

**BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
MAY 24, 2018 AT 6:30 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice-Chair Vernon Blodgett, Clerk Peter McAvoy, Kurt Schenker

Absent: John Hine

Present for staff: General Manager Sean Fitzgerald, Sr. Engineer Mark Gilmore, Financial Manager Michael Conchieri, and Administrative Assistant Kim Mendoza

The Open Session convened at 6:33 P.M.

Public Comment

There were no public comments.

Minutes Approval:

4/26/18 Open Session

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

VOTED: To approve the minutes of the April 26, 2018 meeting.

5/02/18 Strategic Planning Session

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

VOTED: To approve the minutes of the May 2, 2018 Strategic Planning meeting.

Manager's Report:

Outages:

There were three outages in the past month. Two were due to motor vehicle accidents, on Amherst Road and Hadley Street, which took down poles. Power was restored within a few hours in both cases. Mr. Fitzgerald thanked the SHELD linemen for their fast response time to these incidents. On May 15, internet service went down for those who have their internet service supplied by SHELD. This is very rare and was due to a switch failing at the Stonybrook Hub. Access Plus was called, they replaced the switch and service was restored within a couple of hours.

Thank You Letter:

SHELD sponsored the Tiger Pride Trot road race, which supports the school music programs, and received a thank you letter from the South Hadley Music Parents Association.

Financials:

Mr. Conchieri gave a brief overview of the first quarter Financials of 2018 compared to last year's first quarter financials.

Total year-to-date kilowatt hours sold was 30,758,000 compared to 28,867,000 in the prior year, for an increase of 1,891,000. Total year-to-date kilowatt hours purchased was 30,472,000 compared to 29,289,000 purchased in the prior year, for an increase of 1,183,000.

2018 year-to-date revenues were \$3,868,000 versus \$3,453,000 in 2017, which is an increase of \$415,000. The cost of power sold year-to-date was \$2,710,000 versus \$2,185,000 in 2017, which is an increase of \$525,000 over 2017. Even though sales were up in 2018, costs were up more than sales. The 2018 net revenues, after the cost of power sold, were about \$110,000 less than 2017.

For all other operating expenses, year-to-date labor costs were about \$363,000, compared to \$325,000 last year, a \$38,000 increase over 2017. Other supplies, expenses and benefits total \$713,000, compared to \$701,000 last year, an increase of \$12,000. 2018 total operating expenses increased by \$50,000 over 2017 expenses.

The \$110,000 decrease in net revenues, coupled with the \$50,000 increase in expenses, resulted in SHELD's 2018 operating profit being \$160,000 less than 2017.

Looking at the budget-to-actual figures, budgeted sales were \$3,901,000, compared to actual sales of \$3,868,000, for a difference of \$33,000. Budgeted cost of power was \$2,627,000, compared to actual cost of power of \$2,710,000, for a difference of \$83,000. The 2018 actual net revenues, after the cost of power, was \$116,000 less than budgeted.

All other actual operating expenses were \$1,076,000, or \$38,000 less than the budgeted expenses.

The \$116,000 decrease in budgeted net revenues, coupled with the \$38,000 decrease in budgeted expenses, resulted in SHELD's 2018 actual operating profit being \$78,000 less than budgeted.

Mr. Dubreuil mentioned that the last financial report that had been presented was for November 2017. He inquired about the December 2017 report. He said that he would like the Board to get preliminary figures, even if there would be adjustments once the auditors were finished. He also asked Mr. Fitzgerald if there was a date scheduled for the auditors to present their 2017 report. Mr. Fitzgerald said there was not a meeting scheduled yet.

Mr. Conchieri said he would send the December 2017 financials to the Board on Friday.

Audit Committee:

Mr. Dubreuil mentioned the need for an audit committee. The committee will meet with the auditors prior to their presentation of the audit report to the Board. He said that last year the committee consisted of Ms. Awad and himself. He said that this year he would serve on the committee again and would like Mr. Blodgett to be on the committee with him. He said a vote was not needed for this, just an approval from the other Board members. They all agreed that Mr. Blodgett was the best choice.

Net Metering Vote:

Mr. Fitzgerald summarized the April 26th approval of the new Interconnection Policy along with a PV System Metering Policy. He had presented the Board with three metering options; the current net metering policy which credits the full retail rate for all consumption and production back to our system, a modified net metering policy, where customers consume power at a full retail rate and receive the SHELD generation rate for any excess power provided back to SHELD, and the Buy All-Sell All policy

which pays customers the SHELD generation rate for all the electricity they produce and charges them the full retail rate for all the power they consume. The general consensus of the Board had been to move to a modified net metering policy. The proposed modified net metering policy included a “grandfather” clause for those customers who already have installed a PV system. This would allow customers, who have installed solar prior to this policy change, to retain the existing net metering rate for the life of the project.

Mr. Dubreuil stated that he did not think the “grandfather” clause was clear enough in stating what situations would move a current PV customer from the old net metering policy to the new modified metering policy.

Mr. Fitzgerald explained the current solar customers would change to the new metering policy if the account holder changed, if there was an expansion of the system, or if the system was replaced because the panels were no longer deemed efficient. For residential customers, if the house were sold then the new customer would fall under the new policy. As long as the current customer lives there, they would stay under the current policy until the end of life of the PV system.

Mr. Schenker asked for a definition of what constitutes “end of life” for a PV system. He gave examples of different situations, where only one panel fails, looking for clarification. He asked what happens if an act of God causes one panel or more panels to fail. He was concerned that there should be a specific definition so that, in the future, all the other ratepayers would not end up paying for the 41 ratepayers who currently have solar.

Mr. Dubreuil asked about the new policy for commercial customers and whether they fall under the “grandfather” clause. Mr. Fitzgerald said that new commercial customers will change to a Buy All-Sell All policy. This coincides with how SHELD purchase power agreements are negotiated for large projects. Mr. Gilmore also stated that most commercial customers are for profit. Residential customers are not for profit with their systems sized to their expected load requirements. The commercial customers will also fall under the “grandfather” clause. There are currently only two commercial systems and they are Town accounts.

Mr. McAvoy asked if the new policy would be referred to as the working document for any future solar inquiries. Mr. Fitzgerald explained the policy states how SHELD compensates people for solar. After the Board votes on the policy, steps will likely need to be taken to file the rate with the Department of Public Utilities before the new policy would go into effect.

Mr. McAvoy also had questions regarding the definition of “end of life” of a system. He wanted to know how we determine “end of life” of a system. He suggested a specific number of years, 20 or 25 years, to define “end of life”. He was also concerned about the interpretation of the policy, in the future, by the next SHELD administration.

Mr. Gilmore stated that this was not an easy decision. There was not a perfect method that would cover every situation, that’s why they chose “end of life” of the system, which means when the system is no longer efficient and needs to be replaced. SHELD has a list of when each system was installed. The oldest system was built in 2009. Only one system in Town has been expanded since being installed.

Mr. Schenker asked about a cutoff date for new applications. He suggested that if anyone were to apply after today that they fall under the new metering system. Mr. Gilmore agreed and said there was only one pending application and that system would fall under the old net metering policy and any new applications would fall under the new policy.

Mr. Dubreuil said he would like to see a specific date in the “grandfather” clause also. He suggested three options; grandfathering the current solar customers for life, or a specific date from when the system was installed, or establishing an expiration date that benefits the older systems. He stated that when people installed their systems, they made their investments based on the current policy rate.

Mr. Fitzgerald stated the new policy will not change the compensation for those who consume all the power they generate. It will only affect those who generate more electricity than they use and export it back to SHELD. Currently only about half of the customers push any electricity back to SHELD and only at certain times of the year.

Mr. Dubreuil mentioned that there are lots of distributed generation policy changes happening nationally. SHELD’s current policy has been more liberal than most other communities in our area and the new policy will still be more liberal than some. It is necessary to take steps to be more conservative and to be responsible to all the ratepayers and the environment while balancing the two responsibilities. He stated that he feels that the new policy is still pro distributed energy.

Mr. Schenker agreed that the Board has a fiduciary responsibility to all the ratepayers and would like to possibly see a date set for the “grandfather” clause to end. He feels that trying to define “end of life” is very difficult.

The discussion continued, with several Board members re-phrasing the “grandfather” clause the way they would like to see it stated. The Board could not all agree on the phrasing of the clause.

Mr. Dubreuil decided that it was time to table the discussion on the “grandfather” clause and revisit it again next month. Mr. Dubreuil asked Mr. Fitzgerald to make some changes to the clause and email it to the Board. The Board cannot discuss the policy outside of the meeting but they could review changes in preparation for the next meeting.

Mr. Gilmore asked if Board could approve the remainder of the new PV System Metering Policy, without the “grandfather” clause.

On a motion made by Mr. Schenker and seconded by Mr. McAvoy it was unanimously
VOTED: To approve everything other than the “grandfather” clause, as written.

Electric Vehicle Rebates:

Mr. Fitzgerald presented information on new rebates for electric vehicle purchases. In June, SHELD customers will receive a bill stuffer which highlights the current rebates on the Chevy Bolt, Nissan Leaf and a free Level 2 Charger for customers with plug in electric vehicles. These programs are offered through MMWEC.

*SHELD BOARD OF COMMISSIONERS MEETING
MAY 24, 2018 AT 6:30 P.M.*

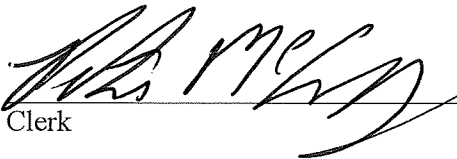
New Business

Mr. Fitzgerald reminded the Board that he will be attending the State House Briefing on June 27. It will highlight the benefits to consumers and the value of municipal utilities to the Commonwealth. There will be many state officials, MMWEC staff, and many municipal utility managers. If anyone would want to join him, let him know. Mr. McAvoy was interested in attending.

Adjourn:

On a motion by Mr. Schenker and seconded by Mr. Blodgett, it was unanimously
VOTED: to adjourn.

The Open Session ended at 7:43 P.M.


Clerk

Approved: June 28, 2018

EXHIBIT A

List of Documents reviewed at the May 24, 2018 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB April 26, 2018
2. Draft Strategic Planning Session Minutes of the MLB, May 2, 2018
3. Outages 5/21/2018 YTD
4. Thank You Letter SHMPA
5. Management Financial Statements March 31, 2018
6. SHELD PV System Metering Policy Draft
7. Chevy Bolt EV Discount
8. Nissan Leaf Incentive
9. Electric Vehicle Charger