

Hingham Municipal Light Plant
Tuesday
October 26, 2004
Town Hall

Attendees:

Kevin Bulman, Chairman

John Stoddard, Secretary

Walter Foskett

John Tzimorangas, General Manager

Chairman Bulman called the meeting to order at 7:03 PM.

Review and Approval of previous Board Meeting Minutes -September 28, 2004

The previous minutes have been reviewed and General Manager John Tzimorangas noted there were minor changes and Commissioner Foskett motioned to accept the minutes as amended.

Upon a motion duly made and seconded, the Board unanimously agreed to approve the minutes of August 30, 2004.

Agenda Item 3 – Substation Study

A discussion on the options presented in the substation expansion presentation took place between the Board and the General Manager.

Chairman Bulman asked the General Manager for his recommendation on the best option and he replied that option 3, the expansion of the existing station is the preferred option. Chairman Bulman made a recommendation to proceed with Option 3 of Station Expansion plan. Chairman Bulman asked the General Manager when the RFP's were expected back. The General Manager replied four to five weeks. The General Manager also stated it may be necessary to hold a meeting before the next scheduled meeting, if the need to move of the engineering design proposals evolve quicker than expected.

Payment in Lieu of Taxes

General Manager reissued a report on the PILOT payment history of HMLP and the survey of other municipal utilities and their process for determining the annual contribution. The report also has a budget schedule for the Town which increases the payment by 5% each of the next 5 years. Chairman Bulman inquired about Braintree receiving money based on a tax equivalent basis. The General Manger responded that their process is based on the tax equivalent of their plant plus any additional payments authorized by the Board. Commissioner Foskett asked if \$43 million of revenue in Braintree was electricity only and the General Manager replied that is was. Commissioner Foskett raised a concern regarding the payment increase of 5% without basing it on revenues. The General Manager responded that growth of the system had

been taken into account in the recommended schedule. Commissioner Foskett asked if we are paying more than a regular tax payer. The General Manager replied that if we were an IOU, we would be paying the Town \$293,000 based on the plant value. The survey of the other utilities show that there is no set formula for determining the payment. Commissioner Foskett noted there could be public relations issues if we give more. Chairman Bulman asked the General Manager if he would draft a policy and he agreed.

Funds/Capital Improvements

The General Manager requested he send a letter to the DTE with the appropriate documentation requesting authorization to raise HMLP's depreciation rate up to 5%. The Board will still vote and authorize the final number that HMLP set aside. This letter gives HMLP the authorization to set aside between 3 and 5% based on the financials of the company. Commissioner Foskett motioned to send the letter and Commissioner Stoddard seconded the motion.

Upon a motion duly made and seconded, the Board unanimously agreed to send the authorization letter to DTE.

Manager's Report

1. Meeting Schedule - The General Manager requested the Board meetings go to a standard schedule, proposed every 3rd Tuesday of the month. The General Manager explained there is more financial data available by the third week of the month. All board members agreed.

2. Retirement Trust Fund - The town presently does an actuarial study every three years on the retirement system. The present HMLP payroll is 9% of the town total, so that is what HMLP's liability is to the retirement account. The General Manager suggested HMLP do their own actuarial study in the interim period when the Town is not conducting a study to understand the future liability and the Board agreed. The General Manager will come back with the study results and discuss any recommendations with the Board.

3. Security Deposit Collection – The interest rate in the past on customer deposits has been 6%. This will end on November 15th. The new rate will be calculated on the Treasury bill rate each January 1 for that calendar year, (presently 1.24%). HMLP will be sending out a letter to any customer who is has a security deposit with the company explaining the change.

Major Project Update

Panos Tokadjian reported on the system projects that are presently being worked on:

- Phase I of Erickson Retirement Community has been completed and energized. We met the deadline that Erickson had needed to have their Grand Opening.
- Hingham Shipyard - submitted complete package for Lincoln Street improvements and came up with a design for the interior of the Shipyard proper. The Shipyard consultants requested an underground design for the existing infrastructure on Rte. 3A. The project

start has been delayed again.

- Derby Street - completed all Plaza work, all buildings have been energized. There are 12 shops not energized yet, but they should be open by the Holidays.
- Queen Ann's Corner - The State is working on a road widening project at the corner. We have reviewed the work required and submitted a cost estimate to the State.
- Engineering Group – the group is working to create an accurate mapping system from the Plant and will tie the information to a database, which will include man holes for underground system. About 50% of the system survey is done and the remaining should be completed by early summer of 2005. The database itself will be a 2 to 3 year project.
- System Improvements – There is a plan in place to install capacitors on the circuits to improve the efficiency and reduce the lost energy.

Long Range Strategy Meeting

Commissioner Foskett requested Board members attend a meeting with the Long Range Planning Committee after the November 9th meeting with the Selectman. He will send an e-mail and let the Board members know the date of the meeting. He also noted that he will summarize the interim report before meeting with the Selectman and share it with the Board. Commissioner Foskett noted that there were no set recommendations in the committee's update and he does not see anything critical in the discussions.

The General Manager noted the Billing/CIS software RFP will be going out at the end of the week.

Commissioner Foskett brought up the need to discuss and create a Rate Stabilization Policy. The General Manager recommended that he and Commissioner Foskett work on the Policy and bring it back to the Board for consideration.

At 8:22 Chairman Bulman made a motion to go into Executive Session and Commissioner Foskett seconded the motion.

Upon a motion duly made and seconded, the Board unanimously agreed to go into Executive Session.

At 8:36 pm Chairman Bulman made a motion adjourn from the regular Session and Commissioner Foskett Seconded it.

Upon a motion duly made and seconded, the Board unanimously agreed to adjourn the Board meeting.

Respectfully submitted,

John A. Stoddard, Jr., Secretary

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Executive Session

An executive session of the Hingham Municipal Light Board was called to order at 8:23 PM by Chairman Bulman. Also present were Board members, Walter Foskett and John Stoddard; and the General Manager John Tzimirangas.

The executive session was called to discuss the strategy with respect to litigation.

The executive session was terminated by roll call at 8:35 PM and the regular meeting resumed at 8:36 PM.

Respectfully submitted,

John A. Stoddard, Jr., Secretary