

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
FEBRUARY 27, 2020 AT 6:00 P.M.**

Present for the Board: Gregory Dubreuil, John Hine, Anne Awad, Kurt Schenker

Absent: Peter McAvoy

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

Guests: Howard Cheney and Brittany Bird, Meyers Brothers Kalicka, P.C.

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

Minutes Approval:

1/23/2020 Open Session

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

VOTED: To approve the minutes of the Electric Light Department meeting of January 23, 2020.

1/23/2020 Executive Session

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

VOTED: To approve the minutes of the executive session of January 23, 2020, with one edit, and not to release at this time.

1/29/2020 Open Session

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

VOTED: To approve the Board minutes of January 29, 2020.

Meyers Brothers Kalicka:

Mr. Cheney, audit partner from Meyers Brothers Kalicka, P.C., introduced himself and Ms. Bird, Sr. Associate, as the appointed audit firm selected by SHELD to perform the 2019 year-end audit. Mr. Cheney said they were happy to have the opportunity to meet the Board prior to beginning their field work on April 6th. They have had preliminary meetings, with the General Manager and Financial Manager, and are ready to get started. There will be interviews with some of the SHELD personnel, and the Board Chair, during the process. They expect to have the final audit report ready sometime in June. The Board did not have any questions for Mr. Cheney. Mr. Dubreuil did mention that the Board had selected a two-person audit committee who will meet with the auditors before they make their presentation to the Board.

Public Comment:

There were no comments.

Manager's Report:

Outages:

SHELD had three minor outages impacting 16 customers in the last month. Two outages were due to animal contact and one was due to a mechanical wire break. All outages were roughly one hour or less.

Fibersonic Update:

Mr. Fitzgerald updated the Board on the fiber progress. He started with a summary of upcoming events. Tuesday March 3rd there will be a pop-up tent at the high school for voting day. Fibersonic staff will be there and available to answer questions and help customers “express interest” in Fibersonic. Also, on Tuesday March 10th at 5:00 PM, there will be a Fibersonic 101 event at the library. Fibersonic staff will give a short informative presentation on Fibersonic service and streaming options which will be followed by a question and answer session.

Mr. Fitzgerald gave a detailed update on the construction process. He stated that 100 percent of the commercial and residential construction in the Ridge Road, Old Lyman Road (except for Abbey Lane which has a multi dwelling unit), Hollywood Street and Charon Terrace “fiberhoods” had been completed.

Mr. Fitzgerald then gave construction updates on the fiberhoods that are currently under construction. All aerial construction has been completed in the Crystal Lane “fiberhood” with underground construction starting when the ground is thawed, as weather permits. Construction is wrapping up in the Parkview Drive “fiberhood”. Installations for aerial connections will begin the week of March 16th and underground construction will begin in the second quarter. Pheasant Run “fiberhood” construction has begun and aerial applications will start the beginning of second quarter. Underground construction will also begin in the second quarter. Construction has begun in the Pine Street “fiberhood” with applications and installations to begin towards the end of the second quarter.

Construction has now passed over 1,000 residential homes and businesses which makes Fibersonic internet service connection available to them.

Mr. Hine asked if Fibersonic would be trenching for connections in the underground areas. Mr. Fitzgerald explained that if there is existing usable conduit, that is owned by the homeowner, that conduit can be used. If not, then we will trench and put in micro duct to run the fiber.

Chamber Thank You Letter:

Mr. Fitzgerald stated that SHELD received a thank you letter, from the Chamber, for sponsoring the 31st Annual Holiday Stroll. In return for our sponsorship, SHELD received significant marketing recognition from the Chamber allowing us to promote the Fibersonic and SHELD brand and services.

November 2019 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials for the month ending November 30, 2019.

Kilowatt hour sales for 2019 of 100,987,000 were down by 6% from 2018, or 6,037,000 kilowatt hours. Year-to-date operating revenues of \$12,383,000 were down by 8% from 2018, or about \$1,021,000.

The \$1,021,000 decrease consisted of \$756,000 in lower volume and \$265,000 in a lower selling price. We had budgeted for a \$401,000 revenue increase; the actual was a \$1,422,000 decrease.

The 2019 kilowatt hour purchases of 103,306,000 were down by 5% from 2018, or 5,494,000. The 2019 cost of power sold at \$8,651,000 was down by about 10% from 2018, or \$976,000. The \$976,000 decrease consisted of \$486,000, attributable to a lower kilowatt hour purchase volume, and \$490,000 due to a lower purchase price. We had budgeted for a cost decrease of \$570,000; the actual was a \$405,000 decrease.

The decrease in revenue was greater than the decrease in cost of power; therefore, the net revenue of \$3,732,000 was down from 2018 by about \$45,000. The actual to budget decrease in revenue was greater than the actual to budget decrease in cost of power; therefore, the actual net revenue was down from the budgeted amount by \$1,016,000.

All other 2019 operating expenses of \$4,570,000 on a combined basis, were up from 2018 by about \$392,000 and up from the budgeted amount by \$166,000. Salary and wage expenses in 2019 showed an increase of \$106,000 from 2018 and were down from the budgeted amount by \$12,000. Pensions and benefit costs were up by \$20,000 from 2018 and up from the budgeted amount by \$103,000.

2019 supplies and expenses showed an increase of \$256,000 from 2018 and were up from the budgeted amount by \$58,000.

November 2019 ended with a net YTD loss of about \$30,000, which was better than the 2018 net YTD loss of \$137,000 but was short of the budgeted amount of a \$652,000 profit.

Old Business:

Mr. Dubreuil mentioned he saw an article with Ron DeCurzio, from WWMEC, that talked about renewables. It stated that MMWEC was working with several municipalities on battery storage projects. Mr. Dubreuil wondered if the munis would share their information on the projects with SHELD. Mr. Fitzgerald said that he could contact MMWEC and see if they would come and speak to the Board and share information. The other Board members agreed that they would be interested too.

New Business:

Mr. Fitzgerald asked the Board if it was possible to move the May 28th meeting to May 27th as he had a personal conflict with the May 28th date. They all agreed they could accommodate the date change.

Adjourn:

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

The open session ended at 6:23 P.M.


Anne Awad, Clerk

Approved: April 23, 2020

EXHIBIT A

List of Documents reviewed at the February 27, 2020 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB January 23, 2020 Open Session Meeting
2. Draft Open Session Minutes of the MLB January 23, 2020 Executive Session Meeting
3. Draft Open Session Minutes of the MLB January 29, 2020 Open Session Meeting
4. Management Report November 30, 2019 and 2018