



**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
OCTOBER 25, 2018 AT 6:30 P.M.**

Present for the Board: Chair Greg Dubreuil, Vernon Blodgett, Peter McAvoy, John Hine, Kurt Schenker

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

The meeting convened at 6:31 PM.

Minutes Approval:

9/27/18 Open Session

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

VOTED: To approve the minutes of the September 27, 2018, Open Session.

Public Comment:

There were none.

Meter Reading, Load Reduction, Economic Development and Fiber Vote:

Mr. Blodgett moved that the Board approve expenditures from Department reserve funds for the purposes of constructing and maintaining a fiber to the home (FTTH) telecommunications network; and that the Board authorize the expenditure to fill the following needs of the Department: advanced meter reading, demand side management and peak shaving, economic development and customer requests for FTTH services; and that the Manager be authorized and directed to take any action and sign all documents deemed necessary or advisable to carry out the purposes of this motion; and that actions previously taken by the Manager or the Department consistent with the purposes of this motion be ratified and confirmed.

Mr. Hine seconded the motion. Mr. Dubreuil asked that the Manager give some history and background on FTTH before there was discussion by the Board.

Mr. Fitzgerald stated that SHELD had been evaluating the option of offering residential fiber to South Hadley customers for the past year and one-half. The previous administration, and previous Board, had also been considering FTTH for five to seven years before Mr. Fitzgerald was hired. Focus for the past one and one-half years has been on reviewing the costs, the risks, and the economic benefits for the Town. SHELD has also identified a need to replace its meters, which are nearing the end of their life. The new meter technology, advanced meter infrastructure (AMI), will allow SHELD to administer peak load reduction management programs. The combination of FTTH integrated with AMI meters will benefit South Hadley in several ways. It will be responsive to customers' needs, provide a locally controlled choice for internet service, encourage economic development in Town, and provide an alternative revenue source which will reduce electric costs in the future. It will allow SHELD to leverage its fiber and AMI initiative to promote efficient consumption through load management and peak shaving. It will better utilize SHELD personnel and capitalize on one hundred and fourteen years of utility infrastructure and twenty years of fiber optic operational experience. It will fully utilize the already existing fiber investment made in Town and the data hub at Stonybrook.

Mr. Dubreuil asked if any of the Board members had comments. Mr. McAvoy stated that originally he thought that if the project did not have to do with renewable energy that he might vote no, but he has changed his mind and will vote for fiber service. After having a conversation with another Board member, Mr. McAvoy decided that fiber will be valuable to the Town, so more people will want to live here. This, in turn, would bring an increased demand for electricity. Also, after conversations with Sean Fitzgerald earlier today, Mr. McAvoy stated that battery storage, which could segue into renewable energy and benefit South Hadley now, would be on the table for discussion later tonight. The residents should know that we are in a great place because of choices made in the past with respect to where we get our power. Investing in renewable energy now does not make sense for South Hadley but investing in battery storage does make sense. Mr. McAvoy restated that he would now vote yes for the whole package because it will help increase demand for electricity services.

Mr. Blodgett commented that SHELD recently received the results of its audit, from the previous fiscal year, and, with strengths like a debt-free balance sheet, a strong operating system and a strategic plan in place, he feels SHELD is in a great place financially and management-wise to take on this project.

Mr. Dubreuil added that Mr. Fitzgerald and Mr. Conchieri have put a great deal of effort into producing reliable numbers relative to construction, costs, and capital outlay required for the project along with the financial impact and potential benefits. FTTH has been an initiative of the Department for a quite a while and will be a benefit to the community and make South Hadley a more attractive place for economic development.

Mr. Dubreuil asked for a vote based on the motion made by Mr. Blodgett. The vote was taken and passed unanimously.

Manager's Report:

Outages:

There was only one outage last month. It was due to a downed tree on Brainerd Street which took out the service to one house for two hours.

Battery Storage Interim Policy Draft:

Mr. Fitzgerald stated that an interim battery storage policy was drafted to address customers who want to install battery storage until SHELD can develop a more complete policy. Mr. Gilmore, Sr. Engineer, researched this new technology. The draft will bridge the gap for now and will not alter the existing metering policy. Customers with existing PV systems will not be negatively impacted. Mr. Gilmore stated that this is new technology and that he is still learning about it. He has to do more research and expects the policy may change as more information becomes available in the future. Mr. Fitzgerald stated he hoped to have a completed policy in the near future.

Manager's Review:

Mr. Dubreuil stated that Mr. Fitzgerald has been at SHELD since February 2017 and his contract requires an annual evaluation. Mr. Dubreuil gave a quick overview of the rating system used by the Board in reviewing Mr. Fitzgerald. He said Mr. Fitzgerald was evaluated in eight categories on a scale of one to five, where a rating of one indicates he rarely meets his goals, and a rating of five indicates he always exceeds his goals. A rating of a three would be a solid score and the Board would be satisfied with an overall rating of three for his performance.

Mr. Dubreuil indicated that Mr. Fitzgerald's overall average rating for the eight categories was 4.70, which he thinks is extraordinary. Board members also wrote a comment for each category.

The eight categories rated were technical expertise, administrative management, communications skills, personnel management, community relations, MMWEC and other municipal utility company relationships, compliance activities, and strategic planning. For each category rated, a Board member read the title and description of the specific goals, followed by Mr. Fitzgerald's average score. Then they each read one of the individual comments submitted by the Board. Mr. Dubreuil asked if any of the Board members had any further comments.

Mr. McAvoy commented that it's been a pleasure working with Sean and that Sean helped him get acclimated to his new Board position.

Mr. Hine stated that a lot of positive things have been happening over the past two years and he is looking forward to the new and challenging projects starting soon.

Mr. Blodgett said he thought the vote that the Board took earlier would not have been possible without Sean as Manager. It is with the Board's confidence in him, and his skills, that SHELD can take this step forward.

Mr. Schenker thanked Mr. Fitzgerald, commenting that, when he stops by SHELD with questions, Sean and all the employees have always been very helpful.

Mr. Fitzgerald thanked the Board for the opportunity to work for them and the ratepayers of South Hadley. He appreciates the Board's leadership. It's been a very busy two years with a significant amount of change. He enjoys working with the Board and the Staff, who make him look good by providing all the data, reports, and analysis for every project. SHELD's performance has been fantastic. The new metering and fiber projects are very exciting. He thanked everyone again.

Mr. Dubreuil said the remaining portion of the evaluation was compensation. He mentioned that previously the Board selected a subcommittee to handle negotiations and report back to the whole Board. It worked well last year and he thought they should do it the same way this year. The Board was in agreement. Mr. Dubreuil and Mr. Blodgett were nominated for the subcommittee to work with Mr. Fitzgerald to negotiate his salary.

On a motion made by Mr. Hine and seconded by Mr. McAvoy, it was unanimously
VOTED: that Chair Dubreuil and Vice Chair Blodgett serve as the negotiating committee.

November/December Meeting Date:

Mr. Dubreuil stated that the next meeting would fall on Thanksgiving and stated that last year the Board combined the November and December meeting and had one meeting in early December. Mr. Dubreuil suggested December 6th and the Board agreed that date would work for everyone. The next meeting was scheduled for December 6th and then they would return to the normal schedule of the fourth Thursday of each month in January.

New Business:

Mr. Fitzgerald had one new business item. The Town Administrator had approached him requesting SHELD's help in assisting in improving public lighting at the crosswalks near Mount Holyoke College and the Village Commons. Mr. Fitzgerald thinks we should assist with improving the lighting for safety reasons and he wanted to make the Board aware of the request. Mr. Dubreuil said they appreciate the information and stated that the project should be at the discretion of the Manager.

Mr. McAvoy commented that he wanted to clarify his comment on Mr. Gilmore's discussion on battery storage which relates to PV solar systems on ratepayers' homes. When Mr. McAvoy mentioned battery storage earlier, he was referring to what the Town might do to incorporate battery storage to maximize

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low prices by selling power at a lower cost in demand periods. There is a difference and he wanted it noted.

Adjourn:

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

VOTED: to adjourn

The open session ended at 7:06 P.M.

Clerk

Approved: December 6, 2018

EXHIBIT A

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

1. Draft Open Session Minutes of the MLB September 27, 2018 meeting
2. Outages 10/22/2018 YTD
3. Battery System Policy Draft
4. Review and Goals of the Manager, Sean Fitzgerald