

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' VIRTUAL MEETING
SEPTEMBER 22, 2022, AT 6:00 P.M.**

Present for the Board: Chairman John Hine, Vice-Chair Denise Presley, Gregory Dubreuil, Kurt Schenker, Paul Dobosh

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

The virtual meeting was called to order at 6:00 P.M. by Chairman Hine.

Minutes Approval:

8/25/2022 Open Session:

On a motion by Mr. Dubreuil, seconded Mr. Dobosh, it was unanimously

VOTED: To approve the minutes of the August 25, 2022, open session as presented, by a roll call vote: Mr. Schenker-aye, Mr. Dobosh-aye, Ms. Presley-aye, Mr. Dubreuil-aye, Mr. Hine-aye.

Public Comment:

There were none.

Manager's Report:

Outages:

Mr. Fitzgerald recapped the August 23rd storm that initially left 2329 customers without power. 1882 were restored in 36 minutes, the remainder were restored over the next 24 hours. There were 2 more outages that week and Mr. Fitzgerald commended the crews and staff for a job well done.

Fiber & AMI Update:

There are over 1600 connected fiber customers and 280 phone customers to date. Construction is still proceeding. Shutesbury onboarding is still in process and there was a kickoff meeting with the Town of Leverett to become their ISP. There will be 2,000 AMI meters installed by October 1st. Mr. Hine asked about the notification procedure before replacing the meters and Mr. Gilmore explained the process. Mr. Fitzgerald gave an update on the rebranding process which will be completed by December. He also stated he was interviewed for a Business West article.

July 2022 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the financials for the month ending July 31, 2022.

Kilowatt hour sales of 63,507,000 for 2022 were up by .87% from 2021 by 546,000 kilowatt hours. Year-to-date operating revenues of \$7,874,000 were down from 2021 by 1.4%, or about

\$116,000, consisting of an increase of \$69,000 in volume and offset by a decrease of \$185,000 in selling price. We had budgeted for a \$232,000 revenue increase; the actual was a \$348,000 decrease.

The 2022 kilowatt hour purchases of 67,238,000 were up by 2.9% from 2021, or 1,925,000. The 2022 cost of power sold of \$6,591,000 was up by about 23% from 2021, or \$1,238,000, consisting of an increase of \$158,000 in kilowatt hour purchase volume, and an increase of \$1,080,000 in purchase price. We had budgeted for a cost decrease of \$560,000; the actual was a \$1,798,000 increase.

The increase in revenue was less than the increase in the cost of power; therefore, the net revenue of \$2,313,000 was down from 2021 by 28% or about \$890,000. The actual net revenue was down from the budgeted amount by \$1,850,000.

All other 2022 operating expenses of \$3,826,000 on a combined basis, were down from 2021 by about \$147,000 and down from the budgeted amount by \$331,000.

July 2022 ended with a net YTD loss of about \$2,287,000, compared to the 2021 net loss of \$513,000 and was down from the budgeted amount of a \$165,000 profit.

Mr. Conchieri answered questions regarding the operating loss affected by having to purchase replacement power when the nuclear plant was down longer than anticipated. Also, the hot weather and increased demand caused the higher price we had to pay in the open market. As we go into the shoulder months, things should level out some over the next few months.

River Crossing Rebuild Proposal Approval:

Mr. Fitzgerald stated that as part of our strategic initiative of reliability. For the past two years, SHELD has been working to update and connect our distribution system to Holyoke Gas and Electric's system in order to increase reliability. SHELD's Senior Engineer, Mark Gilmore, has managed the project. Mr. Gilmore reviewed the RFP process for the Board, displayed the four proposals received and gave his recommendation that Elecnor Hawkeye LLC be awarded the project for \$295,344.49. Mr. Gilmore answered several questions from the Board regarding the contractors and the availability of materials for the project. Mr. Dubreuil commented that when Mr. Fitzgerald was hired, there was only one substation and no redundancy and now we are going to be connected to Chicopee and Holyoke for electrical and fiber redundancy.

On a motion by Mr. Dubreuil, seconded Mr. Dobosh, it was unanimously VOTED: To approve the proposal by Elecnor Hawkeye LLC regarding the River Crossing Rebuild project, by a roll call vote: Ms. Presley-aye, Mr. Dobosh-aye, Mr. Schenker-aye, Mr. Dubreuil-aye, Mr. Hine-aye.

Power Market Trends:

Mr. Fitzgerald stated that it has been in the news lately that utilities and customers are experiencing unprecedented increases in power cost. Investor-Owned Utilities are announcing

increases locally of 64%. Municipals are also exposed, but most to a lesser degree due to their ability to own generation. SHELD has a great baseline of stable and predictable power cost due to our owned generation which provides good cover from the volatility due to our investments in the nuclear plants. However, these past two months have been extremely hot and high consumption has meant that SHELD must purchase additional power on the market beyond our baseline generation that is in place. SHELD typically hedges power in the peak summer, winter, and during nuclear maintenance periods. Recently those hedging option rates have been as high as \$380 per megawatt or \$0.38 power, so we are waiting on hedging right now with the exception of the scheduled maintenance periods for which we have hedged. SHELD is in a good position, and we will not experience the increases others will experience; however, our power adjustment costs will be higher for the 4th quarter this year. South Hadley can own generation, unlike the IOUs who can't own generation and need to go out and buy power at open market prices.

Old Business:

There were none.

New Business:

There were none.

Adjourn:

On a motion by Mr. Dobosh and seconded by Mr. Schenker, the meeting was unanimously VOTED: to adjourn, by a roll call vote: Mr. Dubreuil–aye, Mr. Schenker-aye, Mr. Dobosh-aye, Ms. Presley–aye, Mr. Hine-aye.

The open session ended at 6:49 P.M.



Gregory Dubreuil, Light Board Secretary

Approved: October 27, 2022

EXHIBIT A

List of Documents reviewed at the September 22, 2022, Municipal Light Board Meeting

1. Draft Open Session Minutes August 25, 2022
2. Financial Statement July 31, 2022
3. River Crossing Rebuild RFP Proposals