

**Hingham Municipal Light Plant
Tuesday, December 20, 2005
Town Hall**

Attendees:

John Stoddard, Chairman
Walter Foskett, Secretary
Kevin Bulman, Commissioner
John Tzimirangas, General Manager
C. Anne Murray, Clerical Support/ AIM Personnel

Agenda

1. Call meeting to order: 6:00 PM
2. Approval of Minutes (November meeting)
3. Manager's Report
4. Other Business:
 - a. Depreciation Funding
 - b. December Power Costs
5. Executive Session
 - a. Motion to go into executive session for the purpose of discussing trade secrets and strategy with respect to litigation
 - b. A motion to end executive session and return to the Regular Board Meeting
6. Motion to Adjourn

1. Call to Order

Chairman Stoddard called the meeting to order at 6:00 PM in accordance with M.G.L. 30 section 11 subsection 11 1/2A.

2. Review and Approval of previous Board Meeting Minutes

Discussion of wording of item #4. **2006-2010 Capital Plan** specifically the subsection entitled "Future Sub-Station". Agreed to amend wording to the following:

"An additional location for a future substation is being addressed in the Capital plan, which could cost upwards of \$10 million at today's dollars. Approximately two acres of land would be an ideal parcel of land for this project. The need for a station is not a question of if, but when station will be necessary based on the present projections of growth."

Also under "Questions from the Public" insert "an" before "estimate" so the sentence reads: "Tom Maloney, Hingham CPC, has requested an estimate for ornamental lighting from Queen Anne's Corner all the way down Rt. 228 to Central Street to the Square.

Upon a motion duly made and seconded, the Board unanimously agreed to accept the Minutes of November 29, 2005, as amended above. Motion passed unanimously. Vote: 3:0:0.

Comment by Mr. Tzimirangas regarding the "Question(s) from the Public" in the 11/29/05. He advised the Board that Mrs. Collins was sent the estimate regarding the possibility of installing underground cable on North Street, and that Mr. Maloney received his requested estimate as well.

3. Manager's Report

Hobart Street Substation: Switch gear is coming here in two pieces. Transformer should be here tomorrow and should be offloaded on Thursday, if possible. General Manager stressed that we don't own this equipment until they are on their foundations as contract was written with freight on board (F.O. B.) provisions.

Enterprise Resource Planning (ERP) System: Mr. Tzimirangas expects a document to be ready for signatures by the end of the week. There is one minor issue to be resolved, but does not anticipate this will be a problem.

HMLP Pension/OPEB Liability. See Letter of December 5, 2005 from Ted Alexiades, Finance Director/Town Accountant with attached letter from Buck Consultants and four Appropriation Forecast exhibits prepared in response to four questions posed regarding different funding schedules regarding pension obligations in Board's packet.

- Pointed out that in Jan. 2002 OPEB liability study the HMLP's Annual Required Contribution (ARC) was estimated at \$3.6 million at 8% -\$4.1 million at 6%. The Town's ARC was estimated at \$52.9 million at 8% to \$70.2 million at 6%. Stressed that information is based on two-year old data and since new figures should be available in early January 2006 recommends waiting for updated figures based on the new data.
- Trust Funds were wired today to the Town Treasurer. It is Town practice to set up a separate account at a separate bank and since funds received were over the normal limit, this was done. Amount listed in the trust reports was \$2.9 million -\$3 million, but the market value would be closer to \$3.8 million, which is what would be transferred.
- We can start putting away funds for an obligation we are aware of. Since FY06 obligation has already been paid there is no need to rush into this.
- Issue regarding the Trust was who had custody of the money. General Manager to get legal opinion as to whether Trust can continue to be used as a vehicle for the funds.

Conclusion: Sense of Board was to wait for updated financials as recommended.

Capital Plan: for 2006-2010 is okay.

4. Other Business:

a. Depreciation Funding /Transfer of Funds: Memo provided to the Board from Mr. Tzimirangas listing capital expenses for various projects, which shows the vendors name, the items purchased, and the costs. Recommendation made is for the Board to approve the transfer of \$1,365,439 from the HMLP Depreciation account to the Operating account to cover the costs of the capital items that have been purchased based on the 2005 HMLP Capital Plan. These costs have already been put into the capital asset base. Going forward Mr. Tzimirangas has requested vendors to provide a monthly breakdown so expenses can be tracked more efficiently.

Mr. Foskett moved to approve the transfer of \$1,365,439 from the HMLP Depreciation account to the Operation account to cover the costs of the capital items that have been purchased based on the 2005 HMLP Capital Plan. Seconded by Mr. Bulman. Motion unanimously passed. Vote: 3:0:0.

Continuing with Agenda items under 3. Manager's Report:

Personnel Manual: Mr. Tzimirangas showed the Board a draft of a new Personnel Manual that is in progress in which each policy has its own policy number and pages. This will make it easier to update sections or specific policies without having to re-write the whole manual.

- Having such a manual in place saved about \$4,000 in insurance coverage.
- HMLP is part of the Public Utilities Risk Management Association. The Public utilities in this group on average have seen premiums decrease by 28%.
- A \$300 K premium credit is being divided up among members.
- HMLP added to its property insurance policy, the new substation equipment, increasing the value from \$3.2 to \$4.8 million

Board Manual: A manual for the Board is in draft stage and a work in progress. This will be especially useful to new members of the Board to help with the learning curve.

4. Other Business:

b. December Power Costs

Mr. Tzimirangas mentioned that power costs were down slightly in November, but December will be an expensive power month. The rates are to be restructured, but that will not be effective until early 2006. There were two options discussed for dealing with higher December costs. Options are as follows and Mr. Tzimirangas recommendation to the Board was for the second option.

Option 1 Raise the PCA (power cost adjustment) for one month. Increase would be $\frac{1}{2}$ - $\frac{3}{4}$ cent, which is substantial on the average bill, OR

Option 2 Use the rate stabilization fund for one month to cover the added costs.

Rationale for Option 2, December is a month in which ratepayers are facing holiday costs and increased heating costs. There are sufficient funds in the stabilization fund to cover the higher December costs and the funds used can be recaptured for the rate stabilization fund over the next 12 months so it is not such an increase to the ratepayer for this one month.

Formal vote not taken but sense of the Board was that it did support option 2.

General Comments:

- BlueCross/BlueShield project
Problems in manholes needed to be resolved before HMLP could energize them because if the ductbank failed it would be HMLP's liability. Progress has been made to resolve the problems.
- Reliability numbers for 2005 should be available in early 2006. Safety statistics- there has been no lost time or motor vehicle accidents.
- 12 megawatts is now the minimum base load, which is up from where it used to be (i.e., 8-9 megawatts).
- **Reminder:** The Holiday Party is on Friday morning and the Board is invited to attend.

5. Executive Session

No need to go into Executive Session as there is nothing new to report.

6. Adjournment

**Motion made by Mr. Bulman to adjourn the meeting was made at 7:45 PM.
Seconded by Mr. Foskett. Motion unanimously passed and meeting adjourned.
Vote: 3:0:0.**

Respectfully submitted,

Walter A. Foskett, Secretary