

**BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
MARCH 22, 2018 AT 6:30 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice-Chair Vernon Blodgett, Clerk Anne Awad, John Hine, Kurt Schenker arrived 6:33 P.M.

Present for staff: General Manager Sean Fitzgerald, IT/Office Manager Paul Byrne, Financial Manager Michael Conchieri, and Administrative Assistant Kim Mendoza

The Open Session convened at 6:31 P.M.

Public Comment

Mr. Howard stated that this would be Ms. Awad's last meeting as a member of the Board and he wanted to thank her for her service.

Mr. Dubreuil also thanked Ms. Awad for devoting her time, making a difference, and leaving things better than when she arrived to serve on the Board. He went on to say that she has been an inspiration and that they owed Anne a debt of gratitude for her commitment and leadership. Mr. Dubreuil continued by saying that what Anne had accomplished, while on the Board, was extraordinary. He said they were privileged to have worked with her and he was honored when he took over the Board Chair position from her.

Then, after reading the inscription, Mr. Dubreuil presented Ms. Awad with a plaque in recognition of her extraordinary service as a Board member.

Ms. Awad thanked Mr. Dubreuil and stated that, when she moved to South Hadley, she was excited to move into a Town that had a muni. She sees this as a great asset. The staff at SHELD has been outstanding and committed to the mission. The new Manager has been a perfect match for what is needed at SHELD. She feels this is a good Board and is comfortable moving off the Board at this time. She thanked the Community, SHELD and the other Board members for pulling SHELD towards a bright future.

Minutes Approval:

2/22/18 Open Session

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

VOTED: To approve the minutes of the February 22, 2018 meeting.

2/22/18 Executive Session

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

VOTED: To approve the Executive Session minutes of the February 22, 2018 meeting and to not release the minutes.

Manager's Report:

Mr. Fitzgerald began by thanking Ms. Awad for her professionalism and sound leadership during his transition into the organization. It was challenging but Ms. Awad was instrumental in setting clear goals upon his arrival. He thanked her again for her time and dedication to SHELD and stated it was a pleasure to work with her.

Outages:

There were four minor electrical outages in the past month due to downed trees and equipment failure. These impacted twelve customers and the outages were all less than two hours.

Cyber Security Update:

Mr. Fitzgerald gave a brief update on SHELD's security systems in response to the recent news stories regarding Russian cyber assaults on U.S. energy and utility companies. SHELD works closely with MMWEC to ensure we are 100% compliant with cyber security obligations through NERC (North American Electric Reliability Corporation). The vulnerability of SHELD's distribution system is extremely low. SHELD is required to participate in NERC's Alert System. SHELD also monitor alerts, along with MMWEC who works closely with ISO-NE. The Bulk Power System has very stringent cyber security requirements that are built to operate with isolated outages. Portions of the transmission system can be isolated, if needed, and still allow other parts to continue to operate.

Mr. Fitzgerald stated once again, SHELD's risk of a cyber-attack is very low and we are constantly monitoring through our compliance with NREC standards to ensure it remains low.

November Financial Statements:

Mr. Conchieri gave a brief overview of the Financial Statement for November 2017.

2017 YTD revenues were \$11,900,000 versus \$13,295,000 in 2016, which is approximately a \$1,383,000 decrease from 2016. The cost of power YTD was \$8,549,000 in 2017, compared to \$9,691,000, dropping \$1.1 million from 2016. On a net cost basis we were down approximately \$241,000.

Kilowatt hours sold year-to-date were 101,000,000 compared to 103,802,000 in 2016, or a reduction of 2,802,000. Kilowatt hours purchased in 2017 were 102,639,000 compared to 106,470,000 in 2016, almost 4 million less than last year.

For all other operating expenses, labor costs were \$1,315,000 YTD compared to \$1,078,000 last year, a \$237,000 increase. Other supplies, expenses and benefits total \$2.7 million in 2017 compared to \$2.4 million in 2016, an increase of \$300,000

Looking at the budget-to-actual figures, sales budgeted were \$12,555,000, with an actual of \$11,912,000, a difference of \$643,000. Cost of power budgeted was \$8,911,000, with an actual of \$8,549,000, a difference of \$362,000. The actual profit, after electricity costs, was \$281,000 below budget.

The budgeted labor costs were \$1,229,000, versus an actual of \$1,315,000, over by \$86,000. All other operating expenses were budgeted at \$2,444,000 with an actual of \$2,703,000, over by \$259,000.

Mr. Dubreuil mentioned that November seems to be a tough month financially. He noted, in the actual results, that the cost of power sold was nearly equal to what the revenue was for the month. He also noted that the operating loss for November was more than 60% of the operating loss year-to-date. Mr. Conchieri said it was because the November financials are based on kilowatts used in October, a month which normally does not call for heating or cooling.

Mr. Conchieri also stated that fiber revenues were up \$30,000, to \$86,000, due to the addition of several commercial accounts this year.

Mr. Dubreuil asked if Mr. Conchieri knew when the auditors were scheduled to come. Mr. Conchieri said the auditors will be at SHELD the week of April 9. Mr. Conchieri also stated that SHELD is going to implement the provisions of GASB 75 a year earlier than required. GASB 75 requires us to record our full obligation for OPEB, rather than just the partial obligation allowed under GASB 45.

Mr. Dubreuil stated he would like an update, at the next meeting, addressing the progress on the items in the management letter from last year's audit. Mr. Fitzgerald said that the team has been working hard to address all the items on last year's report.

Reimbursement to the Town:

Mr. Fitzgerald had a meeting with Town Administrator Michael Sullivan to discuss this year's reimbursement to the Town. Mr. Sullivan provided a list of services the Town supplies to SHELD as requested by the Board. Last year, the Board voted to reimburse the Town \$175,000. Mr. Sullivan agreed that amount would be acceptable for this year. Mr. Fitzgerald recommended that SHELD's reimbursement to the Town this year be \$175,000.

On a motion made by Ms. Awad and seconded by Mr. Schenker, it was unanimously
VOTED: To provide reimbursement for services to the Town of South Hadley in the amount of \$175,000 for the fiscal year 2019.

Solar Bylaw Update:

Mr. Fitzgerald stated that he and Mark Gilmore, SHELD's Sr. Engineer, have been to several Town meetings regarding solar and have spoken to Richard Harris, Town Planner, providing feedback and input into the existing solar bylaws. SHELD supports the recent changes to the bylaw but would have liked to see the parcel requirements for Residential A-1 and A-2 parcels be reduced to less than the 25 acres. The current changes include listing SHELD as a municipal property, the addition of institutional buildings, the addition of former gravel yards and landfills by site plan review, and by special permit, it will allow ground-mounted systems in Agricultural zones, Residential A-1 and A-2 areas if the parcel is more than 25 acres.

There is a public hearing on Monday March 26 and the proposed bylaw should be voted on at the Annual Town Meeting on the 2nd Wednesday in May, needing a two-thirds majority vote to pass. Mr. Fitzgerald feels there has been a positive exchange with the Town and there has been progress towards allowing for the expansion of solar in Town.

Mr. Hine asked if this bylaw applies only to solar arrays built to produce electricity that would be sold to SHELD and not to private land owners installing solar for their personal needs. Mr. Fitzgerald stated that was correct.

The Commissioners asked several more questions pertaining to possible large solar arrays. Mr. Fitzgerald answered their questions and also stated that, depending on where a potential large solar array would be built, SHELD might need to upgrade some circuits and the cost of such an upgrade is typically absorbed by the investor or developer of the project.


New Business

There was none.

Adjourn:

On a motion by Mr. Hine and seconded by Ms. Awad, it was unanimously
VOTED: to adjourn.

The Open Session ended at 7:02 P.M.


Clerk

Approved: April 26, 2018

EXHIBIT A

List of Documents reviewed at the March 22, 2018 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB February 22, 2018
2. Draft Executive Session Minutes of the MLB, February 22, 2018
3. Outages 3/19/2018 YTD
4. Interim Financial Statements November 2017