

Electric Light Department

Town of South Hadley

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SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT BOARD OF COMMISSIONERS MEETING SELECTBOARD MEETING ROOM, TOWN HALL MAY 25, 2017 AT 6:00 P.M.

Present for Board: Chair Greg Dubreuil, Vice Chair Vern Blodgett, John Hine
Absent: Clerk Anne Awad, Kurt Schenker (arrived 6:01)
Also present: SHELD General Manager Sean Fitzgerald, Attorney Kevin Maltby

The meeting was called to order at 6:00 P.M. by Chair Gregory Dubreuil. Chair Dubreuil noted that the purpose of the meeting was to discuss litigation strategy relative to the Hampshire County Court Action #1680CV00080. A motion, made by John Hine and seconded by Vern Blodgett to go into Executive Session to discuss litigation strategy relative to the Hampshire County Court Action #1680CV00080 because discussing in Open Session may have a detrimental effect on the litigating position of SHELD, and to return to Open Session following the Executive Session, was voted unanimously by a roll call vote; Hine-aye, Blodgett-aye, Dubreuil-aye.

The Board returned to Open Session at 6:37 P.M.

Also Present for Staff: Sean Fitzgerald, Manager and Michael Conchieri, Financial Manager, Kim Mendoza, Administrative Assistant

Public Comment

There were no comments.

Manager's Report

MMWEC Conference and Seabrook Tour:

On May 4th and 5th Mr. Fitzgerald and Mr. Hine attended the MMWEC Conference in Hampton, NH. The primary focus of the conference was a tour of the Seabrook Nuclear Plant. SHELD is a partial owner of the unit. It enabled owners to see their investment in production. The plant is in very good condition and is being well maintained and is expected to continue to operate at full capacity.

Mr. Hine added that SHELD has partial ownership in two nuclear plants, Millstone and Seabrook. Millstone will continue to operate for the next twenty years after receiving an extension and Seabrook has applied for an extension to operate for another 20 years.

Mr. Fitzgerald commented that representatives from Dominion, who operate the Millstone plant, reported that in some cases some nuclear plants are getting extensions beyond their extensions because the NRC has said that all the maintenance and investment into the plants is making the units almost like new.

Outages:

There were two minor electrical outages in the past month. One outage, May 15th on Parkview Drive which impacted 25 customers for 42 minutes, was due to a squirrel on a riser that blew 2 fuses. The second one, on May 18th on Sans Souci Drive which impacted 28 customers for 2 hours, was due to an equipment failure on a transformer.

Logo:

In looking at the current logo, before SHELD ordered uniforms for the crew, the new truck and a new website, Mr. Fitzgerald saw inconsistencies in how the current logo was presented in various applications. He decided it needed refreshing and worked with a professional who made a modification to the logo making it consistent in color and lettering. It can be used with the full name or stand alone and it works well in different sizes and for all applications. It's not a huge change or expense.

Mr. Dubreuil agreed that it looked great and is more modern and clean.

Website:

The current internet vendor wants to change how they host SHELD's website. We could let them move us to a different server location or we could switch to another vendor. Mr. Fitzgerald felt it would be a good time to move to another vendor, one who has experience with electric utilities. This would be a good time to update the website by rewriting the content and design. It will have new features and should be done by the end of the summer. The new website will be able to support the new online forms that customers can fill out to apply for service. This new feature was just added and tested yesterday and already a customer used the online form to apply for new service. On the current website, the form is difficult to locate, taking three clicks to find and access. On the new website, customers will be able to access it with one click. Customers will also be able to pay from their smart phones, access online rebate forms and fill out online service request forms which will make it easier for the customers to interact with SHELD. They will still be able to come into the office, if they prefer. In the future, he foresees outage mapping as a potential technology we could incorporate if we upgrade our metering technology, that will show which area of Town is affected if there is an outage. This will be a long-term strategy solution dependent on our metering capabilities; however this website will position us to incorporate these types of services which will better serve our rate payers.

Mr. Hine feels the most important aspect of a website is that it will be current and up-to-date. It hasn't been current in the past and he wanted to know what resources will make that happen going forward.

Mr. Fitzgerald stated that the website will be a current interactive source of information for all ratepayers and will be kept more up-to-date. SHELD's internet and IT demands are increasing and as SHELD's needs shift, we will need to shift resources in the future. It may be necessary to hire an IT resource and it may be possible to have less clerical help because of more online services offered.

Bucket Truck Bid:

The truck bid opening was May 4th. After reviewing the bids, the lowest qualified bidder for the cab and chassis was Nutmeg International and the lowest qualified bidder for the aerial device

was James A. Kiley Company. Mr. Fitzgerald asked the Board to review the recommendations and to vote on the selections.

After the Board reviewed the bid recaps, Mr. Dubreuil asked for a motion. Mr. Schenker motioned and Mr. Hine seconded the motion and it was unanimously

VOTED: to accept the Nutmeg International bid for the truck cab and chassis and the James A. Kiley Company bid for the aerial lift and utility base device, as quoted.

SH/G Chamber of Commerce:

SHELD has recently joined the South Hadley/Granby Chamber and is an active member. Mr. Fitzgerald felt it was good to connect with and support the Town businesses and the community. He has been asked to speak to the Chamber about rebate programs. There is an upcoming breakfast on June 16th with speakers on topics that may impact the economy and the local community that Mr. Fitzgerald and Commissioner Blodgett will attend.

Rate Comparisons:

Mr. Fitzgerald reviewed rate comparison charts obtained from MMWEC. There were four snapshots showing South Hadley rates in comparison to the state averages. South Hadley rates are at least 10% below the state average for residential and commercial rates. South Hadley is right in line with other local municipals. Mr. Fitzgerald's goal is to stay below the state average. The IOUs, Eversource and National Grid, are higher priced and more exposed to fluctuations of the wholesale market price changes. A contributing factor to towns in the eastern part of the state who can have higher rates can be related to congestion and higher zonal prices in the wholesale market. SHELD is well positioned to sustain below state average rates due to sound power supply management. Deregulation has kept the IOUs from being able to own generation which increases their exposure and risk to market fluctuations. Municipalities are allowed to own generation and transmission which helps mitigate market spikes better than IOUs who buy all of their distribution needs on the market.

Financial Summary:

Mr. Conchieri reviewed the first quarter Financial Report. He directed the Board to page 6 which is a two-year comparison of actual to actual and YTD budget to actual. Sales for the first quarter of 2017 are approximately \$3.4 million, down \$227,000 compared to last year. Cost of power sold was \$2.2 million, down \$600,000 over last year partially because SHELD received \$80,000 in credits from the nuclear units' being operational during an energy shortage last year along with a good market currently.

Operating expenses have increased due to timing and increases in enterprise software costs, credit card service fees and benefits.

In looking at the actual versus budget, we expect a decrease in revenue of about \$15,000. The cost of power sold has a \$400,000 variance. Other operating expenses are just over \$1 million and budget was about \$1 million. We are on target with our budget.

Mr. Hine asked if the amount of electricity we sell has been stable over the last few years. Mr. Conchieri said it has been for a few years. Even with a couple of large businesses moving into

Town, the level has stayed the same because that increase was offset by a decrease in residential use.

Mr. Dubreuil commented he liked the Financial Overview page of highlights. Mr. Fitzgerald said they were working on coming up with a condensed financial overview to present monthly.

School Safety Program:

Mr. Fitzgerald attended a safety program at the Plains School last week. He met with the students and teachers. Ray Gouley conducts the school safety programs, on behalf of SHELD, teaching the children about safety. SHELD brought a bucket truck for the children to see. We will continue to offer this program in the future.

Customer Deposits:

Mr. Fitzgerald asked about discussing a topic not listed on the agenda. Mr. Hine said it could be discussed but no changes could be made at this time. Mr. Fitzgerald brought up the fact that he feels the renter's electricity deposit of \$600, for a property that has electric heat, is too high. He knows it's based on 3 months' estimated consumption but feedback from customers trying to come up with first, last and security and then an additional \$600 for electricity is that it's very difficult.

Mr. Fitzgerald would like to cut the deposit in half even though that amount would not cover the 3 months of electricity.

Mr. Dubreuil asked Mr. Conchieri how many customers are defaulting. Mr. Conchieri indicated they have not had to write off any balances since implementing the increased deposits. Previous to the increase, the amount written off was significant. Deposits are held until the customer moves out, then the deposit is applied to the last bill and, if there is a credit, the balance is refunded.

Mr. Fitzgerald stated he understands the business need for the higher deposit but at what cost. Mr. Hine indicated he would like to see the figures previous to the increased fees and to look at other ways to possibly implement the deposits. Mr. Dubreuil would like to see how much is refunded to customers when they move out.

Mr. Fitzgerald said he would gather figures and add it to next month's agenda.

Minutes Approval – 4/27/17 Open Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the minutes of the Electric Light Department Board of Commissioners meeting of April 27, 2017.

Minutes Approval – 4/27/17 Executive Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the minutes of the Municipal Light Board Executive Session of Thursday April 27, 2017, and not to release at this time.

Minutes Approval – 5/3/17 Open Session

On a motion made by Mr. Blodgett and seconded by Mr. Hine, it was unanimously
VOTED: To approve the Open Session minutes of the Special Meeting of May 3, 2017.

Minutes Approval – 5/3/17 Executive Session

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

VOTED: To approve the minutes of the Executive Session of May 3, 2017, and not to release at this time.

Adjourn:

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

VOTED: to adjourn

The Open Session ended at 7:24 PM.

A handwritten signature in cursive script, appearing to read "Amy Sward", written in black ink. The signature is fluid and includes a long horizontal flourish at the end.

Approved: June 22, 2017

EXHIBIT A

List of Documents reviewed at the May, 2017 Municipal Light Board Meeting

1. Logo PowerPoint
2. Bucket Truck Cab and Chassis and Aerial Device Bid Recaps
3. Rate Comparison Charts
4. SHELDT Interim Financial Statement March 2017
5. Draft Open Session Minutes of the MLB April 27, 2017
6. Draft Executive Session Minutes of the MLB April 27, 2017
7. Draft Open Session Minutes of the MLB May 3, 2017
8. Draft Executive Session Minutes of the MLB May 3, 2017