



MUNICIPAL ELECTRIC POWER ADVISORY BOARD

Minutes

November 19, 2020

HMLD Community Room, 1 Holden Street, Holden, MA

6:00 pm

Members present: Scott Carlson, John Shepherd, Gary Harrington, Steve Sendrowski, Pete Liddy II and Peter Elkas

Absent: Richard Farrell

**Staff present: Jane Parenteau, General Manager – HMLD
Barry Tupper, Assistant General Manager – HMLD**

Determination of quorum

The meeting was called to order at 6:01 p.m. by John Shepherd and determined there was a quorum.

Approval of Minutes

- October 22, 2020

Motion by Pete Liddy II, seconded by S Carlson to approve the October 22, 2020 minutes. Unanimously approved.

2021 Operating Budget

J Parenteau reviewed historical kWh sales and budgeted sales for 2020 which are relatively flat. 2020 revenue vs 2019 revenue through October was flat at 12.15 million. Residential class has an increase of 4.9%, commercial has decrease of 5.6%, General Service is down by 11.2%, municipal has decreased by 5.8% and municipal pump is lower by 12.6%.

Arrears through October 2020 are \$105,507 vs. 2019 of \$22,003. This represents 0.87% of total revenue. HMLD is in the winter moratorium so no terminations for non-payment will occur. HMLD has lien approximately \$23.8k with the Town Assessor.

HMLD will continue to reach out to customers who have fallen behind.

J Parenteau reviewed the 2021 Operating Budget with a projected net profit of \$289,480. She also compared the 2018 & 2019 Actuals to the 2020 Actual/Budget through September, 2020.

J Parenteau indicated that revenue was forecasted to be flat. Power Supply which represents approximately 70% of expenses is forecasted to increase by approximately \$145,000 higher than 2020 Actual/Budget.

Mr. Carlson asked for an overall explanation of the various components of power supply. J Parenteau stated that capacity is the overall payment which generation receives for being on-line and available. She describes this component as the fixed payment similar to a car

payment. J Parenteau stated that the ISO-NE runs a capacity auction annually for 3 years in the future. Capacity has decreased recently with the Forward Capacity Auction (FCA) clearing around \$4.00/kw-Month compared to a high of \$15.00/kw-Month following the deregulation of assets from Investor-owned Utilities (IOUs) like National Grid and Eversource. J Parenteau described the energy component of power supply analogous to the fuel that is needed to run a car. In New England, Natural Gas is the marginal fuel and typically sets the locational marginal price (LMP). Transmission makes up the 3rd component and this is comparable to the highways that cars drive on. In New England, there has been billions of dollars that have been invested in transmission. This is socialized throughout load in New England. Significant infrastructure improvements have been made to transmission to get generation which can be located in Maine or rural areas to bring the power to the load centers in Boston, Hartford, etc. The final component of power supply is ancillary services which represents the reserves, voltage regulations etc.

J Parenteau then reviewed the operations and maintenance expenses projections for 2021 as well as the actual O&M expenses for 2018 & 2019 with the 2020 actuals through October 2020 with November and December Budget values.

The 2021 Administrative and General expenses for 2021 are forecasted at \$2,580,152 compared to 2020 forecast of \$2,472,444.

J Parenteau reviewed the 12/31/19 HMLD OPEB fund balance of \$1,713,391. The liability for the same period was \$1,770,031 which yields a funded ratio of 97%. J Parenteau stated that the 2020 contribution was \$107,687 which based on the current actuarial study results in a funded ratio of 106%. Based on being overfunded, HMLD is not forecasting a 2021 OPEB contribution.

J Parenteau stated that the 2021 operating budget has a voluntary PILOT of \$150,106 which is based on the average of the past 3 years of kWh sales as presented to the MEPAB in June 2020. Additionally, HMLD pays the Town of Holden for departmental services \$150,000 as well as the cost of the CodeRED which is \$7,990/year. This results in a total of \$308,096. Mr. Shepherd asked about the amount of forestry that HMLD does for the Town of Holden. J Parenteau indicated that she discussed the need for reimbursement with the Town Manager as well as the Director of the DPW during the last departmental meeting. J Parenteau indicated that the Town is beginning their operating budget for 2022 and will be meeting with DPW personnel.

J Parenteau reviewed the 2015-2020 Rate Stabilization Fund balances which is estimated to be at \$4,530,561 for 2020. She stated that former General Manager Mr. Robinson did a great job of substantially increasing the fund from \$2.6 million in 2015 to its current level.

2021 Capital Budget

J Parenteau indicated that the 2020 Capital Budget was approximately \$2.0 million, and the current projections is that \$1.26 million will be expensed in 2020 resulting in approximately \$800,000 of roll-over for 2021.

J Parenteau stated that the 2021 capital budget is estimated at \$9,561,000. This includes several large capital projects. The multi-year Chaffin rebuild budget at \$6.3 million as well as the AMI meter upgrade of \$1.62 million.

B Tupper reviewed the various FERC accounts for the capital projects in 2021. As stated previous, the multi-year Chaffin rebuild is estimated at \$6.3 million. B Tupper indicated that HMLD has been working with PLM in developing preliminary designs utilizing the existing footprint of the substation. Major materials for the project including the Power Transformers, Switchgear Assembly, and 69 kV & 13.8 kV structures and equipment package are

estimated at \$4 million. The labor for the demolition and installation is estimated at \$1.9 million, leaving approximately \$400,000 for testing, investigation, engineering and needed work with National Grid.

B Tupper continued with the major components of the capital project:

362.10 Station Equipment	\$200,000
362.20 Chaffin Substation	\$6,299,000
364.00 Poles	\$150,000
365.00 Overhead Conductors	\$500,000
367.00 URD Conductors	\$70,000
368.00 Line Transformers	\$55,000
368.20 URD Transformers	\$40,000
370.00 Meters	\$1,620,000
382.00 Computer Hardware	\$27,000
383.00 Computer Software	\$43,000
390.10 Structures & Improve	\$165,000
392.00 Transportation Equip	\$300,000
394.00 Tools Shop & Garage	\$25,000

Motion by G Harrington seconded by S Sendrowski that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2021 Operating Budget as presented on November 19, 2020

➤ *Motion carried 6-0-0*

Motion by S Sendrowski seconded by P Elkas that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2021 Capital Budget in the amount of \$9,561,000 as presented on November 19, 2020 with the further recommendation that the Light commissioners consider financing of the Chaffin Substation Rebuild in the amount of \$6,299,000 through the Massachusetts Municipal Wholesale Electric Company (MMWEC) subject to competitive financing in order not to incur the Town of Holden's bonding capacity

➤ *Motion carried 6-0-0*

Public Comment

Mr. Shepherd asks if there was any public comment, there was none.

Other Business

J Parenteau mentioned that she would be presenting the 2021 Operating and Capital budget to the Holden Municipal Light Commission/BOS on December 7, 2020 and indicated that she would post a MEPAB meeting so that any members who wanted to attend could.

Next Meetings:

December 7, 2020 (Budget presentation to HMLD Light Commission/BOS)

January 21, 2021

Motion to adjourn by P Liddy, seconded by G Harrington, it was unanimously approved to adjourn the November 19, 2020 meeting at 8:07pm

Prepared by: Jane Parenteau

Approved: January 21, 2021