

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JANUARY 24, 2019 AT 6:30 P.M.**

Present for the Board: Gregory Dubreuil, Chair, Vern Blodgett, Vice Chair, John Hine, Kurt Schenker
Peter McAvoy (joined meeting at 6:32 P.M.)

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri,
Administrative Assistant Kim Mendoza, Sr. Engineer Mark Gilmore

The meeting was called to order at 6:30 P.M. by Chair Gregory Dubreuil

Minutes Approval:

12/06/18 Open Session

On a motion made by Mr. Blodgett and seconded by Mr. Schenker it was unanimously
VOTED: To approve the minutes of December 6, 2018, Open Session.

12/06/18 Executive Session

On a motion made by Mr. Blodgett and seconded by Mr. Schenker, it was unanimously
VOTED: To approve the minutes of the December 6, 2018 Executive Session and to
release the minutes.

Public Comment:

There were no public comments.

Manager's Report:

Outages 12/31/2018 YTD:

There were two outages in December with minimal impact to fewer than twenty-five customers.

Outages – 2018 Year End Reliability Review:

Mr. Fitzgerald presented a year-end reliability review of SHELD prepared by Sr. Engineer Mark Gilmore. SHELD's reliability performance remains in the top ranked utilities in the region for the year. There were a total of 38 outages, affecting 1200 customers. The two most significant outages were in July and August which were due to tree damage because of high winds. The remainder of the presentation showed these same outages by minutes, number of customers affected and the events by causes.

The presentation also listed the metrics used to measure reliability. It showed the SAIFI, or System Average Interruption Frequency Index, which is the number of customers affected by outages divided by total number of customers served, to be 0.163. A value of 1.0 would indicate that the average customer experienced 1 outage during the year. Mr. Fitzgerald stated that 0.163 was fantastic.

The SAIDI, or System Average Interruption Duration Index, which is expressed in minutes, shows the total number of customers affected by outages times the duration of those outages, divided by the total number of customers served. A value of 60 would indicate that the average customer experienced 60 minutes of outages during the year. Mr. Fitzgerald stated that SHELD's 13.783 outage number was outstanding.

The CAIDI, or Customer Average Interruption Duration Index in minutes, is the average duration of the outage or the restoration time, for those customers that experience an outage. It showed SHELD's average duration to be 84.367 minutes.

The one tree event, on 7/23/18 on Brainerd Street, accounted for 39% of all customer minutes impacting the SAIDI number, and 53% of all customers affected, impacting SAIFI. This shows how one large event can drive the statistics up. Overall SHELD's numbers were very strong.

Next, Mr. Fitzgerald presented the Historical Reliability Value chart. From 2013 to 2018 SHELD's numbers are consistently far below those of the Investor Owned Utilities in the region. He attributes this to local dispatch, local control, and local crews knowing the system well, plus our ability to respond quickly. Mr. Fitzgerald commended the SHELD team for their responsiveness.

Mr. Dubreuil stated that with our numbers already being so positive, would AMI meters be able to improve on those figures. Mr. Fitzgerald stated that with AMI meters, SHELD would know there was an outage before the customer. There will be faster reporting of outages which can improve even more on those numbers. Mr. Gilmore agreed with that statement.

Seabrook Nuclear Plant Update:

SHELD has a significant portion of its energy, 30%, supplied from Seabrook Nuclear Plant in New Hampshire. There was an original article, published on January 15, 2019, stating that the NRC (Nuclear Regulatory Committee) approved a twenty-year license extension for Seabrook, until the year 2050. However, a January 24, 2019, article indicates that there has been an organized legislative effort to delay granting the license until after additional public meetings are held.

Mr. Fitzgerald spoke to MMWEC, who thinks that the extension will continue to move forward and be approved, it just may take longer. They will probably hold more meetings between now and summer. Much of the process is complete but they are going to hold more public meetings before issuing the license extension.

Mr. McAvoy asked if the goal was to extend the license for another twenty years and Mr. Fitzgerald confirmed his statement. There are eleven years left on the existing license and South Hadley would benefit from the extension because the debt service is gone, there has been investment in the assets and there are power purchase agreements that would continue to the end of the license. Mr. McAvoy asked what the chances are that it would not be approved. Mr. Fitzgerald stated the experts at MMWEC think that is very unlikely. The original issue was cracking in the concrete. After many years of scientific engineering studies, it was shown that the cracking would not contribute to any problems. There is a group of people who live near the nuclear plant and want to participate in more meetings before the extension is approved. For South Hadley, there is value in the asset investment, which keeps rates stable, because of our ownership in the investment. The other nuclear asset, Millstone which supplies 52% of our power supply, already received a license extension until 2045.

SMART Solar Rebate Program Update:

Mr. Fitzgerald stated that we are still waiting for the final approval to proceed with this solar rebate program from the DOER (Department of Energy Resources). We realize that there are SHELD customers who have contacted us about the program and are patiently waiting to hear more about it.

We have received notification from MMWEC that they are awaiting final word from the DOER. We will communicate the program updates as soon as possible. We are hopeful that DOER will provide a final

update in February. To review, originally the SMART program did not include Municipal Light Plants (MLPs) but an alternative program was developed for municipals. After discussions between the DOER and the MLPs, a program was developed to provide funding for rebates for qualifying PV solar installations for the MLPs.

Meeting Time Start Change:

Mr. Dubreuil said there had been suggestions that the start time for the monthly Light Board meetings be changed from 6:30 P.M. to 6:00 P.M.. Mr. Hine said he was fine with that change but mentioned that he wanted to be sensitive to having meetings at a time when people can attend. Most municipal Boards meet at 7:00 P.M.. Mr. Schenker said the time change was fine with him but that perhaps they could move the public comment section later into the meeting. Then they could be sure that anyone who wanted to attend could participate.

Mr. Dubreuil said they would move the meeting start times up to 6:00 P.M., after checking with the CATV people, and wait to see if there was any other feedback from the residents.

November Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials for the eleven months ended November 30, 2018.

Kilowatt hour sales for 2018 of 107,000,000 were up by 6% from 2017, or 6,000,000 kilowatt hours. Year-to-date revenues of \$13,400,000 were up by 13% from 2017, or about \$1,500,000. Of that increase, \$790,000 was attributable to a higher selling price; the other \$701,000 was attributable to increased volume. We had budgeted a \$1,500,000 increase; the actual was \$50,000 lower.

The 2018 kilowatt purchases of 108,792,000 were up by 6% from 2017, or about 6,152,000. The cost of power sold at \$9,600,000 was up by about 13% from 2017, or just over \$1,000,000. Of that increase, \$566,000 was attributed to a higher purchase price; the other \$512,000 was attributed to higher kilowatt hour purchase volume. We budgeted for a \$486,000 cost increase; the actual was \$592,000 higher.

The net revenue, after cost of power sold (i.e., gross profit) of \$3,700,000, was up from 2017 by about \$414,000 because the increase in cost of power was less than the increase in revenue.

All other 2018 operating expenses of \$4,178,000, on a net basis, were up from 2017 by about \$160,000 and up from the budgeted amount by \$97,000.

Salary and wage expense in 2018 showed an increase of \$32,000 from 2017, and from the budgeted amount. Pensions and benefits were up by \$105,000 from 2017 and up from the budgeted amount by \$210,000. 2018 supplies and expenses showed a decrease of \$18,000 from 2017 and were down from the budgeted amount by \$145,000.

November 2018 ended with a net YTD loss of about \$137,000, which was better than the 2017 YTD loss of \$300,000.

Mr. Hine asked about the losses over the past two years and wanted to know if we should be concerned going forward. Mr. Conchieri stated there were losses over the last three years and this was due to the rate composition, which had been in place for twenty years. The rate change, which happened in November, should help minimize losses going forward.

New Business:

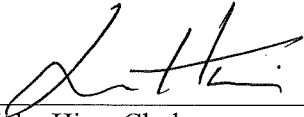
There was no new business.

Adjourn:

On a motion by Mr. Schenker and seconded by Mr. Hine, it was

VOTED: to adjourn to Executive Session pursuant to M.G.L. c. 164, § 47D, for purposes of discussing trade secrets, confidential, competitively sensitive or other propriety information that the Board has determined the disclosure of which will adversely affect its ability to conduct business in relation to other entities making, selling or distributing power and energy pursuant to M.G.L. c. 164, et. seq. and the Board does not anticipate returning to open session, by a unanimous roll call vote; Hine-aye, McAvoy-aye, Blodgett-aye, Schenker-aye, Dubreuil-aye.

The open session ended at 6:56 P.M.



John Hine, Clerk

Approved: February 28, 2019

EXHIBIT A

List of Documents reviewed at the January 24, 2019 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB December 6, 2018 meeting
2. Draft Executive Session Minutes of the MLB December 6, 2018 meeting
3. Outages 12/31/2018 YTD
4. Outages – 2018 Year End Reliability Review
5. MMWEC Today's News - Seabrook Nuclear Plant
6. Management Report for the Period Ended November 30, 2018 and 2017