

Minutes:

Stowe Electric Commissioners' Special Meeting
April 16, 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; Kristin Winer, Controller; Lily Burgess, Clerk of the Board

Dick called the meeting to order at 9:16 a.m.

Phone Discussion re: Financial Matters during COVID-19 Pandemic

After technical difficulties, the meeting was switched from a conference call to a Zoom video conference.

Ellen and Kristin prepared a Cash Flow Model 2020 as well as a Cash Flow Model Discussion memo that was developed in response to changes in business due to the COVID-19 pandemic. SED will be using this model to track its business cycle and verify that SED has the liquidity to move through these uncertain times.

As businesses, hotels and restaurants were ordered to close with the "Stay Home, Stay Safe" order, SED has seen a considerable drop in the commercial load over these past four weeks. Since 60% of SED's load is commercial, SED projected weekly cash flow until the end of the year using the data collected in the past month.

SED is currently projecting a reduction of revenues compared to budget of about 11.5% and a reduction in cash flow of 20-25% through August, and about 16.5% overall to the end of the year. The cash flow model will be adjusted weekly, but at this time SED expects to be in the negative by August. Governor Scott indicated that he intends to reopen the State at a slow pace, and it is expected that the economy will not recover fully until next year.

Ellen is exploring the possibility of applying for a loan (Paycheck Protection Program "PPP") through the Small Business Association (SBA), and she also contacted NextEra about a moratorium on power bills. Heidi will check if SED could qualify for an Economic Injury Disaster Loan. Ellen will contact the Public Service Department (PSD) tomorrow. Since the PSD requires utilities to run lean without extra funds in the bank, utilities may now be forced to ask for emergency rate cases. One option for SED might be to ask for the full 7.9% rate increase as originally filed for in June 2018, when only 5.4% was approved by the PSD in March 2019. Rate cases usually are very expensive and time-consuming. Ellen will also contact the PSD to see if SED would be allowed to un-restrict certain funds to elongate the time until SED would have to file for a rate increase. The General Manager of Hyde Park Electric has written a letter to Sanders, Leahy and Welch pleading for their help and asking them to contact the Public Service Department with her serious concerns.

Customers asking for a Pay Agreement and the impact of those delayed revenues were discussed in detail. Dick inquired how many of these commercial customers could qualify for a SBA PPP loan, since 75% of those funds have to be used for payroll and 25% can be used for interest payments on loans as well as utility bills. These loans can furthermore convert to grants.

Other Business

Dick reminded everyone that the next Commissioners' meeting is scheduled for Thursday, April 23rd at 9:00 a.m.

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

Respectfully Submitted,



Lily Burgess
Clerk of the Board