



MUNICIPAL ELECTRIC POWER ADVISORY BOARD

Minutes

February 27, 2020

Starbard Building

6:00 p.m.

Members present: Scott Carlson, Peter Elkas, Tom Rundstrom, Steve Sendrowski, John Shepherd and Joe Sullivan.

Absent: Gary Harrington

Staff present: Jane Parenteau, General Manager – HMLD

Barry Tupper, Assistant General Manager – HMLD

Public present: Denis Mahoney, Jane Dye, Ben Smith, Bryan Diehl

The meeting was called to order at 6:00 p.m. and determined there was a quorum.

Meeting minutes

On a motion by Mr. Sullivan, seconded by Mr. Runstrom, the minutes of August 27, 2019 were unanimously approved.

Mr. Sullivan made a motion to approve the September 12, 2019 minutes. The motion was seconded by Mr. Carlson. Mr. Sullivan noted that on page one under the presentation of Modern Utility Rate Design, Mr. Aney, indicated that MEPAB is responsible for overseeing the actions and policies of HMLD, acting as regulators on behalf of the citizens of Holden. Mr. Sullivan stated that MEPAB is an advisory board that makes recommendations to the Board of Selectmen/Light Board.

Mr. Sullivan corrected the 1st paragraph on the last page where Ms. Parenteau stated that total operating revenue was approximately \$14 million of which power supply costs accounted for about \$10.1 million not 410.1 million.

Both suggestions by Mr. Sullivan were accepted by Mr. Carlson as amended and the motion passed unanimously.

Mr. Elkas made a motion to accept the December 4, 2019 minutes. The motion was seconded by Mr. Sullivan. The motion passed unanimously.

Public Comment

Mr. Shepherd opened the floor up for public comment. Mr. Mahoney stated that he as well as other members of CHEF met earlier this week with Ms. Parenteau to get a better understanding of HMLD. He indicated that the meeting was well received by everyone and thanked Ms. Parenteau. One area that he wanted to discuss with MEPAB was the underutilization of the mini-split rebate program that HMLD offers. In 2019, only 3 customers took advantage of this rebate. He stated that this would present a great



opportunity for customers to eliminate oil or propane usage. Mr. Mahoney stated that natural gas does not provide an attractive financial return however it may still help the environment. Mr. Mahoney also stated that Ms. Parenteau had given the group a copy of HMLD's mission statement and he is very much in favor of adding a statement to address renewables and the environment.

Mr. Shepherd requested Ms. Parenteau to speak about solar and what HMLD is doing. Ms. Parenteau stated that HMLD supports the Governor's plan to get to Net Zero by 2050. HMLD will be part of the solution. We are working with the Town to put solar on the new DPW facility. Mr. Shepherd requested that Ms. Parenteau include the portfolio of resources on the website. Ms. Parenteau stated that it is included in the monthly reports as well as in each Financial Statements for the calendar years.

Discussion of Draft Voluntary Payment in Lieu of Taxes (PILOT)

Ms. Parenteau discussed the history of the PILOT. She indicated that currently there is no policy on the voluntary PILOT and that the Town of Holden assumes a 2.5% annually increase. Ms. Parenteau stated that HMLD legally determines what the PILOT should be and the development of a policy would correct the current situation. This would be helpful for both HMLD and the Town of Holden for planning and budgeting purposes.

Ms. Parenteau reviewed G.L. c. 164 §58

- Ratepayer funds must be used for light plant purposes to fulfill the light plant's public service obligations.
- HMLD has a franchise obligation to provide low-cost, reliable service to our ratepayers.
- HMLD's rates must be cost-based. Rates are required to be set to cover operating expenses (above-the-line items), plus HMLD may earn a maximum return of 8% on its net plant.
- HMLD is allowed to make a voluntary PILOT payment to the Town of Holden which cannot be included as above-the-line expenses and must be treated as below-the-line items.
- Below-the-line is an accounting term which means the item is deducted after the return and expenses are calculated.
- Above the line means the item is included as an expense for determining HMLD's total allowed revenue. These items are necessary for HMLD to provide electric service.
- HMLD is able to use earned surplus for capital projects, reduce rate impacts, pay for any unfunded liabilities (i.e. Pension or OPEB), or any light plant purpose.

Ms. Parenteau then reviewed the 8 year historical Voluntary PILOTs as well as the total revenue, and kWh sales (Table below)



	Voluntary PILOT	Revenue	kWh Sold	Per kWh Sold	Estimated Voluntary PILOT (\$/kWh sold)
2012	\$ 128,778	\$ 12,430,159	98,807,743	\$0.00130	\$ 137,994
2013	\$ 141,913	\$ 14,128,361	103,567,795	\$0.00137	\$ 144,642
2014	\$ 151,341	\$ 14,209,795	105,002,927	\$0.00144	\$ 146,646
2015	\$ 151,201	\$ 14,725,724	107,623,764	\$0.00140	\$ 150,306
2016	\$ 148,903	\$ 13,842,368	106,280,169	\$0.00140	\$ 148,430
2017 *	\$ 146,058	\$ 13,634,520	104,809,904	\$0.00139	\$ 146,377
2018	\$ 148,268	\$ 13,907,420	107,504,988	\$0.00138	\$ 150,140
2019	\$ 151,944	\$ 14,503,918	102,721,059	\$0.00148	\$ 143,459
Total	\$ 1,168,406	\$ 111,382,265	836,318,349		\$ 1,167,994
Average	\$ 146,051	\$ 13,922,783	104,539,794	\$0.00140	\$ 145,999

* Does not include purchase of Christmas wreaths in the amount of \$33,050

Mr. Carlson clarified if this would include the usage from the schools. Ms. Parenteau stated that the PILOT is not directly related to any specific meter and that it relates to HMLD's Rate of Return.

Mr. Sullivan questioned if a percentage of revenue would be appropriate. Ms. Parenteau indicated that since power supply can fluctuate significantly and represents approximately just fewer than 80% of overall revenue, it may not be the correct methodology.

Mr. Elkas inquired about the number of years that HMLD had a negative Rate of Return and still made the voluntary PILOT. Ms. Parenteau stated that she believed in 2016 and 2017, HMLD had a negative ROR.

Mr. Sullivan stated that historically if the Town Manager was also HMLD's General Manager that perhaps the voluntary PILOT was based on the Town's need.

Ms. Parenteau indicated that the law is very specific and addresses when a Board of Selectmen are also the Light Board of Commissioners that they will base their decisions in the best interest of HMLD's ratepayers.

Mr. Sullivan stated he believed at some point, the voluntary PILOT was based on appraised value of HMLD. Mr. Shepherd indicated that he believed that value was significantly lower. Ms. Parenteau reviewed slide 5 where she reached out to the Town of Holden's Assessor to get the appraised value of the 3 major properties utilized by HMLD; the office building at One Holden Street, Bullard Street Substation and Chaffin Substation. The combined appraised value of the properties is approximately \$3 million which results in an equivalent property tax of \$51,731.



Mr. Sullivan asked if Water and Sewer pay a voluntary PILOT. Ms. Parenteau indicated that they do not.

Discussion ensued regarding other possible methodologies.

It was determined that this item will be placed on next month's agenda for further review and discussion.

Recognition Policy

Ms. Parenteau stated that HMLD values the contribution, knowledge and experience of HMLD personnel. She indicated that it is important to maintain a positive moral and has worked collaboratively to sponsor pot luck lunches, salad and taco bars as well as host a Holiday luncheon. The proposed recognition policy would award long-term employees with one personal day in the year which they complete 5, 10, 15, 20, 25, 30, 35 or 40 years of employment without a break. Ms. Parenteau indicated that it's important to employees to be able to spend quality time and this recognition would award just that. Mr. Sullivan asked if during the recognition, it would be possible to share the individual's biography. Mr. Runstrom indicated that HMLD could acknowledge the professional achievements of each employee. Mr. Carlson asked if it would be appropriate to include a recognition pin from HMLD. Mr. Tupper indicated that the Town of Holden passes out pins. Additionally, Ms. Parenteau stated for employees with at least 20 years of consecutive service, upon retirement, HMLD would present the individual with a retirement award. This award would be selected by the General Manager and would be related to HMLD.

Mr. Sullivan made a motion, seconded by Mr. Sendrowski, to approve the Recognition Policy as presented by the General Manager. The motion passed unanimously.

Clothing Policy

Ms. Parenteau stated that she wants to formulize a policy on clothing which is similar to what occurred under previous management.

HMLD's clothing policy is designed to help us all provide a professional appearance to our customers as well as protecting our employees by providing a safe work environment. The goal is to promote HMLD in a professional manner as well as prevent employee injuries.

Eligibility

Full-time, active non-line personnel that are not covered by the collective bargaining units Article 21 (Uniforms). Eligible individuals will have been with the HMLD for no less than one (1) year in addition to any members of the MEPAB/Board of Commissioners that have served for a minimum of one (1) consecutive year.

Logo Clothing

General Manager will coordinate with external vendor to select appropriate logo clothing options for eligible employees/board members. Annually, eligible individuals will be allowed to order one or two pieces of logo clothing not to exceed



a maximum amount set by the General Manager. The style and form is to be solely determined by HMLD.

Personal Protective Equipment (PPE) Clothing

Employees who are subject to environments that conform to OSHA 1910.269. This federal regulation outlines and defines safety practices for those working in electric power generation, transmission and distribution of electricity. Subject to the approval of the General Manager, HMLD will provide clothing required for them to perform their duties safely such as steel toe boots and Fire Resistant (FR) Clothing.

Mr. Sendrowski made a motion, seconded by Mr. Runstrom to approve the Clothing Policy as presented by the General Manager. The motion passed unanimously.

Operations Update

Mr. Tupper updated the MEPAB on the following projects:

- Completing the installation of new secondary lines and transferring on to new poles on Reservoir St.
- Framing and installing wire for Quinn's BP on Main Street as well as new house on Avery Rd
- Continue to remove old double poles throughout various areas in town.
- New Forestry dump/grapple truck is being completed, expected deliver early March
- New service bucket "25" spec is complete and in the process of getting final prices.
- Conversion of Main St decorative lights to LED is complete.
- Decorative (URD) light conversion in neighborhood is in process.
- Replacement regulators spec was completed by PLM, RFP 1st draft is awaiting approval. We would like to see that out for bid in March.

Major Outages:

- At 15:00 on Thursday, January 16th 2020, HMLD lost the N-Grid A53 line. The Chaffins sub did not auto transfer. Due to a recent increase in N-grid faults on the 69 line HMLD has contracted UPG to repair and install the proper equipment to have "Chaffins Auto Transfer" on a dead 69 line. Price is approximately, \$10,000
- At 13:00 on Friday February 7th Wind/Ice Storm, caused multiple minor outages and downed trees throughout the town. Western States, the Maze and Mixer Road were neighborhoods affected. The rest were mainly single homes.

Personal:

- Eric Horn (1st Class) currently out on comp for his back awaiting an appointment for surgery.
- Rich Matteson currently out recovering from a brief hospitalization. Return date TBD. Teresa, Lori Ensom and Jane are collectively handling his duties at this time. As a result our Audit date was moved from February to March 18th.
- Larry Josti has given us a letter of intent to retire as of August 1st 2020



- HMLD is currently down (2) 1st class linemen.
- Current operations staffing is (3) –Truck Forman, (1) 1st class, (1) 2nd class, (2) 3rd Class, (1) Forestry Foreman, (1) Forestry specialist, (1) Forestry apprentice, (1) Meter tech.

There being no further business, on a motion by Mr. Shepherd, seconded by Mr. Carlson, the meeting of the Municipal Electric Power Advisory Board was adjourned by consensus at approximately 7:35 pm.

Prepared by: Jane Parenteau, General Manager – HMLD

Approved: June 18, 2020