



HINGHAM MUNICIPAL LIGHTING PLANT

31 Bare Cove Park Drive
Hingham, MA 02043-1585
(781) 749-0134 FAX (781) 749-1396
www.hmlp.com

General Manager
Paul G. Heanue
pheanue@hmlp.com

John P. Ryan, Chairman
John A. Stoddard Jr., Vice Chairman
Roger Freeman, Secretary

January 30th, 2018

Meeting Called to Order:

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (MHLP) was called to order at 0743 on Tuesday, January 30th, 2018 at the Hingham Municipal Light Offices at 31 Bare Cove Park Drive, Hingham, Massachusetts.

Present:

John P. Ryan, Chairman; John A. Stoddard Jr., Vice Chairman; Roger Freeman, Secretary; Paul Heanue, General Manager; Scott Kaplan, Palmer Capital

Approve previous meeting minutes:

There was a motion made by the Chairman and seconded by the Vice Chairman to approve the November 10, 2017 meeting minutes as presented. The Secretary suggested they could be pared down in length and still capture the essence of what transpired. He volunteered to revise that meeting's minutes. The motion was withdrawn and the Secretary will present a set for consideration at the next meeting.

Storm Update:

Hingham: The General Manager (GM) mentioned there have been a number of storms in Hingham recently and the distribution system held up well in each.

Mutual Aid. The GM explained that HMLP was reimbursed \$45,000.00 for its mutual aid efforts in Orlando FL. He added it took more work than what should have been necessary to get its money but ultimately HMLP got everything it was owed.

The GM stated that HMLP sent three (3) waves of two (2) linemen each to Saint Thomas Virgin Island on mutual aid. Northeast Public Power Association (NEPPA) offered to collect and send the billing invoices for each participating light plant and to disburse the funds when they arrived at no charge. HMLP linemen were on St. Thomas from mid-October to late December. To get the trucks to St. Thomas they were driven to FL and put on barges and shipped there. The trucks returned back to Hingham on January 1st. They were shipped from St. Thomas to a port in Rhode Island.

Financials

The GM walked the Board through November's financial numbers. He explained that he does not have the December 2017 financials yet as HMLP has not received some necessary information from the Town. The GM said November 2017's net income was (\$168.4k), 2016's was \$311k and 2015's was \$198.8k. Revenue for November 2017 was \$2m, 2016's was \$2.2m and 2015's was \$2.1m. The GM explained the decrease in revenue 2017 over 2016 and 2015 is a function of the rate decrease and amount of kWh sold.

The November 2017 expenses were \$2.1M, November 2016 expenses were \$1.9M and November's were \$2m. The net income loss in November 2017 was due to spending \$110K on LED street lights. The kWh sold in November 2017 YTD was 180m kWh, 183m kWh in 2016 and 186.5m kWh in 2015. HMLP's November 2017 depreciation account was \$8.4m and 2016's was \$8.2m. November's 2017 stranded cost account had \$5.9m in 2017 and \$5.3m in 2016. November's cash operating fund was \$7.6m in 2017 and \$3.1 in 2016.

LED lights

The GM described what had and was happening with the advanced streetlight controllers and his efforts to get the DOER to reimburse HMLP for 50% of the cost of them.

The GM asked the Board how they wanted to proceed with charging the Town for street lights given the newly installed LEDs use significantly less electricity than the old high pressure sodium. He walked the Board through a spreadsheet regarding the current usage and costs. The Chairman asked if HMLP should charge for more than just power. The GM said we should collect something more because over time we will need to replace these lights. The lights have a ten (10) year guarantee but should last 20-25 years. The DOER guidelines call for a 25% savings on the bill to the Town. The total cost of fixtures without the grant is \$418k and the total, including installation is \$526k total. The Chairman asks the GM if trying to recover our cost over 10 years, the length of the guarantee, makes sense. The Board discussed the annual charge. The Chairman suggests adding \$40k to energy charge to cover replacement fixture costs. The GM states \$63k is the new usage cost plus \$40k for fixtures so that gets the total to basically \$105k annually. This is down from \$78k from 183k. The GM states he was hoping the new bill total would drop by 30% because that is how much HMLP reduced the Town's when we did the recent rate decrease. The Secretary thought this total was fair because the Town will be saving almost \$80k.

The Vice-Chairman asks if HMLP will replace rental high pressure sodium lights. The GM said probably yes because it doesn't make sense to use high pressure sodium and not LEDs because the cost of high pressure sodium bulbs is close to LEDs and they use much more energy.

Motion: The Secretary made a motion to change the price of what HMLP charges the Town for street lights to \$105k (energy-\$40k and \$65k-towards fixtures). The Vice Chairman seconded the motion and it was unanimously approved.

Solar Array at the Landfill

Scott Kaplan from Palmer Capital, a renewable development company in Cohasset, was introduced to the Board by the GM. The GM said he asked Mr. Kaplan to attend the Board meeting to offer advice, at arms-length, about the landfill and to engage with us in an informal discussion. Palmer Capital has recently built a solar array at Cohasset's landfill. The GM explained that the current solar incentive program, SREC II, is ending. He is being told by DOER Commissioner Judith Judson and the DOER's Renewable Energy Division Director Mike Judge that the Town/HMLP can't participate in its replacement incentive program- SMART. These facts will greatly limit the financial options available to HMLP and make it difficult for a solar array to be built, and be financially viable, at the landfill. There was a discussion about when SREC II would expire. In order to be eligible for SREC II a solar array has to be mechanically complete before a currently not definitively stated date.

The Secretary asked Mr. Kaplan how long did it take for Cohasset to build their array. He stated Palmer started in March and completed in May. The Cohasset project used the company A-Solar Residential to build theirs. They did a good job and got it built on schedule. The Secretary said his experience has been getting DEP/DOER/local permits can be challenging. Mr. Kaplan described that the Cohasset landfill did not have a closure permit at the outset of the project. The GM said that he has been told by the Hingham Town Engineer that its landfill does have that permit. Mr. Kaplan said ideally a developer or Town would have had the closure permit in hand and then gets a post-closure-use permit but they were able to get both

in tandem. DEP went ahead and gave the post-closure-use permit before the Town got the closure permit. The Secretary asked Mr. Kaplan if he thought HMLP could get their permits and be “mechanically complete” in time to realize SREC II incentives. He said he thought that the DEP/DOER would work with HMLP but there might be issues with Town Boards and neighbors.

The GM asked Mr. Kaplan what are the options in terms of ownership by HMLP. He stated that HMLP or a developer could be the owner. Cohasset has the right to purchase their system. For towns the “normal” practice is for a contractor to build it and the town will have an O&M contract in place after construction. Part of that decision, HMLP or a developer building and owning, depends on what HMLP’s resources are and how much do you want to commit to the project. He offered the Cohasset project was very time consuming.

The Chairman asked what is the capacity of the array in Cohasset and what did it cost to build? Mr. Kaplan stated it is a little over 500 kWh DC/420 AC and it cost \$1.7m which included additional costs required by the Planning Board. NGrid’s interconnection cost was approximately \$100k which HMLP will not have to pay. The Secretary said the main argument for having a 3rd party own it is that they can take advantage of tax credits that do not apply to HMLP. The Secretary suggested HMLP run with this and tries to find someone who can get it done quickly.

Updates

Outage: The GM reported to the Board that recently Hingham was being fed by a single transmission line two (2) times in the same week. In both instances the weather was bitter cold and if anything had happened to the remaining single feed the entire Town would have been without electricity and possibly every customer would have frozen pipes. Normally we are fed by two (2) transmission lines but Eversource, the lines’ owner, each time had to kill one of the two (2) lines to make emergency repairs. The GM reported that he called and gave the police and fire chiefs and the Town Administrator a heads up in case the other line failed. The GM said he reached out to the same engineering folks who looked at adding another transmission line some years ago for options and pricing, to add another line, based on today’s circumstances.

The Chairman said that the issue is we need to find another transmission line that is not on the same transmission towers as the existing ones. The Secretary asked the Manager if there are buildings in town with a generator that residents can go to if there is no heat. The GM says there are designated shelters at the Senior Center in Town Hall and High School but they couldn’t handle the entire Town.

Assistant GM: The GM did some off-the-record recruiting with his peers. No one would offer any names of potential candidates to him so he put a job advertisement with NEPA and got several responses. The GM said he is not going to advertise with APPA yet but is going to continue to look for someone local.

Fiber: The GM stated that CTC Technology and Energy does consulting work for public entities and that he has reached out to them for a potential consulting role as we decide what to do with installing fiber optic cable in Hingham.

Other business:

Executive session:

Motion to Adjourn 8:55 AM

The Vice Chairman made a motion to adjourn at 0855. The Secretary seconded the motion and it was unanimously approved to adjourn.

