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MINUTES  
TOWN OF BELMONT  
BELMONT MUNICIPAL LIGHT BOARD  
SELECTMEN'S MEETING ROOM  
TOWN HALL  
Monday, June 27, 2016  
5:30 P.M.

**I. CALL TO ORDER**

*Chair Paolillo called a regular meeting of the Municipal Light Board (MLB) to order at 5:34 P.M.*

Present:

MLB – Chair Mark Paolillo, Vice Chair Sami Baghdady, Member Jim Williams

Belmont Light – General Manager James Palmer, Staff Becca Keane, Aidan Leary, Maria Makar-Limanov, Counsel Walter Foskett

Light Board Advisory Committee – Vice Chair Mark McVay, Member Ralph Jones (no quorum)

**II. EXECUTIVE SESSION**

*The Board moved to enter Executive Session at 5:37 P.M.*

- a. To conduct contract negotiations with nonunion personnel.

*The Board moved to return to Open Session at 6:20 P.M.*

**III. GENERAL MANAGER'S REVIEW**

Paolillo gave an overview for the method by which the Light Board will conduct the General Manager's review. Palmer will provide to the members of the Light Board a self-evaluation form. The Light Board members will then individually conduct reviews of Palmer and will compile those reviews for the July 2016 MLB meeting.

**IV. DISCUSSION ON BELMONT LIGHT OPEB LIABILITY**

Paolillo asked Walter Foskett of Duncan & Allen, counsel to Belmont Light, to give his opinion on a vote taken by a former Light Board in December 2008 to set funds aside to be put into an OPEB Trust Fund. Paolillo noted that he had read the minutes but that it is still not clear whether that vote actually had that effect. Two months ago, the Light Board took a vote to transfer the

funds from operating cash to the rate stabilization fund. The Board asked for a second legal review because this transfer would require running the funds through the income statement.

Foskett responded that according to the minutes from the December 2008 Light Board meeting, although the Light Board refers to the funds as an OPEB Special Purpose Stabilization Fund, it is actually an OPEB Fund for Belmont Light. He said that is what the former Light Board voted on in December 2008 and that there were funds transferred initially to the Town's fund but then stopped. The money that has been accumulating in the General Account are the OPEB funds in question.

Williams and Palmer discussed that 2008 was the only year that money was transferred to the Town's OPEB Fund. In 2009, no action was taken and the funds stayed in Belmont Light's operating cash. The funds were still collected and allocated for OPEB purposes on a "pay-as-you-go" basis. .

From the audience, former Selectman Ralph Jones stated that the December 2008 Light Board meeting was not a meeting to authorize the creation of a special trust fund under Chapter 32B and that he had never found that particular action taken. Foskett responded that Chapter 32B had not yet been enacted at the time the vote was taken. He continued that what Chapter 32B does is allow the Light Board to adopt it to establish trust. Prior to that enactment, the Light Board could have approved a trust, appointed a custodian, and signed a trust agreement to manage the OPEB funds. Foskett stated that he does not believe there is anything to indicate that a trust had been adopted.

The Board discussed this matter further, with Jones stating that his recollection was that there was no trust fund nor had the Light Board established one. Williams said that the question in his mind was whether the funds had been authorized or not. Paolillo said that if the spirit of the December 2008 Light Board vote was to set up the fund as it currently exists, this Light Board have an obligation to operate in the same manner.

Williams asked whether Belmont Light is putting \$400,000 per year into the account. Makar-Limanov clarified that the money is not going into an OPEB fund but rather it is being included in the rate base and then being collected as part of operational cash. Williams stated that his understanding was that the income generated when that money is invested is not going into the same account, it is instead going into the Town's General Fund.

Williams then reviewed the process that led the Board to take a vote at the April 25, 2016 Light Board meeting and to subsequently suspend that vote at the May 23, 2016 Light Board meeting. Paolillo said there were two decisions to make. First, the Board needs to decide whether to use the \$3.2 million in question to establish an OPEB stabilization fund or to give it to the Town. He stated that since it is ratepayers' funds set aside for Belmont Light employees, the Board needs to ensure that it is segregated. The second decision, Paolillo said, was whether the Board wanted to continue to set aside the \$400,000 per year for the fund.

Baghdady mentioned that the general OPEB liability is one number for the Town and that it includes Belmont Light. He said that if the Board is to segregate the contribution, it should also segregate the liability. The rest of the Board agreed.

Williams stated that the pension liability for Belmont Light is on Belmont Light's balance sheet. Paolillo said it was important for the Board to understand that to the extent that it has funded the liability for Belmont Light.

The Board agreed to review the newly-found video of the December 2008 Light Board meeting for further clarification.

## **V. BELMONT LIGHT ELECTRIC VEHICLE INCENTIVE PROGRAM**

Mark McVay, Vice Chair of the Light Board Advisory Committee (LBAC), reported that the LBAC had recently convened and had elected officers. Steve Klionsky (not present) was nominated as Chair and he, Mark McVay, was nominated as Vice Chair. Paolillo stated that MLB would address LBAC appointments during July or August.

McVay gave an overview of the discussion that occurred at the LBAC meeting on Belmont Light and Sagewell's presentation on an electric vehicle program. He said that the majority of LBAC members agreed with the proposal. There were some thoughts on other things that the program should include, but in general the members agreed. McVay said that the principle reasoning behind LBAC's approval is that electric vehicles (EVs) present a new demand onto the electric grid and if there are quite a few EVs charging at peak time, this could potentially be very costly to Belmont Light. He said the ability to move the new demand of EVs to off-peak hours was the most important and most valuable aspect of the program. McVay said it would be valuable to get the data that Sagewell will collect during the program.

McVay went over the structure of the Belmont Light/Sagewell program, stating that EV owners are compensated for allowing Belmont Light to shut off their chargers during peak hours. Baghdady asked if owners were compensated through a reduction in their rates. McVay replied that it is not through a rate because there is not the right billing system in place yet but that Belmont Light is working towards that system.

Paolillo asked whether there had been community input into the EV program and asked what else needed to be done in terms of assessing the Belmont Light/Sagewell plan. McVay said that there was some community input at the last LBAC meeting and there is a group looking at ways to promote the use of EVs in Belmont. Palmer added that Keane had been working with Energy Committee members Ian Todreas, James Booth, and Jan Kruse. An informal public meeting had also been set up the previous week for interested individuals to discuss the promotion of EVs.

Jones reminded the Board of a presentation made by Energy Committee member Jan Kruse (not present) at Town Meeting that demonstrated that the only area where Belmont has not made improvements in terms of combating climate change is in transportation. Jones said that Kruse

stated in her presentation that EVs would be a good boost to meeting the Town's climate change goals.

The Board requested that Belmont Light conduct more public outreach on the EV program.

Williams and Palmer discussed that Belmont Light is essentially finished installing smart meters for all customers and is currently implementing a new billing system. Completing these two projects will ultimately allow Belmont Light to offer time-of-use rates. Palmer expects that Belmont Light will not have the functionality to do time-of-use billing until 2017. Williams asked how important time-of-use is to the EV program. Palmer responded that while it is the preferred method, the EV educational program is the short-term goal and time-of-use is the long-term goal. It is important to get out ahead of the capacity issues that may arise with the increased use of EVs. The Board, the LBAC members, and Palmer continued to discuss the EV program.

Paolillo asked about the possibility of adding an electric vehicle charging station in town. The LBAC members discussed some of the considerations that would go into installing a charging station. Paolillo stated that it would be a good way for Belmont to reach its climate change goals.

Baghdady asked what the concerns were for some of the LBAC members in terms of the EV program presentation. McVay discussed some of those concerns, including whether the extra capacity from EVs is actually a problem or not, since there are only approximately thirty-three known EVs in the town now and those owners' charging habits are unknown. He said that the other members thought that the program was worthwhile since it would lead to Belmont gaining that knowledge. McVay stated that another concern was the fifteen percent rebate incentive. He said that he thinks that incentive should be capped since it is an unlimited liability on fifteen percent payback and potentially Belmont Light could pay an EV owner a lot of money to not even change their dynamics. McVay suggested a cap of \$300 but said that the program is still a pilot.

Baghdady said that the next proper move would be more community outreach, including reaching out to the thirty-three current EV owners to understand their habits and practices. He said he thinks it is important to be proactive rather than reactive.

The Board discussed the LBAC's role and the upcoming appointments and reappointments.

## **VI. UPDATE ON SUBSTATION & TRANSMISSION PROJECT**

Palmer reported that Belmont Light is expecting to receive the certificate of occupancy for the substation during the week of June 27, 2016. Palmer said that landscaping would be complete in September but that the building itself is complete.

All construction submittals for the transmission line have been approved and construction is moving along. There are five complex crossings for the transmission line pipe, one of which has been completed. Palmer reported that there are no issues at this time.

All of the final components for the substation will be delivered this month and final testing will take place in August. Palmer said there are still some steps to take, including the approval process for ISO-NE to get the substation into the system. There also remains an acceptance process through the Federal Energy Regulatory Commission (FERC). Finally, there are preliminary operating agreements to be completed between Belmont Light and Eversource.

#### **VII. APPROVAL OF MINUTES DATED 5/23/16**

*Williams moved to approve the Light Board minutes from May 23, 2016. Baghdady seconded and the motion was approved with a vote of all in favor (3-0).*

#### **VIII. FUTURE MEETINGS**

The next Light Board meeting was scheduled for July 25<sup>th</sup> at 4:30 P.M. in the Selectmen's Meeting Room.

#### **IX. ADJOURNMENT**

*The Board moved to adjourn at 6:56 P.M.*