

Electric Light Subcommittee

1/10/2018
7:00 PM to 9:00 PM
Utilities Department Conference Room
272 High Street
Ipswich, MA

Type of meeting: Monthly Meeting, Open Session

Attendees: Jim Engel, Ed Rauscher, Michael Schaaf, Jon Blair (Electric Light Manager), Ray Leczynski (Business Manager), Dylan Lewellyn (Strg. Project Manager.), and Whitney Hatch at 7:05.

Agenda

Citizens' Queries	Chair	5
Approval of Minutes	Chair	5
FY19 Budget Considerations	Jon Blair	90
Other Business	Chair	10

Additional Information

Ed Rauscher called the meeting to order at 7:01 with 4 members present plus the Electric Light Department management team.

Handouts:

Detailed Agenda for 01/10/2018.

Packet for 01/10/2018 which includes:

- the ELD's Identity & Values Policy,
- the Fiscal Year 2018 Budget Highlights,
- the 2018 RP3 Score Sheet Overview,
- the Electric Light Manager's FY19 Budget Considerations memo to the Electric Light Subcommittee,
- MMWEC press releases about the ELD's selection for a federal grant and the success of the Berkshire Wind Power Project.

Abbreviations used:

APPA = American Public Power Association, DERA = Diesel Emissions Reduction Act, ELD = Electric Light Department, FY = Fiscal Year, IT = Information Technology, MassDEP = Massachusetts Department of Environmental Protection, MEAM = Municipal Electric Association of Massachusetts, MLP = Municipal Light Plant, MMWEC = Massachusetts Municipal Wholesale Electric Company, RP3 = Reliable Public Power Provider

Citizens' Queries	Chair	5
<u>None.</u>		
<u>Conclusions:</u>		
<u>Action items:</u>	<u>Person responsible:</u>	<u>Deadline:</u>

Approval of Minutes	Chair	5
<u>Discussion: December minutes unavailable, they will be reviewed at the next meeting in February.</u>		
<u>Conclusions:</u>		
<u>Action items:</u>	<u>Person responsible:</u>	<u>Deadline:</u>

FY19 Budget Considerations	Jon Blair	90
<u><i>Discussion: The primary objective of this meeting is to establish the ELD's FY19 budget priorities.</i></u>		
<u>7:03PM Jon stated that the Identity & Values Policy should be a guiding document in establishing department priorities, and reviewed the status of the initiatives listed in last year's Fiscal Year 2018 Budget Highlights.</u>		
<u>Jon presented the ELD's 2018 RP3 Score Sheet Overview and talked about the potential of the APPA's RP3 Award process to be a tool for the ELD to benchmark, measure, and improve electric utility fundamentals.</u>		
<u>Jim asked about the scoring panel and structure of the application process. Dylan explained how the application package was compiled and that the scoring panel consists of other electric utility managers.</u>		
<u>Michael asked about any required fees, the frequency of submissions, and how applicable the national perspective is locally. Jon explained the fees and frequency, and he talked about the value the ELD has already realized from a conference call with the scoring panel.</u>		
<u>7:15PM Jon introduced the FY19 Budget Considerations memo and stated that past capital plans have failed to tell a narrative and to be an effective tool for the department.</u>		
<u>Whitney asked why past capital plans have been ineffective. Jon stated the primary causes have been high management turnover and a current lack of an operations manager.</u>		
<u>Whitney asked whether streetlights have stalled capital projects and where the smart meter deployment stands. Jon stated that streetlights have been a big focus this year and smart meter deployment has stalled due to challenges gaining access to homes to install water meters.</u>		
<u>Michael asked whether there are opportunities to align inventory management and a capital planning process using databases. The group discussed the opportunities and challenges of this thought at length.</u>		

FY19 Budget Considerations

Jon Blair

90

Discussion: The primary objective of this meeting is to establish the ELD's FY19 budget priorities.

Michael asked why creation of an inventory/asset database to support capital planning couldn't be done externally. Jon stated that an internal Operations Manager could improve the safety, compliance, and reliability of the department.

7:55PM Jon reviewed an assessment of the current staffing levels at the ELD and highlighted the risk and impact of several potential staffing voids that would severely impact the department's operations. Jon stated that the department needs to hire a Systems Integrations Manager, Operations Manager, and a Power Plant Apprentice.

Michael asked about management staffing levels historically and the justification for an Operations Manager. Jon, Ed, and Jim talked about past management staffing levels. Jon stated that an Operations Manager will improve the ELD's inventory control, compliance reporting, and ability to ensure safety of employees and customers.

The group then discussed the history of information systems staffing at the Utilities Office, the transition of the previous IT Manager to Town Hall, and the resulting challenges faced by the lack of dedicated internal information systems staffing.

Jon reviewed the impact on the budget of hiring these three positions, noting that most of the increased expense would fall under Capital Expenditures which would not impact the Profit and Loss Statement.

Ed asked about alignment with the other Utilities departments that would share the cost of the in-house Systems Integration Manager. Jon stated that Utilities management has worked closely in identifying the need for such a position and developing this solution.

Jim asked about any potential surprises regarding changes in the ELD's pension liability. Ray stated that he has been actively monitoring the situation and waiting for estimates from Town Hall.

Jon reviewed major equipment and capital expenses that should be considered for the FY19 fiscal year.

Michael asked why the department wouldn't consider going out for a bond instead of funding a dedicated Transformer Replacement Fund. Jon explained that our substation transformers are 20 years over their 30 year expected lifetime and that the lead time to receive a transformer can be more than a year.

Michael asked why we are purchasing another bucket truck. Jon explain that the ELD has been awarded a grant to purchase a hybrid bucket truck and is only one year earlier than our usual bucket truck replacement schedule.

Conclusions:

The need for a Systems Integration Manger, Operations Manager, and Power Plant Apprentice are justified and should be included in the FY19 budget.

The major equipment and capital expenses identified are justified and should be included in the FY19 budget.

Action items:

Prepare thorough justification of new staffing positions for presentation to the Board of Light Commissioners.

Person responsible:

Jon, Ray, Dylan

Deadline:

Next Meeting
02/10/2018

Other Business

Chair

10

8:55PM Jon presented a MMWEC press release about the DERA grant that the ELD was awarded to purchase a new hybrid bucket truck. Jon also shared a MMWEC press release announcing that the ELD should realize some savings from MMWEC's advanced refunding of the bonds used to finance the construction of the Berkshire Wind Power Project.

Jim noted that fuel prices have been high and the power plant has operated recently, and asked whether we were making money from that. Jon said running the power plant is usually not very profitable for the ELD because of ISO regulations that limit the amount of profit you can make in the reserve market. Also, due to the weather conditions, natural gas supply was constrained so we had to use more expensive oil for fuel.

Michael asked about the status of the MassDEP's proposed mandate that would require MLPs to comply with the Clean Energy Standard. Jon stated that MEAM and MassDEP have not reached an agreement and are still deliberating.

Ray announced that the audit has been approved and he was able to have the firm include a comparative Profit and Loss statement. It is now posted on the ELD's website.

9:17PM Ed excused himself from the meeting.

Ray presented an analysis of the Discount Program that found the discount is very popular among both residential and commercial customers. He also stated that the program is important considering the ELD's current cash position because it encourages prompt payment of bills.

Conclusions:

Action items:

Person responsible:

Deadline:

Additional Information

Whitney moved to adjourn at 9:27PM, seconded by Jim. Unanimous.