

*Electric Light Department
Town of South Hadley*

85 Main Street
South Hadley, MA 01075-2797

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**NOTICE UNDER MASSACHUSETTS GENERAL LAWS
CHAPTER 30A, SECTION 20**

BOARD OF COMMISSIONERS' MEETING

A meeting of the Board of Commissioners of the Town of South Hadley Electric Light Department will be held at **6:00P.M. on Thursday, October 27, 2016**, in the Selectboard Meeting Room at 116 Main Street, South Hadley, Massachusetts.

AT THE ORDER OF ANNE S. AWAD,
CHAIR OF THE BOARD



Anne S. Awad, Chair

MEETING AGENDA

Public comment

Renewable Energy Trust

Community Services/Charitable Giving

Financial Report-year to date

Update on Manager Search

Truck bids, upcoming annual solicitations

Other timely items that come to the attention of the Chair after posting meeting

Adjourn



SOUTH HADLEY & GRANBY CHAMBER OF COMMERCE

WWW.SHGCHAMBER.COM

October 1, 2016

Anne S. Awad – Commissioner Chair
SHELD
85 Main Street
South Hadley, MA 01075

Dear Anne,

On Friday, December 2, 2016, from 5:30 pm to 8:30 pm the South Hadley & Granby Chamber of Commerce will be hosting their 28th annual Holiday Stroll. The event will begin with a tree lighting at 6:00pm. There will be a parade down Route 116 with Santa and the elves. The evening will include caroling and an opportunity for parents to take a picture of the kids with Santa.

In past years SHELD has sponsored the Holiday Stroll and lighting around the Town Common at the \$3000 level by sending a check to the non-profit organizer of the event, The South Hadley & Granby Chamber of Commerce. We understand that SHELD had decided at a 2015 meeting not to be supportive of any South Hadley activities that weren't related to generating electricity demand or distributing electricity.

Since the Holiday Stroll and associated lighting of the Town Common is clearly related to SHELD's business interests, we are asking SHELD to reconsider supporting this free to the public Town wide tradition by paying for the electricity and lights that illuminate the Town Common during the Holiday Season. This may better fit the Board's feelings about a electricity related activity and not sending money to the Chamber of Commerce who has paid for the electricity and or lights with a portion of the money donated by SHELD in previous years.

It is my understanding that Westfield, Holyoke, and Chicopee municipal electric light companies give monies to the Chambers of Commerce directly as well as to vendors that are supporting Town/ City events.

Your support would be recognized with SHELD's name on the holiday Stroll program distributed at the event and advertised before the event on the Chamber website and emails.

I sincerely hope that you will be able to participate in this event and look forward to your positive response. Please call me at (413) 532-6451 if you have any additional questions.

Sincerely,

Dale Johnston - Executive Director
South Hadley & Granby Chamber of Commerce

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT



**INTERIM FINANCIAL STATEMENTS,
SCHEDULES, AND ANALYSIS**

AUGUST 2016

The accompanying financial statements reflect an accrued compensated absence liability based upon the balance as determined in the 2015 audited statement of net position and do not reflect any adjustments for recalculated retirement payouts/accumulations in 2016.

SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

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SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT

FINANCIAL STATEMENT OVERVIEW

The 2016 year-to-date revenues from sale of electricity decreased by about \$759,000 compared with the same period in 2015. Actual kWh sold decreased by about 765,000 on a year-to-date basis. The average \$/kWh revenue decreased by \$.005740 in 2016. This revenue decrease, however, was offset by a decrease in cost of power of about \$656,000. The average \$/kWh cost decreased by \$.007570 in 2016. The 2016 net revenue after cost of power sold showed a decrease of about \$103,000 from 2015, or about -1.01 % of 2015 revenues.

Distribution expenses increased by about \$14,000 compared to 2015. Customer account expenses and general and administrative expenses, on a combined basis, increased by about \$130,000 compared to 2015.

On a year-to-year comparative basis, the August 2016 results were worse than the August 2015 results. For the period ended August 31, 2016, SHELD shows a year-to-date loss of about \$22,000. For the period ended August 31, 2015, SHELD shows a year-to-date profit of about \$16,000.

At August 31, 2016, SHELD shows a very healthy financial position. When compared to other companies in the electric power distribution industry, SHELD's 2016 liquidity and leverage ratios equal or exceed those of its peers.

The 2016 year-to-date actual revenues from the sale of electricity were less than the 2016 year-to-date budget revenues by \$673,000. This overall negative variance consisted of a positive volume variance of \$15,000 and a negative price variance of \$688,000. The 2016 year-to-date actual cost of power sold was less than the 2016 year-to-date budget costs by \$356,000. This overall positive variance consisted of a negative volume variance of \$157,000 and a positive price variance of \$513,000. The 2016 year-to-date actual net revenue after cost of power sold was less than the budget net revenue by \$318,000.

The 2016 year-to-date actual costs for all other expenses were greater than the budget costs by \$41,000 and the 2016 year-to-date nonoperating income was greater than the budget amount by \$61,000.

On a year-to-year basis, the actual 2016 results were worse than the budget 2016 results. For the period ended August 31, 2016, SHELD shows a year-to-date actual loss of about \$22,000. For the period ended August 31, 2016, SHELD shows a year-to-date budget profit of about \$276,000.

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
CONDENSED FINANCIAL STATEMENTS
AS OF AND FOR THE EIGHT MONTHS ENDED AUGUST 31, 2016 AND 2015**

STATEMENT OF NET POSITION	2016	2015	Variance
ASSETS			
Current	\$ 15,504,857	\$ 15,568,443	\$ (63,586)
Restricted	8,166,997	6,863,581	1,303,416
Capital - Net	5,449,245	5,793,720	(344,475)
Deferred Outflows	515,801	491,233	24,568
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 29,636,900</u>	<u>\$ 28,716,977</u>	<u>\$ 919,923</u>
LIABILITIES AND NET POSITION			
Current	\$ 1,416,530	\$ 521,355	\$ 895,175
Long-Term	4,124,466	4,037,195	87,271
Net Position	24,095,904	24,158,427	(62,523)
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,636,900</u>	<u>\$ 28,716,977</u>	<u>\$ 919,923</u>

STATEMENT OF REVENUE AND EXPENSE	2016	2015	Variance
OPERATING REVENUES	\$ 9,479,384	\$ 10,238,484	\$ (759,100)
OPERATING EXPENSES			
Cost of Power Sold	7,105,231	7,761,142	(655,911)
Distribution Expense	633,741	620,137	13,604
Customer Accounts Expense	190,819	228,299	(37,480)
General and Administrative Expense	1,050,240	882,499	167,741
Depreciation Expense	695,142	705,136	(9,994)
TOTAL OPERATING EXPENSES	<u>9,675,173</u>	<u>10,197,213</u>	<u>(522,040)</u>
OPERATING INCOME (LOSS)	(195,789)	41,271	(237,060)
NONOPERATING INCOME	173,503	(24,998)	198,501
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS OUT	<u>\$ (22,286)</u>	<u>\$ 16,273</u>	<u>\$ (38,559)</u>

STATEMENT OF CASH FLOWS	2016	2015	Variance
CASH FLOW PROVIDED BY (USED IN):			
Operating Activities	\$ 528,759	\$ 675,611	\$ (146,852)
Financing Activities	(473,773)	(713,634)	239,861
Investing Activities	72,280	62,315	9,965
NET INCREASE (DECREASE) IN CASH	<u>127,266</u>	<u>24,292</u>	<u>102,974</u>
CASH - BEGINNING	8,636,175	8,064,705	571,470
CASH- ENDING	<u>\$ 8,763,441</u>	<u>\$ 8,088,997</u>	<u>\$ 674,444</u>

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
STATEMENT OF NET POSITION
AUGUST 31, 2016 AND 2015**

ASSETS			LIABILITIES AND NET POSITION		
	2016	2015		2016	2015
CURRENT ASSETS			CURRENT LIABILITIES		
Cash - Operation Fund	\$ 2,834,500	2,909,229	CP of Accrued Compensated Absences	\$ 174,409	\$ 168,385
Investment - MLDM Reserve Trust	11,845,186	11,748,211	Accounts Payable	914,896	122,279
Accounts Receivable - Net of Allowance	298,437	391,481	Customer Deposits	314,217	218,294
Inventory	461,978	438,976	Accrued Liabilities	13,008	12,397
Prepaid Expense	40,240	56,030			
Other Current Assets	24,516	24,516			
Total Current Assets	15,504,857	15,568,443	Total Current Liabilities	1,416,530	521,355
RESTRICTED ASSETS			LONG-TERM LIABILITIES		
Cash - Depreciation Fund	5,582,948	4,961,474	Net Pension Liability	2,975,471	2,957,945
Cash - Customer Deposits	345,992	218,294	Accrued Compensated Absences	697,636	673,540
Investment - OPEB Liability Trust	654,895	604,902	Other Post-Employment Benefit	625,768	574,095
Deferred Charges	1,583,162	1,078,911			
			Total	4,298,875	4,205,580
			Less Current Portion	174,409	168,385
Total Restricted Assets	8,166,997	6,863,581	Total Long-Term Liabilities	4,124,466	4,037,195
CAPITAL ASSETS			Net Position		
Distribution Plant	29,539,050	\$ 29,356,387	Net Investment in Capital Assets	5,449,245	5,793,720
General Plant	5,915,847	5,713,881	Restricted	7,227,012	6,071,192
Construction-in-Progress	630,572	598,385	Unrestricted	11,419,647	12,293,515
Total	36,085,469	35,668,653			
Less Accumulated Depreciation	30,636,224	29,874,933			
Capital Assets - Net	5,449,245	5,793,720	Total Net Position	24,095,904	24,158,427
DEFERRED OUTFLOWS					
Pension Related Deferrals	515,801	491,233			
TOTAL ASSETS AND DEF OUTFLOWS	\$ 29,636,900	\$ 28,716,977	TOTAL LIABILITIES AND NET POSITION	\$ 29,636,900	\$ 28,716,977

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
STATEMENT OF REVENUE AND EXPENSE
EIGHT MONTHS ENDED AUGUST 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
OPERATING REVENUES			
Residential	\$ 5,070,654	\$ 5,683,779	\$ (613,125)
Commercial	1,634,561	1,786,832	(152,271)
Industrial	2,099,465	2,154,755	(55,290)
Municipal	540,508	569,650	(29,142)
Other	134,196	43,468	90,728
Total Operating Revenues	<u>9,479,384</u>	<u>10,238,484</u>	<u>(759,100)</u>
OPERATING EXPENSES			
Cost of Power Sold			
Purchased Power	5,459,467	6,271,980	(812,513)
Transmission Expense	1,499,683	1,377,393	122,290
Supplies and Expense	146,081	111,769	34,312
Total Cost of Power Sold	<u>7,105,231</u>	<u>7,761,142</u>	<u>(655,911)</u>
Distribution Expense			
Salaries and Wages	406,109	418,791	(12,682)
Supplies and Expense	227,632	201,346	26,286
Total Distribution Expense	<u>633,741</u>	<u>620,137</u>	<u>13,604</u>
Customer Accounts Expense			
Salaries and Wages	128,576	139,843	(11,267)
Supplies and Expense	62,243	51,768	10,475
Uncollectible Accounts	-	36,688	(36,688)
Total Customer Accounts Expense	<u>190,819</u>	<u>228,299</u>	<u>(37,480)</u>
General and Administrative Expense			
Salaries and Wages	330,852	312,074	18,778
Insurance	65,524	60,881	4,643
Pension and Benefits	400,728	299,125	101,603
General	17,530	54,989	(37,459)
Supplies and Expense	135,473	93,171	42,302
Legal Expense	100,133	62,259	37,874
Total General and Administrative Expense	<u>1,050,240</u>	<u>882,499</u>	<u>167,741</u>
Depreciation Expense			
Distribution and General Plant	695,142	705,136	(9,994)
TOTAL OPERATING EXPENSES	<u>9,675,173</u>	<u>10,197,213</u>	<u>(522,040)</u>
OPERATING INCOME (LOSS)	(195,789)	41,271	(237,060)
NONOPERATING INCOME	173,503	(24,998)	198,501
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS OUT	<u>\$ (22,286)</u>	<u>\$ 16,273</u>	<u>\$ (38,559)</u>

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
STATEMENT OF CASH FLOWS
EIGHT MONTHS ENDED AUGUST 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 9,531,835	\$ 10,679,482	\$ (1,147,647)
Payments to Power Suppliers	(6,797,507)	(7,649,775)	852,268
Payments to Employees	(877,113)	(910,464)	33,351
Payments for Other Operations	(1,328,456)	(1,443,632)	115,176
Net Cash Provided by (Used in) Operating Activities	<u>528,759</u>	<u>675,611</u>	<u>(146,852)</u>
CASH FLOWS FROM FINANCING ACTIVITIES*			
Acquisition of Capital Assets	(353,377)	(668,118)	314,741
Proceeds from Disposition of Capital Assets		3,003	(3,003)
Capital Contribution	4,346	42,463	(38,117)
Transfers Out	(124,742)	(90,982)	(33,760)
Net Cash Provided by (Used in) Financing Activities	<u>(473,773)</u>	<u>(713,634)</u>	<u>239,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Nonoperating Revenues	173,503	105,358	68,145
Acquisition of Investment - OPEB Liability Trust	(39,087)	17,993	(57,080)
Acquisition of Investment - MLDM Reserve Trust	(62,136)	(61,036)	(1,100)
Net Cash Provided by (Used in) Investing Activities	<u>72,280</u>	<u>62,315</u>	<u>9,965</u>
NET INCREASE (DECREASE) IN CASH	127,266	24,292	102,974
CASH - BEGINNING	8,636,175	8,064,705	571,470
CASH - ENDING	<u><u>\$ 8,763,441</u></u>	<u><u>\$ 8,088,997</u></u>	<u><u>\$ 674,444</u></u>
RECONCILIATION OF OPERATING INC (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (195,789)	\$ 41,271	(237,060)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	695,142	705,136	(9,994)
Changes in Assets and Liabilities:			
Deferred Charges	(494,910)	1,704	(496,614)
Accounts Receivable	52,451	440,998	(388,547)
Inventory	-	-	-
Prepaid Expense	(17,444)	(29,955)	12,511
Other Current Assets	-	-	-
Pension Related Deferrals	15,736	(80,616)	96,352
Accounts Payable	380,674	(549,895)	930,569
Customer Deposits	58,107	38,444	19,663
Accrued Liabilities	(26,184)	(12,340)	(13,844)
Net Pension Liability	(1,216)	93,712	(94,928)
Accrued Compensated Absences	16,064	16,063	1
Other Post-Employment Benefits	46,128	11,089	35,039
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 528,759</u></u>	<u><u>\$ 675,611</u></u>	<u><u>\$ (146,852)</u></u>
* Non-capital and Capital Financing Activities Combined			

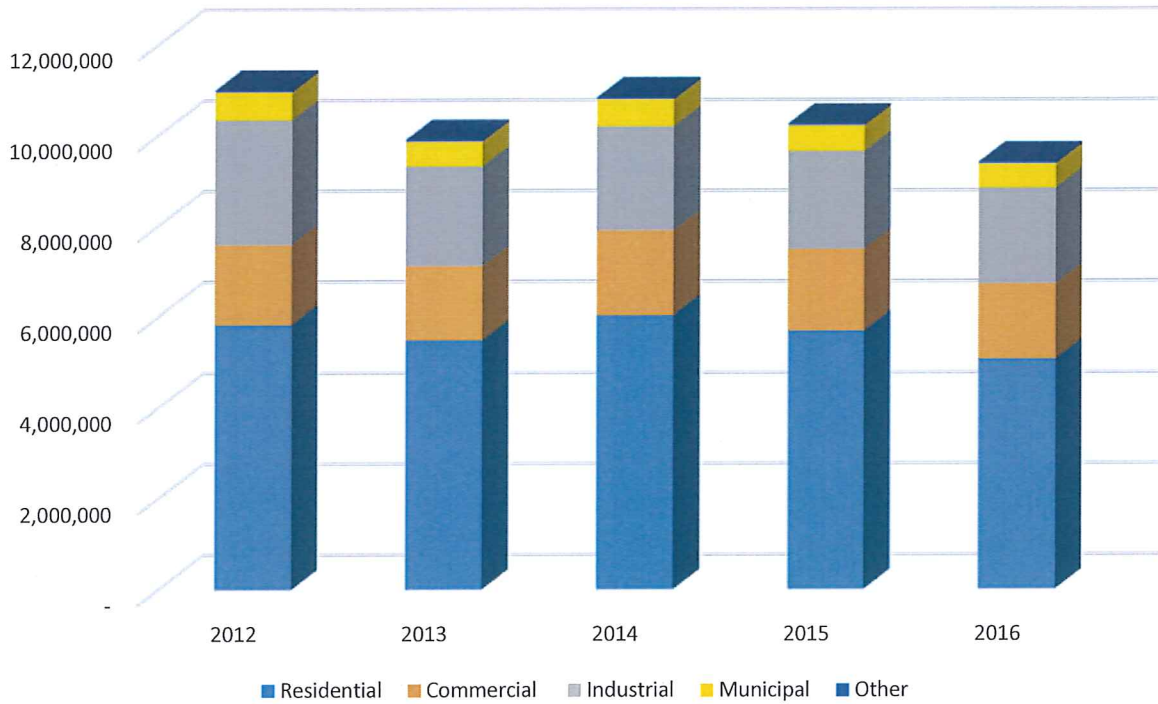
SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
STATEMENTS OF REVENUE AND EXPENSE - ACTUAL AND BUDGET
PERIODS ENDED AUGUST 31, 2016 AND 2015

	Actual Year to Date			2016 - Year to Date			2016 - One Month		
	2016	2015	Variance	Actual	Budget	Variance	Actual	Budget	Variance
OPERATING REVENUES									
Residential	\$ 5,070,654	\$ 5,683,779	\$ (613,125)	\$ 5,070,654	\$ 5,532,453	\$ (461,799)	\$ 833,716	\$ 834,415	\$ (699)
Commercial	1,634,561	1,786,832	(152,271)	1,634,561	1,787,812	(153,251)	235,396	269,641	(34,245)
Industrial	2,099,465	2,154,755	(55,290)	2,099,465	2,223,886	(124,421)	287,753	335,411	(47,658)
Municipal	540,508	569,650	(29,142)	540,508	564,394	(23,886)	59,935	85,123	(25,188)
Other	134,196	43,468	90,728	134,196	44,464	89,732	11,457	6,706	4,751
Total Operating Revenues	9,479,384	10,238,484	(759,100)	9,479,384	10,153,009	(673,625)	1,428,257	1,531,296	(103,039)
OPERATING EXPENSES									
Cost of Power Sold									
Purchased Power	5,459,467	6,271,980	(812,513)	5,459,467	5,836,158	(376,691)	448,279	775,103	(326,824)
Transmission Expense	1,499,683	1,377,393	122,290	1,499,683	1,509,307	(9,624)	228,621	200,452	28,169
Supplies and Expense	146,081	111,769	34,312	146,081	115,360	30,721	13,330	14,420	(1,090)
Total Cost of Power Sold	7,105,231	7,761,142	(655,911)	7,105,231	7,460,825	(355,594)	690,230	989,975	(299,745)
Distribution Expense									
Salaries and Wages	406,109	418,791	(12,682)	406,109	408,896	(2,787)	47,248	51,112	(3,864)
Supplies and Expense	227,632	201,346	26,286	227,632	209,808	17,824	28,858	26,226	2,632
Total Distribution Expense	633,741	620,137	13,604	633,741	618,704	15,037	76,106	77,338	(1,232)
Customer Accounts Expense									
Salaries and Wages	128,576	139,843	(11,267)	128,576	126,648	1,928	16,439	15,831	608
Supplies and Expense	62,243	51,768	10,475	62,243	60,664	1,579	6,811	7,583	(772)
Uncollectible Accounts	-	36,688	(36,688)	-	69,824	(69,824)	-	69,824	(69,824)
Total Customer Accounts Expense	190,819	228,299	(37,480)	190,819	257,136	(66,317)	23,250	93,238	(69,988)
General and Administrative Expense									
Salaries and Wages	330,852	312,074	18,778	330,852	340,784	(9,932)	24,232	42,598	(18,366)
Insurance	65,524	60,881	4,643	65,524	65,272	252	8,781	8,159	622
Pension and Benefits	400,728	299,125	101,603	400,728	259,192	141,536	49,306	32,399	16,907
General	17,530	54,989	(37,459)	17,530	71,632	(54,102)	-	8,954	(8,954)
Supplies and Expense	135,473	93,171	42,302	135,473	133,296	2,177	(10,392)	16,662	(27,054)
Legal Expense	100,133	62,259	37,874	100,133	87,536	12,597	19,622	10,942	8,680
Total General and Administrative Expense	1,050,240	882,499	167,741	1,050,240	957,712	92,528	91,549	119,714	(28,165)
Depreciation Expense									
Distribution and General Plant	695,142	705,136	(9,994)	695,142	695,144	(2)	86,893	86,893	-
TOTAL OPERATING EXPENSES	9,675,173	10,197,213	(522,040)	9,675,173	9,989,521	(314,348)	968,028	1,367,158	(399,130)
OPERATING INCOME (LOSS)	(195,789)	41,271	(237,060)	(195,789)	163,488	(359,277)	460,229	164,138	296,091
NONOPERATING INCOME	173,503	(24,998)	198,501	173,503	112,024	61,479	13,454	6,753	6,701
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS OUT	\$ (22,286)	\$ 16,273	\$ (38,559)	\$ (22,286)	\$ 275,512	\$ (297,798)	\$ 473,683	\$ 170,891	\$ 302,792

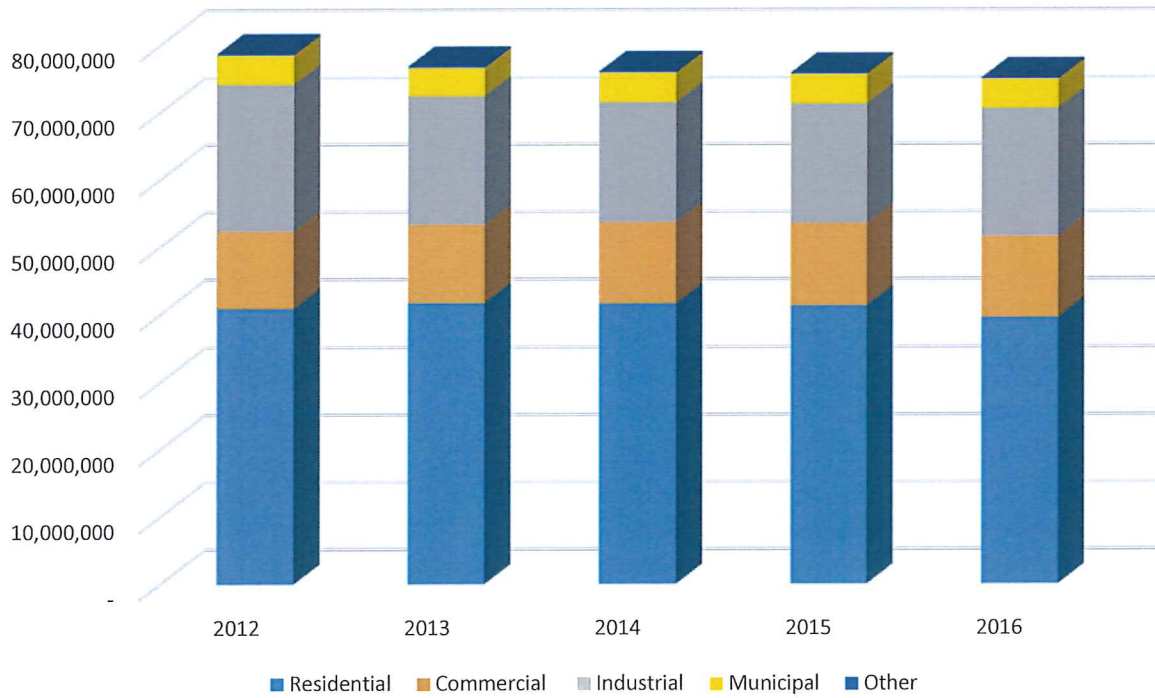
SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
SCHEDULE OF ELECTRIC REVENUE, COST OF POWER, AND KILOWATT HOURS
EIGHT MONTHS ENDED AUGUST 31, 2016 AND 2015

	2016		2015		Variance	
	\$ Amount	KWH	\$ Amount	KWH	\$ Amount	KWH
ELECTRIC REVENUE						
Residential	\$ 5,070,654	39,526,842	\$ 5,683,779	41,232,297	\$ (613,125)	(1,705,455)
Commercial	1,634,561	11,983,298	1,786,832	12,205,022	(152,271)	(221,724)
Industrial	2,099,465	18,960,841	2,154,755	17,723,295	(55,290)	1,237,546
Municipal	540,508	4,331,599	569,650	4,415,231	(29,142)	(83,632)
Other	134,196	225,860	43,468	217,531	90,728	8,329
Total Electric Revenue	<u>\$ 9,479,384</u>	<u>75,028,440</u>	<u>\$ 10,238,484</u>	<u>75,793,376</u>	<u>\$ (759,100)</u>	<u>(764,936)</u>
REVENUE / KWH	<u>\$ 0.126344</u>		<u>\$ 0.135084</u>		<u>\$ (0.008740)</u>	
COST OF POWER						
Purchased Power	5,459,467	79,942,406	6,271,980	80,468,649	(812,513)	(526,243)
Transmission Expense	1,499,683		1,377,393		122,290	
Supplies and Expense	146,081		111,769		34,312	
Total Cost of Power	<u>\$ 7,105,231</u>	<u>79,942,406</u>	<u>\$ 7,761,142</u>	<u>80,468,649</u>	<u>\$ (655,911)</u>	<u>(526,243)</u>
COST / KWH	<u>\$ 0.088879</u>		<u>\$ 0.096449</u>		<u>\$ (0.007570)</u>	
NET REVENUE AFTER COST OF POWER	<u>\$ 2,374,153</u>		<u>\$ 2,477,342</u>		<u>\$ (103,189)</u>	

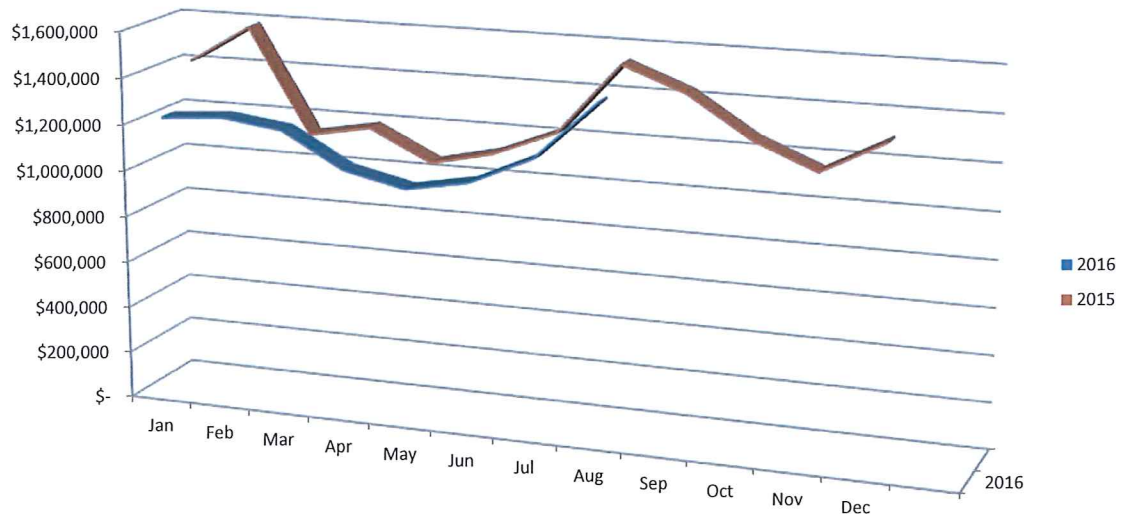
YTD Revenue By Rate Class



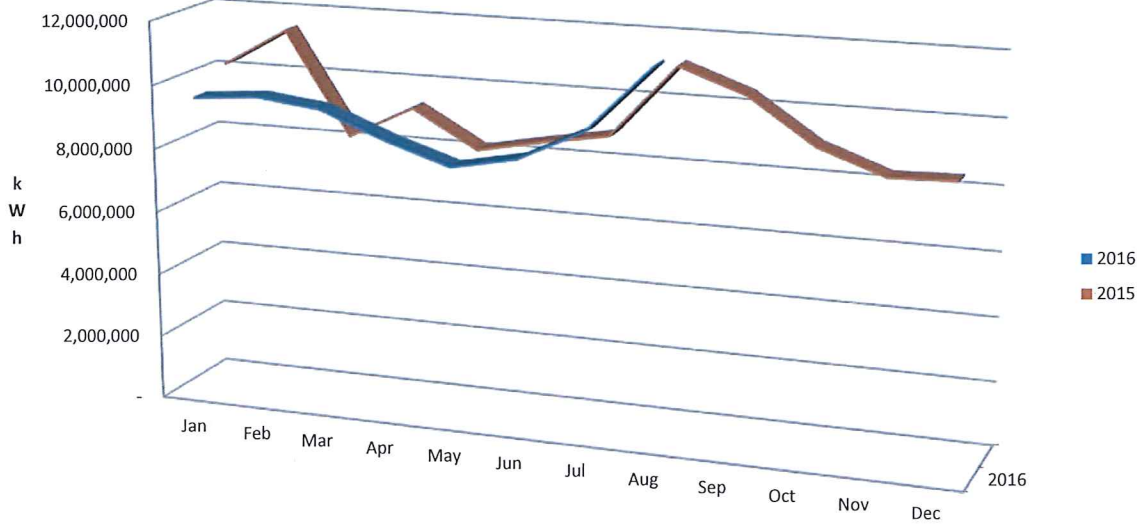
YTD kWh Sales By rate Class



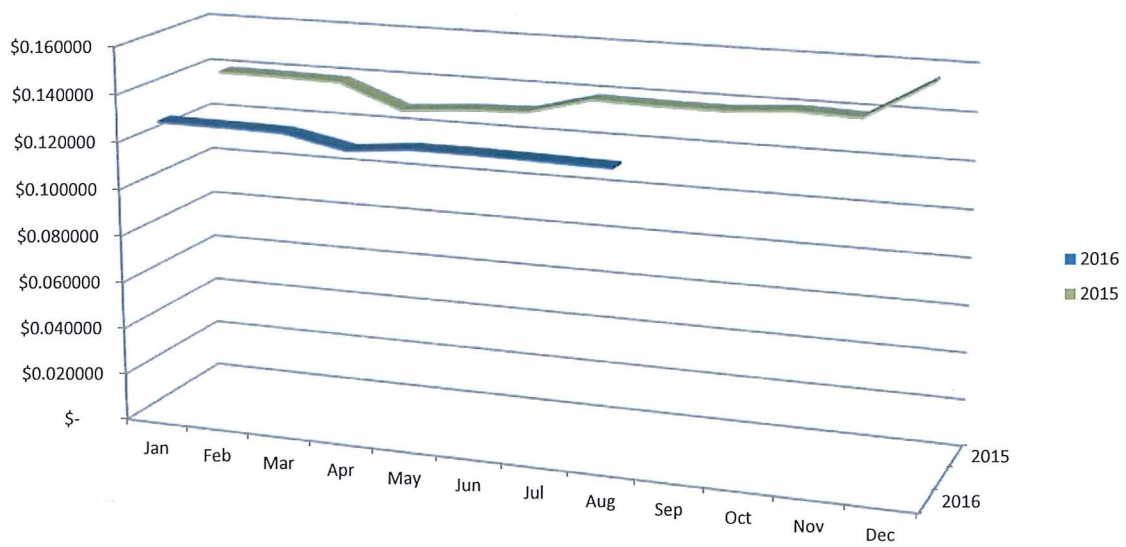
Monthly Electric Revenues



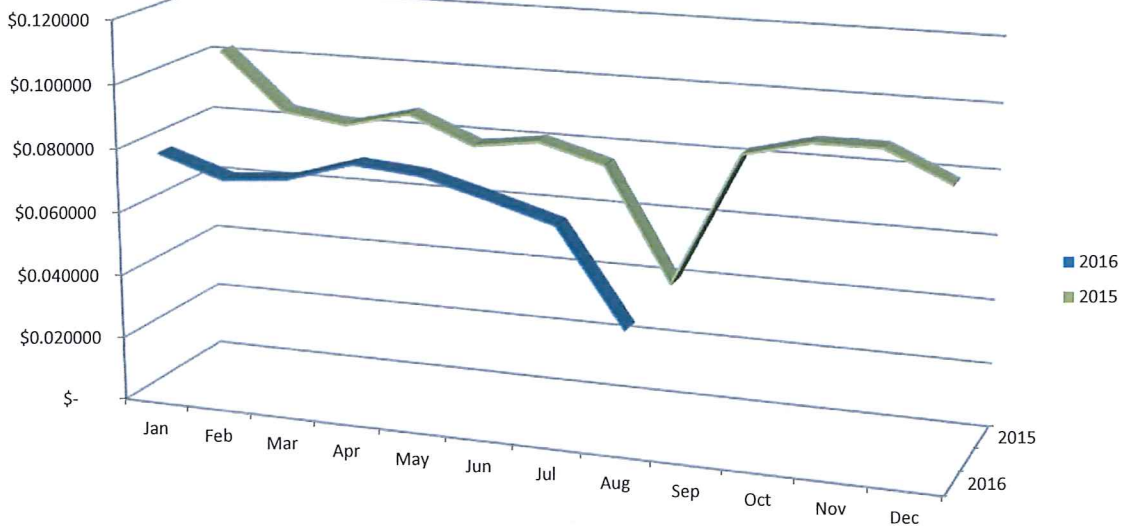
Monthly kWh Sales



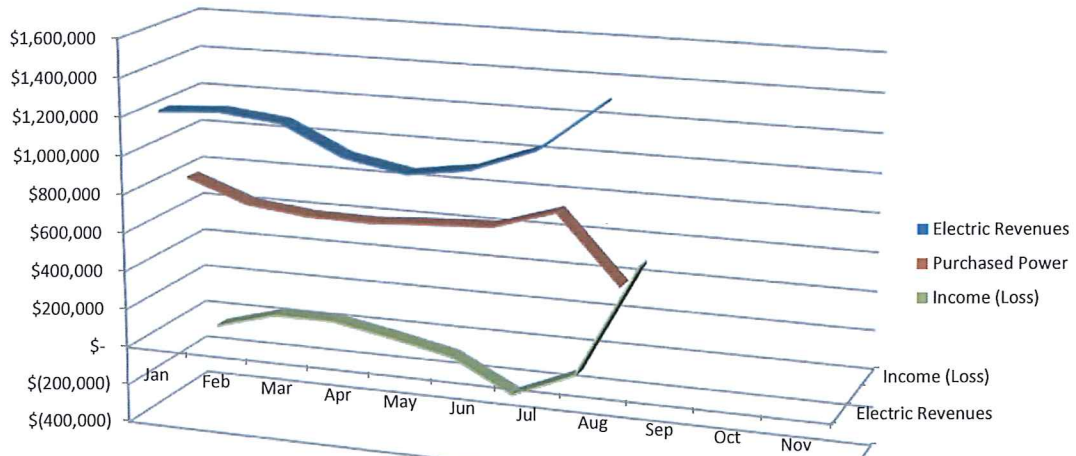
Average Price per kWh Sold



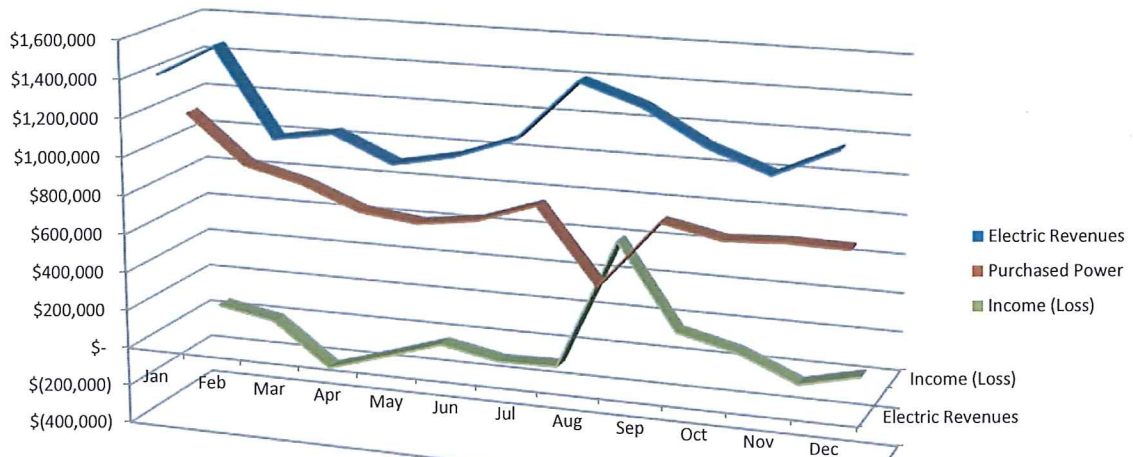
Average Cost per kWh Purchased



2016 Monthly Operations



2015 Monthly Operations



SHELD 5 Year Truck Replacement Plan

Current Fleet

Year	Truck #	Type
1988	B15	Digger
1994	B29	42' Bucket
2002	B22	46' Bucket
2004	B44	Digger
2014	B25	50' Bucket
2016	B52	40' Bucket

Anticipated Replacement Schedule

Year	Truck #	Type	Estimated Price	
2018	B29	50' Bucket	\$220,000	New
2020	B15	Digger Derek	\$265,000	New
2021	B22	50' Bucket	\$240,000	New

50' Bucket Truck



Digger Derek

