

FINAL

Light Board Advisory Committee Meeting Minutes

Minutes of Meeting held on May 6, 2020
Virtual Meeting on Zoom
7:30am

Attending LBAC members: Chair Steve Klionsky, Vice Chair Travis Franck, David Beavers, Bob Forrester, Ralph Jones, Xiaoguang (Shirley) Wang, Michael Macrae

Select Board Chair Roy Epstein

Belmont Light (BL) attending: General Manager Christopher Roy, Rebecca Keane, Aidan Leary, Maria Makar-Limanov, Ben Thivierge, Craig Spinale

I. CALL TO ORDER

- Convened at 7:33am

II. REVIEW OF 2020 BELMONT LIGHT BUDGET FINANCIALS

Budget discussion

- First, a brief discussion on the budget numbers forecasted for 2020 prior to COVID-19. It was noted that the ENE projections were high for 2019, resulting in revenues slightly below expectations. Klionsky pointed out that from a budgeting perspective, it would be preferable to under estimate the revenue vs over estimate.
- Next, Roy gave a thorough review of the most recent budget revision (Revision 3.1), reflecting the projected impact of COVID-19 through the end of 2020. He explained the projections assumed a W-shaped economic recovery, where-in a rebound was expected in the summer, followed by a decline in the fall associated to a possible second wave of the virus, and ending in another recovery at the end of 2020.
 - o Klionsky noted the effective return had increased from prior budget projections. Roy explained the team had made a concerted effort to trim down conservative approaches to the budget: e.g. incorporated more realistic (and lower) REC market pricing; several planned-for staffing positions had been put on hold. Also, social distancing requirements limited the amount of work that can be done on certain projects (e.g. Project C), resulting in reductions on the expense side.
 - o A top-down approach had been used for the projections – the BL team had identified relevant sources (ISO New England, APPA) for estimating the impact to overall load/sales at a 6% reduction. From there, the team had drilled down on how this impact flowed through to the various rate categories. Actual BL customer data from March had been incorporated in Revision 3.1, however this covered only the initial COVID period; working to also incorporate data from April.
 - o Macrae asked about how reductions in load may impact exposure to the spot market; also noted that the amount exposed is likely cheaper now. Keane reported that analysis of this was in progress, would share when it becomes available; not a big impact was expected and much depended on the timing of certain contracts.

- Klionsky asked for a summary assessment on the budget at this point in time. Roy said that so far, system-wide load reductions were following projections, but there was room for possible refinements to individual rate categories based on updated BL data. The team planned to also do further work on scenarios reflecting a more subdued recovery.
- Forrester asked about impacts of COVID-19 on collections. Official collection activities had been halted. Roy noted a slight uptick in requests for payment delays, but no noticeable increases in non-payments as of yet.

Discussion of PILOT

- The Committee turned to discussion of upcoming PILOT payments. A May 1 memo had outlined a plan to provide additional PILOT to the Town to help support the Town's FY21 budget; the PILOT would then be lowered in subsequent out years to make up for these added payments. Roy had vetted the memo with legal counsel – his understanding was that the additional PILOT was legitimate so long it did not come at the expense of impacting operations of BL.
 - o In the context of COVID-19, Roy felt that the latest budget revision showed BL still had the ability to make the additional PILOT. However, he cautioned that the PILOT may be in jeopardy if current projections are not accurate and BL is required to use the surplus to maintain operations. Others pointed to a small margin of error in the projected surplus as a potential risk.
 - o Roy acknowledged that further vetting/guidance was necessary in relation to how the payment scheme would affect OPEB liability requirements; he would follow up on this item.
 - o Epstein clarified that PILOT could be made only out of the current year's surplus, not from other cash reserves.
 - o Macrae noted for the record that he was not comfortable with the Town saying Belmont Light should be required to provide additional PILOT; he was also uncomfortable with respect to the uncertainty of the situation given the small level of projected surplus.
- Epstein would bring the matter for review and discussion at the upcoming Light Board meeting.

III. APPROVAL OF MINUTES

- March 11, 2020: Epstein suggested an edit. Macrae objected to the description of a question he raised about the solar buyback rate. Minutes would be revised and recirculated for next time.

IV. FUTURE MEETINGS

- June 10 @ 7:30am.

V. ADJOURNMENT

- Adjourned at 9:18am.