

**Minutes
Town of Belmont
Belmont Municipal Light Board
Virtual Meeting on Zoom
Wednesday, December 23 2020
5:30pm**

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: April 6, 2021
TIME: 2:35 PM

I. CALL TO ORDER

A meeting of the Belmont Municipal Light Board was called to order by Chair Adam Dash at 5:30 p.m.

Present: Chair Adam Dash, Vice Chair Tom Caputo and Board Member Roy Epstein were present. BMLD General Manager Craig Spinale and Finance Manager Maria Makar-Limanov were also present.

II. 7:00 P.M. REVIEW OF BMLD FINANCIALS

- a) Estimated Year-End Financials: Mr. Dash reminded people that BMLD is on the calendar year rather than the fiscal year like the Town of Belmont.

Ms. Makar-Limanov explained that the pandemic had required a budget adjustment in May because of an expected W-shaped recovery, but that they are within 1/10th of a percent of where they expected to be. Revenue has moved around in unexpected places/rate classes.

Ms. Makar-Limanov shared and went over the memorandum that had been previously sent for board review, attached. It was prepared using 10-month actuals and budgeted numbers for November & December. Overall, they are on target for the Revision 4 of the budget, which was issued in May. Estimated revenue will be a little below \$25 million which is less than 0.1% higher than budget and slightly higher than last year.

Operating revenue are lower than budgeted because of the moratorium on disconnections and a slowdown in collections due to the pandemic lockdown. Non-operating revenue is estimated to be about \$367,000 over budget.

She wanted to highlight the importance of the Power Cost Adjustment Factor and Rate Stabilization Fund. This is important to look after what Belmont Light collects for cost of electricity and what the purchases actually are. The PCA regulates these without increasing rates. Last December the new PCA was implemented, and Ms. Makar-Limanov reviewed the results for the board. In summary there was an over-collection for 2020 through PCA which will be around \$834,000. Based on the tariff, revenue should be reduced and this amount should be shown as a liability. She recommends transferring \$800,000 to the Rate Stabilization Fund to reduce this liability and start replenishing the fund. This recommended transfer will also help reach the goal of 3 months of purchase power costs (about \$3.5 to \$4 million).

Expenses were only slightly up from budget, at \$22.5 million.

- Purchased Power Expenses: a little higher and does include the \$800,000 recommended transfer to the Rate Stabilization Fund.
- Distribution Expenses: a slight increase from budget, but only 2.2%.
- Customer Account Expenses: slightly lower (about 6% of budget).
- General & Admin Expenses: a little lower than budgeted (about 3% of budget).

Operating income: about \$2.4 million, which is aligned with what was budgeted. Some adjustments will be done in January/February related to the OPEB and Pension Fund data which comes from Belmont Light's auditors. Once received the final audit will be done, although she doesn't expect numbers to change much.

Mr. Epstein asked a question about street light sales. He noticed they are much lower and wonders if this is because of higher LED efficiency. Ms. Makar-Limanov agreed that the new lights are much more efficient. Mr. Spinale further explained that new lights only use about ¼ of the energy, and that about 800 lights have been switched over.

Ms. Makar-Limanov prepared a memo that includes a suggested motion, as well as backup materials to support the motion (and transfer). She also prepared a motion for the Payment in Lieu of Taxes (PILOT) Transfer.

Mr. Epstein asked if there actually had been a W-shaped recovery. Ms. Makar-Limanov responded that although she doesn't have November & December data, it appears that that did happen.

Mr. Caputo asked about the Power Cost Adjustment, and whether or not the PCA actually needed to be implemented. Mr. Spinale explained that the language was changed in December 2019, setting a dollar value of \$0.1144/kwh sold. Costs were based on that price and projected sales. Because of the pandemic the sales were higher because of increased residential use (which includes KWH sales plus other components like Demand Charge). Although the revenue ended up being what was expected, it was achieved in an unexpected way. The over-collection was high because of these extra KWH sales. They're looking at a recommendation to make some changes going forward, or build some flexibility into the language so it's not a set number, rather it would be tied to power supply costs.

Mr. Caputo then asked what they were recommending for 2021. Mr. Spinale indicated that they were looking at their estimates and will bring a recommendation to the Board. He explained that most utilities don't have a set rate just for this reason. Mr. Dash asked about when they might expect that recommendation, and Mr. Spinale said probably the January meeting or February meeting. He offered to have a focused conversation about the PCA to let the Board weigh in on its suggested language. Mr. Dash indicated that he would have it posted as a separate agenda item for further discussion.

Mr. Caputo asked if payments have been slower than usual. Ms. Makar-Limanov & Mr. Spinale indicated that overdue payments has up ticked a bit over previous years, to about \$100,000 but this fluctuates monthly and is in line with the industry. They are working to lower this amount. Mr. Spinale explained that there is some confusion about what utilities can do regarding shut-off and collections and want to ensure they use the right avenues.

b) Request for approval of transfers

I. Rate stabilization fund

Mr. Caputo moved to transfer \$800,000 from the Municipal Light Department Operating Cash Account to the Municipal Light Department Rate Stabilization Reserve. Mr. Epstein seconded the motion. The motion passed unanimously (3-0).

II. Annual PILOT payment

Mr. Caputo moved to transfer PILOT of \$1,150,000 from the Municipal Light Department Operating Cash Account to the Town's General Revenue Fund. Mr. Epstein seconded the motion. The motion passed unanimously (3-0).

III. 7:20 P.M. DISCUSSION ON GOVERNANCE

Mr. Dash shared the Belmont Light Governance Decision Matrix (attached) that had previously been discussed. He explained that there had recently been a public forum on the topic and there was a desire to host a second public forum. He said he's having a hard time figuring out what the problem is they're trying to solve. He then went on to outline each item and the available choices and explained that the matrix is for discussion purposes only.

The Board had a general discussion about the matrix and clarified what some of the choices represented.

Mr. Caputo asked about the “coordination with town departments” category. Mr. Dash explained that some of the board configurations, such as the current one, allow for better coordination with what is being done town-wide, whereas an elected board might not. Mr. Epstein pointed out the possible conflicts of this Board also sitting on the Select Board and that they may not always have the same interests. For example, determining the magnitude of the PILOT may be an issue where the interests of Belmont Light and the Town are not perfectly aligned.

The Board discussed how to share and interpret the results (whether it is complete, what’s items are appropriately weighted, what’s more important to whom, etc). Mr. Caputo expressed concern that there is “false precision” when some of the data is not statistically different or even complete. Mr. Epstein thought the matrix was a good view on where the individuals stand now. Mr. Dash explained that this is a tool to use during the thought process only, not to make a final decision.

Mr. Epstein’s Choices are:

1. 5 member elected
2. 3 members elected
3. Keep current board (which assumes LBAC would continue) (Mr. Dash suggested the LBAC could stay or go in any of the scenarios).
4. 5 member appointed
5. 3 member appointed
6. Hybrid

Mr. Caputo’s Choices (recognizing statistical similarities & the incomplete data) were:

1. 5 member elected
2. Tie for 3 members and the current board
3. Hybrid
4. Appointed boards, either 3 or 5 member

Mr. Dash’s choices were:

1. Current board
2. Hybrid
3. A tie for elected 3 or 5 members
4. A tie for 3 or 5 appointed members

While his preferences are not final, Mr. Dash became concerned with an appointed board because of a comment at the Public Forum about the Light Board being able to hire and fire the General Manager. To have this authority on an appointed board made him uncomfortable. The members each recognized that they all had the appointed boards at the bottom of their choices.

Mr. Epstein explained problems with the current structure of the Light Board. Historically, the Select Board did always take sufficient interest in the Light Board. The Select Board is also limited in the time it has available to serve as the Light Board. Finally, there is the possible conflict of interest between the boards. A separate 5 member board would be more efficient for the GM and staff because it would likely eliminate the need for LBAC. With 5 members there would be a greater range of expertise, although there is a concern whether enough qualified people would be willing to run. There is a better likelihood of contested elections with 3 members, but a wider range of skills and capabilities with 5. He recommended a 5 member elected Light Board.

Mr. Caputo explained that while the current structure is working well now, he does appreciate the challenges. He knows there have been times where Light Board issues didn’t get the priority they needed because of other issues. The expertise question is fair and feels past issues would have benefitted from having more of it. Also, he didn’t think the conflict issue is a huge issue, but it could come up. And there is a problem with lack of clarity around what issues LBAC or MLB should handle, as well as how the GM and employees interact with

them. He leans to an elected over appointed board, but has no strong distinction between having 3 or 5 members.

The Board tentatively set another governance for 7pm on January 28, 2021. Mr. Epstein suggested it be a joint meeting with LBAC.

Mr. Dash indicated that LBAC's role needs to be revisited, and that whether it stays in existence needs to be discussed.

IV. 7:30 P.M. GENERAL MANAGER GOAL SETTING

Mr. Dash had asked Mr. Spinale to add working on Time of Use Rates and supporting the MLB on the governance work to his goals.

Mr. Spinale talked about implementing a Work Order Management System. Because he wanted to make sure that the system would be used effectively, the goal was amended to "Implement and Insure the Use of a Work Order Management System". Mr. Spinale reviewed the current system and how the new system would provide more information.

In regards to the incinerator site, the goal needed to be modified to reflect the site restrictions so it was tweaked to state that Mr. Spinale would "identify the proper plan to install battery storage at the incinerator site." Mr. Dash noted that the site will still need to be capped before construction begins.

Three Goals were Added:

- Goal 6: Time of Use Goal: To bring a recommendation to the Light Board on whether a Time Use Rate should be implemented. Mr. Spinale has been meeting with LBAC to see if there are any savings to be had, and focusing on it. Mr. Epstein asked for interim updates rather than wait for the final recommendation. Mr. Spinale agreed, saying they were close to consensus on it and would keep the MLB informed.
- Goal 7: Finalize Discussions About Governance of MLB: His goal is to record and track data that the board needs.
- Goal 8: Develop a Succession Plan for Belmont Light: Mr. Spinale will look at all positions and who is in them to see who can be developed and where positions will need to be filled outside of the organization. Mr. Caputo asked if the goal includes looking for opportunities to re-think the organization's structure (especially when someone leaves), and Mr. Spinale indicated his intent is to do that as part of the goal.

V. 7:40 P.M. GENERAL MANAGER'S REPORT

- a) Union Negotiations: Just beginning negotiations with IBEW. Next week will be the first true session. Nothing to report tonight.
- b) Update on Virtual Peaker: Mr. Spinale said that staff has enjoyed working with residents on addressing peak usage issues through the Virtual Peaker program, but having it be a one-to-one contract was expensive. Mr. Spinale explained that Belmont Light had recently partnered with the Massachusetts Municipal Wholesale Electric Company (MMWEC) on its Connected Homes program, which is administered by Virtual Peaker. He said the move brought down the costs significantly and opened up more options for Belmont Light customers as well. Will be rolled out January 1, 2021.
- c) Special Recognition: Belmont Light received a special recognition award from the Northeast Public Power Association (NEPPA) for its outage communication map. Mr. Spinale acknowledged that although the award was given to him as GM, he wanted to also recognize Aidan Leary (not present tonight) because he was a big influence on Belmont Light's use of the tool. Mr. Spinale also said that Becca Keane, the Energy Resources Manager, received an award the Municipal Electrical Association of Massachusetts "Communicator of the Year" award. He expressed pride in their accomplishments.

VI. 7:45 P.M. APPROVAL OF MINUTES DATED

- a) October 26, 2020
- b) November 23, 2020

Mr. Caputo made a motion to approve the minutes of October 6, 2020 and November 23, 2020. The motion passed unanimously (3-0).

VII. 7:50 P.M. MEETING DATES FOR 2021

January 11, 2021
February 8, 2021
March 15, 2021
April 12, 2021
May 17, 2021
June 21 2021

No forum or additional meetings are included in these dates. Mr. Caputo asked for calendar invites for the meetings so that if there are changes everyone will have the same information.

VIII. 7:55 P.M. LBAC LIAISON UPDATE

Mr. Dash reported that most of the meeting was on the Time of Use discussion, Summer Peaker Idea, other peak hours, etc. with the idea to bring it to the Light Board possibly at the MLB's January or February meeting. Steve Klionsky from LBAC explained that they're waiting for more data, and will then work through the process. Mr. Epstein asked for an explanation for the strategy of the plan. Mr. Klionsky explained that there are a number of goals and they're working through them to see if Time of Use meets those goals. Mr. Spinale outlined the process they have used to ensure revenue neutrality, encouraging strategic electrification, etc. as well as various possibilities for peak and off-peak times.

IX. PUBLIC COMMENT

Darrell King: felt any discussion of time of use needs to include consideration of people with heat pumps because of how they run (most efficient to never change the set point). Eversource has a special rate for anyone using heat pumps and asks this to be considered in town discussions, especially since there has been a lot of encouragement to buy them. He also pointed out that new LED has higher intensity that Craig indicated earlier in the meeting.

Michael Macrae: Indicated that heat pump and electric vehicles, etc. are at the forefront of Time of Use discussions, but they can also be operated in response to other stimulus and to remember there are a lot of different moving pieces in time of use thinking.

X. ADJOURNMENT

It was moved to adjourn the meeting at 8:30pm. The motion passed unanimously

Respectfully submitted by,

Susan Peghiny, Recording Secretary