

Minutes:

Stowe Electric Commissioners' Meeting

May 20, 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; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 9:08 a.m.

Re-Appointment of Commissioner by the Selectboard; Appointment of Clerk of the Board

Larry Lackey has been re-appointed as Commissioner by the Selectboard. Heidi Scheuermann made a motion to appoint Lily Burgess as the Clerk of the Board, Larry seconded it and the motion was approved.

Approval of the April 23rd, 2020 Meeting Minutes

On motion made and seconded, the minutes of April 23, 2020 were approved.

Financial Reports

Profit and Loss Statement: The first quarter of 2020 remained relatively intact and ended within \$5,300 of budget. It is expected that the 2nd quarter will be significantly affected by revenue decreases and cost mitigation activities. Increased electric sales to ratepayers along with reduced costs associated with purchased power costs on a per megawatt basis as compared to budget resulted in approximately \$110K net improvement to the bottom line. Contract work fees were \$66K less than budget, mostly due to timing and seasonality. Transmission and Distribution costs were \$56K less than budget mostly due to seasonality and the timing of line clearing. This work will remain on hold until cash flows recover.

2020 Cash Flow Model: The cash flow model was developed in response to changes in business due to the COVID-19 pandemic. SED is continuing to use this model on an on-going basis to track its business cycle and verify that they have the liquidity to move through these uncertain times. SED is still projecting a reduction of revenues compared to budget of about 22% and a reduction in cash flow due to delayed payments in May and June of about 15%.

The results of the model with all current assumptions show that SED will begin to experience cash flow challenges as of the end of October. This has been extended approximately four weeks from previous forecasts due to stronger than expected payment receipts, continued overall reductions in power costs and overall very conservative operational spending. The model furthermore includes a deferral of Sales and Use Tax payments by one month with no penalties.

SED is also utilizing the CARES Act Employer Social Security Tax Deferment, which will defer the employer portion of OASDI until the end of 2021 and 2022. SED is eligible for this benefit since they are not eligible or able to obtain a loan through the Payroll Protection program.

Heidi reported on her recent communication with the Commissioner regarding federal help for municipal utilities. She also talked with the Commissioner separately about the demand charges for commercial customers. The Commissioner responded that the demand charges under the large commercial tariff is a much more complicated issue than expected. Heidi stated she will continue to advocate for the municipal utilities and that the Commissioner will talk with the delegation again next week. She will also attempt to bring other legislators on board to find financial help and support for municipal utilities. Ellen is in regular contact with American Public Power Association (APPA), and has been pushing the regulatory aspect in Washington D.C. Dick stated he hopes that there is aid for local governments in the most recently discussed House Bill now before the Senate.

Operations Report

David mentioned the increase in the amount of customer-initiated work orders, as residential construction has started again. The linecrew started working on the downtown underground project as well. A lot of the work on the North end of Main Street is completed. SED initially started to pull conductors on Mountain Road but determined the splice sleeve used by the contractor to splice the conduits for the road bore reduced the inside diameter at the splice joint. While the Town and contractor worked to replace the conduit splices, SED moved to other pulls.

IT: Chris did a great job repurposing older laptops and setting up the office phones for external access to the phone system, allowing a smooth transition for administrative staff to efficiently work from home during the pandemic. Ellen remarked that administrative staff worked their regular hours, had access to the server and all necessary documents and the billing system with a VPN connection, and professionally answered phones just like if they were at the office. Administrative staff took turns working at the office, so that one CSR would be present to deal with mail, process payments and make sure that the billing process continued to be accurate and bills were mailed to customers in a timely manner.

SED completed the review of the first draft report of the system study by Control Point and has sent back the remarks. Control Point is continuing their work on the second draft and hope to have it completed in the next couple weeks. This system study and its associated costs were approved in 2019 already. The study needs to be completed for SED's impending new Integrated Resource Plan (IRP) filing.

Legal Matter (Executive Session)

The Board moved to go into Executive Session at 9:46 a.m. to discuss a legal matter (including easements), and asked Ellen Burt and David Kresock to stay. The Board made a motion to come out of Executive Session at 10:11 a.m. and the motion carried.

No action was taken or motion made.

Other Business

Ellen reported on the upcoming pre-hearing conference with the PUC scheduled for May 27th regarding SED's petition for approval to repurpose asset sale proceeds to offset losses resulting from the COVID-19 pandemic.

The Board scheduled the next Commissioners' meeting for Wednesday, June 17th at 8:00 a.m.

There being no further business, the meeting was adjourned at 10:13 a.m.

Respectfully Submitted,



Lily Burgess
Clerk of the Board