

**MINUTES OF REGULAR MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, July 8, 2026

The regular meeting of the Burlington Electric Commission was convened at 5:00 p.m. on Wednesday, July 8, 2026, at Burlington Electric Department, 585 Pine Street, Burlington, Vermont, and on Microsoft Teams.

Attendance

- Channel 17 was present to record this meeting.
- Commissioners Lara Bonn, Paul Dawson, Ali Kenney, Andy Vota, and Brian Williams were present.
- Staff members Paul Alexander, Mike Kanarick, Munir Kasti, Katie Morris, Jared Pellerin, Bob Risley, Lincoln Sprague, Darren Springer, and Emily Stebbins-Wheelock were present at 585 Pine Street.
- Staff member James Gibbons was present via Microsoft Teams.
- Public members Leendert Huisman and Peter Macausland were present at 585 Pine Street.

1. Election of Officers

Temporary Board Clerk, Katie Morris, called the meeting to order at 5:00 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting. The first order of business is to elect officers. Ms. Morris opened the floor for nominations for Chair of the Commission.

Commissioner Bonn made a motion to nominate Commissioner Kenney as Chair of the Burlington Electric Commission; the nomination was seconded by Commissioner Vota. Ms. Morris asked if there were any other nominations. Hearing none, Ms. Morris asked the Commission for a vote. Vote: 4 ayes 0 nays. Commissioner Kenney abstained from voting. Commissioner Kenney was elected Chair of the Commission. At this time, Ms. Morris turned the meeting over to Commissioner Kenney.

Commissioner Kenney opened the floor for nominations for Vice Chair of the Burlington Electric Commission. Commissioner Williams made a motion to nominate Commissioner Vota; the nomination was seconded by Commissioner Bonn. Commissioner Kenney asked if there were any other nominations. Hearing none, Commissioner Kenney asked the Commission for a vote. Vote: 4 ayes 0 nays. Commissioner Vota abstained from voting. Commissioner Vota was elected Vice Chair of the Commission.

Commissioner Kenney opened the floor for nominations for Temporary Board Clerk of the Burlington Electric Commission. Commissioner Vota made a motion to nominate Katie Morris; the nomination was seconded by Commissioner Bonn. Commissioner Kenney asked if there were any other nominations. Hearing none, Commissioner Kenney asked the Commission for a vote. Vote: 5 ayes 0 nays. Katie Morris was elected Temporary Board Clerk of the Burlington Electric Commission.

2. Agenda

General Manager Darren Springer suggested a change to the agenda to have a public discussion of the battery storage power purchase agreement (PPA) prior to the battery storage PPA executive session (agenda item 7), with a vote to follow.

Commissioner Williams made a motion to change the agenda to have a battery storage PPA public discussion after agenda item 6; Commissioner Vota seconded the motion. Vote: 5 ayes 0 nays.

3. Meeting Minutes

Commissioner Williams moved to accept the June 10, 2026 minutes as presented; Commissioner Vota seconded the motion. Vote: 5 ayes 0 nays.

4. Public Forum

Leendert Huisman addressed the commission regarding the relationship between BED, the commission, and McNeil generating station. Mr. Huisman raised concerns about BED's claim (based on a 2022 VEIC report) that McNeil reduces greenhouse gas emissions by at least 85% compared to natural gas generators.

Mr. Huisman identified two justifications in the VEIC report for this claim: that site-specific forest inventory changes from harvest sites are excluded from calculations, since McNeil doesn't own/control the forest management activities, and the claim that wood fuel from "well-managed forests" mimics the natural carbon cycle. Mr. Huisman cited a 2021 letter from forest scientists stating that additional wood harvest creates a "carbon debt" that grows over time with continued biomass harvesting — a letter not referenced in the VEIC report, and cited a 2025 article (which wasn't yet available at the time of the VEIC report) stating the carbon debt can only be repaid after the power plant ceases operations.

Decisions about McNeil's future (status quo, expansion, shutdown, conversion to other energy sources) require accurate facts. Mr. Huisman recommended an independent, literature-informed review of the science and offered to return to a future meeting to explain why the 2025 article is correct and VEIC's conclusions are wrong.

Peter Macausland addressed the commission and suggested holding executive session at the

beginning or end of meetings so public attendees don't need to leave and return.

Mr. Macausland requested BED provide monthly reports on district energy and negotiations to buy 100% of McNeil. If there's no update, BED should state that explicitly, and reiterated his opposition to the district energy project (clarifying he's not adversarial, just in disagreement), calling it an infrastructure project that should have gone to voters but didn't.

Mr. Macausland also urged commissioners to attend the upcoming Net Zero Energy festival in August.

Mr. Macausland noted it's been two years since Quantified Ventures received the financing application for District Energy, and asked whether Evergreen Energy/the Consortium of District Energy has since sought alternative financing, and wondered if they were turned down, what that implies about the project. He thanked a customer service staff member for a quick response regarding wood chips and the Valerity report on carbon capture and pyrolysis, and commented that carbon capture is a fossil fuel industry technology, noting that if brought before Burlington voters, near-100% capture could cost tens of millions of dollars. Regarding pyrolysis, Mr. Macausland suggested following the Lyndonville project as a reference point.

5. Monthly Impact Minute

Bob Risley, former working crew leader on the BED line crew and current Distribution Superintendent, presented an overview of day-to-day field crew activities. Distribution responsibilities include managing daily and monthly work for the distribution crew and metering department, coordinating with DPW to keep trucks in working order, maintaining power reliability, responding to outages, and managing communications between customer service, electricians, contractors, and customers.

Mr. Risley invited commissioners to visit and shadow a crew for to see field operations firsthand.

Mr. Risley noted several electrification efforts:

- Using electric vehicles in the field when possible (including a Mustang Mach-E and F-150 Lightning models). The line crew fleet also includes an electric bucket truck, with another on the way.
- Use of electric/battery-operated equipment (saws, presses) by field crews instead of hydraulics.

Mr. Risley opened the floor for questions from the commission and described a typical day for BED crews:

- The BED field crew includes (10) line workers total, organized as two trucks with two line workers each, split into two 4-person crews and one 2-person crew.

- Major capital work is assigned to the two 4-person crews; the 2-person crew (using the electric bucket truck) handles services, streetlights, and general tasks throughout the city.
- Day-to-day work is dynamic. Weekly and monthly plans exist, but daily work includes responding to customer requests and unexpected issues.
- Additional staff roles in distribution include an underground locator who locates cable for contractors, residents, and internal crews, a utility inspector who oversees contractor work to ensure quality standards, and a metering crew consisting of one working crew leader and two meter technicians, who handle meter changeouts, new customer setups, and disconnect/reconnect services, often coordinating with line crews for service upgrades.
- Major priorities include capital projects and customer requests.

6. Commissioners' Corner

Commissioner Bonn asked for initial thoughts on plug-in solar legislation.

General Manager Darren Springer confirmed the bill (S202) passed and was enacted; BED supported it. The bill requires a UL-listed panel (not yet widely available in the U.S., but coming); allows up to 1.2 kW fed into a standard outlet (no special electrical connection). Energy feeds directly into home use only (not for export or net metering) functioning more like an energy-efficiency measure or appliance than a standard solar interconnect. Utilities have essentially no role to play in this setup. Mr. Springer noted BED is supportive given ~60% of customers are renters who may lack access to rooftop solar and sees this as a valuable option for that population, though BED is not aware of any products having rolled out yet.

Commissioner Kenney asked how BED's long-term resource procurement strategy has evolved over the past 12 months amid an increasingly constrained renewable energy environment, and how it may continue to change.

Mr. Springer responded and referenced the previously shared "yawning gap chart" showing committed resources vs. future resource needs. Recent resource commitments include Relevate Hydro, Brookfield Hydro, and one Maine wind contract expiring later this year. Mr. Springer noted ongoing underproduction challenges across existing resources (McNeil, hydro, wind), with hydro particularly affected last year and said BED is monitoring conditions in real time and may consider additional resources depending on existing resource production.

The contract approval process:

- Engagements under 1 year don't require commission approval.
- 1–5 year contracts need commission approval.
- Contracts over 5 years require commission, Board of Finance, and City Council approval.

Mr. Springer emphasized McNeil's importance (~1/3 of BED's energy mix) and stated losing it would be especially difficult given current constraints.

Future initiatives for McNeil and beyond include:

- A battery storage project at McNeil (to be discussed later in the meeting) aimed at reducing peak use and providing other potential value.
- A solar project planned at 585 Pine; details expected to come forward in September. Production will be modest but valuable as an in-city resource.
- BED is exploring wood pyrolysis technology for potential use at McNeil. There is a similar project underway in Lyndonville currently in the PUC permitting process. BED would follow that project's precedent. Pyrolysis as a potential path toward improved efficiency, reduced stack emissions, and better environmental footprint at McNeil while preserving reliability and affordability.

Mr. Springer noted BED is still litigating the 2023 Integrated Resource Plan, with a filing due later this month. Resolving this will allow attention to shift to the next IRP (now expected to be the 2027 IRP rather than 2026), which will include longer-term strategic resource planning.

James Gibbons, Director of Policy and Planning, provided additional detail on resource strategy noting BED is in discussions with other Vermont utilities on regional procurement. BED recently reviewed a Connecticut regional procurement. Vermont could have participated, but offers weren't attractive (due to being largely non-carbon nuclear proposals). Maine is also pursuing related efforts. Green Mountain Power leads regional coordination due to its larger size. BED is in early-stage discussions for a potential long-term contract for a larger Vermont solar development. BED is continuing to look for opportunities to add longer-term (ideally 5-year) contracts to the portfolio.

Commissioner Dawson asked what percentage of BED's energy mix is under long-term contract/predictable pricing vs. spot market exposure.

Mr. Gibbons responded that there is virtually no reliance on the spot market; BED aims to stay covered above 100% of annual energy needs via known-price contracts, partly due to reliance on the 100% renewability exemption. For the next five years, there is essentially no spot market exposure, though comfort margin against potential low-production/intermittent years is tighter than ideal.

Mr. Springer added that BED has historically maintained more renewable energy than needed annually, though this margin has tightened in recent years due to wind underproduction, drought last summer significantly impacting hydro production, and occasional unscheduled outages and underproduction at McNeil.

Mr. Gibbons noted the hydro shortfall was a regional issue. Contracted hydro output fell to ~50% of expected levels making it difficult to source replacement supply. BED generally still maintains >100% annual coverage without spot market exposure.

Commissioner Dawson asked about BED's risk exposure and timeframe for impact given cancellations of offshore wind projects.

Mr. Springer clarified the concern is less about BED's direct portfolio (no offshore wind contracts held) and more about broader regional pressure. Reduced regional renewable supply increases competition for future procurements. Some states are lowering Renewable Portfolio Standards (RPS), which could reduce demand/pricing in markets where BED sells excess resources, creating an indirect financial impact. The current energy mix includes roughly one-third McNeil (BED receives half its output), a bit more than one-third hydro, and slightly under one-third wind/solar. When the Hancock wind contract expires in October, BED will become more hydro-dependent and less wind-dependent. Wood (McNeil) and solar shares will remain roughly unchanged.

Mr. Gibbons noted indirect effects via Renewable Energy Certificate (REC) markets include project cancellations reducing renewable supply, which tend to push REC prices up, and are beneficial for BED as a seller, reduced state obligations (e.g., Massachusetts, Connecticut) which tend to push REC prices down (unfavorable for BED).

6. a. Battery Storage Power Purchase Agreement Public Discussion

General Manager Darren Springer and James Gibbons, Director of Policy and Planning, presented the battery storage power purchase agreement (PPA).

Overview & Selection Process:

- RFP originally issued December 2024; amended and reissued May 2025 due to changes in federal incentives/tariffs.
- Selected vendor: Kearsarge Energy (Boston, MA) — lowest-price respondent among 9 bidders.
- Contract terms were compared against the second-leading respondent to confirm no material differences.

System Specifications:

- 5 MW / 20 MWh battery (dispatchable at 5 MW for up to 4 hours).
- Full tolling model: BED controls dispatch timing and receives all value (full risk/reward).
- Up to 2 round trips/day; averaging 365 round trips/year (roughly one full cycle per day, with flexibility to adjust).
- Primary use case: reducing ISO peak demand ("Defeat the Peak" events) and monthly VELCO transmission peaks; secondary value from energy arbitrage and ancillary services.

Site & Strategic Context:

- To be located at McNeil, near the ash pit (an already-disturbed, secure site — no tree clearing required), pending final discussion with joint owners.
- Fits into the broader "Energy Innovation Campus" vision at McNeil, alongside the solar test center and Village Hydroponics facility; potential future addition of wood pyrolysis.
- Responds to a 2023 City Council resolution directing BED to explore battery storage at McNeil.

Contract Structure:

- 20-year initial agreement, extendable up to three times (5 years each) for a possible 35-year total.
- BED will not own the battery — Kearsarge handles permitting, deployment, ownership, maintenance, performance, and end-of-life decommissioning.
- No capital outlay from BED aside from possible shared interconnection costs.

Site Map:

- Proposed site for the battery is near the ash pit at McNeil — preliminary "fatal flaw" screening done (not full environmental analysis).

Economic Analysis presented by James Gibbons:

- Evaluated on 5-year and 20-year net present value basis (20-year aligns with IRP horizon).
- Primary value drivers: capacity and transmission savings, with secondary value from energy arbitrage.
- Economically positive in base and high cases at 5 years; only positive in the high case at 20 years — attributed to conservative modeling assumptions.
- Battery value is modeled with declining probability of successful peak prediction over time (down to 20%, held constant), reflecting risk that increased regional battery deployment will make peak prediction harder over time.
- Battery offers dispatch flexibility (e.g., full output over 4 hours or reduced output over 8 hours).

Commissioner Kenney asked for clarification that low/base/high cases reflect projected ranges for capacity, transmission, and energy prices, not usage optimization uncertainty.

Mr. Gibbons responded that a 20-year economic case is less certain due to long-term value degradation assumptions. Market values (RPS, REC markets) could shift unfavorably.

Full responsibility for dispatch decisions falls on BED under the full tolling model (vs. third-party dispatch, which carries its own risks). Market rule changes and erratic (non-proportional) price shifts are difficult to model precisely.

Benefits include it being BED's largest dispatchable peak-reduction resource (comparison to a recent "Defeat the Peak" event saved ~400 kW; this adds 5 MW). There is potential for new, currently unknown regional revenue streams over the 20-year term (e.g., possible future ISO energy imbalance charges, or increased energy arbitrage value from renewable curtailment/negative pricing). Early deployment positions BED to capture these. The battery would support the Energy Innovation Campus concept and city council resolution; referenced in the Valerity report as valuable for future distributed energy resource planning. It would also marginally reduce regional reliance on fossil "peaker" plants. It would be recognized as a storage value under the PUC's Tier 3 electrification program. The term sheet includes protections for defective discharge events (details of which are reserved for executive session).

A Tornado Chart (risk sensitivity analysis), presented by James Gibbons, showed which cost variables (capacity, transmission, energy) most affect 20-year power cost projections, and how the battery reduces exposure/risk range for each, particularly narrowing the low-to-high cost spread and lowering worst-case exposure.

Commissioner Vota asked about battery degradation and vendor responsibility and a peak-event failure scenario.

Mr. Springer responded that some degradation is permitted/modeled into the economic case; excess degradation is the vendor's responsibility to correct. Contract protections exist; the details were reserved for executive session.

Commissioner Vota asked about long-term vendor viability/decommissioning assurances.

Mr. Springer responded that the final agreement will include specific decommissioning language; PUC rules require decommissioning commitments for batteries in this size range (100kW–5MW). Mechanisms vary (e.g., letters of credit, successor business obligations) and would be handled via contract and PUC process. Mr. Gibbons added that the site license for McNeil will also address decommissioning and site restoration obligations.

Commissioner Vota asked about battery useful lifetime.

Mr. Springer responded that the battery useful life was uncertain, but warranties are expected to cover 20 years (hence the 5-year extension structure). The contract would include specific usage constraints (e.g., limiting cycles/day) to preserve longevity.

Commissioner Kenney asked about longer-term battery strategy and expansion potential at McNeil.

Mr. Springer clarified this would not be a pilot, it would be a utility-scale battery (5 MW against ~37 MW average load, 60–65 MW peak). BED does not plan to prioritize additional battery storage at McNeil near-term, preferring to preserve space for potential wood pyrolysis units; future batteries may be sited elsewhere. Mr. Gibbons noted the project leverages existing interconnection capacity; additional batteries would incur significantly higher interconnection costs, and space/capacity at McNeil must be balanced against McNeil's own generation needs (this battery can co-discharge with McNeil without conflict).

Commissioner Vota asked about safety and fire risk.

Mr. Springer deferred detailed expertise to Kearsarge, who would address fire code and permitting requirements through the state process and noted safety advantages of siting at an existing staffed, secure, non-residential-adjacent generation site. BED's safety team is already engaging with local stakeholders. Mr. Gibbons noted ~45 MW of utility-scale battery storage is already permitted statewide in Vermont, so this would not be the first project in the state (though it would be BED's first large-scale permitted battery).

Commissioner Dawson asked why transmission value exceeds capacity/demand value.

Mr. Gibbons explained transmission charges are based on monthly Vermont peak load (~\$12–14/kW/month ≈ \$150–160/kW/year), while capacity charges are based on a single annual peak hour (~\$45/kW/year). Capturing transmission value across multiple months can exceed capacity value from one peak hour, though monthly peaks are harder to predict outside extreme weather periods. Mr. Gibbons noted that BED had about 12–13 years of peak prediction experience, having missed the ISO peak only once (an unusually early June peak that caught the whole region off guard).

7. Battery Storage Power Purchase Agreement Executive Session

Commissioner Vota made a motion to find that premature general public knowledge of the battery storage power purchase agreement would clearly place the Burlington Electric Department at a substantial disadvantage for Title 1, Section 313 A1 of the Vermont Statutes; Commissioner Dawson seconded the motion. Vote: 5 ayes 0 nays.

Commissioner Vota made a motion that the commission enter into executive session with BED staff to discuss the battery storage power purchase agreement under the provisions of Title 1, Section 313 A1 of the Vermont Statutes; Commissioner Williams seconded the motion. Vote: 5 ayes 0 nays. The Burlington Electric commission entered executive session at 6:08 p.m.

Commissioner Bonn made a motion to exit executive session; Commissioner Vota seconded. Vote: 5 ayes 0 nays. The Burlington Electric commission exited executive session at 6:47 p.m.

8. Battery Storage Power Purchase Agreement Discussion & Vote

Commissioner Williams raised a question concerning community opposition to battery storage projects based on observations of opposition to BESS (Battery Energy Storage System) projects elsewhere, such as Vergennes. Commissioner Williams asked how BED can expect to avoid similar opposition for the McNeil battery project, acknowledging BED doesn't hold the permitting obligation itself.

Darren Springer acknowledged the concern and observed that virtually every form of energy generation in Vermont has faced some form of opposition, citing solar, wind, wood (McNeil), and hydro (including Hydro-Québec expansion and dam relicensing constraints) as examples. Batteries are not immune to this pattern. The Vergennes project was sited near a residential area where a homeowner was planning to subdivide and build new homes adjacent to the battery site. Key distinctions for the McNeil project include the proposed site at McNeil being an already-disturbed, active energy generation site not adjacent to residential areas. The battery would be sited at the ash pit, effectively repurposing existing disturbed land for productive use. Battery storage has broad public and policy support in Burlington, citing the City Council resolution and Valerity report as evidence of clear policymaker backing for battery storage as part of a distributed generation strategy. Unlike the Vergennes case (where a utility agreement for the power use wasn't yet in place) or out-of-state solar projects where power/RECs are contracted elsewhere (creating a "burden without benefit" community concern), BED, as a municipal utility, ensures 100% of the benefit flows directly to Burlington ratepayers. This alignment of local burden and local benefit is seen as a distinguishing strength for community acceptance.

Commissioner Vota made a motion that the Burlington Electric Commission approves and recommends moving to the City Council a battery storage power purchase agreement with Kearsarge Energy consistent with the term sheet presented; Commissioner Williams seconded the motion. Vote: 5 ayes 0 nays.

9. GM Update

General Manager Darren Springer introduced Jared Pellerin, new Principal Counsel and Regulatory Compliance Officer, previously Deputy City Attorney in South Burlington, and formerly Deputy/Acting City Attorney in Burlington. Dan Edson has also joined the team as Manager of Energy Services, replacing Chris Burns.

A new three-year agreement between BED, the City, and IBEW was signed on the 1st of the month, approved by City Council on June 29, 2026. Mayor Emma Mulvaney-Stanak and Jeffrey Wimmette (IBEW Local 300) were present for the signing. The new three-year-agreement builds on a previous four-year agreement and details are available via the Mayor's office press release.

A proposal for ~130 kW solar canopy in the visitor parking area will potentially be brought for

consideration to the commission in September. This would likely be capital-funded project and include working through soil restriction considerations (brownfield site, nearby Superfund site). For comparison, current rooftop solar at this building is ~100 kW and a canopy would more than double that.

Commissioner Kenney asked whether the project has a positive NPV.

Mr. Springer explained the evaluation approach: assessing whether a 20-year capital debt outlay would achieve simple payback before the 20-year term ends. It is currently projected to, pending final economics. Canopy solar is less economical than ground-mounted alternatives, but preferred for aesthetic reasons given the building is a semi-historic, mid-century modern structure in a residential neighborhood and parking-cover benefit. There is also community interest in expanding solar in Burlington.

The team has been meeting weekly with DPS regarding the audit with a meeting scheduled the following day to review an initial draft report. A final report is expected to go to the PUC in early August, with a presentation to the PUC around August 24th or 26th. Improvements are already underway as a result of the audit process, including standardizing succession planning templates (addressing a gap identified during the McNeil REC issue, where incomplete succession documentation was a contributing factor), tightening business processes, developing a regulatory delegation checklist system to standardize regulatory filings, formation of a cross-disciplinary regulatory working group meeting weekly, and the creation of the new regulatory compliance position.

Mr. Springer characterized the audit process as productive and constructive, noting BED has met all requirements asked of it so far.

Commissioner Bonn asked whether the report will be shared with the commission once available.

Mr. Springer confirmed the final report will be shared once made public.

A successful defeat the peak event was held on July 2, 2026, driven by heat in the Boston/southern New England region. The nonprofit partner was COTS, selected as the recipient given Chris Burns' recognition with the Jim Reardon Public Service Award (award winner selects the year's nonprofit partner). A check ceremony with COTS is planned for July 21, 2026 with a \$1,000 award from the successful Defeat the Peak event. Additional Defeat the Peak events are possible through September.

Commissioner Dawson asked about the magnitude of peak spikes.

Mr. Springer responded that regional peak spikes can be in the thousands of MWh above normal. BED's savings from this event totaled over 400 kW with 194 kW from the Building Giants program (commercial-focused automated controls, with a residential component planned), and 200+ kW from individual customer actions.

Commissioner Dawson connected this to the earlier battery discussion, noting BED's load can rise ~50% from average (~40 MWh) to peak (~60+ MWh); the proposed 5 MWh battery represents roughly 10% of that peak — a significant contribution compared to the 400 kW achieved through the Defeat the Peak event.

Mr. Springer noted that Burlington's local conditions don't always drive the regional peak (e.g., a hot day in Hartford/Boston could coincide with milder weather locally), though this event likely saw some regional heat benefiting Burlington's own peak reduction as well.

10. May 2026 Financial Review

Emily Stebbins-Wheelock, CFO and Manager of Strategy & Innovation, presented May 2026 financial results.

Net income for May was \$533,000 vs. budgeted ~\$2 million; an unfavorable variance of ~\$1.5 million. The primary driver was lower power supply revenues, largely due to reduced volumes of Renewable Energy Credits (RECs) available for sale, tied to lower renewable production in prior periods (an ongoing trend discussed throughout the year). April REC revenues came in better than budget (deliveries occurred earlier than planned); more RECs will be delivered in June, creating a positive variance. Combined, April and June gains won't fully offset the ~\$2.6M budgeted for May; there will be a projected year-to-date shortfall is roughly \$900,000–\$1 million.

Customer sales were modestly under budget by \$22,000. Other revenues (mostly EU-related) were \$101,000. Net power supply was \$403,000. Transmission costs were over budget. May was the first month reflecting increased VELCO transmission fees resulting from the FERC return-on-equity order issued in late February.

McNeil was offline the entire month which resulted in generated fuel cost savings, but purchased power costs exceeded budget (partly due to McNeil's outage, partly due to new Relevate and Brookfield hydro contract energy coming online that wasn't reflected in the budget; a net positive for power supply, but a budget variance).

Other O&M expenses were positive to budget by \$141,000. Depreciation was slightly up; taxes were slightly down. Other income/deductions had a positive variance due to timing of customer contributions to capital projects.

Year-to-date net income was \$2.8 million vs. budgeted \$3.1 million; a ~\$350,000 unfavorable variance.

Commissioner Vota asked whether full-year income is expected to land close to budget or well under.

Mr. Springer noted preliminary analysis suggests June's incoming (previously unbudgeted) REC revenues would roughly offset May's shortfall if realized as expected. Full-year results could land close to original projections if June performs as anticipated. Ms. Stebbins-Wheelock added that as of the April forecast, they were projecting ~\$2.2M (about \$1M off budget), largely attributable to REC revenue timing. Mr. Springer noted REC revenue recognition lags actual production. Some of the current shortfall traces back to underproduction from hydro and wind in prior periods (including up to nine months prior).

Capital Spending year-to-date (through May) was \$7.3 million, just under 50% of budget. Production, distribution, and general capital categories all increased relative to budget. Projected full fiscal year capital spending is approximately \$8.5–9 million by end of June.

Operating cash as of May 31 was \$14.9 million, \$800,000 better than budget (aided by timing of customer contributions, including some delayed payments from prior fiscal year projects). Moody's adjusted debt service coverage ratio of 1.16; 154 days cash on hand (including line of credit). Ms. Stebbins Wheelock noted the adjusted debt service coverage ratio remains a more uncertain metric heading into the June 30 close.

Commissioner Kenney asked whether production was lower than budget for the month and asked for confirmation that production was zero in May due to the ongoing outage.

Mr. Springer noted the outage extended through May into June (originally planned to end sooner and was extended by about a week). The ash/conveyor system issues have caused intermittent additional downtime for cleaning and addressing air leaks even after restart.

June production is expected to be below budgeted levels, though McNeil has been running during high-price periods when online, including during the recent regional peak event. Commissioner Kenney asked about confidence in returning to full maintenance readiness ahead of next year's peak season, given capital delays.

Mr. Springer outlined the plan: run McNeil through July–September (using existing wood stockpile), likely go offline again in November/December depending on weather and demand, with a planned fall outage in October. The priority would be ensuring adequate wood supply and maintenance

condition to run reliably December through March. Mr. Springer expressed confidence in this plan, noting no current reason to expect issues meeting that schedule.

11. DPS 2026 Utility Assessment

Emily Stebbins-Wheelock presented the DPS 2026 Utility Assessment slides prepared by the Vermont Department of Public Service (DPS) as part of a benchmarking exercise across Vermont electric utilities, with DPS's permission.

Scope & Themes:

- DPS benchmarking covered: rate cases, liquidity, long-term debt/capital structures, succession and staffing, a fiduciary pole maintenance issue (not applicable to BED), and "rate case reluctance," followed by recommendations around people, tools, and requirements.

Rate Case Trends:

- More Vermont utilities have been filing rate cases, a trend expected to continue in 2026 — 12 of 17 utilities (including BED) plan to file rate increases this year.
- Notable uptick in filings starting in 2022, increasing significantly from 2023 onward.
- BED's proposed 2026 rate increase (2.99%) is significantly lower than other utilities' known planned requests.
- 18-year historical rate change data shown, with compound annual growth rates calculated over 15-year and 5-year periods — BED ranks mid-pack on the 15-year growth rate, with some utilities showing much steeper increases.
- Short-term (5-year) growth rates are running 2–3x higher than long-term (15-year) rates across utilities, raising affordability concerns.

Liquidity & Credit:

- Benchmarked against S&P municipal utility guidance (BED noted to DPS that Moody's guidance — which BED and VPPSA use — may be more relevant).
- BED has the highest available liquidity among Vermont utilities in comparison; some smaller municipal utilities show very low liquidity and variable use of credit lines.

Commissioner Dawson asked about BED's credit rating.

Ms. Stebbins Wheelock responded that BED is rated A3 by Moody's; comparative ratings for other utilities weren't available.

Mr. Springer noted BED's rating is likely stronger than VPPSA's (the joint action agency for most municipal utilities); ratings for GMP/Vermont Electric were unknown. Mr. Springer clarified that

BED's reported 141 days cash figure includes a \$10 million line of credit; Moody's provides both an official score (excluding credit lines) and an unofficial one (including them), since credit lines carry conditions/limitations. BED's most recent Moody's financial score was 96, higher than what was reflected in the DPS slide (based on audited FY25 data).

Debt & Depreciation:

- BED's long-term debt-to-asset ratio is roughly 50-50, placing it mid-to-upper range among comparable utilities (some small municipals carry little to no debt).
- Accumulated depreciation as a percentage of gross plant places BED near the median.
- BED provided feedback to DPS that this depreciation ratio should ideally be limited to distribution-system assets only (for reliability-focused comparisons), since BED — unlike Vermont Electric — owns generation assets. Recalculated on a distribution-only basis, BED's ratio drops from ~54% to ~48%. DPS may update slides to reflect this, as the presentation is intended to be a living document.

Capital Planning & Succession Planning:

- DPS interviewed BED about its capital planning process and its relationship to financing.
- Succession planning was discussed as a risk area, particularly at the finance-head and general manager leadership levels.

Power Cost Adjuster Proposal:

- BED proposed consideration of an automatic power cost adjuster (similar to a mechanism GMP uses under its alternative regulation plan, and one Vermont Gas also uses) — allowing cost adjustments tied to market energy price changes without requiring a full regulatory rate filing.
- Rationale: reduces administrative burden, since market-driven cost changes currently prompt many simultaneous rate filings across utilities, each subject to approval lag.

Commissioner Kenney asked why GMP has this mechanism.

Ms. Stebbins Wheelock clarified GMP applied for alternative regulation treatment; BED could pursue this independently as a single utility.

Mr. Springer explained GMP's alternative regulation plan reduces the frequency of traditional rate case filings (roughly every several years) and allows adjustments like storm surcharges or power cost adjusters outside traditional regulation. Mr. Springer noted BED already has an advantage unavailable to private utilities: the ability to process rate cases under 3% with a relatively non-litigated process (as is happening currently).

Ms. Stebbins Wheelock added BED can also begin collecting new rates 45 days after filing (subject to refund pending review) — a provision unavailable to GMP. Mr. Springer noted a key distinction: investor-owned utilities face heavier rate case scrutiny tied to shareholder rate-of-return considerations, which isn't a factor for BED as a municipal utility.

DPS Recommendations:

- Primary: adopt a power cost adjustment mechanism, allow rate-based revenue building toward cash reserves, require formal financial/cash management policies, fund a capital reserve using a portion of depreciation, and strengthen long-term capital planning requirements.
- Secondary: review pay/market rates, mutual aid agreements, and encourage regular rate case filings (a posture BED has maintained since 2021).

Residential Rate Comparison:

- BED's residential rate stands at 72% of the highest-ranked utility's rate — placing BED in the middle of the Vermont pack.

Mr. Springer noted that despite being mid-pack within Vermont, BED (among larger utilities) has some of the lowest rates in Vermont and among the best rates in the broader New England region.

Commissioner Williams asked whether the four utilities with the lowest rates are primarily small, hydro-serving communities.

Mr. Springer confirmed Swanton fits this pattern; possibly Ludlow as well; uncertain about Northfield and Orleans.

Reliability Metrics (CAIDI):

- BED shows notably strong reliability performance (its CAIDI score required its own separate marker at the bottom of the chart).
- Attributed partly to BED's compact, urban service territory with roughly half its infrastructure underground, which is inherently easier to maintain reliably than more dispersed systems.

Commissioner Bonn asked whether DPS's primary/secondary recommendations would meaningfully change anything for BED.

Ms. Stebbins Wheelock responded that most recommendations wouldn't dramatically change BED's current practices. The power cost adjuster could affect the frequency of rate filings, and BED is already performing well on liquidity and long-term debt/capital management, and largely is already doing what has been recommended. Succession planning and staffing risk did resonate as a

concern, referencing pandemic-era turnover and recruiting difficulties. As a relatively small organization with diverse job functions, BED has some positions that are only one or two people deep, representing succession risk.

12. 2026-2027 Strategic Direction

General Manager Darren Springer gave the annual overview of the strategic direction.

Annual July review and update to BED's one-page Strategic Direction document:

- Mission, values, and vision remain stable, with incremental updates to initiatives based on feedback gathered from each area of the organization.
- Some additional feedback on the mission/values/vision arrived too late to incorporate this year but will be considered for next year's proposal, potentially better reflecting BED's equity work.

Proposed Edits:

- Date updates to reflect the current fiscal year.
- Customer section (#4): Added focus on reducing energy burden and improving affordability within the efficiency programs bullet, reflecting equity work.

Commissioner Williams asked for clarification on energy burden.

Mr. Springer explained it refers to the percentage of income spent on energy/electricity, informed by VEIC reports. BED's Energy Assistance Program (EAP) supports this goal.

- Reliability section: Added documented Standard Operating Procedures alongside existing staff succession planning, timed to align with ongoing DPS audit documentation work.
- People, Process, and Technology section: Added support for internships, apprenticeships, and workforce partnerships — referencing a recent example where Bob (Distribution Superintendent) and Safety Director Mike Flora hosted Burlington High School YES program students for job-site exposure to line and generation work; also noted past partnerships with Vermont Works for Women.
- Added "collegiality and respect" to the culture bullet (alongside integrity, safety, inclusion, innovation, teamwork, cyber awareness, continuous learning/improvement).
- Changed language to "develop and strengthen" internal policies and procedures (vs. just "strengthen"), reflecting DPS audit-related documentation work.

Mr. Springer noted most initiatives remain stable and relevant; the last major revision occurred 6–8 years ago. This incremental stability is viewed as positive, while anticipating a more substantial revision next year, particularly around equity work in the mission/values section.

Commissioner Vota found it interesting to consider the DPS benchmarking data alongside this document, particularly around low-income assistance programs, energy equity work, and multilingual outreach and suggested BED likely ranks highly among utilities in these areas, similar to its strong reliability and financial benchmarks, and felt this part of BED's story isn't fully captured in the current document.

Darren Springer mentioned recalling a recent DPS filing indicating DPS may be conducting similar benchmarking on low-income programs across utilities for PUC submission and offered to share it with the commission once located. Mr. Springer noted BED is one of relatively few utilities with an Energy Assistance Program. While its discount is less generous than GMP's or Vermont Gas's, it's proportionally significant given BED's rate structure. BED's outreach, equity work, multilingual translation, and explanatory videos are innovative in this space.

Commissioner Kenney gave feedback from a chief strategy officer background, praised the annual review process as a strong best practice, and asked about the process; asking who develops and updates the document, and how it's utilized (e.g., cascaded into performance management/goals).

Mr. Springer explained the process is intentionally bottom-up: leadership (managers, directors, supervisors) discuss with their teams annually to identify needed updates, ensuring every employee can see their work reflected somewhere in the plan (e.g., electric lawn equipment use ties to the facilities/technology piloting initiative; line crew advocacy led to electric chainsaw adoption).

The document is posted throughout the building and website; its values are directly incorporated into employee performance reviews (sections on safety, reliability, community/teamwork, innovation). Mr. Springer described this as part of a broader cultural shift — helping staff see themselves not as being replaced by electrification, but as increasingly essential to a utility competing for transportation and heating dollars via EVs, heat pumps, and related offerings.

Commissioner Kenney gave some structural feedback, noting some listed items read as initiatives rather than clear strategic objectives (missing a stated goal/objective paired with the action), and recommended clearer objective-setting so staff can select initiatives tied to explicit objectives and measurable key results, enabling more ownership and progress tracking.

- Content gap feedback: Suggested two important strategic themes are underrepresented in the document despite being actively discussed/managed:
- Long-term resource strategy and supply risk related to renewables.
- The long-term strategic role of McNeil (and preserving BED's financial position).
- Dashboard/metrics feedback: Observed the supporting metrics dashboard has many metrics, possibly leading to measurement overload, and that some listed objectives (e.g., advancing district energy/geothermal networks) aren't matched with corresponding tracked metrics (current metrics lean toward heat pump installs). Recommended tightening

objectives and selecting fewer, more targeted key metrics to better cascade goals across the organization.

Mr. Springer offered to take the document back for further refinement (targeting a September return) or proceed with a vote that evening, incorporating this feedback into next year's version — noted as fully the commission's prerogative.

Commissioner Bonn asked whether delaying would create any ripple effects (e.g., on performance reviews tied to values).

Mr. Springer confirmed there would be no impact, as values remain unchanged regardless of timing.

Commissioner Vota expressed support for delaying the vote, citing Commissioner Kenney's feedback as strong and useful, combined with unincorporated late staff input, as good reasons to take more time.

Mr. Springer agreed to bring a revised version back in September, aiming to circulate it to commissioners in advance for further input before finalizing, printing, and publishing.

Commissioner Williams gave additional feedback, echoing Commissioner Kenney's point about the disconnect between the volume of McNeil-related discussion at meetings and its limited presence in the strategic direction document. Commissioner Williams requested clearer articulation of McNeil's strategic objective within the document to give the public visibility into BED's stated position on McNeil's role.

Mr. Springer agreed to incorporate this, noting it has been discussed but not yet formally documented.

Commissioner Dawson proposed potentially adding a dedicated section addressing energy supply and generation assets, noting McNeil's strategic (though somewhat tangential) importance warrants explicit treatment.

Vote on the Strategic Direction document was deferred to the September meeting to allow time to incorporate commissioner feedback and any additional late staff input.

13. Commissioners' Check-In

No topics were discussed.

Adjourn

Commissioner Dawson made a motion to adjourn; the motion was seconded by Commissioner Williams. Vote: 5 ayes 0 nays.

The meeting of the Burlington Electric Commission adjourned at 7:53 p.m.

Microsoft Teams transcript used to draft minutes prepared by Katie Morris and edited by Emily Stebbins-Wheelock, CFO and Manager of Strategy & Innovation.

Attest:

A handwritten signature in cursive script, appearing to read "Katie Morris", is written above a horizontal line.

Katie Morris, Temporary Board Clerk