

Hingham Municipal Light Plant

Monday April 12, 2004

Town Hall

Attendees:

John Stoddard, Chairman

Kevin Bulman, Secretary

Walter Foskett

John Tzimirangas, General Manger

Chairman Stoddard called the meeting to order at 7:35 PM.

Cost of Service Rate Study: Mayhew Seavey from PLM discussed the rate study to show HMLP's cost of service. The study is half way complete using information from 2003 to make a model test year to see how rates compare. Provided handouts to the board members for review on what objectives are used in creating a rate study. There are (5) objectives in creating a rate study:

- Adequacies- Have to cover operating expenses.
- Fair- Rates paid by each type of customer.
- Competitive- Cost should not be much more then customers pay to other utilizes.
- Stable- Should not fluctuate month to month or year to year.
- Clear- Easily understood by customer.

Discussion from the consultant:

Customer cost classes are clearly related to the number of customers and the maximum demand rate. There are (3) major functions to allocating cost; they are well established industry standards. The process began with last year's financial data to create a cost of service model. We try to replicate what revenues were collected. This helps predict what the rates of return would be, the model would also indicate if there are any changes needed or that may be unfair. The preliminary results indicated that some fine tuning of the system is needed. After looking at the last rate study and it was pretty much on target, the individual class rates of return do vary. The residential rate is below the average base of 1 or 2%. The electric heat rate broke even, and the off peak rate of return needs to be adjusted. Commercial rates were higher than average, which is fairly typical. Small commercial rates are set at higher level by most utilities, all utilities charge higher rates to commercial customers. The primary power rate was 1% higher. Customers that are price sensitive have fairly favorable rates. Municipal Street light are fairly negative. Perform Test Year Model by using projections for this year; using current rates; look at the possibility of what a rate change would look like.

Develop Rate Design to provide revenue moving towards a uniform rate of return; minimize the effect on the customer; provide clear and correct information to the customer. Review the current rates and move in a direction to restructure the rate classification to create a set of rates which a particular customer falls into. On the residential side it would be a good idea to phase out the electric heater rate; the

class was eliminated about 10 years ago. Simplify the rate structure so it is easier for customers to understand. Provide unbundled rate information. Recalibrate the purchased power adjustments; they need to be reset. The last full study was done in 1987 another full study does not need to be done every year, but should be done every 5-7 years especially with Erickson and the Shipyard. This can be done fairly easily because we will have the model.

Review of Minutes

A motion was made to accept minutes, from March 3 and March 16, 2004 as presented. The motion carried unanimously.

Power Supply Evaluation Update

Laurie Heffron was brought on board as a consultant, to look at and evaluate HMLP's power supply contracts and provide analysis on our portfolio. She will be present at the next Board meeting to discuss her initial findings.

MMWEC Update

The MMWEC bills for power supply come bundled each month and do not break out all the costs associated with each project to get a clear picture about what is being charged to the project each month. HMLP is questioning the A&G costs especially as it is not clear how those costs are allocated to each member company. They consolidate the billing at the end of month; and HMLP is requesting to get the bill earlier in the month so we are not a month behind in payments.

Undergrounding Utilities

A month ago there was discussion about the undergrounding of utilities in several areas of Town. (Elm Street between Central and Main and North Street between Cottage and Mill). The cost for each of these projects, electric only, is estimated to be \$550,000. There are no hard numbers for Verizon or Comcast. Previous estimates from them would indicate about \$300,000.00 for their portion of work, putting the total to over \$850, 000 for each of road. The national average is roughly one million a mile to underground the utilities. A letter and copies of the prints for those areas will be sent to the petitioner, Mr. Riley. Commissioner Bulman volunteered that HMLP to do these studies on the costs and feasibilities of this project as opposed to the Town paying for this effort.

Manager's Report

Erickson

The Erickson switch gear is on site, we are going to suggest to the contractor that some sort of heater for the switch gear be installed, because the gear should be kept warm. A meeting with Erickson was held to discuss the project and develop agreement to provide them service. The details still need to be worked out with regard to payments from the customer.

BCBS

We have not heard back from the consultant, we have provided them with information about 2 weeks ago. There was concern as to how to feed the industrial park, we are looking at shifting loads to be able to feed the whole industrial park. The initial thought is to bring in (2) circuits all the way through the industrial park.

State Park

The State park Commission approached us about the electric system at the park and they want to pay us to upgrade the system at the visitor center and in the camp ground. The documents have been signed by HMLP and are awaiting proper signatures from the State.

Green Mountain

approached by a company called Green Mountain Wireless. They have towers that all of the providers pay to use, their tower “hops” their signal. They want to survey areas in town for use; they have not given us any numbers. We need to look at what it would take to accommodate them, larger polls, pole top extensions, antennas? The power supply will get metered and there would be an attachment fee, and there might be the ability to use the fiber optic cables. We still need to review the paperwork and meet with them on Thursday.

Web Site

The General Manger discusses that the web site vendors have been narrowed down to 3. They will be making a presentation to HMLP on their capabilities. Right now there is no good way for people to contact us, report a street light outage or sign up for on line bill pay.

Newsletter

A newsletter has not gone out in about a year. A newsletter would give HMLP an opportunity to get information out to our customers about cost of service, things going on in company, information on our neighboring communities. The goal is to put out at least (3) newsletters per year. An on-going review of the qualified vendors in near completion.

Vegetation

HMLP spends about \$140,000 per year on tree trimming. A good deal of discussion was had with previous experience with this type of program in Duxbury. The HMLP does not own any of the trees in the town they are either town or customer owned. National average is 53% of customer outages are tree related.

Delinquencies

We had about 20 commercial accounts that were delinquent, totaling about \$49,000. All customers have been contacted and those who have not paid in have made payment arrangements for the remaining balances.

Hobart Street

A discussion on the potential upgrade of the Hobart St. station took place between the Board, the General Manager and the Chief Engineer. A review of proposals from a consultant is still taking place with regard to the upgrade. A new location for an additional substation was discussed. Off of Mt. Blue Street in Norwell where the 115 kV line crosses is the closest point to Hingham and would be an ideal feed.

Computer Upgrade

The need for an updated accounting/billing/work management system was discussed, so HMLP can better serve the customer. A discussion followed with respect to using same package as the Town, but the issue with the town is that they have an accounting package only. They do not do billing on a monthly basis to the extent that HMLP does, they do not have a work management system and they are on a different fiscal calendar then the HMLP. All the options are being reviewed to find the best way for HMLP to do business.

Miscellaneous

There was discussion on the Lawyer O'Brien request for an easement. A letter stating HMLP's position and the customer's responsibility was sent to Mr. O'Brien with no return correspondence.

A review of the companies' insurance carriers, premiums and any consolidation possibilities was discussed. A review is presently on-going of these items.

Kevin Bulman made a motion to adjourn the meeting at 9:35PM John Stoddard seconded the motion. The motion carried unanimously.

Submitted by: Christine Cunningham