

Electric Light Department
Town of South Hadley

85 Main Street
South Hadley, MA 01075-2797


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**NOTICE UNDER MASSACHUSETTS GENERAL LAWS
CHAPTER 30A, SECTION 20**

BOARD OF COMMISSIONERS' MEETING

A meeting of the Board of Commissioners of the Town of South Hadley Electric Light Department will be held at **6:00 P.M. on Wednesday, March 23, 2016**, in the Selectboard Meeting Room at 116 Main Street, South Hadley, Massachusetts.

AT THE ORDER OF ANNE S. AWAD,
CHAIR OF THE BOARD



Anne S. Awad, Chair

MEETING AGENDA

Call to order

Public Comment

Meeting Minutes

Chair's Report

-Manager Job Description discussion

Amendment (clarification) to Net Metering Policy

Continuation of Street Light Replacement – Phase II and III

PILOT Transfer for FY17

Johanson Scholarship Fund

Correspondence

Executive Session to discuss confidential and competitively-sensitive information. *

* - Will not reconvene in open session

The South Hadley Electric Light Department

Position: General Manager

Position Purpose:

The General Manager, in accordance with Massachusetts General Law, Chapter 164, Section 56, has charge of the operations and management of the Department, under the Direction and Control of the Board of Commissioners. Such charge includes, but is not limited to, responsibility for utility planning and engineering, personnel administration, finance, power supply, rates and rate design, public relations, and implementation of policies promulgated by the Board, including operational and safety policy implementation.

Position Responsibilities:

1. Establishes and maintains a corporate compliance environment
2. Manages the overall operation of the Town's electric power supply on a daily basis. Purchases electric power supply contracts from outside power companies, purchases line materials, operating and safety equipment and office supplies.
3. Directs, through the Operations Manager, the Department's line crews to construct, maintain, repair, reroute and extend electric power lines, and install residential and commercial electric service throughout the Town.
4. Manages the business of the Utility to maintain stable and financially sound operations
5. Plans, prepares and presents various reports and recommendations to the Municipal Light Board relating to economic evaluations, power supply evaluations and contracts, rates and rate design, utility planning and engineering and personnel, administrative and operating and safety policies, implements, manages and administers approved Department policies and procedures.
6. Acts as liaison to industrial and residential customers.
7. Assures compliance to all safety rules and regulations, adherence to wearing required safety equipment and periodic safety training.
8. Oversees office operations including the accounting, payroll, billing work orders, invoices, purchasing, voucher payments, information technology, budget administration, etc.
9. Directs the Financial Manager, Office Manager, Operations Manager, Engineering Manager, and Administrative Assistant in day-to-day responsibilities.
10. Organizes, trains, schedules, and evaluates personnel; assigns and reviews all daily and assigns long-term work objectives; recommends promotions, transfers, and discharges of staff, approves time records; represents the Town in procedures affecting personnel as required.
11. Maintains public relations with customers, other power companies, outside vendors and suppliers as needed.
12. Attends various Town meetings, association meetings, and other meetings as required.
13. Performs other responsibilities and duties related to managing the Department.

Physical Requirements: General Manager must be able to see well, distinguish colors, communicate with staff and customers effectively, and work cooperatively with other Department and Town personnel.

Reporting Relationships: The General Manager functions under the direction and control of the Municipal Light Board.

Qualifications:

Education: Minimal a B.S. in Electrical Engineering OR Business OR other relevant BA/BS degree from an accredited institution.

Other requirements: Possession of a Massachusetts driver's license.

Related experience (desirable): Experience in a municipal or private electric utility, or equivalent, and supervisory experience.

Job Knowledge/Skills Required:

1. Demonstrated upper management experience of effective application of rules and regulations of the industry and of personnel policies.
2. Demonstrated experience engaging staff in setting goals and performing work.
3. Knowledge of areas of managing an electric light department, including administration, operations, engineering, finance, rate design and power supplies.
4. Knowledge of applicable Federal and State laws and local bylaws and regulations related to municipal electric utilities.
5. Considerable knowledge in the construction and extension of electric power lines for residential and commercial electrical services.
6. Ability to deal effectively and diplomatically with the Board, the public, government agencies, Town officials, employees, power suppliers, and the public utility agencies.
7. Ability to analyze, recommend and administer a wide range of Department policies and procedures.
8. Ability to effectively negotiate union contracts, power supply contracts, new rates, and other contracts as needed.

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

Net Metering Policy

As Adopted 11/15/11

By the South Hadley Municipal Light Board

Policy Description: In an effort to ensure fair treatment of all of its customers, this policy specifies the treatment of distributed generation ("DG") installations based on the size of the facility. This policy has been designed to reduce the effect of cost-shifting that can occur as a result of net metering these resources. Although SHELD encourages the installation of small scale renewable energy projects, it also understands the burden that these installations can have on other customers. SHELD may charge customers for costs associated with installing additional meter requirements and incidental administration costs. All potential DG customers must have an approved interconnection agreement with SHELD prior to the installation of a DG system. The customer must meet all requirements in the interconnection agreement prior to commercial operation. (See Table 1 for fee schedule.)

Net Metering: Net metering allows the customer to use the output of its generating equipment to exceed its own electric usage in some hours, and to have those excess kilowatt-hours credited to its usage during hours when the output of the generating equipment is less than the customer's load.

Third party Purchase Power Agreements (PPA's) are not allowed under the net metering rules above and will be treated as DG Generators as defined later in this policy. Third party PPA's allow generation developers to sell electricity to customers competing with SHELD for that customer's sales. State Law exempts municipal electric utilities from offering retail wheeling. Customers must own all equipment installed at the customer site in order to qualify for Net Metering.

The net metering facility must be located on property owned or occupied by the customer-generator and must operate in parallel with the Department's existing distribution facilities. The primary intent of the net metering facility must be to offset some of the customer-generator's own on-site electric power requirements. SHELD does not allow the use of neighborhood or network net metering.

SHELD limits the cumulative generating capacity of all net metered Residential ~~and Small Customer~~ DG Installations to one percent (1%) of its 2010 annual peak demand. The cumulative capacity of all commercial installations net metered Small Customer and Large Customer DG Installations will be limited to two percent (2%) of the annual peak demand. The 2010 annual peak was 28.5 mW.

In order to provide reasonable protection to all customers but provide incentive for small scale DG projects, SHELD offers net metering for the classes described below:

Residential DG Installations: In order to receive net metering benefits, the installed DG shall be smaller than 10 kW. Any kilowatt hours produced by the

DG CUSTOMERS

2/22/2016

		0 - 100 kW		101 - 500 kW		101.0%			
		287.86		0.00		0.0%			
		Total		287.86		33.7%			
Location #	Address	Type	Capacity	Rate	Status	Rebate			
253210000	4371-001 15 The Knolls	PV	3.00	R1	on-line	\$ 2,000.00			
212570000	4842-001 55 East St	PV	4.68	R1	on-line	\$ 5,000.00			
386420000	5247-001 18 Berwyn St Ext.	PV	4.75	R1	on-line	\$ 5,000.00			
254110000	3330-001 113 Amherst Rd	PV	9.00	R1	on-line	\$ 5,000.00			
213370000	1436-001 173 East St	PV	8.64	R1	on-line	\$ 5,000.00			
446920000	227-001 P8 Industrial Dr	PV	85.00	GSD	on-line	\$ 5,000.00			
111470000	7517-001 7 Washington Ave	PV	6.07	R1	on-line	\$ 5,000.00			
252450000	4155-001 25 The Knolls	PV	10.00	R1	on-line	\$ 5,000.00			
378410000	8650-001 57 Ferry St	PV	8.00	R1	on-line	\$ 5,000.00			
227510000	9150-001 17 Woodbridge St	PV	5.10	R1	on-line	\$ 5,000.00			
326960000	8051-001 16 Magnolia Ter	PV	6.24	R1	on-line	\$ 5,000.00			
412170000	5060-001 7 Taylor St	PV	9.84	R1	on-line	\$ 5,000.00			
342560000	1875-001 202 Lathrop St	PV	10.00	R1	on-line	\$ 5,000.00			
297340000	5523-001 14 Leahey Ave	PV	3.36	R1	on-line	\$ 5,000.00			
367030000	7508-001 39 San Souci Dr	PV	8.64	R1	on-line	\$ 5,000.00			
386730000	31467-001 33 Lawn St	PV	4.00	R1	on-line	\$ 5,000.00			
202420000	4011-001 18 Ashton Ln	PV	3.82	R1	on-line	\$ 5,000.00			
316320000	6577-001 28 Highland Ave	PV	4.00	R1	on-line	\$ 5,000.00			
274280000	3441-001 72 Hadley St	PV	10.00	R1	on-line	\$ 4,250.00			
252700000	538-002 18 The Knolls	PV	6.53	R1	on-line	\$ 4,250.00			
171990000	4791-001 11 Parker St	PV	7.90	RHB	on-line	\$ 4,250.00			
335310000	1174-001 349 N. Main St	PV	3.82	R1	on-line	\$ 4,250.00			
124890000	9296-001 25 Wilwood Ln	PV	10.96	R1	on-line	\$ 4,250.00			
264500000	3484-001 216 Pearl St	PV	6.00	R1	on-line	\$ 4,250.00			
335750000	434-005 1 Valley View Dr	PV	8.75	R1	on-line	\$ 4,250.00			
236110000	5398-001 57 College View Hts	PV	8.10	R1	on-line	\$ 4,250.00			
414700000	8353-003 2 Canal St - Library	PV	13.92	GSD	on-line	\$ 4,250.00			
376000000	31289-001 22 Spring Meadows	PV	8.50	R1	on-line	\$ 4,250.00			
448430000	221-002 7 Charles Street	PV	9.25	R1	application	\$ 4,250.00			

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

TRANSFER TO THE TOWN

MEMO

March 23, 2016

The following table summarizes the calculation and funding of the Department's annual transfer to the Town for 2015.

Cost Paid By The Town and Property Assessment	
Actual FY 2015 Pension Contribution	\$ 239,115
Actual FY 2015 Health Insurance Cost - Active Employees	92,072
Actual FY 2015 Health Insurance Cost - Retired Employees	46,338
Actual FY 2015 Life Insurance Cost - Active Employees	665
Actual FY 2015 Life Insurance Cost - Retired Employees	600
Actual FY 2015 FICA and Medicare Costs - Active Employees	17,003
Total Costs	<u>395,793</u>
Payment in Lieu of Taxes based on 2015 Distribution Plant Cost	70,943
Annual Transfer to the Town	<u>466,736</u>
Approved Transfer FY 2015 (1/2)	263,800
Approved Transfer FY 2016 (1/2)	337,500
Total Approved Transfers	<u>601,300</u>
Excess (Deficiency) of Annual Transfer	<u><u>\$ 134,564</u></u>

The table illustrates the historical formula used by the Department to recognize both the costs of benefits paid by the Town on behalf the Department's employees and the Department's transfer of funds to the Town.

Because the Department is not obligated to make a payment in lieu of taxes to the Town, amounts in excess of the actual expenses paid by the Town are deemed to be "Transfers Out". This information is reflected in the Department's 2015 financial statements as follows:

Financial Statement Presentation	
Operating Expenses	<u>\$ 395,793</u>
Transfers Out	<u>\$ 205,507</u>

In conjunction with the approval of the FY 2016 annual transfer, the Municipal Light Board agreed to provide the Town with a minimum future annual transfer amount of \$675,000.

The Department's FY 2017 calculated annual transfer to the Town (utilizing historical methodology) is based on the Town's estimate of the benefit costs to be paid by the Town on behalf of the Department's employees and an estimate of the PILOT calculation amount. Those estimated benefit costs are \$566,302 and the estimated PILOT calculation amount is \$70,943, for a total of approximately \$637,245.

Historically, the Board has approved transfers in excess of the calculated annual transfer amount. Continued funding at the agreed minimum future annual transfer amount of \$675,000 will once again exceed the calculated annual transfer amount for FY 2017.

Town of South Hadley Massachusetts					
Calendar 2015					
Rank	Entity	Nature of Business	Implied Valuation	PILOT	% of Levy
	SHELD	Utility	\$ 12,968,400	\$ 227,725.00	N/A
Fiscal 2016 - Top 10 Taxpayers					
Rank	Entity	Nature of Business	Taxable Valuation	Town Tax	% of Levy
1	Maraline Development Corp	Commercial Properties	\$ 10,338,100	\$ 181,537.04	0.71%
2	Loomis Village Inc	Assisted Living	\$ 10,261,600	\$ 180,193.70	0.71%
3	US Industrial Gaylord	Manufacturing	\$ 9,333,900	\$ 163,903.28	0.64%
4	Columbia Gas of Massachusetts	Utility	\$ 8,955,720	\$ 157,262.44	0.62%
5	Mount Holyoke College	Education	\$ 8,676,800	\$ 152,364.61	0.60%
6	Center Redevelopment Corp	Retail/Residential	\$ 6,349,282	\$ 111,493.39	0.44%
7	Riverboat Village Associates	Apartments	\$ 6,108,300	\$ 107,261.75	0.42%
8	South Hadley Lmted Partnership	Retail Plaza	\$ 5,965,100	\$ 104,747.16	0.41%
9	Western Ma Electric Co	Utility	\$ 4,800,711	\$ 84,300.49	0.33%
10	NHP Properties	Nursing Home	\$ 4,639,300	\$ 81,466.11	0.32%

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

LOCAL UTILITY PILOT PAYMENT COMPARISONS

	SHELD			HG&E		WG&E		CELD	
	2015	2014	2013	2014	2013	2014	2013	2014	2013
Payment In Lieu of Taxes	227,725	184,350	180,911	1,086,595	1,080,940	417,922	408,571	715,000	682,500
Total Revenues	15,364,724	16,348,395	14,630,970	69,165,642	68,034,291	73,237,453	66,000,402	55,864,960	53,963,453
PILOT as a % of Revenues	1.48%	1.13%	1.24%	1.57%	1.59%	0.57%	0.62%	1.28%	1.26%
Gross Cost - Plant	35,682,782	36,192,867	35,928,436	212,159,133	202,623,575	129,053,147	126,140,297	80,098,046	77,801,880
Pilot as a % of Gross Plant	0.64%	0.51%	0.50%	0.51%	0.53%	0.32%	0.32%	0.89%	0.88%
Net Cost - Plant	5,741,699	5,964,097	6,050,629	127,950,242	123,417,778	76,976,972	76,466,553	37,657,849	37,161,366
PILOT as a % of Net Plant	3.97%	3.09%	2.99%	0.85%	0.88%	0.54%	0.53%	1.90%	1.84%
Electric Customers	7,795	7,772	7,755	11,013	11,013	10,167	9,962	25,581	25,576
Gas Customers				16,702	16,702	17,870	17,733		
Total Customers	7,795	7,772	7,755	27,715	27,715	28,037	27,695	25,581	25,576
Pilot per Customer	29.21	23.72	23.33	39.21	39.00	14.91	14.75	27.95	26.69