

Electric Light Department

Town of South Hadley

85 Main Street
South Hadley, MA 01075-2797

Telephone 413-536-1050
Fax 413-536-0741

SOUTH HADLEY ELECTRIC LIGHT BOARD MEETING

MARCH 23, 2016

Present for the Board: Anne Awad, Chair, Dan Whitford, Vice Chair, Kurt Schenker, Clerk

Present for the Staff: Michael Conchieri, Financial Manager, SHELD

Ms. Awad convened the meeting of the South Hadley Electric Light Department Board at 6:04 PM.

Public Comment:

Ms. Presley, ratepayer, 19 The Knolls, asked for information about the Massachusetts Renewable Energy Trust. She hopes that SHELD will join the Trust and, if so, she asks about the time it might happen. She hopes to update the HVAC in her house to something much more energy efficient, and all three of the contractors who have given bids include information about the tax credits that would be available if SHELD were to join the Renewable Energy Trust.

Ms. Awad shared that last month (2/17/2016) we had a presentation from the state about this. Since that meeting we have done some follow-up. The staff at CEC provided us with email contacts to the munis who do participate as members of the Renewable Energy Trust. Ms. Awad has contacted a number of them to learn that they feel that it has been very positive and it had a good impact on their communities.

Mr. Whitford noted that last time we had a presentation on the Renewable Energy Trust. Follow-up research indicates that this is very appropriate for a town our size. With that background, Mr. Whitford moved that we join the Renewable Energy Trust. Mr. Schenker seconded it to support discussion. He stated that he needs more time to research it. Mr. Whitford spoke to his motion. He stated that joining the Renewable Energy Trust is one of the prerequisites for becoming a Green Community, and that there are grants available under the renewable energy side and Green Community enables SHELD and the town to take advantage of a number of programs for which we're not currently eligible. There will be a cost to this, and the cost will at first estimate be about \$6 per household over the course of a year. Mr. Schenker noted that he isn't against it but wants to be sure of the numbers before we commit. He fears that we'd gain initial benefit but would not receive benefits commensurate with investment over the years.

Ms. Awad suggested asking Mr. Conchieri as to whether that would be something that we could absorb in the current budget without increasing rates (it appears that you cannot absorb the cost but must pass on the cost to ratepayers), but noted that to increase rates for \$6, would be negligible. It would be less than pennies on the kilowatt. Mr. Whitford suggested tabling the motion for next month to allow Mr. Schenker more time to study the issue. Ms. Awad said she would provide notes from her conversations with the munis who have joined the RET and, in summary, they all report that they do not regret the decision to join and that they have benefitted beyond their annual fee. It's been very popular with their ratepayers.

Ms. Awad stated that the record should show that the motion was made, seconded. Discussion led to withdrawing the motion, but placing the item on the April meeting agenda for a vote as to whether to go forward with membership.

Mr. John Hine, 39 Chestnut Hill Road. The impact on the residents doesn't sound too much, but what about some of our larger business customers? Have we reached out to them, and do we have a sense of what the impact would be on a business like Mohawk or Mount Holyoke College or some of our others?

Mr. John Howard noted that the benefits are reaped by active participation. If you don't apply for their grants, you won't get anything from it. If you do apply, the Town will do well. Mount Holyoke College will benefit from this as they can submit grants directly if the Town is part of the Trust.

Ms. Awad noted that Mt Holyoke College wants to do a new dining commons with solar on the roof, and perhaps would be induced to get into a dialogue about this because of that. SHELD might put up a new building and grants from the Trust could help support the financing of that project.

Mr. Dale Johnston asked if we were planning any major policy moves tonight as this item of joining the Trust was not on the agenda. Given that the Board might turn over next week, personnel or operations decisions should not be made unless listed as agenda items.

Ms. Awad noted no plans to deviate from the agenda or discuss or act upon items not on the agenda.

Ms. Awad stated that we will cover the agenda and that there might be agenda items that have an impact on personnel because the Board has to do the business of the Board.

Mr. Jeffrey Millard asked if it true that the RET has the ability to retain \$40 million out of the funds that they receive on an annual basis, and what is their budget amount for operating the fund? All of that money wouldn't be going back to rate holders obviously, even if they applied for it. He also asked if is there currently a program that SHELD has where people can get rebates for different.

Ms. Awad described the HELPS program as administered by a third party through MMWEC, but noted that it is not to the same level or range that the RET funds for rebates and tax credits. It doesn't provide tax credits. Some portion of the money that the RET takes in is held to administer the program. Mr. Millard asked if there is a separate program here locally that commercial entities can access.

Ms. Awad described the GO (Green Opportunities) program of MMWEC and noted that it provides some assistance but not to the range or depth of what the RET offers. Mr. Millard noted that if we join the RET, we would then have three programs that we might have to put money into over a period of time, one for sure and the other two potentially.

Ms. Awad stated that we don't put funding into the HELPS program or the GO program. We reimburse for what people submit.

Mr. Whitford described that if you replace an appliance with one that's energy efficient and on the list associated with that program, you will get money back, and it's on the order of less than \$100 per unit. Small change, but SHELD does pay that back to the fund. Regarding the grants associated with the RET; we're talking tens of thousands of dollars for big projects.

Mr. Millard stated that everybody needs to understand that the RET is in addition to what is already out there. That might be a fee that we have to pay every year, and it may go up over a period of time. But these other programs are out there as well, and if people take advantage of them, there are additional funds that would have to come out of your budget. Correct?

Ms. Awad reiterated that the programs are quite different but that Mr. Millard's statement was correct.

Meeting minutes.

We are struggling through approval of meeting minutes. I'd like a motion to approve the minutes for the open session that preceded the Executive Session of October 26, 2015. Mr. Schenker moved and Mr. Whitford seconded that the minutes of 10/26/2015 be approved. No discussion. Unanimous vote to approve.

Chair's Report.

On February 25th the Board held an executive session for the purposes of litigation strategy, and at that meeting the Board voted two to one to not negotiate a new contract with the Manager, who is currently on paid administrative leave. He will remain on administrative leave, and his contract ends on May 31st. At that point his employment with SHELD will be ended.

This means that the Board will proceed to post and recruit a new manager, so that will be a preoccupying activity for the next number of months. Step one in that is to work together on the Manager's job description. Its current job description is somewhat out of date, so we have worked to bring it up to date so that we have something that we can put out for candidates to review. Ms. Awad asked if fellow Board members had a chance to go through the job description, and if you have any thoughts about updates or change of language.

Mr. Schenker was concerned about language in the old job description that would be illegal today under Americans with Disabilities Act. He did not think you could ask candidates to be able to distinguish colors. Color blindness I don't think is a reason to disqualify somebody for a job. Mr. Conchieri said distinguishing colors is important for people who work with electrical systems. Mr. Schenker said they wouldn't be doing the wiring themselves. MS. Awad noted that she was looking at the educational requirements. She called Ron DeCurzio at MMWEC and asked him to share some job descriptions. He stated that 20 years ago, most managers were

engineers, but starting in the early '90s, managers of munis began to have more of a business background, more of management, general management, maybe a technical background with general management. He suggested requiring a bachelor's degree, but not requiring that it be specific in engineering. Mr. Schenker felt that we should retain the engineering requirement because we are a small utility and cannot afford more than one engineer. He felt the candidates needed to have some kind of electrical engineering background or electrical background in general, whether it be vocational or otherwise, just for the general understanding of how everything works. Ms. Awad said she was reporting what is happening in the field. If you look at 42 municipal utilities in Massachusetts, more than half of them are now led by

people who have no engineering official educational background. The industry is changing. It's going more to people with an MBA who specialize in utilities, the kind of delivery of electricity and so forth, but they're not engineers. Ms. Awad described the language she had put into the draft educational qualifications area: minimally, a Bachelor's of Science in electrical engineering or business or other relevant BA, BS degree from an accredited institution. What that language does is if we get 30 resumes and there's a really strong one who's an electrical engineer and has these other things that we're looking for, they could rise to the top level of candidate, but we could also include some others that looked like they had this blend of some experience in the utility industry but not straight engineering.

Mr. Whitford suggested using the updated version that Ms. Awad brought in. Regarding the engineering background, he believes it is possible to be a certified electrical engineer coming out of a college program and not know anything about power engineering as it applies to the town. I agree with you that the resume review process and the scoping of the candidates will make it very obvious who would be a good candidate or not.

Amendment to the net metering policy.

This is a minor tweak to the language in our net metering policy. Mr. Conchieri explained that when the net metering policy was first set out, we had two caps. They were both based on size. As it went along, what we found was that both commercial and residential solar installations fell into the first tier cap. That first tier cap was basically full.

All we're suggesting is changing the language from size determination to classification so that residential will only be in the first cap and commercial will be in the second cap. That frees up much cap space under the residential so that anybody who wants to now do solar installations will be able to do so. That's really all we're changing.

Mr. Whitford moved that we accept the policy revision as written. Mr. Schenker seconded the motion. Discussion was brief and the vote was unanimous.

Continuation of streetlight replacement, phase two and three.

Mr. Conchieri described that last year we laid out a plan to replace all of the existing streetlights with LED lights. Technology changes and evolves. What used to be mercury vapor is now high-pressure sodium, and now that's kind of phasing out and we're moving into LED. Number one, it's more efficient. Number two, it will reduce operating cost. Number three, hopefully it will reduce our maintenance costs over the long run. We're now at a position to where if we don't move forward with the LED initiative, we're going to have to invest more money in high

pressure sodium to replace lights that are no longer functioning. We're going to go to LED at some point. Just to give it a plug, this is a wonderful example of how we can use our funds and control our funds locally to accomplish green purposes. The Board should approve us to go ahead and bid these two projects. We'd like to do it as a group because we think we'll get an even better price for it. We would expect phase two, the lights to be installed over the course of the balance of the year. Phase three will probably be the beginning of next year. Phase four and five fall into post-top lights and ornamental. It's a much smaller population, but with a much higher cost because of the nature of the lights, and we really haven't identified a product yet for that that's appropriate. But we're fully ready to go with phase two and phase three provided we get your blessing on the capital expenditure. In phase one we replaced 351 lights at a material cost of about \$110,000. The reason that cost was so high, we had to do a lot of arm work, which basically all the lights are on mast arms. A lot of them didn't reach out into the street. So as we went through and we did it, we put all the lights so they actually projected light where it should be. We don't expect that much arm work on the next two phases, but it will give us the opportunity to adjust and direct the lights to their greatest effect. What we're looking at is about 1,000 lights for about \$180,000. That doesn't include labor which is done with our crews. We're going to have our own crews do it. So from a marginal cost, that's really what you're talking about. We would expect improved safety for the residents via better lighting, lower operating cost to the town because they pay to have the lights run, and lower maintenance cost for us.

Mr. Schenker noted that it is a good idea. It will benefit the Town in lower costs with better lights. Mr. Whitford noted that going ahead with these other phases allows us to do a bulk buy and reduce the overall cost, so there are savings in the purchasing side.

Mr. Schenker moved and Mr. Whitford seconded a motion to approve the proposal for purchase of said street lighting. The motion passed unanimously.

Payment in Lieu of Taxes (PILOT) transfer for FY '17.

SHELD is a department of the town, so technically it's not a PILOT. PILOT usually refers to a nonprofit or educational institution making a payment in lieu of taxes, but we do reimburse the town for some of the services that we receive from them, and there's ongoing discussion between the Select Board, the town administrator, the SHELD Board and the Manager. So we'd like to just support that dialogue going forward and not do anything impulsive at this point. So we're kind of rolling our current model forward with amounts that are roughly \$227,000 payable to the town as a support for the services that we've received. About \$395,000 is a reimbursement to the town for the benefits that they pay for our employees. So that's straight restoration of money they've sent out on our behalf. So this hopefully will support the process that's going on, and we'll be able to come with an actual agreement. We've never really had anything in writing, and it's a good model for the town and for SHELD, and we're looking at what other municipal utilities do. There are a number of models out there. We engaged a consultant earlier who will come back in with us and help us through this process, but it will probably take us well into the fall so that next year's town budget should show the resolution of it and how we've all come to some consensus about going forward. So I think that's that, but we should probably have a vote. Mr. Schenker moved and Mr. Whitford seconded a motion to proceed with a payment to the Town of \$677,000 (reimbursement of benefits for SHELD employees and for costs to the town). The motion passed unanimously.

Johanson Scholarship Fund

This technically doesn't need to be on an official SHELD agenda because it is not part of official SHELD business. This is on our agenda as public education so people understand what we are doing as SHELD Commissioners who also sit on a Trust. The Johanson Scholarship Trust was established many years ago and supports a scholarship for a South Hadley student going or in college and majoring in engineering.

Years ago the trust was established with trustees being the three SHELD Board members, the SHELD Manager and the School Superintendent. With Mr. Conchieri's help we've researched the roots of the agreement, and it's flexible enough that when we move to a Board of five, the five trustees (board members) will wear these other hats, and do a process to make an award together with the Superintendent and the Manager.

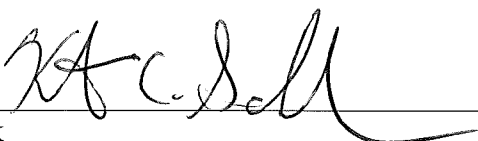
Last year we participated for the first time as new Commissioners, and reviewed three candidates who all were so outstanding that they all got a scholarship. This is the time of year when young people are really looking for scholarship help. We'll be notifying the guidance counselors and the Superintendent that applications should come in, and on a side track that process will go forward and someone will be awarded scholarship.

MS. AWAD: At this point we need to go into an executive session to discuss confidential and competitively sensitive information about power sourcing. That's an acceptable reason for an executive session because discussion in open session could harm SHELD's negotiating position. We will not reconvene in open 2 session.

Ms. Symanski asked the Board to pause and thanked the present Board for moving forward in a very difficult time and situation. It's greatly appreciated I think by the community, to support the community as a whole for what is best for the entire community. Because we know we're going to lose one member, and you did it as a three-some, I would like to personally thank you.

Mr. Whitford moved and Mr. Schenker seconded that we adjourn from the open session and go into executive session, not to reconvene in open session. By roll call vote, the motion passed unanimously (Mr. Whitford-aye, Mr. Schenker-aye, and Ms. Awad-aye).

The open meeting adjourned at 6:44 PM.


Clerk