

Minutes:

Stowe Electric Commissioners' Meeting
December 29, 2021 at 8:30 a.m. at Town of Stowe Electric Conference Room

Present:

BOARD MEMBERS: Richard ("Dick") Marron, Chairman (via Zoom); Larry Lackey, Vice-Chairman, Heidi Scheuermann, Commissioner (via Zoom)

STAFF: Ellen Burt, General Manager; Brent Lilley, Director of Operations; Sarah Juzek, Controller; Mike Lazorchak, Manager of Regulatory Compliance; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 8:30 a.m.

Approval of the December 1, 2021 Meeting Minutes

On motion made and seconded, the minutes of December 1st were approved.

Resolution of Board for \$4 Million Bond

This bond is needed to update the two Substations as discussed at the August Board of Commissioners meeting.

Larry Lackey moved that the Board of Commissioners of the Stowe Electric Department, having reviewed the materials related to the proposed issuance of general obligation bonds of the Town of Stowe in an amount not to exceed Four Million Dollars (\$4,000,000), subject to reduction from the receipt of available state and federal grants-in-aid, be issued for the purpose of financing the cost of improvements to the Stowe Electric Department's infrastructure and equipment for the Wilkins Substation and the Houston Substation, attached to this Resolution, hereby approve such materials and recommend to and request that the Selectboard of the Town of Stowe approve such materials and place the question as to the issuance of such bonds before the legal voters of the Town of Stowe. Heidi seconded the motion and the motion passed.

Once the resolution is signed by all Commissioners it will be delivered to the Selectboard for their approval.

SED will make sure it is clearly outlined to the Stowe voters why this bond is needed and what it will pay for. Ellen will publish an article in the Stowe Reporter, and SED's February Customer Connection newsletter will also elaborate on what these funds will be used for. A public meeting on the bond issue will also be held before Town Meeting Day.

Financial Report

October 2021 Financial Results: SED ended October with \$747,845 in total net income, which is \$431,955 above the 2021 straight-line YTD budget.

The Operating Revenue overall was \$98K unfavorable to the budget. SED Electric Sales were \$179K below budget. Residential Sales are \$245K down from the budget. The 2021 budget did not break out the Net Metering Credits, therefore SED needs to include the actual Net Metering credits with the actual Residential Sales to have a more accurate comparison. Commercial Energy is favorable by an increase of \$508K, which is caused by the budget being based on last year's COVID numbers. Commercial Demand is still unfavorable to the budget by \$136K.

Commercial Large Accounts are \$306K unfavorable to budget, due to the unseasonably warm temps. November and December snowmaking will help increase the revenue. Although, SED will not benefit from the allocation of its capacity and transmission costs.

Contract Work Fees continue to be favorable to the budget by \$78K as a result from the growing population. Consequently, SED shows an increase in Materials and Project Labor expenses.

Operating Expenses overall were \$506K favorable to the budget. Purchase Power costs were \$559K under the budgeted amount. This savings is from the Residential and Snowmaking Revenues being down.

Transmission & Distribution expenses are also down by \$29K from the budget. The cost of materials has more than doubled over the past year due to the increase in Contract Work Fees, causing an unfavorable variance from budget of \$98K. The line clearing savings of \$111K will be added to the budget for next year to continue with SED's 12 miles of clearing recommended each year.

Non-Operating Revenue & Expenses: The Vermont Bond Bank interest expense was favorable by \$16k, due to the credit received on the interest payment. The Miscellaneous Non-Operating income was favorable by \$8K, due to the scrap metal sales.

Revised Budget for 2022:

With the revised assumptions SED is anticipating a Net Loss of \$551,131 in 2022, which is a \$163,221 unfavorable swing from the original budget of a Net Loss of \$387,910.

Operating Expense has increased by \$139K from the original budget. Non-Operating Revenue & Expense total has dropped by \$24K. The revised budget now includes the \$4M interest payment of \$24K.

Heidi Scheuermann made a motion to approve the 2022 Budget as presented, Larry Lackey seconded the motion, and the motion was approved.

Cash Flow Forecast and potential Rate Case: The actual cash flow results through November and the forecast for 2022 were discussed in detail. Ellen and Sarah met with Sean Foley from the Department of Public Service to discuss SED's cash balance goals and requirements. He told them that SED's budget goal each year should be twice the amount of its Interest Expense. Therefore, the budgeted goal should be a Net Income of \$557,619 for 2022. SED should also carry a cash balance large enough to cover 1-3 months of expenses. No additional capital projects or expenses, other than the two Substations upgrades that were discussed, are planned for the next 2 years. However, SED does need additional reserves for potential storm damage expenses.

SED is currently budgeting a Net Loss of \$551,131 for 2022, which is a variance of \$1.1M, caused directly by the increase in Purchase Power. Once the 12/31/2021 audit has been completed by the end of April, a rate increase will have to be discussed.

Operations Report

The 3-hour safety and training this month included a trouble investigation session on trouble-shooting primary underground, primary overhead and secondary underground.

SED received a total of 4 new service orders in November and energized 15 new services. With a total of 154 customer service orders received so far, 2021 continues to be the busiest year in history. The crews have removed 125 ash trees and 85 danger trees along SED's transmission line to prevent outages. Linecrew assisted Morrisville Water & Light with 8 separate trouble calls, and also went to Taunton MA for 4 days to assist with Mutual Aid. Taunton Municipal Lighting Plant had nothing but praise for SED's linecrews.

SED initiated 20 work orders and crews completed 25 work orders during the month of November. SED also received 45 Dig Safes in November, for a total of 650 so far this year (vs. 551 YTD in 2020).

Regulatory Report

The previous month had activity at the Public Utility Commission and Department of Public Service on net-metering rulemaking updates, the Petition of GMP to modify their service territory to accommodate Global Foundries, low-income equity spending measures, and SED's 2022 Tier 3 programmatic plan. SED filed its 2022 Tier 3 programmatic plan. Stowe staff continues to monitor each PUC docket for impacts on Stowe Electric and its customers.

The Stowe Electric staff continues to support the Town Energy Committee and the Committee will provide their priority list for 2022.

Stowe staff submitted several grant applications in December for additional scoping and alternatives selection for the dam, mill, sluiceway, and flood mitigation.

SED met with Vail Resorts and Efficiency Vermont regarding Stowe Mountain's energy savings plan.

The PUC opened a new investigation on electric vehicles and Electric Vehicle (EV) charging rates. SED's initial report is due on 12/31/2021. Staff also attended a Road Usage Charge Advisory Committee meeting regarding a per kWh fee on EVs.

Other Business

ENE/Vail Renewables report: Calculating Vail's corporate power supply mix is problematic. Vail's current portfolio as well as SED's renewable resource portfolio were discussed in great detail. Next year, SED is expecting to procure considerably more renewable energy in the Load Following contract to help meet SED's Renewable Energy Standard requirements.

VLITE: The VLITE hydro utility grant for a new, innovative project that would allow SED to offer a community net-metering project for low-income customers to participate in was discussed in detail. Low-income ratepayers usually are either tenants, or they do not have the funds to install their own net-metering system, like solar panels. SED will be presented at the March 9th Board meeting but will submit the application to VLITE by February 9th.

APPA - DEED grant: SED was awarded \$62,500 towards an engineering study for resilient power system planning for a Micro Grid to power the High School, Fire Department, Police Department, the Water & Sewer Departments' pump stations and the Town Offices during a system-wide outage. The maximum award amount of \$125,000 was requested. Since APPA will only award 50% of the requested amount, SED is considered to have been awarded the full amount available.

The Board scheduled the next Commissioners' meeting for January 19th at 8:30am, which was later rescheduled for January 26th at 8:30am.

There being no further business, the meeting was adjourned at 9:53 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board