



HINGHAM MUNICIPAL LIGHTING PLANT

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Laura Burns, Chair
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

March 21, 2023

Zoom Meeting

<https://www.youtube.com/watch?v=WNcIo9jxXFM>

Meeting Called to Order

A regular meeting of the Board of Commissioners of the Hingham Municipal Light Plant (HMLP) was called to order by the Board's Chair, Laura Burns, at 7:30 am on Tuesday, March 21, 2023, via Zoom.

Present:

Board Members: Laura Burns, Chair
Michael Reive, Vice-Chair
Tyler Herrald, Secretary

HMLP: Thomas Morahan, General Manager
Stephen Girardi, Engineer
Joan Griffin, Business Manager
Ellen McElroy, Customer Service
Brianna Bennett, Sustainability Coordinator

Guests: Mark Beauchamp – Utility Financial Solutions, LLC
Michael Johnson – Utility Financial Solutions, LLC

Other: Members of the Public

Materials: Utility Financial Solutions, LLC's Power Point Presentation titled:
"Hingham Municipal Lighting Plant – Draft Electric Cost of Service Study"

Ms. Burns read the following disclaimer into the record:

This meeting is being held remotely as an alternative means of public access pursuant to Chapter 107 of the Act of 2022 and all other applicable laws temporarily amending certain provisions of the Open Meeting Law. You're hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.

Ms. Burns asked if anyone other than HMLP wished to record the meeting. No one responded affirmatively

Forming of Light Commissioner's Association

Ms. Burns asked the Board to consider endorsing the invitation from other light Commissioners to form a Light Commissioners' Association. The invitation comes from a group of light Commissioners that have met several times over the last two years and believes it would be beneficial to get all light Commissioners involved. They are looking for the Light Boards to endorse this invitation. The meetings would be held quarterly.

Motion: Ms. Burns entertained a motion to endorse the invitation.

Roll Call Vote:

Mr. Reive: Aye

Mr. Herrald: Aye

Ms. Burns: Aye

Rate Design Discussion – Utility Financial Services

Mr. Beauchamp stated that the rate design is suggesting a 6 percent rate adjustment each year for the next three years. The Cost-of-Service study suggests the residential facilities charge should go up at a higher rate than the energy rates. There will be a two dollar increase each year to the monthly facilities charge. The capacity, transmission and distribution charges were set at \$0.107 but the Cost-of-Service Study shows that should be lowered to \$0.082. The energy rate was set at \$0.05 but the Cost-of-Service Study showed it should be closer to \$0.082. The total energy rates went up from \$0.157 to \$0.164. Overall, that is a 6.6 % rate adjustment. Most customers will see between a 5 – 7% rate increase in the first year. In year two, most residential customers will see a 6.6% increase.

Mr. Beauchamp stated that the rates must first be established before HMLP introduces Time of Use. When introducing Time of Use, most utilities use an “opt-in” program where they offer customers a Time of Use rate. HMLP would still have the standard rate tariff and customers can choose Time of Use. Some utilities offer an opt-out program, where all customers are placed on the Time of Use rate and can opt-out of the rate. HMLP could keep the standard rate tariff and customers could choose the Time of Use. The HMLP Board will need to make decisions on which program to use.

Ms. Griffin asked if the proposed energy rate is a forecasted amount. Mr. Beauchamp stated it was, with capacity and demand costs, the market prices in new England are high. Currently the \$0.081 cents plus the power cost adjustment (PCA) brings the energy cost to about \$0.092. That is what is projected on the power supply side. Ms. Griffin asked if the PCA is an adjustment to the energy portion of the bill. Mr. Beauchamp replied affirmatively.

Mr. Herrald asked what is the importance of the PCA and whether it makes sense to put that charge towards the energy cost. Mr. Beauchamp recommends keeping the PCA. Approximately 75% of utilities around the U.S. have a power cost adjustment because it gives flexibility around costs HMLP does and does not have control over, like changing energy costs. The PCA is a mechanism that allows HMLP to pass uncontrollable costs on to the customer. Mr. Beauchamp suggested, if the Board desires, that UFS could true up the energy charge to \$0.092; UFS is hesitant to recommend this approach as there may a point where the PCA could become negative. Mr. Beauchamp emphasized that the PCA is a necessary tool to adjust the bills as the cost of energy goes up and down.

Ms. Burns and Mr. Reive felt it may be better to increase and decrease the energy charge month by month, depending on the cost of energy, rather than increasing or decreasing the PCA. Ms. Burns asked if there is a downside to this approach. Mr. Beauchamp explained that with that approach, HMLP would be rolling that amount into the energy rate which will increase the base rate. If future power supply costs begin to stabilize, the PCA would go negative. With a negative PCA, it now becomes a fairness issue for some customers. A customer with a high load factor receives a greater benefit. The PCA includes two components on the power supply side, the capacity portion and the energy portion, and therefore causes an equity issue.

Ms. Burns inquired what the downside would be to completely eliminating the PCA by rolling the capacity costs into the capacity charge and the energy costs into the energy charge. Mr. Beauchamp stated that by eliminating PCA entirely, the financial stability of HMLP could be jeopardized. Ms. Griffin explained that by removing the PCA from the bill completely, HMLP would not have the flexibility to raise additional capital if needed. Ms. Burns elaborated that it may make more sense to the customer to see their energy costs changing rather than an additional component [the PCA] and that she was thinking of removing the PCA permanently. Ms. Griffin will do some research to see if HMLP can have more than one variable component on the bill.

Mr. Beauchamp continued with heat pumps only heating customers. These customers should be placed on a Time of Use rate. TOU rate will automatically adjust for their load profile differences and promote the use of heat pumps. Heat pumps have a much load profile than resistive heating. Homes heating solely with heat pumps should be placed on the residential rate until a Time of Use rate is offered.

The low-income rate was discussed. UFS proposed 20 % low-income discount on the current rate with the assumption that 10% of HMLP customers would qualify for this low-income rate. Based on these assumptions, there will be about a \$180,000 revenue loss. There will be no changes to the other rates based on this loss.

Mr. Beauchamp discussed Solar Net Metering. The solar evaluation showed that a net metering rate of approximately \$0.13 kWh, which is based on current power supply costs. Mr. Beauchamp cautioned that crediting at \$0.13 kWh may cause a risk when the power supply costs decrease. The Northeast is

experiencing unprecedented power cost. If these power cost decrease, HMLP will be over crediting solar customers. The solar credit would then need to be lowered which could cause issues for customers who made an economic decision to install solar panels based on this \$0.13 kWh net metering rate. The \$0.13 kWh credit is being driven by today's market prices. Looking at historical energy trends may aid in making a decision on where to price the net meter rate.

Suggested Time of Use rates were discussed. UFS recommends phasing in the Time of Use rate in over the next three to five years. This allows customers can adjust to the different time of use periods and obtain the necessary technologies to make the Time of Use rate efficient for their lifestyles.

Ms. Burns asked if there were any comments from the public about what was discussed today. There were no comments.

Motion to Adjourn

Ms. Burns concluded the meeting and asked for a motion to adjourn.

Motion: Mr. Reive moved to adjourn the meeting. Mr. Herrald seconded the motion.

Roll Call Vote:

Mr. Reive: Aye

Mr. Herrald: Aye

Ms. Burns: Aye

The meeting adjourned at approximately 9:30am.