

## **Minutes:**

Stowe Electric Commissioners' Meeting

March 30, 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, 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 8:35 a.m.

## **Approval of the February 16, 2022 Meeting Minutes**

On motion made by Heidi Scheuermann and seconded by Larry Lackey, the minutes of February 16<sup>th</sup> were approved.

## **Financial Report**

January 2022 Financial Results: Sarah stated that SED ended January with a loss of \$239,216, which is \$249,883 below the 2022 budgeted profit of \$10,667 for the month. The budget is now spread seasonally.

The overall Operating Revenue was \$115K favorable to the budget. SED Electric Sales were \$100K above the budget, with Residential Sales up \$51K above the budget, and Commercial Energy being up \$37K from the budget. Contract Work Fees were \$15K favorable to the budget.

The overall Operating Expense was \$365K unfavorable to the budget, with Purchase Power costs being \$329K over budget. Most of these costs are from Purchase Power Energy due to the increase in projected electric sales and the overall cost of electricity going up. In the recent weeks, demand for power has decreased again, and therefore the purchased power cost decreased as well. SED has thus reduced their open position for purchased power on the market, which should help SED's financials for 2022. Dick inquired how much of Hydro-Quebec's price is connected to the current energy market. Ellen replied that considering what happened to natural gas, hydro power is very favorable. Larry responded that he believes the cost of hydropower is more stabilized and usually lags, but a percentage increase will eventually transpire, sometimes up to a year later.

Non-Operating Revenue and Expenses overall were even with the budget.

Fiscal Year End Audit: The December 2021 in-person audit fieldwork is complete, and SED is hoping to receive the audited financial statements in April.

Bond Financing: SED is working with Michael Hall from Stackpole & French on pulling together the necessary filing for the PUC. Sarah attended the Bond Bank webinar on March 22<sup>nd</sup>. She reported that the current market conditions stabilized at 2.3%, but SED will not

know the interest rate until the loan is locked in at the end of July. Funds should then be available to SED by mid-August.

Rate Case: Ellen and Sarah sent SED's financial details to Dave Lamont, who retired from the VT Public Service Department (PSD) as the Director of Planning and Energy Resources and who came highly recommended. He has been reviewing SED's financial statements over the past few days and met with Ellen and Sarah yesterday. SED's cashflow is still above the recommended minimum balance, however, SED is seeing a substantial increase in Purchase Power costs.

## **Operations Report**

Brent reported that there was no safety training in February. Customer Service Orders have slowed down. SED received a total of 0 new service orders and energized no new services. SED replaced condemned poles along Barrows Road and completed the make-read work on Covered Bridge Road for Stowe Cable.

The line crew also continues to replace old Chance porcelain cutouts to prevent future outages.

SED initiated a total of 40 work orders, crews completed 37 work orders in February, and received 13 DigSafes.

Larry asked how many poles are pending as condemned. Brent responded that it is hard to say since SED owns about 2/3 of the poles in their territory. Consolidated owns the other 600 poles and they hired Osmos Trees to inspect and tag all their poles. Poles with a yellow tag are considered condemned, with a certain amount of rot or dangerous to climb. If Brent or the crew comes across SED owned poles with yellow tags within its service territory, they will be replaced.

## **Regulatory Report**

Michael stated that the regulatory report is light again this month. During the previous month the Legislature, PUC and PSD were largely focused on the federal recovery funding. The PUC continued to focus on the biennial net-metering rules 5.100, 5.400 and 5.500 revisions. While nothing was filed this month, there will be considerable activity in these dockets next month. The PUC officially approved SED's 2020 Integrated Resource Plan (IRP) with the standard feedback.

The 2022 qualifying rebate program has been updated and SED to date has received 5 Electric Vehicles and 30 cold climate Heat pump reimbursement requests. Michael filed the 2021 rebate report with the PSD. SED is now waiting for the audit request from the PSD. Earlier this week, UVM engineering students presented their mid-term Spring semester draft Capstone Project reports on both the hydro project and the structure of the Moscow Mill.

Michael is working on Town Plan updates with the Stowe Energy Committee, and he will attend a Lamoille County incentives webinar tomorrow.

Ellen and Michael keep pushing forward on the funding for the Mill and had a very good conversation with Northern Borders last week. SED will be speaking with Senators Sanders and Leahy, and Congressman Welch this week and next week about line-item authorizations.

Michael continues to work with Efficiency Vermont on weatherization initiatives and programmatic updates in Stowe's territory.

Heidi reminded Michael that her committee is currently working on cyber security in the utility sector. Michael stated that SED's IT manager, Jon Black, is urging him to participate in the hearing this afternoon. Heidi reported that VPPSA, Vermont Gas, Burlington Electric, Vermont Electric Coop, VELCO will attend as well.

Larry mentioned that he read the most recent minutes of the Stowe Energy Committee (SEC) and their mention of their meeting with the Stowe Planning Commission to discuss the Town Energy Plan. SEC made a number of recommendations to the changes in the bylaws, some of which were significant, and also discussed a town ordinance to implement solar-ready buildings for all new construction by 2030. SEC's Transportation Subcommittee is focusing on the current traffic concerns on Route 108 up to the Mountain Resort. It was noted that there has been much discussion on Front Porch Forum regarding possible solutions to the congested traffic during the ski season. Michael confirmed that SED is already ahead of its decarbonization goals and that bulk power will provide a better savings to customers than whole building electrification of new construction and municipal buildings.

Larry mentioned that Global Foundries filed a new petition to be a self-managing utility and asked if SED will be involved in this. Michael responded that SED will continue to only monitor their petition since Global Foundries as no impact on SED.

## **Other Business**

New Hydro Plant Construction: Hopefully, SED will be able to install additional equipment on the other side of the river at a later date to increase the hydro generation. Michael elaborated that since the run time per year is very favorable and constant, the yearly output would be 400,000kWh.

If Kingsbury, a local construction company, did the dam removal work their initial estimate would be \$1.4M, which however does not consider any costs related to permitting, legal/decommissioning, historic preservation review, and river restoration. This estimate also does not consider the impacts to the mill building or the stabilization of the mill.

The proposed plan to repair the dam to satisfy the PUC order is estimated at \$1.8M. This has the additional benefit of making the site ready for the installation of a new hydro plant. Under the draft dam restoration plan, a new bladder is suggested to increase the capacity of the dam to manage flood events and increase hydro production. The bladder adds an estimated \$510,000 to the restoration plan. The \$1.8M estimate also includes updated concrete work, the spillway repair, new trash racks and headgate, the restored dam, and a properly engineered spillway.

The current estimated cost for the hydro plant equipment is \$960,000. This includes the turbines, control, powerhouse, and penstock. The cost of restoring the dam and flood control, and a modernized hydro plant is estimated at \$3M. The PUC order specifies a two-year obligation to stabilize the dam facility.

Larry said that he would be interested to know what it would cost if SED went out to buy 200kW of hydro capacity on the market to partially determine a return on investment. Ellen stated that is a good question and that she will reach out to ENE to find out.

Larry also mentioned the cost of the bladder and the flashboard alternative. The bladder would increase the height of the dam by 2 feet. Using a flashboard instead would reduce the production to below the 200kW. However, a bladder would take away from the charm of the old dam. Larry stated that at this time he does not feel comfortable using the restricted Capital Highgate Funds to reduce the cost of the Moscow Mill hydro project and Dick agreed.

Mike Hall from Stackpole & French is working on a presentation to the Board. Mike used to work for VELCO and is an expert on hydro facilities all over New England and Canada. Larry suggested to ask Dave Lamont for his opinion of bladder vs flashboard for the hydro project and also whether restoring the dam vs decommissioning the dam is a prudent decision.

**Executive Summary (Personnel Matter)**

The Board moved to go into Executive Session at 9:21 a.m. to discuss a personnel matter.

The Board made a motion to come out of Executive Session at 9:54 a.m. and the motion carried.

No action was taken or motion made.

The Board scheduled the next Commissioners' meeting for April 27<sup>th</sup> at 8:30 a.m.

There being no further business, the meeting was adjourned at 9:56 a.m.

Respectfully Submitted,



Lily Burgess  
Clerk of the Board