

**BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JANUARY 25, 2018 AT 6:15 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice Chair Vernon Blodgett, Anne Awad, John Hine, Kurt Schenker

Present for staff: General Manager Sean Fitzgerald

The meeting was convened at 6:15 P.M. by Gregory Dubreuil, Chair. Kurt Schenker moved and John Hine seconded that the Board go into Executive Session for the purpose of contract negotiation with nonunion personnel and to return to Open Session at the conclusion of Executive Session. Roll Call vote was called by the Chair: Awad-aye, Hine-aye, Blodgett-aye, Schenker-aye, Dubreuil-aye. The vote was unanimous in favor of the motion.

The Open Session reconvened at 6:38 P.M.

Also present for staff: Financial Manager Michael Conchieri and Administrative Assistant Kim Mendoza

Public Comment

There were no public comments.

Minutes Approval:

12/7/17 Open Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously

VOTED: To approve the minutes of December 7, 2017 meeting of the Municipal Light Board.

12/7/17 Executive Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously

VOTED: To approve the minutes of the Executive Session of December 7, 2017 but not to release at this time.

Approval of Manager's Contract Amendment:

On a motion made by Mr. Hine and seconded by Ms. Awad, it was unanimously

VOTED: To approve the Manager's Contract Amendment as written.

Manager's Report:

Outages:

There were two minor electrical outages, due to animal contact, in the past month.

Mr. Fitzgerald also presented a 2017 Year End Reliability Review of the 2017 outages. In 2017 there were only 2 major outages. There was one in March, on Alvord Street, affecting 1,761 customers. It was caused by high winds and unknown damage from a previous lightning strike. The second one, in November, impacted 1,158 customers and was caused by a car hitting a pole on Ferry Street. The remainder of the outages were minor ones.

Mr. Fitzgerald stated that Senior Engineer Mark Gilmore does a great job monitoring the equipment to mitigate outages. We are in the process of gathering industry standards to provide the Board with benchmarks of our performance, but we are confident that our reliability rates high. Our system interruption numbers are very strong. Mr. Dubreuil inquired about SHELD outage information from previous years. Mr. Fitzgerald said he would check with Mr. Gilmore to see if there was information available.

Thank You Letters:

Mr. Fitzgerald stated he received two letters of appreciation for First Class Linemen Jonathan Szymonik and Evan Serella who spent time performing mutual aid restoration in the U.S. Virgin Islands. Both linemen have returned and Mr. Fitzgerald wanted to publicly thank them for their contributions. They made us proud and were outstanding working in extremely tough conditions.

Mr. Fitzgerald also received a letter from the Chamber of Commerce thanking SHELD for the \$2,500 contribution to the Holiday Stroll. SHELD became an active member of the Chamber last year and also helped with some lighting adjustments. The Chamber displayed the SHELD logo in mailers, on the Chamber website, on Facebook and on a banner at the event. Mr. Fitzgerald attended the Stroll with his family and they really enjoyed it. He thought it was very well done and thanked the Board for supporting it.

Fuel Assistance Applications:

Mr. Fitzgerald highlighted a new partnership SHELD has developed with the Community Action of the Franklin, Hampshire, and North Quabbin Regions. This partnership allows our customers to come to the SHELD offices to apply for fuel assistance. The Community Action representative is at the SHELD offices, 2 days per month, taking applications. This improves the efficiency of the application process and reduces errors. To date, there have been 32 appointments scheduled through February. Customers are very appreciative, since normally they would have to travel to Northampton or Greenfield to apply. Anyone interested can call Donna Fournier or Kelly Frazier in the billing/credit department for information. Mr. Fitzgerald also recognized Donna and Kelly for taking the initiative to set up the program which furthers SHELD's commitment to help ratepayers. The program is federally funded so there is no cost to SHELD.

October Financial Statements:

Mr. Conchieri gave a brief overview of the Financial Statement for October 2017.

2017 YTD revenues were \$10,787,000 versus \$12,106,000 in 2016, which is approximately a \$1.3 million decrease from 2016. The cost of power YTD was \$7,603,000 in 2017, compared to \$8,873,000, dropping \$1.2 million from 2016. On a net cost basis we were down approximately \$50,000.

Kilowatt hours sold year-to-date were 93,026,000 compared to 96,023,000 in 2016, or a reduction of 2,997,000. Kilowatt hours purchased in 2017 were 93,676,000 compared to 97,763,000 in 2016, approximately 4 million less than last year.

For all other operating expenses, labor costs were \$1,126,000 YTD compared to \$988,000 last year, a \$138,000 increase. Other supplies, expenses and benefits total \$2.4 million in 2017 compared to \$2.1 million in 2016, an increase of \$300,000. The increase in benefits each year continues to increase operating costs.

Looking at the budget-to-actual figures, sales budgeted were \$11,365,000 with an actual of \$10,787,000, a difference of \$578,000. Cost of power budgeted was \$8,213,000 with an actual of \$7,603,000, a difference of \$610,000. Kilowatt hours sold was within 2% of budget.

All other operating expenses totaled \$3,578,000, which was \$239,000 over budget. Most of that increase is attributable to increasing benefit costs.

Mr. Hine commented that we are seeing less revenue from sales and lower costs of power but other expenses are going up. He asked how we are offsetting these rising costs. Mr. Conchieri said that SHELD is looking to restructure the rates. The rates have not changed in twenty years. Up until now, automation and efficiencies have allowed SHELD to offset rising costs, without increasing rates, but that is no longer the case. The continuous rise in operating costs, and drop in sales, needs to be addressed with a rate restructuring. Any increase in rates should be minimal to ratepayers. Mr. Fitzgerald stated that they should be able to present the new rate structures to the Board in March or April.

On a motion made by Ms. Awad and seconded by Mr. Schenker, it was unanimously

VOTED: To accept the October 2017 Financial Report as written.

Strategic Planning Agenda:

Mr. Fitzgerald presented the Board with an agenda that he and the consultant, from Hometown Connections, drafted for the March 5-6 Strategic Planning meeting. The Board is scheduled to attend on Monday March 5 from 1:00-5:00 P.M. Lunch will be provided at noon. The agenda is designed to provide the framework for the structure of SHELD's five-year plan by addressing and prioritizing all of SHELD's future larger projects.

In following up on several questions from the Board, Mr. Fitzgerald detailed how the staff will meet with the consultant on the morning of March 5 and participate in a SWOT analysis. The Board will meet with the consultant in the afternoon of March 5. On March 6 the Implementation Team will meet with the consultant, and with direction from the input from the Board, work on prioritizing the list of projects. The consultant will probably return another time to gather information from other stakeholders or specific Town commissions.

Mr. Dubreuil asked if the Board could get any information on the projects in advance. Mr. Fitzgerald said he would meet with the Implementation Team, prior to March 5, and come up with a preliminary list of projects, and possibly approximate costs, and send it to the Board before the March 5 meeting.

New Business

Newsletter:

Mr. Fitzgerald stated one of his goals is to maintain ongoing communication with customers. He is planning on sending out quarterly Newsletters. He presented the Board with a copy of the Q1 Newsletter which will be sent out to customers with their February bills. It highlights the restoration project in the U.S. Virgin Islands, has a message from Mr. Fitzgerald on the Know Your Town meeting, and has information on the online bill payment process. Mr. Fitzgerald would like input, from the Board, on subjects for future newsletters.

Mr. Hine asked what percentage of customers pay online currently. Mr. Fitzgerald said he believes it's 30% and has been growing. Online bill pay is much more efficient and SHELD receives the funds quicker. Mr. Fitzgerald also mentioned that all SHELD forms are now available online, including commercial and residential rebate forms.

Solar:

Mr. Dubreuil also brought up the fact that he saw on the news that the U.S. is going to implement a 30% tariff on imported solar panels. U.S. companies have lobbied for this but he was wondering how that could affect SHELD. Mr. Fitzgerald said it will have an impact. It could possibly drive up costs and slow projects. Some companies have been stockpiling panels in preparation for this to happen. It also could create more U.S. jobs for manufacturers.

Mr. Fitzgerald stated that SHELD needs to get into renewables and that he is still looking for a large solar project that could be completed before the SRECS II credits expire, which is currently in May but could be extended again. Mr. Fitzgerald said he is still aggressively looking to build a .5 megawatt solar project, with the right partner.

Adjourn:

On a motion by Mr. Hine and seconded by Ms. Awad, it was unanimously
VOTED: to adjourn.

The Open Session ended at 7:16 P.M.


Anne Awad, Clerk

Approved: February 22, 2018

EXHIBIT A

List of Documents reviewed at the January 25, 2018 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB December 7, 2017
2. Draft Executive Session Minutes of the MLB December 7, 2017
3. Outages 2017
4. Outages 1/22/2018 YTD
5. Thank You Letters
6. Town Reminder Fuel Assistance Article
7. Interim Financial Statements October 2017
8. Strategic Planning Meeting Outline
9. SHELD 2018 Q1 Newsletter