



HINGHAM MUNICIPAL LIGHTING PLANT

31 Bare Cove Park Drive
Hingham, MA 02043-1585
(781) 749-0134 FAX (781) 749-1396
www.hmlp.com

General Manager
Paul G. Heanue
pheanue@hmlp.com

John P. Ryan, Chairman
John A. Stoddard Jr., Vice Chairman
Roger M. Freeman, Secretary

Meeting Called to Order:

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0732 on Tuesday, June 26, 2018 at the Hingham Municipal Light Offices at 31 Bare Cove Park Drive, Hingham, Massachusetts.

Present:

John P. Ryan, Chairman; John A. Stoddard Jr., Vice-Chairman; Roger M. Freeman, Secretary; Paul Heanue, General Manager; and Vin Cameron, ENE consultant. (joining the meeting while it was in progress was Jim Goulet and Tracy Vaughan, auditors)

Approval of Previous Meeting Minutes:

The GM presented the meeting minutes for the May 21, 2018 meeting to the Board for their consideration.

MOTION

A motion was duly made by the Vice Chairman to accept the minutes of the May 21, 2018 meeting. The Secretary seconded and it was unanimously voted to approve the minutes of the May 21, 2018 meeting.

Financials:

The General Manager (GM) presented the Board with financial statistics for May 2018. The GM invited Vin Cameron to the meeting as HMLP is running at a deficit and he, the GM, feels a rate increase needs to be implemented asap. The GM stated that in the recent, last few years, the Board had previously increased the PCA (Power Cost adjustment) when necessary and he feels HMLP needs to reinstitute the PCA (which had been eliminated in last year's rate decrease).

kWh sold in May 2018 was 13,479,174, May 2017 was 12,155,359 and May of 2016 was 13,216,770. The revenue for May 2018 was \$1,837,826, May 2017 was \$1,896,052 and May 2016 was \$2,018,989. To summarize: in May 2017 we sold basically 1m fewer kWh than in 2018 but revenue was essentially the same. 2018 vs 2016 kWh was practically the same in sales but revenue in 2018 was \$200k less. Even with 1m less kWh sold in 2017 over 2018 the net income for May 2017, \$122,464, is about twice as high as May 2018, \$60,010. The GM stated none of this should be a surprise because HMLP enacted a rate decrease in July of 2017.

The kWh sold ytd. May 2018 was 78,092,709, 2017's was 76,416,962 (about 1.7m less in 2017 vs 2018) and 2016 was 77,094,191 (1m less 2018 over 2016). Revenue ytd. May 2018 was \$11,577,779, in 2017

was \$11,471,765 and in 2016 was \$11,891,168. Net income in 2018 is (\$1,055,850), in 2017 was \$1.3m and in 2016 was \$535k.

Mr. Cameron (the consultant) explained that the previous PCA, which was eliminated as part of the COSS in 2017, was intended to help cover energy, capacity and transmission costs. Capacity and transmission rates have gone up significantly in 2017 and 2018. The consultant is proposing bringing back the PCA to HMLP's rates and based on the current rate structure the PCA should only be needed to adjust for capacity and transmission costs. In today's market HMLP needs to adjust for increases in capacity and transmission costs. The consultant proposed to put a separate line item in for "power cost adjustments" and this can be set monthly or quarterly, as the Board sees necessary, to adjust for changes in the capacity and transmission markets.

The GM explained the handout entitled "Energy Charge and Power Cost Adjustment Forecast 2018" to the Board. The GM pointed out Table 1 on the handout: the 2017 Cost of Service Study Power Supply Forecast, which predicted expenses in the energy realm to be around \$17.5M. Table 2: ENE 2018 Power Supply Forecast, has those costs at \$20.8M. Table 3: 2018 Power Supply Forecast with Actual Balances through May and Forecast Balances for June through December, which is \$19.8M. The Actuals (Table 2) and ENE's forecast (Table 3) have a difference of \$1M. The consultant explained the difference was \$300K in capacity; \$300K in transmission and \$300K in energy. Table 4: 2018 Power Cost Adjustment Forecast shows the actuals January-May and Forecast June-December.

The consultant recommends creating a PCA and having it take effect in July that will move HMLP to operating in or near "the black".

The GM explained that, as a matter of law, the Board cannot adjust the rates a second time sooner than 3 months after the 1st adjustment. Additionally, the Board has to advertise the rate change in the local paper before the first of the month of the month that the rates are going to go up. The GM will take the steps necessary in order to comply with the required notifications. The Chairman suggests going with the \$.01 to start. The GM says to cover the increases in capacity, transmission and energy, and to come close to or having HMLP's net income break even, approximately \$.02/kWh is needed. The increase would not be overall more than previously cut. The consultant suggests that if the Board is going to go with the \$.01, they should leave it there for a while.

The consultant explained that the actual 2018 Energy Charge Unit Cost was \$.0368 January-June. The consultant's recommendation is go to \$.0420 July-September and \$.0470 October-December, and the deficit at the end of the year will be approximately (\$50k). The Chairman states he would like to pick the mid-point, \$.045. The Secretary said the Board should make sure the rate increase is the same for residential and commercial. The GM stated the rates will be spread across all rate classes. However the residential customers' rates will be slightly higher than they were before the 2017 rate decrease and the commercial customers' will still be a bit lower than before the decrease. The reason for this, residential going up slightly over the pre-rate decrease amount and the commercial and municipal rates staying lower, is the rates, post COSS, better reflected the true costs associated with each rate class.

MOTION

A motion was duly made by the Secretary to institute a PCA designed to cover changes in capacity and transmission costs and to reduce HMLP's net income shortfall. The Vice Chairman seconded and it was unanimously voted to institute a PCA designed to cover changes in capacity and transmission costs and to reduce HMLP's net income shortfall.

Updates on additional renewable projects, transmission line and fiber study:

solar canopies at the two MBTA commuter rail parking lots: The support structures for the solar canopies at the West Hingham/Fort Hill Street lot are nearly in place. The developer reported to the GM that he expects the West Hingham/Fort Hill Street canopies will be mechanically complete in September. They will then devote their full attention to the project at the Nantucket Junction Station.

landfill: The developer discovered there was a closure permit for the landfill but there was not a post-closure use permit. The developer has to get this. Reportedly there are some PCBs onsite but not anywhere near where the developer intends to build the solar array so it hopefully will not impact the project. Both the developer and DEP have stated (the DEP to the developer) they do not believe this development will significantly hold up the project. The developer committed to getting a high level layout to the GM and will go to the Planning Board with it. The Secretary suggested that if the developer and HMLP cannot get to a PPA or if the developer misses out on the current REC program HMLP could own and operate the solar array. HMLP could take over the project and receive the benefits of work already done towards securing the permits.

fiber study: CTC (the consultant) have had multiple meetings with Town stakeholders (schools, libraries, etc.) regarding their interest and needs. Bi-weekly conference calls have been scheduled for going forward.

additional transmission supply line/s: The GM explained to the Board that all the Town's (two) feeds run on common structures and from a single source. Last winter Eversource took one of the lines out to make repairs so the Town was being fed from one line. A week later, when the temperature was -40 degrees taking into account the wind-chill, Eversource took that same damaged line out again to work on the same repairs a second time. This despite the temperature predicted to go to 40 degrees above 0 a few days later. The GM said he felt it necessary to look at bringing in an additional feed once again so he hired an engineering firm to help with that decision. HMLP had considered this years ago, bringing in another feed, had hired consultants to study that possibility and for economic reasons decided against pursuing it any further. The GM said he'd certainly keep the Board updated as the study progresses.

2017 Audit

The auditors, including Jim Goulet of Goulet, Salvidio & Associates PC, reviewed the 2017 HMLP Audit with the Board. Mr. Goulet reported a clean audit with no issues.

Other Business

The Assistant General Manager is set to start in July. The replacement for a relatively soon to retire management person will start in mid-August. The GM is starting the search for a replacement for the Line Division Manager who will be retiring in about a year and he reported he has an internal potential candidate in mind. The next hire will be a replacement for a lineman who just retired.

Motion to Adjourn

On a motion duly made by the Vice Chairman and seconded by the Secretary it was unanimously approved to adjourn the meeting at 0930.

