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MINUTES  
TOWN OF BELMONT  
MUNICIPAL LIGHT BOARD  
TOWN HALL  
SELECTMEN'S MEETING ROOM  
Tuesday, May 22, 2018  
6:00 P.M.

**I. CALL TO ORDER**

*Chair Dash called to order a regular meeting of the Municipal Light Board (MLB) at 6:20 P.M.*

Present:

MLB – Chair Adam Dash, Vice Chair Mark Paolillo, Member Tom Caputo

Belmont Light (BMLD) – General Manager Chris Roy, Staff Maria Makar-Limanov and Aidan Leary

Chair Dash began the meeting that the next Ride & Drive event for Belmont Drives Electric scheduled for Sunday, June 24, 2018 from 1:00 P.M. to 4:00 P.M. at the Chenery Middle School.

**II. GENERAL MANAGER'S REPORT**

**a. Operational observations**

Roy thanked the Board and said that there were a few noteworthy points he had observed. He said that he would be meeting with the Belmont High School Building Committee the following week to go over how Belmont Light could play a role in the project. He would also be attending the June meeting of the Energy Committee to start discussions on power procurement analysis.

**b. Acknowledgement of the Energy Committee comments to the BHS Building Committee**

Roy acknowledged that BMLD had received a letter from the Energy Committee to the BHS Building Committee regarding the approach to energy for the new building. He said there were a lot of things in the letter that BMLD can support, including the strategic electrification and solar energy elements.

**c. Results of the Light Board Advisory Committee DEED discussion**

Roy introduced the American Public Power Association's (APPA) research and development arm, Demonstration of Energy & Efficiency Development (DEED) program to the Board. Roy currently sits on the Board of Directors for the program's Region 8, covering the Northeast. The highlights of the program are: grant funding, which allow utilities to submit cutting-edge designs for evaluation; scholarships and internships; and access to historical data.

Roy said that DEED was used in his previous experience for strategic planning on things like EV charging strategies. The cost of the program is 20% of a utility's APPA dues, which would amount to about \$2,300 for BMLD. Roy also noted that there are two meetings for DEED per year, so travel would be necessary. He said that the program would be valuable to gain insight into things that are worthy of discussion. The Board agreed that the program was a worthy initiative for BMLD and encouraged Roy to move forward with it.

### **III. FY 2017 AUDITED FINANCIALS**

Dash noted that BMLD's financials work on a calendar year basis, not a fiscal year basis, like the Town, so the following discussion would cover the entire year of 2017.

Maria Makar-Limanov, Finance Manager for BMLD, reviewed three financial documents. She began with the Internal Control Report, which she noted included only one comment for the year. That comment was in the accounts receivable collections section and related to medically-protected accounts. For medical purposes, these accounts cannot be disconnected even if they are delinquent and most accounts are renters, so the property cannot be liened. Makar-Limanov said that BMLD cannot go through collections to get the money from these accounts and that the problem is not unique to Belmont. She said her goal was to create an internal procedure for collecting from these accounts.

Dash asked whether those accounts require medical records to be submitted. Makar-Limanov answered that medical records must be submitted every three months. She said that there are about five accounts that have been growing their debts year-to-year. Caputo asked who makes the determination of whether these accounts are medically protected. Makar-Limanov replied that she would be investigating how the determinations are made. She said that Roy had also shared his previous experience with the process. Roy said that he had worked with the Department of Public Utilities (DPU), the authority who sets the shut-off policy.

Paolillo pointed out that the Internal Control Report stated that BMLD does not have an internal control system designed to provide for the preparation of the financial statements as well as the matter that Makar-Limanov described above. He asked about the policy for non-medical aged receivables. Makar-Limanov said that those can be sent to the collections process. Dash added that those accounts can also be liened.

Caputo asked whether the comments will be removed for the next year's Internal Control Report. Makar-Limanov stated that she would rather begin a new process at the beginning of a new calendar year, so it would be removed for the following year.

Paolillo stated that BMLD should be preparing the financial statements itself. Paolillo urged Makar-Limanov to work on a way to prepare the financial statements for the auditors.

Makar-Limanov next reviewed a memorandum that she had prepared as an overview of the Audited Financial Statements and BMLD's Annual Report to the DPU. (See below).

Caputo said the year-to-year comparison is helpful but he asked whether BMLD works off a budget as well. Makar-Limanov stated that there is a high-level budget produced in November. Dash noted that the Board does not vote on the budget, rather it is the responsibility of the General Manager. Caputo said that it would be good to see what is in the budget and how well BMLD is tracking against it. The Board and Roy discussed the possibility of budget presentations every quarter or other regular interval. Makar-Limanov added that the Cost of Service Study would be complete soon and would tell the Board whether the rates are working or not. Paolillo agreed that the Board should revisit the rate structure at that time.

Makar-Limanov noted that the only difference in BMLD's financials was a drop in total assets and liabilities, which decreased because of the transfer of assets to Eversource following the Blair Pond Substation project. She also noted that, whereas BMLD previously listed purchased power sources in bulk on one line, starting with the 2017 financials, it will break down the sources line by line. Roy noted that this solves the prior problems with BMLD's report in terms of energy but that Energy New England (ENE) is still reluctant to include capacity charges in the report. This was because combining capacity and energy would publicly reconstruct the entire contract, which is confidential. Roy said his preference would be to put everything in the report, so it might be worth it to push back.

Dash asked if there was anything that Roy wanted to call out. Roy said that the budget format that BMLD will next produce will be a friendlier version of the DPU report. He said you will be able to track variances by account number.

Makar-Limanov called to the Board's attention that BMLD has switched from a 5% depreciation rate to a 3% depreciation rate. A decision had been made in 2013 to apply to the DPU for the 5% rate throughout the duration of the substation project, but now that it was complete, BMLD would not apply for the special rate and would go with the normal rate of 3%.

Dash asked whether the DPU Report and the Cost of Service Study were enough to answer the questions regarding BMLD's rates. Roy said there was also another tool missing – a binder that mimics the same information in an easier to digest fashion. Caputo asked if there was an opportunity to do a side-by-side comparison with other municipal light plants. The group discussed this topic and it was decided to put a comparison together.

From the audience, resident Jim Williams asked about pension and OPEB liabilities. He pointed to these unfunded accounts and asked how the Board intended to manage them going forward. Dash answered that the money is there for BMLD to fund OPEB and is kept safe, but there is a need for flexibility with the Substation project. Once money goes into the OPEB fund, they cannot be taken out. Dash said that the Board had not wanted to tie Roy's hands coming in to the job. He also added that the Town does have an OPEB policy that it follows. Williams urged the Board to fully fund the OPEB liability in the future.

*Paolillo moved to approve the Belmont Light Report to the DPU for the year ended December 31, 2017. Caputo seconded the motion and the motion was approved with a vote of all in favor (3-0).*

#### **IV. DISCUSSION OF LIGHT BOARD CHAIR SUCCESSION**

Dash stated that he liked the idea of separating the Chairs of the Light Board and the Board of Selectmen. He said he was fully willing to stay on as Chair or not. He said a Chair of the Light Board could give more attention to BMLD if he was not also Chair of the Board of Selectmen. Paolillo said the Selectmen have a lot of responsibility with the Belmont High School Building Committee. He said that he was willing to assume responsibility for the Light Board. Caputo asked if there was value in offsetting the change in Chairs. Dash said there was because it prepares the Light Board Chair to be Selectmen Chair in the future. The Board continued to discuss the topic and decided to revisit it in September 2018.

#### **V. APPROVAL OF MINUTES**

Dash noted that Caputo was not on the Board for the March meetings and would therefore abstain from voting on those minutes.

*Paolillo moved to approve the regular session and executive session minutes for the Light Board meeting dated March 12, 2018. Dash seconded the motion and the motion passed with a vote of 2-0, with one abstention.*

*Paolillo moved to approve the regular session for the Light Board meeting dated March 26, 2018. Dash seconded the motion and the motion passed with a vote of 2-0, with one abstention.*

*Caputo moved to approve the Light Board meeting minutes for the regular session on April 9, 2018, the regular session on April 12, 2018. And the executive session on April 12, 2018. Paolillo seconded the motion and the motion passed with a vote of all in favor (3-0).*

#### **VI. NEXT LIGHT BOARD MEETING**

The Board discussed the scheduling of Light Board meetings going forward. Paolillo suggested alternating days to hold meetings on separate from Board of Selectmen meeting. He said the Board could also meet in the morning. Caputo suggested continuing the meetings tied to Selectmen meetings, but identifying certain meetings that might require more time and holding those on different nights. Dash said that the public likes to have some sense of certainty.

The next meeting would be Monday, June 18, 2018 at 5:30 P.M.

#### **VII. ADJOURNMENT**

*Board moved to adjourn at 7:13 P.M.*