MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION

Wednesday, May 14, 2025

The regular meeting of the Burlington Electric Commission was convened at 5:01pm on Wednesday, May 14, 2025, at Burlington Electric Department, 585 Pine Street, Burlington, Vermont, and on Microsoft Teams.

Attendance

- 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, Mike Kanarick, Munir Kasti, Ita Meno, Darren Springer, and Emily Stebbins-Wheelock were present at 585 Pine St.
- Staff members James Gibbons and Amber Widmayer were present via Microsoft Teams.

Agenda

Updated materials for agenda item #9 provided.

Meeting Minutes

Commissioner Whitaker made a motion to approve the minutes of the April 9, 2025, Commission Meeting; Commissioner Vota seconded the motion. Vote: 5 ayes 0 nays.

Public Forum

No members of the public were present.

Commissioners Corner

Commissioner Vota shared that there is inaccurate information on the Burlington City website regarding Commission meeting times and contact details. Department staff will investigate and correct.

Commissioner Whitaker inquired about EV charging infrastructure in the New North End. While it was noted that the New North End lacks fast chargers, it was clarified that there are existing Level 2 chargers available at Hannaford. However, there are challenges in accommodating all requests for EV chargers due to limited public spaces. Ongoing discussions about installing chargers in schools, including C.P. Smith, are promising, with plans to potentially extend this initiative to other schools like Flynn, subject to success. The Parks Department has also been involved in adding chargers at locations like Oakledge Park and the Waterfront, with further plans for Starr Farm, Leddy, and other parks included in a five-year plan.

Commissioner Hobbs expressed excitement and apprehension about their new ducted heat pump system, highlighting the need for Burlington Electric to provide guidance for homeowners unfamiliar with this technology. They discussed the importance of encouraging proper heat pump usage to minimize reliance on fossil fuels and were prompted to participate in the ongoing customer surveys to understand the community's experiences with heat pumps.

General Manager Springer shared that the triennial customer satisfaction survey is now in process. In addition to required and routine questions, the survey aims to collect data on customers' heat pump types and their usage patterns, reinforcing the city's commitment to reducing fossil fuel consumption. Participants were encouraged to share their experiences, especially as discussions continue at the state level on heat pump efficiency.

General Manager's Update

General Manager Springer highlighted several key events and initiatives aimed at increasing community engagement and addressing renewable energy concerns. Notably, two Lake Monsters events are set for June 18th and July 2nd at 6:35pm, in partnership with Vermont Gas. The aim is to invite local officials, including the Mayor, to participate in the festivities. General Manager Springer also announced a new date for the Net Zero Energy Festival, which will be held on Saturday, September 6th, coinciding with Art Hop, to broaden its audience. The festival will showcase various activities and is scheduled from 10am to 2pm rain or shine.

In a collaborative effort with Renewable Energy Vermont and UVM, BED hosted the inaugural Electrify Vermont Summit at UVM. This event exceeded expectations in attendance and interest, leading to considerations for larger venues in the future. The summit featured a tour of the Georgia Mountain Community Wind turbines and showcased electric vehicles such as the F150 Lightning truck, including cooking demonstrations. Keynote speaker Christina Garcia led discussions on the need for a unified voice in Vermont's electrification industry, which includes various stakeholders. The event attracted a diverse audience, primarily consisting of utility representatives and energy practitioners.

BED is set to rent a larger 1.2-megawatt mobile battery for deployment at 585 Pine from June to September, focused on capturing peak energy demands.

The Commission will be updated on the ongoing negotiations with the other McNeil joint owners, which are now extended to July 15th. Contracts have been finalized with vendors for studies of forestry and emissions reductions/efficiency at McNeil.

The Transportation, Utility, and Energy Commission meeting in July will involve Synapse for an analysis of the energy benchmarking policy passed by the City, assessing various strategies for efficiency and emissions within the mid-sized commercial sector.

The Commissioners agreed with the General Manager's request for the June 11, 2025 Commission meeting to start at 6pm instead of the usual 5pm.

Commissioner Vota requested updates on the energy efficiency charge fund deficit Public Utility Commission (PUC) proceeding. General Manager Springer confirmed that comments have been submitted, and the Department of Public Service and BED appear aligned on moving towards a resolution with anticipated actions from the PUC.

FY25 March Financials

Ms. Stebbins-Wheelock presented March 2025 financial results. In March 2025, the Department had an actual net loss of $331,000, outperforming the budgeted net loss of $418,000, resulting in a positive variance of $87,000. Sales to customers revenues exceeded budget by $227,000, while other revenues, primarily EEU reimbursements, were favorable by $69,000. No Renewable Energy Certificate (REC) revenues were budgeted or received this month.

Net power supply costs exceeded the budget by $199,000. Although McNeil's fuel savings were anticipated, they were outweighed by higher purchased power expenses. Two wind resources exceeded production expectations and transmission costs were $134,000 higher than projected. Other operating and maintenance expenses were unfavorable to budget by approximately $105,000. Other income was approximately $100,000 favorable to budget due to increased interest income and timing benefits from customer contributions, alongside a small unrealized investment gain.

Year to date, the Department reports $2.6 million in actual net income against a budget of $3.6 million, resulting in an unfavorable variance of $893,000. Commissioner Whitaker questioned REC delivery delays. Ms. Stebbins-Wheelock replied that because of issues relating to the McNeil RECs from Q3 2024, which were not properly minted due to the Department's error, the delivery of expected RECs in February 2025 was delayed. The Policy and Planning team is acquiring replacement RECs and anticipates recognizing some REC revenues in April and additional amounts in May.

Regarding capital spending, year-to-date expenditures total $7.1 million, below the budgeted $9.5 million, representing approximately 60% of the annual capital budget. Commission Chair Moody expressed concern about purchasing power from ISO New England and the challenges posed by fluctuating prices. Mr. Gibbons explained that these purchases are mandatory – like all distribution utilities, BED must purchase energy sufficient to cover its load each hour but is also compensated for the energy being provided at each hour by its owned and contracted assets and that BED's portfolio, especially McNeil, allows us some ability to adjust resource deployment based on economic factors.

Operating cash stood at $10.2 million as of March 31, slightly under the budgeted $10.7 million. Key financial indicators included a debt service coverage ratio of 5.08, an adjusted debt service coverage ratio of 1.32, and a cash-on-hand metric of 152 days including the $10M line of credit.

Commissioner Vota asked for clarification on why the NOx catalyst project was over budget. Ms. Stebbins-Wheelock confirmed that the production capital expense to-date figure of $2.875 million does not consider any FEMA reimbursements, which are expected to offset future production expenses in April results. She promised to research and follow-up on the catalyst replacement cost.

The current capital forecast suggests total capital spending for FY26 will be approximately $11.2 million, as compared to the budget of $11.7 million.

FY26 Budget
Mr. Springer and Ms. Stebbins-Wheelock summarized the Department's final proposed budget for FY26. The budget has allocated approximately $3.6 million towards strategic electrification and energy efficiency rebates and net-zero energy goals, which is important given anticipated rollbacks at the federal level and challenges like the Governor's recent announcement to pause certain clean vehicle programs. Key projects funded in this budget include matching funds for the Building GIANTS program, which supports load management/demand reduction for residential heat pumps and commercial customers, and the purchase of a second all-electric bucket truck. The budget also includes funding for four Level 3 and ten Level 2 EV chargers, aimed at increasing EV use in the community.

The FY26 capital budget is ambitious at $15.2 million and includes funding for FERC relicensing of Winooski One, phase 1 of a wood chip dryer at McNeil, ongoing IT Forward projects, $222k in VELCO equity. A larger VELCO equity investment will be financed through VPPSA, perhaps using the Vermont Bond Bank to secure better interest rates due to their higher credit rating.

Commissioner Bonn requested more information on the proposed pilot rate to support Building GIANTS. Mr. Springer responded that BED plans to file a pilot rate for the residential sector that would allow program participants with mini-split heat pumps to receive a $5/month bill credit in exchange for letting BED adjust their heat pump settings to manage peak demand.

Mr. Springer discussed several equity and accessibility-related initiatives that are included in the FY26 budget, including a proposed expansion of its Energy Assistance Program to include residential shelters and certain affordable housing properties.

The Department has again worked to manage controllable expenses, making cuts of $810,000 to this budget and assuming $300,000 in vacancy savings. Operating revenues are budgeted to increase by 7.5% overall and operating expenses are budgeted to increase by 9% with transmission and fuel costs rising most significantly. FY26 budgeted net income is $2.2 million, which would yield an adjusted debt service coverage ratio of 1.15 and 135 days' cash on hand.

Key threats and opportunities discussed included the lack of available renewables to replace expiring contracts, the uncertainty of federal EV charging grants, rising transmission costs, future salary/benefits cost increases, new program offerings and software systems that enhance customer engagement and automation, sales and the effect of strategic electrification, innovation and potential ownership changes at McNeil, and potential regulatory changes affecting the energy efficiency utility.

Commissioner Whitaker asked about the pension expense adjustment that is included in the budget. Ms. Stebbins-Wheelock explained that the Department uses a 3-year average to estimate the annual expense that needs to be recorded to offset changes in pension liability based on analysis performed by the City's actuary. Commissioner Whitaker also asked how the City's budget or financial condition affects BED. General Springer responded that the City's FY26 challenges primarily involve the General Fund and property taxes, but that the Department is conscious of those pressures and committed to affordability and partnering with other City departments as much as possible.

Commissioner Whitaker made the motion to approve the Department's Fiscal Year 2026 Capital and Operating Budgets as presented, Commissioner Hobbs seconded the motion; Vote: 5 ayes 0 nays.

FY26 Rate Case

Ms. Stebbins-Wheelock reviewed the presentation made to the Commission in April regarding a proposed rate increase of up to 4.5% to support the FY26 budget. Historical data shows varied BED rate changes since 1980, including a notable twelve-year span where no rate increases occurred. In recent years, increases have been modest, primarily in the single digits, and the continued aim is to keep them low.

For the past four rate cases, BED has requested a rate change less than what could be justified based on its cost of service. The cost of service to support the 4.5% increase is still being calculated. If the cost of service is insufficient to support the proposed increase, the request will be modified accordingly. Commission Chair Moody inquired if the Department was on track to reduce rate changes to approximately 3% or less, which would allow for a more streamlined Public Utility Commission (PUC) approval process. Mr. Springer responded that achieving this goal will depend largely on future cost-of-living adjustments set by upcoming union contract negotiations and transmission cost increases, which have risen significantly from $7-8 million to around $11.5 million annually. A moderation in these costs, coupled with revenue growth, could provide more room to manage expenses without raising rates.

Commissioner Vota asked for clarification between the cost of service and the budget. Ms. Stebbins-Wheelock explained that the cost of service is based on known and measurable changes to the most recently audited fiscal period, while the budget can include planned expenditures, assumptions, and more conservative estimates for financial planning. For instance, certain expected expenses, such as a potential Hydro Quebec rate increase, are included in the FY26 budget but do not meet the known & measurable test for inclusion in the cost-of-service calculation.

Mr. Gibbons underscored the differences in power supply cost assumptions based on historical production and energy forwards, drawing attention to the challenges in forecasting sales growth.

Mr. Springer noted the current upward pressure on natural gas and electric rates across Rhode Island and Massachusetts and conveyed that BED's customers are partially insulated from this volatility due to long-term contracts for renewable resources.

Commissioner Bonn expressed concerns surrounding the efficacy and economic risks associated with hybrid heat pumps that are used with natural gas heating and advocated for reporting on them separately than 100% electric heat pumps. Mr. Springer agreed; the Department does incentive different units differently and is optimistic about air-to-water technologies that promise better integration into existing heating systems.

Ms. Stebbins-Wheelock presented slides comparing the costs of BED's electricity to other goods and services; BED's residential, commercial, and total rates to average rates in Vermont and New England; and the projected effect of the proposed increase on average customer bills.

Commissioner Vota requested a summary of the rationale behind the proposed rate increase, referencing a previous presentation to the Board of Finance that provided essential context. Mr. Springer responded that Council President Traverse asked a similar question in the earlier meeting. Each 1% increase equates to approximately half a million dollars. To lower the rate from 4.5% to 3%, the budget would require an additional cut of over $1.5 million dollars, which poses challenges given that a significant portion of the budget consists of unavoidable, non-discretionary expenses. This includes fixed costs associated with transmission that cannot be avoided, leading to a precarious budget situation where further cuts could negatively impact customer service and long-term sustainability goals, such as achieving net-zero energy. The current budget strives to maintain incentives, which are viewed as crucial investments in business health, customer relations, and climate objectives. The strategic restructuring under former General Manager Lunderville resulted in a leaner staff and long-term cost savings, but aggressive cuts could erode essential capabilities within the organization.

Commissioner Hobbs asked whether there were any indicators of anticipated trends for the upcoming fiscal year. General Manager Springer responded that the Department's goal is to keep increases in the low to mid-single digits, targeting around 3% as ideal. While some factors affecting rates are outside the organization's control, there are optimistic signs regarding sales. Mr. Springer also noted that a taking full ownership of the McNeil facility may exert additional rate pressure on Burlington Electric and that transparency about these possible expenses will be essential for securing community support.

Commissioner Vota made the motion to recommend to the Board of Finance and the City Council the authorization to pursue a rate case with the Vermont Public Utility Commission in the amount of 4.5% on bills rendered beginning September 1, 2025; Commissioner Bonn seconded the motion. Vote 5-0 in favor.

Energy Assistance Program Tariff Amendment

Mr. Springer explained that the Energy Assistance Program (EAP) has seen a significant increase in enrollment this year—triple the previous numbers—due to recent tariff changes that allow enrollment on an "opt-out" basis and that Ita Meno's outreach efforts have been instrumental in raising awareness of the program's availability, particularly for vulnerable populations, including unhoused individuals. A residential shelter serving the unhoused community contacted BED regarding challenges with their energy bills, as they are on the large general service rate that can carry significant demand charges. To address this, the Department is proposing changes to make similar shelters eligible for the EAP.

Similarly, affordable housing providers who pay the electric bills of their residents are currently ineligible for the EAP. The proposed tariff changes will allow these types of customers, with the crucial requirement that affordable housing entities must share any benefits they receive directly with the residents they serve.

Ms. Stebbins-Wheelock added that the proposed tariff revisions will also allow net-metered customers to be eligible for the EAP.

Commissioner Vota complimented the staff on bringing this proposal forward. Commissioner Vota asked whether certain entities, like the University of Vermont (UVM), could qualify under these new provisions. Staff responded that UVM would not likely fit the criteria since the program is specifically aimed at nonprofit affordable housing providers, although individual students who qualify might be able to benefit, and that the intent is that all residents of a property must be income-qualified in order for the property to qualify for the rate.

Concerns about potential ambiguities in eligibility language were raised, particularly regarding the use of the term "may," which could unintentionally restrict access to the program for eligible parties.

Commissioner Vota moved to recommend that the Board of Finance and City Council authorize BED to submit the proposed changes to the Energy Assistance Program tariff, with the removal of the word “may” in item 2 under terms and conditions as discussed, to the Vermont Public Utility Commission for approval; Commissioner Bonn seconded the motion. Vote 5-0.

REC Process Reforms

Mr. Springer stated that the Department has reviewed its processes and procedures related to REC (Renewable Energy Certificates) to address a prior error that affected REC revenues. While the Department has discussed this with the Commission in executive session previously, this public session discussion follows successful settlement of REC contracts with counterparties. The Commission has been provided with a memo from BED to the Department of Public Service Commissioner detailing the issue and a Business Process Document outlining the revised procedures based on extensive, multidisciplinary meetings led by Ms. Stebbins-Wheelock. The revised business process covers both REC creation and required environmental reporting to ensure proper qualification of these certificates. The new process is intended to reduce risk by including more personnel in key tasks, centralizing access through secure systems, and implementing verification processes for critical tasks.

The recent error has resulted in reduced REC revenues for FY25. Despite this management is projecting year-end net income to align with budget projections thanks to positive offsets, including increased sales to customers revenue. The Department is not planning to amortize this loss through regulatory accounting treatment; it will be absorbed in FY25 and does not affect the rate need for FY26.

Commissioner Bonn asked for a report on the conversation with the Department of Public Service on this issue and what the outcome of seeking regulatory relief in Connecticut was. Mr. Springer responded that the DPS was interested in our undertaking this process review and provided some discrete feedback on our process memo. BED appreciates the DPS’s collaboration regarding regulatory relief in Connecticut, which did not yield favorable results. BED will seek to apply the

McNeil RECs from Q3 2024 to its Vermont's Tier 1 obligation, which will offer some financial mitigation. Commissioner Hobbs asked about any impacts on future REC sales. Mr. Springer and Mr. Gibbons responded that there was no anticipated impact on future REC sales, as the organization had completed obligations satisfactorily. The only pending sale involves acquiring necessary RECs from Green Mountain Power.

General Obligation Bond

Ms. Stebbins-Wheelock explained that the City charter allows the issuance of a $3 million annual general obligation bond for electric plant capital improvements, contingent on the Electric Commission approval. Once approved, the proposal goes to the City Council for inclusion in the City's annual general obligation bond issuance, usually in the fall.

Commissioner Hobbs made a motion to recommend to the Board of Finance and the City Council to authorize and direct the Chief Administrative Officer to pledge the credit of the City by issuing general obligation bonds or a bond anticipation note in the amount of $3,000,000 for the 2026 fiscal year for capital improvements, additions, and replacements for the efficient and economical operation of the electric department; Commissioner Whitaker seconded the motion. Vote 5-0.

Line of Credit Extension

Mr. Springer and Ms. Stebbins-Wheelock updated the Commission that the Department intends to renew its line of credit agreement with M&T Bank. The agreement provides for annual renewals for successive two-year terms. Bond counsel has advised that the agreement allows the Chief Administrative Officer (CAO) to approve the renewal. M&T Bank has offered to renew the agreement under the existing terms this year.

Commissioners' Check-In

General Manager Springer provided an update on the NOx catalyst project from earlier discussions. It was clarified that the project is not overspent but rather underspent due to its incomplete status, originally intended for the spring outage but now shifted to fiscal 2026 during the fall outage. While the budgeted amount was over $400,000, actual spending is approximately $250,000. The misunderstanding stemmed from a misinterpretation of the information packet, with clarification that despite generation capital being overspent overall, the specific catalyst replacement at the McNeil plant is well under budget. Additionally, the status of FEMA reimbursements for Winooski One flood damage was addressed; two payments have been received, with at least one expected to be recorded in April. The latest projection suggests that the net income will remain within $200,000 to $300,000 of the budget, assuming no unforeseen disruptions like those experienced in 2020.

Adjourn

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

The meeting of the Burlington Electric Commission adjourned at 7:21p.m.

Microsoft Teams transcript used to create minutes drafted by Elena Alexander, Board Clerk, edited by Emily Stebbins-Wheelock, CFO & Manager of Strategy and Innovation.

Attest: ______________________________
Elena Alexander, Board Clerk