

**ELECTRIC SUBCOMMITTEE**  
Meeting of Wednesday, March 10, 2021  
Virtual/Zoom ELC Meeting  
7:00PM

The regular meeting of the Electric Subcommittee was held on March 10, 2021. It was a virtual/Zoom meeting format due to the current COVID-19 pandemic. This meeting followed an Executive Session of the Electric Subcommittee.

With a quorum in virtual attendance, Mr. Engel called the regular meeting to order at 8:02 p.m.

Subcommittee Members present: James Engel, William Craft, Whitney Hatch, Michael Schaaf, Edward Rauscher, Jonathan Blair, Ray Lezynski, Jeff Civitarese

Excused: Nishan Mootafian, Michael Schaaf

Guest(s): Martin Walsh

Recording Secretary: Kathleen Reed

**I. Citizens' Queries**

No queries were presented.

**II. Approval of Minutes – February 2021**

The draft February 10, 2021 minutes had been distributed to the ELC for review prior to the meeting. A motion to approve the minutes as presented was made by Mr. Schaaf and seconded by Mr. Hatch. Upon motion duly made and seconded, it was

***Voted: To approve the minutes of February 10, 2021 as presented. The motion passed unanimously.***

Mr. Schaaf was excused to attend the Finance Committee meeting.

**III. Review Proposed FY 22 Budget and Rates**

With regard to the spreadsheet that was distributed on Friday, March 5, 2021, the only financial change that was made was the addition of a couple of tabs that included a revision to the P&L for purposes of discussing a one cent rate increase that was built into the budget reviewed on March 5, 2021 versus increasing the proposed rate increase to 1.4 cents and raise the depreciation rate from 3 to 4% . In addition, and to be included in the annual report, is the power supply tab that details by asset, by project type, and by resource where prescriptive power is obtained, how much it costs, and what the specific environmental attributes are and how we treat them.

In context, the ELC has made a compelling case for increasing the depreciation rate and building reserves via the depreciation fund for capital assets. Given the complex nature of the decision to get out of the forward capacity market and go to peak reduction operations, it was suggested that perhaps the presentation of a rate increase above one cent requires further consideration. Mr. Blair felt it was prudent at this time to recommend the one cent increase for the agreed upon capital projects that have been identified.

The one cent increase per KW hour that is currently built into the budget represents an 8% increase (\$10 per month). There was discussion regarding using the STAR fund to build cash

reserves vs. using the depreciation fund to build departmental cash. There was discussion regarding the likely vast changes in the grid network that will require significant cash reserves at a point in the future. The need to appropriately balance rate increases with a predictable need is important, and significant planning for future grid investments (a modern and reliable grid) requires significant planning and communication with the community.

*Action: The ELC will move forward with developing a plan for increasing the depreciation rate from 3% to 4% for FY 23 and move forward with finalizing a budget increase at \$0.01/kWh for all rate classes for this year.*

*All documents (narrative, operating budget, capital plan, capital budget, and strategic goals) will be presented for a vote on a cohesive annual report at the April Meeting of the ELC.*

With regard to the narrative, Mr. Hatch suggested that Mr. Blair incorporate the notion of reliability and modernization that might include more distributed systems. There was discussion about the availability of green power available for purchase and the ability within our own borders to handle a probable significant increase in load in the future. The quality of the power in terms of voltage and frequency is also an important consideration. Advocating for attention to the grid is important and rate payers should be encouraged to consider this issue as well.

As noted, a final review and vote will occur at next meeting. Mr. Engel will encourage Mr. Schaaf to submit any questions ahead of time in order to allow reaction time for any suggestion of change in the budget.

Mr. Blair requested that consideration be given to including the recommendation to the Commissioners that the sustainability fund be removed from the PPFA as the ELC had advocated for the definition of wholesale cost contributors. As requested, Mr. Lezynski has completed the task of running PPFA parallel schedules that proves that there would be no associated negative financial impact. Mr. Blair noted that there was a prior vote taken when the sustainability fund (then conservation fund) was established stating specifically that the sustainability fund be funded from the PPFA. Mr. Blair recommended that it be removed from the PPFA and put it into the base rate.

*Action: It was agreed that Mr. Blair would prepare a motion to submit to the Commissioners regarding the removal of the sustainability fund from the PPFA. Mr. Blair will draft a motion for consideration by the ELC at the April meeting.*

#### **IV. New Business**

There was no new business raised for discussion.

*There being no regular meeting further business, and after a motion for adjournment was made by Mr. Hatch and seconded by Mr. Craft, it was*

***Voted: To adjourn the regular meeting of the ELC at 8:53 pm. The motion passed unanimously.***

The next meeting of the ELC will be held on April 14, 2021.

Respectfully submitted,  
Kathleen Reed, Recording Secretary