

**Hingham Mutual Light Plant
Tuesday, November 18, 2008
Town Hall**

Attendees:

Paul Heanue, Assistant General Manager
Kevin J. Bulman, Secretary
John A. Stoddard, Jr., Chairman
John G. Tzimorangas, General Manager
Walter A. Foskett, Vice-Chairman

Agenda

1. Call meeting to order

Commissioner Stoddard called the meeting to order at 7:10 PM

2. Approve previous meeting minutes (9/30)

Upon a motion duly made, Chairman Stoddard and Secretary Bulman voted to approve the minutes of the meeting for September 30, 2008 as presented. Vice-Chairman Walter Foskett abstained.

3. General Manager's Report

a. Rate Sheet Update (vote required)

GM Tzimorangas indicated that the average increase will be 3%. The adjusted farm rate is actually 1 customer, but 5 accounts. This is a closed rate. A 19.3% increase was proposed and cut down. Base rates in Hingham haven't changed since 1998. However, this will look like an increase of 2.4% for the average residential customer. Under the old rate a residential customer would be paying \$109.88 for 750 KWH. Under the new rate, the customer would pay \$112.19 for 750 KWH. For 1000 KWH the new rate would be \$147.79 as compared with the old rate of \$145.27. The true impact would be an increase of \$2.31 and \$2.52, respectively. The average customer is closer to 750 KWH. GM Tzimorangas would like to put actual customer usage in the press release as well as the fact that rates haven't changed since 1998. In addition, GM Tzimorangas would like NSTAR and National Grid rates in the press release. They will be posted in the Ledger and the Journal. The rates will be effective January 1st, but the customer wouldn't see the change until the February bill. The DPU needs 30 days to record the approved rates. It was noted that that La Capra did a thorough, detailed job with the report.

Secretary Bulman motioned to accept the rate. Chairman Stoddard seconded the motion. The board unanimously accepted the new rate.

b. MTC Discussion

Energy efficiency - HMLP History

HMLP provides residential home energy audits and Energy Star rebate programs for qualified appliances. HMLP and other municipal utilities in MA do not participate in the State run energy efficiency program based on the 1998 deregulation law. The New Energy bill, passed in July, provides a new opportunity for MLP's to join the State run Renewable Energy programs.

However, MLP's are still prohibited from joining State program currently assessed at 2.5 mils per kilowatt-hour. There is an opt-in option for the MLP's to join the Massachusetts Renewable Energy Trust Fund, charging its customers the 0.5 mils per kilowatt hour and remitting it to the Trust Fund. It is an irrevocable choice.

GM Tzimorangas would like to discuss the philosophy of these programs with the board. This would open up a window for Hingham customers to get money from the state. It would expedite permitting and building renewable projects. Vice-Chairman Foskett inquired as to whether the energy action committee was looking into this. GM Tzimorangas replied that it was looking at these options. Secretary Bulman indicated that Assistant GM Heanue did a spreadsheet and inquired if there was enough manpower to run the operation if it were done in house. GM Tzimorangas replied in the affirmative. The idea would be to mirror the state program with collections. Secretary Bulman does not want to burden people who cannot make payments. Assistant GM Heanue indicated that if it is done locally, there would be more control. GM Tzimorangas said that it would not have to be done until next year. Secretary Bulman would like a snapshot of what HMLP has spent in the last 12 months. Vice-Chairman Foskett asked if there were mandates on renewable. GM Tzimorangas replied that there were not any yet. Secretary Bulman went to the Selectman's meeting where, the town accountant spoke about making the town more efficient by using smaller vehicles where necessary, turning off the AC and not leaving vehicles idling etc. Secretary Bulman said that there are other technical reasons for leaving cars idling and went on to suggest that schools should take advantage of motion detectors as they provide a quick fix with immediate results.

c. PILOT formula (vote required)

Pre 2003, the PILOT was determined by the light plant. The PILOT has increased by 27.6% over the past 5 years. There has been 5% escalation each year. Also, in 4 of the last 6 years, an additional "one-time" payment has been added to the PILOT payment.

There are several ways to calculate payment:

- Percent of gross Revenue – fictitious, relies on cost of energy.
- Tax Equivalent – as any other private entity
- Percent of Kilowatt-Hour sales – measure of business sell KWH - business may increase or decrease
- Increase based on CPI – do we really want to tie this to the economy?
- Negotiations with Town – doesn't help with forecasting and budgeting

The most common methods are tax equivalent and percent of Kilowatt-hour sales per a study by the American Public Power Association (APPA). A discussion ensued about the reliability of Kilowatt-hour sales as a viable method. GM Tzimorangas indicated that Kilowatt-hour sales are known through November and could be extrapolated out to December. An answer is not necessary tonight. The PILOT will not be voted on until March. GM Tzimorangas said that the town is looking for a budget number.

There was a comment from the floor saying the number should be relative to business going up or down, according to economic conditions. Chairman Stoddard noted that HMLP gave \$824,000 to town last year, which is a significant contribution, and the town has always asked for more for special projects. There was another comment from the floor indicating that this

figure should be made public. Secretary Bulman motioned for a 2.25% increase in lieu of taxes. GM Tziorangas asked if this proposed formula, Kilowatt-Hour Sales, is the right approach. Secretary Bulman asked if this was the fairest way. GM Tziorangas replied that is the fairest way to do it. GM Tziorangas asked if the board would like a 2.25% and a 2.5% breakdown. They replied that they would like the breakdown in this manner.

d. Budget Billing Proposal

GM Tziorangas stated that this is a program which would allow a budget plan i.e. a constant payment for the customer. Assistant GM Heanue indicated that if the meter reading cycle moves a day or two later, HMLP receives a tremendous amount of phone calls. Budget billing is something that people would like. The Munis system was implemented in 1998, but could not calculate it. However, the new Cogsdale system has the capacity to calculate budget payments and is capable of handling the discount. Vice-Chairman Foskett stated that if customers pay their bill by the 15th of the month, they receive a 10% discount. The budget plan would allow people to pay the same amount over a 10 month period. They would have the last two months to “true up” depending if they owe or have overpaid. Secretary Bulman asked if HMLP had 1 year’s worth of payment history. Assistant GM Heanue replied that HMLP does. Assistant GM Heanue went on to say that there would be 2 requirements for the budget plan:

- A billing history of 12 months
- No past due balances

However, it could become complicated with the discount if customers do not pay by the 15th of the month. Assistant GM Heanue proposed an automatic withdrawal plan of the 14th of the month. GM Tziorangas advocated for EFT payments. HMLP would also need to deal with identity theft and red flag rules. Vice-Chairman Foskett asked how this would be marketed and if HMLP would send people what their payments would be. GM Tziorangas replied that Cogsdale has a large database making reporting a lot easier. Secretary Bulman asked if HMLP was prolonging the inevitable by not going on the Internet. GM Tziorangas replied that there is no way they can do both at the same time. HMLP would need an interface with Cogsdale for 3rd party access. This is a separate issue. GM Tziorangas said that HMLP takes a social security number when customers sign up for services at the front end. Customers should be able to view and pay bill on line. Assistant GM Heanue said HMLP is working with Cogsdale to see if they can support it along with reading issues and discount issues.

GM Tziorangas commented that 7 other municipal utilities are using Cogsdale and that HMLP would have more leverage to get them to focus on issues that are common to all the utilities. The board needs to vote on it, and if wording is OK, put it into the service plan.

GM Tziorangas stated that collections ended last week and that the winter moratorium is now in effect. HMLP cannot shut off residential customers. Last Thursday was the last day to shut off customers.

Assistant GM Heanue indicated that as of October 21st, 185 people owed \$200 or more. At the second collection attempt, 135 people paid in full or created a payment plan. Of the remaining 50, only 1 person was shut off. Commercial accounts are not exempt from moratorium. GM Tziorangas asked if a report could be run indicating where HMLP is without standing money. HMLP cannot shut anyone off between November 15th and March 15. The DPU will likely ask for an extension of April 15th. Assistant GM Heanue queried the system and 195 people are past due at an amount of \$106,000. GM Tziorangas remarked that the new system (Cogsdale) has helped significantly and any money HMLP doesn’t collect may have to be written off.

Ultimately, the rate payer will end up paying. Secretary Bulman inquired as to when the budget billing would need to be implemented. Assistant GM Heanue responded that it would be in January and commented that everyone doesn't have to sign up on January 1st.

4. Other Business

a. Warrant Signatures

b. Correspondence

Mrs. Anne Collins wrote a letter to GM Tzimirangas and the Board thanking them for the Lincoln Statue lighting.

5. Executive session

a. A motion to go into executive session for the purpose of discussing trade secrets, personnel and strategy with respect to litigation was made by Secretary Bulman. The Board voted unanimously to enter Executive Session at 8:15 PM.

A motion was made by Vice-Chairman Foskett to leave Executive Session and return to open session. The Board voted unanimously to leave Executive Session at 8:59 PM.

6. Motion to Adjourn was made by Secretary Bulman to adjourn the regular meeting at 9:00 PM

Respectfully submitted,

Kevin J. Bulman, Secretary