

**Mansfield Municipal Electric Department
Minutes of Light Commissioners Meeting
March 20, 2017**

Present: Chairman Frank Delvecchio, Vice Chairman Michael Trowbridge, Clerk Steve Schoonveld, Commissioner George Dentino, Commissioner Jess Aptowitz, Director Joseph Sollecito and Financial Assistant Jacqueline Lee

The meeting was held at the Mansfield Town Hall Room 2 AB and called to order at 7:00PM. Chairman Delvecchio stated that this meeting is being televised and taped for future broadcast and asked if anyone in the audience was intending to record the meeting to please state their intentions. No one did so.

A complete copy of the Board packet containing all documents that are referenced in the minutes is on file at the Mansfield Municipal Electric Department office.

Citizens Comments: none

Motion: To approve the minutes of the January 23, 2017 Light Commissioners meeting (Aptowitz/Trowbridge) Passes 5/0

Financial statements for January 2017-Director Sollecito reported that the net operating income year-to-date through January is \$741,918 and the non-operating income is \$156,390 for a total of \$898,308. The generation charge payable is \$252,270. He said that MMED's operating cash position through January is over 13 million dollars. Director Sollecito also reported that energy sales for the month of January 2017 were down 7.4% from January 2016 and energy sales from FY11 through FY16 have declined 8.6%.

Vice Chairman Trowbridge inquired about the undergrounding project as he has been approached by residents who have questions about the timeline. Director Sollecito said this part of the multi-phase project has been 'on-hold' after he has had several discussions with MMED staff. They have developed 'overhead' solutions including a switching order for back-up purposes at a much lower cost. It is their hope to have a full plan in place by next year.

Commissioner Dentino commented that personally he would like to have the underground. Director Sollecito said that unfortunately it is 8 to 10 times the expense of overhead and it takes longer to isolate a problem. The staff and Director Sollecito both agree that this overhead option is best at this time but will see what next year brings.

Commissioner Aptowitz says it bears repeating that energy sales are down and that we are a shrinking business. He has concerns about being able to continue to cover fixed costs. He also noted that MMED has 13 million dollars in cash.

In regards to the shrinking energy sales, Clerk Schoonveld wondered at what level of consumption does MMED have to be at before the rates become prohibitive. He asked if Director Sollecito could come back to the next meeting with that information.

Chairman Delvecchio suggested that at the next meeting they should also discuss how to draw businesses to town from an electric department perspective.

Proposed Rate Design-Director Sollecito told the Board the MMED's rates have not changed since 2007. He wants to properly structure the rates and thinks that he and Mayhew Seavey of PLM have come up with a pretty good solution. Director Sollecito said they plan to approach those commercial customers who they know will be affected by this change and explain the reasons why to them.

Mr. Seavey stated that the cost of service analysis that was done indicated no significant problem. The design of the rates however could be fine-tuned to more accurately reflect costs. He said the main goal with the residential bill is to reduce the NYPA credit which hasn't been changed in years and no longer accurately reflects the savings. To offset this decrease in the NYPA credit, a higher rate for usage over 1000 kWh is being proposed. There would also be a structural change with the generation charge which is now set every quarter, being factored into the rates so it is a fixed number. There could then be a different charge for different classes. The proposed residential bill would be a little bit higher for a few with larger energy usage, but lower for the rest.

Mr. Seavey told the Board they are also proposing to restructure the three non-residential classes. Commissioner Aptowitz wants to know the names of the businesses that will be affected and if this is going to hurt them. He said he wants to be told for example, "This is the restaurant on Main Street, this is what their bill is and this is what it will be". He said he asked for this information before.

Director Sollecito said that there will be some increases of 30-40% for some of the commercial/industrial customers. He commented that it sounds like a lot but from where he is coming from it's not out of line. Chairman Delvecchio said if he were told that he would be rather upset.

Mr. Seavey explained that some customers have been getting an extraordinary deal for 20-30 years and that they'd still be getting a deal compared to other utilities. Chairman Delvecchio feels that the explanation of "you've been getting a deal for 20-30 years" is not going to go too far with the customers who will see this large increase in their bill.

Clerk Schoonveld remarked that these customers have been seeing the benefit of mis-aligned pricing and now MMED is just trying to correct it.

Commissioner Aptowitz commented that companies come here to Mansfield because of "location, location, location" and not because of the electric rates. He also thinks to change the rate on the "mom and pop" businesses would make things tough for them.

Clerk Schoonveld believes the goal here is to be more competitive with other utilities and to encourage efficiency.

Mr. Seavey told the Board that the present 30 low-tension customers will see an average decrease of about 3%. Chairman Delvecchio is interested in knowing who some of these customers are. Director Sollecito will get back to him with that information.

Mr. Seavey said that the present high-tension customers will see a 3% increase in their bills. Commissioner Dentino questioned what will be done for the 30 low-tension customers and the 3 high-tension customers. Director Sollecito answered that MMED's approach will be to

go over their energy history and determine the possibility of energy conservation and other opportunities to save money on their bill. Commissioner Dentino also questioned how this will impact the solar customers. Director Sollecito said that will be brought up at the next meeting. He wants to review the current policy and said that is a discussion for another time.

Clerk Schoonveld questioned MMED's decrease in usage in regards to being able to cover fixed costs. Mr. Seavey said by doing this rate restructuring MMED will be better able to cover their fixed costs.

Mr. Seavey then said they are proposing to add a monthly credit to every bill to return the NYPA savings to the customers. It is being recommended to use \$11 million for required cash reserve and that 50% be allocated to the residential side for FY18. It is also being recommended that revenue be recovered over 3 years beginning in FY18.

Director Sollecito told the Board that they will review this every year at every budget period. He intends to put this in front of them so they can revisit it.

Commissioner Aptowitz said that he doesn't think the proposed credit is being given quick enough to the customer. He thinks the customer should get it faster and shouldn't have to wait 3 years. Director Sollecito stated that he just wants to agree on the structure tonight and then go back and agree on those points which Commissioner Aptowitz brought up.

Clerk Schoonveld said he too thinks 3 years is too long but did not think that one month is appropriate either and suggested maybe one year. He also pointed out that in the past this was done in the month of January which is not fair if someone's high bill is in the summer when the air conditioning is being used.

Vice Chairman Trowbridge said personally he likes to pay a little less each month but also thinks that 3 years is too long. He thought maybe 2 years.

**Motion: To accept the newly proposed MMED rate structure of MDPU#138, 139, 140, 141, 142, 143, 144 as presented by Mayhew Seavey
(Schoonveld/Trowbridge) Passes 4/0/1 (Dentino abstained)**

**Motion: To approve a billing credit for the purpose of returning cash to the MMED ratepayers over a two year period
(Trowbridge/Schoonveld) Passes 3/1/1 (Aptowitz against and Dentino abstained)**

Budget Policy Recommendations-Director Sollecito proposed a Policy Recommendation memo to the Board that every year the Director will present the 'Depreciation Rate' and 'Cash Reserve' analysis. Additionally, every five years MMED evaluate the cost of service to reset the "purchased power cost" so that it remains accurate. He would also like to adjust the "purchased power cost adjustment" semi-annually and update the five-year projection of revenues, expenses and the residential and non-residential credit fund balances annually.

**Motion: To approve the MMED budget policy recommendations as proposed by Director Sollecito
(Schoonveld/Trowbridge) Passes 5/0**

Distributive Generation Unit-Director Sollecito reviewed with the Board the criteria that MMED used to evaluate the bids for the Distributive Generator and let them know that the team that did the evaluation chose Milton Caterpillar.

Motion: To allow Director Sollecito to negotiate the contract for the Distributive Generation Unit up to \$2.1 million with Milton Caterpillar (Aptowitz/Trowbridge) Passes 5/0

Commissioner Aptowitz voiced his concerns about any issues with the neighbors regarding the distributive generator. He does not want any problems after the fact. Director Sollecito said MMED did preliminary analysis for the sound and there were no problems. Vice Chairman Trowbridge suggested that MMED Engineer Chris Cox prepare a site plan and get on an agenda for a Planning Board meeting.

Power Market Supply and Hedging Process-Mr. Seavey gave an update of the Power Market Supply and Hedging Process. He told the Board that if they wanted he could request prices tomorrow and get MMED locked in then he will monitor it every month. He also said he would come back next month with a report of what they locked in.

Peabody Peaking Project-Director Sollecito told the Board that the Peabody Peaking Project did not move forward. The clearing price was settled but MMWEC's bid didn't clear so it did not go through so there will be no new generation under this Forward Capacity Market bid process (FCA 12). Director Sollecito noted that it was okay that it didn't go forward since the price was low and therefore no new generation resources were accepted into the market. The lower than expected bid price will ultimately benefit consumers.

National Grid-Director Sollecito reported that National Grid just let MMED know that they will be upgrading their transmission lines so MMED will be doing some switching on a daily basis from April through August. He said it is not a big deal but he just wanted to let the Board know. He also said that National Grid will reimburse MMED for some of the costs of the switching.

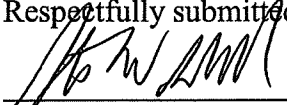
DPU Report-Director Sollecito presented the DPU report which MMED Staff Accountant Ken Thomson puts together and files every year with the DPU.

Motion: To approve the 2016 Department of Public Utilities (DPU) Report (Aptowitz/Dentino) Passes 5/0

Clerk Schoonveld thanked Mr. Seavey for his presentation. Chairman Delvecchio echoed his comments and also thanked Mr. Seavey.

Motion: To adjourn at 8:50pm (Aptowitz/Schoonveld) Passes 5/0

Respectfully submitted: Jacqueline Lee



Signature of Clerk

4/19/2017

Date of Approval