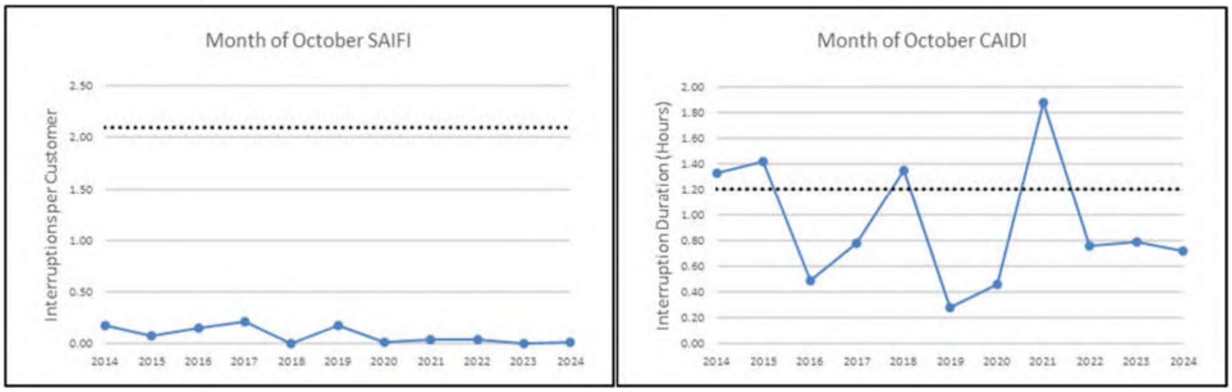
SAIFI & CAIDI Outage Metrics:

BED's distribution system experienced 14 outages in October 2024 (6 unscheduled and 8 scheduled). BED's SAIFI for the Month of October was 0.02 interruptions per customer and CAIDI was 0.72 hours per interruption. BED's YTD SAIFI is 1.29 interruptions per customer and YTD CAIDI is 0.9 hours per interruption.

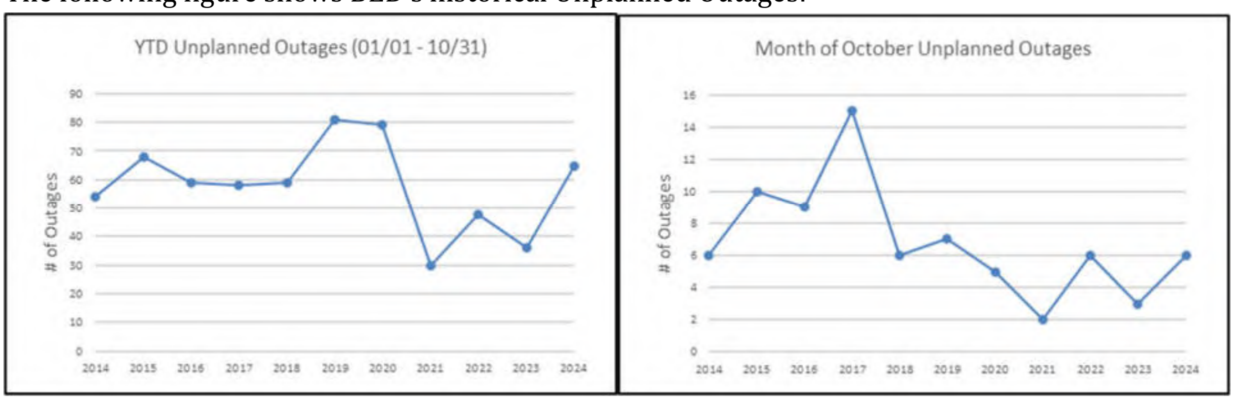
The following figure shows BED's historical YTD SAIFI and CAIDI:



The following figure shows BED's historical October SAIFI and CAIDI:



The following figure shows BED's historical Unplanned Outages:



Generation

McNeil Generating Station

Month Generation:	0 MWh
YTD Generation:	148,276 MWh
Month Capacity Factor:	0%
Month Availability:	47.04%
Hours of Operation:	0 hours

Routine maintenance, preventative maintenance, and process improvements were conducted at McNeil in October. The plant is building fuel supply for the winter run and completed major maintenance repairs while offline which consisted of grates repairs, boiler feed pump seal repairs, reclaimer maintenance, and preventative maintenance activities.

Winooski One Hydroelectric Station

Monthly Generation:	1,031.12 MWh (50.44% of average)
YTD Generation:	26,813.23 MWh (110.70% of average)
Month Capacity Factor:	18.72%
Annual Capacity Factor:	49.66%
Month Availability:	98%

Routine maintenance, preventative maintenance, and process improvement projects were conducted at Winooski One in October. The annual outage at the facility occurred which consisted or seal replacements, cleaning, and calibrations. The dam replacement project has started and is progressing.

Burlington Gas Turbine

Month Generation:	17.96 MWh
YTD Generation:	307.66 MWh
Month Capacity Factor:	0.001%
Month Availability:	98%
Hours of Operation Unit A:	1.1
Hours of Operation Unit B:	1.1

Training, an operational run, and preventative maintenance checks were conducted at the Gas Turbine in October.

Solar (Pine Street 107 kW)

Month Generation:	8 MWh (+35% from previous year)
YTD Generation:	106 MWh
Month Capacity Factor:	10.2%
Month Availability:	100%

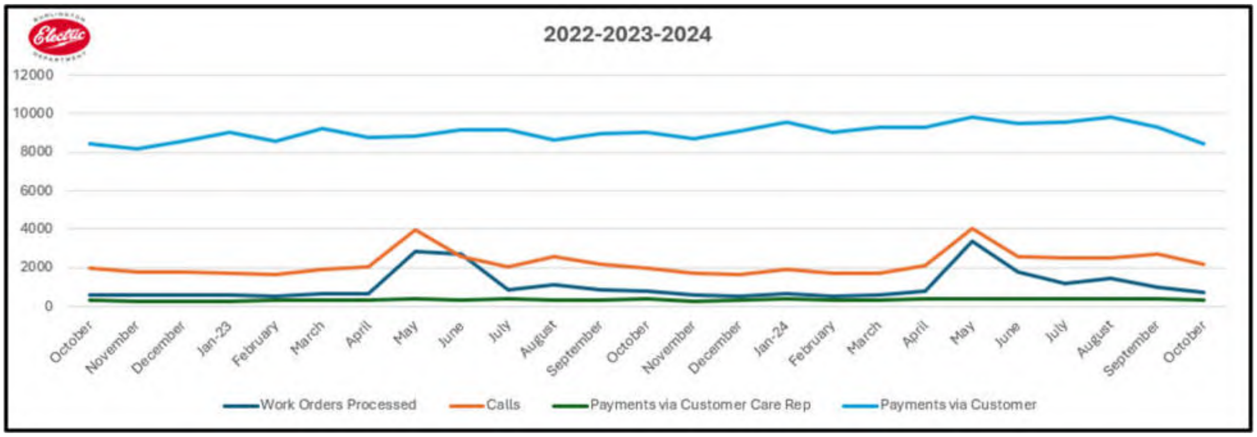
Solar (Airport 499 kW)

Month Generation:	44 MWh (+39% from previous year)
YTD Generation:	563 MWh
Month Capacity Factor:	11.9%
Month Availability:	100%

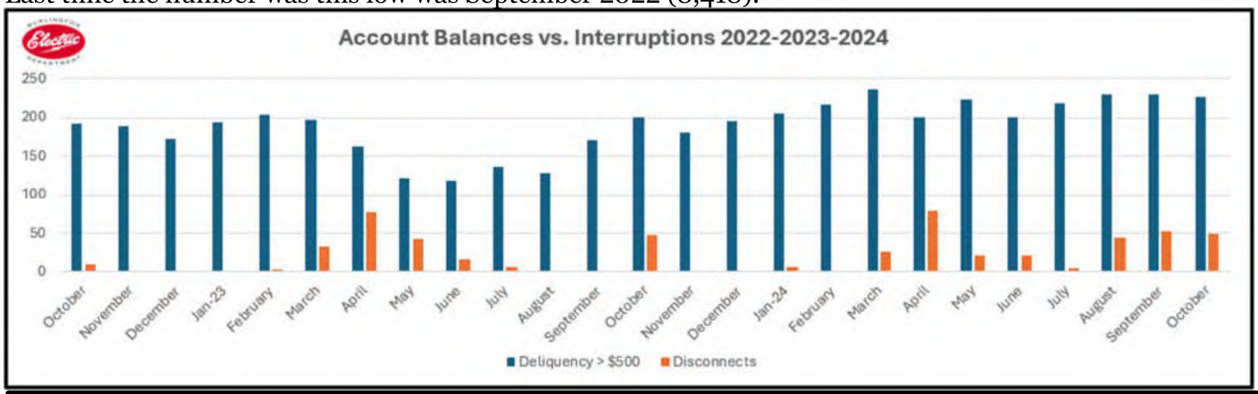
<u>Center for Customer Care & Energy Services</u> – Mike Kanarick

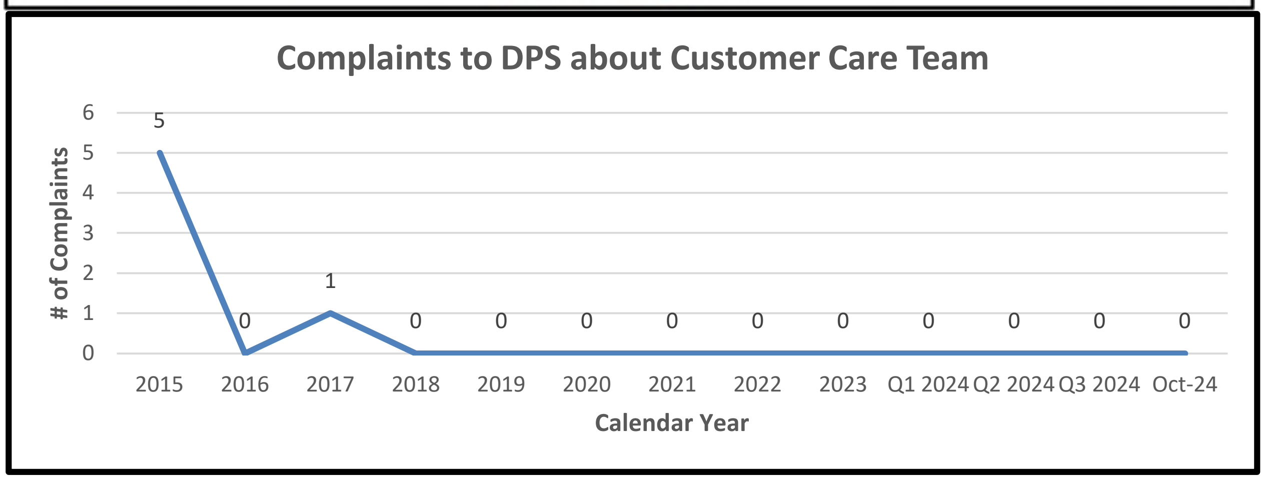
Customer Care

- **Call Answer Time (75% in 20 seconds):** October 2024 80.6%, September 75.2%, August 83.0%, July 76.5%, June 74.6%, May 69.2%. October 2023 84.8%, September 76.2%, August 77.0%, July 77.3%, June 79.5%, May 70.9%.
- **October 2024 Stats:** please see dashboard for additional metrics categories.



*Payments by customer (8,427) dropped significantly in September and October as a result of our having the customers pay a $3.50 processing fee to use autopay from a checking account or with a credit card. Last time the number was this low was September 2022 (8,418).



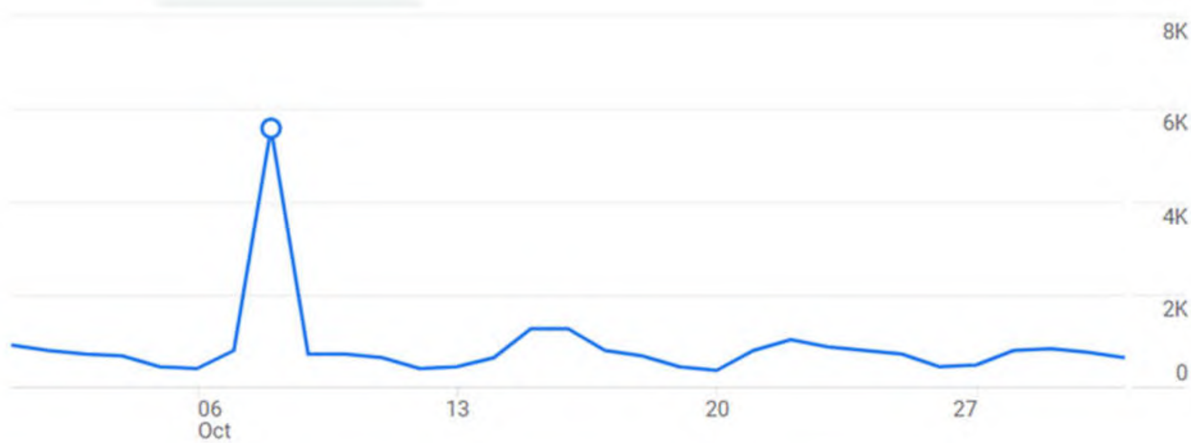


Communications and Marketing

- The Morning Drive with Kurt & Anthony: on Monday, October 21, GM Springer and CFO Stebbins-Wheelock were on WVMT 620's The Morning Drive discussing the Net Zero Energy Revenue and Grid Reliability Revenue Bond.
- Annual Net Zero Energy Calendar Contest: Ita Meno and Vermont Energy Education Project (VEEP) Executive Director Sophia Donforth, visited the 4th graders in all six Burlington public elementary schools during the month of October, engaging in a presentation and conversation about energy. We invited the students to submit artwork that represents their visions of Net Zero Energy, energy efficiency, renewable energy, and sustainability. We judged the student artwork and selected 14 winners for the 2025 calendar. Our in-person celebration will be held at BED on Thursday, November

21 for the winners, their families, teachers, and principals, complete with pizza, cake, certificates, and goodie bags, along with appearances by the Mayor and Lake Monsters' mascot CHAMP.

- Net Zero Energy Podcast: we invite you to take a listen at burlingtonelectric.com/podcast. Our latest episodes feature: George D. Martin, President of LN Consulting, which provides building design solutions focused on health and sustainability; Krystina Kattermann, Engineer at Cx Associates, who serves as the district engineer for the Burlington 2030 District; and Sandy Thibault, Executive Director of Chittenden Area Transportation Management Association (CATMA).
- North Avenue News: our November column covers the Net Zero Energy and Grid Reliability Revenue Bond, heat pump rebates, and CVOEO's Warmth program. Our ad promotes the Warmth program.
  - Website and Facebook Highlights
  - Overall site-wide pageviews for October 2024 = 26,469
    - September = 29,558
    - August = 24,904
    - July = 23,183
    - June = 30,133
    - May = 27,971
    - April = 20,221
    - March = 17,841
    - February = 20,104
    - January = 28,240
    - December = 18,224
    - November = 23,720
    - October = 23,493
  - Unique homepage pageviews for October 2024 = 5,248
    - September = 5,183
    - August = 5,795
    - July = 5,541
    - June = 11,531
    - May = 6,428
    - April = 4,753
    - March = 4,747
    - February = 4,750
    - January = 5,273
    - December = 4,596
    - November = 4,846
    - October = 5,206
    - Defeat the Peak email notification list = 813 (as of November 5, 2024)
    - Full site visits for October 2024



*As with September 13, it appears that on October 8, 2024, a bot or some other fake traffic hit our site 1,000s of times. Our cybersecurity team is investigating possible causes.

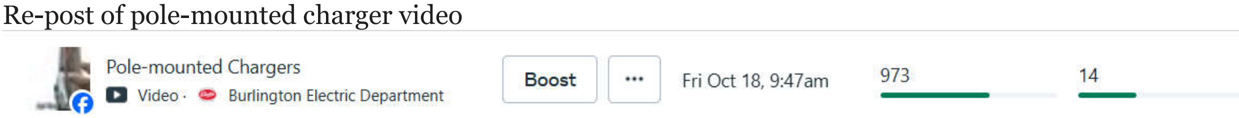
- Visitors by website page

page title	Oct 2024	Sep 2024	Aug 2024	Jul 2024	June 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023
Burlington Electric Department	8405	8508	9615	8949	10321	10317	7349	19583	7431	8218	6780	7431	8029
Careers	285	263	245	242	214	218	184	318	271	295	192	271	262
Commercial | Ways to Save	32	13	34	47	30	20	22	30	31	22	19	31	20
Contact Us	705	763	797	783	762	1486	604	908	531	561	497	531	648
Defeat The Peak	2	5	25	265	133	10	3	151	3	2	5	3	16
E-Bikes	102	154	328	263	291	300	211	167	89	83	64	89	112
E-billing	282	374	266	310	287	181	160	276	228	183	219	228	367
Electric Vehicles	253	278	320	301	328	305	356	392	288	404	303	288	388
EV Chargers	121	126	111	144	128	158	227	227	197	206	158	197	172
Heat Pumps	331	216	263	374	397	369	315	366	285	330	218	285	318
How To Pay My Bill	2075	1997	1986	1792	1849	1429	1259	149	2363	1782	2309	2363	2457
Lawn Care	75	79	106	140	126	205	138	65	60	38	53	60	65
Leadership Team	269	225	240	251	225	226	249	236	191	280	168	191	224
McNeil Generating Station	617	450	586	517	553	611	686	876	990	501	559	990	761
Net Zero Energy News	10	5	16	9	13	2	2	16	5	15	11	5	34
Net Zero Energy Podcast	24	19	41	13	33	44	48	55	30	49	61	30	96
Rates & Fees	401	254	230	239	281	225	188	239	232	177	192	232	210
Our Energy Portfolio	64	72	60	61	95	59	93	100	100	70	58	100	52
Rates & Fees	401	254	230	239	281	225	188	239	232	177	192	232	210
Rebate Center	559	524	568	682	617	615	683	728	589	672	493	589	569
Rebates	511	463	545	613	569	602	590	674	564	609	472	564	636
Report A Problem	180	740	1631	633	1556	1320	152	445	97	283	105	97	159
Residential | Ways to Save	141	158	191	167	145	183	121	216	138	137	143	138	145
RFP	365	379	355	587	341	378	431	407	522	498	531	522	442
RFP Detail	387	334	185	699	111	904	846	478	1602	841	1493	1602	440
Stop or Start Service	393	313	777	690	825	2145	607	400	273	255	264	273	372
Waste Wood Yard	1280	878	1357	1250	1218	1758	1479	970	1484	478	614	1484	1137

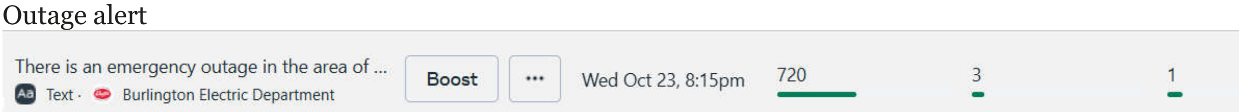
- Top-performing Facebook & Instagram posts (note logo in lower right corner of each photo)

Top Facebook & Instagram posts

Re-post of pole-mounted charger video



Outage alert



Energy Services

UVM

- Stafford Hall Chilled Water Upgrade – This lab-hood intensive research building has been cooled with four air-to-water DX Air Handler Units since its construction in the mid-1990's. A project to connect the cooling system to the central plant chilled water system was completed in late Spring of this year, to improve reliability and reduce energy and maintenance costs. BED previously completed a site visit to verify the completion of the project. A meeting was held last month with UVM and the engineering firm involved with the project, to discuss detailed energy savings calculations. This month BED received the energy savings report. Once this is reviewed and agreed to, we will be able to develop a final rebate offer and close out the project.

- UVM Central Plant / Boilers #1 and #2 Combustion Air Fan VFD Control - This controls upgrade was recently fully completed, delayed due to component availability issues. Inlet vanes were the previous air flow control strategy for these boilers. Similar modifications were completed on Boilers #3, #4 and #5 last year and the energy savings were calculated based on data from this earlier project. The project was closed out this month, with a rebate paid and savings entered into the DSM database. VGS partnered in this project as there were also significant gas savings.
- UVM Howe Library / Building Envelope Improvements – BED has been discussing this project with UVM in conjunction with VGS. We are developing a strategy for pre- and post-project data collection that will allow any heating and cooling energy savings to be quantified, so that incentives can be provided for the project.
- UVM Fleming Museum Chiller Replacement – BED made a site visit this month to view the removal of the existing air-cooled chiller and discuss the schedule for the installation of a new chiller. Other energy efficiency features of the project have been identified and quantified by BED. Installation of the new chiller is expected to be completed during the Christmas break.
- UVM - Health Science Research / Absorption Chiller Replacement – One of two natural gas, steam absorption chillers in this research building are planned to be replaced with an electric chiller. DDC trending data was used to calculate the steam / natural gas offset from the absorption chiller. Final offset calculations have been completed and BED is developing a Tier 3 offer for this project.

UVMMC

- UVM Medical Center (UHC Building) / Heat Pump Installation – BED has been in discussion with the hospital over several months, concerning a custom Tier 3 measure involving four new heat pumps to be installed in the Arnold Wing, 4th Floor, at 1 South Prospect St. The total tonnage is 14 tons, and the design intent is to offset a major portion of the natural gas heat for these spaces with electric heat pump space heat. BED completed a final walkthrough of the space this month. The project is nearly complete, with occupancy to begin in early November.
- UVM Medical Center / NICU HVAC and Dish room Retrofits – Preliminary technical information has been received from the Medical Center concerning (1) HVAC AHU replacement in the newborn ICU and (2) Major upgrade to the dish room equipment, including replacement of the central dishwasher on Shephard 3. BED is determining if incentives could be offered for these two significant upgrades.

Other Services

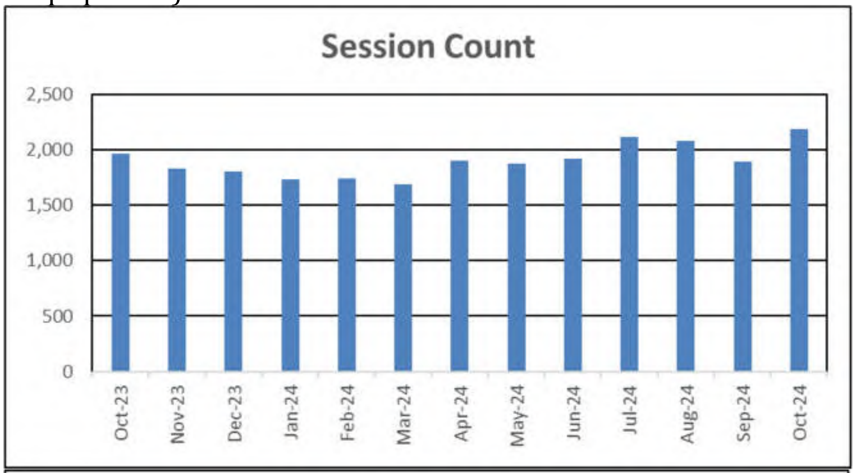
- 100 Bank St. Office Building / Water-cooled Chiller Replacement – The owner of this building confirmed that they will be replacing an existing failing chiller with a new 60-ton modular chiller. The existing chiller is highly oversized for the application, and the new chiller is designed to provide much better turn-down efficiency. This month BED provided a firm incentive offer to the owner for this HVAC upgrade.

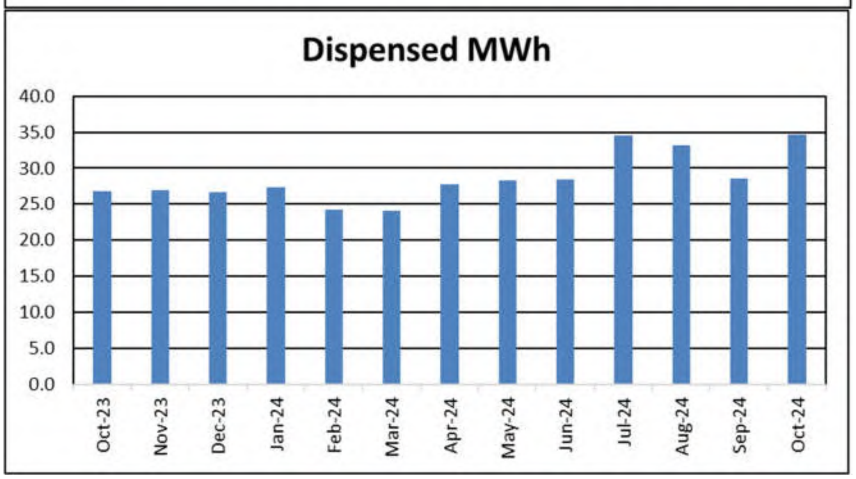
- Pathways VT / Soteria House Renovation – BED has been in contact with the Director of Property Development concerning this renovation, which includes significant envelope improvements and the addition of cooling to the client bedroom spaces. This latest discussion is focused on the most economical strategy for space cooling the eight separate bedroom living spaces, which likely will be a type of window A/C unit. We are also discussing a second building location, which Pathways is now leasing. The installation of interior storm windows is an option, to provide better occupant comfort over the next two winters.
- 20 - 22 Poirier St. / Renovation – The owner is planning on renovating this 2-unit apartment building into four units. The intention is for at least two of these units to be available to low / moderate income tenants. They have approached BED to determine if any financial assistance could be available through our efficiency programs. We responded with detailed BED information and suggested connecting with VGS for additional assistance.
- Cambrian Rise / Building "C" – Sunset House NC – This is a 160,000 SF market rate apartment building (92 units on 5 floors) overlooking Lake Champlain. BED received the 'for construction' documents. The blower door tests results were impressive, reaching passive house standards. BED completed a baseline and proposed energy model for this building this month. A rebate offer was delivered to the owner at the end of this month. A final site visit is pending.
- Cambrian Rise / Buildings 100 & 154 Low Income MF – BED was approached by the design team for this project, providing the initial design documentation and inquiring about the incentive process. These two attached buildings are being developed through a partnership between Champlain Housing Trust and EverNorth. It includes QTY=40 rental apartments and QTY=30 apartments for sale. This month, BED provided incentive commitment letters to the two separate financial entities that are developing these new properties.
- City Place South and North – BED is in discussion with the design team concerning finer points in the development of energy modeling for these two buildings. The most important focus is on the details of what constitutes the HVAC systems in a 'baseline' building. Baseline and proposed building energy modeling is key to determining energy savings and incentives for these two projects.

Electric Vehicles

- The EVSE (ChargePoint, Flo & AmpUp) dispensed a total of 34.7MWh and supported 2,189 sessions.
- The top 3 sales were 93, 94, and 97kWh and occurred at UVM Carrigan Dr. and the DCFC.
- The ChargePoint EVSE served 909 unique drivers.
- Approximately 20.6% of the energy sold (7.12MWh) is attributed to the Pine St. DCFC.
- Commissioning of the Marketplace Garage DCFC began Oct. 18. The installer is addressing issues that were identified in the commissioning report.
- Station BE01 remains inaccessible due to Main St. construction.
- The BE04 Port 1 breaker will be replaced the week of 11/4.
- Utilization of the pole mounted stations has increased. Since June, the session count has increased 2.5x and the energy dispensed 3.5x. The average session duration for these stations is 5h9min. while the average for stations on the ChargePoint network is 2h8min. The pole mounted stations don't impose an occupancy fee for stays >4hrs.
- BED will compensate Burlington Parks, Recreation and Waterfront for the energy dispensed from the Oakledge Park station after a BED meter is added.

- Session Count and Dispensed Energy plots from the public charging network (ChargePoint, AmpUp & Flo).





- Number of EV and PHEV rebates to date – 892 (of this 211 LMI rebates to date as shown below)
  - New All Electric Vehicle – 393
  - New All Electric Vehicle (LMI) – 110
  - New PHEV – 182
  - New PHEV (LMI) – 54
  - Used All Electric Vehicle – 73
  - Used All Electric Vehicle (LMI) – 33
  - Used PHEV- 33
  - Used PHEV (LMI) – 14
  - New All Electric Vehicle ($60K plus) – 26
  - New PHEV ($60K plus) – 4
- Number of customer loans with lending partners to date – 5
- Number of customers currently participating in the new EV Charging Rate- 327
- Number of E-Motorcycle rebates to date – 2

Electric Vehicle Charging Stations
- Number of home EV charging stations rebates to date – 251
- Number of Multi-family EV charging stations rebates to date – 1
- Number of Multi-family Non-EVmatch-LMI charging stations rebates to date (LMI) – 3 3

- Number of Multi-family EVmatch Public charging stations rebates to date – 2
- Number of Multifamily EVmatch Non-Public – 9
- Number of Multi-family Non-EVmatch charging stations rebates to date – 3
- Number of Multifamily EVmatch Non-Public – LMI – 1
- Number of Multifamily Non-EVmatch Non-Public – LMI – 8
- Number of Level 2 Workplace charging stations rebates to date – 18

Electric Lawn Equipment to Date
- Number of e-mower rebates to date – 794 (11 commercial & 783 residential)
- Number of e-leaf blowers to date – 99
- Number of Residential e-Trimmers – 111
- Number of Residential e-chainsaws – 25

Heat Pump Installations to Date
- Total Heat Pump Installations including Multi-Family New Construction Projects & Installations in existing buildings since the September 2019 NZEC announcement –
  - 2,475 installations

Installations since the September 2019 NZEC announcement
Number of Heat Pump Technology rebates to date- 1,354 (of this 179 LMI rebates to date as shown below)
- Number of ductless heat pumps to date – 784
- Number of LMI eligible ductless heat pumps to date – 148
- Number of centrally ducted heat pumps to date – 290
- Number of LMI eligible centrally ducted heat pumps to date – 18
- Number of air-to-water heat pumps to date – 3
- Number of commercial VRF heat pump systems to date – 2
- Number of geo-thermal heat pump systems to date – 1
- Number of heat pump hot water heaters to date – 95
- Number of LMI eligible heat pump hot water heaters participants to date – 13

Electric E-Bikes to Date
- Number of e-bike rebates to date – 710

Electric Induction Stovetops to Date (new offering in Jan 2021)
- Number of induction Stovetops rebates to date – 87

Electric Snow Blowers to Date (new offering in Jan 2022)
- Number of snow blower rebates to date – 25

BED 2024-2025
Strategic Direction Dashboard

	Assigned	October 2024 Actuals	September 2024 Actuals	August 2024 Actuals	July 2024 Actuals	June 2024 Actuals	May 2024 Actuals	April 2024 Actuals	March 2024 Actuals	Feb 2024 Actuals	Jan 2024 Actuals	2023 Yearly Actual	2022 Yearly Actual	2021 Yearly Actual	2020 Yearly Actual	2019 Yearly Actual
Engage Customers and Community																
Call answer time 75% within 20 seconds	Andi	81%	75%	83%	77%	75%	69%	86%	88%	88%	87%	avg 82%	avg 82%	avg 82%	avg 81%	
Delinquent accounts >$500	Andi	227	230	230	219	201	224	201	237	216	206	avg 168	avg 188	avg 529	avg 201	
Disconnects for non-payment	Andi	49	52	44	4	22	21	79	26	2	6	224	12	0	45	
Energy Assistance Program Customers (program lifetime)	Andi	821	803	794	294	275	267	263	259	251	246	234				
Energy Assistance Program Customers (currently enrolled)	Andi	762	748	757	259	241	237	238	237	232	227	219				
# of residential weatherization completions	Chris	0	0	0	1	0	1	0	1	1	2	11	5	5	3	11
Weatherization completions in rental properties	Chris	0	0	0	0	1	0	0	1	0	1	8	6	0	0	TBD
# or % of homes or SF weatherized	Chris	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	0
# of commercial building with improved thermal envelopes	Chris	0	0	1	1	0	0	0	1	1	1	6	4	5	5	0
Total annual mWh saved via the EE programs (annual goal)	Chris	913	780	647	464	433	390	377	347	325	193	2,940	4053			3057
Total residential annual mWh saved via the EE programs (cumulative for year)	Chris	286	257	142	241	220	120	115	105	80	50	494	862			917
Total commercial sector annual mWh saved via the EE programs (cumulative for year)	Chris	627	523	505	142	213	270	262	242	245	143	2,447	3191			2140
% of EEU charge from LMI customers spent on EE services for LMI customers (cumulative for 2024- 2026 3-year EEU performance period)	Chris	$ 124,467	$ 109,498	$ 98,558	$ 89,711	$ 78,738	$ 60,576	$ 33,024	$ 28,609	$ 20,951	$ 9,160	$ 504,942	$ 335,234	TBD	TBD	TBD
Strengthen Reliability																
SAIFI (AVG interruptions/customer) (annual target)	Munir	0.02	0.25	0.26	0.24	0.24	0.36	0.13	0.02	0.02	0.07	0.56	1.05	0.17	1.48	1.01
CAIDI (AVG time in hrs to restore service) (annual target)	Munir	0.72	0.45	0.77	1.27	1.27	0.47	1.75	1.82	0.8	1.90	0.94	0.67	1.49	0.55	0.75
Distribution System Unplanned Outages (annual target)	Munir	6	7	16	8	8	1	5	10	4	2	39	61	44	90	98
McNeil Forced Outages	Munir	0	0	1	1	3	0	0	2	1	1	5	14	5	21	TBD
W1H Forced Outages	Munir	0	0	2	1	0	0	0	0	0	0	2	6	9	2	TBD
GT Forced Outages	Munir	0	0	0	1	0	0	0	0	1	0	9	6	2	3	TBD
Invest in Our People, Processes, and Technology																
Avg. # of days to fill positions under recruitment	Emily	307	343	293	251	241	260	210	198	219	191	219	100	68	179	
# of budgeted positions vacant	Emily	11	11	10	9	10	11	11	14	15	14	avg 12	avg 9	avg 9	6	NA

BED 2024-2025
Strategic Direction Dashboard

	Assigned	October 2024 Actuals	September 2024 Actuals	August 2024 Actuals	July 2024 Actuals	June 2024 Actuals	May 2024 Actuals	April 2024 Actuals	March 2024 Actuals	Feb 2024 Actuals	Jan 2024 Actuals	2023 Yearly Actual	2022 Yearly Actual	2021 Yearly Actual	2020 Yearly Actual	2019 Yearly Actual
Innovate to Reach Net Zero Energy																
Tier 3 Program																
# of residential heat pump installs	Chris	18	13	7	31	19	17	10	6	11	13	186	255	315	203	10
# of commercial heat pump installs	Chris	1	0	0	0	0	1	0	1	1	0	8	4	4	13	0
# of residential hot water heat pump installs	Chris	2	14	0	1	2	0	0	0	0	1	31	26	14	6	4
# of commercial hot water heat pump installs	Chris	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Heat pump rebates	Chris	19	13	7	31	21	18	11	7	12	13	206	271	328	212	0
Heat pump hot water heater rebates	Chris	2	14	0	1	2	0	0	0	0	1	47	18	15	3	0
LMI heat pump rebates	Chris	0	4	4	0	6	4	2	5	3	1	21	43	28	6	4
Heat pump technology installs in rental properties	Chris	0	0	0	1	0	0	1	0	1	0	8	10	14	9	TBD
LMI heat pump hot water heater rebates	Chris	0	0	0	0	0	1	0	1	0	0	6	1	2	0	1
EV rebates - new	Chris	16	15	10	4	5	12	10	8	9	7	103	53	67	14	36
EV rebates - pre-owned	Chris	3	3	0	3	2	3	2	0	3	1	16	18	7	8	2
LMI EV rebates	Chris	6	6	2	5	2	11	3	0	12	1	26	9	11	7	7
PHEV rebates - new	Chris	8	5	7	1	2	5	2	1	2	3	25	27	41	10	17
PHEV rebates - preowned	Chris	0	1	1	0	1	2	2	0	0	1	6	12	6	5	3
LMI PHEV rebates	Chris	1	4	0	0	0	0	1	1	0	2	5	15	13	6	2
Public EV chargers in BTV (total)	Chris	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	32 ports	30 ports	27 ports	27 ports	14
Public EV charger energy dispensed (kWh)	Chris	34,700	28,600	33,200	34,600	28,400	27,600	26,600	21,200	23,900	26,800	244,300	151,360	86,570	35,690	78,000
Home EV charging station rebates	Chris	11	3	7	6	2	14	5	1	10	7	72	70	32	20	12
EV charging rate customers (total)	Chris	327	317	310	301	291	288	278	272	267	260	246	157	40	40	28
Level 2 charger rebates	Chris	0	0	0	0	2	0	0	0	0	4	10	11	10	0	1
Level 1 charger rebates	Chris	0	0	0	0	0	0	0	0	0	0	0	-	0	1	0
E-bike rebates	Chris	6	19	19	18	32	24	15	0	4	6	147	152	88	36	65
E-mower rebates	Chris	6	8	7	17	20	35	11	0	1	0	135	159	154	95	142
E-forklift rebates	Chris	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
MWE of Tier 3 measures installed	James	2,009	2,149	1,456	1,409	1,184	5,439	1,163	1,102	1,477	2,483	22,374	22,837	23,763	35,112	3,342
% Tier 3 obligation met with program measures	James	93%	84%	74%	67%	60%	55%	29%	24%	19%	12%	117%	131%	159%	283%	31%
Net Zero Energy Roadmap Goals																
# of solar net metering projects installed	Chris	1	1	1	0	0	3	0	1	0	3	32	33	29	24	33
No. of homes receiving NZE Home Roadmaps	Chris	0	0	0	0	0	0	0	0	0	0	-	7	10	7	
Residential heat pumps for space heating (no. of homes)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,952, 18% of goal	1,749	1,448	1,112	925
Commercial heat pumps for space heating (1000 SF floor space served)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	431, 7% of goal	411	405	374	374
Residential heat pumps for water heating (no. of homes)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	289, 7% of goal	243	224	208	203
Commercial heat pumps for water heating (1000 SF floor space served)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	0	0	-
EV registrations in BTV (light-duty)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	829, 22% of goal	699	549	361	296
Greenhouse gas emissions (1000 metric tons CO2)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	191, 127% of goal	191	188	185	214
Fossil fuel consumption (billion BTU)	Emily	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,983, 136% of goal	3,285	3,171	3,182	3,660

BED 2024-2025
Strategic Direction Dashboard

	Assigned	October 2024 Actuals	September 2024 Actuals	August 2024 Actuals	July 2024 Actuals	June 2024 Actuals	May 2024 Actuals	April 2024 Actuals	March 2024 Actuals	Feb 2024 Actuals	Jan 2024 Actuals	2023 Yearly Actual	2022 Yearly Actual	2021 Yearly Actual	2020 Yearly Actual	2019 Yearly Actual
Demand Response																
Manage Budget and Risks Responsibly																
Safety & Environmental																
No. of workers' compensation/accidents per month	Paul	0	1	0	1	0	2	0	0	1	1	8	16	4	8	
Total Paid losses for workers' compensation accidents (for the month)	Paul	$10,778	$56,420	$7,474	$19,547	$5,762	$9,707	$17,106	$18,267	$63,890	$49,251	$98,393	$ 145,102	$ 93,612	$ 165,402	$38,288
Lost Time Incident Rate (days/year) (Dec numbers reflect annual results)	Paul	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.0	1.99	0.0	0.93	0.89
Lost Time Severity Rate (days/year) (Dec numbers reflect annual results)	Paul	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	107.4	112.63	0.0	41.71	78.2
Lost work days per month	Paul	0	0	0	0	0	0	28	31	29	31	avg 12	avg 9	0.0	45	
NOx reporting levels to EPA (Quarterly) (lbs/mmbtu)	Paul	0.000	0.069	0.069	0.067	0.070	0.0	0.068	0.068	0.068	0.067	0.06	0.06	0.07	0.07	
# of reported spills, waste water incidents (monthly)	Paul	0	0	0	0	1	0	0	0	1	1	2	6	4	4	
Phosphorus levels to DEC in lbs (monthly/yearly total)	Paul	0/1.851	0.074/1.76	0.072/1.758	0.048/1.76	0.001/1.761	1.072/1.792	0.078/0.769	0.181/0.984	.144/.84	0.058/0.746	0.705	0.688	2.028		1.169
# of new power outage claims reported (monthly)	Paul	0	0	0	0	1	0	1	2	1	1	3	5	7	4	
# of new auto/property/other liability claims reported (monthly)	Paul	3	1	1	4	1	3	3	0	2	0	36	27	18	27	
Purchasing & Facilities																
# of Purchase Orders for Inventory (Target: avg for winter months)	Paul	67	67	66	96	48	51	81	61	46	52	541	636	644	593	
$ value of Purchase Orders for Inv. (Target: avg dollars spent during winter)	Paul	$415,700	$1,790,084	$1,108,085	$1,126,954	$240,018	$117,867	$247,432	$531,018	$79,778	$728,624	$2,481,531	$ 4,861,023	$ 3,278,620	975,531	
# of stock issued for Inventory (Target: avg during winter months)	Paul	720	534	571	482	692	598	760	655	679	518	6,777	6,187	4,402	4,545	
$ value of stock issued for Inventory (Target: avg. during winter)	Paul	$ 141,778	$ 97,720	$ 65,751	$ 161,492	$ 237,512	$ 510,425	$ 327,594	$ 349,677	$ 113,948	$ 222,270	$ 1,925,781	$ 2,200,233	855,456	1,086,478	
# of posters pulled from poles monthly (Taget: goal to remove each month)	Paul	0	98	18	0	105	0	57	0	0	0	592	900	2,728	627	
# of Spark Space and Auditorium setup/breakdowns monthly (Target: Covid impact)	Paul	21	16	17	10	15	18	17	21	14	24	207	132	88	87	
Finance																
Debt service coverage ratio (avg of previous 12-months)	Emily		4.86	6.22	4.73	4.47	4.95	4.34	4.78	4.49	5.04	3.81 FY23	4.61 FY22	4.26 FY21	3.77 FY20	3.56 FY19
Adjusted debt service coverage ratio (avg of previous 12-months)	Emily		1.30	1.41	1.25	1.37	1.56	1.35	1.51	1.41	1.61	1.29 FY23	1.22 FY22	1.08 FY21	0.93 FY20	0.90 FY19
Days unrestricted cash on hand (incl line of credit)	Emily		160	160	146	149	120	111	108	119	122	93 FY23	120 FY22	121 FY21	120 FY20	109 FY19
Arrearages >60 days	Emily	$ 421,214	$ 380,532	$ 409,006	$ 390,295	$ 413,803	$ 390,164	$ 380,953	$ 410,127	$ 381,759	$ 381,652	$ 392,196	$ 408,903	$ 1,087,769	$ 749,054	
Power Supply																
McNeil generation (MWH) (100%)	Munir	-	28,057	17,654	10,031	12,434	0	16,986	10,442	22,834	29,848	184,798	228,981	273,355	192,696	
McNeil availability factor	Munir	47%	99%	53%	53%	39%	0%	70%	73%	71%	90%	84%	67%	80%		
McNeil capacity factor	Munir	0%	78%	47%	27%	34.5%	0%	47%	28.1%	65.6%	80.2%	42.3%	52.4%	62.4%		
Winooski One generation (MWH)	Munir	1,031	1,054	2,784	2,803	1,990	2,758	4,033	4,182	2,627	3,565	36,318	25,350	24,752	21,194	
Winooski One availability factor	Munir	98%	98%	98%	97%	97%	99%	99%	99%	99.0%	99.0%	97.2%	98.3%	97%		
Winooski One capacity factor	Munir	19%	20%	51%	58%	59%	50%	76%	76%	58%	65%	56%	41.7%	37%		
Gas Turbine generation (MWH)	Munir	17.96	0.0	56.2	51.9	181.6	11	16	47.5	5.6	45.6	475	356	373	441	
Gas Turbine availability factor	Munir	98%	98%	99%	98%	100%	89%	100%	98%	98%	100%	46.7%	54.5%	96%		
Gas Turbine capacity factor	Munir	0%	0.0%	0.0%	0.4%	0.4%	0%	0%	0.0%	0.0%	0.3%	0.2%	0.2%	0.21%		
BTV solar PV production (mWh)	James	459	538	528	675	585	607	452	403	322	82	4,681	5,260	5,015	5,182	
Cost of power supply - gross ($000)	James		$3,117	$3,039	$3,108	$3,130	$2,182	$3,026	$2,924	$3,004	$2,830	$30,002	$36,755	$30,285	$31,081	
Cost of power supply - net ($000)	James		$3,117	$809	$3,108	$3,130	$255	$3,026	$2,924	$3,004	$1,625	$22,710	$27,487	$22,134	$23,388	
Average cost of power supply - gross $/KWH	James		$0.11	$0.10	$0.09	$0.11	$0.08	$0.12	$0.11	$0.12	$0.10	$0.09	$0.11	$0.09	$0.10	
Average cost of power supply - net $/KWH	James		$0.11	$0.03	$0.09	$0.11	$0.01	$0.12	$0.11	$0.12	$0.06	$0.07	$0.08	$0.07	$0.08	

FY 2025
Financial Review
September

November 4, 2024

Burlington Electric Department
Financial Review

FY 2025

Table of Contents:

FINANCIAL HIGHLIGHTS – BUDGET VS ACTUAL as of September FY25

($000)	Full Yr Budget	CURRENT MONTH Budget	CURRENT MONTH Actual	CURRENT MONTH Variance	YEAR TO DATE Budget	YEAR TO DATE Actual	YEAR TO DATE Variance
Sales to Customers	56,090	4,741	5,021	280	15,445	15,640	195
Other Revenues	3,881	302	279	(23)	915	827	(88)
Power Supply Revenues	7,631	0	0	0	2,249	2,229	(20)
Total Operating Revenues	67,602	5,044	5,300	257	18,609	18,696	87
Power Supply Expense (Net)	35,540	2,964	3,117	(153)	9,278	9,264	15
Operating Expense	22,912	1,821	1,443	378	5,601	5,412	190
Depreciation & Amortization	5,832	486	495	(9)	1,458	1,467	(9)
Taxes	3,615	298	287	12	920	875	45
Sub-Total Expenses	67,899	5,570	5,342	228	17,257	17,017	240
Operating Income	(298)	(526)	(42)	484	1,352	1,679	327
Other Income & Deductions	6,855	1,131	544	(586)	2,423	1,342	(1,082)
Interest Expense	3,204	275	264	11	826	793	34
Net Income (Loss)	**3,354**	**329**	**238**	**(91)**	**2,949**	**2,228**	**(721)**

Year-to-Date Results:

- **Sales to Customers** up $195,000 (1.3%). Residential Sales up $202,200 and Non-Residential Sales down $6,900.

- **Other Revenues** down $88,000 (9.7%)
  a. DSM billable (customer driven).

- **Power Supply Revenues** down $20,000 (0.9%)

- **Power Supply Expenses (Net)** down $15,000 (within budget)
  a. Fuel down $94,000.
  b. Purchased Power down $123,000.
  c. Transmission up $202,000.

- **Taxes** down $45,000 (4.8%)
  a. Actual Winooski One Property Tax is $228,300 lower than budget assumption for the year.
  b. Actual Payment in Lieu of Tax (PILOT) is $63,500 higher than budget assumption for the year.

- **Operating Expenses** up $190,000 (3.4%)
  a. Various spending categories are less than budget including materials & supplies ($52,100), DSM rebates and outside services ($25,900), maintenance contracts ($43,400), and RES Tier 3 Compliance ($43,800).

- **Other Income & Deductions** down $1,082,000 (44.6%)
  a. Timing of customer contribution/grant proceeds unfavorable ($1,219,000).
  b. Timing of jobbing unfavorable ($153,400).
  c. Offset by unrealized gain on investment $67,800.

FINANCIAL HIGHLIGHTS – BUDGET VS ACTUAL as of September FY25

Capital Spending – September YTD ($000s)				
Plant Type	**Full Yr. Budget**	**Budget**	**Actual**	**% Spent**
Production	$2,446	$810	$331	14%
Other	369	90	85	23%
Transmission	577	577	577	100%
Distribution	5,797	1,934	758	13%
General	2,478	568	59	2%
Total	**$11,667**	**$3,979**	**$1,810**	**16%**

(1) **Production –** Timing; YTD budget includes replacement rail cars ($50,000) and catalyst replacement for NOx system ($67,500) at the McNeil Plant. Also, timing of large inflatable dam replacement at Winooski One hydro.

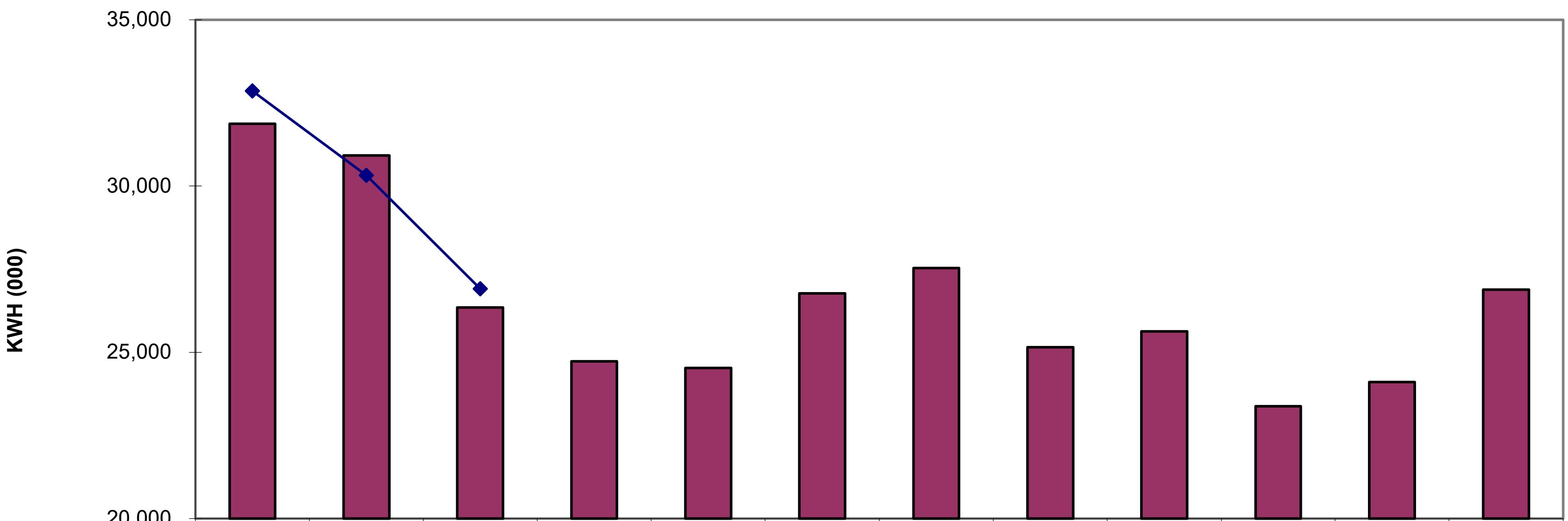
(2) **Distribution –** Timing of various projects.

(3) **General** – Budget includes IT Forward CIS implementation $286,300, key fob system replacement, $68,200 and new SCADA room, $64,800.

As of September 30, 2024 Operating Cash and Investments	
Operating Funds	$8,272,400
Operating Fund – CDs	$981,700
Total Operating Cash	$9,254,100

Credit Rating Factors – September 2024				
	"A"	**"Baa"**	**Current**	**3 Year Average**
Debt Service Coverage Ratio	1.25	1.25	4.86	4.16
Adjusted Debt Service Coverage Ratio	1.50	1.10	1.30	1.24
Cash Coverage - Days Cash on Hand	90	30		
- With $10M Line of Credit			160	126
- Without Line of Credit			96	
- $5M Line of Credit			128	

Burlington Electric Department
Fiscal Year Ending June 30, 2025



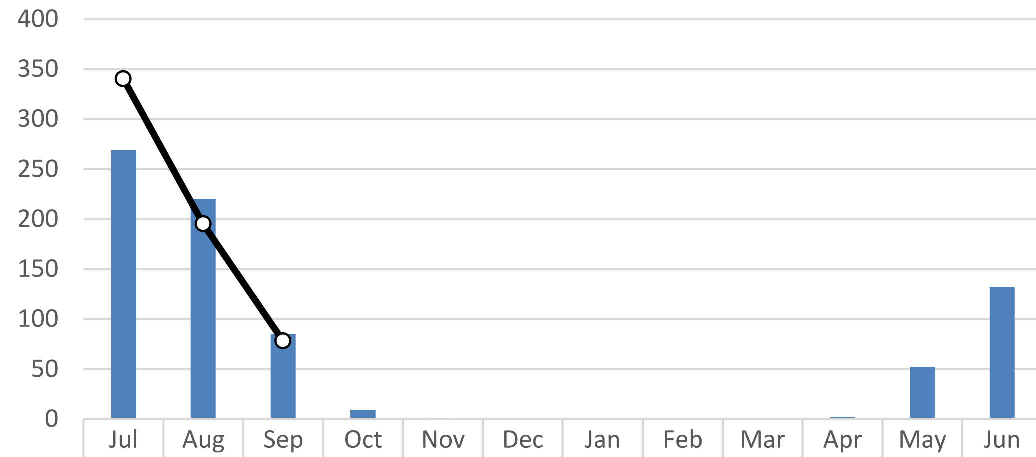
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	31,875	30,916	26,348	24,728	24,527	26,775	27,534	25,154	25,632	23,380	24,109	26,888
Actual	32,858	30,322	26,906									

KWH Sales to Customers (YTD)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	31,875	62,791	89,139	113,867	138,394	165,169	192,703	217,857	243,489	266,869	290,978	317,865
Actual	32,858	63,180	90,086									

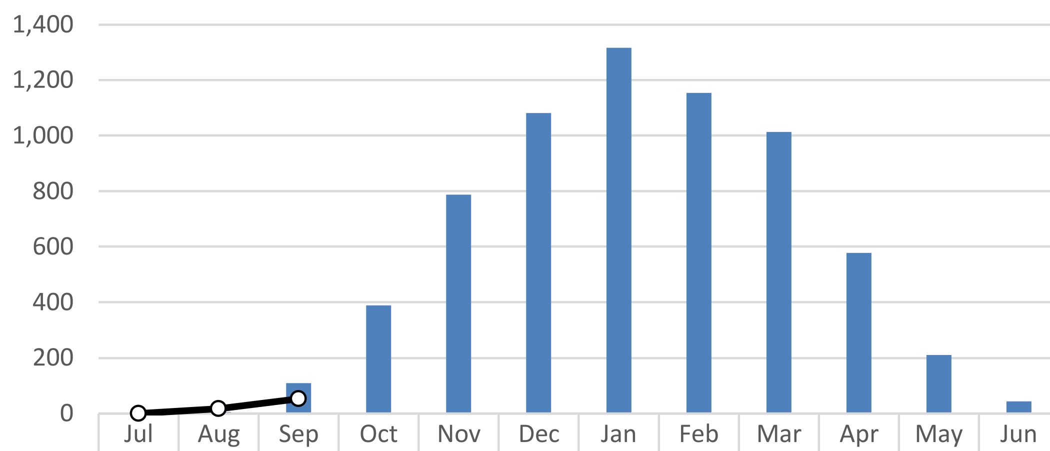
FY 2025

Cooling Degree Days (CDD)



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget CDD	269	220	85	9	1	0	0	0	0	2	52	132
Actual CDD	340	195	78									

Heating Degree Days (HDD)



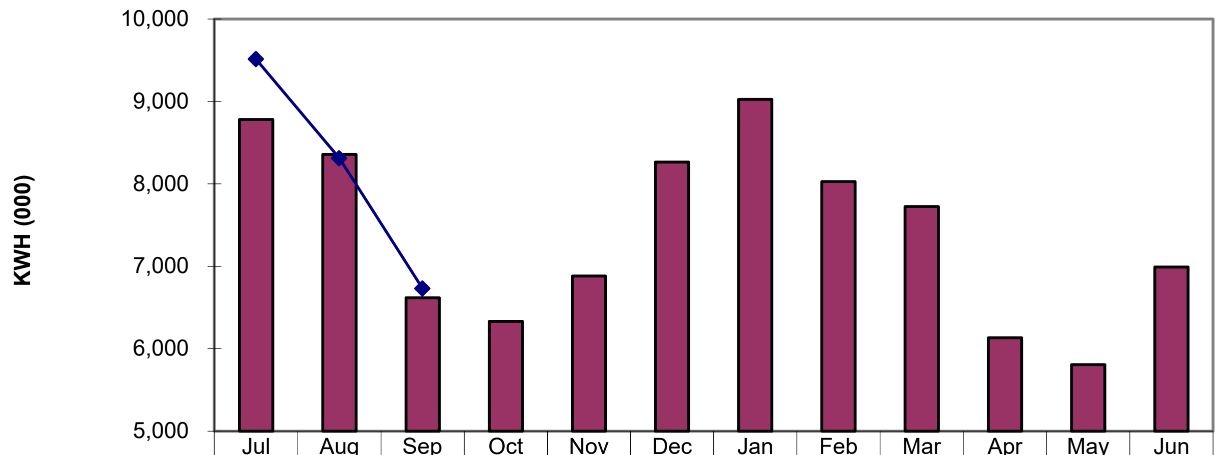
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget HDD	2	6	109	388	787	1,081	1,316	1,154	1,013	577	211	44
Actual HDD	0	17	53									

Average Monthly Temperature												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	73	72	64	53	39	30	22	24	32	46	60	68
Actual	76	70	66									

***CDD/HDD definition per National Weather Service** : Degree days are based on the assumption that when the outside temperature is 65°F, we don't need heating or cooling to be comfortable. Degree days are the difference between the daily temperature mean (high temperature plus low temperature divided by two) and 65°F. If the temperature mean is above 65°F, we subtract 65 from the mean and the result is Cooling Degree Days. If the temperature mean is below 65°F, we subtract the mean from 65 and the result is Heating Degree Days.*

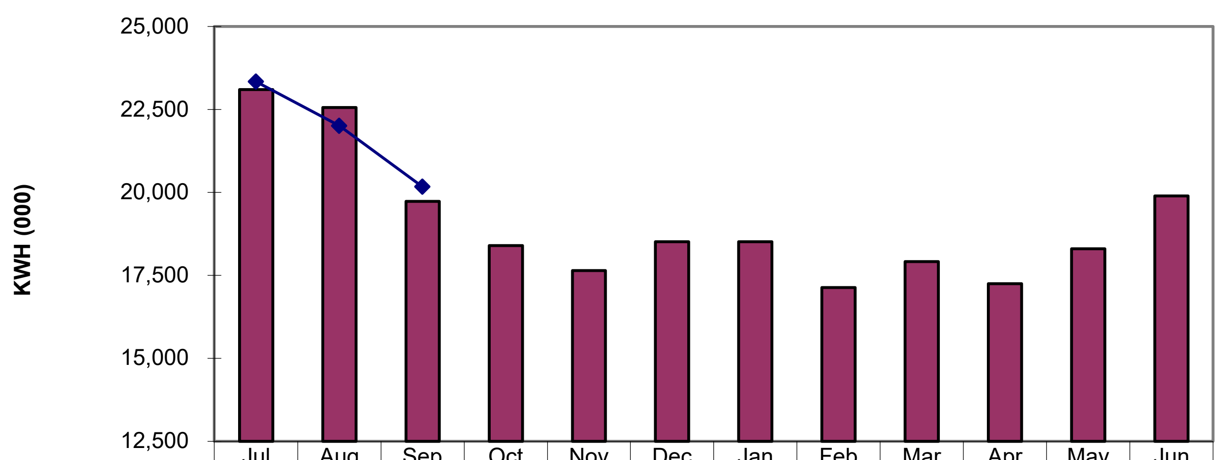
Burlington Electric Department
Fiscal Year Ending June 30, 2025
KWH Sales

Residential Customers



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	8,781	8,358	6,618	6,333	6,882	8,264	9,026	8,027	7,724	6,132	5,808	6,992
Actual	9,514	8,313	6,733									

Commercial & Industrial Customers



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	23,095	22,558	19,730	18,395	17,645	18,511	18,508	17,127	17,908	17,248	18,300	19,895
Actual	23,344	22,009	20,173									

Street Lighting is included with Commercial & Industrial Customers.

Net Power Supply Costs
September - FY 2025

	($000)							
	Current Month				Year-to-Date			
	Budget	Actual	Variance		Budget	Actual	Variance	
Expenses:								
Fuel *(p. 7)*	$476	$1,014	($538)	*(1)*	$2,265	$2,171	$94	*(1)*
Purchased Power *(p.11)*	1,593	1,150	443	*(2)*	4,322	4,200	123	*(2)*
Purchased Power Adjustment (p 11)	43	43	(0)		130	130	(0)	
Transmission Fees - ISO	735	759	(24)	*(3)*	2,166	2,318	(152)	*(3)*
Transmission Fees - Velco	52	78	(26)	*(4)*	184	257	(73)	*(4)*
Transmission Fees - Other	66	74	(8)		210	188	23	*(5)*
Total Expenses	2,965	3,117	(152)		9,279	9,264	15	
Revenues:								
Renewable Energy Certificates - McNeil	0	0	0		1,038	1,222	184	
Renewable Energy Certificates - Wind	0	0	0		920	731	(189)	
Renewable Energy Certificates - Hydro	0	0	0		290	276	(14)	
Renewable Energy Certificates - Other	0	0	0		0	0	0	
Total Revenues	0	0	0		2,249	2,229	(19)	*(6)*
Net Power Supply Costs	$2,965	$3,117	($152)		$7,030	$7,034	($4)	
Load (MWh)	27,058	27,657	599		91,462	92,359	896	
$/MWh	$109.57	$112.71	$3.14		$76.86	$76.16	($0.70)	

Current Month:

(1) See detail on page 7.

(2) See detail on page 11.

(3) ISO-NE Peak Load over Budget.

(4) VELCO Common charges and BED Share of Common Charges over Budget.

YTD:

(1) See detail on page 7.

(2) See detail on page 11.

(3) ISO-NE Peak Load over Budget.

(4) VELCO Common charges and BED Share of Common Charges over Budget.

(5) NYPA NYISO Transmission charges under Budget.

(6) REC Sales under Budget due to lower McNeil and Wind production in Calendar Year 2024.

Net Power Supply Costs
September - FY 2025

	($000)							
	Current Month				Year-to-Date			
	Budget	Actual	Variance		Budget	Actual	Variance	
FUEL:								
McNeil:								
Fuel Consumed	204	721	(516)	*(1)*	1,416	1,478	(62)	*(1)*
Swanton Yard	51	93	(42)	*(1)*	154	190	(36)	*(1)*
Train Deliveries	111	136	(25)	*(1)*	333	280	54	*(1)*
Labor & Other Expenses	93	63	30	*(2)*	308	175	133	*(2)*
Total McNeil Fuel	460	1,014	(554)		2,211	2,123	89	
Gas Turbine	16	0	16	*(3)*	54	48	5	
Total Fuel	476	1,014	(538)		2,265	2,171	94	

Current Month:

(1) McNeil production 273% over Budget. Wood Price per Ton 2% under Budget. (p. 8)

(2) Actual labor is based on tonnage consumed by McNeil; budgeted labor is based on personnel/days in the month, thus timing issues for comparative purposes.

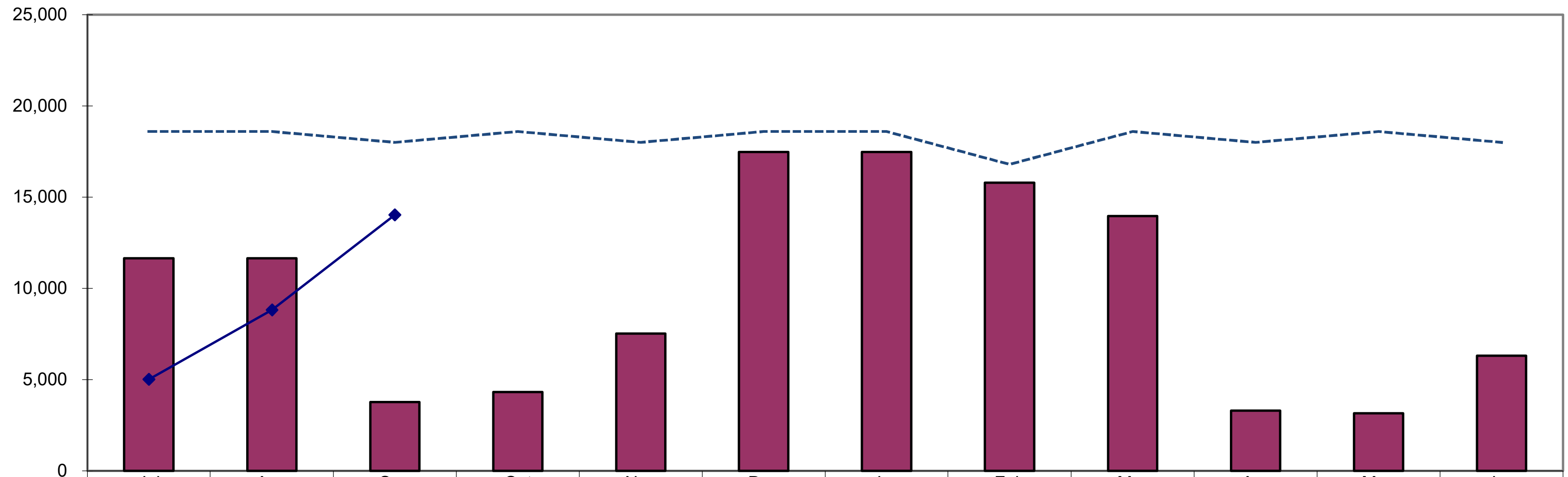
(3) No GT Production.

YTD:

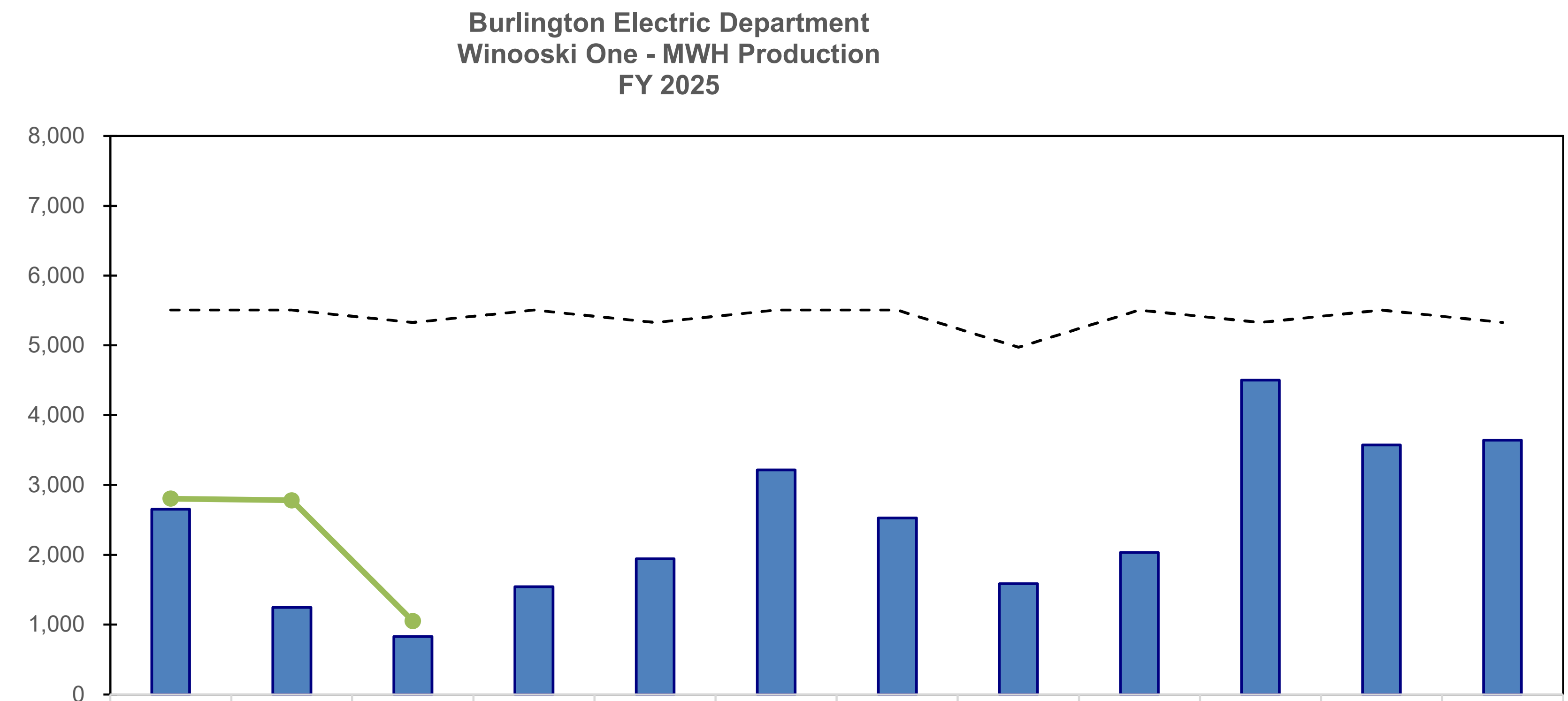
(1) McNeil production 3% over Budget. Wood Price per Ton 2% under Budget. (p. 8)

(2) Actual labor is based on tonnage consumed by McNeil; budgeted labor is based on personnel/days in the month, thus timing issues for comparative purposes.

Burlington Electric Department
McNeil Plant - MWH Production (50%)
FY 2025

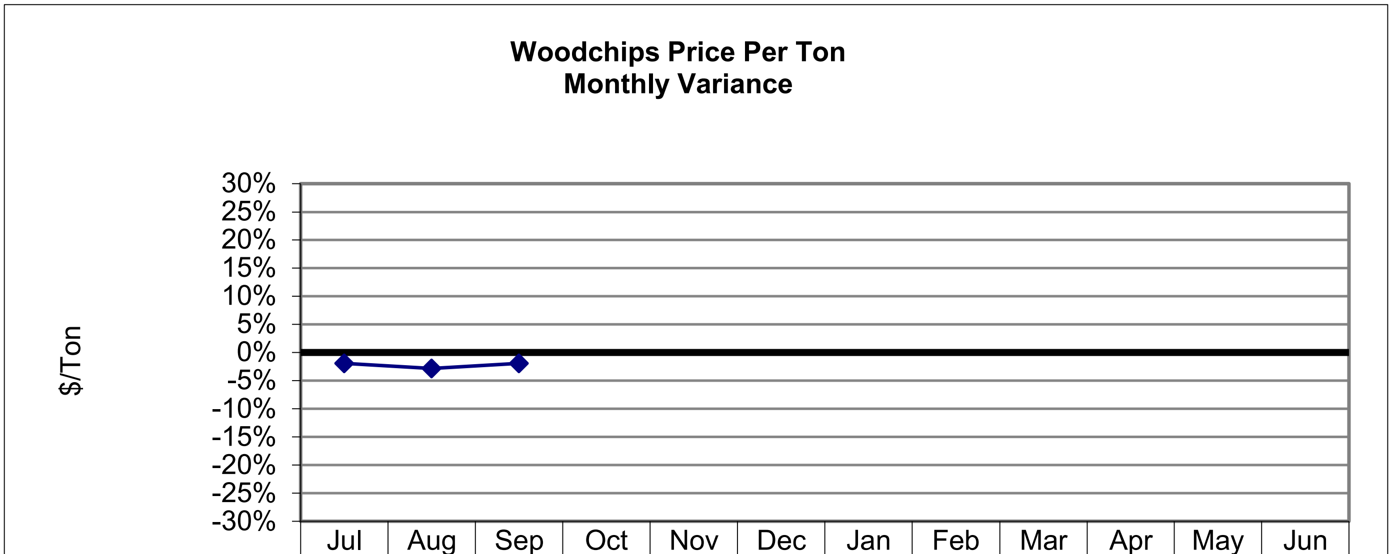


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	11,656	11,656	3,760	4,324	7,520	17,484	17,484	15,792	13,968	3,300	3,150	6,317
Actual	5,016	8,822	14,029									
Maximum	18,600	18,600	18,000	18,600	18,000	18,600	18,600	16,800	18,600	18,000	18,600	18,000

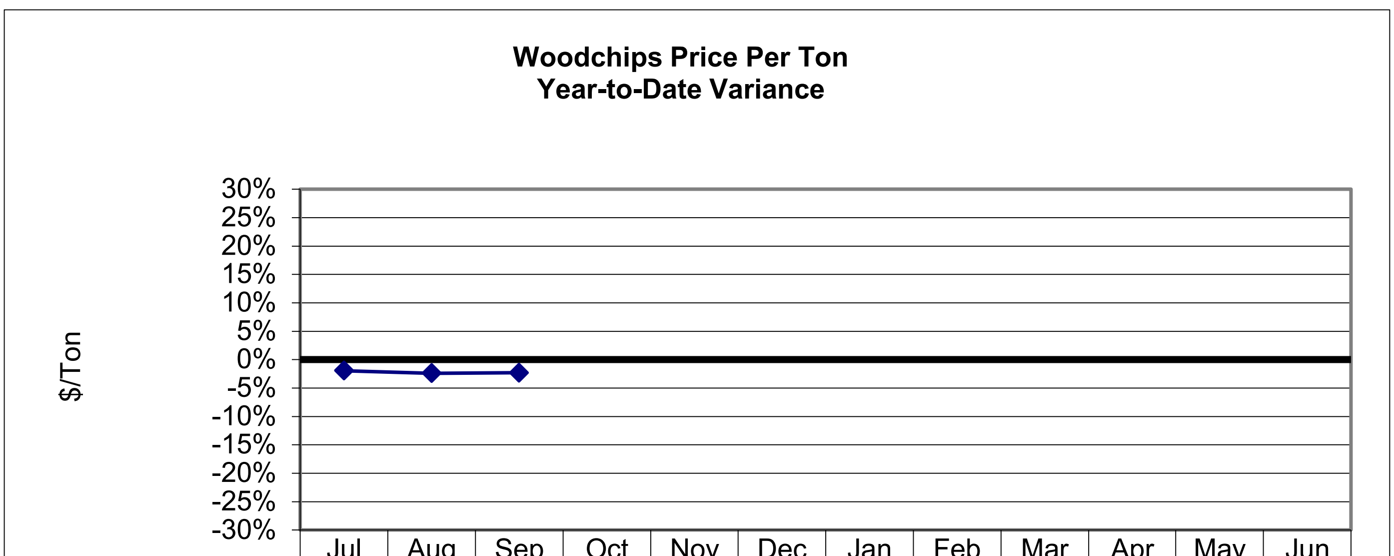


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	2,650	1,246	832	1,541	1,942	3,216	2,531	1,587	2,032	4,503	3,575	3,643
Actual	2,803	2,784	1,054									
Maximum	5,506	5,506	5,328	5,506	5,328	5,506	5,506	4,973	5,506	5,328	5,506	5,328

Burlington Electric Depatment
Fiscal Year 2025



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	-2%	-3%	-2%									



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	-2%	-2%	-2%									

** Wood only. Does not include other costs.*

Net Power Supply Costs
September - FY 2025

($000)	Current Month				Year-to-Date			
	Budget	Actual	Variance		Budget	Actual	Variance	
PURCHASED POWER:								
Non-Energy (capacity)	80	60	19		239	223	16	
Energy:								
Georgia Mountain Wind	252	208	44	*(1)*	673	528	144	*(1)*
Hancock Wind	184	120	64	*(2)*	453	326	127	*(2)*
VT Wind	153	136	17	*(3)*	401	468	(67)	*(3)*
Hydro Quebec	301	301	0		924	924	0	
Great River Hydro	173	173	0		532	555	(24)	*(4)*
In City Solar Generators	80	91	(11)	*(4)*	295	291	4	
NYPA	6	7	(2)		18	22	(4)	
ISO Exchange	272	(86)	358	*(5)*	495	506	(11)	
ISO Exchange Adjustment	43	43	(0)	*(**)*	130	130	(0)	*(**)*
FirstLight	0	24	(24)	*(6)*	0	161	(161)	*(5)*
Velco Exchange	0	(0)	0		0	(0)	0	
Total Energy	1,466	1,019	447		3,921	3,911	9	
Ancillary Charges	(13)	(30)	17		(34)	(77)	43	
VT RES Tier 1 Compliance Expense	54	79	(25)	*(7)*	163	79	84	*(6)*
Miscellaneous-Other	50	65	(15)		165	194	(29)	
Total Purchased Power Expense	1,637	1,194	443		4,452	4,330	123	

Special Note (**)
Adjustment to reduce expense and create regulatory asset by amount of ISO Exchange excess winter energy revenue shortfall ($4,162,233) and record one-eighth ($520,279) as amortization in FY24.

Current Month:
(1) Production 18% under Budget.
(2) Production 35% under Budget.
(3) Production 11% under Budget.
(4) Production over budget.
(5) Production (McNeil (273%) and Winooski One (27%)) over budget.
(6) FirstLight contract not in Budget.
(7) VT RES Tier 1 Compliance budgeted monthly, expensed quarterly.

YTD:
(1) Production 21% under Budget.
(2) Production 28% under Budget.
(3) Production 1% over Budget. Includes additional congestion relief charge not in Budget.
(4) Associated RECs not Budgeted under Energy.
(5) FirstLight contract not in Budget.
(6) Price under budget due to additional low cost REC purchases.

Burlington Electric Department
Operating and Maintenance Expense by Spending Category
FY 2025 - September YTD

	Budget	Actual	Variance	% Variance	*
Labor-Regular	2,200,107	2,251,784	(51,677)	2%	(a)
Labor-Overtime	114,106	146,323	(32,217)	28%	(b)
Labor-Temporary	200	160	40	20%	
Labor-Overhead	951,138	1,057,376	(106,238)	11%	(c)
Outside Services	728,506	527,049	201,457	28%	(d)
DSM (rebates & outside services)	508,874	482,981	25,893	5%	(e)
Materials & Supplies	283,769	231,661	52,108	18%	(f)
Insurance	190,669	201,810	(11,141)	6%	
A & G Clearing	(292,478)	(133,332)	(159,146)	54%	(g)
Other - RES Tier 3 Compliance	256,275	212,436	43,839	17%	
Other	659,575	433,750	225,825	34%	(h)
Operating & Maintenance Expense	5,600,740	5,411,998	188,742	3%	

(a) Labor is impacted by the amount of capital (vs. expense) work.

(b) Areas higher than planned include Distribution, $14,100 and McNeil Plant, $20,900.

(c) See page 13.

(d) Timing of various areas.

(e) Projects are driven almost entirely by customer decisions. The budget is based on information on specific projects or seasonal variations; otherwise the amount is spread evenly across the year.

(f) Timing of various areas.

(g) The credit for A&G ("Admin and General Expenses") charged to Capital projects was less than planned.

(h) Timing; various areas are less than budget including, Maintenance Contracts ($43,400), Education & Training ($7,200), Transportation Clearing ($65,200), and Uncollectible Accounts ($51,900).

Burlington Electric Department
Budget vs Actual Spending Analysis
FY 2025 - September YTD

		(000's)			
Labor - Overhead	**Budget**	**Actual**	**Variance**	**%**	
Pension	$483	$438	$45	9%	*(a)*
Medical Insurance	520	645	(125)	-24%	*(b)*
Social Security Taxes	264	242	22	8%	*(c)*
Workers Compensation Ins.	104	81	23	22%	*(b)*
Dental Insurance	24	22	2	9%	*(b)*
Life Insurance	5	5	(0)	0%	*(b)*
Childcare Contribution Tax	15	10	6	37%	*(d)*
	$1,415	**$1,443**	**($28)**	**-2%**	

Rates Table:	***Budget***
Pension (a)	*14.13%*
Social Security (c)	*7.65%*
Childcare Payroll Tax	*0.44%*

(a) Function of labor cost.

Includes pension per Actuarially Determined Employer Contribution (ADEC), $1,843,800 and amortization of IBEW Pension back payment, $87,041.

(b) Budget provided by the City during budget development.

(d) New tax as of July 1, 2024 is 0.44% of wages. Budget had assumed .33% of wages.

Net Income
FY 2025 - September ($000)

	Ref	Current Month Budget	Current Month Actual	Current Month Variance		Year - To - Date Budget	Year - To - Date Actual	Year - To - Date Variance	
Operating Revenues									
Sales to Customers	*p.3*	4,741	5,021	280		15,445	15,640	195	
Other Revenues		302	279	(23)	*(a)*	915	827	(88)	*(a)*
Power Supply Revenues	*p.6*	0	0	0		2,249	2,229	(20)	
Total Operating Revenues		5,044	5,300	257		18,609	18,696	87	
Operating Expenses									
Fuel	*p.6*	476	1,014	(538)		2,265	2,171	94	
Purchased Power	*p.6*	1,636	1,193	444		4,452	4,330	122	
Transmission	*p.6*	852	910	(58)		2,561	2,763	(202)	
Operating and Maintenance	*p.12*	1,821	1,443	378		5,601	5,412	190	
Depreciation & Amortization		486	495	(9)		1,458	1,467	(9)	
Revenue Taxes		50	54	(4)		175	177	(2)	
Property Taxes Winooski One		45	26	19	*(b)*	134	77	57	*(b)*
Payment In Lieu of Taxes		203	207	(4)	*(c)*	610	620	(10)	*(c)*
Total Operating Expenses		5,570	5,342	229		17,257	17,017	240	
Other Income and Deductions									
Interest/Investment Income		38	65	27		125	186	61	
Dividends		373	386	14		1,118	1,132	14	
Customer Contributions/Grant Proceeds		715	71	(644)	*(d)*	1,320	101	(1,219)	*(d)*
Gain/(Loss) on Disp of Plant		0	0	0		(160)	0	160	
Other		5	23	18	*(e)*	20	(78)	(98)	*(e)*
Total Other Income & Deductions		1,131	544	(586)		2,423	1,342	(1,082)	
Interest Expense		275	264	11		826	793	34	
Net Income		329	238	(91)		2,949	2,228	(721)	

Current Month:

(a) Energy Efficiency Program cost reimbursement was lower than planned, $14,100.
(b) Actual Winooski One tax bill is lower than budget assumption by $228,300 for the year.
(c) Actual Payment in Lieu of Tax (PILOT) is higher than budget assumption by $63,500 for the year.
(d) Budget includes Winooski One FEMA reimbursement (75%) for inflatable dam ($634,500), and other customer contributions for Champlain Parkway ($29,400), Winooski bridge rebuild ($8,700) and other overhead and underground billable. Also, grant income for "Building Giants" (Federal 50% share) ($24,100). Actual includes overhead & underground billable and various grant income.
(e) Timing of jobbing unfavorable ($17,100); offset by unrealized gain on investment, $34,100.

Year - To - Date:

(a) Energy Efficiency Program cost reimbursement was lower than planned, $120,700.
(b) See current month.
(c) See current month.
(d) Budget includes Winooski One FEMA reimbursement (75%) for inflatable dam ($1,057,500), and other customer contributions for Champlain Parkway ($29,400), Winooski bridge rebuild ($26,100) and other overhead and underground billable. Also, grant income for "Building Giants" (Federal 50% share) ($24,100). Actual includes overhead & underground billable and various grant income.
(e) Timing of jobbing unfavorable ($153,500); offset by unrealized gain on investment, 67,800.

Burlington Electric Department
Capital Projects - FY25

	$000				
	Full Year Budget	Budget	September Actual	Variance	
McNeil (BED 50% Share)					
Ash Silo Pug Mill/Auger Upgrade (312)	25			0	
Catalyst Replacement for Nox System (312)	450	225	0.5	225	
Condensate Motor (314)	10			0	
Condensate Pump (314)	15			0	
Cooling Tower Make-Up Pumps Replaced (314)	8			0	
ESP Mechanical Field Rebuild	284			0	
Farmhouse Improvements (311)	10			0	
McNeil - IT Forward FIS	38			0	
Reclaimer Rebuild (312)	30			0	
Replace Water & Sewer Lines at the Farmhouse (311)	28			0	
Replacement Rail Cars (312)	50	50		50	
Routine Station Improvements [1]	188	75	38	37	
Safety Valve Replacements (312)	13			0	
Station Tools & Tool Boxes (312)	8	2		2	
Turbine Control System Upgrade/Insurance (314)	0		21	(21)	
Woodchip Dryer (1 of 2) (312)	38		0.3	(0)	
Loader repair	0		(25)	25	
Other	16	7		7	*(a)*
Total McNeil Plant	1,209	360	35	325	

(a) Budget includes perimeter fence upgrade, rigging equipment, portable radios upgrade, energy efficiency improvements and furniture.

Hydro Production	980	316	293	23	

(a) Full year budget assumes inflatable dam project at a cost of $1.3M with 75% reimbursement from FEMA of $1.1M.

Gas Turbine	257	134	3	131	*(a)*

(a) Timing; budget assumed roof replacement in August, $97,600, delayed until spring.

Total Production Plant	2,446	810	331	479
Other				
Direct Current Fast Chargers (Level 3)	171	34	45	(11)
Distributed Energy Resources	33	10		10
EV Charger Installations (Level 2)	127	25	40	(15)
EV Chargers/Staging Plan	13	13		13
P&P R&D	26	8		8
Total Other	369	90	85	5

Burlington Electric Department
Capital Projects - FY25

	$000			
	Full Year Budget	Budget	September Actual	Variance
Transmission Plant				
VT Transco Investment	577	577	577	0
Total Transmission Plant	577	577	577	0
Distribution Plant-General				
Aerial				
Archibald St Rebuild	66	66		66
Dunder Road Rebuild	58			0
Killarney Drive Rebuild	0		(3)	3
North St Rebuild P1577-1486	0		48	(48)
Replace 2L5 Circuit from P2349-913S	0		21	(21)
Replace Condemned Poles	110	33	18	15
South Cove Road East Rebuild	145	43	4	39
South Cove Road West Rebuild	184	55	2	53
Total Aerial	563	198	90	108
Underground				
Battery St Phase II Replace UG Cable	517	103		103
Cathedral Square Rebuild	41	41	33	8
College St (Pine - St Paul St) Replace UG Cable	148		60	(60)
Fern Hill UG Rebuild	0		4	(4)
Replace 2L5 Cable 913s to UH248	0		34	(34)
Summit Ridge Rebuild	63	63	122	(59)
Switch 305S/325S/326S (Main St Reservoir)	258			0
Switch 322/323/324S (Main St and Univ Hts)	242	242		242
Switch 817S/912S/913S (Main St Reservoir)	151	151	76	75
Total Underground	1,421	601	330	271
Customer Driven/City Projects				
Champlain Parkway-Billable	345	35	(2)	37
Champlain Parkway (CAFC)	(294)	(29)	(327)	297
City Place Streetlighting	306			0
City Place Streetlighting (CAFC)	(197)			0
Great Street Initiative	0		0	(0)
Great Street-Main Street	23	2	2	0
Great Street-Main Street (CAFC)	(23)	(2)		(2)
Winooski Bridge Rebuild	35	26		26
Winooski Bridge Rebuild (CAFC)	(35)	(26)		(26)
Total Underground	161	5	(327)	332

Burlington Electric Department
Capital Projects - FY25

	Full Year Budget	Budget	September Actual	Variance	
	$000				
Other					
College St Breaker Racking Device	25	25		25	
Distribution Transformers-Purchase	1,590	636	29	607	
Distribution Transformers-Install	6	1	1	0	
Communication Equipment Emergency Repair	15			0	
ADMS SCADA Upgrade (Phase I/11)	617	216	109	107	
ADMS SCADA Upgrade (Phase III/IV)	542			0	
SCADA Servers PC's and Monitors	0		30	(30)	
SCADA Video Display	0		0	(0)	
SCADA Equipment	128	115		115	
Other				0	
Total Other	2,922	993	169	824	
Total Distribution Plant-General	5,066	1,797	262	1,535	
Distribution Plant - Blanket					
Aerial	146	9	28	(19)	
Aerial (CAFC)	(64)	(5)	(26)	22	
Underground	321	75	397	(323)	*(a)*
Underground (CAFC)	(132)	(26)	0	(26)	
Meters	178	62	12	50	
Lighting	223	17	85	(69)	
Tools & Equipment - Distribution/Technicians	30	6		6	
Replaces Failed SCADA Field Equipment	11			0	
Substation Maintenance	18			0	
Total Distribution Plant - Blanket	731	138	496	(359)	

(a) Actual includes prior year progress billing that was reversed, $277,368 in September (wf 36863 - City Place).

	Full Year Budget	Budget	September Actual	Variance
Total Distribution Plant	5,797	1,934	758	1,176

Burlington Electric Department
Capital Projects - FY25

	$000				
	Full Year Budget	Budget	September Actual	Variance	
General Plant					
Computer Equipment/Software	2,127	408	23	385	*(a)*
Vehicle Replacement	191			0	
Buildings & Grounds	155	155	36	119	*(b)*
Gas Detectors	5	5		5	
Total General Plant	2,478	568	59	509	

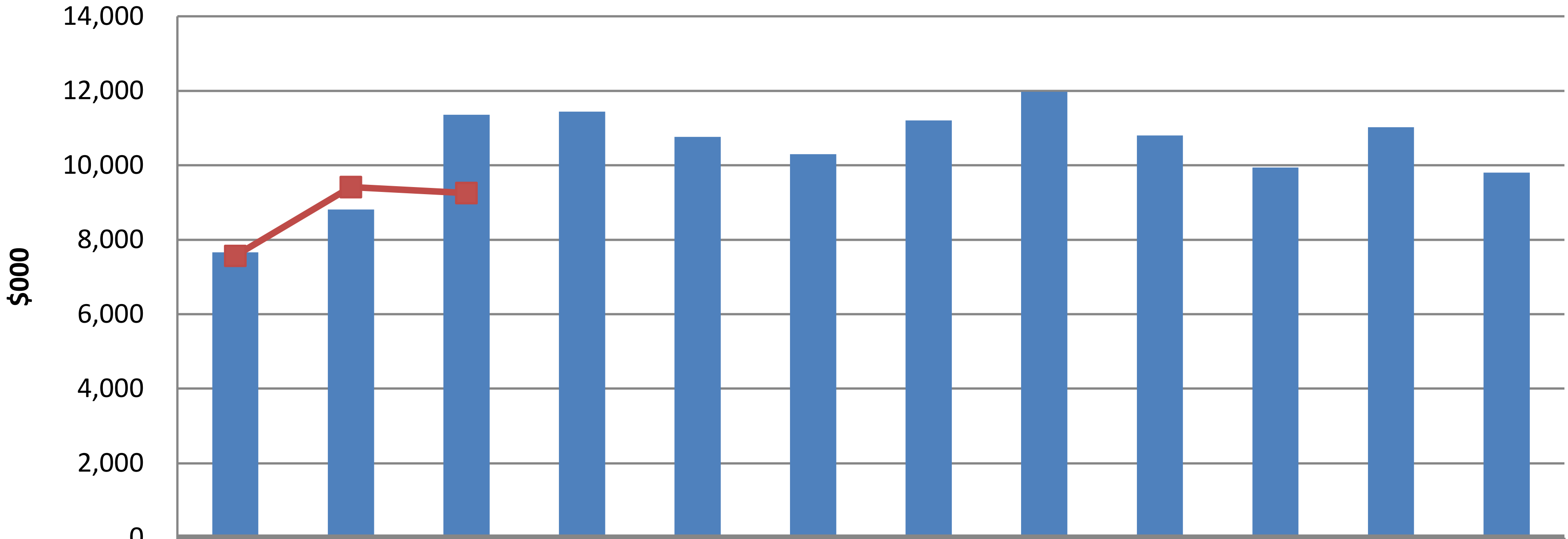
(a) Budget includes IT Forward, $330,800 and other various projects (desktop/laptop replacements, iPads replacements for line crew and engineering plotter).

(b) Budget includes Key Fob Replacement, New SCADA Room, Storage racks for red warehouse and Ice Machine (breezeway).

Sub-Total Plant	$11,667	$3,979	$1,810	$2,169
Add: CAFC* reclass to "Other Income"	1,803	455	80	375
Total Plant	$13,470	$4,434	$1,890	$2,544

** Customer Advances (Contributions) for Construction.*

Operating Cash - FY 2025
Monthly Ending Balance



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget	7,664	8,809	11,355	11,436	10,765	10,299	11,208	11,973	10,795	9,939	11,027	9,803
Actual	7,569	9,413	9,254									

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Basic Financial Statements and
Required Supplementary Information

June 30, 2024 and 2023

(With Independent Auditors’ Report Thereon)

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Table of Contents

KPMG LLP
One Park Place
463 Mountain View Drive, Suite 400
Colchester, VT 05446-9909

Independent Auditors' Report

The Board of Electric Commissioners
City of Burlington, Vermont:

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the City of Burlington, Vermont Electric Department (the Department), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinions, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Department, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the basic financial statements of the Department are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City of Burlington, Vermont, as of June 30, 2024 or 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Colchester, Vermont
October 28, 2024

This section of the City of Burlington, Vermont Electric Department's (the Department) annual financial report presents a discussion and analysis of the Department's financial performance during the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the Department's financial statements, which follow this section.

Overview of the Financial Statements

The financial section of this report consists of three parts: management's discussion and analysis (this section); the financial statements, which provide both long-term and short-term information about the Department's overall financial status; and the notes to the financial statements, which explain some of the information in the financial statements and provide more detailed data.

The Department's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental proprietary (enterprise) and fiduciary (custodial) funds and employ the economic resources measurement focus and the accrual basis of accounting. The Department follows GAAP for external financial reporting and is subject, as to rates, accounting, and other matters, to the regulatory authority of the State of Vermont Public Utility Commission (PUC) and the Federal Energy Regulatory Commission (FERC). In accordance with FASB ASC Topic 980, *Regulated Operations*, the Department records certain assets and liabilities in accordance with the economic effects of the rate-making process.

Unless otherwise noted, the remainder of management's discussion and analysis will focus on the Department's proprietary (enterprise) activities.

Financial Highlights

June 30, 2024

- Operating loss was $134,403, a decrease of $1,846,279 or 107.9% from operating income in 2023.
- Sales to ultimate customers were $54,016,707, an increase of $3,483,600 or 6.9% from 2023.
- Other revenues (primarily sales of renewable energy credits) were $10,091,792, a decrease of $2,312,140 or 18.6% from 2023.
- Total operating expenses were $63,917,600, an increase of $2,812,864 or 4.6% from 2023.
- Total net position was $66,062,437, an increase of $1,250,710 or 1.93% compared to 2023.
- Total capital assets (net of depreciation) were $99,774,220, an increase of $2,976,171 or 3.1% above 2023.
- The McNeil Generating Station capacity factor for fiscal year 2024 was 41.0% compared to 48.9% in 2023, supplying 90,023 MWH and 107,033 MWH, respectively, of energy production to the Department.

June 30, 2023

- Operating income was $1,711,876, a decrease of $205,818 or 10.7% from the operating income in 2022.
- Sales to ultimate customers were $50,533,107, an increase of $2,038,462 or 4.2% from 2022.
- Other revenues (primarily sales of renewable energy credits) were $12,403,932, an increase of $1,284,861 or 11.6% from 2022.

- Total operating expenses were $61,104,736, an increase of $3,551,812 or 6.2% from 2022.
- Total net position was $64,811,727, an increase of $1,638,994 or 2.6% compared to 2022.
- Total capital assets (net of depreciation) were $96,798,049, an increase of $2,897,137 or 3.1% above 2022.
- The McNeil Generating Station capacity factor for fiscal year 2023 was 48.9% compared to 55.6% in 2022, supplying 107,033 MWH and 121,695 MWH, respectively, of energy production to the Department.

Financial Analysis of the Department

Net Position

The following summarizes the Department's overall financial position as of June 30, 2024, 2023, and 2022:

		2024	2023	2022	Percentage change 2023–2024	Percentage change 2022–2023	
Current assets – unrestricted	$	28,908,650	24,457,806	26,731,563	18.2 %	(8.5)%	(A)
Restricted assets		16,134,679	21,166,674	25,881,220	(23.8)	(18.2)	(B)
Capital assets, net		99,774,220	96,798,049	93,900,912	3.1	3.1	
Other noncurrent assets		42,781,877	43,208,606	39,276,787	(1.0)	10.0	(C)
Total assets	$	187,599,426	185,631,135	185,790,482	1.1 %	(0.1)%	
Deferred outflows of resources	$	5,745,652	6,703,141	3,738,188	(14.3)%	79.3 %	(D)
Current liabilities	$	11,719,761	10,841,125	12,453,689	8.1 %	(12.9)%	(E)
Current liabilities payable from restricted assets		759,139	798,539	376,569	(4.9)	112.1	
Other noncurrent liabilities		2,264,076	2,550,635	2,683,241	(11.2)	(4.9)	
Net OPEB liability		815,159	944,849	909,836	(13.7)	3.8	
Net pension liability		22,820,338	21,677,516	11,606,188	5.3	86.8	(F)
Long-term debt, net		79,760,553	82,746,617	85,675,359	(3.6)	(3.4)	(G)
Total liabilities	$	118,139,026	119,559,281	113,704,882	(1.2)%	5.1 %	
Deferred inflows of resources	$	9,143,615	7,963,268	12,651,055	14.8 %	(37.1)%	
Net position:							
Net investment in capital assets	$	39,964,583	45,408,157	40,686,130	(12.0)%	11.6 %	
Restricted		6,408,333	6,475,757	6,300,800	(1.0)	2.8	
Unrestricted		19,689,521	12,927,813	16,185,803	52.3	(20.1)	
Total net position	$	66,062,437	64,811,727	63,172,733	1.9 %	2.6 %	

(A) Current assets (unrestricted) at June 30, 2024 were $28,908,650, an increase of $4,450,844 compared to June 30, 2023 primarily due to an increase in cash resulting from increased interest and grant income, as well as decreased power production expenses and purchased power expenses. Current assets (unrestricted) at June 30, 2023 were $24,457,806, a decrease of $2,273,757 compared to June 30, 2022 primarily due to a decrease in cash resulting from both higher prices paid for wood fuel and lower prices received for excess energy (purchased power owned or under contract in excess of the Department's load) during the winter of 2022-2023.

(B) Restricted assets at June 30, 2024 were $16,134,679, a decrease of $5,031,995 compared to June 30, 2023 primarily due to the drawdown of Electric System Revenue Bond Series 2022A proceeds from the Construction Fund, an investment account where bond proceeds are held until used for the bond's intended purpose. Restricted assets at June 30, 2023 were $21,166,674, a decrease of $4,714,546 compared to June 30, 2022 primarily due to the drawdown of Electric System Revenue Bond Series 2022A proceeds from the Construction Fund, an investment account where bond proceeds are held until used for the bond's intended purpose.

(C) Other noncurrent assets at June 30, 2024 were $42,781,877, a decrease of $426,729 compared to June 30, 2023 in accordance with current regulatory asset amortization schedules, partially offset by an increase in Renewable Energy Standard inventory values related to Tier 3 credits.

Other noncurrent assets at June 30, 2023 were $43,208,806, an increase of $3,931,819 compared to June 30, 2022 due primarily to an increase in regulatory assets to defer and amortize (1) a shortfall in revenues from the sale of excess energy for the winter of 2022-2023 and (2) a payment to the City of Burlington toward the abatement and/or remediation of environmental contaminants at the site of the former Moran Station.

(D) Deferred outflows at June 30, 2024 were $5,745,652, a decrease of $957,489 compared to June 30, 2023 due to a decrease in the deferred pension contribution caused by a decrease in the difference between actual and projected investment earnings. Deferred outflows at June 30, 2023 were $6,703,141, an increase of $2,964,953 compared to June 30, 2022 due to an increase in the deferred pension contribution caused by an increase in the difference between actual and projected investment earnings.

(E) Current liabilities at June 30, 2024 were $11,719,761, an increase of $878,636 compared to June 30, 2023 due primarily to increases in the current portion of long-term debt and in other current liabilities due to increases in accrued interest, taxes, and payroll, as well as increases in miscellaneous operating payables. Current liabilities at June 30, 2023 were $10,841,125, a decrease of $1,612,564 compared to June 30, 2022 due primarily to decreases in accounts payable due to decreases in purchased power and miscellaneous operating payables.

(Continued)

(F) The net pension liability at June 30, 2024 was $22,820,338, an increase of $1,142,822 compared to 2023 due to increases in the difference between projected and actual plan experience and pension expense, decreases in the difference between the projected and actual investment earnings, and changes in assumptions related to inflation and salary increases, offset by pension contributions. See note 8 – Retirement Benefits.

The net pension liability at June 30, 2023 was $21,677,516, an increase of $10,071,328 compared to 2022 due to increases in the difference between expected and actual experience, net investment loss, pension expense, decreases in the difference between the projected and actual plan experience and investment earnings, and changes in assumptions related to inflation and salary increases, offset by pension contributions. See note 8 – Retirement Benefits.

(G) Long-term debt, net at June 30, 2024 was $79,760,553, a decrease of $2,986,064 compared to June 30, 2023 in accordance with current maturities schedules. Long-term debt, net at June 30, 2023 was $82,746,617, a decrease of $2,928,742 compared to June 30, 2022 in accordance with current maturities schedules.

Changes in Net Position

A summary of changes in net position for the fiscal years ended June 30, 2024, 2023 and 2022 follows:

	2024	2023	2022	Percentage change 2023–2024	Percentage change 2022–2023	
Operating revenues:						
Sales to ultimate customers	$ 54,016,707	50,533,107	48,494,645	6.9 %	4.2 %	(A)
Other revenues	10,091,792	12,403,932	11,119,071	(18.6)	11.6	(B)
Less provision for uncollectible accounts	(325,302)	(120,427)	(143,098)	170.1	(15.8)	
Total operating revenues, net	63,783,197	62,816,612	59,470,618	1.5	5.6	

	2024	2023	2022	Percentage change 2023–2024	Percentage change 2022–2023	
Operating expenses:						
Production	$ 10,725,988	12,170,285	11,329,585	(11.9)%	7.4 %	(C)
Purchased power	16,818,263	13,584,701	14,745,060	23.8	(7.9)	(D)
Other power supply expenses	1,546,277	1,680,300	1,645,104	(8.0)	2.1	(D)
Transmission	9,653,765	9,337,070	8,918,774	3.4	4.7	(D)
Distribution	3,590,222	3,171,244	3,352,809	13.2	(5.4)	(E)
Customer accounting and service	6,399,553	7,699,127	5,924,783	(16.9)	29.9	(F)
Administration and general	7,656,377	6,212,561	4,555,018	23.2	36.4	(G)
Depreciation and amortization	6,397,556	6,176,061	6,048,674	3.6	2.1	(H)
Taxes	1,129,599	1,073,387	1,033,117	5.2	3.9	
Total operating expenses	63,917,600	61,104,736	57,552,924	4.6	6.2	
Operating (loss) income	(134,403)	1,711,876	1,917,694	(107.9)%	(10.7)%	
Other income (expense):						
Dividend income	4,532,992	4,399,511	4,335,722	3.0 %	1.5 %	
Interest income	811,785	501,766	84,678	61.8	492.6	
Loss on sale of capital assets	(129,310)	(116,431)	(256,663)	11.1	(54.6)	
Grants and other income	1,147,367	(9,137)	(3,153)	(12,657.4)	189.8	
Total other income	6,362,834	4,775,709	4,160,584	33.2	14.8	
Total finance charges	(3,345,010)	(3,450,296)	(2,305,770)	(3.1)	49.6	
Income before transfers and capital contributions	2,883,421	3,037,289	3,772,508	(5.1)	(19.5)	
Transfers to the City for payment:						
In lieu of taxes	(2,265,941)	(2,133,939)	(2,274,239)	6.2	(6.2)	
Income before capital contributions	617,480	903,350	1,498,269	(31.6)	(39.7)	
Capital contributions	633,230	735,644	439,770	(13.9)	67.3	
Change in net position	1,250,710	1,638,994	1,938,039	(23.7)	(15.4)	
Net position at beginning of year	64,811,727	63,172,733	61,234,694	2.6	3.2	
Net position at end of year	$ 66,062,437	64,811,727	63,172,733	1.9 %	2.6 %	

(A) Sales to ultimate customers in 2024 of $54,016,707 increased by $3,483,600 compared to 2023. 2024 reflected a 5.50% increase in rates effective September 1, 2023, and a 1.6% increase in kilowatt hour usage.

(B) Other revenues for 2024 of $10,091,792 decreased by $2,312,140 compared to 2023 due to decreased cost reimbursements from the Energy Efficiency Utility (EEU), and decreased McNeil Generating Station and wind renewable energy credit (REC) production, partially offset by increased hydroelectric REC production. Other revenues for 2023 of $12,403,932 increased by $1,284,861 compared to 2022 due to increased program cost reimbursements from the EEU partially offset by decreased McNeil REC production.

(C) Production expense for 2024 of $10,725,988 decreased by $1,444,297 compared to 2023 due to decreased fuel expense at the McNeil Generating Station, partially offset by higher fuel expense at the Gas Turbine. Production expense for 2023 of $12,170,285 increased by $840,700 compared to 2022 due to increased fuel expense at the McNeil Generating Station partially offset by lower fuel expense at the Gas Turbine.

(D) Purchased power costs for 2024 of $16,818,263 increased by $3,233,562 compared to 2023 due to the prior year deferral of a revenue shortfall due to reduced price of sales of excess winter energy to the Independent System Operator-New England (ISO-NE) and the related annual amortization, which is recorded under ISO-NE Exchange. This increase is also due to increased prices under the Hydro-Québec contract and a new ISO-NE winter reliability charge, partially offset by decreased ISO-NE capacity and ancillary charges, and decreased deliveries under the Hancock Wind contract.

Purchased power costs for 2023 of $13,584,701 decreased by $1,160,359 compared to 2022 due to the deferral and amortization of a revenue shortfall due to reduced price for sales of excess winter energy to ISO-NE and decreased deliveries under the Vermont Wind contract, partially offset by increased costs to retain the Mystic Generating Station (recorded under ISO-NE Capacity) and increased prices under the Hydro-Québec contract.

Other power supply expenses are based on ISO-NE administration charges and labor costs for each of the comparative periods.

Transmission costs for 2024 of $9,653,765 increased by $316,695 compared to 2023 primarily due to increased ISO-NE and Vermont Electric Power Company (VELCO) transmission charges, partially offset by decreased New York Power Authority transmission charges. Transmission costs for 2023 of $9,337,070 increased by $418,296 compared to 2022 primarily due to increased VELCO transmission charges, partially offset by decreased New York Power Authority transmission charges.

(E) Distribution expense for 2024 of $3,590,222 increased by $418,978 compared to 2023 primarily due to increases in maintenance expenses related to station equipment, overhead lines, and street lighting. Distribution expense for 2023 of $3,171,244 increased by $181,565 compared to 2022 primarily due to increases in overhead and underground line maintenance expense, partially offset by decreased supervision and engineering operation expense.

(F) Customer accounting, service, and sales expense for 2024 of $6,399,553 decreased by $1,299,574 compared to 2023 due primarily to a decrease in EEU program activity expenses, partially offset by increased customer record and collection expenses and Tier 3 program expenses. Customer accounting, service, and sales expense for 2023 of $7,669,127 increased by $1,774,344 compared to 2022 due primarily to an increase in EEU program activity expenses

(G) Administrative and general (A&G) expense for 2024 of $7,656,377 increased by $1,443,816 compared to 2023 primarily due to increases in salary, pension and benefits, and regulatory commission expenses,

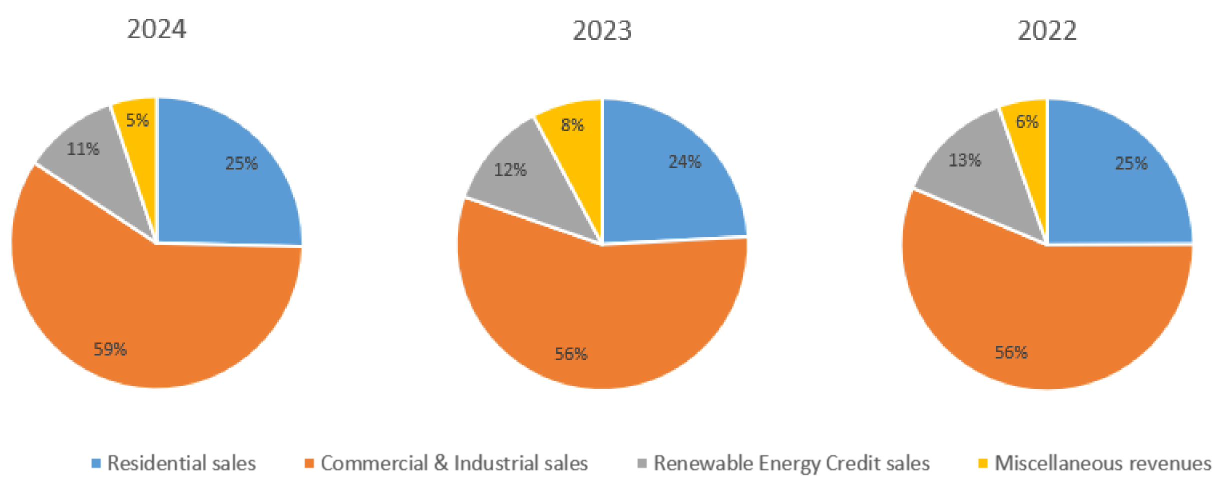
(Continued)

partially offset by decreases in office supplies, outside services, and miscellaneous A&G expenses. Administrative and general expense for 2023 of $6,212,561 increased by $1,657,543 compared to 2022 primarily due to increases in expense for pension and benefits and injuries and damages.

(H) Depreciation and amortization, including deferred depreciation expense, for 2024 of $6,397,556 increased by $221,495 compared to 2023 primarily due to an increase in software amortization expense. Depreciation and amortization, including deferred depreciation expense, for 2023 of $6,176,061 increased by $127,387 compared to 2022 primarily due to an increase in the adjustment to sinking fund depreciation partially offset by decreased distribution plant depreciation expense.

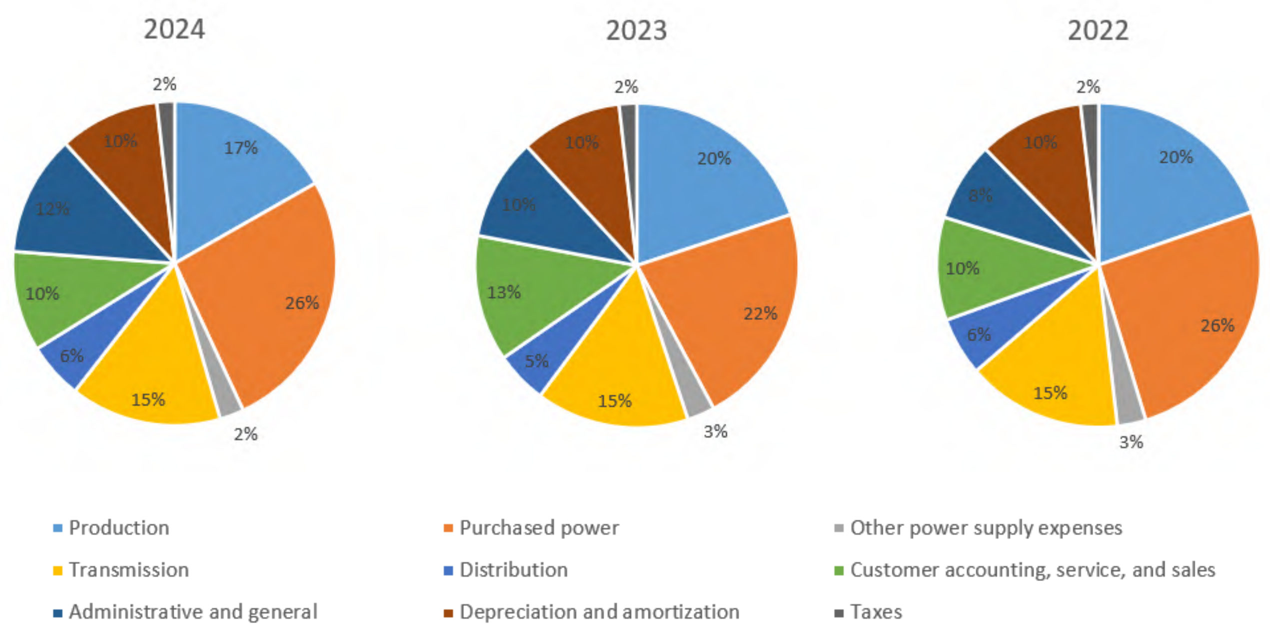
Revenue

The following charts show the major sources of operating revenues for the years ended June 30, 2024, 2023, and 2022:



Operating Expenses

The following charts show the major components of operating expenses for the years ended June 30, 2024, 2023, and 2022:



Long-Term Debt – Revenue and General Obligation Bonds

The following table summarizes long-term debt related to revenue and general obligation bonds for the years ended June 30, 2024, 2023, and 2022:

		2024	2023	2022
Revenue bonds, net of current installments	$	34,571,128	36,574,879	38,514,236
General obligation bonds, net of current installments		45,189,425	46,171,738	47,161,123
Total bonds, net	$	79,760,553	82,746,617	85,675,359

During the fiscal year ended June 30, 2024, the Department, through the City of Burlington, issued $2,785,000 in general obligation bonds, 2022 BAN Refunding-Electric Department Portion, with an average coupon rate of 5.02%. The Department, through the City of Burlington, also issued $3,000,000 in general obligation bonds, 2023 Series A, with an average coupon rate of 5.02%. These bonds were issued for use during fiscal year 2024 in accordance with the City Charter to cover annual capital improvements to the electric infrastructure of the Department.

During the fiscal year ended June 30, 2023, the Department, through the City of Burlington, entered into a $3,000,000, Series 2022 general obligation bond anticipation note (BAN) bearing interest at the fixed rate of 2.79%. The Department, through the City of Burlington, also issued $2,650,000 in general obligation bonds, 2022 Series A, with an average coupon rate of 5.00%. These bonds were issued for use during fiscal year 2023 in accordance with the City Charter to cover annual capital improvements to the electric infrastructure of the Department.

Capital Assets

The following chart summarizes capital assets and accumulated depreciation for the years ended June 30, 2024, 2023, and 2022:

		2024	2023	2022
Capital assets	$	217,476,676	209,678,058	201,769,918
Accumulated depreciation/amortization		117,702,456	112,880,009	107,869,006
Net capital assets	$	99,774,220	96,798,049	93,900,912

Capital assets are stated at historical cost and include assets related to land, production plant, transmission plant, distribution plant, general plant, and other plant. Capital assets also include the Department's ownership interest in the following jointly owned facilities:

	2024	2023	2022
McNeil Generating Station	50.0 %	50.0 %	50.0 %

During 2024, net capital assets increased $2,976,171 from 2023. Net capital asset additions amounted to $7,798,618 which included improvements to production and distribution plant and transportation equipment. These capital asset additions were offset by depreciation expense of $4,683,965 and retired plant assets with a net carrying value of $370,928.

During 2023, net capital assets increased $2,897,137 from 2022. Net capital asset additions amounted to $7,908,140 which included improvements to production, distribution, and general plant and software system upgrades. These capital asset additions were offset by depreciation expense of $4,639,294 and retired plant assets with a net carrying value of $125,200.

Requests for Information

This financial report is intended to provide an overview of the finances of the Department for those with an interest in this organization. Questions concerning any information contained in this report may be directed to Emily Stebbins-Wheelock, CFO and Manager of Strategy & Innovation.

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Net Position – Proprietary (Enterprise) Fund

June 30, 2024 and 2023

Assets and Deferred Outflows of Resources		2024	2023
Capital assets, net	$	99,774,220	96,798,049
Current assets:			
Cash and cash equivalents		12,334,880	8,840,234
Restricted investments – deposits with bond trustees and accrued interest receivable		759,139	798,539
Accounts receivable, net of allowance for uncollectible accounts of $217,263 and $139,260, respectively		5,063,177	4,360,086
Unbilled revenues		2,648,674	2,336,080
Fuel and materials inventory, at average cost		7,239,687	7,390,327
Other		1,622,232	1,531,079
Total current assets		29,667,789	25,256,345
Noncurrent assets:			
Restricted investments – deposits with bond trustees		15,375,540	20,368,135
Regulatory assets		5,172,924	6,061,013
Renewable Energy Standard inventory		2,307,617	1,846,257
Equity interests in associated companies		35,301,336	35,301,336
Total noncurrent assets		58,157,417	63,576,741
Total assets		187,599,426	185,631,135
Deferred outflows of resources:			
Loss on advanced refunding		248,155	294,654
Pension amounts		5,379,034	6,224,886
Other post-employment benefits amounts		118,463	183,601
Total deferred outflows of resources		5,745,652	6,703,141

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CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Net Position – Proprietary (Enterprise) Fund

June 30, 2024 and 2023

Liabilities and Deferred Inflows of Resources	**2024**	**2023**
Liabilities:		
Current liabilities:		
Current installments of long-term debt:		
Revenue bonds	$ 2,000,000	1,935,000
General obligation debt of the City of Burlington	4,180,000	3,825,000
Accounts payable	3,140,439	3,016,183
Other current liabilities	2,399,322	2,064,942
Liabilities payable from restricted assets – deposits with bond trustees	759,139	798,539
Total current liabilities	12,478,900	11,639,664
Noncurrent liabilities:		
Long-term debt:		
Revenue bonds	34,571,128	36,574,879
General obligation debt of the City of Burlington	45,189,425	46,171,738
Other noncurrent liabilities	2,264,076	2,550,635
Net pension liability	22,820,338	21,677,516
Other post-employment benefits	815,159	944,849
Total noncurrent liabilities	105,660,126	107,919,617
Total liabilities	118,139,026	119,559,281
Deferred inflows of resources:		
Pension amounts	698,083	696,361
Other post-employment benefits amounts	551,792	544,782
Regulatory deferral	7,893,740	6,722,125
Total deferred inflows of resources	9,143,615	7,963,268
Net position		
Net position:		
Net investment in capital assets	39,964,583	45,408,157
Restricted:		
Deposits with bond trustees	6,408,333	6,475,757
Unrestricted	19,689,521	12,927,813
Total net position	$ 66,062,437	64,811,727

See accompanying notes to financial statements.

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Revenues, Expenses, and Changes in Net Position – Proprietary (Enterprise) Fund

Years ended June 30, 2024 and 2023

		2024	2023
Operating revenues:			
Sales to ultimate customers	$	54,016,707	50,533,107
Other revenues		10,091,792	12,403,932
		64,108,499	62,937,039
Less provision for uncollectible accounts		325,302	120,427
Total operating revenues, net		63,783,197	62,816,612
Operating expenses:			
Production		10,725,988	12,170,285
Purchased power		16,818,263	13,584,701
Other power supply expenses		1,546,277	1,680,300
Transmission		9,653,765	9,337,070
Distribution		3,590,222	3,171,244
Customer accounting, service, and sales		6,399,553	7,699,127
Administrative and general		7,656,377	6,212,561
Depreciation and amortization		6,397,556	6,176,061
Taxes		1,129,599	1,073,387
Total operating expenses		63,917,600	61,104,736
Operating (loss) income		(134,403)	1,711,876
Nonoperating revenue (expenses):			
Dividends from associated companies		4,532,992	4,399,511
Interest income		811,785	501,766
Grant income		650,061	(14,996)
Other income (loss), net		93,934	(44,206)
Unrealized loss on investment		403,372	50,065
Interest and amortization on long-term debt		(3,345,010)	(3,450,296)
Loss on sale of capital assets		(129,310)	(116,431)
Total nonoperating revenue		3,017,824	1,325,413
Income before transfers and capital contributions		2,883,421	3,037,289
Transfers to the City of Burlington for payment in lieu of taxes		(2,265,941)	(2,133,939)
Gain before capital contributions		617,480	903,350
Capital contributions		633,230	735,644
Increase in net position		1,250,710	1,638,994
Net position at beginning of year		64,811,727	63,172,733
Net position at end of year	$	66,062,437	64,811,727

See accompanying notes to financial statements.

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Cash Flows – Proprietary (Enterprise) Fund

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Receipts:		
From ultimate customers	$ 52,984,171	50,241,294
Other revenues	10,030,640	12,930,066
Payments made for:		
Purchased power	(15,959,182)	(17,682,873)
Power production expense	(12,230,067)	(14,933,942)
Transmission expense	(9,653,765)	(9,337,070)
Distribution expense	(3,620,570)	(3,652,893)
Customer accounts and service expense	(7,095,491)	(7,933,324)
Administration and general expense	(5,703,763)	(5,766,388)
General taxes	(1,105,798)	(1,364,491)
Net cash provided by operating activities	7,646,175	2,500,379
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,331,422)	(8,127,820)
Capital contributions	633,230	735,644
Proceeds from bond premium	820,963	632,902
Principal paid on outstanding debt	(5,760,000)	(5,425,000)
Proceeds from new debt issuance	5,785,000	5,650,000
Refinancing of short-term borrowing	(3,000,000)	(3,000,000)
Interest paid on outstanding debt	(3,537,347)	(3,198,957)
Net cash used in capital and related financing activities	(13,389,576)	(12,733,231)
Cash flows from noncapital financing activities:		
Amounts paid in lieu of taxes	(2,265,941)	(2,133,939)
Grant income	650,061	(14,996)
Other income (loss)	93,934	(44,206)
Net cash used in noncapital financing activities	(1,521,946)	(2,193,141)
Cash flows from investing activities:		
Withdrawals from (deposits with) Bond Trustees	1,538,227	1,120,160
Proceeds from deposits with Bond Trustees	3,897,140	3,644,451
Purchase of equity interest in associated companies	—	(634,490)
Interest and dividends on investments	5,324,626	4,878,610
Net cash provided by investing activities	10,759,993	9,008,731
Net increase (decrease) in cash and cash equivalents	3,494,646	(3,417,262)
Cash and cash equivalents at beginning of year	8,840,234	12,257,496
Cash and cash equivalents at end of year	$ 12,334,880	8,840,234
Reconciliation of cash from operating activities:		
Cash flows from operating activities:		
Operating (loss) income	$ (134,403)	1,711,876
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	4,562,055	4,465,310
Deferred depreciation expense realized in current year	1,277,053	1,167,249
Deferred projects amortization	558,448	543,579
Debt premium and discount amortization	(230,560)	(228,311)
Changes in assets and liabilities:		
Change in accounts receivable	(703,091)	427,999
Change in fuel and materials inventory	150,640	(1,390,021)
Change in unbilled revenues	(312,594)	(214,228)
Change in other deferred charges	888,089	(4,227,304)
Change in other current assets	(71,002)	55,338
Change in REC inventory	(461,360)	98,098
Change in other noncurrent assets	—	831,876
Change in loss on advance refunding	46,499	—
Change in accounts payable	124,256	(1,848,241)
Change in other current liabilities	305,850	(108,610)
Change in net deferred inflow/outflow pension liability	1,990,396	1,357,396
Change in net deferred inflow/outflow OPEB liability	(57,542)	(9,021)
Change in other noncurrent liabilities	(286,559)	(132,606)
Net cash provided by operating activities	$ 7,646,175	2,500,379

See accompanying notes to financial statements.

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Net Position – Fiduciary (Custodial) Fund

June 30, 2024 and 2023

		2024	2023
Assets:			
Cash	$	1,625,807	1,798,023
Accounts receivable		334,458	279,158
Total assets		1,960,265	2,077,181
Liabilities:			
Accounts payable		190,703	176,636
Gross revenue taxes payable		5,692	4,995
Fuel taxes payable		950	770
Total liabilities		197,345	182,401
Net position restricted for Energy Efficiency Utility programs	$	1,762,920	1,894,780

See accompanying notes to financial statements.

CITY OF BURLINGTON, VERMONT
ELECTRIC DEPARTMENT

Statements of Changes in Net Position – Fiduciary (Custodial) Fund

June 30, 2024 and 2023

		2024	2023
Additions:			
EEC collections from customers	$	2,104,952	2,083,026
Forward capacity market		194,022	324,712
Regional greenhouse gas initiative		468,968	326,289
Weatherization Repayment Assistance Program Administrative Fees		12,000	12,000
Total additions		2,779,942	2,746,027
Deductions:			
Payments for programs		2,581,219	4,229,227
Payments for administration		302,534	277,840
EEC uncollectible return		6,347	8,263
Gross revenue taxes		11,177	10,936
Fuel taxes		10,525	10,415
Total deductions		2,911,802	4,536,681
Change in net position		(131,860)	(1,790,654)
Net position at beginning of year		1,894,780	3,685,434
Net position at end of year	$	1,762,920	1,894,780

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The City of Burlington, Vermont Electric Department (the Department) is an enterprise fund of the City of Burlington, Vermont (the City). The City has overall financial accountability for the Department, its Council appoints the Commissioners of the Department who oversee its operations, and the City collateralizes the Department’s general obligation debt. The Department is also subject as to rates, accounting, and other matters, to the regulatory authority of the State of Vermont Public Utility Commission (PUC) and the Federal Energy Regulatory Commission (FERC). In accordance with Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements as amended*, the Department records certain assets and deferred inflows of resources in accordance with the economic effects of the rate-making process.

The Department has been offering demand-side management programs since 1989. Effective 1999 the Department became an Energy Efficiency Utility (EEU). The PUC issued an Order of Appointment to the Department to serve as a Vermont EEU within its service territory effective January 1, 2017 through December 31, 2027. The Department is responsible for designing and implementing demand-side services and initiatives to comprehensively address cost-effective opportunities associated with electric and Thermal Energy and Process Fuels (TEPF) efficiency. In addition, effective January 1, 2020 the Department began to function as the Fiscal Agent and fund administrator under 30 V.S.A Section 209(d)(3) for electric efficiency and TEPF activities.

This report includes all of the Department’s proprietary fund, which accounts for all activities of the Department. In addition, as discussed in note 1(t), the Department has a custodial relationship with the EEU. As the activities of the custodial fund do not belong to the Department, the net position and related changes in net position related to the custodial fund are reported within the Statements of Net Position – Fiduciary (Custodial) Fund and Statements of Changes in Net Position – Fiduciary (Custodial) Fund.

(b) Capital Assets

Capital assets are stated at historical cost. Provisions for depreciation of general capital assets are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. For revenue bond-funded assets, when those assets have a longer (or shorter) life than the term of the bond funding them, the Department makes two adjustments to depreciation expense (a sinking fund depreciation adjustment and a straight-line depreciation adjustment) to align the timing of rate recovery with the timing of debt principal payments. For assets with a longer life than the term of the bond, the difference between the two adjustments is included in deferred inflows and will be amortized over the remaining life of the asset after the bonds are retired. For certain McNeil assets with a shorter life than the term of the bond, the difference between the two adjustments is included in regulatory assets and will be recovered in future years. See note 4, Regulatory Assets and Regulatory Deferred Inflows of Resources.

Maintenance and repairs of capital assets are charged to maintenance expense. Replacements and betterments are capitalized to capital assets. When assets are retired or otherwise disposed of, the costs are removed from capital assets, and such costs, plus removal costs, net of salvage, are charged to accumulated depreciation.

The Department’s capitalization policy considers four factors. Property will be capitalized when:

1. The combined cost to put a unit in service is more than $500 and
2. The unit’s estimated life is at least three (3) years.
3. The unit is vital to the Department and must be controlled and tracked, even if it falls under the dollar limit stated in (1) above. Watt-hour meters to record electric usage are the only unit in this category.
4. The PUC rules in a rate-making decision that the Department will capitalize a cost that normally would not be capitalized based on the first three factors above. The Department does not have any assets in this category.

The depreciable lives of utility plant are as follows:

	Depreciable lives
Production plant	10–50 years
Transmission plant	33–50 years
Distribution plant	10–50 years
General plant	5–50 years
Other plant	5 years

(c) Jointly Owned Facility

The Department has recorded its ownership interest in its jointly owned facility as capital assets. The Department’s ownership interest in the jointly owned facility is as follows:

	2024	2023
McNeil Generating Station	50.0 %	50.0 %

The Department is responsible for its proportionate share of the operating expenses of the jointly owned facility that are billed to the Department monthly. The associated operating costs allocated to the Department are classified in their respective expense categories in the Statements of Revenues, Expenses, and Changes in Net Position. Separate financial statements are available from the Department for this jointly owned facility.

(d) Cash, Cash Equivalents, and Investments

The Department considers unrestricted short-term investments, including money markets and certificates of deposit, that have an original maturity of 90 days or less, to be cash equivalents. The Department considers all restricted money market funds and certificates of deposit that have an original maturity of 90 days or more to be investments. Investments are carried at fair value.

(e) Equity Interests in Associated Companies

The Department follows the cost method of accounting for its 6.38% Class B common stock, 1.97% Class C common stock and 7.69% Class C preferred stock equity interest in VELCO, and its 5.70% equity interest in Vermont Transco, LLC. Vermont Transco is an affiliated entity of VELCO. VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a Power Transmission Contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system.

During the year ended June 30, 2024, the Department did not make any additional purchases in Transco.

During the year ended June 30, 2023, the Department purchased 27,918 Class A units and 35,531 Class B units in Transco for a cost of $634,490.

Schedule of carrying value in associated companies

		June 30	
		2024	**2023**
Velco, Class B common stock	$	1,403,800	1,403,800
Velco, Class C common stock		39,200	39,200
Velco, Class C preferred stock		11,196	11,196
VT Transco, LLC, A Units		14,892,751	14,892,751
VT Transco, LLC, B Units		18,954,389	18,954,389
	$	35,301,336	35,301,336

(f) Restricted Investments – Deposits with Bond Trustees

The Department has established certain funds required by the General Bond Resolution adopted by the City of Burlington on October 7, 1981 pursuant to which the Electric System Revenue Bonds were issued. The funds include debt service, debt service reserve, construction (capital improvements), and renewal and replacement. Investment securities held in deposits with bond trustees are stated at fair value.

(g) Liabilities Payable from Restricted Assets with Bond Trustees

This balance represents accrued interest expense associated with the Electric System Revenue Bonds. Deposits are made with the Bond Trustees as required by the General Bond Resolution pursuant to which the Electric System Revenue Bonds were issued.

(h) Operating and Nonoperating Revenues and Expenses

Operating revenues are defined as income received from the sale of electricity to retail customers as well as to other entities for the purpose of resale. In addition, it includes rents from electric property; fees for changing, connecting, or disconnecting service; revenues from the transmission of electricity of others over transmission facilities of the utility; revenue from the sale of Renewable Energy Credits (RECs); and revenue received from requesting utilities to run generation facilities when not economically feasible due to normal market conditions.

Operating expenses are defined as the ordinary costs and expenses of the Department for the operation, maintenance, and repair of the electric plant. Operating expenses include the cost of production by the Department’s owned generating facilities, purchased power, system control and load dispatch, maintenance of transmission and distribution systems, customer accounting and service expenses, administrative and general expenses, and depreciation and amortization. Operating expenses do not include the principal and interest on bonds, notes, or other costs of indebtedness.

Nonoperating revenues are defined as income received from sources other than the sale of electricity or from rents and fees from electric property or services. Nonoperating revenues generally include interest and dividend income, services rendered to customers upon their request, sale of parts from inventory to contractors, and rental of nonutility property merchandise.

Revenues, including amounts billed to the City of Burlington, are billed monthly based on billing rates authorized by the PUC that are applied to customers’ consumption of electricity.

The fair value of donated capital assets is reported in the accompanying financial statements as capital contributions.

(i) Estimated Unbilled Revenue

The Department records unbilled revenue at the end of each accounting period based on estimates of electric services rendered but not yet billed to customers.

(j) Taxes and Fees

The Department is exempt from Federal income taxes. Although it is also exempt from municipal property taxes, the Department pays an amount in lieu of taxes to the City of Burlington. The Department incurred payments in lieu of taxes totaling $2,281,861 and $2,149,928 for the years ended June 30, 2024 and 2023, respectively, with $15,920 and $15,989, respectively, being allocated to operating expenses.

In addition to the payments in lieu of taxes, the Department paid indirect costs of $403,783 and $445,326 in 2024 and 2023, respectively, for a prorated share of costs associated with general government, human resources, and city attorney services as billed by the City Treasurer’s Office.

The City of Burlington requires the Department to charge a franchise fee on its electric bills to its retail customers on behalf of the City. The franchise fee for both 2024 and 2023 was 3.5% of operating revenues and was charged separately to customers on electric bills and is therefore excluded from both operating revenues and expenses. The Department is not required to pay the City for franchise fee amounts billed to customers but not collected.

The Vermont Department of Taxes assesses a 6% sales and use tax on 31% of taxable purchases for the McNeil Generating Station. Due to a manufacturers' exemption clause, purchases of wood chips, oil, gas, and electricity were not subject to sales and use tax for the years ended June 30, 2024 and 2023. The City of Burlington imposed a 1% sales tax upon taxable sales within the City. The McNeil Generating Station is exempt from these sales taxes due to only being subject to use taxes.

(k) Inventories

Inventories consist of fuel, materials, supplies, and purchased Tier 1 RECs and earned Tier 3 Credits eligible for compliance with Vermont's Renewable Energy Standard (RES). Inventories are stated at the lower of cost or market. Cost is determined on a weighted average cost basis. Fuel is reported as inventory until it is used for power production, at which time it is expensed as a component of fuel expense. Wood fuel inventory consists of the cost of woodchips. As wood fuel inventory is used, it is expensed on a weighted average cost basis. Material and supplies inventory consists of items primarily used in the utility business for construction, operation, and maintenance of poles, wires, and conduit. Tier 1 RECs and Tier 3 Credits are reported as inventory until used for annual compliance with Vermont's RES, at which time they are expensed as a component of purchased power expense and customer accounting, service, and sales expense, respectively.

(l) Deferred Loss on Refunded Debt

The Department incurred various losses in prior years in connection with the refinancing of Electric System Revenue Bonds. A deferred loss on reacquired (refunded) debt is amortized over the life of the new debt. Unamortized balances are included as a deferred outflow of resources on the statements of net position.

(m) Unamortized Debt Premiums and Discounts

Premiums and discounts incurred in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

(n) Restricted Net Position

Net position is restricted when constraints are placed on them externally. When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted assets first with unrestricted resources used as needed.

(o) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts and unbilled revenue and the valuation of the net pension and other post-employment benefits (OPEB) liabilities. Actual results could differ from those estimates.

(p) Renewable Energy Credit Sales

The Department receives RECs based on the amount of energy produced by its renewable resources in a year. These RECs have value in terms of allowing the holder to demonstrate compliance with the Renewable Portfolio Standard (RPS) requirements of the various New England states. These RECs may be bought and sold, separate from the underlying energy production, and vary in value based on the amount of supply versus the demands created by the RPS, for each particular type of REC. The ability to claim energy renewability is transferred with the REC (either lost in the case of a REC sale or acquired in the case of a REC purchase).

The Department's policy & planning staff monitors output levels from the REC-producing units, REC commitments made, the markets for these RECs, and the State statutes and rules that govern the creation and sale of these RECs. With the advent of Vermont's RES in 2017, the policy & planning staff also monitor the Department's own need for RECs to comply with the RES.

The Department periodically sells RECs either through broker-initiated transactions or through direct placement with entities that need the RECs to comply with various New England statutes. The Department enters into agreements to sell or buy RECs for prior, current, and future years' production and electricity sales. Any revenue related to such sales recognized at the time RECs are actually delivered. Any expenses related to such purchases are recognized at the time the contracts are signed.

In 2008, the McNeil Generating Station (McNeil) installed a Regenerative Selective Catalytic Reduction (RSCR) unit. The RSCR unit significantly reduces McNeil's Nitrous Oxide (NOx) emission levels, which allows the station to qualify to sell Connecticut Class 1 RECs. The McNeil RECs are determined to be qualified for sale based on a review of emissions outputs submitted by McNeil. At the end of every quarter, an affidavit is signed stating whether McNeil's emissions meet the requirements needed to produce Connecticut Class 1 RECs. McNeil receives a certification from the State of Connecticut indicating that it met the standards for the quarter based on the statistics provided by McNeil.

Effective September 1, 2014, the Department became the 100% owner of the Winooski One hydroelectric facility. Winooski One is a Low Impact Hydro Institute (LIHI)–certified generator and is qualified to produce Massachusetts Class 2 RECs (non–waste-to-energy).

The Department receives RECs from the Vermont Wind Project in Sheffield (the Department is entitled to 40% of the output of the 40MW project), the Georgia Mountain Community Wind Farm (the Department is entitled to the full 10MW of output from the project), along with RECs from its entitlement to 13.5 MW of the 52 MW Hancock Wind Project. The RECs from all these wind facilities are qualified for participation in most of the high-value New England REC markets.

In February 2015, the Department commissioned a 500 kW AC solar array at the Burlington International Airport (and leases space on the parking garage roof under a long-term agreement between the Department and the Burlington International Airport). Following that, in October 2015, the Department commissioned a 107 kW AC solar array at the Department's offices at 585 Pine Street. The Department owns 100% of these resources. Additionally, Burlington receives RECs from South Forty Solar, a 2.5 MW solar array, as well as RECs (or similar attributes) from several smaller solar arrays totaling 409 kW. One of the solar PPAs discussed in the Commitments and Contingencies Footnote (11.b.7) has elected not to transfer RECs to the Department. All of these systems reside within the City limits. These solar arrays are designed to help reduce the Department's peak demand and energy needs during high-priced periods. Most of these facilities are qualified to produce Massachusetts Class 1 RECs. The Pine Street array and South Forty Solar project are also qualified as Vermont Tier 2 RECs, which can be applied to the Department's Tier 3 obligation under the RES if Tier 3 program activity does not meet or exceed Tier 3 requirements.

The Department no longer receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. At the end of 2016, the Department's status as a distribution utility that sources 100% of the load it serves from renewable sources exempted it from purchasing energy from these projects in 2017. As of June 30, 2024, the Department expects this exemption will continue through at least 2025.

The Department purchases Vermont Tier I RECs to replace the New England Class I RECs that are sold in the market to maintain its ability to claim 100% renewability. The Department will continue to purchase RECs to replace the New England Class I RECs that are sold into the market on a voluntary basis.

Proceeds from REC sales are included in other revenue. For the fiscal year ended June 30, 2024, REC revenue for McNeil, wind resources, the Winooski One hydroelectric facility, and the solar arrays were $3,157,978, $2,437,683, $1,007,220, and $175,383 respectively. For the fiscal year ended June 30, 2023, REC revenue for McNeil, wind resources, the Winooski One hydroelectric facility, and the solar arrays were $3,570,994, $3,017,739, $696,658, and $184,939 respectively.

(q) Pollution Remediation Obligations

The City is a potentially responsible party (PRP) as one of several landowners of a hazardous waste superfund site in Burlington, Vermont that is the subject of remediation ordered by the Environmental Protection Agency (EPA). The Department has agreed to share on an equal basis with the City all past and future costs incurred in connection with the remediation of this site. In light of the agreement between the City and the EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such no liability has been accrued as of June 30, 2024 and 2023.

The Department faces possible liability with respect to the J. Edward Moran Electric Generation Station (Moran Station). The Moran Station is a decommissioned coal-fired power plant that was controlled and operated by the Department from 1954 until 1990 when the Department entered into a memorandum of understanding (MOU) with the City of Burlington transferring responsibility for the Moran Station to the City. The MOU transferred the Moran Station to the City in "as is" condition and held the Department harmless for any and all future liability and or responsibility for such Moran Station and property, excluding environmental remediation (if any) which shall be required in the future by a state or federal environmental regulatory agency, for conditions existing before the transfer. In 2009 the City conducted an assessment of activities at the Moran Station site and was engaged in a corrective action plan with the Vermont Department of Environmental Conservation. The City and the Department entered into a letter of agreement in December 2009 whereby the Department agreed to make a $100,000 payment to the City as settlement of the Department's liability for any and all environmental remediation costs associated with known environmental contamination at the Moran Station. In September 2019, the City began the efforts of creating a Site Resolution Plan and in February 2020, the City Council authorized the Mayor to execute a settlement agreement between the City and the Department to compensate the City for the costs of abating/remediating contaminants that had been identified at that time as requiring such abatement. In June 2022, the Department entered into a new MOU with the City of Burlington that calls for the Department to make a contribution of $950,715 toward the abatement and/or remediation of the contaminants. The terms of the MOU also release the Department from any future environmental liability at the Moran site for any known or unknown above-ground contamination and any below-ground contamination that is known or should have been known as of the date of the MOU. The MOU further requires the City to consult with and obtain prior consent from the Department concerning future soil disturbance or the proposed use of the Moran site in a different manner than the current condition. The Department also executed a promissory note with the City that calls for the Department to pay the City the $950,715 in eight equal installments with an interest rate of 1.00% per year on the unpaid principal. This obligation is reported as an other current and other non-current liability.

The Department implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, for the fiscal year ended June 30, 2020. There have been no legally enforceable liabilities associated with the retirement of a tangible asset and as such no asset retirement obligation has been recorded for the years ending June 30, 2024 and 2023.

(r) Pension Obligations

In accordance with GASB Statement No. 68, *Accounting and Reporting for Pensions,* and GASB No. 71*, Pension Transitions for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, employers report a net pension liability and related pension amounts as determined by the plan under the requirements contained in GASB Statement No. 67. Disclosures required under GASB Statement No. 68 apply to the Department for its participation in the City of Burlington Employees Retirement System defined benefit plan.

(s) Postemployment Benefits other than Pensions

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, employers report liabilities, deferred outflows of resources, deferred inflows of resources, and expenses associated with OPEB plans.

(t) Fiduciary Activities

The Department has adopted GASB Statement No. 84, *Fiduciary Activities*. Guidance under GASB Statement No. 84 updates existing guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Since January 1, 2020, the Department functions as the Fiscal Agent and fund administrator under 30 V.S.A Section 209(d)(3) for electric efficiency and TEPF.

As a result of the implementation of GASB Statement No. 84, the EEU activities and the Department’s role as a Fiscal Agent are considered a fiduciary activity and as such are reported as custodial assets within the financial statements.

(Continued)

(u) Leases

The Department has adopted GASB Statement No. 87, *Leases*. Guidance under GASB Statement No. 87 updates existing guidance regarding the standards of accounting and financial reporting for leases by lessees and lessors. The Department evaluated its existing leases and determined that the amounts associated do not have a material effect on the Department's financial statements for the years ending June 30, 2024 and 2023

(v) Vermont Renewable Energy Standard Compliance

Tier 1 REC purchases and RES Tier 3 program activity in excess of that required for compliance in a given period appear as RES inventory assets on the Statement of Net Position. RECs and Tier 3 credits used for annual compliance are expensed as a component of purchased power expense and customer accounting, service, and sales expense, respectively. This accounting policy improves the alignment between the expenses being recorded and the statutory obligation for compliance in each reporting period, aligns the amount recorded as an annual expense more closely with the amount that Vermont regulators will allow to be recoverable in rates, and improves the accuracy and representativeness of the Department's financial reporting by reflecting current inventories of RECs and Tier 3 program credits on its financial statements.

(w) Subscription-Based Information Technology Agreements

During the year ended June 30, 2023, the Department adopted GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)*. Guidance under GASB Statement No. 96 establishes uniform guidance for accounting and financial reporting for transactions that meet the SBITA definition. The Department evaluated its existing information technology contracts and determined that none meet the criteria to be considered as SBITAs under GASB Statement No. 96 for the years ending June 30, 2024 and 2023.

(x) Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Statements of Cash Flows for fiscal year ended June 30, 2023, to reclassify certain operating cash flow activities related to regulatory assets, most notably the winter 2022-2023 excess energy revenue shortfall regulatory asset. A reclassification of $3,641,954 has been included in purchased power expense and removed from distribution expense. An additional $122,752 reclassification was included in distribution expense and removed from administrative & general expense. This change in classification does not affect previously reported cash flows from operating activities in the Statements of Cash Flows.

(Continued)

(2) Capital Assets

	Capital assets			
	June 30, 2023	Additions	Disposals and transfers	June 30, 2024
Operating:				
Land – nondepreciable	$ 1,140,532	—	—	1,140,532
Production plant	17,651,567	542,988	—	18,194,555
Transmission plant	2,358,314	—	—	2,358,314
Distribution plant	94,411,728	3,173,757	92,423	97,493,062
General plant	13,768,228	1,171,781	209,783	14,730,226
Other plant	7,702,812	526,521	—	8,229,333
Depreciable operating	135,892,649	5,415,047	302,206	141,005,490
Construction WIP	3,787,402	6,364,085	4,305,522	5,845,965
Total	140,820,583	11,779,132	4,607,728	147,991,987
McNeil 50%:				
Land – nondepreciable	138,299	—	—	138,299
Production plant	56,202,445	762,769	—	56,965,214
General equipment	180,704	19,631	191,874	8,461
Other plant	383,477	—	—	383,477
Depreciable McNeil 50%	56,766,626	782,400	191,874	57,357,152
Total	56,904,925	782,400	191,874	57,495,451
Construction WIP	29,808	819,088	782,400	66,496
Total capital assets	197,755,316	13,380,620	5,582,002	205,553,934
Electric plant acquisition:				
Adjustment:				
Production plant – Winooski One	11,922,742	—	—	11,922,742
Total capital assets and acquisition adjustment	$ 209,678,058	13,380,620	5,582,002	217,476,676

(Continued)

	Capital assets			
	June 30, 2022	**Additions**	**Disposals and transfers**	**June 30, 2023**
Operating:				
Land – nondepreciable	$ 1,140,532	—	—	1,140,532
Production plant	16,810,057	841,510	—	17,651,567
Transmission plant	2,358,314	—	—	2,358,314
Distribution plant	90,337,160	4,216,159	141,591	94,411,728
General plant	13,448,719	396,272	76,763	13,768,228
Other plant	5,718,230	1,984,582	—	7,702,812
Depreciable operating	128,672,480	7,438,523	218,354	135,892,649
Construction WIP	4,263,053	6,456,166	6,931,817	3,787,402
Total	134,076,065	13,894,689	7,150,171	140,820,583
McNeil 50%:				
Land – nondepreciable	138,299	—	—	138,299
Production plant	55,073,884	1,128,561	—	56,202,445
General equipment	174,733	5,971	—	180,704
Other plant	383,477	—	—	383,477
Depreciable McNeil 50%	55,632,094	1,134,532	—	56,766,626
Total	55,770,393	1,134,532	—	56,904,925
Construction WIP	717	1,160,811	1,131,720	29,808
Total capital assets	189,847,175	16,190,032	8,281,891	197,755,316
Electric plant acquisition:				
Adjustment:				
Production plant – Winooski One	11,922,742	—	—	11,922,742
Total capital assets and acquisition adjustment	$ 201,769,917	16,190,032	8,281,891	209,678,058

(Continued)

	Accumulated depreciation			
	June 30, 2023	Depreciation	Disposals and transfers	June 30, 2024
Operating:				
Production plant	$ 8,137,814	616,538	—	8,754,352
Transmission plant	880,842	72,754	—	953,596
Distribution plant	41,014,261	2,298,200	51,512	43,260,949
General plant	9,241,749	548,283	209,458	9,580,574
Other plant	5,688,234	280,927	—	5,969,161
Total	64,962,900	3,816,702	260,970	68,518,632
McNeil 50%:				
Production plant	43,380,759	856,839	—	44,237,598
General equipment	154,879	9,929	109,958	54,850
Other plant	382,488	495	—	382,983
Total	43,918,126	867,263	109,958	44,675,431
Total accumulated depreciation	108,881,026	4,683,965	370,928	113,194,063
Electric plant acquisition Adjustment:				
Accumulated amortization	3,998,983	509,410	—	4,508,393
	$ 112,880,009	5,193,375	370,928	117,702,456
Net capital assets	$ 96,798,049	8,187,245	5,211,075	99,774,220

		Accumulated depreciation			
		June 30, 2022	Depreciation	Disposals and transfers	June 30, 2023
Operating:					
Production plant	$	7,483,244	654,570	—	8,137,814
Transmission plant		808,088	72,754	—	880,842
Distribution plant		38,581,148	2,535,278	102,165	41,014,261
General plant		8,762,159	502,625	23,035	9,241,749
Other plant		5,647,894	40,340	—	5,688,234
Total		61,282,533	3,805,567	125,200	64,962,900
McNeil 50%:					
Production plant		42,557,818	822,941	—	43,380,759
General equipment		144,944	9,935	—	154,879
Other plant		381,638	850	—	382,488
Total		43,084,400	833,726	—	43,918,126
Total accumulated depreciation		104,366,933	4,639,293	125,200	108,881,026
Electric plant acquisition Adjustment:					
Accumulated amortization		3,502,073	496,910	—	3,998,983
	$	107,869,006	5,136,203	125,200	112,880,009
Net capital assets	$	93,900,912	11,053,828	8,156,692	96,798,049

During fiscal years 2024 and 2023, respectively, the Department allocated $121,910 and $173,984 of depreciation expense to other operating expense captions in the statements of revenues, expenses, and changes in net position in order to allocate depreciation associated with stockroom equipment and vehicles to capital projects.

In August 2014, the Department acquired the Winooski One hydroelectric facility, an existing facility on the Winooski River between the Cities of Burlington and Winooski. The Department recorded the net book value of the station as received. The difference between the fair market value purchase price and the net book value has been recorded in the electric plant acquisition adjustment account and is being amortized over the life of the associated bond financing.

(3) Cash and Cash Equivalents and Investments

(a) Custodial Credit Risk – Deposits

The custodial credit risk for current operating deposits is the risk that in the event of a bank failure, the Department’s proprietary fund deposits may not be recovered. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Total proprietary fund deposits at June 30, 2024 were $13,009,048 of which $12,259,048 was exposed to custodial credit risk; however, the City of Burlington is insured with the Federal Home Loan Bank (FHLB), Pittsburgh under a letter of credit for $14,000,000 expiring October 2, 2024, which would cover uninsured amounts over the FDIC limit of $250,000. Total proprietary fund deposits at June 30, 2023 were $9,785,564, of which $8,103,088 was exposed to custodial credit risk; however, the City of Burlington is insured with the Federal Home Loan Bank (FHLB), Pittsburgh under letters of credit for $2,500,000 expiring August 23, 2023 and $10,000,000 expiring November 29, 2023, which would cover uninsured amounts over the FDIC limit of $250,000.

Total fiduciary (custodial) fund deposits at June 30, 2024 were $1,625,807, all of which was exposed to custodial credit risk. Total fiduciary (custodial) fund deposits at June 30, 2023 were $1,798,023, all of which was exposed to custodial credit risk.

(b) Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for incidental assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access.

Level 2 – Input to valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Department’s own assumptions about the inputs market participants would use in the pricing of the asset or liability (including assumption of risk). Unobservable inputs are developed based on the best information available in circumstances and may include the Department’s own data.

All the Department’s investments, as of June 30, 2024 and 2023 are considered to be Level 1 under the fair value hierarchy.

(Continued)

(c) Investments

The Department has a formal investment policy and is authorized per Article 1, Section 1.1 of the General Bond Resolution to invest in obligations as follows:

(1) Direct obligations of the United States of America or obligations guaranteed by the United States of America.

(2) Bonds, notes or other evidences of indebtedness issued or guaranteed by the CoBank, Federal Intermediate Credit Banks, FHLB, FNMA, GNMA, Export-Import Bank of the United States, Federal Land Banks, United States Postal Service, Federal Financing Bank, or any agency or instrumentality of or corporation wholly owned by the United States of America.

(3) New Housing Authority Bonds issued by public agencies or municipalities and fully secured by a pledge of annual contributions under annual contributions contract with the United States of America, or Project Notes issued by public agencies or municipalities and fully secured by a requisition or payment agreement with the United States of America.

(4) Obligations of any state, commonwealth, or territory of the United States of America, or the District of Columbia, or any political subdivision of the foregoing, with an investment grade rating not lower than the three highest categories by at least one nationally recognized debt rating service.

(5) Certificates of deposit and bankers acceptances issued by banks that are members of the Federal Deposit Insurance Corporation and each of which has a combined capital and surplus of not less than $10,000,000, provided that the time deposits in and acceptances of any bank under the Resolution (a) do not exceed at any time 25% of the combined capital and surplus of the bank or (b) are fully secured by obligations described in items 1, 2, 3, and 4 above.

(6) Repurchase contracts with banks that are described in item 5 of this paragraph, or with recognized primary dealers in government bonds, fully secured by obligations described in items 1, 2, 3, and 4 above.

(d) Concentration of Credit Risk

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a Department’s investment in a single issuer. The Department invests its current operating cash in money market accounts, which are approximately 16% and 12% of the total investment balance at June 30, 2024 and 2023, respectively. The invested balance of money market funds reported within unrestricted cash and cash equivalents at June 30, 2024 and 2023 was $3,300,959 and $3,065,957, respectively. The Department invests its restricted funds in several cash accounts with its bond trustees. The invested balance of cash funds reported within restricted investments-deposits with bond trustees at June 30, 2024 and 2023 was $6,876,548 and $4,014,025, respectively. The invested balance of U.S. Treasuries reported within restricted investments at June 30, 2024 and 2023 was $9,224,736 and $17,114,235, respectively.

(e) Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Department has minimized its risk exposure as its investments are limited to government securities and other high-quality investments as outlined in the investment policy.

The money market funds held by the Department are not rated.

The Department's propriety debt investments as of June 30, 2024 and 2023 are (all of which are restricted by bond resolution) presented below by investment type, and debt securities are presented by remaining maturity. The fiduciary fund has no debt investments.

Year	U.S. Treasury bills	Cash	Total fair value	Investment maturities (in years) Less than 1	1–2	2–3	3–4	5+
2024	$ 9,224,736	6,876,548	16,101,283	9,224,736	—	—	—	—
2023	$ 17,114,235	4,014,025	21,128,260	12,152,436	4,961,799	—	—	—

The Department is required by its bond indenture to make monthly deposits into the renewal and replacement fund equal to 10% of the monthly revenue bond debt service funding requirements. Funds on deposit may be withdrawn from the renewal and replacement fund for expenses allowed by the bond covenant. Amounts in excess of $867,000 at June 30 may be returned to the revenue fund. A summary of deposits with bond trustees is as follows:

	June 30 2024	June 30 2023
Bond funds:		
Construction fund	$ 8,967,207	13,892,378
Renewal and replacement fund	867,000	867,000
Debt service fund	2,759,139	2,830,095
Debt service reserve fund	3,507,937	3,538,787
	16,101,283	21,128,260
Accrued interest receivable	33,396	38,414
	$ 16,134,679	21,166,674

(4) Regulatory Assets and Regulatory Deferred Inflows of Resources

Regulatory assets and regulatory deferred inflows of resources at June 30, 2024 and 2023 are composed of the following:

		2024	2023
Deferred depreciation expense to be recovered in future years	$	1,054,384	1,159,822
COVID-19 capitalized personnel costs		131,508	180,546
IBEW pension back-payment		152,321	228,482
Triennial consulting engineer report		—	18,333
Winter 2022-2023 excess energy revenue shortfall		3,121,675	3,641,954
Moran settlement payment		713,036	831,876
Total regulatory assets	$	5,172,924	6,061,013
Deferred depreciation expense – McNeil Plant	$	2,650,951	2,756,021
Deferred depreciation expense – operating		5,242,789	3,966,104
Total regulatory deferred inflows of resources	$	7,893,740	6,722,125

(a) Deferred Depreciation Expense to be Recovered in Future Years

Provisions for depreciation of general capital assets, including the McNeil Generation Station, are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. However, a portion of the current depreciation expense for the McNeil Station is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of $4,683,965 and $4,639,293 for the years ended June 30, 2024 and 2023, respectively. In 2024 and 2023, $1,276,685 and $1,180,165, respectively, of deferred depreciation expense was realized. Unamortized deferred depreciation of $1,054,384 and $1,159,822 remained at June 30, 2024 and 2023, respectively.

(b) COVID-19 Capitalized Personnel Costs

On September 9, 2021, the Department filed a request with the PUC for an accounting order, pursuant to 30 V.S.A. §221, that would allow the Department to capitalize certain costs by debiting FERC account 182.3 (other regulatory assets) instead of showing the costs as expenses on its income statements for the year ending June 30, 2021. The Department evaluated its budgeted capitalized labor and benefit expenses to identify which capital projects have been delayed specifically due to the COVID-19 pandemic for the year ending June 30, 2021. The Department proposed to capitalize and record as a regulatory asset $146,721 instead of showing these expenses on its income statement for the year ending June 30, 2021. On October 25, 2021, the PUC issued the accounting order. This regulatory asset is being amortized over a 5-year period beginning on August 1, 2022. Amortized expense of $19,964 was recorded in 2024 and 2023.

On July 31, 2020, the Department filed a request with the PUC for an accounting order, pursuant to 30 V.S.A. §221, that would allow the Department to capitalize certain costs by debiting FERC account 182.3 (other regulatory assets) instead of showing the costs as expenses on its income statements for the year ending June 30, 2020. The Department evaluated its budgeted capitalized labor and benefit expenses to identify which capital projects have been delayed specifically due to the COVID-19 pandemic for the year ending June 30, 2020. The Department proposed to capitalize and record as a regulatory asset $231,768 instead of showing these expenses on its income statement for the year ending June 30, 2020. On September 17, 2020, the PUC issued the accounting order. On February 25, 2021, the Department notified the PUC that it would reduce the fiscal year 2020 regulatory asset to $98,472 due to the reimbursement of some COVID-19–related expenses. This regulatory asset is being amortized over a 5-year period beginning on August 1, 2021.

(c) International Brotherhood of Electrical Workers (IBEW) Pension Back-Payment

As discussed in note 8, as a result of a March 25, 2021 arbitration decision, the Burlington Employee Retirement Systems (BERS) Plan is required to pay additional benefits to certain IBEW union employees and provide the same additional benefits to up to certain current IBEW employees who may qualify for those benefits if they continue to work for the Department for more than 25 years. The City's actuary calculated a total of $1,234,973 in past benefits owed to the 24 eligible employees who retired after May 4, 2008 through June 30, 2021, and the BERS Plan has paid these back benefits to the individual employees. The City and the Department agreed in October 2021 that the Department's share of the back benefits was 35.24% or $435,204. The Department included this amount, amortized over five years, in its June 17, 2021 rate case, which was approved by the PUC in February 24, 2022.

(d) Triennial Consulting Engineer Report

The Department is required to engage a consulting engineer at least once every three fiscal years to examine and report on the properties of the Electric Plant as a covenant of the General Bond Resolution that authorizes the issuance of Electric System Revenue Bonds. The Department included its expenses associated with the FY 2021 report, $55,000, amortized over three years, in its June 17, 2021 rate case, which was approved by the PUC on February 24, 2022.

(e) Winter 2022-2023 Excess Energy Revenue Shortfall

Forward prices for the sale of excess energy for the winter of 2023-2024, which were relied upon to establish the Department's cost of service in its 2022 rate request, were unprecedentedly high. Actual prices for excess energy that the Department received from ISO-NE during that period were significantly lower. The difference between the forward and actual prices for the sale of excess energy from December 2022 to March 2023 for the same volume of energy was $4,162,233 of lost revenues. The Department included this amount, amortized over eight years, in its June 16, 2023 rate case, which was approved by the PUC on February 21, 2024. Amortized expense of $520,279 was recorded in 2024 and 2023.

(f) Moran Settlement Payment

Pursuant to the terms of a June 2022 MOU with the City of Burlington, the Department agreed to make a contribution of $950,715 toward the abatement and/or remediation of environmental contaminants at the site of the former Moran Station. The Department included this amount, amortized over eight years, in its June 16, 2022 rate case, which was approved by the PUC on October 12, 2023.

(g) Deferred Depreciation Expense to be Paid in Future Years

Beginning in 2011, certain accumulated deferred depreciation balances became negative due to the fact that the financed assets were close to being fully depreciated when compared to the future debt sinking fund requirements. These accumulated amounts are displayed as deferred inflows of resources. Deferred depreciation expense of $7,893,740 and $6,722,125 remained at June 30, 2024 and 2023, respectively.

(5) Long-Term Liabilities

Outstanding debt consists of the following at June 30, 2024 and 2023:

	June 30, 2023	Increases	Payments and reductions	June 30, 2024	Current portion
Outstanding debt:					
Electric System Revenue Bonds:					
3.78% 2014 Series A, due 2035	$ 8,195,000	—	(545,000)	7,650,000	570,000
3.36% 2014 Series B, due 2025	1,310,000	—	(645,000)	665,000	665,000
4.85% 2017 Series A, due 2032	3,690,000	—	(340,000)	3,350,000	350,000
Taxable 3.40% 2017 Series B, due 2032	4,130,000	—	(405,000)	3,725,000	415,000
5% 2022 Series A, due 2043	18,045,000	—	—	18,045,000	—
Total revenue bonds	35,370,000	—	(1,935,000)	33,435,000	2,000,000
Adjustments:					
Add unamortized premium	3,603,501	—	(46,470)	3,557,031	—
Less unamortized discount	(463,622)	—	42,719	(420,903)	—
Total revenue debt of the department	38,509,879	—	(1,938,751)	36,571,128	2,000,000
General obligation debt, repayable from the Department’s resources:					
3.73%, due 2032: CI#2011B	545,000	—	(50,000)	495,000	55,000
6.00%, due 2032: CI#2012B	800,000	—	(60,000)	740,000	65,000
2.78%, due 2034: CI#2014	1,800,000	—	(150,000)	1,650,000	150,000
4.82%, due 2029: CI#2016A	6,210,000	—	(980,000)	5,230,000	900,000
4.62% due 2037: CI#2016B	2,385,000	—	(125,000)	2,260,000	130,000
4.03% due 2030: CI#2016C	5,345,000	—	(650,000)	4,695,000	695,000

		June 30, 2023	Increases	Payments and reductions	June 30, 2024	Current portion
2.76% due 2030:						
CI#2016D	$	6,345,000	—	(810,000)	5,535,000	835,000
4.88% due 2038:						
CI#2017C		2,480,000	—	(115,000)	2,365,000	120,000
5.00% due 2039:						
CI#2018B		2,610,000	—	(110,000)	2,500,000	115,000
4.39% due 2040:						
CI#2019A		2,715,000	—	(105,000)	2,610,000	110,000
Taxable 2.59% due 2036:						
CI#2019C		7,555,000	—	(500,000)	7,055,000	650,000
3.45% due 2041						
CI#2021A		2,545,000	—	(90,000)	2,455,000	95,000
5.00% due 2042						
CI#2022A		2,650,000	—	(80,000)	2,570,000	85,000
2.79% Series 2022 Bond Anticipation Note		3,000,000	—	(3,000,000)	—	—
5.02% due 2043						
CI#2022 BAN Refunding		—	2,785,000	—	2,785,000	85,000
5.00% due 2043						
CI#2023A		—	3,000,000	—	3,000,000	90,000
Total general obligation bonds		46,985,000	5,785,000	(6,825,000)	45,945,000	4,180,000
		3,898,348	639,496	(318,031)	4,219,813	—
		(886,611)	—	91,223	(795,388)	—
Total general obligation debt		49,996,737	6,424,496	(7,051,808)	49,369,425	4,180,000
Total long-term debt	$	88,506,616	6,424,496	(8,990,559)	85,940,553	6,180,000

		June 30, 2023	Increases	Payments and reductions	June 30, 2024	Less current portion	Net noncurrent liability
Other noncurrent liabilities:							
Accumulated provision for compensated absence	$	1,166,750	15,886	—	1,182,636	—	1,182,636
Other post-employment benefit		944,849	—	(129,690)	815,159	—	815,159
On-bill revolving loans		463,496	—	(1,840)	461,656	—	461,656
Equipment financing note		398,534	—	(181,776)	216,758	(200,009)	16,749
Moran Frame promissory note		835,973	—	(115,890)	720,083	(117,048)	603,035
Net pension liability		21,677,516	1,142,822	—	22,820,338	—	22,820,338
Total other noncurrent liabilities	$	25,487,118	1,158,708	(429,196)	26,216,630	(317,057)	25,899,573

	June 30, 2022	Increases	Payments and reductions	June 30, 2023	Current portion
Outstanding debt:					
Electric System Revenue Bonds:					
3.78% 2014 Series A, due 2035	$ 8,715,000	—	(520,000)	8,195,000	545,000
3.36% 2014 Series B, due 2025	1,930,000	—	(620,000)	1,310,000	645,000
4.85% 2017 Series A, due 2032	4,010,000	—	(320,000)	3,690,000	340,000
Taxable 3.40% 2017 Series B, due 2032	4,520,000	—	(390,000)	4,130,000	405,000
5% 2022 Series A, due 2043	18,045,000	—	—	18,045,000	—
Total revenue bonds	37,220,000	—	(1,850,000)	35,370,000	1,935,000
Adjustments:					
Add unamortized premium	3,648,064	—	(44,563)	3,603,501	—
Less unamortized discount	(503,828)	—	40,206	(463,622)	—
Total revenue debt of the department	40,364,236	—	(1,854,357)	38,509,879	1,935,000
General obligation debt, repayable from the Department's resources:					
3.73%, due 2032: CI#2011B	595,000	—	(50,000)	545,000	50,000
5.00%, due 2023: CI#2012A1	95,000	—	(95,000)	—	—
5.00%, due 2023: CI#2012A2	80,000	—	(80,000)	—	—
6.00%, due 2032: CI#2012B	860,000	—	(60,000)	800,000	60,000
2.78%, due 2034: CI#2014	1,950,000	—	(150,000)	1,800,000	150,000
5.0%, due 2023: CI#2015A	120,000	—	(120,000)	—	—
4.82%, due 2029: CI#2016A	7,125,000	—	(915,000)	6,210,000	980,000
4.62% due 2037: CI#2016B	2,500,000	—	(115,000)	2,385,000	125,000

(Continued)

	June 30, 2022	Increases	Payments and reductions	June 30, 2023	Current portion
4.03% due 2030: CI#2016C	$ 5,970,000	—	(625,000)	5,345,000	650,000
2.76% due 2030: CI#2016D	7,125,000	—	(780,000)	6,345,000	810,000
4.88% due 2038: CI#2017C	2,590,000	—	(110,000)	2,480,000	115,000
5.00% due 2039: CI#2018B	2,715,000	—	(105,000)	2,610,000	110,000
4.39% due 2040: CI#2019A	2,815,000	—	(100,000)	2,715,000	105,000
Taxable 2.59% due 2036: CI#2019C	7,745,000	—	(190,000)	7,555,000	500,000
3.45% due 2041 CI#2021A	2,625,000	—	(80,000)	2,545,000	90,000
0.44% Series 2021 Bond Anticipation Note	3,000,000	—	(3,000,000)	—	—
5.00% due 2042 CI#2022A	—	2,650,000	—	2,650,000	80,000
2.79% Series 2022 Bond Anticipation Note	—	3,000,000	—	3,000,000	—
Total general obligation bonds	47,910,000	5,650,000	(6,575,000)	46,985,000	3,825,000
Adjustments:					
Add unamortized premium	3,786,797	409,568	(298,017)	3,898,348	—
Deduct unamortized discount	(960,674)	—	74,063	(886,611)	—
Total general obligation debt	50,736,123	6,059,568	(6,798,954)	49,996,737	3,825,000
Total long-term debt	$ 91,100,359	6,059,568	(8,653,311)	88,506,616	5,760,000

	June 30, 2022	Increases	Payments and reductions	June 30, 2023	Less current portion	Net noncurrent liability
Other noncurrent liabilities:						
Accumulated provision for compensated absence	$ 1,143,326	23,424	—	1,166,750	—	1,166,750
Other post-employment benefit	909,836	35,013	—	944,849	—	944,849
On-bill revolving loans	465,092	—	(1,596)	463,496	—	463,496
Equipment financing note	439,409	172,039	(212,914)	398,534	(198,228)	200,306
Moran Frame promissory note	950,715	—	(114,742)	835,973	(115,890)	720,083
Net pension liability	11,606,188	10,071,328	—	21,677,516	—	21,677,516
Total other noncurrent liabilities	$ 15,514,566	10,301,804	(329,252)	25,487,118	(314,118)	25,173,000

(Continued)

The Electric System Revenue Bonds have been issued pursuant to the General Bond Resolution and are collateralized by a pledge of the Department's operating revenues. Pursuant to the General Bond Resolution, "revenues" (as defined) means all rates, fees, charges or other income and includes rentals, proceeds of insurance or condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues. On an annual basis, revenues must be sufficient after deducting operating expenses (as defined) to meet minimum debt service coverage requirements (as defined). If minimum debt service coverage requirements are not met, the Department must take timely corrective action.

The Department has pledged future revenues, net of specified operating expenses, to repay the principal and interest on its Electric System Revenue Bonds issued in 2014, 2017, and 2022. The bonds are payable solely from revenues as defined and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 50% of net revenues. The total principal and interest remaining to be paid on the bonds was $47,665,808 and $51,158,487 at June 30, 2024 and 2023, respectively. During 2024, principal and interest paid, and net revenues available for debt service, were $3,492,679 and $12,081,219, respectively. During 2023, principal and interest paid, and net revenues available for debt service, were $3,240,646 and $12,920,823, respectively.

The general obligation bonds were issued to finance electric system improvements and are collateralized by the general revenue-raising power of the City of Burlington. Pursuant to the terms of the General Bond Resolution, the claim on the revenues of the Department by the holders of revenue bonds under the General Bond Resolution is prior to any claim of the holders of general obligation bonds.

During the fiscal year ended June 30, 2024, the Department, through the City of Burlington, issued $2,785,000 in general obligation bonds, 2022 BAN Refunding-Electric Department Portion, with an average coupon rate of 5.02%. These bonds were issued in accordance with the City Charter for the purpose of refunding the $3,000,000 Bond Anticipation Note (BAN), Series 2022, issued September 15, 2022. The Department, through the City of Burlington, also issued $3,000,000 in general obligation bonds, 2023 Series A, with an average coupon rate of 5.02%.

During the fiscal year ended June 30, 2023, the Department, through the City of Burlington, entered into a $3,000,000, Series 2022 general obligation BAN, maturing on September 15, 2023 and bearing interest at the fixed rate of 2.79%. This note has been recorded as a long-term liability for 2023 pursuant to GASB Codification Section 1500, as the Department has the intent and ability to refinance the obligation on a long-term basis. On August 31, 2022, the Department, through the City of Burlington, issued $2,650,000 in general obligation bonds, 2022 Series A, with an average coupon rate of 5.00% for the purpose of refunding the $3,000,000 BAN, Series 2021, issued November 2, 2021.

Annual debt service requirements exclusive of unamortized premium or discount are as follows:

	Revenue debt		General obligation debt		
	Principal	**Interest**	**Principal**	**Interest**	**Total**
Year ending June 30:					
2025	$ 2,000,000	1,477,296	4,180,000	1,835,802	9,493,098
2026	1,395,000	1,408,176	4,365,000	1,663,870	8,832,046
2027	1,445,000	1,352,969	4,395,000	1,486,698	8,679,667
2028	1,505,000	1,297,039	4,500,000	1,306,188	8,608,227
2029–2033	11,990,000	4,988,128	15,975,000	4,136,582	37,089,710
2034–2038	7,535,000	2,723,575	7,885,000	1,899,020	20,042,595
2039–2043	7,565,000	983,625	4,200,000	546,775	13,295,400
2044–2048	—	—	445,000	11,124	456,124
	$ 33,435,000	14,230,808	45,945,000	12,886,059	106,496,867

(6) Short-Term Debt

In February 2012, the City issued on behalf of the Department a $5,000,000 General Obligation Revenue Anticipation Note (Line of Credit) with a local bank, placing the Line of Credit directly with the Department. On June 30, 2022 the Line of Credit was renewed for a two-year term to June 30, 2024. The Line of Credit was not renewed as of June 30, 2024. On June 25, 2024, the City issued on behalf of the Department a new $10,000,000 General Obligation Revenue Anticipation Note (Line of Credit) with a local bank, placing the Line of Credit directly with the Department. The Department had the entire Line of Credit balance of $10,000,000 available for use at the end of fiscal year 2024 and the previous entire Line of Credit balance of $5,000,000 available for use during both fiscal years 2024 and 2023. There was no activity during the past two fiscal years.

(7) Production Expenses

Production expenses are comprised of the following:

		Year ended June 30	
		2024	2023
McNeil Generating Station:			
Fuel	$	6,797,760	8,391,587
Operations		1,973,909	1,976,269
Maintenance		971,898	1,003,840
		9,743,567	11,371,696
Winooski One Hydro station:			
Operations		244,445	286,599
Maintenance		194,403	237,944
		438,848	524,543
Gas turbine			
Fuel		309,652	24,680
Operations		66,512	53,057
Maintenance		148,291	174,459
		524,455	252,196
Solar:			
Operations		19,118	21,850
Total production expenses	$	10,725,988	12,170,285

(8) Retirement Benefits

The City maintains a single employer defined benefit pension plan and a deferred compensation retirement plan. The Department contributes to the defined benefit plan the allocated required contribution as set forth by the City's actuary for its employees, together with a direct employee contribution of 3.851% (nonunion) and 3.851% and 4.851% (IBEW union, depending on choice of plan) of gross base wages. For the years ended June 30, 2024 and 2023, the Department made 100% of its required contributions which totaled $1,728,654 and $1,530,804, respectively. Participation in the deferred compensation plan is strictly voluntary, with no matching contribution from the Department.

(a) Defined Benefit Plan

All full-time employees of the Department participate in the City of Burlington Employees' Retirement System (BERS Plan). The BERS Plan covers substantially all of the City's employees except elected officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont Teachers' Retirement System.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the BERS Plan and additions to/deductions from BERS Plan's fiduciary net position have been determined on the same basis as they are reported by the BERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unaudited financial information for the BERS Plan is available from the City of Burlington, Burlington Vermont 05401.

(i) Summary of BERS Plan

All eligible Department union and nonunion employees vest 100% after 5 years of creditable service. Department employees who retire at 65 are entitled to a retirement benefit.

For non-union employees hired prior to July 1, 2006 and IBEW union employees hired on or before May 4, 2008: Age 65 and older, the retirement benefit is the greater of (i) 1.6% of average final compensation (AFC) (at age 65) times creditable service not in excess of 25 years plus 0.5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

For non-union employees hired after July 1, 2006 and IBEW union employees hired after May 4, 2008: Age 65 and older, the retirement benefit is the greater of (i) 1.4% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.5% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a non-union employee may choose (i) an accrual rate of 1.9% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.8% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.5% for creditable service in excess of 25 years, and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below, or (ii) an accrual rate of 2.2% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.0% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.5% for creditable service in excess of 25 years, with no Cost of Living Adjustment.

As a result of a March 25, 2021 arbitration decision, the BERS Plan is required to pay additional benefits to 24 IBEW employees and provide the same additional benefits to up to 29 current IBEW employees who may qualify for those benefits if they continue to work for BED for more than 25 years. The arbitrator found that these employees who were hired prior to May 4, 2008 who chose a half or no-cost of living adjustment (COLA) benefit should receive the pre-May 4, 2008, higher multiplier for all years of service over 25 for IBEW.

The arbitrator ruled that the employees are to be made whole and are not entitled to interest on any back pension benefits owed. The make-whole remedy has two parts: (1) a payment of back benefits for those eligible employees who retired after May 4, 2008 and (2) an increase in future contributions to the BERS Plan for IBEW employees hired before May 4, 2008. The City's actuary calculated a total of $1,234,973 in past benefits owed to the 24 eligible employees who retired after May 4, 2008 through June 30, 2021, and the BERS Plan has paid these back benefits to the individual employees. The City and the Department agreed in October 2021 that the Department's share of the back benefits was 35.24% or $435,204. Further, in its annual valuation report as of June 30, 2021 the City's actuary increased the unfunded accrued liability and the actuarially determined employer contribution (ADEC) by $3,880,000 and $348,000, respectively, to reflect the cost of providing this additional benefit to the approximately 29 current employees who may qualify at retirement. Per City policy, the ADEC is shared 70% by the employer and 30% by employees.

Except for employees detailed below, the above benefit based on AFC and creditable service at retirement is reduced by 2% for each year that retirement is between ages 60 and 64. For IBEW union employees hired before May 1, 2008 who elect an additional contribution rate of 4%, a reduction factor is applied of 2% for each year the retirement precedes age 65. For IBEW union employees hired before May 1, 2008, who elect a contribution rate of 3%, the benefit is reduced by a factor which varies with age: factor of 1 at age 65 and a factor of 0.4 at age 50.

For IBEW employees hired after May 4, 2008, the benefit is reduced by a factor which varies by age: factor of 1 at age 65 and a factor of 0.356 at age 55.

(ii) Cost of Living Adjustment

Benefits increase annually by changes in the Consumer Price Index of more than 1%. For IBEW employees retiring after March 9, 2016 and non-union employees retiring after July 1, 2017, the maximum annual increase is 2.75%. For all other members, the maximum annual increase is 5%. This increase is not applicable to deferred vested benefit prior to commencement, survivor income benefit, disability benefit prior to normal retirement age, or participants who choose to have no cost of living adjustment.

(iii) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The BERS Plan's net pension liability was measured as of June 30, 2023 (Measurement Date). As of the Measurement Date, BERS Plan reported a net pension liability of $123,595,640. The plan fiduciary net position as a percentage of the total pension liability is 64.41%.

At June 30, 2024 and 2023, the Department reported a liability of $22,820,338 and $21,677,516, respectively, for its proportionate share of the net pension liability. The net pension liability at June 30, 2024 was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability at June 30, 2023 was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's proportion of the net liability was based on a projection of the Department's long-term share of contributions relative to the projected contributions of all participating departments in the City, actuarially determined. At June 30, 2024, the Department's proportion was 18.46%, which was a decrease of 0.16% from its proportion measured as of June 30, 2023. At June 30, 2023, the

(Continued)

Department's proportion was 18.62%, which was a decrease of 0.15% from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024 and 2023, the Department recognized pension expense of $3,719,050 and $2,873,713, respectively. At June 30, 2024 and 2023, the Department reported its allocated proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred outflows of resources	**Deferred inflows of resources**
Payment after the measurement date	$ 1,728,654	—
Difference between actual and projected experience	1,461,840	—
Net difference between actual and projected investment earnings	1,587,491	—
Changes in assumptions	601,049	—
Change in proportion	—	698,083
	$ 5,379,034	698,083

	2023	
	Deferred outflows of resources	**Deferred inflows of resources**
Payment after the measurement date	$ 1,530,804	—
Difference between actual and projected experience	446,811	—
Net difference between actual and projected investment earnings	3,278,851	—
Changes in assumptions	645,001	—
Change in proportion	323,419	696,361
	$ 6,224,886	696,361

Deferred outflows of resources for payments made after the measurement date will be recognized as a reduction in the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:		
2024	$	1,057,081
2025		519,962
2026		1,617,648
2027		(242,394)
Thereafter		—
Total	$	2,952,297

(iv) Actuarial Assumptions

The actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on results of an actuarial experience study for the period July 1, 2017 to June 30, 2022, with changes in the methodology for amortizing the unfunded accrued liability.

	2024	2023
Valuation dates	June 30, 2023	June 30, 2022
Mortality tables	Pub-2010 public retirement plans amount-weighted general employees mortality tables, scale MP-2021 set forward 2 years (retirees) Pub-2010 public retirement plans amount-weighted general disabled retirees mortality tables, scale MP-2021 set forward 3 years (disabled) Pub-2010 public retirement plans amount-weighted general contingent survivors mortality tables, scale MP-2021 set forward 3 years (survivors)	RP-2014 adjusted to 2006 total dataset mortality table, scale MP-2021, set forward 2 years (Non-Disabled) RP-2014 adjusted to 2006 disabled mortality table, scale MP-2021 (Disabled)
Inflation	2.7%	2.6%
Salary increases	3.1% average, including inflation	3.0% average, including inflation
Investment rate of return	7.10%	7.10%

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target allocation	20 Year expected rate of return
Asset class:		
Core Fixed Income	17.50 %	5.00 %
U.S. Bonds – Dynamic	7.50	5.60
U.S. Large Cap Equity	32.00	6.70
U.S. Small Cap Equity	9.00	6.50
International Developed Equity	20.50	8.90
International Emerging Markets Equity	7.00	10.80
Private equity	0.50	9.70
Real estate	6.00	7.40

Discount rate 7.1%

The projection of cash flows used to determine the discount rate for financial reporting purposes assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the BERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(v) *Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Department's proportionate share of the net pension liability calculated using a 2024 and 2023 discount rate of 7.1%, for financial reporting purposes, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than those rates:

	2024		
	1% Decrease (6.10%)	Current discount rate 7.10%	1% Increase (8.10%)
Department's proportionate share of the net pension liability	$ 29,423,075	22,820,338	17,195,864

		2023		
		1% Decrease (6.10%)	**Current discount rate 7.10%**	**1% Increase (8.10%)**
Department's proportionate share of the net pension liability	$	27,873,442	21,677,516	16,385,872

(b) Deferred Compensation Plan

The Department offers its employees a deferred compensation plan administered through the City, in accordance with Section 457 of the Internal Revenue Code. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or for "unforeseeable emergency" as defined by IRS guidelines. The assets of the plan are not included in the accompanying financial statements.

(9) Other Post-Employment Benefits (OPEB)

The City maintains a single employer post-retirement benefits other than pension (OPEB) plan (the Plan). Plan costs relate to subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits.

(a) OPEB Plan

Post-employment benefits and Compensated Absences (below) are paid for by the applicable fund where the employee is charged. For the years ended June 30, 2024 and 2023, the Department's contribution was $15,445 and $(2,417), respectively, and is determined on a pay as you go basis.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

(i) Summary of OPEB Plan

Department employees' normal retirement age is 65 with 5 years of service; early retirement is age 55 with 5 years of service. All members are eligible where permanently disabled.

Retired employees pay 100% of their post-retirement medical premium costs, which are based on COBRA rates for pre-65 coverage.

The City provides $2,000 in life insurance for retirees, except for members of AFSCME and IBEW unions who receive $10,000 in life insurance. Certain current retirees have $6,000 of life insurance in force.

Retired employees pay 100% of their dental costs. Dental coverage is generally available for up to 18 months. The City does not subsidize this benefit.

(ii) Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2024 and 2023, the Department reported a liability of $815,159 and $944,849, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023 increased by service costs and interest and decreased by benefit payments to estimate the total OPEB liability at June 30, 2024. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2021 increased by service costs and interest and decreased by benefit payments to estimate the total OPEB liability at June 30, 2023. The total OPEB liability as of June 30, 2024 and June 30, 2023 was also adjusted to reflect any material plan changes after the valuation. The Department's proportion of the total OPEB liability was based on a projection of the Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating departments in the City, actuarially determined. At June 30, 2024, the Department's proportion was 16.5% and at June 30, 2023, the Department's proportion was 16.7%.

For the years ended June 30, 2024 and 2023, the Department recognized OPEB expense of $42,097 and $11,438, respectively. At June 30, 2024 and 2023, the Department reported its allocated proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred outflow of resources	**Deferred inflow of resources**
Difference between actual and projected experience	$ —	312,719
Changes in assumptions	65,341	102,832
Changes in proportion	53,122	136,241
	$ 118,463	551,792

	2023	
	Deferred outflow of resources	**Deferred inflow of resources**
Difference between actual and projected experience	$ 3,557	242,925
Changes in assumptions	111,744	115,872
Changes in proportion	68,300	185,985
	$ 183,601	544,782

(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2025	$	(131,168)
2026		(137,786)
2027		(89,983)
2028		(34,813)
2029		(33,462)
Thereafter		(6,117)
Total	$	(433,329)

(iii) Actuarial Assumptions

The total OPEB liability in the June 30, 2024 and 2023 Measurement Date was determined using the following actuarial assumptions:

	2024	2023
Valuation dates	July 1, 2023	July 1, 2021
Mortality tables	Pub-2010 public retirement plans amount-weighted general employees mortality tables, scale MP-2021 set forward 2 years (retirees) Pub-2010 public retirement plans amount-weighted general contingent survivors mortality tables, scale MP-2021 set forward 3 years (survivors)	RP-2014 adjusted to 2006 total dataset mortality table, scale MP-2021, set forward 2 years
Inflation	2.7%	2.6%
Salary increases	2.7%	2.6%
Discount rate	3.93%	3.65%

Healthcare Cost Trend Rates: 7.00% in 2023, reducing by 0.2% each year to an ultimate rate of 4.70% per year rate for 2035 and later.

Healthcare cost trend rates reflect both the current and long-term outlook for increases in healthcare costs. The short-term rates were based on recent industry surveys, plan experience, and near-term expectations. The long-term trend rate was based on the actuary’s general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

Since the Plan is not funded, the selection of the discount rate is consistent with the GASB Statement No. 75 standards linking the discount rate to the 20-year AA municipal bond index for unfunded OPEB plans. The discount rate used for the Plan’s valuation is equal to the

(Continued)

published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2024. At June 30, 2024 and 2023, the discount rate was 3.93% and 3.65%, respectively.

(iv) Sensitivity of the Department's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Department's proportionate share of the net OPEB liability calculated using the current discount rate of 3.93%, as well as what the Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

		2024		
		1% Decrease 2.93%	**Current discount rate 3.93%**	**1% Increase 4.93%**
Department's proportionate share of the net OPEB liability	$	923,781	815,159	724,037

		2023		
		1% Decrease 2.65%	**Current discount rate 3.65%**	**1% Increase 4.65%**
Department's proportionate share of the net OPEB liability	$	1,070,683	944,849	839,353

(v) Sensitivity of the Department's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the Department's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rate of 7.0% decreasing to 4.70%, as well as what the Department's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.0% decreasing to 3.70%) or 1-percentage-point higher (8.0% decreasing to 5.70%) than the current rate.

		2024		
		1% Decrease (6.0% decreasing to 3.70%)	Current healthcare cost trend rate (7.0% decreasing to 4.70%)	1% Increase (8.0% decreasing to 5.70%)
Department's proportionate share of the net OPEB liability	$	743,708	815,159	901,502

		2023		
		1% Decrease (5.5% decreasing to 3.60%)	Current healthcare cost trend rate (6.5% decreasing to 4.60%)	1% Increase (7.5% decreasing to 5.60%)
Department's proportionate share of the net OPEB liability	$	856,410	944,849	1,055,484

(10) Compensated Employee Absences

Vested vacation and nonexempt compensatory time are recorded under other noncurrent liabilities. Employees earn vacation leave based upon length of employment up to a maximum of 200 hours per year, but may accumulate no more than a maximum of 360 hours.

Employees also accrue sick leave credits based upon length of employment up to 144 hours per year. The Department has accrued a liability for a portion of accrued sick leave for eligible employees. At retirement, union employees can convert unused sick leave 2:1 up to 240 hours to 120 hours of pay. This conversion may not bring the sick leave balance below 240 hours. Nonunion employees hired prior to January 1, 2001, upon retirement can convert one-third (1/3) the number of days of accumulated unused sick leave up to a maximum payment of four (4) weeks or, upon resignation, can convert one-fourth (1/4) the number of days of accumulated unused sick leave up to a maximum payment of three (3) weeks.

At June 30, 2024 and 2023, the Department has reported accrued compensated employee absences of $1,182,636 and $1,166,750, respectively, in other noncurrent liabilities.

(11) Commitments and Contingencies

(a) The Department receives output from generation of the McNeil Generating Station, the Burlington Gas Turbine, the Winooski One hydroelectric facility, the Airport Solar array, and the Pine Street Solar array. The Department is responsible for the operation of all these resources. The Department is entitled to 50% of the output of the McNeil Generating Station as 50% owner; The Department owns 100% of the other resources and is entitled to 100% of their output.

(b) In addition to energy provided by its owned generation, the Department purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal years ended June 30, 2024 and 2023, long-term sources of purchased power included:

1. New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through April 30, 2032.

2. Under a contract that was originally scheduled to expire in 2021, but which was extended for five years, the Department receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield) through October 18, 2026. The Department's 16 MW entitlement is expected to provide approximately 9% of the Department's annual energy requirements.

3. The Department purchases energy from the Georgia Mountain Community Wind (GMCW) project, which began commercial operation on December 31, 2012. Pursuant to a 25-year contract, the Department receives 10MW (100%) entitlement from GMCW's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet approximately 8% of the Department's annual energy needs.

4. Deliveries pursuant to a ten-year contract with Hancock Wind began in December 2016. Under the contract, which expires in December 2026, the Department will receive 13.5 MW (26.5%) of Hancock's wind farm. It is expected to produce energy sufficient to meet approximately 11% of the Department's annual energy needs.

5. Prior to 2017, the Department received energy from long-term purchases from small in-state resources under a state-mandated feed-in tariff program (called Standard Offer resources). Effective January 1, 2017, the Department was exempted from purchasing energy from these high-priced resources (in recognition of its 100% renewable energy purchases). No power was received from Standard Offer Resources in either fiscal year 2023 or 2024. The Department expects this exemption to continue through at least December 31, 2025.

6. The Burlington City Council, the Vermont PUC, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. Deliveries began (for the Department) in November 2015. Under the contract, the Department received 5 MW of contract energy for the period November 1, 2015 to October 31, 2020 and is now receiving a second (additional) 4 MW of contract energy for the period November 1, 2020 to October 31, 2038 (i.e., 9 MW in total). BED's entitlement is expected to provide 16% of the Department's annual energy requirements at the 9 MW level.

7. In 2013, the Department entered a long-term power agreement to purchase the output of a 2.5 MW solar generating facility located in Burlington (South Forty Solar). This facility came online in January of 2018 and provides the Department with VT Tier 2 RECs as well as energy and reduced capacity and transmission requirements.

8. In addition to South Forty Solar, the Department purchases the output from 7 small, in-city solar projects under long-term agreements that amount to 414 kW.

9. In 2017, the Department signed a two-year contract with Great River Hydro with deliveries beginning January 1, 2019. In 2019, this contract was extended for five additional years from 2020 through 2024. The Department receives 7.5 MW during 16 peak hours of each day, along with the associated RECs (that qualify as VT Tier I). This contract is sourced from one or more hydro facilities in the State of Vermont.

10. In 2024, the Department signed an 18-month contract beginning July 2024 with FirstLight for 25% of the output of the Shepaug Dam.

Energy and Capacity payments under these long-term power supply contracts were $14,482,063 and $13,924,888 for the years ended June 30, 2024 and 2023, respectively, with the increase from 2023 being largely due to reduced Financial Adjustments from Hancock Wind and increased price from Hydro Quebec partially offset by lower than normal production from Hancock Wind and Vermont Wind. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total $55,893,245 for the 5-year period from July 1, 2023 to June 30, 2028.

Fiscal year	Budgeted commitments
2025	$ 14,671,356
2026	13,831,582
2027	10,117,550
2028	8,572,660
2029	8,700,097
	$ 55,893,245

The remainder of the Department’s energy requirements (if any) are satisfied through short-term purchases including:

- Short-term purchases from market counterparties if necessary.
- Net exchange of energy through the Independent System Operator – New England power markets.

The costs of power purchased under these contracts are accounted for as purchased power expenses in the statements of revenues, expenses, and changes in net assets. The percentages of the Department's total energy sources were provided as follows:

	2024	2023
McNeil Generation and Gas Turbine	28 %	32 %
Winooski One	12	8
New York Power Authority	5	5
Wind Production	25	25
Hydro-Quebec	16	16
Great River Hydro	13	13
Short-Term Purchase	—	—
In-City Solar	1	1
	100 %	100 %

Note: the percentages are relative to the Department's total available sources of energy rather than a percentage of requirements. Additionally, the Department sells RECs associated with much of the above generation and the above table should not be considered a representation of the Department's renewability. In both years, the sources of energy shown above exceeded the Department's annual energy requirements.

(12) Subsequent Events

On June 14, 2024, the Department filed with the PUC a request for a 5.5% rate increase. PUC approval of the rate filing is pending. As permitted under Vermont statue, the Department began charging its customers the 5.5% increase as a tariff adjustment for bills rendered on or after September 1, 2024.

On October 8, 2024, the Department, through the City of Burlington, issued $3,000,000 in general obligation bonds, 2024 Series A, with an average coupon rate of 5.00%.

KPMG

JOSEPH C. MCNEIL GENERATING STATION

Special-Purpose Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

JOSEPH C. MCNEIL GENERATING STATION

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Independent Auditors' Report

Th Joint Owners
Joseph C. McNeil Generating Station:

Report on the Audit of the Financial Statements

Opinion

We have audited the special-purpose financial statements of the Joseph C. McNeil Generating Station (the Station), which comprise the special-purpose statements of assets, owners' equity, and liabilities as of June 30, 2024 and 2023, and the related special-purpose statements of changes in owners' equity and Station operating expenses for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the assets, owners' equity and liabilities of the Station as of June 30, 2024 and 2023, and the related changes in owners' equity and Station operating expenses thereof for the years then ended in accordance with the Joint Owners' agreement described in Note 2 to the special-purpose financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Government Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 2 to the special-purpose financial statements, the special-purpose financial statements are prepared by the Station on the basis of the financial reporting provisions of the Joint Owners' agreement, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Joint Owners' agreement. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the financial reporting provisions of the Joint Owners' agreement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Station and its joint owners and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Colchester, Vermont
October 28, 2024

JOSEPH C. McNEIL GENERATING STATION

Special-Purpose Statements of Assets, Owners' Equity, and Liabilities

June 30, 2024 and 2023

Assets		2024	2023
Steam production plant, at cost:			
Land and land rights	$	276,599	276,599
Structures and improvements		20,485,016	20,471,319
Boiler plant equipment		62,559,597	61,877,869
Turbine generator		14,353,122	13,923,572
Accessory electrical equipment		2,509,970	2,473,176
Miscellaneous power plant equipment		2,154,425	2,141,725
Other steam production plant		1,134,940	1,128,359
Construction work in progress		132,992	59,618
Total steam production plant		103,606,661	102,352,237
Cash		1,141,965	1,282,424
Inventories, at average cost:			
Fuel		2,591,673	2,746,917
Materials and supplies		5,215,173	5,199,820
Other assets		231,228	241,527
Total assets	$	112,786,700	111,822,925
Owners' Equity and Liabilities			
Owners' equity:			
Burlington Electric Department	$	56,251,391	55,661,517
Vermont Public Power Supply Authority		21,233,151	21,008,999
Green Mountain Power Corporation		34,644,054	34,278,332
Total owners' equity		112,128,596	110,948,848
Liabilities:			
Accounts payable		476,093	776,057
Accrued liabilities		182,011	98,020
Total liabilities		658,104	874,077
Total owners' equity and liabilities	$	112,786,700	111,822,925

See accompanying notes to special–purpose financial statements.

JOSEPH C. McNEIL GENERATING STATION

Special-Purpose Statements of Changes in Owners' Equity

Years ended June 30, 2024 and 2023

	2024	2023
Contributions by joint owners:		
Burlington Electric Department	$ 11,547,328	15,062,070
Vermont Public Power Supply Authority	4,387,985	5,723,586
Green Mountain Power Corporation	7,159,343	9,338,483
	23,094,656	30,124,139
Property taxes paid by individual joint owners	1,650,803	1,575,354
Total contributions by joint owners	24,745,459	31,699,493
Less station operating expenses, net	23,565,711	26,229,988
Net increase in owners' equity	1,179,748	5,469,505
Owners' equity at beginning of year	110,948,848	105,479,343
Owners' equity at end of year	$ 112,128,596	110,948,848

See accompanying notes to special–purpose financial statements.

JOSEPH C. McNEIL GENERATING STATION

Special-Purpose Statements of Station Operating Expenses

Years ended June 30, 2024 and 2023

	2024	2023
Operation expenses:		
Supervision and engineering	$ 452,968	549,664
Fuel – oil	17,820	26,992
Fuel – wood	13,543,748	16,710,917
Fuel – gas	33,951	45,264
Steam	2,037,043	1,951,386
Electric	746,341	765,586
Miscellaneous steam power expense	711,460	685,896
Total operation expenses	17,543,331	20,735,705
Maintenance expenses:		
Supervision and engineering	101,012	149,559
Structures	56,767	59,367
Boiler plant	1,102,285	1,209,147
Electric plant	660,747	538,908
Miscellaneous steam power expense	22,981	50,694
Total maintenance expense	1,943,792	2,007,675
Transmission expenses	65,538	69,940
Total production expenses	19,552,661	22,813,320
Administrative and general expenses	2,080,797	1,924,357
Total operating expenses	21,633,458	24,737,677
Taxes, including payment in lieu of taxes to the City of Burlington, Vermont	1,656,397	1,577,953
Loss on sale of equipment	383,749	—
Other income	(67,223)	(66,323)
Interest income	(40,670)	(19,319)
Station operating expenses, net	$ 23,565,711	26,229,988

See accompanying notes to special-purpose financial statements.

(1) Station Organization

The Joseph C. McNeil Generating Station (the Station) is a wood-, natural gas-, and oil-fired, 50 megawatt, steam generating unit located in the City of Burlington, Vermont. Under the Agreement for Joint Ownership, Construction and Operation of the Joseph C. McNeil Generating Station dated May 14, 1982 as amended (the Agreement), the joint owners are tenants in common with undivided interest in the Station. Ownership percentages of the Station as of June 30, 2024 and 2023 are as follows:

	2024	2023
Burlington Electric Department	50 %	50 %
Green Mountain Power	31	31
Vermont Public Power Supply Authority	19	19
	100 %	100 %

The City of Burlington, Vermont Electric Department (the Department) has sole responsibility for operation of the Station. The Station began commercial operations in 1984. The McNeil Plant capacity factor for the fiscal year 2024 was 41.0% compared to 48.9% in 2023, supplying 180,046 MWH and 214,065 MWH, respectively, of its energy production to the Joint Owners.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying special-purpose financial statements have been prepared in order to comply with the terms of the Agreement. They summarize certain financial transactions occurring as a result of the Agreement and, accordingly, they are not intended to be a presentation in conformity with U.S. generally accepted accounting principles. The significant differences from generally accepted accounting principles are as follows:

- A statement of cash flows is not presented.
- Station costs are classified in accordance with Federal Energy Regulatory Commission (FERC) guidelines and include all direct and indirect costs and expenses incurred with respect to the Station that are properly chargeable to the design, engineering, procurement, installation, construction, operation, maintenance, insuring, licensing, shutdown, demolition, or disposal of the Station, taxation and payments in lieu thereof, and all costs of keeping accounting and other records, of furnishing accounts, reports, and other information with respect to the Station and of audits pursuant to Section 15, including both financial and engineering audits. Each of the owners has financed its respective participation in Station costs. Accordingly, an allowance for funds used during construction is not included in Station costs. Other costs assessed directly to individual owners are not included in Station costs except for property taxes. The Station incurred capital costs of $1,638,174 and $2,324,504, in 2024 and 2023, respectively, which are recorded as part of steam production plant.
- The notes to the special-purpose financial statements are not compliant with U.S. generally accepted accounting principles.

- No depreciation has been recorded in the special-purpose financial statements. Each owner records depreciation expense based on the total cost of its investment in the Station, its depreciation method, and its useful life for rate-making purposes. Major expenditures for steam production plant that are major improvements or extend the life of the asset are capitalized. Maintenance and repairs are expensed as incurred. When assets are replaced, the costs associated with such replacement are capitalized and the previously capitalized costs are removed from steam production plant.
- Significant costs of the Station, e.g., costs of financing construction, have been incurred by individual owners and are not recorded in these special-purpose financial statements.

(b) Payment of Station Costs

Owners advance funds to the Department monthly based on anticipated cash requirements. Excess cash funds are temporarily invested by the Department prior to use.

(c) Fuel Inventories

Fuel inventories comprised of fuel oil and wood chips are stated at lower of cost or market as determined using the average cost method.

(d) Revenue and Transmission Expense

Revenue from sales of electricity, net of related transmission expense, is credited to individual owners and owners' participants by the Vermont Electric Power Company (VELCO) and/or Independent System Operator-New England (ISO-NE).

(e) Income Taxes

The Station is an unincorporated organization that has elected, pursuant to Internal Revenue Code Section 761(a), not to be treated as a partnership. No provision is made for income taxes since such liability is the responsibility of the individual joint owners.

(f) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of changes in owners' equity during the reporting period. Actual results could differ from these estimates.

(3) Related-Party Transactions

Station operating expenses include $41,916 and $43,548 in 2024 and 2023, respectively, representing administrative and general expenses incurred by the Department acting in its capacity as manager of the Station.

BED Property/B&M Insurance Renewal 2024-2025

(11/4/24 - BOF Meeting)
(11/12/24 - CC Meeting)
(11/13/24 - BEC Meeting)

RECOMMENDATION:
That the Burlington Electric Commission, Finance Board and City Council authorize the Electric Department to renew our Property/Boiler and Machinery (B&M) Insurance with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024–11/20/2025 for a **not to exceed premium of $715,989.**

THE "HANDOUTS":

1) H&B Cover letter dated 10/27/2024
2) BED Property/B&M Premium/TIV history exhibit and related line chart dated 10/27/2024 (2 tabs)
3) H&B Property/B&M Quota Share Program Structure Chart as of 10/26/2024
4) BED cover letter dated 10/27/2024 to BEC/BOF/CC

DISCUSSION:
Commercial Property/B&M insurance covers BED's **physical assets** from perils such as fire, lighting, smoke, explosions, storms, burst pipes, theft and vandalism. It is designed to protect our **tangible property;** namely buildings, boilers, transformers and property inside and outside (furniture, computers, fences, office equipment, inventory, etc.)

Our current Property/B&M Insurance coverage with AIG/Starr Tech/Zurich/AEGIS is scheduled to expire on 11/20/2024 for which we pay an annual premium of **$679,814.70.**

Worth mentioning is that last year, the BEC/BOF/CC approved this line item with a "not-to-exceed" premium amount of $778,683.70. We ultimately bound coverage for $679,814.70, a decrease in premium of $98,869 due mainly to the fact that we increased our deductibles at the McNeil Station ($1M to $2M) as well as at the GT & W1H (each from $500k to $1M).

- Our insurance agent (Hickok & Boardman: H&B "Acrisure") has worked diligently with our existing 4 carriers and is still in negotiations with them to finalize "capacity" (the largest amount of insurance that a company or the market is able to write), Total Insurable Value (TIV)'s, deductibles and premium.

- The renewal premium is anticipated to increase from last year's amount of **$679,814.70** to **a not to exceed $715,989** (which is **2.6% lower** than our estimated renewal premium at 11/20/24 in the FY'25 budget of **$735,220**). Please note our insurance agent (H&B) has shared there is the possibility of achieving a lower renewal premium using deductible options and last-minute pricing negotiations (still to be finalized).

- Our **Total Insurable Value (TIV**) will be capped at $200,000,000 of property (same as last year) vs. our current fully scheduled TIV of $342,784,000. The McNeil Station's TIV is listed at $252,902,000 with a ratable TIV of $230,000,000.

H&B CONSIDERATIONS/OPTIONS/ACTION STEPS:

- ❖ Last year, as an alternative to the in-force property insurance program, BED and Acrisure reviewed the property captive options available to single cell captive and rent-a-captives. FM Global offers both a rent-a-captive, and guaranteed cost premium option. FM Global's guaranteed cost premium indication last year was $975,285, which was higher than the expiring and current insurance program's cost. Given this premium difference, BED/City did not pursue the captive option this year.

- ❖ Last year, AFTER the "*Not-to Exceed*" approval for $778,683.70, BED increased the deductibles at the McNeil from $1M to $2M and at the Hydro as well as the Gas Turbine from $500,000 to $1M to offset premium increases and by doing so, successfully saved $98,869 in premium for a final premium of $679,814.70.

- ❖ To help offset the increase in TIV's, H&B asked the current carriers to use a ratable TIV at McNeil of $230M, rather than $252M.

- ❖ In addition, to support BED's efforts to get as close to possible from the budget perspective, H&B is reviewing/pursuing the following:

  - Optional deductible changes at McNeil (forthcoming)
  - Optional deductible changes at W1H and the GT (forthcoming)
  - Review of the insured asset values to identify any errors or options to separately insure an asset (such as the railroad cars; they are currently the only BED asset valued at ACV vs. RC)

- ❖ H&B looked at moving the Workers' Compensation and Auto lines from Travelers to Liberty Mutual in July, but Liberty Mutual's energy program was undergoing a restructuring that was deemed not favorable at the time to BED to consider (higher auto deductibles, etc.) They continue to review these each year.

- ❖ H&B looked at combining BED and the COB's cyber insurance policies to provide premium savings to BED. Due to the terms of the policies, it was in BED's benefit to maintain a separate policy.

IMPACT ON BUDGET:
Our FY'25 budgeted amount of $712,134 (produced in January 2024 and adopted in June 2024) was calculated using 5 months at the "current/known" premium amount ($679,815) and 7 months at the projected amount ($735,220). Note this projected renewal amount of $735,220 was derived by assuming an estimated 5% straight rate increase from H&B as well as an estimated 3% increase in our TIV's.

- ❖ Thus, using the "not to exceed" premium of $715,989 would amount to a **2.6% reduction** in our estimated renewal within the FY'25 budget and a **5.32%** increase over our expiring premium of $679,815. Again, please note in our insurance agent's (H&B) cover letter, there is a possibility of a lower **estimated** renewal premium, which is still to be finalized.
- ❖ The "not to exceed" premium of $715,989 would amount to a **1.57 decrease in our total FY'25 budget for this line of business (from $712,134 to $700,916).**

BED's Property/B&M Insurance Motions:

Board of Finance:

"To approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2025 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's Office and the CAO".

City Council:

"To authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2024 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's Office and the Board of Finance".

Board of Electric Commissioners:

"To authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2025 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's office, the City's CAO, Board of Finance and the City Council".

ACRISURE

MEMO

Date: 10/27/2024

To: Paul Alexander, CPCU, ARM-PE
Manager of Safety and Risk Management
City of Burlington Electric Department
585 Pine Street
Burlington, VT 05401

RE: Property Insurance Renewal effective 11/20/2024 (for policy period 11/20/2024-2025)

Per our most recent conversation, I am sending this brief memo to summarize the state of the energy property insurance marketplace and its implications regarding Burlington Electric Department (BED) property insurance renewal effective 11/20/2024.

Energy related asset replacement cost value adequacy is an emerging concern for the insurers given pandemic driven supply chain issues and global inflationary pressures. Certain energy destroyed assets have exceeded scheduled asset values by more than 60%. BED's asset valuation this year aligns with this trend: total TIV reported to us by BED was $342M (compared to $319M last year), with McNeil's assets increasing from $235M to $252M. BED utilizes the Handy Whitman index (the industry standard) to value its assets.

Alternative Insurance Options:

- Captive Model and FM Global:
  Last year, as an alternative to the in-force property insurance program, BED and Acrisure reviewed the property captive options available to single cell captive and rent-a-captives. FM Global offers both a rent-a-captive, and guaranteed cost premium option. FM Global' s guaranteed cost premium indication last year was $975,285, which was higher than the expiring and current insurance program's cost. Given this premium difference, BED/City did not pursue the captive option this year.

Last Year's Program Change Made to Reduce Premium/Improve Coverage:

- BED increased the deductibles at the McNeil Station from $1M to $2M and at Hydro/Gas Turbine from $500,000 to $1M to offset premium increase and successfully saved $98,869.70 in premium.
- Policy Limit: A $200M limit was secured with AIG/Zurich/Starr Tech without any additional premium cost to BED.

BED's FY' 25 suggested budgeted renewal premium of $713,805.44 (5% above the current expiring policy rate) is a challenge to achieve with the reported TIV. Like last year, to offset the increase in TIV, we've asked the current carriers to use a ratable TIV at McNeil of 230M, rather than 252M, which reduces the overall TIV increase to 7.7%. The lower TIV is acceptable to the carriers based on their own calculations of PML (probable maximum loss) at the location and reduces the premium cost to BED.

In addition, to support BED's efforts to get as close to possible from a budget perspective, we will present the following:

1) Optional deductible changes at McNeil (forthcoming)
2) Optional deductible changes at W1H and GT (forthcoming)
3) Review of the insured asset values to identify any errors or options to separately insure an asset (such as the railroad cars; they are currently the only BED asset valued at ACV vs RC.)

Program Consolidation or Separation Options:

1. We looked at moving the Workers' compensation and Auto lines from Travelers to Liberty Mutual in July, but Liberty Mutual's energy program was undergoing a restructuring that was deemed not favorable at the time to BED to consider (higher auto deductibles, etc.) We continue to review these each year.
2. Combining BED and the COB cyber insurance policies to provide a premium savings to BED. Due to the terms of the policies, it is in BED's benefit to maintain a separate policy.

In summary, we anticipate we can secure the property insurance renewal with policy limits terms and conditions to the current in-force program (see attached slide) at an estimated annual premium of a "not to exceed" premium of $715,989.

MEMORANDUM

TO: Board of Electric Commission (BEC), Burlington Board of Finance (BOF), Burlington City Council (BCC)
FROM: Paul G. Alexander, Manager of Safety & Risk Management
DATE: October 27th, 2024
SUBJECT: **B.E.D.'s Property/Boiler and Machinery (B&M) 2024-2025 Insurance renewal**

RECOMMENDATION:
That the Burlington Electric Commission, Finance Board and City Council authorize the Electric Department to renew our Property/Boiler and Machinery (B&M) Insurance with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024–11/20/2025 for a **not to exceed premium of $715,989.**

DISCUSSION:
Commercial Property/B&M insurance covers BED's **physical assets** from perils such as fire, lighting, smoke, explosions, storms, burst pipes, theft and vandalism. It is designed to protect our **tangible property;** namely buildings, boilers, transformers and property inside and outside (furniture, computers, fences, office equipment, inventory, etc.)

Our current Property/B&M Insurance coverage with AIG/Starr Tech/Zurich/AEGIS is scheduled to expire on 11/20/2024 for which we pay an annual premium of **$679,814.70.**

Worth mentioning is that last year, the BEC/BOF/CC approved this line item with a "not-to-exceed" premium amount of $778,683.70. We ultimately bound coverage for $679,814.70, a decrease in premium of $98,869 due mainly to the fact that we increased our deductibles at the McNeil Station ($1M to $2M) as well as at the GT & W1H (each from $500k to $1M).

- Our insurance agent (Hickok & Boardman: H&B "Acrisure") has worked diligently with our existing 4 carriers and is still in negotiations with them to finalize "capacity" (the largest amount of insurance that a company or the market is able to write), Total Insurable Value (TIV)'s, deductibles and premium.

- The renewal premium is anticipated to increase from last year's amount of **$679,814.70** to **a not to exceed $715,989** (which is **2.6% lower** than our estimated renewal premium at 11/20/24 in the FY'25 budget of **$735,220**). Please note our insurance agent (H&B) has shared there is the possibility of achieving a lower renewal premium using deductible options and last-minute pricing negotiations (still to be finalized).

- Our **Total Insurable Value (TIV)** will be capped at $200,000,000 of property (same as last year) vs. our current fully scheduled TIV of $342,784,000. The McNeil Station's TIV is listed at $252,902,000 with a ratable TIV of $230,000,000.

H&B CONSIDERATIONS/OPTIONS/ACTION STEPS:

- ❖ Last year, as an alternative to the in-force property insurance program, BED and Acrisure reviewed the property captive options available to single cell captive and rent-a-captives. FM Global offers both a rent-a-captive, and guaranteed cost premium option. FM Global's guaranteed cost premium indication last year was $975,285, which was higher than the expiring and current insurance program's cost. Given this premium difference, BED/City did not pursue the captive option this year.

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IMPACT ON BUDGET:
Our FY'25 budgeted amount of $712,134 (produced in January 2024 and adopted in June 2024) was calculated using 5 months at the "current/known" premium amount ($679,815) and 7 months at the projected amount ($735,220). Note this projected renewal amount of $735,220 was derived by assuming an estimated 5% straight rate increase from H&B as well as an estimated 3% increase in our TIV's.

- ❖ Thus, using the "not to exceed" premium of $715,989 would amount to a **2.6% reduction** in our estimated renewal within the FY'25 budget and a **5.32%** increase over our expiring premium of $679,815. Again, please note in our insurance agent's (H&B) cover letter, there is a possibility of a lower **estimated** renewal premium, which is still to be finalized.
- ❖ The "not to exceed" premium of $715,989 would amount to a **1.57 decrease in our total FY'25 budget for this line of business (from $712,134 to $700,916).**

MOTIONS:

Board of Finance:

"To approve and recommend that the City Council authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2025 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's Office and the CAO".

City Council:

"To authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2024 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's Office and the Board of Finance".

Board of Electric Commissioners:

"To authorize the General Manager of the Burlington Electric Department or their designee, to execute the Property, Boiler & Machinery insurance coverage renewal contract with AIG/ZURICH/STARR TECH/AEGIS for the policy period 11/20/2024 through 11/20/2025 with a not to exceed premium of $715,989, as outlined in this memo, subject to review and approval of the City Attorney's office, the City's CAO, Board of Finance and the City Council".

Respectfully submitted,

Paul G. Alexander, CPCU, ARM-PE, CUSP
Manager of Safety & Risk Management

c: Darren Springer, General Manager

City of Burlington Electric
Property Quota Share Program Structure
Current as of 10/26/2024

		November 20, 2024 through November 20, 2025		
		Assets other than McNeil	**McNeil**	
Total Values		**$89,882,000**	**$230,508,520**	
Policy Limit		**89MM**	**200MM**	
	Carrier	**AEGIS**	**Zurich**	
	Quota Share %	**75%**	**35%**	
	Share	**$67,411,500**	**$70,000,000**	
	Premium	**$128,670**	**$234,119**	
	Rate	**0.1909**	**0.306**	
			Starr Tech	**Carrier**
			40%	**Quota Share %**
			$80,000,000	**Share**
			$221,203.00	**Premium**
			0.252	**Rate**
	Carrier	**AIG**	**AIG**	
	Quota Share %	25%	25%	
	Share	$22,470,500	$50,000,000	
	Premium	$38,321.22	$93,675.78	
	Rate	0.171	0.171	
				McNeil & Other
Total Premium		**$166,991.37**	**$548,997.63**	**$715,989.00**

BURLINGTON ELECTRIC DEPARTMENT
Property/B&M Insurance Policies
Premium/TIV History
10/27/2024

#:	Carrier	Broker/ Agent	POLICY PERIOD: From mm	dd	yyyy	To mm	dd	yyyy	Actual **** Premium	Annual Premium	Annual % Chg	TIV *** (Excl W1H)	(Excl. W1H) Change	TIV (W1H)	W1H Change	(Excl. W1H) Price per $100 TIV	W1H Price per $100 TIV	TOTAL TIV	TOTAL TIV % Chg
1	AIG/Starr Tech/Zurich/AEGIS (TBF)	H&B	11	20	2024	11	20	2025	$715,989	$715,989	5.32%	$314,127,000	7.68%	$28,657,000	5.06%	"n/a"	"n/a"	$342,784,000	7.45%
2	AIG/Starr Tech/Zurich/AEGIS (TBF)	H&B	11	20	2023	11	20	2024	$679,815	$679,815	-0.48%	$291,733,000	21.51%	$27,276,000	17.20%	"n/a"	"n/a"	$319,009,000	21.13%
3	AIG/Starr Tech/Zurich/AEGIS (TBF)	H&B	11	20	2022	11	20	2023	$683,117	$683,117	2.96%	$240,093,000	-0.49%	$23,273,000	0.99%	"n/a"	"n/a"	$263,366,000	-0.36%
4	AIG/Starr Tech/Zurich/AEGIS (TBF)	H&B	11	20	2021	11	20	2022	$663,508	$663,508	2.95%	$241,268,000	2.03%	$23,044,000	3.79%	"n/a"	"n/a"	$264,312,000	2.18%
5	AIG/Starr Tech/Zurich/AEGIS	H&B	11	20	2020	11	20	2021	$644,506	$644,506	11.25%	$236,462,000	-1.67%	$22,203,000	2.83%	"n/a"	"n/a"	$258,665,000	-1.30%
6	AIG/Starr Tech/Zurich/AEGIS	H&B	11	20	2019	11	20	2020	$579,330	$579,330	153.25%	$240,473,000	-2.83%	$21,591,000	4.19%	"n/a"	"n/a"	$262,064,000	-2.29%
7	NU/Chartis/AIG	H&B	10	1	2018	10 (**)	1	2019	$228,762	$228,762	-5.94%	$247,487,000	-5.95%	$20,722,000	-8.17%	$0.07962	$0.148761	$268,209,000	-6.13%
8	NU/Chartis/AIG	H&B	10	1	2017	10	1	2018*	$243,200	$243,200	-5.67%	$263,146,000	-0.09%	$22,565,000	0.69%	$0.07962	$0.148761	$285,711,000	-0.03%
9	NU/Chartis/AIG	H&B	10	1	2016	10	1	2017	$257,812	$257,812	-4.64%	$263,396,000	0.70%	$22,410,000	0.95%	$0.08522	$0.148761	$285,806,000	0.72%
10	NU/Chartis/AIG	H&B	10	1	2015	10	1	2016	$270,355	$270,355	8.42%	$261,570,000	6.11%	$22,198,774	36.73%	$0.09003	$0.157	$283,768,774	8.01%
11	NU/Chartis/AIG (5)	H&B	10	1	2014	10	1	2015	$249,354	$249,354	10.53%	$246,501,000	-0.79%	$16,235,108	n/a	$0.09082	$0.157	$262,736,108	
12	NU/Chartis/AIG	H&B	10	1	2013	10	1	2014	$225,600	$225,600	11.68%	$248,460,000	8.00%			$0.0908		AVG 5 years	4.47%
13	NU/Chartis/AIG	H&B	10	1	2012	10	1	2013	$202,000	$202,000	11.13%	$230,060,000	3.55%			$0.0878		AVG 3 years	7.60%
14	NU/Chartis (3) (4)	H&B	9	25	2011	10	1	2012	$184,750	$181,762	2.69%	$222,183,000	5.14%			$0.082			
15	NU/Chartis/AIG (2)	GRA	8	25	2010	9	25	2011	$191,750	$177,000	-6.8%	$211,323,000	0.47%			$0.084			
16	NU/Chartis/AIG (1)	GRA	8	25	2009	8	25	2010	$190,000	$190,000	18.4%	$210,339,000	18.66%			$0.090			
17	HS&B/AIG	GRA	8	25	2008	8	25	2009	$160,420	$160,420	-8.3%	$177,259,000	7.66%			$0.091			
18	HS&B/AIG	GRA	8	25	2007	8	25	2008	$175,000	$175,000	-2.5%	$164,645,000	7.05%			$0.106			
19	HS&B/AIG	GRA	8	25	2006	8	25	2007	$179,500	$179,500	-13.3%	$153,799,000	6.29%			$0.117			
20	Starr Tech/HS&B/AIG	GRA	8	25	2005	8	25	2006	$207,000	$207,000	-8.0%	$144,695,000	0.86%			$0.143			
21	Starr Tech/HS&B/AIG	GRA	8	25	2004	8	25	2005	$225,000	$225,000	-4.3%	$143,460,000	3.55%			$0.157			
22	Starr Tech/HS&B/AIG	GRA	8	25	2003	8	25	2004	$235,000	$235,000	27.0%	$138,539,000	n/a			$0.170			
23	Starr Tech/HS&B/AIG	GRA	8	25	2002	8	25	2003	$185,000	$185,000	5.7%								
24	FM Global	GRA	8	25	2001	8	25	2002	$175,000	$175,000	146.1%								
25	CIGNA/ACE USA	GRA	8	25	1998	8	25	2001	$213,353	$71,118	-24.2%								
26	CIGNA	GRA	8	25	1995	8	25	1998	$281,291	$93,764	-6.9%								
27	HS&B	SS	1	20	1995	1	20	1996	$100,720	$100,720	10.4%								
28	HS&B	SS	1	20	1994	1	20	1995	$91,244	$91,244	n/a								

Note: AIG sold HS&B to Munich Re in December, 2008
AIG renamed P/C business as "Chartis" on July 27, 2009

GRA=Global Risk Associates
SS=Starkweather & Shepley: NEPPA
H&B=Hickok & Boardman, Inc.

(1) TIV was limited to $200,000,000 coverage on 8/25/09
(2) Policy period extended to 13 months at same rate (now expires on 9/25/11)
(3) Policy period extended by 6 days to 10/1 (now expires on 10/1/12)
(4) TIV back to full limits ($222,183,000 on 9/25/11)
(5) TIV "bid" limited at $246,501,000 but expected to be raised to full $262,736,108 (for Winooski One)
Rate of $0.09082 is for all property except Hydro (W1) = $0.157
* AIG's quote comes with a rate-lock through the following policy period 10/1/18-19
Reflecting AIG's rate lock for 10/1/18-19
** Policy expiration extended from 10/1/19 to 11/1/19 and then 11/20/19
*** TIV capped at $175M

**** Not to excced Premium eff 11/20/2024 of $715,989

BURLINGTON ELECTRIC DEPARTMENT
Property/B&M Insurance Policies
Premium History
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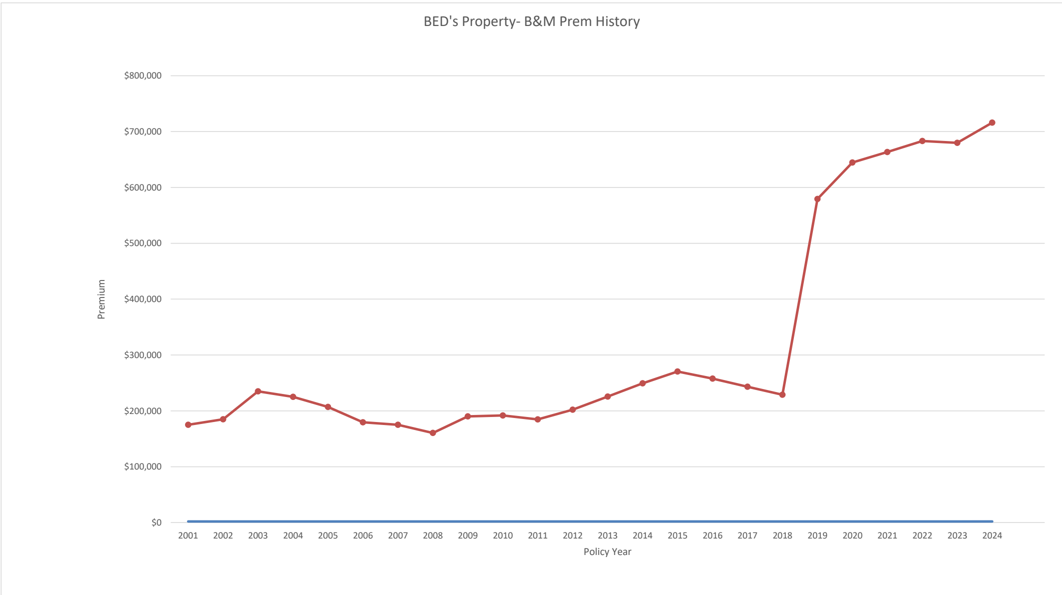
#	PY	Property Premium	
1	2001	$175,000	
2	2002	$185,000	
3	2003	$235,000	
4	2004	$225,000	
5	2005	$207,000	
6	2006	$179,500	
7	2007	$175,000	
8	2008	$160,420	
9	2009	$190,000	
10	2010	$191,750	
11	2011	$184,750	
12	2012	$202,000	
13	2013	$225,600	
14	2014	$249,354	
15	2015	$270,355	
16	2016	$257,812	
17	2017	$243,200	
18	2018	$228,762	
19	2019	$579,330	
20	2020	$644,506	
21	2021	$663,508	
21	2022	$683,117	
22	2023	$679,815	Deductible at McNeil raised from $1M to $2M , $500k to $1M at GT and W1H (reduced preium from "NTE" $778,683.70 to $679,814.70
23	2024	$715,989	Note: Final premium still TBD. NTE = $715,989
			FY'25 budget used an estimated 5% budgeted **rate** increase at renewal along with a 3% **TIV** impact)



Board of Finance and City Council Submission Checklist

Department: BED Submitter: Darren Springer and Paul Alexander

Title/Subject: BED Property/B&M Insurance Renewal 11-20-2024

	Approval:	Meeting Date:
☒	Board of Finance	11/4/2024
☒	City Council	11/12/2024
☐	Concurrent	Click or tap to enter a date.

This form must be completed by the person submitting the materials, and sent with the final submission. Please do not indicate that a signoff was received until it has actually been obtained.

Signoffs Received

Signoff Needed	Received	Date Received	Note
Department Head	Yes	10/27/2024	Click or tap here to enter text.
Mayor's Office informed and approved memo	Yes	10/27/2024	Click or tap here to enter text.
Board/Commission, if required	Yes	10/27/2024	Meeting on 11/13/24
City Attorney's Office has approved contract and/or legal documents, -Identify attorney in note	N/A	Click or tap to enter a date.	Click or tap here to enter text.
City Attorney's Office has approved memo and motion(s) or resolution(s) -Identify attorney in note	Choose an item.	10/27/2024	Pending
CAO has reviewed budget, financing, and memo	Choose an item.	10/27/2024	Pending
Human Resources, if personnel action -Identify HR Manager in note	N/A	Click or tap to enter a date.	Click or tap here to enter text.
CIO, if an IT-related investment/purchase	N/A	Click or tap to enter a date.	Click or tap here to enter text.

Materials Included

	Included?	Note
Final Memo Attached?	Yes	Click or tap here to enter text.
Contract Attached, if applicable?	N/A	Click or tap here to enter text.
Additional Materials, if necessary	Yes	H&B Cover memo, BED Premium History, H&B Quota Share chart, BED Cover memo
Draft Resolution or Motion?	Yes	Motions in memo
If for submission to Council, are sponsors identified?	Yes	BOF