

**BOARD OF COMMISSIONERS MEETING  
SELECTBOARD MEETING ROOM, TOWN HALL  
SEPTEMBER 28, 2017 AT 6:30 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice Chair Vernon Blodgett, Anne Awad, John Hine (Mr. Schenker arrived at 6:37 PM.)

Present for staff: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri and Administrative Assistant Kim Mendoza

**Call to Order:**

The meeting was called to order at 6:33 PM.

**Public Comment**

There were no comments.

**Minutes Approval:**

6/22/17 Executive Session

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

VOTED: To approve the meeting minutes of the Executive Session of June 22, 2017 and not to release at this time.

7/27/17 Executive Session

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

VOTED: To approve the meeting minutes of the Executive Session of July 27, 2017 and not to release at this time.

8/24/17 Executive Session

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

VOTED: To approve the meeting minutes of the Executive Session of August 24, 2017 and not to release at this time.

8/24/17 Open Session

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

VOTED: To approve the meeting minutes of the Open Session of August 24, 2017.

9/14/17 Open Session

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

VOTED: To approve the meeting minutes of the Open Session of September 14, 2017.

9/14/17 Executive Session

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

VOTED: To approve the meeting minutes of the Executive Session of September 14, 2017 and not to release at this time.

### **Manager's Report:**

#### **Outages:**

There were two minor electrical outages in the past month. One was from a broken transformer fuse and the other was due to a bird. The outages affected 17 customers for less than one hour.

#### **Website:**

SHELD launched the new website over the weekend of September 8<sup>th</sup> and the site conversion went well. It took 3 to 4 business days to be sure the DNS server pointed to the correct place. Mr. Fitzgerald thanked everyone involved for the seamless transition. If there are any ratepayers who are having issues with the site, they should clear their cache and that should solve any issues. We have not had many calls indicating that ratepayers are having problems with the new site.

Mr. John Howard complemented Mr. Fitzgerald on the new website. Mr. Dubreuil agreed that it looks great.

#### **IBEW 455 Contract Booklets:**

The 2017 IBEW contract booklets have been printed and distributed to the IBEW employees and management.

#### **Mutual Aid to Florida:**

SHELD has successfully completed another mutual aid trip to Florida. On Saturday September 9, 2017 at 4:45 A.M., Larry Fisher and Dennis Canavan left to meet up with other NEPPA members to drive to Homestead Florida. SHELD travelled together with Chicopee, Holyoke, Princeton, Sterling, Concord, Belmont, and Littleton in a convoy. The group endured long hours of high temperatures and humidity while working to restore power to thousands of customers. They encountered heavy traffic and fuel shortages in the South. During their stay in Homestead they set poles with Concord and transferred conductors and equipment with Chicopee and Princeton. They also performed other repairs necessary to prepare the distribution circuits prior to energizing them. After power had been restored, they spent the last couple of days doing live line work to repair damage of the lines. The crew returned to SHELD headquarters at 3:00 P.M. on Saturday September 23, 2017 having had no injuries or breakdowns. Thank you to Mr. Fisher and Mr. Canavan and to the remaining crews at SHELD who kept the operations running smoothly.

Mr. Dubreuil stated he was glad we had the ability to help and had volunteers who were willing to go. He asked about the financial implications of the trip. Mr. Fitzgerald said that all the receipts for expenses and time were being submitted to NEPPA, who will submit them to the host utility of Homestead, Florida, who then works with FEMA, for reimbursement.



**Sale of Old Lyman Road Property:**

Mr. Blodgett started the conversation by proposing a motion stating:

I move that the South Hadley Electric Light Department sell three parcels of land, of up to one acre each, with each parcel having approximately 133 feet of frontage on Old Lyman Road. These parcels would be created by subdividing Parcel 7, Map 12 – Old Lyman Road, South Hadley, Massachusetts, which contains a total of 7.492 acres of land. I further move that SHELD retain ownership of the remainder of Parcel 7, and all of two abutting lots, with a total combined area of approximately 9.75 acres, for possible future operational needs of SHELD, including, but not limited to, the siting of a substation.

Ms. Awad seconded the motion. Mr. Dubreuil asked for any discussion.

Mr. Blodgett went on to explain that the property, shown as lot 7 on the map, has approximately 400 feet of frontage, which would allow for three lots with 133 foot frontage each. He also described how, in the 20+ years since SHELD purchased the property, the neighborhood has been developed into one of single family homes.

He said the motion presumes that SHELD may want to build a substation in the future; so we should retain the remainder of the land. SHELD also owns adjacent lots 38 and 17.

Mr. Blodgett went on to say that fifteen months ago this Board voted to end plans to build a new building on this property because of several reasons including the uncertainty that the facility would be sufficient for SHELD's future needs. There were also concerns about the cost of the new facility, community preference that SHELD not build on this site and community preference that SHELD stay in the Falls area of Town, under the Falls Redevelopment Authority's plan. At that time, there was also discussion about the sale of the property on Old Lyman Road and that it would generate property taxes for the Town. There was also the expectation that a new General Manager was going to be hired and he would play a major role in developing SHELD's strategic plan for the future.

Mr. Schenker said that he was not happy about that previous vote and mentioned that there have been no other properties found, to date, that would work for a new building for SHELD. He thinks we should keep more of the land; possibly sell only two of the lots and then ten acres could be retained.

Ms. Awad said she thinks the motion is a conservative proposal that would keep down the number of people coming and going in the area. The houses would be situated toward the front of the lots because of wetlands on the property. Overall, she called it a conservative model that recoups some of the money SHELD has invested in the site.

Mr. Hind asked Mr. Fitzgerald about information he previously sent to the Board regarding long-term planning of critical infrastructure systems as a reason to keep the property. Mr. Fitzgerald explained that he had SHELD's Sr. Engineer look at the property from an engineering viewpoint and SHELD's possible needs in the future. The land is strategic because of the location adjacent to the transmission lines. We have one substation in Town, which supports the whole town and can grow, if needed. However, we do not know what the future holds for South Hadley. If the

town should grow substantially or there were a catastrophic event at the existing substation, this property would be ideal for another substation.

Mr. Blodgett asked about the size of the property at the Pineshed substation. Mr. Fitzgerald had information on the 1992 purchase from Holyoke Power & Electric stating it was 2.94 acres. There are adjacent properties owned by Holyoke Power & Electric for their transmission of power. Mr. Fitzgerald is concerned about the possibility of building a future substation on the Old Lyman Road property once more houses are built on that land. Mr. Fitzgerald pointed out that that residents who purchase and build on this land would likely make it more challenging to site a new substation.

Mr. Schenker suggested that having a potential second site is better than having only one site, with an expanded substation and pointed out that he lives close to the existing SHELD Pineshed substation and therefore an expansion could be of concern in his neighborhood. Mr. Schenker pointed out that the Old Lyman Property provides a fair alternative.

Mr. Dubreuil talked about the fact that he lives in the Old Lyman Road area. He wanted everyone to know that he approached the Ethics Commission regarding his ability to participate in these discussions. They ruled that there is nothing to prevent him from being able to discuss or vote on matters concerning this parcel. He agrees that we should be strategic and, with capacity requirements being reduced, with renewables also reducing capacity, and with creating redundancy with other towns being more cost effective than building another substation, he feels we should retain the remaining 9+ acres for possible future use. He thinks that putting homes on the three lots to increase tax revenue is a positive for the Town. He also feels that partnering with the Redevelopment Authority on the Falls' redevelopment is exciting. They can help us find a location and we could be creative in working with them and the Town in looking into a new building.

Mr. Hine agreed with keeping a portion of the property for future use.

Mr. Dubreuil researched the original purchase of the property and found that it was purchased with ratepayer funds; therefore the proceeds of the sale would flow back to SHELD and help recoup money previously spent on the new building project.

Mr. Schenker suggested reducing the lot frontage to 125', which would allow us to retain approximately 25' next to the high tension lines for access to the remainder of the property without driving under power lines.

After further discussion, Mr. Blodgett amended the original motion to:

"The frontage of the three lots will be 125' each and the difference, between the total frontage on Old Lyman Road and the 375', would be retained by SHELD immediately adjacent to parcel 38."

Mr. Hine seconded the motion to amend the original motion, and it was a unanimously approved.



A vote was then taken on the amended motion, and it was unanimously approved.

It was decided to direct the General Manager handle the sale of the lots.

Mr. Frank DeToma, a representative of the Falls Redevelopment Authority, spoke about his eagerness to partner with SHELD and the Town in exploring the possibilities for a new building in the Falls.

#### **SHELD Renewables Rebate Criteria:**

Mr. Fitzgerald reviewed the Board's direction for him to define criteria for possible future projects, which include renewable energy and distributed storage feasibility studies. After reaching out to MMWEC, a program feasibility study criteria was developed and sent to the Board. In summary, incentives include 50% of a study cost, up to a maximum of \$5,000 per project, and a cap of \$25,000 per customer. Based on five projects, that would be a potential increase of \$156,000 to the rebate budget next year, if the Board agrees to move forward. Mr. Dubreuil and Mr. Hine suggested the Board review the information and discuss it again at the next meeting.

Mr. Dubreuil indicated he would like to have next year's budget in place before the end of this year. Mr. Hine also said he would like to see a draft of the 2018 budget by the end of December and if the Board decides, at the October meeting, to support the rebates, the rebate budget could be increased.

#### **Financial Report:**

Mr. Conchieri reviewed the Financial Report as of June 2017. 2017 YTD revenues were \$6.5 million, down from \$6.9 million in 2016. The cost of power YTD is \$4.4 million in 2017 down from \$5.4 million in 2016, dropping almost \$1 million.

Kilowatt hours sold in 2017 increased by 177,000. Kilowatt hours purchased were 750,000 fewer this year. Kilowatt hours are consistent with 2016 activity, within 1%. The revenue was lower than budgeted but because the cost of power has been lower; we are refunding ratepayers through a Transition Adjustment Charge credit on their bill. This is reviewed every 3 months, compared to the cost budgeted six months earlier, and adjusted, if needed.

All other operating expenses were consistent with last year. Labor expenses have increased by \$50,000. Other expenses total \$1.5 million in 2017 compared to \$1.3 million in 2016, an increase of \$200,000. Higher benefit costs, IT costs, professional services costs and work to the building contributed to the higher expenses this year.

Looking at the budget-to-actual figures, revenues were down \$300,000 and costs of power sold were down about \$400,000. Our Kilowatt hours on a net basis were within \$600,000. Labor costs were equal to what was budgeted and all other operating expenses were within \$200,000 of budget.

Mr. Hine asked about causes for the variance to the bottom line from quarter to quarter throughout the year. Mr. Conchieri explained that very cold or very hot weather has a large effect on expenses. Normally SHELD loses money over the first 6 months of the year and gains over the last 6 months due to the increased electricity use for summer cooling.

**Strategic Planning:**

Mr. Fitzgerald reviewed how the Board had asked him to investigate vendors to help facilitate developing a Strategic Plan that would engage the Board and others for input. He has found two vendors, so far, who specialize in utilities; one recently did the plan for APPA and the other who works with NEPPA. He has asked them for proposals and has found that costs can vary widely depending on how many groups of people have input. He will look for another one, possibly with fiber experience.

Ms. Awad stated she would like to use a vendor who will take the specific information contributed by the Board, staff, Town departments and the community and organize and prioritize it into a plan.

Mr. Fitzgerald will present proposals at the October meeting.

**Warrant Authorization:**

Mr. Dubreuil talked about how, since the last meeting, he and Mr. Fitzgerald had spent a lot of time reviewing and changing the warrant authorization language. The attempt to construct a policy is for the benefit of the auditors.

The latest revision stated that the General Manager can approve all warrants and payrolls other than those for the following three reasons; any payment made directly to the General Manager, any payment of non-routine operating expenses exceeding \$25,000, with the exception of something that is of a safety concern or in an emergency situation, and any payment for capital expenses over \$25,000, exclusive of items previously approved by the Board via vote, bid or approved annual capital budget. If any of these situations arise, the warrant would need to be approved by two members of the Board. Ongoing monitoring of operating costs would be accomplished through monthly reports.

Mr. Hine brought up the fact that one or two Board members do not have any authority. He feels that if any of these situations arise they have to be presented to the whole Board. It would have to be three or more Board members, which would constitute a meeting. A meeting would need to be posted, but there are provisions in open meeting law for an emergency meeting for an emergency situation.

Mr. Fitzgerald said that, if there were an emergency, he would be calling the Chair immediately. The provision for an emergency situation is covered under the second listing of the policy, too. After more discussion, the Board decided to have Mr. Dubreuil and Mr. Fitzgerald update the policy once more.



**New Business**

The fourth Thursday in November is Thanksgiving and the fourth Thursday in December is during the Holiday week. After the Board members discussed various dates, it was decided to have no meeting in November and one meeting on Thursday December 7<sup>th</sup> that would cover November and December.

Ms. Awad brought up the fact that the Manager's review should be conducted in the month of October. After discussion on the process going forward, the Board decided to look at a format

that Mr. Fitzgerald has used in the past along with the format used for the previous Manager's review. Mr. Dubreuil and Mr. Blodgett will work together to establish a format by the October meeting, then each Board member will evaluate the Manager individually and their notes will be compiled into one document and presented at the December meeting. Mr. Fitzgerald agreed to that timeline.

Mr. Blodgett then said he heard that the Town Planner and the Planning Board had a first draft of a solar installation by-laws document. Ms. Awad was aware of its existence but had not attended the meeting. She had heard that the Planning Director was going to contact SHELD's Manager to share the draft. They are working off an outline that the Pioneer Valley Planning Commission gave them. Ms. Awad said she would like the Manager to be involved in process. Mr. Fitzgerald has not heard from Richard Harris but will contact him.

On another topic, Mr. Fitzgerald clarified that there was an article in the *Town Reminder* that said that SHELD was demolishing their garage. We were not part of that discussion and we are not presenting that request to the Planning Board.

**Adjourn:**

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

The Open Session ended at 7:58 PM.

  
Anne Awad, Clerk

Approved: October 26, 2017



**EXHIBIT A**

**List of Documents reviewed at the September 28, 2017 Municipal Light Board Meeting**

1. Draft Executive Session Minutes of the MLB June 22, 2017
2. Draft Executive Session Minutes of the MLB July 27, 2017
3. Draft Executive Session Minutes of the MLB of August 24, 2017
4. Draft Open Session Minutes of the MLB August 24, 2017
5. Draft Open Session Minutes of the MLB September 14, 2017
6. Draft Executive Session Minutes of the MLB September 14, 2017
7. Outages 9/25/2017 YTD
8. IBEW 455 Contract Booklet
9. Map of Old Lyman Road Property
10. Renewable Energy & Distributed Storage Feasibility
11. June 2017 Interim Financial Statement