

# *Electric Light Department*

## *Town of South Hadley*

85 Main Street  
South Hadley, MA 01075-2797

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

### MINUTES OF THE MUNICIPAL LIGHT BOARD MEETING OF THURSDAY, SEPTEMBER 24, 2015, AT 6:00 P.M.

#### ***PRESENT:***

Anne S. Awad, Chair  
Daniel Whitford, Vice Chair  
Kurt C. Schenker, Clerk

#### ***Also Attending:***

Wayne D. Doerpholz  
Michael Conchieri

#### ***Called to Order***

Chair Awad called the meeting to order at 6:03 p.m. She stated that there would be no television coverage for this meeting. Mr. Doerpholz explained that the CA-TV studio instituted a new policy where they now require a two-week notice and they did not have personnel available.

#### ***Public Comment***

There were no public comments.

#### ***Minutes – August 27, 2015 and September 21, 2015***

Chair Awad indicated one edit she would like to add on the Minutes of the meeting of September 21, 2015: “Chair Awad stated that the source of this list of a scope of audit services was from A-33.” She asked that a comma be inserted and the addition of “a compliance audit required of entities receiving a certain amount of federal dollars.” Vice Chair Whitford questioned whether this would apply to SHELD; Chair Awad stated that they did not but IT was a useful way to look at subject areas. She further explained that a lot of A-133 compliance things would be part of the financial audit but one remaining item was a review of the policies and practices of vehicles assigned to SHELD employees.

On motion made by Vice Chair Whitford, seconded by Commissioner Schenker, it was unanimously

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VOTED: To accept the minutes of August 27, 2015 as presented and to accept the minutes of September 10, 2015 as amended.

### **Correspondence**

Chair Awad indicated the two pieces of correspondence, both being requests for funds for charitable donations. Mr. Doerpholz indicated that he had received a letter from SHEL D's attorney that he would propose giving to the Board before it takes action on the requests and could send the letter to members of the Board by email. Following a discussion on whether the Board could make charitable donations, action on the requests was tabled.

### **Manager's Report/Chair's Report**

Mr. Doerpholz stated that the year-to-date revenues from the sale of electricity have gone down by \$636,000 compared to the same period last year and that kilowatt-hour sales have decreased by 1.184 million on a year-to-date basis and that the average revenue per kilowatt-hour decreased by seven and a quarter mills. He added that the decrease in revenues were set off by a decrease in purchase power expense of \$574,000 and that the average cost per kilowatt-hour to the customer decreased by about a penny per kilowatt-hour in 2015 compared to 2014.

He further stated that net revenues after the cost of electricity showed an increase of about \$78,000 or about 1% over 2014 revenues. He stated that both Distribution expenses increased by \$73,000 and Customer Accounting, General and Administrative expenses increased by \$100,000.

On a year-to-date basis, the 2015 results are not as good as the 2014 results.

Chair Awad asked about the liquidity and leverage ratios. Michael Conchieri stated that he would include these in a future report, but indicated the benchmark ratios are not frequently updated and he would need to locate more current data.

Ms. Awad stated that she had a very productive meeting with the audit firm on Monday, 21 September 2015, and reviewed the scope of services that they will provide. She added that the intent of this audit would be very broad and deep because this is the first in many years and it will establish a baseline for the Department. She also mentioned that the audit will not begin until after December when SHEL D closes its books for the year. Finally, she stated that the audit itself would not be available until March next year.

### **Board Composition**

Chair Awad stated that she had discussed the possibility of moving from a Board of three to a Board of five with Mr. Sullivan, the town administrator, and the town attorney and has the following response: "You do not have to use a charter commission. South Hadley does not

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operate under a charter, but enabling legislation. Your structure of government comes from the General Court and the Governor. They would see this move as good government.” She further stated “In 2012 when they changed the nature of treasurer, clerk and collector from being elected, it was an article before town meeting and a vote of the public to petition the state legislature. This would be the same.”

A discussion followed on getting on the warrant for the November town meeting. Ms. Young indicated that the deadline for submitting a draft warrant is October 2<sup>nd</sup>. On motion made by Commissioner Schenker, seconded by Vice Chair Whitford, it was unanimously

VOTED: To determine the appropriate steps necessary and to timely file a draft warrant reserving space for the November town meeting.

### **Public Process-New Facility**

Chair Awad opened the discussion by asking whether the Board members had any difficulty with their assignments. Chair Awad stated that the Know Your Town Meeting is scheduled for November 12<sup>th</sup> and that she will be meeting with Martha Terry to discuss a panel of speakers. Chair Awad suggested that Mr. Doerpholz and/or the architects could present the case for Old Lyman Road and someone to present the perspective on remaining in the Falls. A discussion followed on the timetable and Chair Awad indicated that the idea is to have information by December and to be able to present a report and action by January. Vice Chair Whitford questioned the impact on the timetable; Mr. Doerpholz indicated that environmental permits have a timeline; he stated timelines would all be different but he would obtain some general guidelines.

### **Manager Review/Contract Development**

Chair Awad asked if Mr. Doerpholz had prepared goals and objectives for the next year as discussed at the September 10<sup>th</sup> meeting. Mr. Doerpholz stated that he had listed two: challenges for 2015-2016 and goals for 2016.

Mr. Doerpholz stated that he has begun to re-evaluate the current position descriptions for all of the employees of the Department. He mentioned that this work is important for several reasons including anticipated retirements and the installation of new enterprise software. He said that it is important to develop position descriptions to fit the needs of the new operating system. Mr. Doerpholz then said that the outside workforce has taken upon new work that is a mandatory subject of collective bargaining and that those position descriptions must be amended to include this work and negotiated with the Union.

Mr. Doerpholz continued by stating that the Department must renegotiate a new collective bargaining agreement in 2016 and that both of these are important steps that must be completed

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before SHELD enters into negotiations with the Union. He said that, from his experience of past labor negotiations, it takes about 12 sessions to complete a new contract.

Mr. Doerpholz stated that the next important task for 2016 would be to undertake a Rate Study and rate restructuring. He mentioned that SHELD has begun the preliminary steps of a rate study and that work must continue to return the Department to profitability by 2016. In addition to this rate study, he added that Millstone Unit #3 will be down for a refueling outage in 2016. He also recommended purchasing a power hedge in the event that the refueling outage is extended for any length of time for repairs or additional inspections.

Mr. Doerpholz stated that it was important to the Department to continue to implement upgrading the IT Infrastructure and further develop proficiency in the new enterprise software.

Mr. Doerpholz added that SHELD will likely undergo surveillance by the credit rating agencies to review its A+ credit rating in 2016 and that this was an extremely important issue for SHELD.

Mr. Doerpholz stated that his goals for 2015 – 2016 would be to continue to develop new and complementary sources of revenues for the Department to offset the loss of revenues from declining electric sales. He said that potential areas to be explored would include the promotion of electric vehicles, heat pumps, and heat pump water heaters.

He added that another area for additional revenues would be the continuation of developing the commercial fiber optic and data storage operations.

Mr. Doerpholz then stated that it is very important to continue the process to bring fiber to every home in South Hadley. He said that the Department continues to work with the contractors for Axia on completing the engineering and engineering documentation for a fiber to the home solution and that they have made significant progress.

Mr. Doerpholz then stated that it is imperative to continue the process of replacing SHELD's obsolete service facility with a new service facility to meet ongoing operations and emergency response needs. He said that he did not believe that SHELD could enter the twenty-first century and its new requirements in a facility that was constructed in the beginning of the twentieth century any more than a fire department, police department or any other emergency service department could do the same.

Finally, Mr. Doerpholz concluded by saying that he believes it is important for the Board to consider continuation of the installation of LED street lights throughout the community. He said that SHELD is currently preparing its annual bids for materials and that it would be helpful to discuss the possibility of developing a 3 to 5 year strategy to install LED street lights throughout the Town. He stated that he recognized this is not a goal but, if the Board approves, SHELD would develop a budget for this item for the Board's review and approval.

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Discussion continued regarding the form to be used in the manager's evaluation and it was decided to use the current draft as presented and that it would be modified if appropriate. The Board could then share its first attempt with Mr. Doerpholz and then next summer do it again as the official annual review. Mr. Whitford agreed to do so to get a better solution and a better template. Chair Awad requested that all Board members complete and send their forms and comments to her by October 15<sup>th</sup> and she would compile the results into a single document.

#### *Next Meeting*

Chair Awad set the next three meeting dates: Thursday, October 22, 2015, at 6:00 p.m., Thursday, November 19, 2015, at 6:00 p.m. and Thursday, December 17, 2015, at 6:00 p.m.

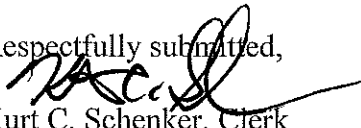
#### *Adjournment*

On motion made by Commissioner Schenker, seconded by Vice Chair Whitford, it was unanimously

VOTED: to adjourn.

The meeting was adjourned at 7:11 p.m.

Respectfully submitted,

  
Kurt C. Schenker, Clerk  
Municipal Light Board

2/25/16