

Minutes:

Stowe Electric Commissioners' Meeting:
November 16, 2022, at 8:30 am at Town of Stowe Electric Department Conference Room with remote participation available via Zoom.

Present:

BOARD MEMBERS: Larry Lackey, Chair; Heidi Scheuermann, Vice-Chair and Sara Teachout, Commissioner

STAFF: Jackie Pratt, General Manager, Brent Lilley, Director of Operations; Sarah Juzek, Controller; Michael Lazorchak, Manager of Regulatory Compliance; Amber Ives, Clerk of the Board

Call to Order: L. Lackey called the meeting to order at 8:30 am.

Agenda Approval:

H. Scheuermann moved to approve the warned agenda; the motion was seconded by S. Teachout and was approved.

Election of Officers and Clerk:

On October 31, 2022, the Chair of Stowe Electric Department's Board, Dick Marron, retired.

H. Scheuermann made a motion to elect current Vice-Chair, Larry Lackey, as Chair of the Board. The motion was seconded by S. Teachout and unanimously approved.

S. Teachout made a motion to elect current Commissioner, Heidi Scheuermann, as Vice-Chair of the Board. The motion was seconded by L. Lackey and unanimously approved.

On a motion made by H. Scheuermann and seconded by S. Teachout, Amber Ives was appointed as Clerk of the Board.

Approval of October 19, 2022, Meeting Minutes:

On a motion made by H. Scheuermann and seconded by L. Lackey, the minutes of October 19th were approved.

2023 Budget and Rate Case Update:

J. Pratt provided an update on the 2023 Stowe Electric Department Budget and the pending December rate case. As discussed at the October commission meeting, an additional rate increase is needed to close the gap between current rates and anticipated costs. This is due to continued rising power costs and a lower than required rate increase proposed to VT Public Utility Commission (PUC) in June 2022.

Analysis of updated power cost forecasts is currently underway, with a plan to submit a new rate case no later than December 15, 2022, for implementation February 1, 2023. Initial indications show the need for a potential rate adjustment of an additional 10%. Because power supply costs represent such a huge part of Stowe Electric's annual operating budget (~70%), management has decided to push back finalization of the 2023 budget until we have the full analysis of the December rate case completed.

H. Scheuermann asked for clarification about whether the rate request would be a brand-new case or if it was in addition to the rate increase submitted to the PUC in June. Stowe Electric Department (SED) staff explained that this would be a completely new rate case as the PUC's rules do not allow a utility to revise the percent increase once the rate request is filed.

H. Scheuermann asked if there are other things besides another rate increase that SED could do to reduce operating costs and expenses in order to balance the budget. J. Pratt assured the Board that all expenses were being analyzed and that the team was actively working to reduce costs.

H. Scheuermann requested that as SED moves forward and as power costs readjust, that SED be proactive in looking at reducing rate costs for the people of Stowe. S. Juzek reminded the board that SED had processed rate reductions in the past and J. Pratt ensured that rates would be evaluated as the market evolved. J. Pratt said that as stewards of this public good, SED is aware of minimizing the increased power supply costs on our customers while making informed decisions for the financial health and well-being of the organization.

J. Pratt also indicated an update on SED's five-year capital plan, annual spending, and cash flow analysis will be presented at the January commission meeting.

The Board and Staff discussed meeting date options for when the 2023 Operating Budget and the submission of the proposed electric rate case could be reviewed and approved. It was understood that choosing December 7th for the meeting would mean

that financials typically presented in December would be shifted to the regular January meeting to accommodate the short window between the meeting and the close of the month.

H. Scheuermann moved to schedule the next regular SED meeting on December 7, 2022 at 8:30 am with a full agenda. S. Teachout seconded the motion, and it was approved.

Financial Report:

S. Juzek stated that SED ended September with a \$959,563 loss, which is \$284,703 more than the 2022 seasonally spread budgeted loss of \$674,860 year to date. September Operating Revenue was \$570k favorable to the budget. SED Electric Sales were \$507k above the budget. Residential Sales are up \$183k from the budget. Combined Commercial Sales are \$334k favorable to the budget. Contract Work Fees are \$68k above the budget as of September. Several jobs totaling over \$300k will close in the month of October alone. These jobs will bring the revenue above the budget by about \$270k.

Operating Expense was \$839k unfavorable to the budget. Purchase Power costs were \$739k over the budget. SED has not received the final Independent System Operator-New England (ISO-NE) bill for the month, therefore, an estimated \$130k has been added to the Transmission costs. The cost overrun is due to the increase in Electric Sales, Renewable Energy Standard (RES) Compliance and the overall cost of power.

Other Operating Expenses were \$100k over the budget. This consists of materials, credit card fees, conferences, and consulting fees.

Non-Operating Revenue & Expense was \$16k unfavorable to the budget. SED will end the year with an unfavorable variance to the budget for the Wilkins Bond of about \$40k due to the interest expense increasing 1.262% at the time of closing.

S. Juzek indicated that the June 2022 Audit is nearly complete. Stowe Electric is waiting to review the final audited financial statements from KBS. She does not anticipate any adjustments to the financials.

The 2023 budget will be presented on December 7th and that will allow time to include the proposed rate increase that will be anticipated to go into effect on February 1st.

L. Lackey asked S. Juzek what the timeframe was for the PUC to approve or deny the pending rate increase request that was submitted in June. S. Juzek let the Board know that in their testimony, both Bill Jordan and Sean Foley did not recommend any adjustments to SED's 13% rate increase request. SED is currently waiting for the request to go through the PUC's process, but SED staff anticipates that the rate increase will be finalized in February 2023.

Operations Report:

B. Lilley reported that SED is currently working with Consolidated Communications Holdings, Inc. (CCI) to transfer and set multiple poles along Mountain Rd to accommodate Teleport Communications expansion. SED also set a new electric vehicle charger at American Flatbread and installed new primary underground at Hob Knob.

October Operations statistics:

- Safety Training: 0
- Customer Service Orders received: 1
- Customer Service Orders energized: 3
- Certificate of Public Good (CPG) issued: 0
- Net-Metering systems energized: 0
- Work orders initiated: 27
- Work orders completed: 21

B. Lilley let the Board know that Dig Safe requests continued to take up a lot of the Crew's time with 72 requests processed in October. January through October 2022, SED has processed 557 requests versus 605 requests for the same period last year.

Of the 10 outages in October, one was due to a tree hitting the line, four were company-initiated due to Make Ready work, two were due to equipment failure, two were due to accidents and one had an unknown cause.

Regulatory Report:

M. Lazorchak provided a brief overview of regulatory activities underway. Stakeholders continue to participate in rule revisions for Rule 5.100, Rule 5.400, and Rule 5.500. Investigations are ongoing to establish reduced rates for low-income residential ratepayers and electric vehicle charging rates. The Ryegate Purchase Power Agreement (PPA) is under consideration for renewal. Vail filed a proposed efficiency plan with the PUC (snow gun replacement, resort wide replacement of fluorescent lamps with LED, and a boiler replacement). The Stowe Rate case is still in the discovery phase with the Department of Public Service (DPS) and the PUC. Staff filed the 248(j) advanced notice for the Wilkins substation upgrade CPG. The PUC opened the docket for the review of 2023 Tier 3 plans.

Staff continues to receive interest in restoring Moscow Mill and installing hydro at the location. The UVM student groups have presented their mid-term reports to Staff. Staff continues to receive interest in SED's Demonstration of Energy & Efficiency Developments (DEED) microgrid system and resiliency planning. SED received a new

grant funding award from DEED for the development of distribution automation and loop feed on Circuit 2. Stowe received two small grants from the Climate Catalysts Innovation Fund through Vermont Council on Rural Development. Staff continue to work with Efficiency Vermont (EVT) on weatherization initiatives with our commercial customers. EVT and staff met with the Town regarding an energy audit for the Akeley building, Ski Museum, and Library.

L. Lackey asked staff for clarification on the PUC's electric vehicle rate and how it would impact SED. Staff responded that the tariff is expected to be mandated on or before 2024 and that there would be some software/billing upgrades that would need to take place. J. Pratt told the board that SED is evaluating a new billing system that would help alleviate some of our current billing challenges and help address future needs.

General Manager Highlights:

J. Pratt provided a brief overview of industry trends impacting electric rates throughout the Northeast and across the nation.

J. Pratt informed the Board that action was taken to close SED's power supply open position during the winter months. The utility is now hedged at ~90% on-peak and ~85% off-peak for December through March.

SED received a grant of \$125,000 through the American Public Power Association's (APPA) DEED program for "Deployment of Distribution Automation Technologies Pilot Project." J. Pratt invited the DEED Board to visit the project site, including a tour of the historic 1822 Moscow Mill building. Staff spoke to them about the overall restoration project and through those discussions there was a lot of interest from the DEED board in tying back different components at each phase of the project to DEED eligible grant projects. J. Pratt reported that through these discussions and tours that SED will potentially have an opportunity through each phase of the Moscow Mill project to attempt to capture \$125k grants for various components as long as they are discrete projects that have a direct benefit to DEED membership.

SED is in the initial stages of exploration for a potential Battery Energy Storage System (BESS) deployment and consideration of a cold storage building at the Cady Hill property next to the Wilkins substation. The Cady Hill project will be discussed in detail at the December commission meeting.

Executive Session:

H. Scheuermann moved to enter executive session to discuss a personnel matter and contract negotiations with NextEra Energy under the provisions of Title 1, Section

313(a)(1)(A and B) of the Vermont Statutes. S. Teachout seconded the motion and it passed unanimously.

The commission invited J. Pratt, S. Juzek and M. Lazorchak to stay and entered executive session at 9:35 am. S. Juzek and M. Lazorchak exited Executive Session at 9:50 am.

The Board made a motion to come out of Executive Session at 10:20 am and the motion carried.

S. Teachout made a motion to authorize J. Pratt to negotiate and execute the NextEra Outback Acres Solar Public Power Agreement (PPA) amendment. The motion was seconded by H. Scheuermann, and the motion carried.

Other Business:

Staff discussed the DEED grant awarded for the microgrid engineering study. Staff explained to the Board that a microgrid is a small-scale power grid that can operate independently or collaboratively with other small power grids. Microgrids can island and maintain power supply to local loads in the event of an outage. The microgrid engineering study is examining a microgrid on circuits one and two which would help improve SED's resiliency and ensure critical infrastructure has power in an emergency.

J. Pratt proposed minor changes to the commission package materials as well as a fresh look at the meeting minutes process. Discussion ensued with a plan to evaluate the changes over the next several meetings to ensure the new approach is working for staff, management, and the commissioners.

There being no further business, the meeting was adjourned at 10:22 am.

Respectfully Submitted,

Amber Ives

Clerk of the Board