



HINGHAM MUNICIPAL LIGHTING PLANT

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Board Members

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

REGULAR MEETING HINGHAM MUNICIPAL LIGHT BOARD

May 2, 2023
Zoom Meeting
<https://us02web.zoom.us/j/85711596630?>

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 approximately 7:33 am on Tuesday, May 2, 2023, via Zoom.

Present:

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

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

Guests: Mark Beauchamp -Utility Financial Solutions
 Mike Johnson - Utility Financial Solutions

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 are hereby advised that this meeting and all communications during this meeting may be recorded by the Hingham Municipal Light Plant 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.

Tyler Herrald elected to the Light Board

Mrs. Burns congratulated Mr. Herrald on his election to the Board for a 3-year term.

Mrs. Burns asked that the next agenda include a discussion on Board Reorganization.

Rate design follow up with Utility Financial Services(UFS)

Mr. Beauchamp stated that he was looking for input and to address any questions on the proposed rate design. This portion of the rate design focused on solar. Once the rate design is approved then UFS will begin to work on the Time of Use portion.

Mrs. Burns asked, given this was the first time that this Board had been part of a rate design, if they should they vote to approve the study in pieces or as a whole? The rate design suggests a 6% rate increase annually for the next three (3) years for the general population. Mrs. Burns is happy with the direction of the design but would like to discuss the PCA (Power Cost Adjustment) and whether it is necessary. Mr. Reive asked for more information so he can better understand the PCA, solar rates and net metering. Mr. Herrald is comfortable with the PCA and likes the flexibility that it provides, but he is happy to reopen the discussion. Mr. Morahan has discussed the PCA with Dierdre Lawrence, attorney for HMLP, and she warned that a cost-of-service study must be done every time a rate is changed; however, if you have a PCA, you can use that to manipulate the rate. It is believed that the PCA does not have a limit. Mrs. Griffin has the ability to change the PCA quarterly. Mr. Beauchamp warned that the PCA should not be negative and explained that the PCA can be “trued up” but he does not suggest that for Hingham Light right now. In addition, Mr. Beauchamp stated that a rolling average can be used to minimize the impact on a monthly basis. Mr. Beauchamp screen shared an example of a Rolling Average PCA. Mr. Beauchamp reiterated the need for a PCA. He stated that it is difficult to recoup loss if you do not pass it on to the customer and warned that “it could jeopardize the financial integrity of the utility.” He also stated that the rate adjustment should be enacted soon. Mr. Beauchamp said that the 6-month rolling average is all historically based, so it avoids projections. He is willing to make the rolling average part of the rate design. Mrs. Griffin stated that she is comfortable with how she has been calculating the PCA and she monitors the net income. Mrs. Griffin has never had to significantly adjust the PCA but knows that it is necessary for flexibility. Mr. Morahan is comfortable with Mrs. Griffin’s calculations. Mr. Herrald would like to look at a 6-month rolling average calculation as a benchmark but would ultimately leave it to Mrs. Griffin’s discretion.

Board took a vote to recommend that the business staff use a 6-month rolling average of the costs that go into the PCA as a tool in making a decision to increase or decrease the PCA. The

6-month rolling average calculation would be retained for comparison purposes but the staff can continue to calculate the PCA as they have in the past.

Vote:

Mr. Herrald -Aye

Mr. Reive - Aye

Ms. Burns - Aye

Mr. Beauchamp will provide the formula to Hingham Light for the 6-month rolling average but there will be no change in the process (this is just a tool). The new rolling average process will not start until 6 months after the rate has been changed. Mrs. Burns questioned the other components of the PCA, such as capacity and transmission, and Mr. Beauchamp explained that these costs are indicative of “load factor.”

Mr. Reive wanted to discuss solar rates and the fact that he would like to get more penetration in Hingham. He would like to incentivize solar more with a better return on investment monetarily, not just so the person “feels good.” Mrs. Burns stated that the Time of Use rates would help in making a customer “whole”; however, there is a concern over the difference between larger and smaller arrays. She asked why we are incentivizing large arrays at a lower rate? Mr. Morahan explained that the lower rate is based on the cost of service - more wire, transformers, etc. to support the larger array. Mr. Beauchamp stated that larger arrays create a situation on the distribution system where there are voltage fluctuations that can cause outages. Utilities have to protect against these fluctuations with equipment that requires significant investment.

Mr. Beauchamp stated that the \$0.13 calculation for solar was the highest that they have ever calculated and it is at last year's cost so that is why he recommended \$0.11. Mr. Herrald concurred that last year's wholesale energy market prices were the highest in years so the \$0.13 would be too high. The discussion moved to using a 3- or 5-year rolling average for solar. Mr. Herrald prefers a 5 year because the 3-year would be skewed by the pandemic. Mr. Beauchamp reiterated that the price is a signal to customers that they need to take responsibility for their economic decision to purchase solar. Mrs. Griffin stated that she evaluates the solar annually in June as she needs to use the RECs for those over 20 KV. Mrs. Burns supports Mr. Herrald's suggestion to use a 5-year rolling average and asked that the calculation be saved as a data point to be used yearly, but ultimately it is up to the staff. Mr. Reive would like to be able to give a potential solar customer a figure that is solid and will return their investment in 10 years; however, Mrs. Burns cautioned that this would be very difficult to administer. Mr. Herrald preferred that the Board handle the incentive side as a separate policy as it is very costly to redesign rates. There are around 100 customers in Hingham with solar. Mr. Reive stated that he does not want to incentivize large solar arrays.

Mrs. Burns disagrees with Mr. Reive regarding incentivizing large solar arrays. Mr. Herrald stated that although larger arrays have volatility, for which the rate payers should not bear the cost, perhaps more batteries for large arrays could be incorporated into the large array solar rate structure.

Mrs. Burns asked the Board to take a vote to endorse the structure on the solar slide where less than 20KV would be \$0.11. Mr. Herrald declined to vote as he needs to see a 3- and 5-year rolling average of the avoided costs of solar credit. Mr. Beauchamp will work with Mr. Johnson, Mr. Morahan and ENE to get the costs to assemble both a 3- and 5-year rolling average. Mrs. Burns asked that the vote on a 3- and 5-year rolling average be tabled until the information is available.

Board took a vote to accept the findings of Utility Financial Solutions thus far, and increase the rate 6% annually over the next three years.

Vote:

Mr. Reive - Aye

Mr. Herrald -Aye

Ms. Burns - Aye

Approval of Meeting Minutes

The following meeting minutes were approved with minor adjustments

- February 14, 2023
- February 28, 2023
- March 14, 2023
- March 21, 2023
- March 30, 2023

There was a motion to approve all meetings with edits.

Vote:

Mr. Reive - Aye

Mr. Herrald -Aye

Ms. Burns - Aye

Update on HMLP Customer Survey

The Customer Satisfaction Survey was released to the public on May 1, 2023 and will remain open until May 29, 2023. As of today, there have been 299 responses.

Survey was sent out to all HMLP customers with an email and paper copies are being delivered to 86 Central Street at their request.

Mrs. Burns asked how the survey was being publicized. Ms. Bennett stated that she used examples of posts and press releases from GreatBlue Research. 6 lawn signs have been ordered and postcards are being sent to all customers as well. Mrs. Burns said that Ms. Bennett could ask

the Select Board if the signs could be put on town land (ex: Jackass Park, The Common). Mr. Reive asked if we could use the emails from the schools. Mrs. Burns asked if we could use the emails from the Town list to ensure that all customers get an opportunity to take the survey.

The survey was promoted via:

- Social media
- Article in The Anchor newspaper
- Flyers in the April bills
- Open house at the South Shore Country Club on Saturday, April 29
- Message on the April bills

GreatBlue Research will not be conducting telephone interviews. Mr. Reive is concerned that the survey may be biased toward tech savvy people but paper copies are being utilized. Ms. Bennett stated that she will keep an eye on the demographics that we are seeing from the survey results to ensure we have a good representation.

Ms. Burns stated that the feedback on the question regarding the Green Fund/Opt-Out will give the Board information that they can use to discuss and re-evaluate the program. Mr. Morahan stated that he had a conversation with Dierdre Lawrence, the attorney for Hingham Light, and she has concerns about the Opt-Out program and is currently drafting a memo to the Board.

Upcoming Meetings

The remaining items on the agenda will be added to the next meeting agenda. Next meeting will be May 16, 2023. An additional meeting may be scheduled before that to catch up on agenda items.

The auditors will be present for the June 2023 meeting.

Motion to adjourn the meeting.

Mike - Aye

Tyler -Aye

Laura - Aye

Meeting adjourned at 8:58 am