

**MINUTES  
TOWN OF BELMONT  
MUNICIPAL LIGHT BOARD  
Remote Meeting via Zoom  
Monday, December 20, 2021  
5:30pm**

**RECEIVED  
TOWN CLERK  
BELMONT, MA**

DATE: February 15, 2022  
TIME: 2:02 PM

**I. CALL TO ORDER.** Mr. Paolillo called the meeting to order at 5:30pm.

Present for MLB was Chair Mark Paolillo, and member Adam Dash. Vice Chair Roy Epstein was absent.

Present for Belmont Light was General Manager Craig Spinale, Communications Coordinator Aidan Leary, Energy Resources Manager Becca Keane, and Finance & Procurement Manager Maria Makar-Limanov.

Others Present: Matthew Ide, Director of Energy and Financial Markets at Mass Municipal Wholesale Electric Company (MMWEC)

**II. APPROVAL OF MINUTES**

**Motion:** *Mr. Dash moved the approve the minutes of the May 22, 2020 meeting of the Municipal Light Board. Mr. Paolillo seconded, and the motion passed with Mr. Dash voting in favor and Mr. Paolillo abstaining.*

**Motion:** *Mr. Dash moved the approve the minutes of the December 14, 2020 meeting of the Municipal Light Board as amended. Mr. Paolillo seconded, and the motion passed with Mr. Dash voting in favor and Mr. Paolillo abstaining.*

**III. FINANCIAL REVIEW WITH MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY**

Mr. Spinale introduced the Board to Mr. Ide of the Massachusetts Municipal Wholesale Electric Company (MMWEC). Mr. Spinale reminded the group that there had been a cost-of-service study in 2018 and subsequent adjustment to electric rates. The plan was to reevaluate the rates in 3 years. With the impacts of the pandemic, Belmont Light did not want to make any rash moves and as a result, asked MMWEC to provide a holistic report on the financial status of the utility.

Mr. Ide reported that Belmont Light is in a very strong financial position, and outlined the process used to do the financial review. He explained the 3 core principles used: liquidity, leverage, and cash flow.

**Liquidity:** average days of liquidity – based on the reserves how long could Belmont Light operate if the customers stopped paying today. They found Belmont Light could be self-sustaining for 130 days.

**Debt/Leverage:** Compared to assets, the debt ratio is 85% which is a bit high but still in a comfortable range.

**Cash Flow:** Relative to fixed costs Belmont Light's cash flow is 138% of their obligations, which is 1.38% fixed cost coverage ratio.

MMWEC would tell any rating agency that Belmont Light is very strong and most likely be an S&P AA- rate and a Moody's Aa3.

Mr. Paolillo asked what the current bond rating is. Ms. Makar-Limanov said the last time it was done Belmont Light was rated AA-.

Mr. Paolillo asked why the rate stabilization and the construction funds are excluded. Mr. Ide responded that the construction fund is restricted so cannot be used for operating costs. The stabilization fund is excluded because the goal is to look at operating cash. This was discussed further.

Mr. Paolillo asked what the best practice is for cash on hand. Mr. Ide said they recommend that operating cash and rate stabilization should equal \$7.7M, which translates to 135 days of cash on hand. While Belmont Light's cash is slightly less than the target, the days of operating cash is close enough.

After this validation of the financial foundation, MMWEC looked to the forecast of expenses and revenue. They do see some decline in earnings. Without a tweak to the rates, income will not hit the target of \$1.3M in 2024 and 2025. This will happen because of increasing expenses and relatively level revenue.

The next question was how much Belmont Light should be earning after the PILOT. Belmont Light should be getting returns of about 5% on their assets because this makes it more flexible for unexpected costs. Mr. Ide said net income after the PILOT should be \$1.3M and drift higher in the future. He continued that without rate adjustments this net income will erode and fall below this level. He suggested that Belmont Light continue with the rate plan to increase revenue. There was a discussion of this issue and what impacts it.

Mr. Dash pointed out the problem with speculation because of the unknown impacts of the pandemic as well as projects like battery storage and solar.

Mr. Ide recommended that the rate plan should be continued to increase revenue to keep liquidity and earnings stable.

Mr. Paolillo asked if there was anything to be done on the expense side since power purchase is about 50% of Belmont Light's expenses. Mr. Spinale said they are constantly looking at this.

Mr. Paolillo asked what the next steps are. Mr. Spinale responded that the cost-of-service study was a 3-5 year window, so Belmont Light will look at costs in year 4 and project from there.

#### **IV. 2021 LIGHT DEPARTMENT FINANCIALS**

***Motion:** Mr. Dash moved to transfer a PILOT of \$150,000 from the Municipal Light Department Operating Cash Account to the Town's General Revenue Fund. Mr. Paolillo seconded, and the motion passed unanimously.*

#### **V. TIME OF USE (TOU) STUDY**

Mr. Spinale reported that the TOU pilot has 146 enrollments into the program. Belmont Light is happy that many participants do not have distributed energy resources (EV, heat pumps, solar, etc.). He explained that the meters in the homes of the participants have been replaced just to ensure that data collection is the best possible. The pilot is ready to launch and will begin January 1, 2022.

#### **VI. DISCUSSION OF LIGHT BOARD TRANSITION**

Mr. Paolillo asked if there are issues that need to be considered in the transition to the new elected board.

Mr. Dash said someone from this group could attend the new Light Board's first meeting, although the new board may not wish to have this. He also suggested a joint meeting to talk about what's been worked on. The way forward also depends on who wins the election.

Mr. Spinale outlined the terms and election of the new MLB. There was a discussion of the election process which needs clarification.

**VII. PUBLIC COMMENT:** There was no public comment.

#### **IIIX. NEXT MEETINGS**

January 24, 2022  
February 28, 2022  
March 28, 2022

#### **IX. EXECUTIVE SESSION to discuss trade secrets or confidential, competitively sensitive or other proprietary information (solar opportunity).**

***Motion:** Mr. Dash moved the adjourn to go into Executive Session to discuss trade secrets or confidential, competitively sensitive or other proprietary information (solar opportunity). Mr. Paolillo seconded, and the motion passed unanimously.*

The Board moved to Executive Session at 6:22pm and will adjourn from there.

Respectfully submitted by,

Susan Peghiny  
Recording Secretary