

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
OCTOBER 24, 2019 AT 6:00 P.M.**

Present for the Board: Gregory Dubreuil, Anne Awad, John Hine, Kurt Schenker
Absent: Peter McAvoy
Present for SHELD: General Manager Sean Fitzgerald, Administrative Assistant Kim Mendoza,
Financial Manager Michael Conchieri

The meeting was called to order at 6:00 P.M. by Chair Gregory Dubreuil.

Minutes Approval:

9/26/2019 Open Session

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

VOTED: To accept the minutes of the September 26, 2019.

Public Comment:

There were no public comments.

Manager's Report:

Outages:

Mr. Fitzgerald reviewed the outages for the last month. There were significant outages due to the storm last week. High winds took trees and limbs down which damaged poles and wires. There were 15-20 different tree incidents that contributed to the outages. The outages started around midnight on Wednesday. Power had to be shut down in some areas, for repairs to be made safely, which added to the original number of customers experiencing outages. There were 3000 customers impacted in all. The crews worked all night and restored power to nearly 95% of the customers by 7:00 AM on Thursday. By mid-afternoon, 100% of South Hadley's power was restored. In other areas of the State, there were still about 200,000 customers without power Thursday evening.

All of the SHELD employees did an outstanding job and worked well with the crews from Asplundh Tree Service, the Police Department, the Fire Department and the DPW.

Fibersonic Update:

Mr. Fitzgerald updated the Board on the fiber progress. He said that construction is ongoing and interest continues to grow. Construction in the Charon Terrace fiberhood is 95% complete and applications for installations will be turned on next week. The Crystal Lane fiberhood construction is right behind Charon Terrace and should be complete by year's end. That will make 4 completed fiberhoods by the end of 2019.

Last Saturday there was a second Fibersonic promotional and educational streaming event at McCray's Farm from 1PM to 4PM. Attendance was high with up to 100 people inquiring about the service. More educational events are scheduled. There will be one at the high school on Election Day, November 5th, and at the Holiday Stroll on December 6th.

August 2019 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials ending August 31, 2019.

Kilowatt hour sales for 2019 of 75,000,000 were down by 4% from 2018, or 3,225,000 kilowatt hours. Year-to-date revenues of \$9,513,000 were down by 3% from 2018, or about \$252,000. The \$252,000 consisted of a \$403,000 decrease in volume offset by a \$151,000 increase in selling price. We had budgeted for a \$340,000 revenue increase; the actual was a \$592,000 decrease.

The 2019 kilowatt hours purchased of 77,802,000 were down by 4% from 2018, or 3,425,000. The 2019 cost of power sold at \$6,653,000 was down by about 4% from 2018, or \$309,000. The \$309,000 decrease consisted of a \$293,000 attributable to a lower kilowatt hour purchase volume plus \$15,000 in lower purchase price. We had budgeted for a decrease of \$187,000; the actual was a \$121,000 decrease.

The net revenue, after cost of power sold (i.e., gross profit) of \$2,859,000, was up from 2018 by about \$57,000 because the decrease in revenue was less than the decrease in cost of power. The budgeted decrease in revenue was greater than the budgeted decrease in cost of power; therefore the actual net revenue was down from the budgeted amount by \$470,000.

All other 2019 operating expenses of \$3,251,000, on a net basis, were up from 2018 by about \$278,000 and up from the budgeted amount by \$67,000. Salary and wage expense in 2019 showed an increase of \$72,000 from 2018 and a decrease from the budgeted amount of \$28,000. Pensions and benefits were up by \$10,000 from 2018 and up from the budgeted amount by \$68,000. 2019 supplies and expenses showed an increase of \$186,000 from 2018 and were up from the budgeted amount by \$14,000.

August 2019 ended with a net YTD profit of about \$234,000, which was better than the 2018 YTD profit of \$39,000 but less than the budgeted \$369,000.

Mr. Conchieri answered a couple of questions from Mr. Hine regarding non-operating revenue and reconciling the budget by years' end.

Audit Services RFP Update:

Mr. Fitzgerald stated that the proposals for audit services are due on November 1st and that Management would like to request that the Board authorize the audit committee, Chairman Dubreuil and Commissioner Awad, to select the audit firm prior to the next December 5th meeting and make its recommendations to the Board at that meeting. Or, if they are not comfortable doing that, a special Board meeting could be called.

Ms. Awad said she was not comfortable with that process and would like to hold a special meeting once Mr. Conchieri compiles all the RFP responses. Mr. Conchieri said he would have the RFP results sent out to the audit committee by November 8. The Board chose Thursday November 14th to hold a special meeting for the auditor selection. The meeting will be at 6PM at SHELD.

Old Business Updates:

Mr. Fitzgerald told the Board that he would have his self-review to them by the end of the next day.

New Business:

There was none.

Adjourn:

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

The open session ended at 6:18 P.M.


Anne Awad, Clerk

Approved: December 5, 2019

EXHIBIT A

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

1. Draft Open Session Minutes of the MLB September 26, 2019 Meeting
2. Management Report August 31, 2019 and 2018