

**Joint Meeting of the Water & Sewer Commission
And the Electric Utility Commission
Meeting Minutes, April 3, 2023**

Roll Call: Steve Fitzhugh, Dennis Donahue, John Stevens, Charlie Morse. Others present: Town Manager Jeff Schulz, Utility Superintendent Jim Russo, VPPSA Representative Shawn Enterline

The meeting started at 6:30 PM.

Minutes from Previous Meeting

Motion by John Stevens, second by Dennis Donahue, to approve the minutes of the February 6, 2022, meeting. Steve Fitzhugh noted two changes. First, on page two, it should be revised to state that the 2022 electric load increase was 300,000 kilowatt hours. Second, on page three, it should be revised to state that Steve Fitzhugh is working with VELCO on security and cameras. **Motion approved 4-0 as amended.**

Electric Commission

Shawn Enterline, VPPSA Manager of Power Resources – Battery Storage

Steve Fitzhugh introduced Shawn Enterline, VPPSA Manager of Power Resources, to discuss a proposal by a contractor to install battery storage on a parcel next to the King Street Substation.

Shawn Enterline started the discussion with a history of battery storage in Vermont noting that GMP's first project was in Hinesburg, VT and in which GMP teamed with Encore Renewables to install an eight-megawatt unit. Since that time other battery storage facilities have been and are being installed in Vermont to reduce power costs. Last year, VPPSA released a request for proposals to obtain bids for contractors to develop battery systems for its members, and selected DeLorean, Encore Renewables and Kearsarge. DeLorean is the contractor that will be developing the battery storage in Northfield, and DeLorean has purchased an adjacent property from the Kings Street Sub-station to locate the unit.

Shawn Enterline noted that electrical transmission costs are projected to double in the next ten years and that adding battery storage designed for peak shaving can reduce those costs. The estimated cost saving of battery storage as outlined in the DeLorean proposal for Northfield Electric over 20 years is 5% of overall expenses (\$3,600,000). The proposed agreements with DeLorean will be designed such that DeLorean will only get paid if they are reducing NED's costs.

The next steps in the process include the developer obtaining Act 248 approval from the PUC, VPPSA preparing the Energy Storage Service Agreement (ESSA) in approval-ready form and Northfield working toward a final Interconnection Agreement with DeLorean.

Next, Steve Fitzhugh suggested that the Commission move forth with the battery storage project, noting that there are also other future potential options with battery storage in addition to peak shaving, such as, power resiliency to provide power during outages. However, again this current proposal is just for peak shavings. Steve noted as an aside that VPPSA is submitting a Federal GRIT grant application seeking money on behalf of its members for funding battery storage capacity to protect against power outages. Dennis Donahue made a motion to enter into an agreement with VPPSA for battery storage, John Stevens seconded the motion. Charlie Morse asked about the use of the proposed battery storage unit for a micro-grid and for power outages and suggested that the battery storage contract be repurposed to include future power outage options. Steve Fitzhugh rescinded the motion to take a closer review at the agreements to allow for the potential to add power resiliency.

Next, John Stevens asked about the size of the battery units. Steve stated that it will be the size of two shipping containers and a transformer.

Charlie Morse stated a need to include the Fire Chief and State Fire Marshall to ensure that there will be proper fire safety.

Update of NED projects

Steve Fitzhugh noted that he, Jeff, and Doug meet a representative of VELCO to discuss security measures and cameras for the King Street Substation to protect NED against possible attacks. Steve will continue to gather information and costs on these measures and will report back to the Commission.

Next, Steve noted that the State of VT recently has released the AMI funds to VPPSA and Northfield will be receiving \$450,000 for its AMI project.

Steve noted that GMP is working on developing a plan and cost estimate to relocate two power poles from the floodplain within the Dog River Park across the river and on to the Freight yard way property. The project will require a 248 permit from the PUC.

Water Sewer Commission

FY 23/24 Water and Sewer Budgets

Jeff Schulz stated that the water and sewer budgets if adopted will result in a combined rate increase of 6.99% for the average single-family homeowner (9.6% for water and 4.99% for sewer). We did our best to minimize the rate increase, however, due to increased labor, material, and services costs any further reductions were difficult to achieve. The amount of the water rate increase was minimized using \$25,000 of surplus funds and \$20,000 in ARPA funds. The amount of the sewer rate increase was reduced using \$20,000 in ARPA funds. The sewer surplus amount is limited, and we felt uncomfortable using surplus funds. We also included reductions in expenditures which should not affect services or longer-term capital budgets.

Water and Sewer Revenue Estimates

Next, Jeff noted that the non-residential water and sewer sales (which include Norwich) have mostly recovered after two years of declines and are approaching pre-COVID levels. In addition, residential water and sewer usage is also increasing.

Water Budget

Jeff stated the Water Department operating expenses as proposed are showing a \$36,480 decrease from last year. The decrease is due primarily to delaying the hiring of a fourth employee until March 2024. We felt that this proposal should not negatively affect the department. However, in March of 2024, there will be the need for the fourth person with the plan to resume installing water lines and there may be the need to assist in the launch of smart meters.

The draft Water Budget CIP is showing a showing a \$15,780 increase from last year due to the need to perform much needed improvements to the Wellfield pump and chemical building. The electrical lines and components in the building are experiencing corrosion issues and should be relocated into a small building addition. The estimated cost including some design work and construction is about \$50,000 to \$60,000. In addition, the budget includes \$20,000 for water line replacement, which with the pipe purchased last year, will allow for the installation of new pipe in summer of 2024. The plan is to replace pipe on School and Pearl Streets.

Water Department debt is not decreasing in FY 23/24; however, it will decrease by \$175,000 in the FY 24/25 with the last payment on two water projects, which will stabilize the budgets and allow rate increases to be in the 2 to 3% range.

Sewer Budget

Next, Jeff Schulz stated that the Sewer Department operating expense are showing an \$8,240 decrease from last year. The Sewer Department is benefiting from the postponement of the hiring of the fourth employee; however, the decrease is lower than the Water Department decrease because for some employees a greater portion of wages and benefits are included in the Water Budget. The decrease in expenditures for the Sewer Department is also due less of a shortfall in the budget from last year and material costs are increasing.

The draft Sewer Department CIP Budget includes a \$40,000 increase from last year due to several needs. There is a sizable cost increase for a new sewer truck which is due for replacement. The budget includes an additional \$20,000 in plant rebuilds to due to a need start an engineering assessment of the sewer plant as mandated by the State of Vermont. The estimated cost for the assessment is \$60,000 to \$70,000. Also, the Sewer Department plans to resume slip lining sewer pipe and plan to do lines on School and Pearl Streets.

Motion by Charlie Morse, second by Dennis Donahue to approve the Water Budget as presented. **Motion passed 3-1-0.**

Motion by Charlie Morse, second by Steve Fitzhugh to approve the Sewer Budget as presented. **Motion passed 3-1-0.**

Motion by Charlie Morse, second by Steve Fitzhugh to adjourn the Joint Meeting of the Electric and the Water/Sewer Commission. **Motion passed 4-0.**

Jeff Schulz, Town Manager