

**Hingham Municipal Light Plant
Wednesday, September 29, 2010
HMLP Conference Room
350 Lincoln Street**

Attendees:

Kevin Bulman, Chairman
John Stoddard, Jr., Vice-Chairman
Walter Foskett Secretary
John Tzimirangas, General Manager
Paul Heanue, Assistant General Manager

Agenda

1. Call meeting to order
2. Summer Update
3. Year-to-Date Financial Review
4. Power Supply Update
5. 2011 Planning and Goals discussion
6. Executive Session
 A motion to go into executive session for the purpose of discussing trade secrets, personnel and strategy with respect to litigation.
7. Executive Session
 A motion to end executive session
8. Motion to Adjourn

1. Call to Order

Chairman Bulman called meeting to order at 6:15 p.m.

2. Summer Update

Summer Update

General Manager informed the Board that there will be an e-mail attachment concerning summer updates, including peak times, sales records, etc, to be added to the September 29, 2010 minutes

Moody Rating

General Manager announced that HMLP's Moody Rating is **Aa1**, which, given the risky nature of the energy business, is a very high rating.

An important factor effecting rating is the fact that HMLP does not have any one customer that accounts for more than 10% of total revenue, thereby decreasing risk of substantial negative effect due to loss of any one entity.

Secretary Foskett inquired who is HMLP's largest customer now?

-General Manager stated Blue Cross/Blue Shield and Linden Ponds, accounting for approximately 7% combined.

Energy Efficiency Program

Of \$300,000 approved for the Energy Efficiency Program, \$35,000 has been used.

HMLP has increased rebate amounts and continues to provide information and incentive to customers.

Rate payers have been increasingly receptive to the "Smart Strip" incentive, whereby HMLP pays \$10.00 of the \$31.00 cost.

Hingham Schools purchased 110 of the strips, taking advantage of the rebate.

Assistant General Manager Heanue commented that the number of commercial audits has increased under the program, and that he has been receiving inquiries with regard to the credit given by HMLP for lighting.

General Manager restated that the program is moving along at a steady pace.

North Street Project

90% of underground structures are in, and we are now waiting for services to be cut in.

-An easement for a new box has been approved.

-It will cost \$27,000 to put new pipes to 1 Station Street. General Manager stated that makes sense to do the replacement now, while area is undergoing work. He also stated that we should think ahead and consider laying new pipes from Mill St. to Cottage Street as well.

3. Year to Date Financial Review

General Manager stated that thus far we have had \$1.6 million net income, and hit 8.6% return, with a high-load July/August period due to hot weather, which brought in more revenue. He stated that September and October tend to be a lighter load months and revenue is lower.

Computer System Update

Billing Department is running smoothly, and he has had positive feedback from users. Three final three areas to be up and running are: Work Management Systems, Purchasing and Inventory. General Manager stressed that these will be running by the end of the year.

Secretary Foskett inquired about the possibility of scanning/bar code system.

General Manager stated that yes that could be implemented.

General Manager closed the discussion by stating that the new system will be much more efficient and easier for employees, but some are still resistant to

changing the system, and it will take time for the transition to be completed. But after all pieces are in place, there will be integration among all departments and processes.

Retirement System Update

HMLP has \$1.7 million out of total \$66.0 million for Town of Hingham assets. HMLP has had net loss of \$500,000, since \$2.2 million was put in pension fund in October, 2007.

Because this is the Massachusetts Retirement System, money may not be taken out. We are putting in over 100% contribution. General Manager stated that HMLP must wait and hopefully regain lost funds.

OPEB

General Manager, Jean Montgomery and Joan **Griffin** are going to meet with investor groups in an effort to further retain principle investments

4. Power Supply Update

General Manager made presentation on wall board, showing percentages of types of power in our portfolio.

Renewable Energy

Renewable Energy has dropped from 9% to 7%.

General Manager just signed an agreement with Spruce Mountain Wind Farm for \$.099 delivered, fixed for 15 years.

General Manager stated that this is a positive investment for the company and for the public as well.

Granby Landfill-We are paying \$.065 per kwh.

Miller Hydro-We are paying \$.063 per kwh.

General Manager stated that these are attractive prices for renewables, emphasizing that with proper planning; we do not have to pay premium price for renewable energy.

37% of our total portfolio is non-greenhouse gas emitting entities.

Strategy

We are at 100% for this year with **power** costs in place. For 2009-2010 less than 1% supply came from open market.

-2011-88% in place

-2012- 80% in place

-We will probably buy more for 2011 at \$.050 per kwh

General Manager stated that strategy is to be 60% set 18 months ahead.

Secretary Foskett inquired where this is coming from.

-General Manager stated it is from contracts in the market.

Chairman Bulman stated that the given the manner in which the system is laddered, we have room to acquire advantageous deals when they become available.

-Only 6% of these costs represent administrative costs to run the company. 81% is for power supply and transmission.

General Manager stated that GRS deal ended as of August 31, 2010

Chairman Bulman inquired about litigation. General Manager stated that they have not moved one way or another, and that we will have to make final decision soon on pursuing the litigation.

WPS contract ends in December 2010 (we are paying \$.08) and will be replaced with \$.05 per kwh cost.

Chairman Bulman stated that we had put money aside from Rate Stabilization fund and that has been put back.

Secretary Foskett inquired about transmission costs.

General Manager stated that transmission costs are expected to nearly double in price by 2012.

Secretary Foskett inquired if anyone has done a Wartisilla behind the meter model?

There was a general discussion regarding National Grid pipelines.

5. 2011 Planning and Goals

General Manager wants to set up a Planning and Goals profiles for 2011 calendar year.

Administrative

There has not been a review of job titles and duties since 1997 along with implemented salary ranges

New Service Requirements book, written

These changes should tie into national issues to become more standardized.

On-Line Bill Pay

General Manager feels we are running well enough to move to pay on-line and would like begin working toward that goal in the near future.

Fiber

General Manager would like to bring in a person (consultant type) for fiber communications, and that we could run the fiber ourselves if it is feasible and has a good business model.

Secretary Foskett inquired whether there is sufficient space on poles.

General Manager stated yes, HMLP space.

General Manager has talked with a consultant and will be having further discussions.

Construction Side

A general discussion regarding possible future growth, and physical plant needs and options.

General Manager stated that we will need to hire someone to look at what we need versus what we currently have.

Hull

Chairman Bulman inquired about on-going communications with Hull Electric.

General Manager stated that:

- They have raised rates twice
- They are 97% residential
- Had a rate study and increased rates
- There is a five person advisory board.

Chairman Bulman recommended approaching Hull and presenting information, and ask for decision, re. us supplying them. If we plan to add breaker positions Hull would need to sign on then. If we have no answer from Hull and we add breaker positions for what we need for ourselves- at that point it's too late for Hull. General Manager concurred this discussion should take place.

Highway Crossing

Between exits 14 and 15- General Manager wants to replace 2 sets poles and wires

350 feet across highway

Only issue is traffic management. Cars will have to be rerouted off highway.

Meter Replacement

General Manager would like to replace old meters, at a cost of \$50.00 per customer.

There are 5,000 meters that would be replaced.

General Manager has meeting scheduled with an Itron representative on October 18, 2010

Secretary Foskett inquired how new meters would work with our computer systems?

General Manager stated they would be compatible.

Chairman Bulman noted that the newer meters are more accurate than older models.

General Manager agreed, stating that some customers may in fact see an increase in usage, due to higher accuracy.

6. Executive Session

Upon a motion duly made and seconded, the Board unanimously agreed to end regular session and enter executive session at 7:43 p.m...

General discussion

7. Executive Session

Upon a motion duly made and seconded, the Board unanimously voted to end executive session and enter regular meeting at 8:15.

8. Motion to Adjourn

Upon a motion duly made and seconded, the Board unanimously agreed to end regular session and adjourn meeting at 8:15.