



HINGHAM MUNICIPAL LIGHTING PLANT

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General Manager

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Walter A. Foskett, Chairman

John P. Ryan, Vice-Chairman

John A. Stoddard Jr., Secretary

Hingham Municipal Light Board

Regular Meeting held on September 27, 2012

A regular meeting of the Board of Commissioners of the Hingham Municipal Lighting Plant (HMLP) was called to order at 6:35 p.m. on Thursday evening, September 27, 2012 at the Hingham Municipal Light Offices at 350 Lincoln Street, Hingham, Massachusetts.

Present: Walter A. Foskett, Chairman, John P. Ryan, Vice-Chairman, John A. Stoddard Jr., Secretary, Board Members. Also present were: Paul Heanue, General Manager, Gus Bregnard, Attendee, Steve Girardi, Attendee, Cameron H. Daley, P.E., Michael Menten and Karen Morgan, recording secretary.

Executive Session:

At 635p on a motion duly made and seconded it was unanimously voted to move into Executive Session.

At 730p on a motion duly made and seconded it was unanimously voted to move out of Executive Session and to return to the regular meeting.

Regular Meeting:

Approve Previous Meeting Minutes:

On a motion duly made and seconded it was unanimously voted to approve the submitted prior meeting minutes as amended.

North Street undergrounding:

The GM spoke of the Town not being able to secure the last 3 easements. We showed them a way to get the entire conduit tied together. They should finish up either today or tomorrow and it will be in place for the undergrounding. Still left to be done are three customers that are refusing to play. Their services need to be upgraded to be fed from the underground. The GM spoke to Selectman Lauter about this and reportedly she is directing the Town Administrator to talk to these three people and get them to do the necessary work. One is a business owner and one is a landlord who has a couple of residential units on North. We are ready to go when directed. After our \$100k contribution in labor is accounted for there is a shortfall of \$85K. The Town voted to appropriate the needed money from their discretionary reserve funds. Selectman Lauter asked that we defer on making any decisions, up or down, in terms of committing additional money to it until she's certain that everything is in place and that number would be a good number.

Street Light Approval Process:

The GM spoke of Lauter waiting for The Town/Town Administrator to write a policy for their approving of "new streetlights" for which they will pay. She is of the same opinion as the GM that this policy should come from them since they are the ones who will be accepting ultimate fiscal responsibility for any new lights.

PILOT contribution formula:

The GM spoke about Lauter not being interested in changing the formula right now.

Search for land for a building:

The GM said he was at Bare Cove Park with Lauter and the Town's Project Engineer earlier in the week looking for a suitable parcel on which HMLP can build a combined field and administration building. We currently have a building there, #14, which we share with the DPW and the Sewer Dept. It's behind the Fire Museum. It appears that there is enough land around our building and land adjacent to the back of the fire museum for us. The consultant we used a few years ago recommended our site would need 3 acres. The GM said that he is

working with the tax accessor's office to find out how much land there is and how it is deeded to be used. If there are restrictions on it, there is a process to work around them. Last time we were investigating a Town owned site the police and fire dept said that they would love to use Cushing Street for some sort of a satellite police and ambulance facility because they have so many calls at Linden Ponds. If we are able to take possession of the Bare Cove land that type trade could work. The land at Cushing is ours until we decide it is "surplus". We have over \$7M in a depreciation account to fund this right now. This gives us another option in addition to Cushing Street to build.

Work Management System Status:

The GM said that we went live last week on our new work management system. Briefly, it automates the payroll, inventory and purchasing functions. Our current system is no longer supported so if it were to crash the vendor can't/won't help us recover. Gus can write work orders and the process flows all through to purchasing and payroll automatically. It should create some time for him and the support folks at the back end of the operation.

SCADA award:

The GM spoke of Schneider Electric likely being awarded the contract. We had four companies bid it. Two of three missed a huge piece of what would be needed to tie the old substation in with the new. The fourth bid was about \$75K more than the winner. The successful bid was \$90K +/- . If were to award it tomorrow, it could be up and running by the end of the year.

Net Metering:

The GM read from an email dated July 25, 2012 in a statement from the EEI, "Because the costs of maintaining the distribution system are not reflected in the price paid by utilities, it results in a situation in which the remainder of the utilities' customers are indirectly subsidizing producers of renewable energy." That sentiment was the GM's philosophy when we were designing the net metering rate. When the document was written it read that, "... all monthly kWh.... instead of all excess monthly kWh....". The GM received an email from an advocate of a solar customer which stated that according to how your rate document is written, solar customers should be getting a credit equal to the number of kwh x the amount of the energy portion for not only the excess but for everything they produced. Read your rate. The GM agreed and we will recalculate for that customer and all the others. The GM suggests that we re-word the rate document so that it reads "all excess monthly kwh". That change will reflect the Board's intent and operating philosophy.

On a motion duly made and seconded it was unanimously voted to amend the language to read "all excess monthly kwh" and "Excess monthly kwh produced by....".

Scheduling of HMLP Board Meetings:

It was decided to meet on the second Thursdays of every month. In October however the next meeting will be held on October 18, 2012.

HMLP Board member signature on GM financial matters:

The GM said that this issue goes back to his raise and how The Town tried to hold it up. The GM ultimately did get the raise. The current Town Administrator told the current GM that the Board of Selectman said anytime there is a matter that financially addresses him (the Town Administrator); one of the BOS has to sign off on it. He can't write his own raises or approve his own expenses. The Town unilaterally and without consultation or approval extended that procedure to HMLP. In the very recent past, whenever the former GM was getting a raise and the current administrator was the Town Accountant (the person responsible for processing the change); there was no sign off on the payroll form that would change his salary. The GM would sign it and it would get processed. The Administrator said that his bosses said it has to be signed off by one the three Board members. The disagreement was heading to a legal dispute over whether the BoS had rule making authority over HMLP. This position was confusing because the Administrator had, in a conversation with the GM, acknowledged he and the BoS had very limited oversight over HMLP's bills and personnel matters. Given the troubles with the Chelsea Housing Authority it could appear to be not very transparent or prudent to allow the GM to approve his own raises. On a motion duly made and seconded it was unanimously voted to; require a HMLP Board member's signature whenever a pay raise is being processed for the GM.

ECHO dashboard:

Not discussed during this meeting.

Financials:

The GM said that we are spending less than what we budgeted to. Thus we are making more than what we expected. Before the next October bill goes out, he is suggesting that we once again lower the PCA. This was done this past June and implemented in July. If we do not cut the PCA, we could be in the position of making too much. In addition to having lower expenses we are getting \$70K from FEMA related to money spent in Tropical Storm Irene. That is money that we never counted on. We are also getting some \$130k in REC money from our Spruce Mountain investment. We continue to spend significantly less money on legal matters as well. The Town Treasurer is responsible for managing the depreciation account. The HMLP Board decides how it gets invested under very specific guidelines that the state puts out. She is suggesting we move some amount of that account to some form/s of investment which produces higher returns. The GM and she will discuss this further.

Other business: Warrants signatures and Correspondence:

The HMLP GM spoke of Princeton Light and the GM that took over this past October. According to an audit he commissioned in 2011, the wind turbine project lost \$628,000. Since January 1, 2010 through June 20, 2012, the wind turbine project has lost \$1,875,000. Their rates are already 36% higher than the rest of electric utilities in Massachusetts and the amount in their depreciation account is very low.

The rest of the correspondence is emails that were sent to the Board over the last few months that were read into the public record.

On a motion duly made and seconded it was unanimously voted to adjourn the meeting,

Meeting adjourned at 8:05 p.m.

**Hingham Municipal Light Plant
Executive Session held on September 27th, 2012**

On a motion duly made and seconded at 635p it was unanimously voted to go into Executive Session.

The consultant's report on HMLP's organization was reviewed.

An employee relations matter was discussed.

On a motion duly made and seconded at 730p it was voted to end the Executive Session and return to the regular meeting.