

Electric Light Department

Town of South Hadley

85 Main Street
South Hadley, MA 01075-2797

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

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
AUGUST 24, 2017 AT 5:45 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice Chair Vernon Blodgett, Anne Awad, John Hine (Mr. Schenker arrived at 5:49 PM.)

Present for staff: Sean Fitzgerald

Guests: Kevin Maltby and Mark Tanner, Attorneys with Bacon Wilson

The Chair convened the meeting at 5:48 PM. A motion was made by John Hine, seconded by Vernon Blodgett, to enter into Executive Session for the purposes of discussing litigation strategy related to federal Court Case, Docket No. 315CV30185 and for discussing Hampshire County Court, action #1680CV00080 and to return to Open Session following the adjournment of the Executive Session. A roll call vote was held on the motion: Vernon Blodgett - aye, John Hine - aye, Anne Awad - aye, Gregory Dubreuil - aye. It was unanimous.

The Open Session resumed at 6:50 PM.

Present for Staff: General Manager Sean Fitzgerald, Administrative Assistant Kim Mendoza, Operations Manager Edward Morrin

Public Comment

There were no comments.

Minutes Approval – 7/27/17 Open Session

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

VOTED: To approve the minutes of the July 27, 2017 Open Session of the Municipal Light Board.

Manager's Report

Outages:

There were two minor electrical outages in the past month. One was from an unknown cause and the other was due to animal contact. The outages affected 25 customers for less than one hour.

Website:

SHELD will launch a new website the weekend of September 8th which will modernize customer engagement capabilities. The existing website provider was going to change the current server hosting location, so this was an opportunity to make a change. The new website will be more of a utility-specific looking site. The pictures are of actual SHELD crews in the field.

There will be online applications to simplify processes including rebates, start/stop service forms and it will still include a section to archive the Municipal Light Board meeting minutes.

Mr. Dubreuil was impressed with the fresh and modern look of the new website.

September Bill Insert:

Ratepayers will be receiving a bill insert with their September bills. The insert will have a message from the General Manager highlighting the new website, rates and the new LED streetlights. The crew, shown on the insert, is a SHELD crew installing one of the new LED streetlights. The other side of the insert will show a comparison of our rates for the March 2017 State average of 500 kWh. SHELD's rates are significantly lower than those of National Grid and Eversource. There will also be a screen shot of the new website on the insert.

Mr. Hine asked if people who receive their bill notification via email will also receive the insert.

Mr. Fitzgerald said he would talk to Mr. Byrne, who manages IT/Customer Service for SHELD, and ask him to send the flyer out electronically to those ratepayers.

Chicopee Circuit Tie:

The Sr. Engineer and Operations Manager have been working on establishing an emergency circuit tie between SHELD and CELD (Chicopee Electric). The tie is located on Willimansett Street, South Hadley, and Montcalm Street, Chicopee. This tie is of mutual benefit, and can supply electricity to approximately 25% of SHELD customers in an emergency. It can also supply some power to Chicopee if they should need it. We are still looking into other areas, including Holyoke, to possibly establish other ties in the future.

Credit Rating Upgrade:

Standard & Poor's contacted SHELD to conduct a rating analysis of SHELD's financial position which subsequently led to an upgrade of the credit rating from A+ to AA-.

RET Rebate Alternative:

Mr. Fitzgerald presented a PowerPoint slide show on the possible rebate alternatives to the RET (Renewable Energy Trust) Clean Energy Center (CEC) rebates. In a previous meeting, Mr. Fitzgerald presented information suggesting that it wasn't the right time for South Hadley to join the RET. The Board had directed Mr. Fitzgerald to develop possible rebate alternatives. He enlisted MMWEC to provide a gap analysis between what SHELD offers and what the RET CEC offers. He presented a slide showing the rebates SHELD paid out, in the last year, which listed \$13,800 for residential programs and \$112,074 for commercial programs, for a total of \$125,874. The rebate money paid out now comes from the general electric rates collected. Highlights of the gap analysis were also presented in the slide show. The analysis recommended the addition of an Air Source Heat Pump rebate for \$250-\$500. This has recently been added to the SHELD rebate program.

Solar is not a current component of the CEC programs because of programs at the state and regional level.

A solar hot water rebate might be possible but most residents are currently using oil or gas, not electricity, to heat hot water. Therefore it is not recommended to add it at this time.

Geothermal, hydropower and organics could be looked at on a case by case study for a shared feasibility study cost for moderate sized projects.

Biomass and Woodstove programs target thermal energy use, and not electricity, so these rebates are not recommended.

SHELD will continue to provide rebates where feasible, and those that can be supported by electric rates, and will look at renewable opportunities on a case by case basis.

Mr. Fitzgerald summarized that SHELD would continue the current rebate programs, with the addition of the air pump heat source rebate. The solar, solar hot water and woodstove rebates would not be included. Other larger renewable projects would be looked at on a case by case basis.

The Board was in agreement that they would like to see a line item in the budget to be able to track rebate dollars in the future.

Mr. Dubreuil would like to see an objective set of criteria established for the case by case projects. Mr. Fitzgerald said he would work on those two items and bring the information back to the Board.

Cash Reconciliation Update:

In April 2017, Mr. Fitzgerald met with Mike Sullivan to review both the \$109,000 cash difference between SHELD's records and the Town's investment policy, as it relates to SHELD's depreciation fund. That meeting resulted in an agreement that will resolve both issues to the satisfaction of all concerned. The Town will transfer approximately \$58,000 into SHELD's customer deposit account and adjust their records to reflect a \$109,000 decrease in SHELD cash and increase in Town cash. The Town accountant will work with SHELD's Financial Manager to formally establish the current reconciliation process. The first week of July the Town moved \$2,000,000 into a separate Bartholomew account and is expected to move an additional \$3,900,000 by October 1, 2017.

Warrant Authorization:

There had been several previous discussions about having a warrant authorization process which raised some concerns for Mr. Fitzgerald. Mr. Fitzgerald suggested a variation, to the last discussion, which would remove the \$25k aggregation. There are many monthly operational bills that will total over \$25k which could create a heavy workload for the Board for approvals. If an expense will be over \$25k he will present it to the Board but doesn't think there is a need for a vote for operational expenses. He suggests the aggregation be removed and that the Board vote be removed.

Mr. Hine mentioned that the reason he suggested a Board vote is that it's not legal for three Board members to go and sign the warrant, so he suggested a vote. He does know that the General Manager does have broad powers and can sign warrants for most operational expenses. He went on to say that they could either remove any reference to the Light Board's approving warrants, or establish an amount and nature of the expense for considerable or non-budgeted expenses.

Ms. Awad agreed that the Board does have a fiduciary responsibility but could fulfil it by closely monitoring financial reports that have additional line items for specific expenses.

Mr. Dubreuil spoke up to say he was the one who started looking at this process because, when there wasn't a Manager, the Board members went into SHELD weekly to sign the warrant. Then, when the Manager was hired, it just stopped. There should be a policy, looking at it from an audit standpoint. He stated they needed a policy that should include that, when any additional payments are made to the Manager, a Board member signs the warrant.

Mr. Dubreuil also said that the Board already approves capital expenses and any bids over \$25k. If you eliminate those two items, and any routine operating expenses that were already approved in the budget, it leaves only a small number of other things that would need to be approved. Vendors rely on our prompt payment of invoices and we don't want to slow down their receiving payments. We need to decide how to get that into writing.

Mr. Schenker asked if it says anything in the by-laws. Mr. Fitzgerald stated that the electric company follows Chapter 164, as a guideline, which states that the General Manager can authorize all operating expenses.

Mr. Dubreuil recognized that they may be creating a policy, for an expense, that may never happen. Ms. Awad suggested that they are all working together to support Mr. Fitzgerald in improving operations at SHELD and that she feels that reviewing the monthly financials and following up on anything that seems to be running over budget would be sufficient.

The Board decided that Mr. Dubreuil and Mr. Blodgett would work with Mr. Fitzgerald to create a policy to meet the requirements just discussed by the Board.

New Business:

Mr. Morrin:

Mr. Fitzgerald announced that Mr. Edward Morrin had been promoted to Operations Manager. He gave a brief history of Mr. Morrin's twenty-five years working at SHELD. Mr. Fitzgerald stated that the new position will give Mr. Morrin some added responsibilities and authority. Mr. Morrin is very dedicated to serving SHELD and all the South Hadley ratepayers.

Ms. Awad spoke about the assistance Mr. Morrin gave her during the transition time when he was co-manager with Mr. Byrne. His natural diplomacy, tact, commitment and persistence made a huge difference to her, and SHELD, during that time.

Strategic Planning:

Ms. Awad then brought up the process of Strategic Planning for SHELD. She stated we are at a critical time and there is a lot to consider right now in writing a strategic plan. She would like the Board to be involved in the development of an outline of a strategic plan for SHELD.

Mr. Fitzgerald asked about a realistic timeline for a Strategic Plan to be developed. Mr. Hine mentioned having a retreat meeting, offsite, to start discussions on topics for the plan, like fiber and SHELD's aging workforce.

Ms. Awad suggested using a consultant who specializes in Strategic Planning and possibly having the first meeting this fall. She would hope that by next summer it would be finished.

Mr. Blodgett mentioned an APPA webinar last year that was about strategic planning. It used an example of a Light Board who built their agenda, for every Board meeting, around their Strategic Plan. Every item needed to connect to the plan, moving towards a goal.

Mr. Fitzgerald said it was a great idea and he would look for a consultant to get the project started.

Adjourn:

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

VOTED: to adjourn.

The Open Session ended at 7:43 PM.

A handwritten signature in cursive script, appearing to read "Anne Awad", is written over a horizontal line.

Anne Awad, Clerk

Approved: September 28, 2017

EXHIBIT A

List of Documents reviewed at the August 24, 2017 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB July 27, 2017
2. Outages 8/22/2017 YTD
3. September Bill Insert
4. RET Rebate Alternative PowerPoint