

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS VIRTUAL MEETING
MAY 27, 2020 AT 6:00 P.M.**

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

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri,
Administrative Assistant Kim Mendoza, Sr. Engineer Mark Gilmore, Telecommunications &
Electric Meter Manager Bob Liswell

The meeting was called to order at 6:02 P.M. by Chair Dubreuil.

Minutes Approval:

4/23/2020 Open Session

On a motion made by Mr. Hine and seconded by Ms. Awad, it was unanimously
VOTED: To approve the minutes of April 23, 2020 open session of the Municipal Light
Board.

4/23/2020 Executive Session

On a motion made by Mr. Hine and seconded by Ms. Awad, it was unanimously
VOTED: To approve the minutes of the April 23, 2020 executive session of the
Municipal Light Board and to hold them from release.

Public Comment:

Mr. Fitzgerald addressed an email submitted by John Howard regarding battery storage for peaking. Mr. Fitzgerald stated that SHELD has investigated the economics of a battery storage project with our wholesale electric power provider MMWEC who will provide a proforma based on the costs of a 1 to 2 MW battery storage project. SHELD was planning to have MMWEC present the proforma data to the Board this month but this discussion has since tabled due to COVID-19. The presentation will be rescheduled in the next couple of months.

Mr. Dubreuil asked if SHELD was going to put into place the mobile temporary generator that was used last year for peaking. Mr. Fitzgerald said that was not in the works for this year. There are several competing priorities this year which are placing a high demand on Engineering and Operations and there were time consuming issues with last year's generator. He will revisit next year.

Manager's Report:

Outages:

SHELD had seven outages impacting a total of 102 customers in the past month. The most significant outage was on Leahey Avenue, on May 16, when thunderstorms and high winds took

down a large tree limb breaking the primary line, secondary line, and a transformer. Twenty-seven customers were without power for 4 hours. The entire line crew came in and worked overnight restoring power safely and quickly. There have not been any fiber outages in the past year. This is credited to the type of construction being implemented when installing the fiber throughout the town.

Fibersonic Update:

In-home Fibersonic installations are scheduled to resume on June 1st. We have implemented new COVID protocols with safety as the top priority. Our installers were tested for COVID this week. Temperature scans and symptom screening questionnaires are being done daily. Customer symptom questionnaires are being required before an installer can enter a home. The installer will be wearing PPE. Customers will be asked to open any doors needed for the installer to enter and move around the house.

Construction of the fiber plant is at full speed for both SHEL D and our subcontractor Sertex. We are currently constructing underground areas in the Kimberly Drive and Magnolia Terrace neighborhoods. The entire electric and Fibersonic teams have been working hard and the project is progressing.

Mr. Fitzgerald reported a milestone achievement for the South Hadley community and all Fibersonic customers. Last week SHEL D, Fibersonic and the Holyoke Gas & Electric connected their two networks across the Veterans Memorial Bridge which will improve internet redundancy for all South Hadley fiber customers. It was a two-year project and is a great accomplishment.

Mr. Hine asked if that allows for phone service to begin. Mr. Fitzgerald said that phone service would be available once we are fully spliced, connected, and tested. This could possibly happen in August.

COVID-19 Update:

SHEL D is currently fully operational with the one restriction that the in-person customer service department remains closed to the public. We are however still helping customers via phone, on-line or by appointment. We have implemented new protocols which are designed to mitigate exposure to COVID-19. SHEL D is considered an essential business and Mr. Fitzgerald has reviewed the State recommendations for the phased reopening. SHEL D is following the State and CDC guidelines. For anyone who sees our crews working without PPE, that is for safety reasons. It is not always feasible for the line crews to wear masks which may inhibit communication, or could cause their safety glasses to fog, which could make their jobs unsafe.

545 Granby Road Purchase:

Mr. Fitzgerald stated that SHEL D has officially acquired land located at 545 Granby Road for the price of \$120,000. SHEL D has been actively searching for property in the Falls area for the past year and a half. While we were unable to find a suitable parcel in the Falls, the Granby Road property came to our attention and it was at a such a great value that we decided to proceed with the purchase. Some people have expressed concerns over the wetlands; however, a professional Wetlands Delineation was conducted, and it indicates there is adequate land to build

there. We have spoken to the Town Administrator about the land and are in the process of assessing the feasibility of building on the property. Commissioner Hine asked Mr. Fitzgerald to compare the size of SHELD's current property located at 85 Main versus the new land. Mr. Fitzgerald explained that SHELD's current building and operations exists on less than 3 acres and the buildable area located in the front of 545 Granby Road is 5.2 acres which is large enough for SHELD's and Fibersonic's needs.

SHELD posted a press release on its Facebook page about the purchase. The Town also recently received a state grant for redevelopment plans which center on the 85 Main Street property. SHELD is collaborating with the Town and is pleased to support those plans.

Mr. Dubreuil wanted the ratepayers to know that Mr. Fitzgerald and the Board did a great deal of work searching for appropriate, affordable, and available property outside of the flood zone, before deciding to move forward on the Granby Road property.

March 2020 Financials:

Mr. Conchieri started his first quarter financial report with a quarterly economic update on all that the Coronavirus has changed in the world. He stated that the Worldwide and U.S. economies have started to feel the impact of the global COVID-19 pandemic. Restrictions on in-person gatherings, restrictions on economic activity, job losses, and disruptions of supply chains had begun to seriously impact the World economy in February and the U.S. economy in March. The full impact of the pandemic has not yet been realized. Then he highlighted some of the specific U.S. economic impacts and stated that the impact on SHELD in March (for February billing) was down slightly.

He continued his report by referencing PowerPoint slides and gave a brief overview of the financials for the first quarter of 2020.

Kilowatt hour sales for 2020 of 28,924,000 were down by 2% from 2019, or 643,000 kilowatt hours. Year-to-date operating revenues of \$3,791,000 were up by 2% from 2019, or about \$65,000. The \$65,000 increase consisted of a decrease of \$81,000 in volume and an increase of \$146,000 in selling price. We had budgeted for a \$22,000 revenue decrease; the actual was a \$87,000 increase.

The 2020 kilowatt hour purchases of 28,345,000 were down by 6% from 2019, or 1,830,000. The 2020 cost of power sold at \$2,153,000 was down by about 20% from 2019, or \$531,000. The \$531,000 consisted of a decrease of \$163,000 in kilowatt hour purchase volume, and a decrease of \$368,000 due to a lower purchase price. We had budgeted for a cost decrease of \$406,000; the actual was a \$125,000 decrease.

There was an increase in revenue and a decrease in the cost of power; therefore, the net revenue of \$1,639,000 was up from 2019 by about \$595,000. There was an actual to budget increase in revenue and an actual to budget decrease in cost of power; therefore, the actual net revenue was up from the budgeted amount by \$212,000.

All other 2020 operating expenses of \$1,412,000 on a combined basis, were up from 2019 by about \$248,000 and up from the budgeted amount by \$22,000. Salary and wage expenses in 2020 showed an increase of \$28,000 from 2019 but were down from the budgeted amount by \$57,000. Pensions and benefit costs were up by \$112,000 from 2019 and up from the budgeted amount by \$77,000. 2020 supplies and expenses showed an increase of \$86,000 from 2019 and were down from the budgeted amount by \$11,000.

March 2020 ended with a net YTD loss of about \$18,000, compared to the 2019 net YTD profit of \$141,000 and was short of the budgeted amount of a \$125,000 profit.

Mr. Conchieri commented that one could see the how the drop in the market had affected non-operating income which shows a loss of \$244,000 in 2020 to date, compared to the \$262,000 gain in 2019.

Mr. Hine asked if Mr. Conchieri had seen a drop in commercial kilowatt hour sales due to the pandemic. Mr. Conchieri said he could see a 4% drop in April in commercial sales but so far there was not an increase in residential sales.

Mr. Conchieri answered several more questions from the Board, regarding what SHEL D's financial picture may look like going forward regarding future power costs sales and fiber sales.

Old Business:

There was none.

New Business:

There was none.

Adjourn:

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

VOTED: To adjourn to Executive Session to discuss strategy with respect to collective bargaining with I.B.E.W. 455 AND for the purpose of discussing trade secrets, confidential, competitively sensitive or other propriety information that the Board has determined the disclosure of which will adversely affect its ability to conduct business in relation to other entities making, selling or distributing power and energy and not return to open session.

By a roll call vote: Awad-aye, Hine-aye, Dubreuil-aye. The open session ended at 6:42 P.M.



Anne Awad, Clerk
Approved: June 25, 2020

EXHIBIT A

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

1. Draft Open Session Minutes of the MLB April 23, 2020 meeting
2. Draft Executive Session Minutes of the MLB April 23, 2020 meeting
3. Management Financial Report March 31, 2020 and 2019