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**MUNICIPAL ELECTRIC POWER ADVISORY BOARD**

**Minutes**

**January 21, 2021**

**HMLD Community Room, 1 Holden Street, Holden, MA**

**6:00 pm**

**Members present: Scott Carlson, Gary Harrington, Steve Sendrowski, Pete Liddy II, Peter Elkas, and 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. and determined there was a quorum.

**Nomination of Officers**

Nominated Gary Harrington to Chairman of MEPAB by S Carlson, seconded by S Sendrowski. Approved by a vote 5-0-1.

Nominated Steve Sendrowski to Vice Chairman of MEPAB by S Carlson, seconded by P Elkas. Approved by a vote 5-0-1.

**Approval of Minutes**

- November 19, 2020

*Motion by P Elkas, seconded by R Farrell to approve the Nov 19, 2020 minutes. Unanimously approved 6-0.*

**MMWEC Pool Loan Program**

J Parenteau explained that a decision has to be made on how to finance the Chaffin St Substation. Options are general obligation bonds through Holden or MMWEC financing.

J Parenteau gave an explanation of the MMWEC program and the options. HMLD has used this program before for past projects such as Stonybrook, Millstone and Seabrook.

MMWEC borrows funds and loans them to MLPs to use those funds for utility related purposes. There is an option to do short term financing or permanent financing. They also give the ability for MMWEC to lease the assets, in doing so HMLD would avoid prevailing wage and some other bid requirements.

P Elkas asked if there was any tax advantage.

J Parenteau replied that both entities are tax exempt. So the benefit would be operational and a cost analysis could be done prior to commitment to determine the best option within the MMWEC options.

**Benefits to Members of MMWEC Pooled Loan program**

- Finance Assets more economically by pooling loan closing costs.
- Quicker financing.
- Flexibility on term options.

**Qualifications**

- Project must be used for light dept. business.
- Member must certify cost of project or asset is necessary and reasonable.
- Member must certify all bidding requirements met if a loan.

**Financing Structure:**

- Would be in the form of direct loans from commercial banks or publicly offered bonds sold to investors.
- Publicly offered bonds could either be short-term, variable-rate financing, or long-term, fixed rate financing.
- MMWEC could hold a number of smaller interim-short term bank loans until it would be cost effective with market interest rates.

**Financing Security:**

- Revenue received by MMWEC on either loans or lease payments from members utilities.
- Rates must be set that are sufficient in order to pay bills (already a state law).

J Parenteau went over the loan documents required for all of the different options. Some of the MLPs belonging to MMWEC are West Boylston, Wakefield, Princeton and they used the funds for various projects such as a solar, wind and substation project. At this point a decision needs to be made whether to ring this to Town Meeting or go through with MMWEC

S Sendrowski said that it may not be approved at Town Meeting due to other obligations they have already approved.

J Parenteau agreed but pointed out that Light Dept. is required to have their rates cover their debts.

P Elkas asked about the pooled amount shown on 2019 Term Out Financing; is each municipality held to the same financing term and obligations?

Ron DeCurzio, MMWEC, answered that they are not because the different assets allow for flexibility.

S Carlson asked if there is a cap to the amount they pool in a year?

Ron DeCurzio replied that they poll the members each year to determine the projected numbers, then they determine the needs and financing options for all of the planned projects. He commented that for the Chaffin substation it may make sense to do as a standalone project if the interest rates are favorable. Term would likely be 10 years with optionality to extend another 10 years or retire the debt.

The Board asked for forecasts based on different scenarios to see all of the options and potential impact on rates. J Parenteau will work with MMWEC to put together some projections for the next meeting.

Everyone on the Board felt that going through MMWEC on a standalone financing would be the best route for the Chapin substation project.

### **Draft November 2020 Financials**

J Parenteau went through the 2 year financials through November 2020.

Sales were YTD increase of about .5% this year. Revenue was up because of a change in rate in 2019 to fix the prompt payment calculation. In 2019 total discounts for the year was \$1,440,000 in 2020 dropped to \$932,000. During COVID the prompt payment was extended to every customer regardless of when they paid until August 2020.

Power production costs were lower due to capacity from auction and lower energy costs.

Distribution expenses were comparable with last year. Admin costs are slightly higher.

Depreciation was up slightly as the plant will continue to grow. Other income was flat with last year.

Some operations and positions need to be filled which is why the numbers look so good and will not likely continue but that will help to pay for some of the expenses.

Budget to Actual expenses were all under budget with the exception of Administrative expenses being up slightly (\$9,526.87) Net Operating Income variance about \$480,000 on the positive side.

### **Arrears Update**

J Parenteau provided an update. Revenue through December is \$14.4 Million and \$101,800 in arrears represents .71% of total revenue. Significantly higher versus last year (\$12,500) which is due to Covid-19 and the moratorium still in effect. HMLD sent out \$23,860 in liens in November. HMLD will mail reminders for customers 60+ days in arrears. Phone calls will be made to try and set up payment plans prior to the potential lifting of the moratorium in April, 2021.

NEPPA is involved in Energy Debt Relief Act for Families. Congresswoman Kuster and other MLPs are looking to supply money through states if a stimulus bill gets moved forward to people through Low Income Home Energy Assistance Act.

### **Operation/Capital Update**

B Tupper provided an update:

#### **Capital Budget**

LED Conversions almost complete on public ways and moving on to private roads. Soon all HMLD lights will be updated to LED lights. PO has been written and waiting approval with the town.

Chaffin Substation Rebuild is underway. RFP is being drafted currently for major components. Surveying has been done. National Grid will come in to work alongside and confirm all footprints. Pole design will be done and kits made for each pole. Pole designs can be used for future standards as well. Discussions will continue with National Grid and PLM to review the agreement from the 1980s when the Chaffin Substation was purchased.

Bullard Regulators – 2 of them arrived damaged and had to be reworked so they have 5 currently and are moving forward with the project. Concrete did not need to be reworked as previously thought. Siemens regulators were used for this.

Gas Heaters are tied into the generator now which will help in the event of outages.

AMI Meter Replacement Program – working with on RFP, looking at doing a joint RFP with the Water Dept. currently. Waiting for Town Manager and Light Commissioner to resolve and be able to on move this project forward.

**Personnel Update**

Devin McCrillis is a new hire for the forestry dept. He is doing well and has been a good fit. Mike Viano started January 11, 2021 as First-Class and has been a good fit.

Posted a Senior Work position and received 5 applicants so far. The position entails supervising the 4 working foreman and help with planning jobs, evaluations, and help bridge the gap. It is a Union, Hourly position. Applicants are in-house and external.

Working to develop a job description to hire a General Electrical Engineer.

Entered negotiations with the Union and will be having discussions next month.

**Public Comment**

No one from the public is present.

**Other Business**

J Parenteau asked if the Board would like to acknowledge J Shepherd's contribution and invite him to the Feb meeting. The Board was in agreement.

**Next Meetings:**

Feb 18, 2021

Motion to adjourn by S Carlson, seconded by S Sendrowski, it was unanimously approved to adjourn the January 21, 2021 meeting at 7:14 pm

Prepared by: Sara Flagg, Recording Secretary

Approved: February 25, 2021