



HINGHAM MUNICIPAL LIGHTING PLANT

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

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

April 1, 2020
7:30 A.M. – Meeting via Zoom

Zoom link:

https://zoom.us/rec/share/2M9HDrX26lFObLeVxmwrweKk4PNzOX6a8hygY_PsKxB6QO8KSmBLsqso6-ERyV-WI?startTime=1585739826000

MEETING NOTES

Meeting Called to Order:

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order at 0735 on Wednesday, April 1, 2020 via Zoom.

Present:

John P. Ryan, Chairman; John A. Stoddard Jr., Vice-Chairman; Roger M. Freeman, Secretary; Paul Heanue, General Manager (GM); Tom Morahan, Assistant General Manager (Assistant GM); Deidre Lawrence, legal counsel to HMLP; guests Laura Burns, Hingham resident, former Selectman and current Senior Intern to Representative Joan Meschino, Irma Lauter, Hingham resident.

Approval of Previous Meeting Minutes:

The GM presented the meeting minutes for the January 28, 2020 meeting to the Board for their consideration.

MOTION

A motion was duly made by the Secretary to accept the minutes of the January 28, 2020 meeting. The Vice-Chairman seconded and they unanimously voted to approve the minutes of the January 28, 2020 meeting.

The GM presented the meeting minutes for the February 27, 2020 meeting and minutes of the February 27, 2020 executive session to the Board for their consideration.

MOTION

A motion was duly made by the Secretary to accept the minutes of the February 27, 2020 meeting and minutes of the February 27, 2020 executive session. The Vice-Chairman seconded and they unanimously voted to approve the minutes of the February 27, 2020 meeting and minutes of the February 27, 2020 executive session.

Financials:

The GM presented the Board with financial statistics for January 2020.

- kWh sold in January 2020: 17.2m kWh, January 2019: 16.0m kWh and January 2018: 17.9m kWh.
- Revenue for January 2020 was \$2.8m, January 2019 was \$2.4m and January 2018 was \$2.3m.
- Expenses for January 2020 was \$2.3m, January 2019 was \$2.5m and January 2018 was \$2.6m.
- Net income for January 2020 was \$512k, January 2019 was \$(88k) and January 2018 was \$(220k).
- YTD kWh sales for January 2020 was 17.2m kWh, for 2019 was 16.0m kWh and 2018 was 17.9m kWh.
- Revenue YTD January 2020 was \$2.8m, \$2.4m for 2019 and \$2.3m for 2018.

- Expenses YTD January 2020 were \$2.3m, \$2.5m for 2019 and \$2.6m for 2018.
- Net Income YTD for January 2020 was \$512k, for 2019 was \$(88k) and for 2018 was \$(220k).

The GM presented the Board with financial statistics for February 2020.

- kWh sold in February 2020: 16.2m kWh, February 2019: 17.7m kWh and February 2018: 17.4m kWh.
- Revenue for February 2020 was \$2.6m, February 2019 was \$2.8m and February 2018 was \$2.3m.
- Expenses for February 2020 was \$2.8m, February 2019 was \$3.0m and February 2018 was \$2.8m.
- Net income for February 2020 was \$(217k), February 2019 was \$(148k) and February 2018 was \$(502k).
- YTD kWh sales for February 2020 was 33.4m kWh, for 2019 was 33.7m kWh and 2018 was 36.2m kWh.
- Revenue YTD February 2020 was \$5.4m, \$5.3m for 2019 and \$4.6m for 2018.
- Expenses YTD February 2020 were \$5.1m, \$5.5m for 2019 and \$5.4m for 2018.
- Net Income YTD for February 2020 was \$295k, for 2019 was \$(236k) and for 2018 was \$(722k).

In February, HMLP made a large payment to BELD for the Watson plant. HMLP is halfway through its 20 year Note for Watson, Braintree.

Attorneys: who hires for HMLP

Deidre Lawrence, legal counsel for HMLP, explained to the Board that pursuant to MGL c. 164, the GM has the exclusive authority to hire attorneys, agents and employees. To summarize, the Board hires the GM, and the GM hires everyone else. The GM has the direct relationship with the attorney, and the GM is the only person who can waive the attorney-client privilege. The Board as a whole can vote and make a decision to waive the privilege in certain circumstances. Attorney Lawrence explained that under MGL c. 164, the Board cannot appropriate funds to hire their own attorney. The GM would have to agree that the Board can hire its own attorney and the GM would have to hire that attorney on the Board's behalf. The Secretary asked that if Attorney Lawrence prepared a confidential memorandum for HMLP and the GM shares the confidential memorandum at a public meeting, does that become public record or does the document maintain its attorney-client privilege? Attorney Lawrence explained there are three (3) components to that question: (1) whether the document is privileged and who has the authority to waive the privilege – a privileged document provided to the GM is privileged and the GM has the authority to waive the privilege; (2) is the document a public record – if you distribute a document at a public meeting and the Board votes, as it can, to waive the privilege and says it is to become part of the record, it is adopted into the meeting minutes and then someone requests it, the document becomes public record. Unless it is subject to an exception: if the memorandum is about a policy matter the Board is considering and someone from the general public requests the document I believe you have the right to withhold that as an intra-agency memorandum on a policy that you haven't made or voted on yet. Once the vote is taken the exception no longer applies. The GM is the keeper of the public records and there has to be a process by which documents that get provided to the Board become available to become public records and get disseminated. It has to go through the official custodian of those records and that custodian is the GM.; and (3) is it ethical to distribute privileged documents to third parties who do not have an attorney-client relationship with the attorney. When an attorney gives a privileged document to a GM that document is for that client only. There is no attorney-client with anyone else. In summary, Attorney Lawrence advised that going forward, if the Board wants to release a privileged document it should take a vote to adopt the attorney-client document as part of the meeting minutes, and therefore, remove the complication of determining whether or not the document is privileged. As a general rule: if you distribute a document at an open meeting it becomes public.

Renewable Energy Credits (RECs): retire/sell?

In November 2017, the Board voted to take the steps necessary to allow HMLP to be able to describe all of its supply as carbon-free. HMLP voted to retire Renewable Energy Credits (RECs) it "owns" and to buy replacement RECs to cover the rest of its fossil fuel supply. In its 2017 action, the Board also voted to revisit this decision for its 2019 RECs.

As of February 2020, the 2019 RECs that HMLP controls were estimated to be worth approximately \$750k, while 2018's was \$135k. This was approximately \$39.00 per REC in 2019 and \$7.50 per REC in 2018. As of March 2020, the RECs that HMLP controls are estimated to be worth \$575k, or \$30.00 per REC. This is a \$9.00 decrease per REC in one month. The Chairman asked Attorney Lawrence who has the authority to decide what

to do with the RECs. Attorney Lawrence advised that MGL c. 164 provides the GM with full charge of supply. In the absence of Board policy, it is up to the GM to do what is in the best interest of the rate payers. Use or disposal of RECs is an appropriate area for the Board to take action on if the Board has a policy to do so.

MOTION

A motion was duly made by the Secretary to continue the policy the Board adopted in 2017 and maintain its carbon-free status by retiring any RECs purchased. The Vice-Chairman seconded.

The Secretary expressed that he would like the Board to retire the RECs and not sell them. Selling them to others allows them to cover their pollution and claim to be renewable when in fact they are not. When HMLP sells RECs they are removing renewability and those RECs are being used to pollute. Retiring RECs will help encourage the public to meet the requirements of the Global Warming Solutions Act. The Secretary considers this found money and losing it will not have a material impact on rate payers. The Chairman opined that he is opposed to the Motion and the Board should sell the RECs. The Board's fundamental duty to ratepayers is to be efficient. Retiring the RECs does not prevent other from using RECs from other sources to cover pollution. The Chairman would like to do something more tangible with the money. If the Town is going to be carbon-free by 2050, there is an enormous amount of work to do to the system with tremendous financial strain with the expansion of the substation, new line from the grid, upgrades around Town of circuitry and transformers. The Vice-Chairman asked the GM what his position is regarding the RECs. The GM explained that \$575k is a lot of money to bury. HMLP could use the money to help finance projects such as the construction of a solar canopy in the HMLP building parking lot.

MOTION

A motion was duly made by the Secretary to amend the Motion and continue the policy the Board adopted in 2017 for years 2020 and 2021, retire RECs and buy replacement RECs to cover the rest of the load. The Vice-Chairman seconded. The Secretary and Vice-Chairman voted to approve the Motion. The Chairman opposed the Motion. Motion is carried 2-1.

HMLP COVID-19 Response

HMLP customer service representatives are working from home remotely. It has been a seamless transition. The line department is performing only troubled work. Linemen are social distancing and the 9 linemen are divided into two-person teams.

March bills were distributed to customers on April 1st. HMLP will not shut customers off for non-payment of bills while the COVID-19 crisis continues. However, if customers do not pay by the 15th of the month, they will not get the discount. The GM anticipates that revenue will substantially decrease due to COVID-19. The stranded cost account has approximately 3 months' worth of money to cover supply in the event customers do not pay. The Secretary asked the GM to have ENE create a forecast going forward regarding lost revenues and how to adopt policy to deal with this. The GM explained that since March bills went out the day of the meeting it might be tough to have an accurate forecast for next meeting.

Updates

Battery Storage

HMLP received twelve (12) bids for its battery storage project. HMLP is in the process of negotiating a twenty (20) year contract with the bidder whose proposal was the most attractive. The parties are close to finalizing the contract language.

Transmission Line

A new transmission supply source and sub-station is expected to become necessary in connection with the Hingham Net Zero effort and also for added reliability (should a catastrophic failure of a structure/s or incident take both supply lines out of service). HMLP approached National Grid and Eversource regarding bringing a third transmission line into Town. National Grid stated that it would have to re-build a couple of transmission lines in order to do so and HMLP would be responsible to pay for that project since it would only be done to satisfy HMLP. It would not qualify to be socialized amongst ISO-NE. That cost is estimated to be \$5-6m. Eversource is conducting an engineering study to see what, if anything, they will need to do to provide Hingham with another transmission line. That study is currently underway and Eversource should have the report to the Board for the next Board meeting. The GM is in the process of drafting an RFQ for an environmental consultant as there is a tremendous environmental review component to siting a new transmission line.

Motion to Adjourn

On a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously approved to adjourn the meeting at 0902.

