

## **Minutes:**

Stowe Electric Commissioners' Meeting

May 21, 2019 at 8:00 a.m. at Town of Stowe Electric Conference Room

### **Present:**

BOARD MEMBERS: Richard ("Dick") Marron, Chairman; Larry Lackey, Vice-Chairman

STAFF: Ellen Burt, General Manager; Robert Vogel, Controller; Matthew Rutherford, Manager of Regulatory Compliance; David Kresock, Director of Operations; Lily Burgess, Clerk of the Board

GUESTS: Gregory Sargent and Casey Scandore, Kittell Branagan & Sargent (KBS)

Dick called the meeting to order at 8:05 a.m.

### **Approval of the April 30<sup>th</sup>, 2019 Meeting Minutes**

On motion made and seconded, the minutes of April 30, 2019 were approved.

### **Gregory Sargent and Casey Scandore from KBS**

Greg is the engagement partner for SED's audits. KBS handles quite a few municipal utility audits. Casey as the audit manager for KBS provided a summary of the December 31<sup>st</sup> audit. KBS issued an unmodified opinion, which is a clean opinion. The Management Discussion & Analysis Section was written by Ellen and is a summary/comparative. With the requested journal entries, net income increased by \$400,000 compared to the trial balance. The ending net position showed a \$2 million gain, however \$1.7 million relate to the Highgate Transmission Asset Sale. The proceeds from the Highgate Transmission Asset Sale are restricted cash, designated for the Capital Improvement Plan 2019-2020. The other out-of-the-ordinary item in 2018 was related to the Lamoille County Project, paying off the Key Bank debt and the cashing in of those investments to prepare for the final payment to the Lamoille County Project. This final, large payment and some funds still retained in escrow by VELCO were discussed in detail.

The footnotes are consistent with prior years, with no new disclosure requirements. Accounting treatment of lease payments was discussed in detail. Very few municipal utilities are able to generate a profit from Operations, most rely heavily on the VELCO Transco units, and the interest and dividends generated. Greg explains that this is how Vermont was tailored in the rate structures. The accounting treatment of the new Stowe Electric facility during the construction as well as after the office move was discussed. Potential future projects and their financial liability vs. past performance were mentioned. Greg stated that from the audit's perspective, KBS's only concern with footnotes is that they are not misleading. However, editorial comments are fine and at the discretion of the utility's management.

Greg elaborated on the handling of the material swing, and the requested journal entries, which are entirely unusual for Stowe Electric. As KBS was working their way down the balance sheet, Casey was noticing that certain things did not make sense, and a deposit entry on the Highgate Transmission Asset Sale was not entered. This was brought to Ellen's attention, and Ellen acted immediately and addressed the situation. This shows that the system and its controls, with a second set of eyes checking reconciliations, worked. The management letter will state this as well, reiterating that reconciliations should be reviewed quarterly, if not monthly. Different entities handle the reviews differently, and Stowe Electric is lucky that Ellen has an accounting background. The missing entries, and the big, unusual journal entries needed as of December 31<sup>st</sup> were discovered quickly during the audit. The Accounts Payable and Purchase Order review process was discussed, with Ellen being the last to review. All banking statements, their reconciliations as well as the daily cash positions are reviewed regularly to prevent misappropriations.

Greg and Casey exited the meeting at 8:40 a.m.

### **Appointment of Clerk of Board**

Larry Lackey made a motion to appoint Lily Burgess as the Clerk of the Board, Dick seconded and the motion was approved.

### **Regulatory Update**

#### Legislative Bills:

- H. 529 - Transportation Bill: The bill is currently in conference committee. As reported last month, there are some differences between the bills, but both will require a report to evaluate the feasibility of assessing fees on Electric Vehicle (EV) charging as well as the future funding of the EV Incentive Program. The House version establishes specific EV incentives, based on the MSRP of the vehicle and household income levels. The Senate version appropriates \$2 million for 2020 for two programs, one for incentives for EVs without the incentive rates, the other program is meant to help older, inefficient vehicles get off the road by providing a purchase incentive for higher efficiency, used vehicles, as well as a voucher program for vehicles with a value of \$5,000 or less to pass emission inspection.
- H. 513 - Broadband Bill: This bill is essentially a merger of two previous bills that (1) directed the Public Service Department (PSD) to "study the feasibility of VT electric companies providing broadband Internet access service (BIAS)" and (2) directed the Public Utility Commission (PUC) to revise the rules that govern pole attachments. The Senate proposed amendments to the bill and it was passed out of the chamber with unanimous support and concurred by the House. The PUC is required to propose the final rule by December 1, 2019.
- S. 95 - Municipal Bonding and Group Net-Metering for Schools: Municipal utilities can borrow 50% of its gross assets without voter approval, but would require local legislative approval (Selectboard or City Council). This bill would eliminate the need for a municipal utility to receive voter approval only after approval from the PUC. The bill has gone through the conference

committee and will retain the exemption for schools and school districts from the 500kW group net-metering cap. They would instead have a 1MW cap per utility service territory. SED would continue to ask for voter approval for long-term borrowing.

### RES Tier 3 Update:

- **Background:** For the 2019 program year, SED is offering a rebate incentive for qualifying cold-climate heat pumps (ccHP), plug-in hybrid vehicles (PHEV), and all-electric vehicles (AEV). SED's VLITE EV charging stations also qualify for Tier 3 credit for the 2019 program year. SED's goals for 2019 based on Efficiency Vermont estimates and predications are 42 ccHP, 7 all electric vehicles and 11 plug-in hybrids.
- **ccHP Program:** SED is offering a \$575 incentive for qualifying ccHPs. These units are also eligible for an incentive from Efficiency Vermont for \$325 to \$425. Stowe has had 9 qualifying ccHPs installed so far. SED is aware of at least one project along Mountain Road that plans to install ccHPs in the units. Larry suggested contacting a consultant to get some marketing and promotion advice and insight. Matt stated that Efficiency VT is also informing the installing partners of the incentives. A potential article in the Stowe Reporter, plus a regularly running ad promoting the ccHP program were discussed.
- **EV Program:** SED is offering a \$850 incentive toward AEVs and \$450 toward PHEVs. There is furthermore an additional \$250 incentive for income-qualifying customers. SED has also partnered with Nissan to offer \$2,500 - \$5,000 off the 2019 LEAF electric vehicles through July 1, 2019 (the incentive rates are subject to change each quarter). SED has received an incentive form for 1 AEV so far, and several customers have inquired about the incentive program and expressed interest in participating this year.
- **Destination Electric –** Although not a Tier 3 program, Matt elaborated on this marketing initiative to promote EVs. NESCAUM, an organization of state environmental conservation agencies from the Northeast, selected two towns and cities from each of the 8 participating States for their Destination Electric program, which launched on May 14<sup>th</sup>. Stowe and White River Junction were the two selected from Vermont. The program is a marketing campaign intended to highlight the type of lifestyle that an EV can afford when considering the charging infrastructure that is currently in place and dispel the notion that there are not enough charging stations to make an Electric Vehicle practical. Through the joint outreach, so far 8 businesses in Stowe have agreed to participate, which is an impressive number. More information can be found at [www.DriveElectricUS.com/destination-electric](http://www.DriveElectricUS.com/destination-electric)

### **Operations Report**

Dave reported that it is a really busy time of the year, with lots of new multi-unit residential projects in the works. The highlights this month are hopefully wrapping up the 3V0 relay cabinet / protection system at Wilkins Substation as well as the Moscow Solar PCC recloser.

An outage management system for SED with all its various advantages (including SAFI/CAIDI reporting) was discussed in great detail.

Stowe is the EV destination in Vermont. Dick was inquiring about the EV Charging station signage in Stowe. Unfortunately, to have the state install the EV Charging signs along roads,

SED would need to swap out all the existing SED signs on the EV charging with generic state signs. Most owners of electric vehicles do have an app to find EV charging stations on their travels. The EV Charging Sessions Overview handout, showing the number of sessions at each of SED's 11 EV charging stations throughout Stowe over the past four months was discussed. The top three EV charging stations in the last four months, based on usage, are Spruce Peak, Trapp Brewery and the Alchemist fast charger.

Matt elaborated that when SED designed the EV charging station rate, at that time little information regarding usage was available to base the new rate on. Now there is a lot of push to move this kind of rate to a "per kWh" rate, for actual usage. Certain vehicles are limited by how much their electric vehicle will take in, and not by the output at the EV charging station.

### **Other Business**

Rate Refund Credit: The electric rate refund credits, totaling \$162,921.40, have been calculated and posted to all active ratepayers' accounts. The one-time credit will show on customers' May bills as a separate line items. The total amount refunded to residential customers was about \$60,500 and the total amount refunded to commercial customers was about \$89,500. Snowmaking's rate refund credit was about \$12,800.

The Board scheduled the next Commissioners' meeting for Tuesday, June 18<sup>th</sup> at 8:00 a.m.

There being no further business, the meeting was adjourned at 9:54 a.m.

Respectfully Submitted,



Lily Burgess  
Clerk of the Board