HINGHAM MUNICIPAL LIGHTING PLANT

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

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Meeting Called to Order:
A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0730 on Tuesday, March 14, 2017 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 Freeman - Secretary, Paul G. Heanue - General Manager

Approval of Meeting Minutes:
The meeting minutes from the January 31st were presented for approval.

MOTION
A motion was duly made, seconded and it was unanimously voted to approve the minutes of the January 31 meeting. PASSED

Financials:
The General Manager distributed a handout displaying HMLP's financials for January 2017 which also included figures from January 2016 and 2015. The net income for 2015 was $140K, 2016 was $129K and 2017 was $607K. This increase in net income can be directly attributed to locking in with energy suppliers who have overall lower per kWh prices. The kWh consumed for the month of January in the 2015, 2016 and 2017 all remain approximately the same.

The Balance Sheet for the Operating Fund is at $4.8M and last year it was at $2.4M with a depreciation of $7M. The difference mainly comes from the cost of construction of the new building at approximately $500K. The General Manager said that the "stranded cost" account is at $5.4M. These funds are held by the Town.

Cost of Service Study: The General Manager distributed a packet that included the completed Cost Of Service Study (COSS). Mr. Vincent Cameron from ENE presented the findings of the study and walked through the various steps to come to the recommendations.

Mr. Cameron described that in late 2015 ENE was asked to perform a Cost Of Service Study. The time period analyzed was based upon HMLP's 2015 Financials that had a balance $31.1M. Totals included purchased power, transmission, depreciation, distribution and general customer and administrative expenses. The results of the study showed that HMLP should implement an overall decrease in revenue of 6.3%. HMLP expressed a desire to have that decrease in revenue be distributed across all its customers.

The findings showed that Power Supply, as currently defined, amounts to 71.9% of overall revenue requirements with the remaining for customer related expenses. The allocation process used the revenue requirements for each class rate based on demand, energy, customer, depreciation and return of equity allocators.

ENE designed the new rate for each class using allocated revenue requirements and 2015 sales. The recommend adjustments for each rate were presented:

Rate	Adjustme
R-1	-2.02
Off Peak	-2.06
Gen Heating	-3.93
Gen Serve G1	-2.03
Gen Serve G2	-4.44
Gen Serve G3	-10.20
Municipal Rate	-10.33
Private Street Lights*	3.95

*Private Street Lights cost are directly allocated.

HMLP's Cost of Service Study started in late 2015 and is just finishing up now because of the Net Metering analysis the consultant was directed to work on first. Given the timing of the elimination of the Seabrook and Millstone nuclear power plants' bond payments and other known changes to expenses that were not in play when the study was commenced, ENE recommends continuing the study to include 2016 and 2017 figures/adjustments. The Board concurred.

Mr. Cameron will look at the return on equity as he continues his work. The Secretary stated he believes that if there are rate changes as described there should be adjustments for people who produce their own electricity via solar because the higher fixed costs associated with the customer charge will reduce the financial value of their arrays making for a longer payback period. The General Manager and the Secretary discussed their different views on that matter and agreed they have a difference of opinion regarding how that should be handled. The Secretary stated that solar customers should receive fair value for the excess energy they deliver to HMLP. The Secretary noted that while Mr. Cameron and the General Manager have repeatedly asserted that the net metering policy and other benefits that HMLP provides to customers with solar power implies that other HMLP customers without solar are subsidizing the solar customers, the only quantified evidence regarding the costs and benefits that solar customers add to HMLP was a study performed by the Acadia Center which indicated that the benefits solar customers are providing are higher value than the current residential rate. This implies that solar customers are, in fact, subsidizing the non-solar customers. The system benefits provided by solar customers were acknowledged by Mr. Cameron but not quantified in his net metering study. The General Manager said that HMLP has been paying solar customers a rebate credit for installing solar for years. He reported that the Chairperson of the DOER stated in a meeting that HMLP's policy could serve as an example to other municipal light plants regarding incentivizing solar installations in their communities. HMLP is currently paying customers who are generating "excess" electricity a per kWh amount equal to what we are paying outside generators. That per kWh amount includes what HMLP is saving in Capacity and Transmission payments. In summary, we are paying HMLP customers what we are saving by not having to buy from outside generators. Mr. Cameron, the Chairman and Vice Chairman weighed in with their opinions on this subject and agreed with the General Manager and the DOER's position.

MOTION
A motion was duly made, seconded and it was unanimously voted to adopt the recommend rate changes as presented and to have the consultant rework the study to include more recent financials and to also consider the significant upcoming known expense changes including Seabrook and Millstone bond payments and transmission charge increases.

PASSED

MOTION (9:05 am)
A motion was duly made, seconded and it was unanimously voted to go into Executive Session.
PASSED

RETURN TO PUBLIC SESSION (9:25 AM)

MOTION (9:25 am)
A motion was duly made, seconded and it was unanimously voted to accept the General Manager's contract as proposed but with the revisions that were discussed in Executive Session. The major revisions include the new extension date, an increase in salary to $170,000 effective on the signing date, a lump sum "catch-up payment" of $10,500 payable to Heanue's 457 tax deferred annuity, an annual 3% increase on or around June 1st of 2018 and 2019, five (5) weeks' vacation, at his retirement payment for any unused sick days with a $15,000 cap and the Board will the option to have Mr. Heanue transition a new General Manager for a period of six (6) months at his then current salary.
PASSED

Motion to Adjourn the Regular Meeting
On a motion duly made and seconded it was unanimously voted to adjourn the meeting at 09:30.