

**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
Remote Meeting via Zoom
November 15, 2022**

**RECEIVED
TOWN CLERK
BELMONT, MA**

DATE: January 12, 2023
TIME: 2:46 PM

CALL TO ORDER. Chair Stephen Klionsky called a meeting of the Municipal Light Board to order at 7:31am.

Present for MLB was Chair Klionsky, Vice-Chair David Beavers, and Members Travis Franck, Andrew Machado, and Michael Macrae.

Present for Belmont Light was General Manager Craig Spinale, Assistant General Manager Sam Osmanovic, Energy Specialist Ben Thivierge, Energy Resources Manager Becca Keane, and Finance Manager Maria Makar-Limanov.

Others Present: Roy Epstein, Select Board Liaison; Mayhew Seavey, Principal Engineer, PLM Inc.

APPROVAL OF MINUTES

September 13, 2022:

Motion: *Mr. Klionsky moved to approve the minutes of the September 13, 2022 Regular Session of the Municipal Light Board as presented. Mr. Beavers seconded, and the motion passed unanimously by rollcall vote.*

October 12, 2022:

Motion: *Mr. Klionsky moved to approve the minutes of the October 12, 2022 Regular Session of the Municipal Light Board. Mr. Beavers seconded, and the motion passed unanimously by rollcall vote.*

October 26, 2022 Public Forum on Rates: Mr. Machado had suggested the following changes:

- Several small typographical errors that did not change the content of the minutes.
- Page 1: Change the sentence by adding brackets to the 2nd part of the sentence starting with "Mr. Spinale demonstrated the effects..." to ["Mr. Spinale demonstrated the effects on the average customer with the proposed Residential Rate increases for Belmont Light versus announced residential rate increases from the Investor-Owned Utilities (IOUs) (Eversource, National Grid, and Unitil. Belmont Light at 13.2%, Eversource at 34% in New Hampshire, National Grid at 64%, and Unitil at 75%.)].
- Page 2: Change the line starting with "Mr. Klionsky explained the Rate Study proposed either the current proposal..." to "Mr. Klionsky explained the Rate Study proposed either the current proposal which is expected to cover costs for the next two years or an almost double increase that might cover costs for a longer period of time. He said the Municipal Light Board decided it was more prudent to go with the lower increase and see what happens in the next two years."

Motion: *Mr. Beavers moved to approve the minutes of the October 26, 2022 Public Forum on Rates Open Session of the Municipal Light Board as amended. Mr. Klionsky seconded, and the motion passed unanimously by rollcall vote.*

PUBLIC COMMENT – there was no public comment.

DISCUSSION & VOTE ON ELECTRIC RATES

Mr. Spinale spotlighted the changes that the Board would vote on and explained the reasoning for each change.

Proposed Distribution Rate Changes:

- Distribution and demand energy rates adjusted to produce a 6% increase in distribution revenue for every class except Large Municipal.
- Large Municipal distribution charges lowered to produce the same rate of return (4.1%) as the overall return in 2023.
- Small Municipal rate class retained.
- Residential customer charge increased by \$2 per month.
- High block rate for residential usage of 1,599 kWh eliminated.

Proposed Generation & Transmission Rate Changes:

- Generation & Transmission charges have been adjusted to reflect forecast capacity, energy and transmission costs of the next two years.
- The Power Cost Adjustment (PCA) tariff will be changed to incorporate a formula that calculates the over or under-collection of power costs by comparing Generation and Transmission revenues with Generation and Transmission Expenses over a recently completed period and carrying that adjustment forward to the next period.
- The Buyback Price under the EFR rate will increase with the Generation Charge from the present 11 cents to 13 cents.

Mr. Machado said it looks like the new tariffs have different Generation & Transmission charges for low-income customers, but he thought they were supposed to have the same charges. Mr. Mayhew explained how it was determined that these charges should be different. There was a discussion of the discounts for the low-income class.

***Motion:** Mr. Klionsky moved to adopt the rate changes as proposed to become effective January 1, 2023. Mr. Franck seconded.*

Mr. Epstein said the EFR rate was not justified on the basis of generation and transmission charges and that if it was increased as in the proposal he hoped it would remain unchanged for a long time. Mr. Klionsky said they are planning to look at this.

Mr. Spinale said Power Rate E has some changes previously discussed about the availability of that rate. There is also a discounted rate credit for those who fall into this rate, and this is still being considered. Power Rate E will be presented to the Board in the future.

Mr. Macrae reiterated his concerns and frustrations about how the rate study process did not address or explore issues and concerns raised throughout the entire process that are directly related to Belmont Light and the Town's Strategic Energy & Climate Goals such as his request to evaluate a declining rate model for allocating distribution charges for high kWh consumers. Concerns related to these issues were repeatedly raised and Mr. Macrae stated these have not been addressed or studied and this is why he will be abstaining from the vote today. Mr. Klionsky acknowledged this oversight. He added that declining block is a heavy lift but does deserve attention.

The motion passed 4-1 by rollcall vote, with Mr. Macrae abstaining.

Q3 2022 FINANCIALS

Ms. Makar-Limanov reviewed the preliminary Q3 2022 financial results, explaining what impacted the numbers. Overall, the 2022 year-end projection shows \$80,000 in income before contributions and transfers. This number will change because the projection is done using a combination of budget and actuals as well as other influences.

She reviewed the difference between budget and actual revenue and expenses and explained what impacted them. Several items were discussed.

Mr. Klionsky said the financials make it clear that a rate increase is needed. Mr. Spinale agreed and pointed out that the financials show a predicted loss mainly on the distribution side, and the amount being spent on the spot market. He added that the Aged Accounts Receivable was previously flagged by the auditors as being too high, and Belmont Light has been very proactive lowering this amount to a more normal level.

Ms. Makar-Limanov said there will likely be a transfer request from the Rate Stabilization Fund to normalize the results for the year, and this amount will be known by the December meeting.

Mr. Machado asked for confirmation that the \$80,000 projected income on Page 1 is before the PILOT. He also asked if PCA for cost recovery also influences this number. Ms. Makar-Limanov confirmed that is before PILOT and said collections from PCA are already included.

Mr. Klionsky asked if the amount of the transfers is known. Ms. Makar-Limanov said she will know better after October and November actuals are received.

Motion: Mr. Klionsky moved to transfer the voluntary payment also known as Payment In Lieu of Taxes of \$350,000 from the Municipal Light Department Operating Cash Account to the Town of Belmont's General Reserve Revenue Fund. Mr. Franck seconded, and the motion passed unanimously by rollcall vote.

DISCUSSION OF TIME OF USE PILOT PROGRAM

Mr. Spinale presented an update on the Time of Use Pilot Program reminded the Board that the information being presented is only for the first 2 quarters of the year and does not show the "big picture".

Ms. Keane said the data is from January – June 2022. She pointed out that the Pilot is down 3 customers due to residents moving, which is lower than the expected loss rate. She said the data is not that interesting and explained what impacts this. She expects that the 9-month data will be more insightful because it will include capacity expenses and a larger data sample.

Ms. Keane shared the Peak Loads: Transmission data. The 3-year historic average is 1.51kW but this was reduced to 1.46W during the TOU period. Per customer that's about a 4% reduction, which aligns with their expectations. As a whole the group reduced 32kW.

Ms. Keane reviewed the Revenue impacts, highlighting that the total group transmission costs were \$16,578 and Belmont Light collected \$17,277, which is a \$700 overcollection. She expects the summer data to significantly change these results. She noted that the rate seems to be working and is not harming Belmont Light or residents.

Mr. Macrae asked if some customers are more prone to over-collection than others. Ms. Keane said she does not have this information yet but will look into it.

Mr. Beavers asked if the over-collection would have been higher if these customers had been on the Flat Rate. Ms. Keane said this is true and said she should have included this. She will share this data with the Board. There was a discussion of this issue and how this rate could impact "low-technology" customers. Mr. Thivierge said that he had worked with customers using the calculator tool, and there were some who signed up even though the rate didn't appear to save them money. This was discussed.

Mr. Beavers said the question for him was what is the appropriate rate that would help residents who are electrifying to save money but also not hurt Belmont Light.

Ms. Keane reviewed the impacts on the Generation Charge. It looks like the TOU pilot customers were undercharged by about \$.08/kW (27%) which was expected. There was a discussion if these results.

Ms. Keane reviewed what the next steps were for the pilot program including:

- Q3 Update in December/January
- Q4 Data Available mid-Q2
- Analysis: control group necessary

She asked the Board to discuss allowing customers to roll off the rate in January (which Belmont Light recommends) and updating generation & transmission rates in January.

Mr. Spinale explained that the original information to customers was that this pilot would end in December, and if there is a customer who decided the rate is not right for them, they should be able to leave the program. New customers will not be accepted. He added that the generation and transmission rates will be adjusted for other classes and because the pilot will end December 31, 2022, there needs to be a decision about whether or not to do the same for pilot participants. The consensus was to let customers leave the program at the end of December if they wish.

Mr. Macrae outlined the risks for stopping and continuing the program and thinks this question should be thought about and discussed.

Mr. Franck asked what the values and costs are in keeping the pilot going after December.

Mr. Beavers said there needs to be a reason to end the program since there will be customers who like the rate.

Mr. Klionsky said if it's not a burden on Belmont Light then then customers should be allowed to continue the program. Mr. Macrae said the problem is there is not enough data to know if it hurts or helps Belmont Light. He thinks the decision should be delayed until Q3 data is available. Ms. Keane said she thinks it would be okay to continue the program although she will look more fully into this. There was a discussion of this question and the Board decided to make this decision at the next meeting in which TOU Q3 data is discussed.

GENERAL MANAGER'S REPORT

Mr. Spinale reported that:

- Belmont Light has received a Mutual Aid Commendation from APPA for support during Hurricane Ian and outlined what the crew that was sent did.
- There is an in-house program to go through all their customers to update contact records.
- The preliminary audit will begin on November 16, 2022, with more meetings over the winter and the final audit in April 2023. This will be a hybrid public meeting so residents can attend.
- Becca Keane will be leaving Belmont Light, and Mr. Spinale wished her well. Board members thanked Ms. Keane for her work and wished her well.

Mr. Klionsky said Select Chair Mark Paolillo asked him to appear before the Select Board to update them on Belmont Light and Municipal Light Board activities.

FUTURE MEETINGS

- Wednesday, December 14, 2022, at 7:30am
- Tuesday, January 17, 2023, at 7:30am

EXECUTIVE SESSION: To discuss trade secrets or confidential, competitively sensitive or other proprietary information (Power supply).

Motion: Mr. Franck moved that the Municipal Light Board go into Executive Session to discuss trade secrets or confidential, competitively sensitive or other proprietary information (Power supply). The board will adjourn in Executive Session. Mr. Klionsky seconded, and the motion passed unanimously by roll call vote.

The Municipal Light Board went into Executive Session at 9:08am.

The Board adjourned in Executive Session.

Respectfully submitted by,

Susan Peghiny
Recording Secretary