**MUNICIPAL ELECTRIC POWER ADVISORY BOARD**

**Minutes**

**November 30, 2023**

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

**6:00 pm**

**Members present: Steve Sendrowski, Scott Carlson, Ryan McCarthy, Richard Farrell and Pete Liddy**

**Member not present: Dan Golden, Peter Elkas**

**Staff present: Barry Tupper, General Manager; Callie Knower, AM, Mike Viano - Superintendent**

**Public Present: Denis Mahoney, Jane Dye**

**Determination of Quorum**

The meeting was called to order at 6:08 p.m. by S Sendrowski and determined there was a quorum.

**Approval of Minutes**

*Motion by R Farrell seconded by R McCarthy to approve the October 26th, 2023 minutes. Approved 5-0*

**Public Comment**

Denis Mahoney 56 Fox Hill Dr, expressed that he supports solar panels at landfill

**Financials**

C Knower shared the financials.

* Cash is balanced through October with the Accountants Office.
* Operating revenues are $1million higher than we budgeted, and power production expenses are $1.5 million under budget.
* You will see down at the bottom of the financials we have made our second transfer back to the rate stabilization fund. This will occur when we pay MMWEC next month for the October billing. We did $500,000 for the September invoice and will do the remaining $500,000 for the October invoice.
* The HMLD’s total metered load for the month of October was 8,038,866 kWh, which is a 1.75% decrease from the 2022 figures.
* HMLD hit a demand of 15,221 on October 4th at 7:00pm.
* The total transmission costs were $374,461.27.
* MMWEC’s NextZero program completed 18 residential home energy audits during the month. The total rebates for the month were $5,358.50.
* As of October, arrears totaled $56,526.70. $7,071.92 of that is a past due receivable for pole damages, not electric use. Our electric past due balance is $49,454.78. Of that amount, $25,422.01 is from 60+ day protected accounts due to financial hardship, age or medical. If we removed the pole damages and protected accounts, the total past due is $24,032.77. The liens went to the Assessor's Office at the beginning of November, the total lien amount for Electric was $29,914.81.

**Manager’s Miscellaneous**

B Tupper shared updates:

* The Recording secretary will resign as of Dec 2023. MEPAB is grateful for her work over the past several years.

**Operations Update**

 Mike Viano - Superintendent

* Outages in October (5 instances with a total of 83 outages), nothing major. Same instances with 20 more customers out from last month’s and 9 customers were scheduled outages
* The Forestry division – High St and Reservoir St trimming is complete, they will be going back to trimming on Main St the entire month of Dec toward the Rutland line. They will be working on Princeton St as filler work when details are unavailable.
* Forestry has cleaned up the stump grinding debris and wood chips and laid down grass seed.
* The Forestry crew has also been decorating Town Hall and the Senior Center for the holidays.
* Wreaths have been redone with new lights and bows and have been put up for the holiday season.
* Avery Heights pole sets to reconductor circuit is ongoing with two pole sets left and framing will start. The completion is projected for the end of January.
* Multiple developments, projects, new services and service upgrades are in the works and completed. Some of which are as follows: Reservoir St wire has come in and is about 75% completed, 619 South Rd (on going/waiting on electrician). Elmwood Ave (on going) Fisher Rd EXT. (in process/being reworked there’s a lot going on at the project, multiple contractors involved). S Carlson asked about the road width of Fisher Rd. B Tupper and Mike said that they haven’t measured but there is a lot going on at the site with all the contractors and a follow up with the Town Engineers could be done. Sunshine Ridge (waiting on down payment to start) Paquette line will be completed by the end of December. Worcester water primary metering has been replaced, Jackson Woods (on-going), Tea Party (on-going)
* The Bullard street circuit expansion update: the cut over on Bullard Street is complete (old poles will be pulled when Verizon and Spectrum are off of them)
* Chaffins substation update: G. Greene has finished all landscaping. We received the Hydrogen sensor and automatic ventilation fan from Myers to be installed by UPG starting of the new year
* AMI update - Testing has begun with First Article Test Meters and Infrastructure components. We have received cellular access points three of ten have been installed in the field including one relay. Ap’s and relays (pilot program) are fully operational and the F.A.T. (first article testing) with water and electric meters is beginning. We are still waiting on the update from ITRON in regard to the returning of the 5 ethernet APs, we did receive some news that higher ups are looking into this.
* Personnel – Senior Working Foreman Mike Viano was promoted to Superintendent on November 6th.
* Building Improvements – In the 2023 budget, we put in for new blinds for all of the windows. They were ordered through Home Depot and have come in. They will be put up in the month of December. S Carlson asked about updates on heating and air. B Tupper said he will address that.

**2024 Budget Presentation**

B Tupper presented

2023 Highlights:

* Two major storms in Jan and March totaling $159,683.29
* Outside tree crews and mutual aid from area MLPs assisted with power restoration
* Purchased all new flags and poles for Memorial Day
* Purchased new lights and bows to redo wreaths for the Holidays
* Signed Battery Storage Contract. Battery should be in operation in October 2024
* Two Lineman (Spencer Pollier and Randy Doiron) were promoted to 1st Class
* Mike Viano promoted to Superintendent
* Callie Knower has worked diligently to get HMLD up to date with financials
* Bullard Street Project & Chaffins Substation were fully completed
* First time in over 10 years HMLD’s annual audit had zero findings
* Holden now has 106 solar accounts

C Knower presented

* NextZero offers various rebate programs. Our 2023 requirement was $34,750.00 ($.0025 cents per residential sales revenue) and we budgeted $155,000.  As of 09/30 we have paid $152,117.25. In 2024 our requirement will be $44,222.73 and we are budgeting $190,000.00.
* HMLD is delighted to announce that we currently exceed the state's 2030 mandate, which calls for 50% non-carbon emitting sources. We are continuously exploring avenues for enhancing our non-carbon emitting portfolio, we are optimistic about meeting the 75% requirement well before the 2040 deadline.
* Thanks to the dedicated efforts of the entire HMLD staff, we have achieved a remarkable 31% reduction in past due receivables, amounting to a decrease of $25,573 from the year-to-date peak in January, when it reached $82,099.81. As of October 31, 2023, the total arrears for all electric accounts stand at $56,526.70. For customers who own their properties, liens were submitted to the Town Assessor in November. Once these liens are applied to the accounts, the past due receivables will see a further reduction of $29,914.81.
* The revenue projections for 2024 stand at $16,524,980, derived from a flat sales projection with no distribution rate increase.
* Anticipated Power Supply expenses for 2024 are $11,164,959, reflecting a decrease of approximately 11% compared to the 2023 budget.
* Projected Operation and Maintenance (O&M) expenses for 2024 are $884,000, constituting 5.4% of total expenses and reflecting a decrease of $153,654 (14.8%) compared to the 2023 budget. The focus in 2024 will predominantly be on capital project work, including the AMI Project, an underground development upgrade, and Wachusett Street. In 2023, a higher allocation of labor costs was directed towards O&M and less towards capital projects.
* Administrative and General Expenses (A&G) for 2024 are estimated at $2,880,000, comprising 17.78% of total expenses. This represents an increase of about 14.08% compared to the 2023 budget. The rise is primarily attributed to utilizing an outside engineer, increased costs for health insurance, property and liability insurance, and salary increases.
* The estimated Depreciation expense for 2024 is $1,115,000. This increase is driven by the higher gross plant value resulting from the completion of the Chaffins substation and the Bullard Street Project. State regulations mandate a minimum annual allocation for depreciation, and this expense contributes to funding HMLD's Capital Improvement Program. Currently, HMLD allocates 3% of total gross plant assets to depreciation from operating.
* The total estimated net income for 2024 is $331,292, reflecting a comprehensive financial outlook that balances revenue, expenses, and strategic investments in capital projects.
* As of December 31, 2022, HMLD's OPEB (Other Post-Employment Benefits) fund balance stood at $1,883,855.00, while the OPEB liability amounted to $2,183,519.00, indicating a funding level of 86.28%. Despite the setback, we maintain an optimistic outlook and are actively working towards restoring full funding.
* In 2024, HMLD will disburse half of the Fiscal Year 2024 (FY24) Pilot Payment and half of the Fiscal Year 2025 (FY25) payment, totaling $149,373.09. The voluntary PILOT payment to the Town of Holden is determined using the formula of the average of the previous three years of kWh sales multiplied by $0.00142 per kWh.
* Additionally, the Light Department will reimburse the Town for services rendered by various departments, including the Town Manager, IT, Accounting, Treasurer/Collector, and DPW, amounting to $152,773 for the calendar year 2023.
* From January to October 2023, HMLD has allocated $29,158.12 for payroll expenses and purchases, covering recurring town services such as banners, flags, wreaths, and decorations throughout the town.
* During the same period, HMLD has expended $20,159.33 on payroll expenses and purchases to address recurring costs associated with the Tree Warden and any necessary work for town tree/stump removal.
* Depreciation: HMLD will make the required transfer to Depreciation from operating funds, totaling $1,014,190 from January through December. The Depreciation account experienced unrealized losses through investments of $112,127.05 through October 31, 2023. The projected Depreciation balance at the end of 2023 is $3,953,417.71.
* Rate Stabilization: In 2022, HMLD transferred $915,619.85 from Rate Stabilization to Working Capital to fund the increased Working Capital amount determined by MMWEC. In 2023, HMLD transferred $1 million from Operating back to the Rate Stabilization account. The projected Rate Stabilization balance at the end of 2023 is anticipated to be $4,425,789.59.
* Working Capital: In 2023, there were no significant changes in Working Capital other than monthly interest gains and losses. The projected Working Capital balance at the end of 2023 will be $2,503,713.90, approximately $35,000.00 more than the balance at the start of the year.

B Tupper Presented

* In 2023, HMLD concentrated its efforts on several key projects, including the completion of the Chaffins Substation rebuild, the Bullard Street build-out project, and the removal of double poles around town.
* The CY2024 budget will carry over approximately $1.6 million from the CY2023 budget. This includes components of the AMI project $1,244,956.11 carryover, an outstanding order for underground transformers amounting to $85,443, the allocated cost for transportation equipment at $336,687.75 and $4,827.93 for a protective rubber order that has not yet been received.
* HMLD has developed a robust CY2024 Capital Budget totaling $1,763,700. When combined with the CY2023 carryovers, the new CY2024 budget brings the total to $3,438,284.79.

**Motions**

* Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2024 Operating Budget in the amount of $16,173,688 as presented on November 30, 2023
	+ *Motion by R Farrell, seconded by S Carlson. Approved 5-0*
* Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners the calendar year 2024 Capital Budget in the amount of $3,438,284.79 as presented on November 30, 2023
	+ *Motion by P Liddy II, seconded by R Farrell. Approved 5-0*
* Move that the Municipal Electric Power Advisory Board recommend to the HMLD Board of Commissioners that the Holden Municipal Light Department 1) join the GML Utility Services Cooperative, LLC, a municipal light plant cooperative organized and operating under the provisions of Chapter 164, Section 47C, as a member; 2) authorize a capital contribution by Holden Municipal Light Department of $277,830.00, in exchange for a 20% percentage interest in the cooperative, along with the concomitant rights and obligations as a member of the cooperative; 3) to authorize the General Manager to solely to act as Holden Municipal Light Department’s representative in the GML Utility Services Cooperative, to serve on the GML Utility Services Cooperative, LLC’s Board of Directors, to serve as an officer of the cooperative, and to take any actions necessary or incidental to membership in such cooperative, and all of the foregoing shall be considered part of his duties as General Manager under Chapter 164.
	+ *Motion by S Sendrowski, seconded by R McCarthy. Approved 5-0*

**Other Business**

P Liddy asked about a line for Rutland from the substation. B Tupper said it is a deactivated line and they haven’t been able to get together with National Grid to discuss the future and any potential reactivation. It is not owned by HMLD.

*Motion by S Sendrowski, seconded by S Carlson to adjourn the November 30, 2023 meeting at pm. Approved 5-0*