

Minutes:

Stowe Electric Commissioners' Meeting

April 23, 2020 at 9:00 a.m. at Town of Stowe Electric Conference Room

Present:

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

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

Dick called the meeting to order at 9:10 a.m.

Approval of the February 19th, 2020 Meeting Minutes

On motion made and seconded, the amended minutes of February 19, 2020 were approved.

Approval of the April 16th, 2020 Special Meeting Minutes

On motion made and seconded, the minutes of April 16, 2020 were approved.

Financial Reports

2019 Draft Audit and 4th Quarter 2019 financial results: The December 31, 2019 audit has been completed. SED is now reviewing the draft audit report, as well as completing the Management Discussion and Analysis report. SED finished the year with a profit of \$824,535. This result, however, includes all non-operating revenue and expenses. Referring to the Profit & Loss Statement and only including operating revenue and expenses the year-ending profit would have been \$122,000. The most significant difference between budget and actual was the decrease in purchased power cost of \$1,745,036 as discussed in previous Commissioners' meetings. As a recap, the budget prepared for 2019 was approved in October 2018, and was based on a forecast from ENE that still had several months left in the year. When ENE came out with their final numbers for 2018 and the subsequent forecast for 2019, the forecast was significantly (\$500,000) less than expected due to the timing of the budget for 2019.

2020 Cash Flow Report: The latest cash flow was discussed, as this information is changing daily. SED had some mitigating factors, that SED was able to apply to cash flow. SED is deferring Sales and Use Tax payments by one month, since the State has indicated that they will not charge late fees. Filings are still due on time, and Fuel Tax payments continue to be due as previously scheduled. SED is not eligible for the Payroll Protection Program, but will be receiving help with the Social Security payments. On April 6th, Ellen notified all employees of an immediate

suspension of all purchasing, except essential costs, and as a result Accounts Payables in April totaled only \$263,000 compared to \$1,000,000 in a typical month. SED will continue to look for further mitigating factors but expects to be in the negative by September 2020.

Larry inquired about how the cash flow projections break down into reduction in revenue (reduced usage due to businesses being closed) versus deferments of payments by customers (due to the pandemic). Kristin reported that her Cash Flow model looking forward reflects a significant decline in revenue because SED so far for the month of April has seen a 23% reduction in load, which is a considerable drop from the decline as projected last week of 11.5%. Since SED bills for April usage in May, the cash flow will most likely start to decline considerably toward the end of May. Most of the decline in revenue is expected to occur through August, as customers may be pushing off paying utility bills but are expecting to recover later this year. Heidi elaborated that she feels that May and June will be similarly challenging for Stowe, and talking to the business and hospitality community about the restart of the economy the general expectation and feeling is that if business is at 50% of last year for the months of June, July and August it will be considered a success. Even though only a small portion of SED's load, the residential usage will most likely be higher since people are staying home, kids and young adults are not attending school or college, second home owners might weather the storm in Stowe and residents that in the past left for mud season stayed home this year as well. The Commissioners expressed their hope to find a way, whether it is a bond, loan, line of credit, or other creative way, to avoid a rate increase. The option of using the existing rate case (filed in 2018 for 7.9%, and approved in 2019 for 5.4%) was discussed, as an emergency solution. Heidi offered to reach out to the Public Service Department to find out what their thoughts are with regards to municipal utilities, since municipals do not qualify for Payroll Protection Program (PPP), or the SBA Economic Injury Disaster Loan (EIDL). The State needs to hear that utilities do not want to go in for rate increases, but they need some help. Ellen will reach out to her contacts in the industry as well as at the State level. Larry asked about an extension or early renewal of SED's Line of Credit and also suggested that Ellen reach out to other power suppliers about an extension of payment terms.

Regulatory Update

Case 20-0141-INV - Electric power losses and their impact on telecommunications resiliency: This investigation was opened to look at the relationship between power outages and interruptions in telecommunications service as some telco companies are replacing powered copper wire lines with voice over internet protocol (VoIP) services that rely on electric power service to operate. As a preliminary step, the Hearing Officer wanted to identify the areas of the highest concern, meaning the areas that have the most cable and the most fiber as there is a higher potential that people are therefore using the VoIP for their telephone service. The second question from the Hearing Officer was whether those same areas experience a lot of outages. The electric distribution utilities (DUs) submitted high-level outage data for the past three years to the Department of Public Service (DPS). The DPS then used their telecommunications information to overlay this data with known fiber optic and coaxial cable roll-out in Vermont. The DPS assessment identified Stowe as one of 224 towns that are of the lowest concern. A second workshop will be held to discuss the DPS data submission after June 1st.

Case 20-0703-PET - Moratorium on Involuntary Disconnections: The Public Utility Commission (PUC) issued a moratorium on involuntary residential disconnections until at least April 30th. This order was later expanded to cover non-residential ratepayers and certain water companies. As the Governor's office has extended the state of emergency until May 15, 2020, the PUC is considering whether the moratorium should be extended to May 31, 2020.

Case 20-0097-INV - Biennial Update of Net-Metering Program: The Vermont DUs submitted historical net-metering deployment data as part of the biennial review of the program. While this is not meant as a holistic view of the net-metering policy, it is an opportunity to review the rates, and in particular the appropriateness of the three items that make up the compensation paid to net-metering customers: the Renewable Energy Credit (REC) adjustor, the Siting adjustor, and the Blended Residential Rate. Using that data, the DPS has submitted the following recommendations:

REC Adjustor: maintain the differential of \$0.04 between those that elect to keep their RECs or transfer them to the utility, but the total values would be reduced by \$0.01. Today a system that retains their RECs will receive an adjustor of -\$0.03 and a system that transfers them to the utility will receive \$0.01/kWh. The DPS recommendations for the next two years are below (NM 2.3 starting July 1, 2020 and NM 2.4 starting July 1, 2021):

| Program | Transfer RECs | Retain RECs |
|---------|---------------|--------------|
| NM 2.3 | \$0.00/ kWh | -\$0.04/ kWh |
| NM 2.4 | -\$0.01/ kWh | -\$0.05/ kWh |

Siting Adjustor: The DPS did not recommend changing the siting adjustor. However, they did encourage the PUC to consider whether it would be possible to implement siting adjustors based on the project's impact on the grid, which would theoretically address grid constraint issues.

Statewide Blended Residential Rate: The DPS used existing DU residential sales and rates to calculate a new Statewide rate of \$0.16413/kWh, an increase of \$0.0100/kWh. Per PUC rules, a DU is to use the lower of either the statewide rate or their own blended residential rate as determined using the most recent year's charges and sales. SED's effective blended rate has been lower than the Statewide rate since 2017.

Typically speaking, the rules state that the utilities need to file an updated tariff by May 15th to go into effect by July 1st. The PUC is currently considering a stay on proceedings considering the COVID-19 pandemic. If it takes effect, it will likely be in place until July 1, 2020.

Case 19-4985-NMR - Mountain House Lodge Solar: SED filed an objection to the project on January 14th based on TGFOV concerns for the servicing circuit. The PUC directed the applicant to file a response to our objection by April 17th. As of this report, a response has not been filed. Considering the unique circumstances that Vermonters are facing, SED cannot say what exactly the PUC's response to the missed deadline will be.

Operations Report

The line crews have been performing various surveys and equipment checks to fill in between work. They completed transformer surveys at Toll House condos and Stoneybrook for Control Point for the system study. This study is moving along well, and SED is expecting the first draft to be completed within the next few days. The system study report will be very lengthy and detailed.

The line crews have also completed the double set pole survey/count for the Consolidated pole purchase.

The Outage Management System is also near completion. SED had training/initiation for the Work Manager and Load Manager portion of the system on Tuesday. It is difficult with everyone spread apart, which slowed down the process some. Chris will see if he can enable the public portal so customers can see current outages, as well as report new outages through SED's website. Larry asked that the Commissioners be made aware when the "soft launch" occurs so that they can check it out. Stowe has experienced some strange weather and windstorms, resulting in 10 outages in February and March (mostly due to wet heavy snow and winds bringing trees and tree limbs down). SED also initiated 9 outages for tree trimming, tree removal and service work. The downtown work and its challenges, with current work directives and stipulations, were discussed.

Other Business

The Board scheduled the next Commissioners' meeting for Wednesday, May 20th at 9:00 a.m.

There being no further business, the meeting was adjourned at 10:16 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board