

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' VIRTUAL MEETING
OCTOBER 27, 2022, AT 5:15 P.M.**

Present for the Board: Chairman John Hine, Vice Chair Denise Presley, Gregory Dubreuil, Paul Dobosh, Kurt Schenker (arrived 5:18)

Present for SHELD: General Manager Sean Fitzgerald, Administrative Assistant Kim Mendoza, Financial Manager Michael Conchieri

The virtual meeting was called to order at 5:15 P.M. by Chairman Hine.

On a motion by Mr. Dubreuil, seconded by Mr. Dobosh, it was unanimously VOTED: To move to executive session pursuant to M.G.L. c. 164, § 47D, for purposes of discussing trade secrets, confidential, competitively sensitive, or other proprietary information and to return to open session at approximately 6:00PM., by a roll call vote: Mr. Dobosh – aye, Mr. Dubreuil – aye, Ms. Presley – aye, Mr. Hine.

The open session reconvened at 6:00 PM.

Minutes Approval:

9/22/2022 Open Session:

On a motion by Ms. Presley, seconded Mr. Schenker, it was unanimously VOTED: To approve the minutes of the SHELD Board of Commissioners of September 22, 2022, open session, by a roll call vote: Mr. Dubreuil-aye, Mr. Dobosh-aye, Ms. Presley-aye, Mr. Schenker-aye, Mr. Hine-aye.

10/4/2022 Open Session:

On a motion by Mr. Dubreuil, seconded Mr. Schenker, it was unanimously VOTED: To approve the October 4, 2022 open session minutes of the Board of Commissioners meeting, by a roll call vote: Mr. Schenker-aye, Ms. Presley-aye, Mr. Dobosh-aye, Mr. Dubreuil-aye, Mr. Hine-aye.

10/4/2022 Executive Session:

On a motion by Mr. Dobosh, seconded Mr. Schenker, it was unanimously VOTED: To approve, and not release, the minutes of the executive session of October 4, 2022, by a roll call vote: Mr. Dobosh-aye, Mr. Schenker-aye, Ms. Presley-aye, Mr. Dubreuil-aye, Mr. Hine-aye.

Public Comment:

Mr. Howard asked Mr. Fitzgerald if he had seen information on MassSave separating from the IOU control. Mr. Fitzgerald had heard about it but didn't have details.

Manager's Report:

Outages:

Only two minor electric outages effecting less than 6 customers for under an hour.

Fiber experienced its first significant outage on Saturday 10/22 starting at 9:15AM for nine hours. The outage was caused by squirrels who chewed their way into underground conduit and chewed the fiber optic cable that feeds the Hillcrest and Pinnell Road fiber distribution cabinet. The outage impacted 92 customers of our 1600 customers and required our crews to patch and splice a new cable to restore service.

Fiber & AMI Update:

There are 1601 connected fiber customers and 284 phone customers to date. Construction is still proceeding. We ported 100 Shutesbury phone customers this week, with more coming in the next weeks. There is no impact to South Hadley fiber construction with the addition of Shutesbury and Leverett.

We are still installing AMI meters but were just informed there may be a delay in our future shipments of more meters because of vendor shortages in getting the chips. We have received 2500 of our 8000 meters on order. We can continue to use a mixture of the old meters and the AMI meters. Mr. Hine asked if customers were going to be able to monitor their usage with the AMI meters soon. Mr. Fitzgerald said that the AMI meters we have installed are relaying information to SHELD but before customers will have access, SHELD needs to put a meter data software system in place which is quite expensive. we have not started looking at vendors yet but he will make that a goal for 2023.

August 2022 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the financials for the month ending August 31, 2022.

Kilowatt hour sales of 75,547,000 for 2022 were up by 2.9 % from 2021 by 2,170,000 kilowatt hours. Year-to-date operating revenues of \$9,334,000 were up from 2021 by about \$44,000, consisting of an increase of \$275,000 in volume and offset by a decrease of \$231,000 in selling price. We had budgeted for a \$383,000 revenue increase; the actual was a \$340,000 decrease.

The 2022 kilowatt hour purchases of 79,269,000 were up by 2.8% from 2021, or 2.2 million. The 2022 cost of power sold of \$7,845,000 was up by about 25% from 2021, or \$1,593,000, consisting of an increase of \$180,000 in kilowatt hour purchase volume, and an increase of \$1,413,000 in purchase price. We had budgeted for a cost decrease of \$718,000; the actual was a \$2.3 million increase.

The increase in revenue was less than the increase in the cost of power; therefore, the net revenue of \$2,600,000 was down from 2021 by \$1,000,000. The actual net revenue was down from the budgeted amount by \$2,200,000.

All other 2022 operating expenses of \$4,400,000 on a combined basis, were down from 2021 by

about \$76,000 and down from the budgeted amount by \$322,000. August 2022 ended with a net YTD loss of about \$2,800,000, compared to the 2021 net loss of \$491,000 and was down from the budgeted amount of a \$412,000 profit.

Mr. Conchieri answered questions regarding the loss at the end of August. He said that things should start turning around as we go into the shoulder months of less demand. There is always a time lag in setting the rate adjusters. We look back at the rates over the last 6 months and compare what we thought the rates would be to the actual costs and make adjustments. We are always playing catch up. The two issues affecting SHELD recently are the increase in power cost and the loss in investments.

2022 Audit Services:

Mr. Fitzgerald said we had been using Meyers Brothers Kalicka PC for the last 3 years. They are a professional service, and we are not required to go out to bid. We used three other firms previously but are pleased with Meyers Brothers service and would like them to continue as our auditors. Mr. Fitzgerald recommended that we continue to use them going forward on a year-to-year basis. Mr. Dubreuil said the auditors work for the Board, so it's a Board decision to choose an auditor. Meyers Brothers have worked very well with the Board, and he agreed with Mr. Fitzgerald to continue to use them without going out to bid.

On a motion by Mr. Dubreuil, seconded Mr. Schenker, it was unanimously VOTED: To continue, on an annual basis for 2022 audit services, to use Meyers Brothers Kalicka PC, by a roll call vote: Mr. Schenker-aye, Ms. Presley-aye, Mr. Dobosh-aye, Mr. Dubreuil-aye, Mr. Hine-aye.

2023-2024 Vegetation Management RFP Approval:

Mr. Fitzgerald reviewed the RFP results from three vendors, for the Vegetation Management RFP. He also reviewed the increase in costs over the last three years for the important services of tree trimming in town around the power lines. Mr. Fitzgerald said that on the recommendation of Ed Morrin, the Operations Manager, that the contract be awarded to Asplundh Tree Expert because they were lowest bidder and had the fastest response time. Mr. Fitzgerald agreed with his recommendation and asked the Board for their approval.

On a motion by Mr. Schenker, seconded Mr. Dobosh, it was unanimously VOTED: To award the Vegetation Management contract to Asplundh, by a roll call vote: Mr. Dubreuil-aye, Mr. Dobosh-aye, Mr. Schenker-aye, Ms. Presley-aye, Mr. Hine-aye.

Electric Rates:

The Board asked Mr. Fitzgerald to discuss rates again this month. In last month's meeting, and in several news events, it was noted that utilities are increasing rates primarily due to the gas market volatility. SHELD electric customers, beginning in October of 2022, will see a 04 cents per kilowatt hour per customer increase, or 28%. SHELD managed to maintain its rates for the first three quarters of 2022, but the financials show that there is a need to increase rates to recover the cost of power which have increased substantially. Our customers did not feel the impact of the increase in power cost in their utility bills during the periods of highest electrical

demand over the summer. Even with this increase, SHELD is still 35% less than what the IOU customers will see for rate increases. They are expecting an increase of between 65% to 100%. SHELD has posted a rate notification explaining our 4th quarter rate increase on our website.

Also, in March 2022, SHELD reduced its deposits for electric service, for those who do not own their residences, from \$300 to \$200 and from \$600 to \$400 for those with electric heat. Homeowners do not pay deposits on unpaid balances because SHELD can place a lien against their property. With the deposit reduction, SHELD credited the differences to customer accounts, returning \$100,000 under the Board's recommendation, after SHELD's Financial Manager reviewed three years of payment history and the average 3-month electric bills of those customers.

Manager's Performance Review & Goals:

Chairman Hine reviewed the process for the General Manager's performance review and summarized the results of the Board's rating of Mr. Fitzgerald in five categories from the Strategic Plan. He also highlighted several achieved goals in each category. In Reliability, the score was 4.5, in Customer Engagement the score was 4.875, in Community Development / Enhanced Quality of Life the score was 5.0, in Finance the score was 4.95, and in Workforce the score was 4.625. Mr. Fitzgerald's overall average for the five categories was 4.79. Mr. Hine said the Board was impressed with Sean's, and the staff's, efforts and it was a great year. Next, the Board needs to set up a two-person subcommittee to meet with Sean to discuss compensation. Ms. Presley and Mr. Hine volunteered for the subcommittee and would meet with Mr. Fitzgerald before the next meeting.

On a motion by Mr. Dobosh, seconded Mr. Schenker, it was unanimously VOTED: To appoint Ms. Presley and Mr. Hine to the subcommittee, by a roll call vote: Mr. Schenker-aye, Ms. Presley-aye, Mr. Dubreuil-aye, Mr. Dobosh-aye, Mr. Hine-aye.

Mr. Fitzgerald thanked the Board for their support throughout the year and he thanked the staff for all their efforts.

November/December Meeting Date:

Chairman Hine reminded the Board that they don't usually meet in November because it falls on Thanksgiving. They usually meet the beginning of December. After a discussion, December 8th was chosen for the next, and last, meeting of 2022.

Old Business:

Mr. Dobosh asked Mr. Fitzgerald about the status of the Strategic Plan. Mr. Fitzgerald said it was in process and he hoped to present it in the December or January meeting. He also said he expects to present the 2023 budget to the Board in December.

New Business:

There were none.

Adjourn:

On a motion by Mr. Dobosh and seconded by Mr. Schenker, the meeting was unanimously VOTED: to adjourn, by a roll call vote: Ms. Presley–aye, Mr. Schenker-aye, Mr. Dobosh-aye, Mr. Dubreuil–aye, Mr. Hine-aye.

The open session ended at 6:57 P.M.



Gregory Dubreuil, Light Board Secretary

Approved: December 8, 2022

EXHIBIT A

List of Documents reviewed at the October 27, 2022, Municipal Light Board Meeting

1. Draft Open Session Minutes September 22, 2022
2. Draft Open Session Minutes October 4, 2022
3. Draft Executive Session Minutes October 4, 2022
4. Financial Statement August 31, 2022
5. 2023-2024 Vegetation Management RFP Results
6. What is the Outlook on the Power Markets?