



MUNICIPAL ELECTRIC POWER ADVISORY BOARD

Minutes

December 4, 2019

HMLD

6:00 p.m.

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

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

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

CY2020 Operating budget

Ms. Parenteau reviewed the 2020 Operating Budget. The review and discussion was as follows:

- 2016-2018 Actual, 2019 Budget, 2019 Act/Bud, 2020 Budget
- kWh Sales
- Power Supply expenses – Capacity, Energy & Transmission
- Operations and Maintenance Expenses
- Administration and General Expenses
- Other Post-Employment Benefits (OPEB)
- Payments to the Town of Holden
- Summary of Cost of Service Implementation
- HMLD's Rate Stabilization Fund (RSF)

Ms. Parenteau stated that HMLD has made a concerted effort to process 605A which is joint pole reimbursement from Verizon. The audit had indicated that this has lapsed over the past several years. Ms. Parenteau stated that HMLD has billed Verizon for 2017 and 2018 and is in good shape to bill 2019. She thanked Mr. Tupper and Shaine Lavoie for bringing HMLD back on schedule. Mr. Shepherd and Mr. Carlson had follow up questions.

Mr. Sullivan asked about the Seabrook decommissioning. Ms. Parenteau stated that HMLD has funded a decommissioning trust related to both Seabrook and Milestone.

Ms. Parenteau stated that in 2020 she would be conducting an organizational study to look into each existing position to determine efficiencies and automation. As a result, a 3% increase has been included in the Administrative and General accounts.

Mr. Sullivan had a question about HMLD's OPEB fund. Ms. Parenteau stated that based on the last actuarial study, HMLD is almost 100% funded. She further explained that could change in the next actuarial study due to the many variables that are included. Mr.



Sullivan asked about making additional contributions after HMLD is 100% funded. Ms. Parenteau indicated that her understanding is that funds are held in a trust and can only be used for Other Post Employee Benefits so overfunding it may be problematic. She will reach out to the auditors to confirm her understanding.

Ms. Parenteau stated that in 2020, she will draft a policy of the voluntary Payment In Lieu of Taxes (PILOT) to the Town of Holden. She indicated that currently the Town assumes an automatic 2.5% increase each year. No written policy currently exists. Mr. Elkas asked if the DPW (Water and Sewer) make a voluntary payment. Mr. Sullivan stated that he believes it is based on net worth of plant assets. Mr. Shepherd indicated that this topic of discussion has come up often. To his knowledge, the payment is not tied to anything directly. Ms. Parenteau stated she would draft a policy for review by the MEPAB. Mr. Runstrom mentioned that it doesn't make sense to increase profit and give it to the Town.

Ms. Parenteau discussed the slide relating to Rate Stabilization Fund (RSF). She will draft a policy for MEPAB to review which sets a target range for the fund. Mr. Carlson indicated that this issue was brought up during the COSS. Mr. Elkas questioned if the policy will be based on a percentage or rate. Ms. Parenteau stated she will bring several options for the MEPAB to discuss as a board.

CY2020 Capital Budget

Ms. Parenteau indicated that the 2019 capital budget was approved for \$1,295,000. She indicated it is projected that the actual 2019 capital expenses are approximately \$795,000. The 2020 capital budget is estimated at \$2,029,100. She informed the board that HMLD will present expenses based on Federal Energy Regulatory Commission (FERC) numbers. This will assist HMLD with planning, scheduling and tracking work and expenses. Mr. Tupper reviewed and discussed the 2020 Capital Budget as follows:

➤ 362.0 – 362.1	\$420,000
➤ 364-369.1	\$1,080,100
➤ 370.0 – 373.0	\$35,500
➤ 382.0 – 383.0	\$90,000
➤ 390.0- 391.0	\$109,500
➤ 392.0 (Transportation Equipment)	\$270,000
➤ 394.0 (Tools – Shop & Garage)	\$24,000

Ms. Parenteau discussed the historical and budgeted capital funding and expenses. She indicated that capital projects are primarily funded through the depreciation fund. Ms. Parenteau stated that PLM has completed a reliability study which determined that immediate upgrades were necessary at the Bullard St. Substation. Discussion ensued.



On a motion by Mr. Sullivan, seconded by Mr. Sendrowski:

- Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2020 Operating Budget as presented on December 4, 2019. Motion carried 7-0-0

On a motion by Mr. Sullivan, seconded by Mr. Harrington:

- Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners to appropriate the sum of \$107,687 of Light Department funds to the Town of Holden OPEB Trust Fund in 2020 on a date to be determined by the Town Manager. Motion carried 7-0-0

On a motion by Mr. Sullivan, seconded by Mr. Elkas:

- Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2020 Capital Budget in the amount of \$2,029,100 as presented on December 4, 2019. Motion carried 7-0-0

Other business

Ms. Parenteau discussed the opportunity for HMLD to participate in Light up Navajo II

Ms. Parenteau then presented a NEPPA Opportunity with Navajo Nations for professional development for HMLD employees. Several MLPs participated in 2019 and the opportunity is being extended to other MLPs via NEPPA. Participation in Light up Navajo II will provide our line-workers with training and practical experience that is valuable to the safe, reliable, and efficient operation of HMLD's distribution system. HMLD is interested in sending 4 qualified HMLD employees. Not only will this enable our line workers to offer their expertise and assistance but it will allow them a matchless opportunity to learn new skills and techniques which will augment their current skillset. We think this will pay long-term dividends for our workforce. HMLD is proposing to provide transportation costs to fly four of our employees and their equipment/tools to and from the Navajo Nations. Employees will be compensated.

On a motion by Mr. Runstrom, seconded by Mr. Harrington:

- Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners that HMLD participate in the 2020 Light up Navajo II. Motion carried 6-0-1 with Mr. Carlson abstaining.

There being no further business, on a motion by Mr. Sullivan, seconded by Mr. Sendrowski, the meeting of the Municipal Electric Power Advisory Board was adjourned by consensus at 8:06 p.m.

Prepared by: Jane Parenteau, General Manager – HMLD

Approved: February 27, 2020