

Minutes:

Stowe Electric Commissioners' Meeting
January 22, 2020 at 8:00 a.m. at Town of Stowe Electric Conference Room

Present:

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

STAFF: Ellen Burt, General Manager; David Kresock, Director of Operations; Kristin Winer, Controller; Matt Rutherford, Manager of Regulatory Compliance; Lily Burgess, Clerk of the Board

Larry called the meeting to order at 8:07 a.m.

Approval of the November 20th, 2019 Meeting Minutes / Discussion

Doug White sent the Commissioners an e-mail, voicing concerns with the title as well as some wording of the November minutes. After a lengthy discussion, the Commissioners directed the Clerk of the Board to make the discussed changes, and to circulate the November minutes for Board approval at the next meeting again.

Approval of the December 18th, 2019 Meeting Minutes

On motion made and seconded, the minutes of December 18, 2019 as amended by Larry Lackey were approved.

Regulatory Update

2018 RES Compliance: Following the distribution utilities' (DUs) filing for their 2018 Compliance claims in August 2019, the hearing officer just issued a proposal for decision recommending that all utilities have met the compliance obligations for all tiers for 2018. Furthermore, SED was able to already bank 1,492 Tier 2 Renewable Energy Credits for future compliance, which is nearly 90% of its compliance target for 2019.

New 150 kW Net-Metered Project and Circuit 5 Constraints: A new 150kW net-metered solar project filed for a CPG at the end of the year. After having spoken with their engineer, SED discovered that due to the current load/generation ratio on this circuit, which could lead to a transmission ground fault over voltage ("TGFOV") event, SED cannot accept any additional distributed generation on Circuit 5 without system upgrades. Circuit 5 includes the Mountain Rd from TopNotch down to Route 100, Weeks Hill Rd, Cottage Club Rd, Cape Cod Rd and all the side roads in this area.

These upgrades would be similar to those that were completed at the Wilkins Substation last year.

SED has filed comments in opposition to the project with the Public Utility Commission to request that the project be directed to begin the Rule 5.500 interconnection process, which contains a series of engineering studies. SED is also reaching out to the project applicant to discuss the issue with them directly.

The net-metering rule and the interconnection rules from the PUC state that the project is responsible for any costs for system upgrades that are made necessary to safely install the project.

Larry enquired whether the PUC would allow an allocation of that cost among the first several projects coming online on that circuit. Matt answered that GMP encountered the same issue. They recently received approval for a TGFOV fee (per kW of AC capacity), which would create a fund that eventually could be used to upgrade the system, and allows the solar net-metering project to claim its place.

PUC Biennial Net-Metering Program Review: The last time the PUC implemented new Net-Metering rules, they also implemented a biennial review of the program. This is the second such review, and they have requested that the DUs supply long lists of project-specific net-metering data for review. These biennial reviews are intended to evaluate whether current rates of compensation for net-metering should be adjusted (e.g. reducing or increasing the REC or siting adjustors).

The PUC also opened another docket last year to review whether there should be more structural changes to the program. This docket contemplated broader topics, for instance potentially changing the compensation formula all-together. The DPS pointed out that the credit net-metering customers receive is currently larger than the actual value of the generated energy to the grid. Instead, the DPS suggested that solar net-metering customers should perhaps be compensated based on the true value of the solar resource to the utility, not on the current formula which is greater than the retail rate.

Operations Report

Dave reviewed the very busy 2019 and some of the many projects completed and service orders received. SED received 67 new service orders, and completed 64. This is the third-highest number in the last decade. For 2019, SED initiated 461 work orders and completed 436, or 94.6%. Customer requested work orders were 214, and SED completed 209, or 97.7%. SED received a total of 583 Dig Safes, and the line crews located 145 primary conductors and 105 secondary lines. The remaining balance of the 2019 Dig Safe requests consisted of 307 with no underground SED conductors and 55 that were outside of SED's territory.

This does not include the normal and daily maintenance the linemen do every day, or the downtown project.

Dave and Matt have been working on the Outage Report for the PUC for 2019 which is due on January 30th. They noted that in 2008 SED had 3,800 customers, and SED is now up to almost 4,300 customers. David will provide an update on the indexes at the next meeting.

Approval of 2020 Budget

The 2020 budget was already discussed in detail at the last meeting and the Commissioners asked Ellen and Kristin for additional information about the transmission and power costs. Kristin provided further detail on the comparison of the 2020 budget versus the 2019 budget. One big change affecting the power costs for 2020 is that the VTA Specific Facility charges ended with the last big payment in January 2020. ENE usually provides SED with a conservative power budget, but SED is purchasing more market power vs. a contract, therefore purchase power costs are harder to predict than in previous years. Natural gas prices are a driving factor in purchase power costs. Potential reasons for and the process of a rate increase and rate decrease were discussed in detail.

The budget numbers of the 2020 budget remained the same as presented at the December 2019 meeting, and Kristin will report and update the 2020 Budget on a quarterly basis.

Dick Marron made a motion to approve the 2020 Budget as presented, Heidi Scheuermann seconded the motion, and the motion was approved.

Other Business

Allonge for Attachment to Note: The Municipal Corporation Note with Union Bank, for Capital Improvements and a VELCO equity purchase in 2010 needs to be renewed. The loan was approved by the voters, the Board of Commissioners as well as the Selectboard in 2009, for a term of 20 years. Union Bank only offers loans with a maximum length of 10 years, with a balloon payment due at the end of the 10 years. The loan expired on December 29, 2019. The renewal is for another 10 years, with a reduced fixed interest rate.

Dick Marron made a motion to approve the Allonge for Attachment to Note with Union Bank, for Capital Improvements and a VELCO Equity Purchase, which was approved in 2009, Heidi Scheuermann seconded the motion, and the motion was approved.

Upper Alger Road: SED has not received a verbal or written proposal from Doug White yet. At the November meeting, Mr. White offered that he would use his excavator to dig the ditch, but was not willing to pay anything toward the new line. Heidi asked for more information regarding the estimated costs for the new line before discussing this at the next meeting. She suggested that SED reach out to Mr. White and ask for his proposal to resolve this matter and move forward. Conductors are usually not replaced until they fail, and most likely the conductor is direct-buried and not in conduit. Ellen will reach out to Mr. White, and Dave will get an estimate for the cost of the conductor.

SED Garage Lease: Ellen reported that she finally received an e-mail from LRSWMD last night. Ellen will respond to them and probably can report further at the next meeting.

Outage Management System (OMS): Most of SED personnel has been in training all week for the new OMS, which will be operational by the end of February. Dave was planning on giving a demonstration of how the new OMS works today, but since only Larry was attending the meeting in person, the presentation was postponed.

Town Report: The General Manager's report to the Town's Annual Report was circulated before the meeting. The REC pie chart and the RES compliance chart were discussed.

Rate Comparison for Residential and Net Metering Customer: Ellen provided the Board with a comparison of some employees' electric bills, and what they would be like if they were SED customers. SED's rate have continuously gone down in comparison to other utilities. SED's commercial rate is the third lowest in the State, and the residential rates are now one of the lowest as well. Heidi asked what the monthly customer charge pays for. Ellen explained that it pays for equipment such as the customer's meter and its install, as well as reading the meter, bill preparation, postage and record keeping, taxes, as well as general infrastructure maintenance. The customer charge follows the other rate changes, for instance when rates change by a certain percentage, so does the customer charge.

The Board scheduled the next Commissioners' meeting for Wednesday, February 19th at 8:00 a.m.

There being no further business, the meeting was adjourned at 9:32 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board