



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

January 28, 2020
7:30 A.M. – HMLP offices

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 0731 on Tuesday, January 28, 2020 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 M. Freeman, Secretary; Paul Heanue, General Manager (GM); Tom Morahan, Assistant General Manager (Assistant GM); guest Laura Burns, Hingham resident, former Selectman and current Senior Intern to Representative Joan Meschino.

Approval of Previous Meeting Minutes:

The GM presented the meeting minutes for the December 12, 2019 meeting to the Board for their consideration.

MOTION

A motion was duly made by the Vice-Chairman to accept the minutes of the December 12, 2019 meeting. The Chairman seconded and they unanimously voted to approve the minutes of the December 12, 2019 meeting.

Contract renewal w/UWUA Local 369

HMLP's labor agreement with UWUA Local 369 expired December 31, 2019. HMLP renewed the labor agreement for a two (2) year term with 3% increases each year. Adjusted terms include (a) boot allowance is now capped at \$300 reimbursement each year, there was previously no cap on number of boots or amount to spend and (b) expiration date of the agreement was moved so that it does not end on the last day of the year.

Financials:

The GM presented the Board with financial statistics for November 2019.

- kWh sold in November 2019: 15.0m kWh was close to both November 2018: 15.1m kWh and November 2017: 14.4m kWh.
- Revenue for November 2019 was \$2.5m, November 2018 was \$2.4m and November 2017 was \$2.0m.
- Expenses for November 2019 was \$1.5m, November 2018 was \$2.5m and November 2017 was \$2.1m.
- Net income for November 2019 was \$986k, November 2018 was \$(169k) and November 2017 was \$168k.
- YTD kWh sales for November 2019 was 177.7m kWh, for 2018 was 186.7m kWh and 2017 was 181.3m kWh.
- Revenue YTD November 2019 was \$28.8m, \$26.6m for 2018 and \$25.8m for 2017.
- Expenses YTD November 2019 were \$25.1m, \$26.7m for 2018 and \$21.7m for 2017.
- Net Income YTD for November 2019 was \$3.7m, for 2018 was \$(73.8k) and for 2017 was \$4.0m.

2020 Operating Budget

The Assistant GM reported that HMLP is currently in line with the 2019 budget. Based upon the current numbers and leaving the rates as they currently are, the Assistant GM is anticipating a 6.19% estimated return for 2020 with \$4.0m in revenue. The cost of capacity has come down and transmission continues to rise. The Assistant GM will send the 2020 Budget to the Board electronically.

Updates

Hingham Net Zero

On January 27th, the Energy Action Committee (EAC) met with Town Administrator Tom Mayo to discuss their submitting a Warrant article for the 2020 Town Meeting, re. the Town of Hingham, including Town operations/residences/businesses, reducing its carbon by 80-100% by year 2050. At the meeting the Town Administrator asked the EAC to withdraw the Warrant article for the 2020 Town Meeting because the Board of Selectmen (BoS) felt the EAC had not yet adequately built consensus with the major stakeholders in Town. At the meeting the EAC decided not to withdraw the Warrant article but rather to have continued conversations with the BoS before deciding what to do. The GM stated that if the Article, as currently designed, passes there will certainly be an increase in electric load for HMLP. The GM described having retained the consulting company Analysis Group to look at how much HMLP's load might increase under various scenarios of Hingham Net Zero. The GM expects to receive the report from the Analysis Group February 2020.

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, which HMLP is paying for, 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.

Terminated Employee

HMLP recently terminated an employee for racially charged comments. The termination was reviewed by Local 369 Executive Committee, who said they will not take the case to arbitration. By statute, the terminated employee has 21 days from February 5th to review an offer presented by HMLP.

HMLP role in water company operation

The Town of Hingham voted at the April 2019 Town Meeting to buy the Aquarion/Eversource water company. Initially there was "talk" that HMLP would manage the entire operation. That "talk", there were never official discussions between the Board of Selectman and HMLP, evolved to HMLP just performing the customer service functions for the new Town owned water company. In August a meeting including HMLP (GM, Assistant GM, Business Manager and Customer Service Supervisor), Town officials (Town Treasurer/Collector and Assistant Town Treasurer/Collector and a consultant (the former Town Manager from Franklin MA) was held. HMLP's current customer service practices and work methods were discussed. At no point at the meeting was there talk about HMLP being the customer service provider for the newly acquired Town water company. In October the GM received a call from the Assistant Town Administrator who stated that a Request for Proposals (RFP) was "on the street" and bids were due mid-November. The GM told her that HMLP would not be submitting a bid in a couple weeks as he had not been told he would need to, offer a bid, and HMLP was not prepared to do so. Further the GM added he couldn't prepare a bid because he had not been told what HMLP's role would be (i.e. running the entire water company operation or just handling customer service). A few weeks later the GM was informed by the Assistant Town Administrator that there is legislation pending (as of the this Board meeting the proposed bill had still not been passed by the MA Legislature) that would allow HMLP to perform duties for the Town owned water company and that only the customer service functions of the water company might be performed by HMLP. The GM spoke to a consulting company, CDM Smith (Camp Dresser & McKee Smith), about what HMLP would need to do (hire additional staff, purchase equipment, etc.) and know (number of customers, number of meters, etc.) to be in a position to possibly perform the customer service function for the new Town owned water company. Neither they nor any other firm have not been hired yet because there is a question of who will pay for their research. Ch. 164 has been interpreted to say that light department monies can only be spent to benefit light department customers. The GM has asked its counsel to

contact Hingham's Town Counsel to see if HMLP can pay for it upfront with the understanding it will be reimbursed.

Fiber

HMLP hired a consulting company to consider the implications and cost for HMLP to install fiber communication cable throughout Town to be used initially and exclusively by HMLP for its operations and to possibly expand its use to The Town and possibly businesses and residents. The estimated cost would be approximately \$5m. Other munis are using existing cell networks for the same operational purposes as HMLP is considering, reading meters 24 x 7 and remotely operating some of its equipment, for a cost of approximately \$175k. HMLP will be presented with these cell network options soon.

EV Charging Stations

HMLP is working with ENE to possibly bring electric charging stations into Hingham. We, HMLP and ENE, are looking into securing state grant money.

Heat Pumps and Refrigerator Rebate Updates

A new heat pump rebate program will be instituted, re. Net Zero. The appliance rebate program will be adjusted so a customer will only get the rebate if the old refrigerator gets taken out of the house. Otherwise there will not be any savings of electricity if the old unit remains in the house continues to get used.

Legislation, H. 2863 and H. 3983

In January 2019, the Municipal Electric Association of Massachusetts (MEAM) met and wrote a piece of proposed legislation H. 2863 (the "MLP Bill") which would require municipal light plants (munis) to have to follow the same percentage requirements as Investor Owner Utilities (IOUs) (as related to carbon free supply), but be able to count existing carbon free supply contracts (including nuclear), continue to sell Renewable Energy Credits (RECs) they control and pay a fine to themselves (that could only be used to finance carbon free projects if the required carbon free supply percentages were not met). At the September 5th HMLP Board meeting the Board reviewed the MLP bill and H 3893, a bill proposed by Representative Joan Meschino and others (the "Meschino Bill"), and agreed that they would prepare a letter to the drafters of both bills expressing their concerns regarding portions of both of the bills and ask for the sponsors to make the suggested adjustments. The Secretary requested that the GM reach out to Rep. Meschino to request that she attend the next Board meeting to explain the Meschino bill. The Board agreed to table the discussion regarding their position on both the MLP Bill and Meschino Bill until such time that Rep. Meschino is able to speak to the Board.

Renewable Energy Credits (RECs)

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 in 2019.

At the Board's direction, the GM requested ENE to look into financing projects that are creating renewable energy, instead of buying replacement RECs. The GM presented the Board with the results of ENE's study. In 2018, there was a HMLP lost opportunity in the amount of \$135k by retiring available RECs. Purchasing RECs to offset fossil fuel purchases cost \$90k in 2018. If the Board decides to retire RECs in 2019, it will result in lost opportunity of \$360k through the 3rd Qtr. The financials for 4th Qtr. are not yet finalized. The GM suggested the Board needs to vote on what to do with its 2019 RECs soon.

Executive Session:

At 0850 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to move to Executive Session.

At 0900 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to move out of Executive Session and back to the regular meeting.

At 0901 on a motion duly made by the Vice-Chairman and seconded by the Secretary it was unanimously voted to adjourn the meeting.

