



HINGHAM MUNICIPAL LIGHTING PLANT

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John P. Ryan, Chairman
Laura M. Burns, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

January 4, 2022

Zoom Meeting
https://us02web.zoom.us/rec/share/URx-EF5HQObN_GpvJ10mV6TXuWRSab1ZOp1uluwBrso1YTxl3koxX59vS8TZYS.8GdqPdaxE3L8byjg?startT ime=1641298776000

Meeting Called to Order

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at approximately 0730 on Tuesday, January 4, 2022, via Zoom.

Present:

Board Members: John P. Ryan, Chairman
Laura Burns, Secretary

HMLP: Tom Morahan, General Manager
Mark Fahey, Assistant General Manager
Steve Girardi, Engineering Manager
Joan Griffin, CPA, Business Manager

Minutes from 11/30/2021

Mr. Ryan requested comments on the minutes for the meeting on November 30, 2021. Ms. Burns suggested revisions to one of the paragraphs.

Motion: Ms. Burns moved to adopt the minutes as revised. Mr. Ryan seconded the motion. Said minutes were unanimously approved.

Financials: (a) 3 year summary and YTD; (b) 2021 budget update

Mr. Morahan provided the October financials, noting that November numbers were not yet ready. For October, kWh sales were up compared to the last few years. Revenue matched that. Expenses were up by \$700,000 due in large part to the October storm, which cost approximately \$378,000. November income looks to be around \$200,000, putting YTD net income at \$1,800,000. Net income is expected to be \$2,000,000 by the end of the year.

Mr. Ryan asked about the depreciation numbers for the year. Mr. Morahan indicated that the YTD October number for depreciation is approximately \$2,700,000. An additional \$650,000 will be added to the fund in 2021. There was additional discussion about this.

Ms. Burns then asked about capital spending. She noted that, per her review of the Capital Plan, capital spending is estimated to be about \$2,500,000 to \$3,000,000 per year, which basically amounts to what is put into the depreciation fund on a yearly basis without much left over for the substation. Mr. Morahan clarified that HMLP's capital spending comes out of both operating cash and the depreciation fund. HMLP uses the depreciation fund for large capital projects including the transmission project or, for example, solar canopies. Ms. Griffin added that HMLP has the ability to use the depreciation fund for all capital expenditures if necessary but has not done so. Mr. Ryan suggested that now is a good time for HMLP look at the cash flow needs for the substation project vis-a-vis the depreciation and surplus funds. Mr. Ryan further suggested that HMLP develop a 3 to 4 year projection for all of this. Ms. Burns agreed, adding that she is feeling a sense of urgency for HMLP to come up with a financial model. She explained that HMLP will need to go before the Select Board and the Advisory Committee within the next two months and will need to have a coherent explanation of where the funds for the substation project will be coming from. Ms. Burns then asked for a meeting to discuss the matter further. Mr. Morahan stated that HMLP is bringing in a consultant to help with the matter, for the February Board meeting. Ms. Burns asked Mr. Morahan to push this timeline forward, as she anticipates that the Select Board may want to meet in February. Mr. Morahan agreed to do this.

The discussion then turned to the Operating Budget for 2022. Mr. Morahan screen-shared the Operating Budget spreadsheets. He noted that HMLP is estimating a return of 4.45% for 2022. About \$275,000 will be added to the depreciation fund each month. Depreciation for the year will be approximately \$3,200,000. Ms. Burns asked Ms. Griffin to identify the capital items to be paid from the depreciation fund. Ms. Griffin indicated that one of the trucks will be paid from the fund. Mr. Morahan added that the cost of this (bucket) truck is \$400,000 and that it will be delivered in 2023. Other trucks costing \$100,000 will likely be paid from operating. Ms. Burns noted that HMLP's consultant will need to consider this with regard to substation planning.

Mr. Morahan asked the Board if they had further questions about the budget spreadsheets. Ms. Burns indicated that she would review the spreadsheets and bring any additional questions she had to HMLP offline. Mr. Morahan noted 80% of the budget is power supply. There was some further discussion among Ms. Burns, Mr. Morahan and Ms. Griffin about the budget spreadsheets and how to find certain categories, such as personnel and labor.

Updates: battery storage, additional transmission line and new substation, landfill, EV chargers, choice connect, municipal solar

Mr. Ryan asked Mr. Morahan to provide the Updates. Mr. Morahan provided the following information:

Battery Storage. The battery is up and running. They are now in the secondary market where HMLP shares savings. The battery is currently only operating at one megawatt because of problems with an inverter. Mr. Morahan hopes this will get addressed soon. HMLP is also looking at the financials involved with this matter. So far, HMLP has made money on the project. Ken Stambler (with ENE) is putting together a costs/benefits financial analysis. Mr. Morahan will have this information for the next meeting.

[The Board and HMLP then discussed HMLP's experience thus far with battery storage, as well as that experience in other communities].

Additional Transmission Line and New Substation. Mr. Ryan asked about the status of the engineering and permitting for the project. Mr. Morahan stated that HMLP's team was meeting to discuss its upcoming, preliminary meeting with the Siting Board. HMLP will also be meeting with the Town of Weymouth Mayor on January 18, 2022 to get feedback on HMLP's presentation for Weymouth's Town Council. Additionally, HMLP is talking to financial people about developing a financial model for the Board and Advisory Committee. The engineering for the project is pretty much

set. Eversource's cost estimate may be ready by the end of January or in February. HMLP estimates that Eversource's number may be in the range of \$3,000,000.

Landfill. Mr. Morahan spoke with John McDonough at Navitas about the status of landfill matters. The engineer on the job has changed. The survey should be conducted soon. There is a wait with regard to materials. The timeline for this is still 2022.

EV Chargers. Grants for the EV chargers were awarded for the three locations -- Station Street, the Country Club and Carlson Field. HMLP is working on a presentation about the project for the Select Board. HMLP will be meeting with ENE on the presentation. The RFP is ready to go.

Choice Connect. HMLP is still waiting to receive some equipment.

Municipal Solar. (Ms. Burns lead this discussion). Ms. Burns anticipates having a meeting with Deirdre Lawrence to talk about what HMLP can legally contribute with regard to municipal solar projects and to address the right ownership model. If HMLP owns the project, HMLP can develop the project. If the Town owns the project, HMLP might not be able to conduct a feasibility study since that work might be considered as a contribution to the whole town, not just ratepayers. There is also the question of whether 3rd party ownership makes sense. This all needs to be looked at. Ms. Burns further noted that a volunteer has come forward hoping to help with the municipal solar project(s). Ms. Burns and Mr. Morahan will be looking into all of this.

Cyber Security. A cyber vulnerability assessment was conducted. HMLP has implemented the changes recommended.

Other New Business; Other Business

Mr. Morahan noted that the next Board meeting is January 25, 2022. Mr. Ryan reiterated his recommendation that HMLP work on budget numbers for the substation for the upcoming meeting. Ms. Burns stressed that this be "job one." Mr. Morahan agreed to have something ready for January 25.

Executive Session

None.

Motion to adjourn

Mr. Ryan asked for a motion to adjourn the meeting. Ms. Burns so moved. Mr. Ryan seconded the motion. All voted in favor to adjourn. The meeting adjourned at approximately 0814.

List of Documents Provided to Board Members for the Meeting

Meeting Agenda
Draft Minutes for Board Meeting held 11/30/2021
Financials: October 2021: 3-Year Summary and YTD
HMLP Operating Budget (2022)

Documents Shared During Meeting

HMLP Operating Budget (2022)