

Minutes:

Stowe Electric Commissioners' Meeting

February 16, 2022 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 (via Zoom), 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 8:34 a.m.

Approval of the January 26, 2022 Meeting Minutes

Larry remarked that he appreciated the research Ellen did on how to take Board Minutes. He understands what the legal requirements for minutes are, but he liked LegalZoom's Do's and Don'ts of Keeping Meeting Minutes and its guidance, advising what to put into minutes and what not. Dick stated that he reviewed the part about the VLITE grant application and that there were many discussions and therefore too much detail in the January minutes. Larry suggested that the Operations Report and the Financial reports do not need to be re-stated, but could be attached to the minutes, and only major points be added such as follow-up items for a rate case. Dick asked that the January minutes be condensed before approval. Heidi added that she agreed that the January minutes can be condensed. Ellen proposed that if a Commissioner feels something was left out in the minutes to let SED know and it will be promptly added. Larry suggested that unless there are changes to the accuracy of the January minutes, the Commissioners should approve them as they are.

On motion made by Larry Lackey and seconded by Heidi Scheuermann, the minutes of January 26th were approved.

Financial Report

Preliminary December 2021 Financial Results: Sarah stated that the financial statements presented were preliminary December results pending the year end audit. SED ended December with \$1,214,374 in total net income, which is \$835,307 above the 2021 YTD budget of \$379,067.

The overall Operating Revenue was \$614K favorable to the budget. SED Electric Sales were \$473K over the budget, with Residential Sales \$129K below and Commercial Energy being \$630K favorable to the budget. This favorable result is caused by the budget having been based on the previous year's COVID numbers. An additional \$30K in Tier 3 rebates than originally planned were awarded to SED customers. Contract Work Fees were \$140K favorable to the budget.

The overall Operating Expense was \$127K favorable to budget, with Purchase Power costs being \$165K under the budget.

SED ended the fiscal year \$94K favorable to the budget for Non-Operating Revenue and Expense.

Larry inquired whether the outlook for 2022 is still the same as was expected for the last couple of months, since SED finished 2021 about \$450,000 better than budgeted. Sarah responded that not much will change since the Purchase Power for 2021 was locked in. The forecasted Purchase Power for 2022 is increasing by \$1M in cost. Ellen stated that since cash flow is a bit higher than expected, the outlook for 2022 might be a bit more favorable than feared. Dick stated that due to the current surge in uncertainty in the world and inflation, he fears that energy costs will continue to increase. Larry responded that with what he is seeing in the world economy, wholesale prices and energy costs will continue to go up and it will be interesting to see how quickly that will seep into SED's supply mix. Larry asked that management keep the Commission apprised of the thinking of what the amount and timing of a potential rate increase would be.

Dick mentioned that when SED puts in behind-the-meter generation, for example the Nebraska Valley Solar or potentially the Moscow Dam hydro generation project, there are no transmission costs involved. He observed that when SED is comparing the costs of purchased energy vs generated energy, the cost of transmission also needs to be factored in the purchased energy. The savings in transmission costs need to be considered a return on the investment into the Moscow Mill hydro upgrade and the power generating turbines, and that the Commissioners need to keep this in mind.

Fiscal Year End Audit: The in-person audit is scheduled for March 21st through the 23rd.

Operations Report

Brent reported that SED asked Bashlin to send a representative to Stowe to inspect the line crews' belts, hooks, lanyards and harnesses for OSHA compliance. SED subsequently replaced one lanyard that showed markings from wear and tear.

RBG from NH inspected and conducted dielectric tests on SED's trucks, booms and bucket, as well as hot line tools for compliance. This needs to be done once per year.

Customer Service Orders have slowed down some in January. SED received a total of 3 new service orders and energized 1.

SED completed the line relocation across from Shaw's for the State of Vermont. Consolidated set the pole, and SED transferred the wires so work can now continue to progress. SED also completed 2 pole replacements along Stowe Hollow Road that were condemned. Now Consolidated and Stowe Cable can finish their part.

SED initiated a total of 20 work orders in January and crews completed 17 work orders. They received 9 DigSafes, and also experienced 9 outages.

Regulatory Report

Michael reported that SED staff submitted numerous informational reporting to the Public Utility Commission (PUC) on the previous year such as net-metering, outages, Tier 3. The rule revision to Rule 5.100, 5.400 and 5.500 are moving ahead.

The Stowe Electric staff continues to support the Town Energy Committee to work on priorities for 2022.

The 2022 qualifying rebate program has been updated and SED has received 4 rebate requests so far.

Other Business

EV Charging Stations: As a follow up to last month's meeting, Dick commented that the only reason SED owns EV charging stations is because they received a grant from VLITE. SED then set up an EV charging station tariff (for a flat fee, plus an additional fee for the 1st hours, and then double the fee for any hour thereafter). This is the reason that SED operates those 11 EV charging stations. At the same time SED received the grant, Efficiency Vermont and Drive Electric encouraged this, and wanted one of the grants to be awarded to a tourist town and another one to a rural electric area. Dick feels that in the future private businesses can set up their own charging stations or get help from public entities.

Clean Heat Standard Initiative: Heidi elaborated on the Clean Heat Standard that the Legislature is currently working on that will greatly impact the municipal utilities. The desire is to get people to meet the requirements of the Global Warming Solutions Act by reducing climate pollution. Fuel dealers will be regulated, creating an incentive to electrify more by requiring heating fuels suppliers to deliver clean-heating solutions, such as biofuels, wood pellets and heat pumps. More administrative reporting will be required, putting additional strain on municipal utilities as well as all other utilities. The good news is that it will ensure people are reducing their emissions, but the concern is how it will be paid for and how much will it increase the cost of fossil fuels and heating oil.

H.518 Municipal Fuel Switching Grant Program: This program would offer grants for renewable and efficient heating systems in municipal buildings such as Stowe's library, the Art center, the Town Hall. The objective is to take concrete steps to switch fuel sources for municipal buildings to reduce greenhouse gases, stabilize costs in the face of volatile fossil fuel prices and increase resilience at the municipal level. Larry mentioned that the Stowe Energy Committee is also looking at fuel switching for Stowe's municipal buildings such as the Memorial building.

The Board scheduled the next Commissioners' meeting for March 23rd at 8:30 a.m. which was later rescheduled for March 30th at 8:30am.

There being no further business, the meeting was adjourned at 9:23 a.m.

Respectfully Submitted,

Lily Burgess
Clerk of the Board