

FY 2024 Budget

Presentation to

Board of Electric Commissioners & Board of Finance

May 10 and May 17, 2023

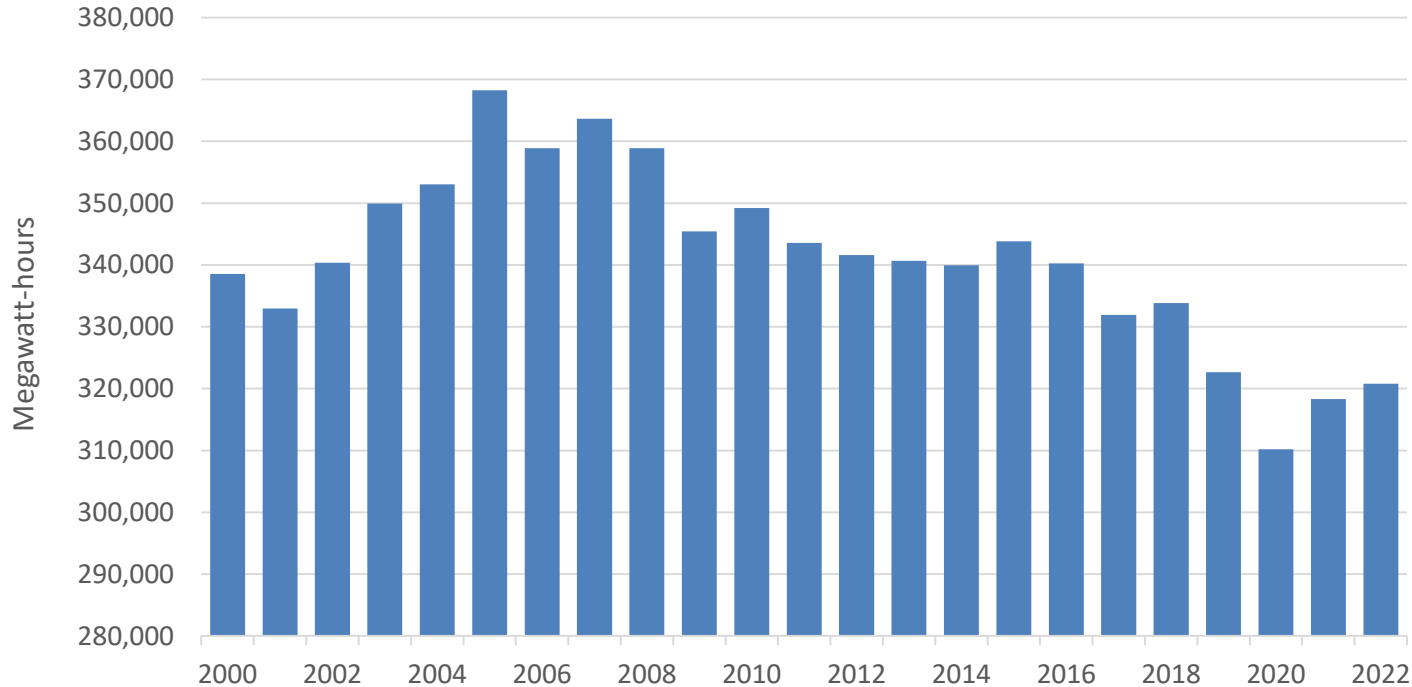


FY24 Budget Context

- Weak starting cash position for FY24 driven by low winter 2022-2023 energy prices (which reduced the value of excess winter energy BED sold)
- Continued high inflation environment
- Cumulative 18% COLA for FY23-FY26 per new IBEW contract
- Sales to customers flat as residential electrification gains dwarfed by commercial efficiency and reduced SF
- Continued uncertainty re: energy prices for sale of excess winter energy
- 2022 Net Zero Revenue bond continues as key source of capital financing
- 2 years of rate increases < demonstrated need (FY22 7.5% v 11.8%; FY23 3.95% v 5.92%)
- Goal is maintaining Moody's rating metrics at current levels while minimizing rate increase



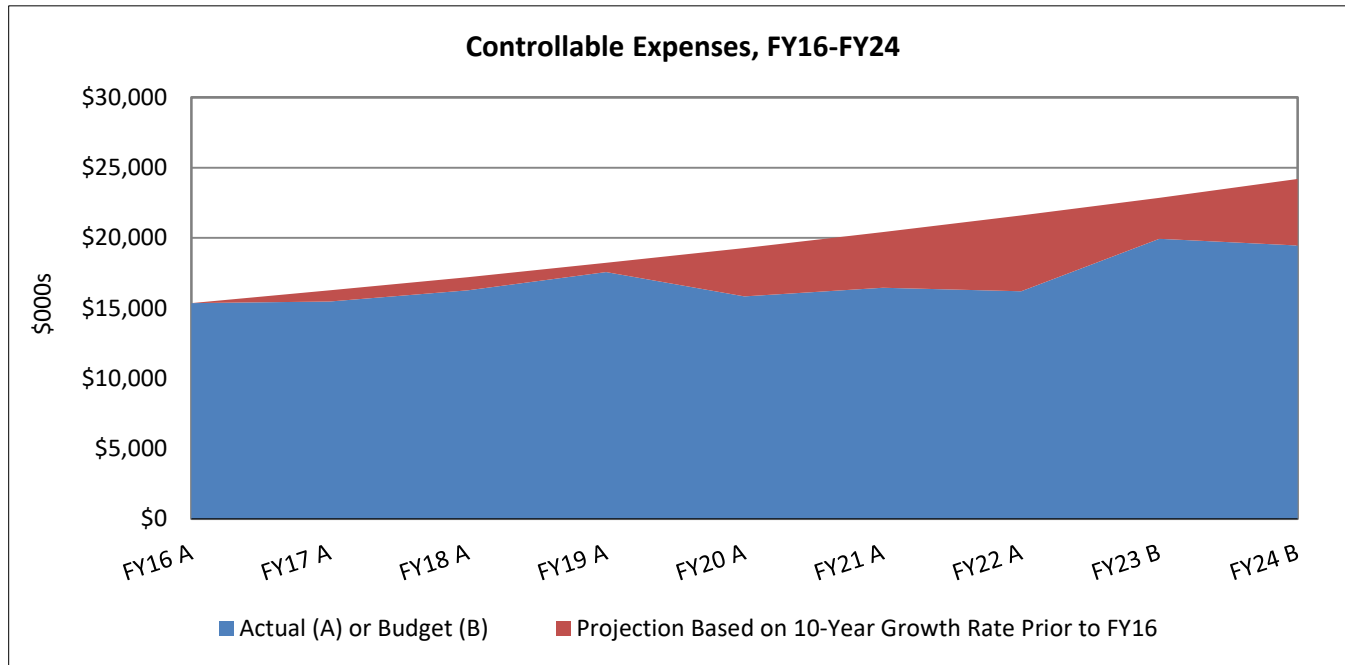
Total Annual MWh Sales





Holding Down Controllable Expenses

- Continued fiscal discipline since FY16 has moderated annual increases in controllable expenses to 3.7% on average, compared to 5.84% between FY07-FY16
- Controllable, non-power supply O&M expenses 2.3% or \$474K lower than FY23 budget





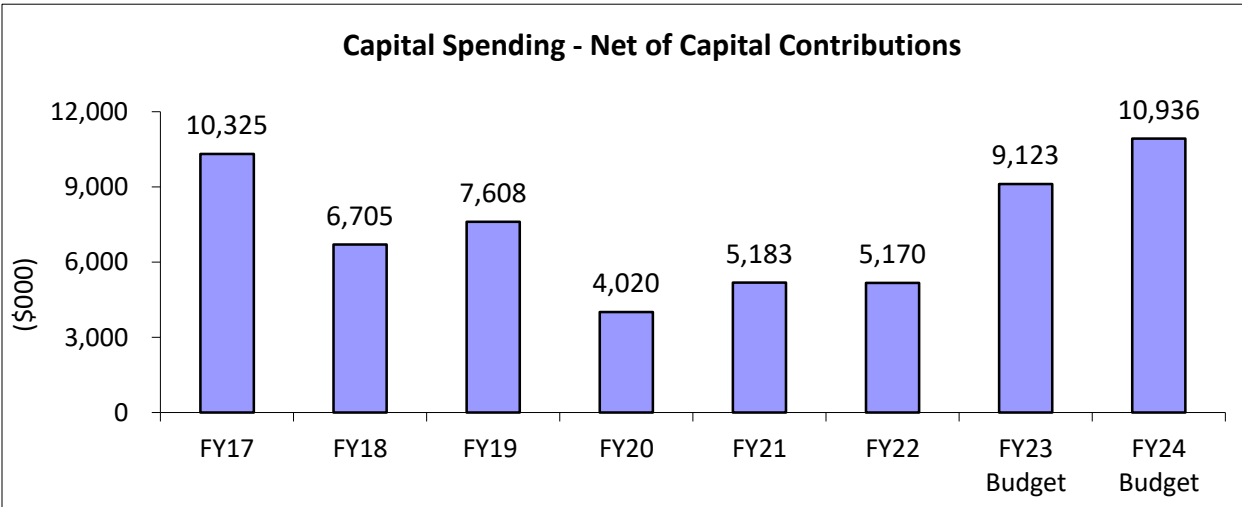
FY24 Budget Overview & Key Assumptions

- **Operating Revenues \$65.1M** – 2.5% higher than FY23 budget
 - Rate increase of 5.5% effective Sept 1 to respond to inflation and other uncontrollable cost increases
 - Flat kWh sales to customers
 - REC sales revenue decreased 1.7%
- **Operating Expenses \$67.2M** – 4% higher than FY23 budget
 - Sales of excess winter energy (offset to purchased power expense) reduced by \$1.5M or 25% due to lower energy forwards (but still higher than last year's actual prices)
 - New \$759K expense for ISO-NE Mystic Cost of Service charge (continuing at least through May '24)
 - Assumes \$529K amortization of new regulatory asset related to winter '22-'23 energy prices
 - Net power supply expense increase of only 2% when not including Mystic and excess energy sales
 - New \$118K cash outlay for Moran Frame MOU repayment
 - City indirect allocation increased \$83K or 19% (up 70% since 2022)
- **Interest Income** – \$402K higher than FY23 due to better rates
- **Net Income \$142K** – \$1.1M less than FY23 budget as passed

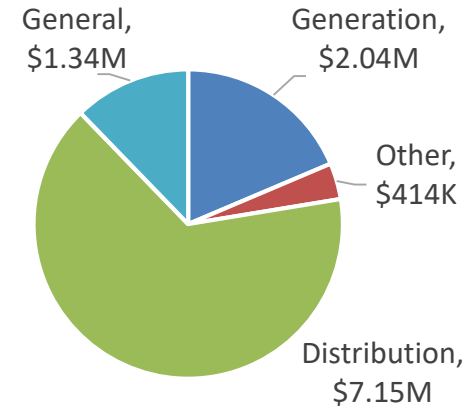


Continued Robust Capital Program

Capital Spending - Net of Capital Contributions



FY24 Capital Budget by Plant Type



- \$10.9M investment equates to 13.7% of net utility plant in service
- Assumes \$3M general obligation bond and \$9.2M from 2022 NZE revenue bond
- Funds EV chargers, three new fleet EVs, distribution and IT system upgrades, generation plant investments



FY24 Budget Credit Rating Factors

Metric	Benchmark	FY24 Budget	3-Year Average FY21-FY23
Debt Service Coverage Ratio	>1.25	3.64	4.11
Adj. Deb Service Coverage	>1.5	1.09	1.17
Days Cash on Hand	>90	90	101



Outlook for FY23 thru FY25

- Requesting PUC accounting order to amortize \$4 million in lost power supply revenues over 8 years
 - May pursue fuel adjustor Charter provision if energy market price volatility continues
- Charter change to increase BED's line of credit (set at \$5M in 1999)
 - 2024 Town Meeting Day ballot
- Second NZE revenue bond as part of FY25 budget
 - 2024 Election Day ballot



FY24 Budget Continues Investment in Net Zero Energy

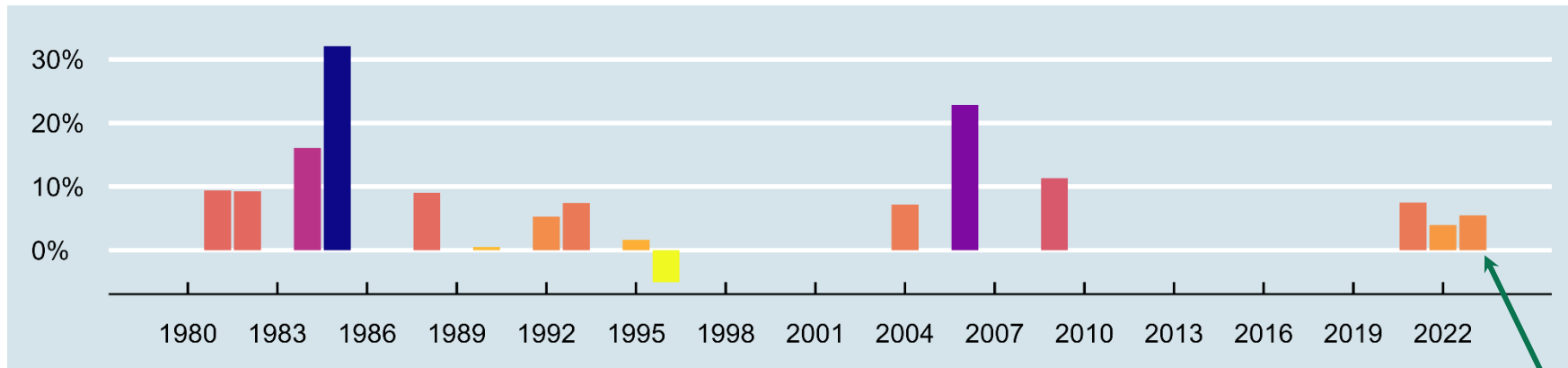
- 100% renewable electricity maintained
- Continued enhanced incentives for heat pumps, EVs, e-lawn equipment, e-bikes, induction cooking, geothermal test wells, and multi-family building charging (Act 151 extension)
- Continued funding for electrification rebates (Tier 3): \$1,127,339
- BED energy efficiency programs/rebates: \$1,981,501
- District Energy GO/NO GO decision in next few months
- Matching funds for potential federal grants for grid infrastructure, battery storage, EV charging
- Level 3 and Level 2 public EV chargers – working with Parks & Rec, CarShare, State of Vermont
- New electric bucket truck arriving in FY24, and F150 Lightnings to replace gas trucks
- Converting GT to biodiesel (phase 2)
- Heat pump rate pilot



FY24 Rate Case – 5.5%



BED Rate Changes Since 1980

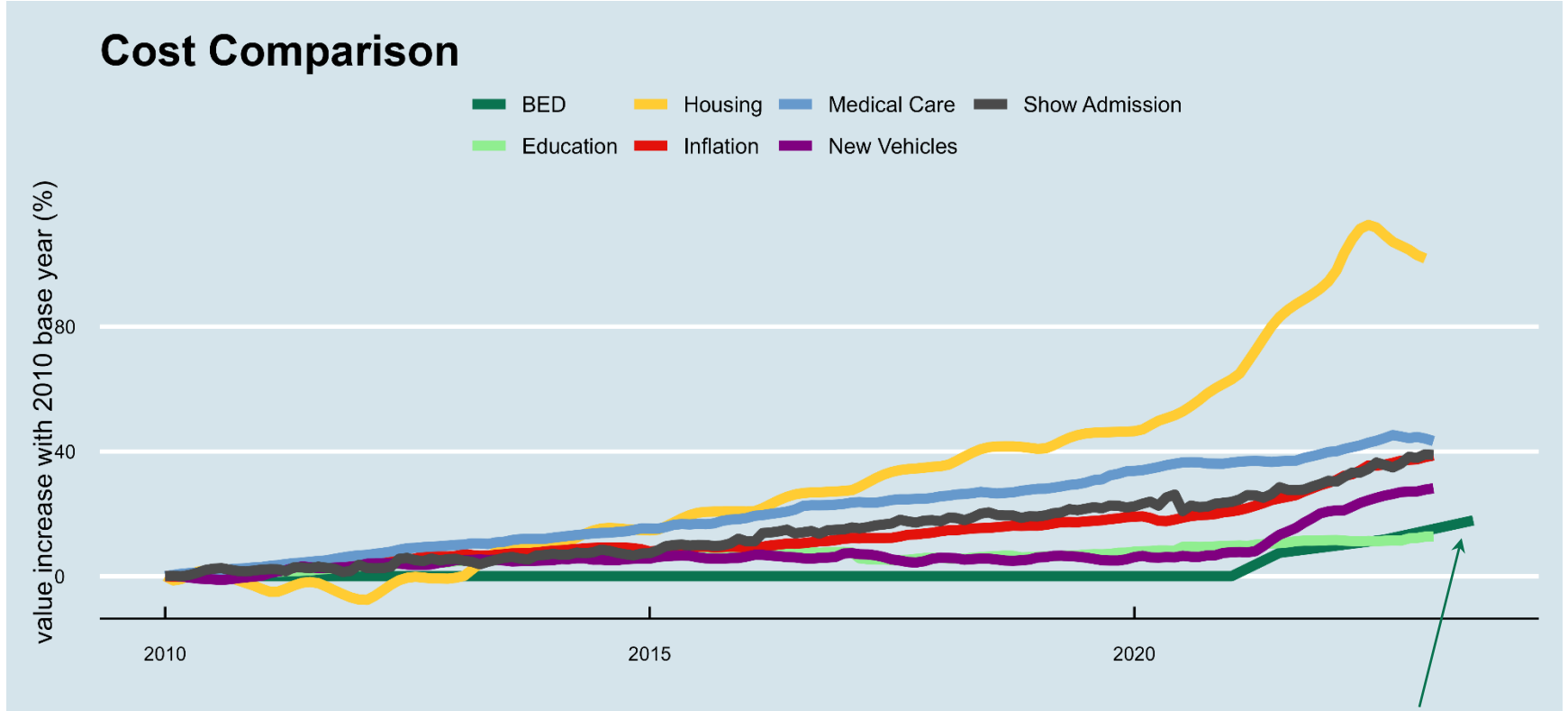


Proposed Increase

Rate Increase	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BED	11.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.50%	3.95%	5.50%
GMP	0.00%	0.00%	0.00%	0.00%	0.00%	0.40%	2.00%	-1.46%	0.73%	0.93%	5.43%	-0.50%	2.70%	4.69%	2.34%
WEC	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%	0.00%	5.95%	4.00%	5.95%	0.00%	0.00%	0.00%	14.19%
VEC	0.00%	0.00%	0.00%	0.00%	2.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.29%	0.00%	1.96%	8.19%



Value of BED Electricity vs. Other Commodities (non-BED items shown through Feb. 2023)



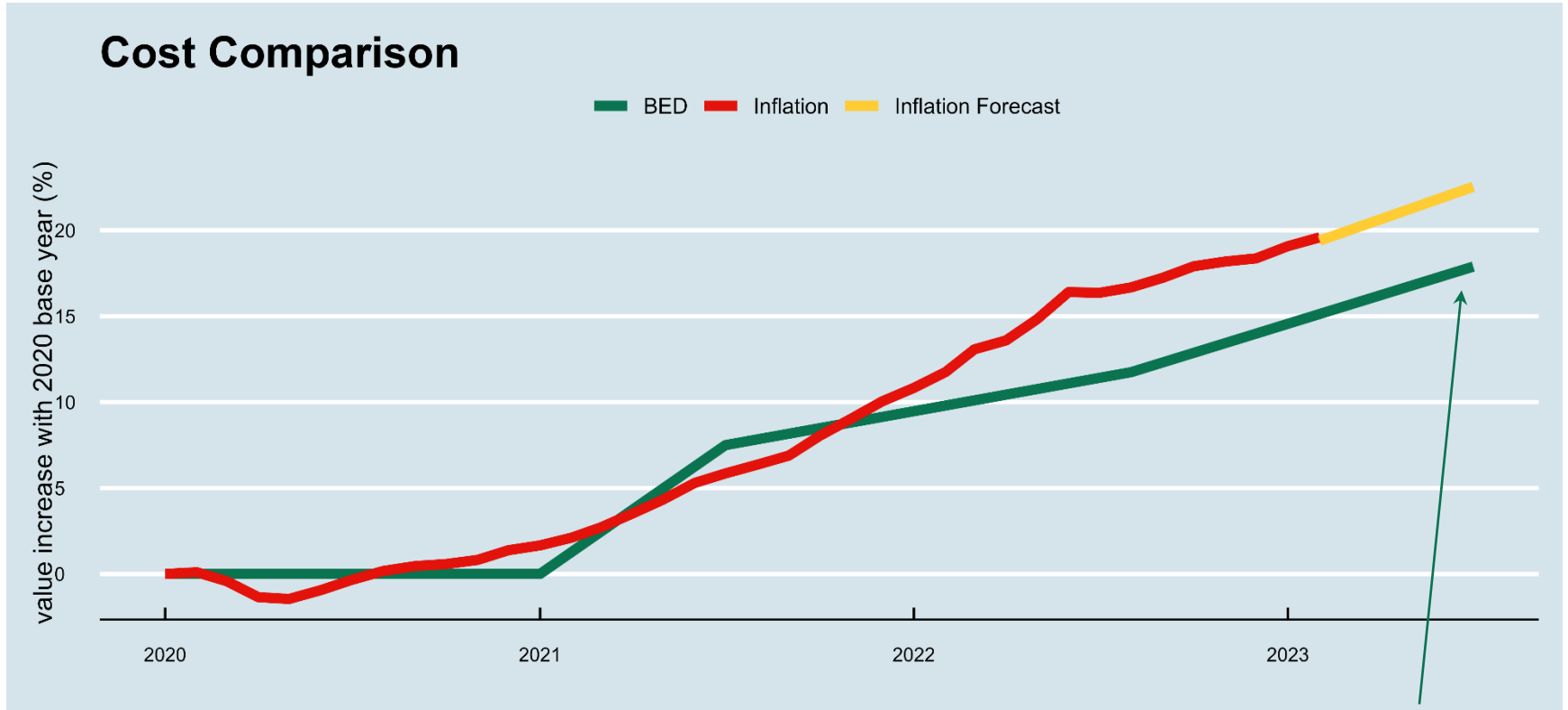
¹ Data sources from FRED Economic Data and BED sales

² Show Admission includes price of admission for movies, theater and concerts

Proposed Increase



Value of BED Electricity vs. Other Commodities (non-BED items shown through Feb. 2023)



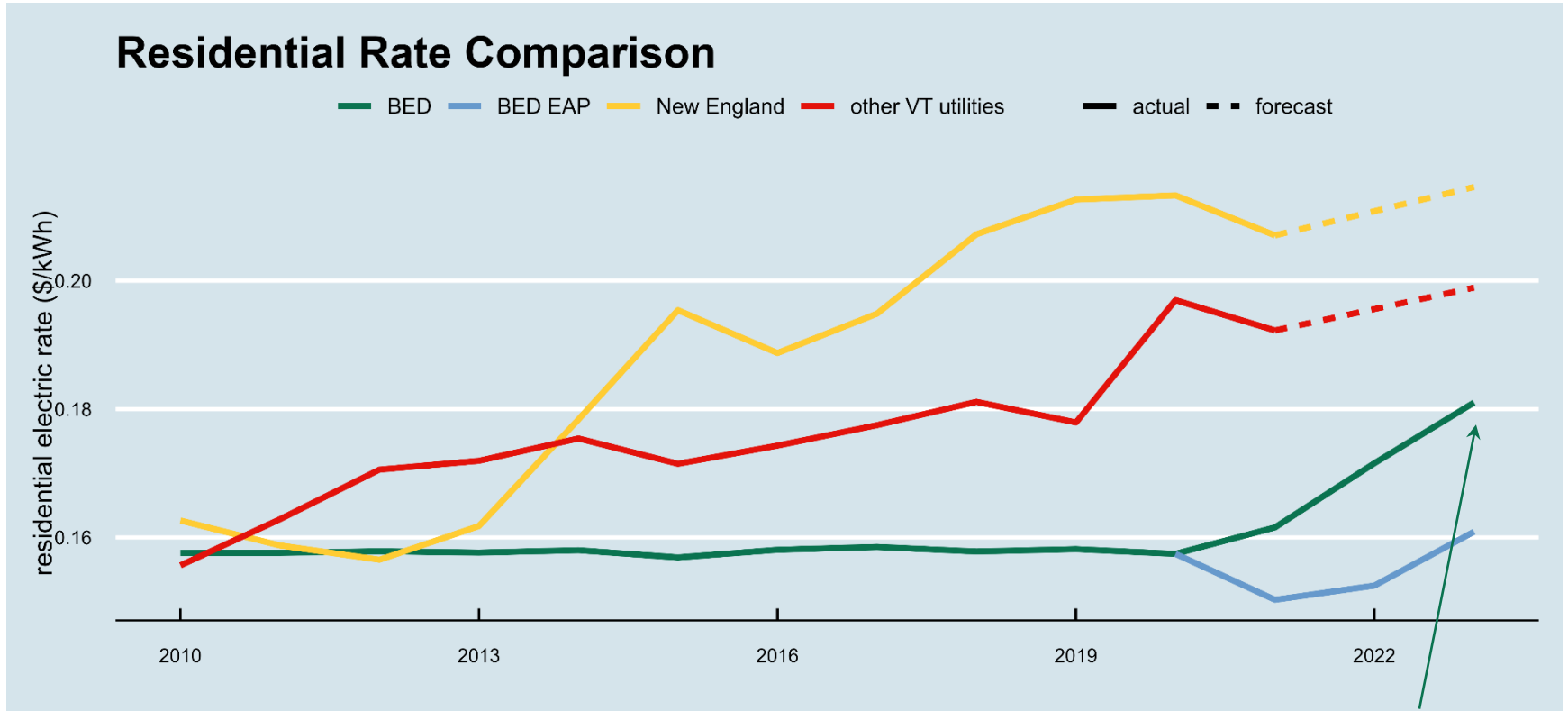
¹ Data sources from FRED Economic Data and BED sales

² Inflation Forecast uses a simple linear model to project inflation over the next 5 months (3/1/23 – 7/1/23)

Proposed Increase



Rate Comparison: Residential, 2010-2023



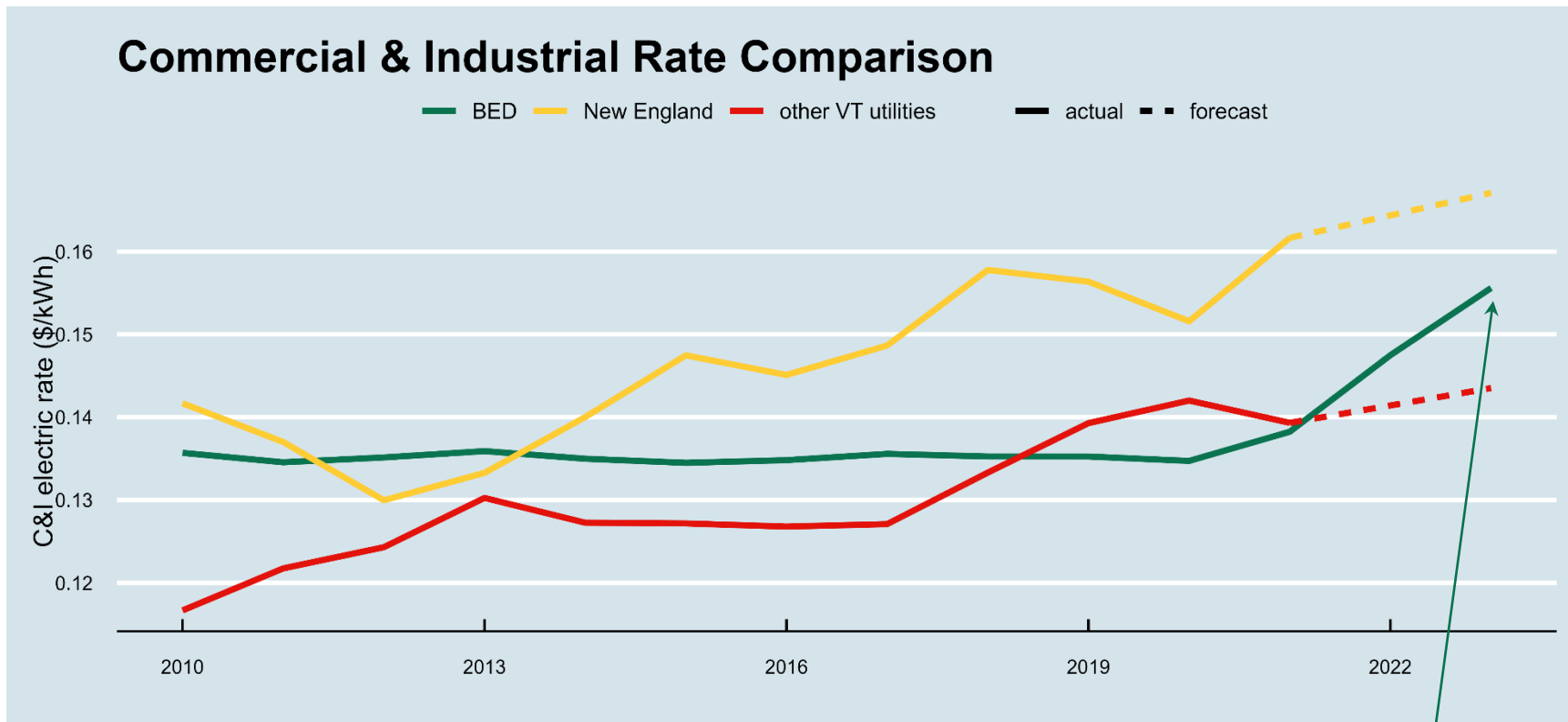
Source: BED sales data, EIA residential sales data up to 2020, model forecasting sales for 2021-2023

BED 2022 data comprised of sales and revenue from 8/1/2022-3/1/2023 to capture the effect of the previous rate increase (3.95% in 8/1/22)

Proposed Increase



Rate Comparison: Commercial & Industrial, 2010-2023



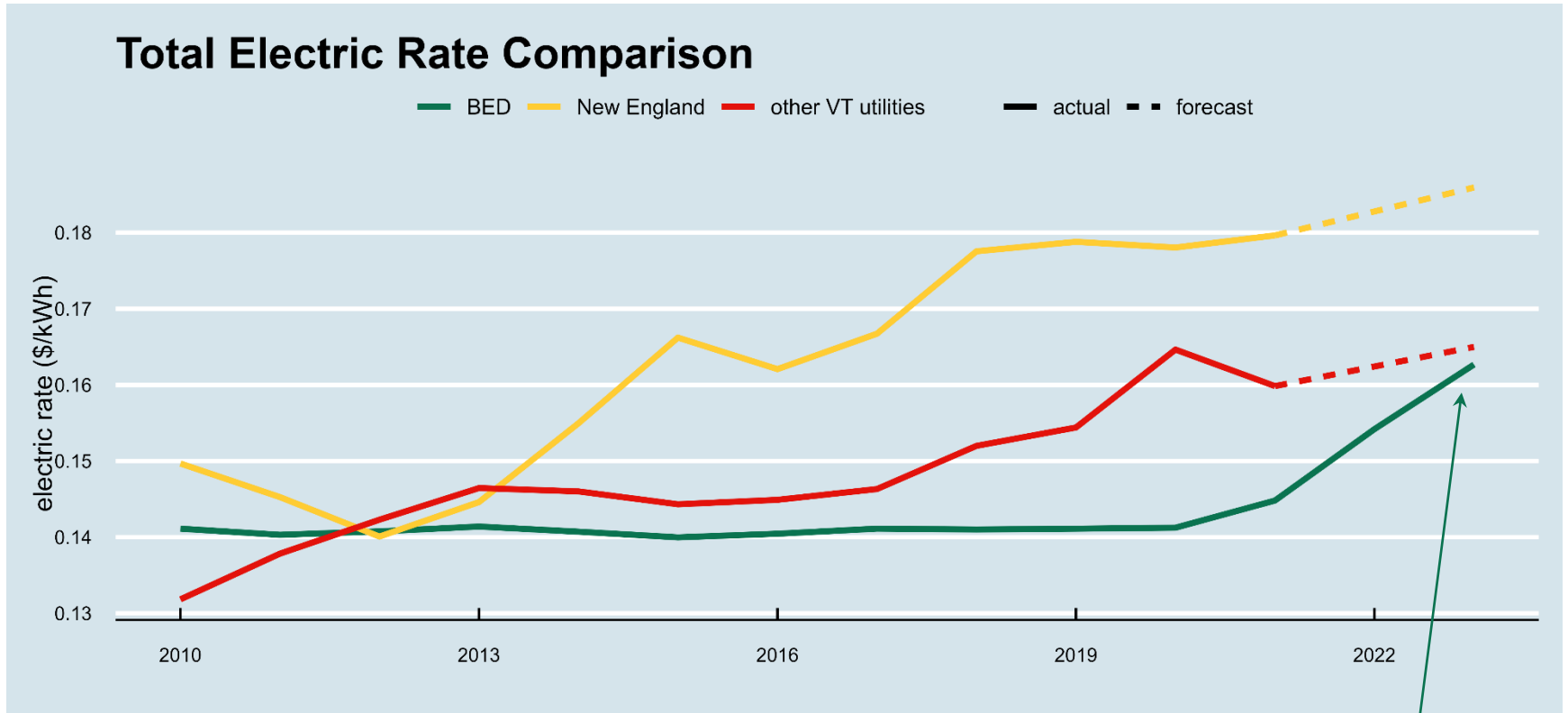
Source: BED sales data, EIA residential sales data up to 2020, model forecasting sales for 2021-2023

BED 2022 data comprised of sales and revenue from 8/1/2022-3/1/2023 to capture the full effect of the previous rate increase (3.95% in 8/1/22)

Proposed Increase



Rate Comparison: Total Cost to Serve, 2010-2023



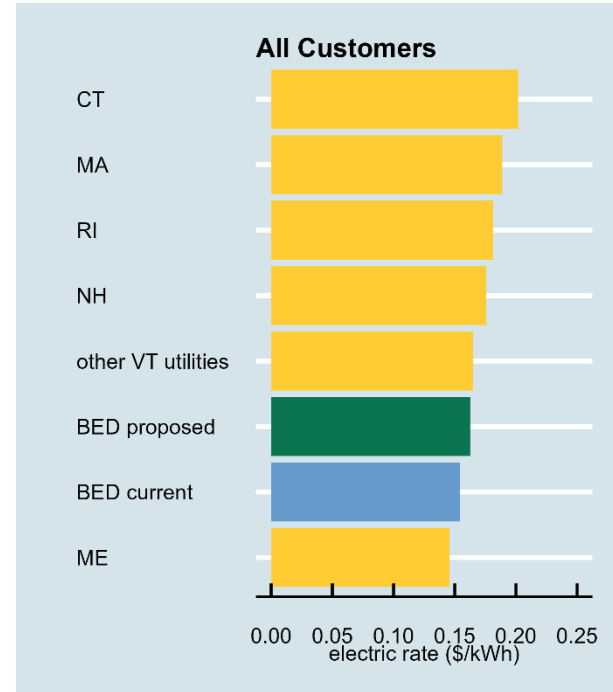
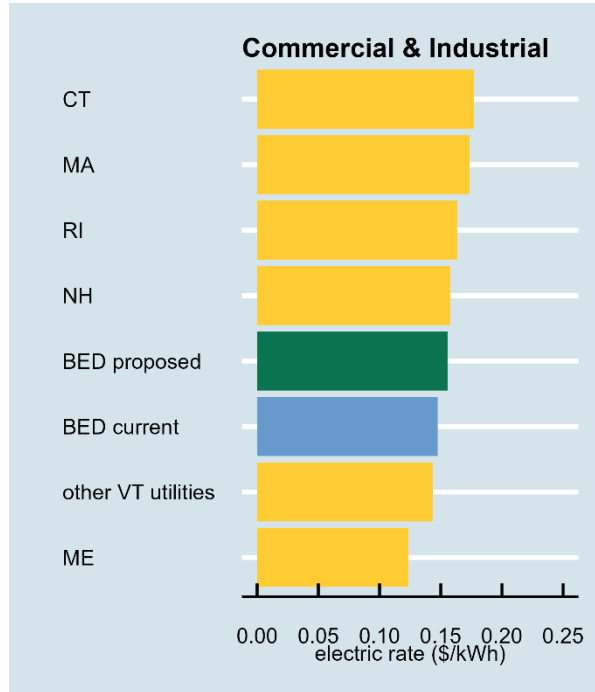
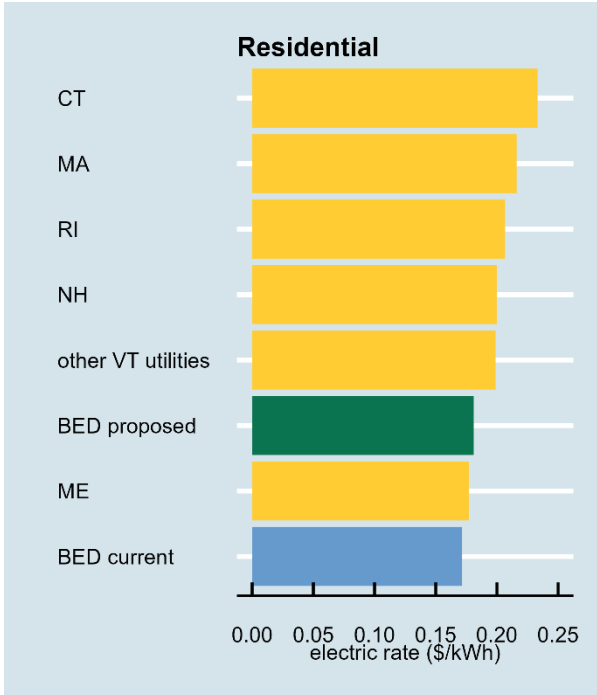
Source: BED sales data, EIA residential sales data up to 2020, model forecasting sales for 2021-2023

BED 2022-2023 data comprised of sales and revenue from 8/1/2022-3/1/2023 to capture the effect of the previous rate increase (3.95% in 8/1/22)

Proposed Increase



2023 Rate Comparison



¹ Rates for other regions are based on a linear trends from historical data

² BED rates are projected for FY2024 based on the proposed rate increase and supported by 2022-2023 sales and revenues



Effect on Customer Bills

Group	Average Monthly Use	Average Monthly Bill ¹		
		Current Rate	Proposed Rate	Increase
Residential	438 kWh	\$79.82	\$84.21	\$4.39
Small General	440 kWh	\$92.79	\$97.89	\$5.10

¹ Accounting for Franchise Fee

² Calculations based on average monthly energy across rateclasses. The rate increase will have larger bill impacts for customers with higher energy usage



Burlington Electric Assistance Program

Mitigating impacts for low-to-moderate income customers:

- The bill impact for low/moderate-income Residential Customers is on average \$3.20/month, but ranges based on electric usage¹
- Monthly Assistance will mitigate the rate increase impact on the monthly bill:

Period	LMI Bill (Before BEAP Credit)	EAP Credit
Before July 2023	\$ 85.21	-\$10.65 (12.5%)
After July, 2023	\$ 89.91	-\$11.23 (12.5%)

- Eligibility: 185% of Federal Poverty Level & Current Participant in Vermont State Fuel Assistance Program
- 134 customers approved as of 4.10.23. Anticipated to help 800 - 1,500 residential customers based enrollment of eligible customers for similar assistance programs²

¹ Low/Moderate-income usage modeled on customers currently enrolled in BED's Temporary Energy Assistance Program (470 kWh / month)

² Anticipated enrollment based on uptake of eligible customers in other Vermont Energy Assistance programs (VGS: 14%, GMP: 25%)



Vermont Electric Vehicle Rate Comparison

