

08/26/10 Light Board Meeting

Present: Commissioners Patrick Cannon, David Irwin, Stephanie Landry and Dan Ciccariello. Also present: Operations Manager, Richard Miller and Recording Secretary, Janis Ford.

The meeting was called to order at 6:35 p.m.

Public Input

There was no Public Input

Manager's Report

Just a few highlights of the past month:

National Grid changed the arms on the pole at the dump that dead ends the river crossing. This changed the construction to match that across the river. They also had a helicopter survey scheduled for later this month for the line all the way back to Weymouth. They will share the results with us.

David asked if it was one line or two. Dick said two.

Woods Hole is doing their testing in Hull Gut tomorrow. They will then study that data and come back in September for one more day of research if warranted.

The joint venture tree trimming with the highway is going well and should be a substantial savings compared to hiring Asplundh. Dick said they should be able to forego Asplundh for a couple more years. They completed the area of Nantasket Avenue and Harborview. They have completed the Rockaway Annex. Rockaway and Valley Beach still need trimming. "It's worked out well, some of the days we do 90% of their work and 10% of ours. Other days we do 90% of our work and 10% of theirs."

Approval of Minutes

David Irwin made a motion to approve the Minutes of the 06/24/10 meeting. Stephanie Landry seconded the motion. Voted 4-0 in favor. Motion carried.

David Irwin made a motion to approve the Minutes of the 07/22/10 meeting. Dan Ciccariello seconded the motion. Voted 4-0 in favor. Motion carried.

New Business

PCA

Stephanie wanted to know why the Board was not included in the decision to raise the PCA. "In the past John MacLeod would always bring his recommendations to the Board. Did we eliminate the PCA and factor it into the rate increase." Pat said yes. Stephanie said, "I looked at the letter written by Bill Kelley and I was surprised to read in 2008 we had a loss of \$575,000 and in 2009 a loss of \$375,000." "As far as the PCA, we should have been allowed to vote on that." Dick said, "It's not a rate increase. Dick read excerpts from the 09/15/05 Board Meeting, "David asked about the need for any rate increases as there is so much news about oil and gas prices going up this winter. MacLeod said there might be a need to increase the PPA by ½ cent but he would like to offset the increase by using funds from the rate stabilization money. Pat asked how much would be taken from rate stabilization and John said maybe \$70,000-\$80,000 would be needed. He said HWII could also offset necessary increases depending on when it goes on line." Dick said there was no vote and then read excerpts from the Board Meeting of 10/20/05, "The PPA (Purchased Power Adjustment) has been raised by one cent per kilowatt-hour. This is much lower than National Grid, Nstar and many of the other municipals. Hopefully, when HWII comes online HMLP will be able to keep any increase in the PPA as low as possible (or not at all) in spite of the expected huge increases in oil and gas." Again there was no vote. Dick said, "I researched it because I had talked to Bill Kelley about it and the projections given by Chuck Underhill of much lower fuel costs

didn't happen so we had to adjust the PCA. Bill Kelley said all the Managers do it and John MacLeod used to. Bill Kelley suggested we go up 1 to 1 ½ cents. Many places do it every month and it's strictly for purchase of power.

Stephanie said she wants a legal opinion because she thinks it's a rate increase.

Pat explained that when either Chris McCabe or Phil Lemnios were here John MacLeod would get together with the Town Manager and the Light Board Chairman and suggest an increase in the PCA.

Dan said to Dick, "Prior to me being on the Board there was always a debate on whether it's a rate increase or not. I can see it from your side and I can see it from Stephanie's side. As far as it being a rate increase, it's a gray area." Dick said that every time you need a rate increase you need a rate study and there is no way you could do that for every time you needed to adjust the PCA. Dan said, "If it was timely enough to talk to Phil and Bill Kelley about it, you should have had a meeting with the Board to vote on it. I think in the future you should have a meeting in advance." Dick said, "Even if you had a meeting in advance, you won't get the public to vote for an increase and if we didn't do it we wouldn't be solvent." Dan said that it's not for the Town Manager and the Chairman to vote on, it should be the Board who votes on it.

Stephanie said to Dick, "If you had come to us in advance I would have agreed with you". Dick asked why there was no emergency meeting called in 2005.

Dan said, "Rates are being raised and that is a political discussion not an operational discussion. The public has a right to come in and say don't do it." Pat said, "We felt it was important to get the increase into the next billing and a meeting wouldn't have changed that."

David asked, "Can we get a legal opinion if the PCA is a rate increase?"

David Irwin made a motion to get a legal opinion on the PCA. Is it part of the rate and is it the Operation Manager's call or a Board call. Stephanie Landry seconded the motion. Voted 4-0 in favor. Motion carried.

DOR Financial Management Review

Stephanie said, "In June 2009 the Department of Revenue did a Financial Management Review of the Town. They had recommendations; one of them was to do away with the discount. Have we done any of these things yet? Dick said as far as the discount he thought that should be kept in place. After brief discussion they both agreed to discuss it at another time.

Berkshire Wind

David asked for an update on Berkshire Wind. Dick said HMLP has spent approximately \$300,000 so far and should get reimbursed \$280,000. "We're spending about \$30,000 a month in legal fees. The construction went into a different leg." Pat asked the target date. Dick said 2012.

Old Business

Project 2006 Offshore Project Update

David asked for an update on Project 2006 and the Offshore Project. Dick said that there is a Project 2006 meeting coming up in September, which he will attend. "As far as Offshore we're still where we were last month. \$300,000 was approved for a Project Manager. We sent a simple letter and two days later they approved it."

Lidar

David asked where the Lidar is. Dick said it's at Umass, Amherst in a box. It needs \$30,000 to be functional again. Manwell asked for us to pay for it. "I could see if he asked us to pay \$15,000 and they paid \$15,000."

Public Input

Bill Kelley's PCA Letter

Polly Rowe commented on Bill Kelley's letter, "Those are substantial figures. Does that mean we are in arrears or in trouble?" Dick explained how HMLP is in a calendar year and the Town is in a fiscal year. "We have been banged hard by power costs. It has cost more than we budgeted for and this has happened two years in a row." Polly asked if HMLP has been losing money over the last two years. Dick explained why we have the Rate Stabilization Fund. Pat added, "HMLP invests the money with MMWEC so HMLP gets the interest and not the Town and we need to keep building that up." Polly asked how HMLP plans to make up the gap from \$900,000 to \$3,000,000. Dick explained that part of the power bills go into the Rate Stabilization Fund every month. "We planned on getting it back with lower costs and higher rates but it didn't happen." Polly asked about other town's rates that are going down. Dick said, "Some towns still have old long-term contracts. HMLP doesn't except for Seabrook and Stonybrook. They're not offering long-term contracts anymore. Pat talked about the Rate Comparison sheet that shows a comparison between 43 towns and HMLP is 15th from the bottom. "In the spring we will look at our rates again." Polly asked if she heard the word "solvent". Dick said, "Only if we don't do this. It's the same thing as a fuel charge. The PCA can only be raised for purchase power." Dan explained that it is only short term to cover any deficit. Dick added that in 2002 and 2003 the PCA went down twice. Pat said that Hull is a bedroom community and in other towns such as Hingham the PCA reflects the power costs. "They have more commercial customers." "Light Departments are allowed to make an 8% profit but we have always set it up as 1%. Over the last few years we have needed to change." Polly said that with no more long-term contracts HMLP is terribly vulnerable. Dick said, "We do have some now but now they are giving you 6 months where we used to get into 10 to 15 year contracts. Long-term contracts are usually higher at the start."

Weymouth Line into Hull

Tom Burns wanted to talk about a subject from the last meeting, the connection with Weymouth and where we are on the grid and about the power outage. Dick said, "The power was not off for the whole day. When figures come in from last month, we have to see if it's worth it." The Dick explained how the power comes out of a power plant in Weymouth, goes through Hingham 22,000 volts, down 228 to Kilby Street then hits the substation and down to 13,800 volts. "All Hingham does is allow them to put lines on their poles."

Items for Discussion

There were no Items for Discussion

Executive Session

Dan Ciccariello made a motion to go into executive session for the purpose of lease or disposition of real property and wanted it noted for the record that he doesn't know anything about it. David Irwin seconded the motion. Roll call Cannon, Ciccariello, Irwin and Landry. Motion carried.

Adjournment

Dan Ciccariello made a motion to adjourn. David Irwin seconded the motion. Voted 4-0 in favor. Motion carried.

Meeting adjourned at 8:35 PM

Executive Session

Pat wanted to update the Board, "David and I sat down with Phil. We have different plans we've studied. We want an understanding going into negotiations. You need to know what your bottom line should be. Remember the DVD and how Phil got all excited about it. He wants that 10%. It was put out there that there was a give to get. We won't get him to zero but he has already taken \$400,000 and we should get it settled before next years budget. One thing that was discussed was how no other department pays rent. Also, the Sewer Plant since 1978 has only paid one In Lieu of Tax payment. I don't want to get them to pay but want to show that Phil is picking on us. Another is that we do improvements everyday. Also comparing 17 locations, in no instance does it cost the same. Phil makes the argument that they're on wasteland. He justifies that we are paying rent on the fall zone." David said, "If we don't settle this, he's going to take another \$200,000." Stephanie said, "We can discuss until we are blue in the face, he will still take the money because he can. You've done a lot of work but it's not our work to do."

Dan said, "The strategy is good but with another person, Phil has the power." My opinion is that we are in good legal standing to win in a court of law. The other way is political, the only way is to say no." Pat said that Phil is going to hang on to that 10%. Dan said, "We're an agent. My opinion is we are a fiduciary of these funds and if we allow him to take it then we are in trouble. It is not legal it's not the Town's Funds. If you walk out of that room with a figure of \$30,000, I will vote against it. His loyalty is to the Selectmen. The only power we have is to go to Town Meeting and not negotiate with him." David asked Dan if he was saying to stop negotiations and go to Town Meeting. Dan said they have to join together to get an attorney. David said, "Phil wants to put HMLP Budget in front of Town Meeting, then there will be no Light Plant." Stephanie said, "If we agree, we are giving him justification for what he's doing. I've asked for a written transcript." Dan said that he took \$400,000 because of the Selectmen. Stephanie said she finds it offensive that he throws in the Health Insurance.

Dan said, "My opinion, respectively Pat, you're trying to work it out and I give you credit because you went in there with nothing." Stephanie said, "You did all his work and come back with a counteroffer and we are setting precedent. Year after year he will keep taking it because he can."

Pat said, "If we go in with a 10% savings for the Town or \$42,000, even though it's more than anyone else pays. Get a written agreement going forward. In 2011 look at 2010 power costs and give 10% of Town Department's power costs. It could go up or down but it would be a hard number." Stephanie said, "Joe said we set precedent. We're not in very good shape. Why can't we say we don't want to give you the pilot money?" Dan said, "I can see what you're saying Pat, by taking 10% rent as long as you're not saying rent. Rent is non-negotiable. The Light Plant Manager is negotiating with himself. We are elected to look out for the interests of the ratepayers. Phil is not protecting the ratepayers."

Pat said, "So we go in with a proposal and say an additional 10% but not rent. It would have to be written the percent of value that the Town is getting for the turbines. Janis made a point, I was looking at what the turbines were bringing in but she said we should also account for all the expenses. When you put expenses in for HWI it's 65% and HWII 69%. Phil took a figure of \$80,000 and multiplied it. 69% represents revenues and expenses."

Pat said he would like to go into Phil and not talk about rent but say, "These are the values you receive from HMLP. He may say go to Hell then we can go to Town Meeting."

Stephanie said that as long as Phil is allowed to take money, he would keep doing it. "We gave him long enough time to go to Jim Lampke so now it's called rent." She added that she doesn't think there should be any more meetings behind closed doors. "Phil needs to come to the Board Meetings."

Pat said, "Okay say we do this and he says no and takes \$200,000. What is our response?" Dan said, "Special Town Meeting."

David said that Phil would try to embarrass the Light Board.

Dan said, "We should go in and not mention rent but as a face saver we will give 10% discount like ratepayers and we want it in writing. If not then we move for Town Meeting."

Stephanie said she felt it should be done by the whole Board. Pat agreed, "Insert the Light Board in the middle. Majority vote by the Light Plant. We should have that language to get to Town Meeting, insert us into the equation."

Stephanie said she would like it in the language that he took ratepayers money and that it was inappropriate. She added that she would like for the Board to meet again before meeting with Phil so that Joe could be included. They agreed to meet on September 16, 2010.