

Electric Light Department

Town of South Hadley

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**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JULY 27, 2017 AT 5:45 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice Chair Vernon Blodgett, Clerk Anne Awad, John Hine, Kurt Schenker.

Present for Staff: SHEL D General Manager Sean Fitzgerald.

Open Session convened at 5:45 PM. Mr. Schenker moved and Ms. Awad seconded a motion to go into Executive Session for the purpose of discussing litigation strategy related to Federal Court Case, Docket No. 315CV30185 and to discuss strategy with respect to collective bargaining with the I.B.E.W. 455 and to return to Open Session following adjournment of the Executive Session.

The vote was by roll call vote and was unanimous: Awad-aye, Dubreuil-aye, Hine-aye, Schenker-aye, Blodgett-aye.

The Open Session resumed at 6:43 PM.

Present for Staff: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri, Administrative Assistant Kim Mendoza, Office Manager/IT Paul Byrne, Sr. Engineer Mark Gilmore

Public Comment

Mr. Howard mentioned that many utilities are looking into battery storage and asked if SHEL D was looking into it too. Mr. Fitzgerald answered that he was presenting information on a temporary generator pilot program that would address Mr. Howard's question later in the meeting.

Minutes Approval – 6/5/17 Open Session

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

VOTED: To approve the minutes of the Municipal Light Board Open Session meeting of June 5, 2017.

Minutes Approval – 6/5/17 Executive Session

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

VOTED: To approve the minutes of the Executive Session of June 5, 2017, and not to release at this time.

Minutes Approval – 6/22/17 Open Session

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

VOTED: To approve the minutes of the Municipal Light Board meeting of June 22, 2017 as written.

IBEW 455 July 1, 2017 Contract Vote

Mr. Fitzgerald indicated that the management of SHELD and the IBEW 455 had reached an agreement on the new three-year contract. He had copies for the Board to sign, if they approved it. The Board had discussed the details, earlier in the evening, during the Executive Session. Mr. Fitzgerald highlighted some of the changes that were agreed upon by both parties.

On a motion made by Ms. Awad and seconded by Mr. Schenker, it was unanimously

VOTED: To approve the proposed IBEW three-year contract as presented by the General Manager.

Manager's Report

Outages:

There were seven electrical outages in the past month. They were all due to animal contact. The outages affected approximately 100 customers with most outages lasting one hour or less.

Thank You Letters:

Mr. Fitzgerald recently received two thank you letters. The first one was from South Hadley Recreation Department Director Andy Rogers for SHELD's sponsorship of the July 3rd Fireworks.

The second one was from the E-ink Health and Safety Director for SHELD's participation in a Health & Safety Expo that they held for all their employees. SHELD was one of approximately 20 vendors who set up booths displaying information. Mr. Fitzgerald thanked Mark Gilmore, Donna Fournier and Ray Gouley who represented SHELD. They were able to speak with all the employees, many of whom were also South Hadley ratepayers.

Electric Car Promotion:

An informational newsletter, on the Nissan/charger rebate program, went out with the recent electric bills to all the ratepayers. Channel 22 covered the promotion after contacting Nissan, Mr. Sullivan and Mr. Fitzgerald for details. This promotion helps in reducing the carbon footprint. SHELD is the only utility in Western Mass offering this program right now and so far one person has taken advantage of the free charger offered by SHELD. There will be additional rebate information presented at next month's meeting.

LED Light Installation:

10 streets have had the new LED streetlights installed to date. A total of 116 lights have been replaced. We are currently working on the west side of town and will continue through the

remainder of the year or until they are all replaced. The town should see a significant electricity savings from the LED streetlights. It will also reduce maintenance costs for SHELd because the LED lights last longer and will not need to be replaced as often.

Tangent Generator:

Mr. Fitzgerald presented a PowerPoint slide show explaining a possible alternate source of power project for SHELd. There is currently a 2 megawatt leased generator set up at the Pineshed Substation. It's a low risk, low cost way to test to see if this can reduce our cost and shave our peak by supplying additional power during a peak usage time. Tangent Energy Solutions monitors ISO-NE for potential peaks 24 hours per day during the summer months. When they sense an approaching peak, they send out alerts and turn the generator on. This causes the load to drop which gives us the capacity savings. SHELd also monitors the forecasts and alerts along with Tangent, ISO-NE and MMWEC watching for a potential peak. Capacity is going to become our largest cost, even greater than the actual cost of the energy. There is an expected increase in capacity charges of \$1.2 million over the next year. In the wholesale energy market, energy cost is the actual cost for the load consumed; capacity charges are for the energy sources just to be there, and be ready to generate more electricity, if and when it may be needed. A battery storage project would be similar, however, with less run time capability. A battery generator storage project could store excess energy when we are over generating at night.

Mr. Fitzgerald then reviewed the financial slide which showed a potential savings of \$117,425 after expenses. A post analysis study will be done at the end of the peak load season to determine the actual cost and savings. Then the findings will be presented to the Board and a decision will be made as to whether a permanent load reduction project should be initiated, possibly using a natural gas generator or a battery storage project.

The next slide showed a graph of the actual impact on the load from the temporary generator running on July 21, 2017 from 3-6 PM. The load dropped from 24,000 kilowatt hours to below 22,000 kilowatt hours, which is a 2 megawatt drop. A drop, at the right time, will affect the capacity price for the entire year. If the town can reduce its consumption even further, with help from the residents, there could be a greater savings.

Mr. Fitzgerald described how some towns are using robo calls to notify residents when a peak is forecasted. They ask them to reduce their consumption, on that day, during those few hours. This could save the ratepayers even more money. Ms. Zieminski asked what the residents would be asked to do if those calls were implemented in South Hadley. Mr. Fitzgerald explained that if everyone made some minor changes, like turning off lights or not doing laundry during this time period, for example, it would add up and make a large difference toward reducing the load at that time.

APPA Public Power Leadership Workshop:

Mr. Fitzgerald told the Board about the American Public Power Association Leadership Workshop, being held on October 4-6 in Charleston SC, that he would like to attend. This workshop is for new managers of utilities and he feels it would be helpful in providing him with some new ideas. The cost is \$745 plus travel expenses. He asked the Board for their approval since it would be above his normal expenses and he felt he should notify them. The Board agreed that he should attend.

Financial Summary:

Mr. Conchieri reviewed the Financial Report as of May 2017. 2017 YTD revenues were \$5.5 million, down from \$5.8 million in 2016. The cost of power went down to \$3.5 million in 2017 from \$4.3 million in 2016, dropping \$900,000.

Kilowatt hours sold in 2017 increased by \$600,000 or 1.3%. Kilowatt hours purchased decreased by \$600,000 or 1.1%. Kilowatt purchase and sales are consistent with 2016 activity. The decrease in revenue was higher than expected but close to budget. The cost of power sold continues on the same trend, decreasing more than expected.

All other operating expenses were \$1.7 million in 2017 compared to \$1.5 million in 2016. Labor expense has increased by \$53,000; all other expenses are up by \$149,000.

Looking at the budget to actual figures, revenues are down \$300,000 and costs were down about \$540,000. Kilowatt hour sales and purchases were less than budgeted. All other operating expenses were \$93,000 higher than what was budgeted. The majority of the increase was due to higher benefit costs.

Warrant Authorization:

Mr. Fitzgerald stated that last month the Board asked for some additional language to be added to the Warrant Authorization policy that was being drafted. He added specifics to the original statement allowing the Manager to approve and authorize payment of all warrants and payrolls that do not include any of the following:

1. Payments to the GM (except for normal bi-weekly payrolls)
2. Payments of operating expenses (exclusive of power related costs) exceeding \$100,000
3. Payments of capital expenses (exclusive of items the Board already approved) exceeding \$100,000.

Also, any warrants containing the above would need to be signed by three Board members.

Mr. Hine mentioned that on Town Boards/Committees the warrants are voted on at meetings, not just signed by the members and he would like that added to the policy.

Mr. Fitzgerald thinks that things falling under these criteria would be rare and would have been discussed in previous meetings.

The Board decided to wait for the amended policy including a Board vote for approval before finalizing the policy.

Mr. Blodgett then asked if it would be a one-time purchase or an accumulated purchase, over time, of more than \$100,000 that would warrant a vote.

After more discussion about the dollar amount, Mr. Dubreuil suggested the amount be reduced to \$25,000 and the Board agreed.

Mr. Fitzgerald will present the revised policy again next month.

August Cookout:

The Board is sponsoring a picnic for SHELD staff on August 11th. Mr. Fitzgerald suggested that he and Kim organize the food for the picnic and report back to the Board with the details. The Board agreed.

Adjourn:

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

The Open Session ended at 7:34 PM.



Anne Awad, Clerk

Approved: August 24, 2017

EXHIBIT A

List of Documents reviewed at the July 27, 2017 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB June 5, 2017
2. Draft Executive Session Minutes of the MLB June 5, 2017
3. Draft Open Session Minutes of the MLB June 22, 2017
4. Outages 7/24/2017 YTD
5. Thank You Letters
6. Tangent Generator PowerPoint
7. SHELD Interim Financial Statement May 2017