

**ELECTRIC SUBCOMMITTEE**  
Meeting of Wednesday, February 10, 2021  
Virtual/Zoom ELC Meeting  
7:00PM

A meeting of the Electric Subcommittee was held on February 10, 2021 at 7:00 pm. It was a virtual/Zoom meeting format due to the current COVID-19 pandemic.

With a quorum in virtual attendance, Mr. Mootafian called the meeting to order at 7:00 p.m.

Subcommittee Members present: Nishan Mootafian, James Engel, William Craft, Whitney Hatch, Michael Schaaf, Edward Rauscher, Jonathan Blair, Dylan Lewellyn, Ray Lezynski, Jeff Civitarese

Guest(s): Martin Walsh

Recording Secretary: Kathleen Reed

Abbreviations used: ELD, Electric Light Department; ELC, Electric Light Committee; KW, kilowatt; P&L, profit and loss, MMWEC, Massachusetts Municipal Wholesale Electric Company

**I. Citizens' Queries**

Mr. Craft presented a citizen's query regarding the feasibility of placing the overhead electric wires on High Street underground. Mr. Blair reviewed the discussions-to-date with the Historic Commission, residents, and DPW meetings in conjunction with their contractor. If the Select Board would like to assert this project as a strategic initiative, the ELD will move forward with a feasibility study and convert that into a construction plan. It was noted, however, that the ELC decided in 2020 that a feasibility study was not a priority, and it is not currently a part of the strategic plan. Mr. Craft feels that there is merit to this project given the scope of the work proposed for that area. Matters of financing, the lack of frontage, and the complex infrastructure restraints for the area are issues that would need to be resolved.

**II. Approval of Minutes - January 2021**

The draft January 13, 2021 minutes had been distributed to the ELC for review prior to the meeting. A motion to approve the minutes as presented was made by Mr. Engel and seconded by Mr. Schaaf. Upon motion duly made and seconded, it was

***Voted: To approve the minutes of January 13, 2021 as presented. The motion passed unanimously.***

**III. Review Proposed FY 22 Budget and Rates**

Mr. Blair provided a comprehensive overview of the Capital Plan including FY20, FY21 (budgeted vs. actual), FY22 and projection for FY23, FY24, and FY25. Capital, Operations SG&A Power, the Sustainability Fund, P&L, Deb, Cash Projections, and the Pension/Health Supplement were discussed. Mr. Blair requested provisional feedback on funding sources, capital project priorities, and the direction for rates. It was noted the budget as presented was built with a \$.01 rate increase across the board putting the ELD in a competitive position. The KW hour sales are down cumulatively 5% over the past five years. With the public health crisis, the receivables are down and there is a shut off moratorium that is putting upward pressure on the rates. Savings will be realized through an increase in the base rate and a reduction in the energy charge that also increases the rates. The metering conversion will cost \$1.5 million which is budgeted over a three-year period.

The \$500,00 savings from the peak reduction program converts to a half cent per KW hour, and this half penny is to be directed specifically to one of three goals: storage, carbon-free generation, or the decommissioning of the power plant. The remaining half cent is geared toward the metering conversion expense. The long-range capital plan was reviewed and described as a forecast for special projects. The peak/resiliency asset and generation/storage asset line items were discussed as possible projects that could fall into those line items. It was suggested that incremental review be geared toward increasing the depreciation expense for upgrades over the next ten years. Mr. Lezynski noted that in FY 2021 the ELD is scheduled to add \$400,000 more than the required three percent to cover the projects expenditure. The deferred system projects including the facility attributes in the budget were discussed. The budget also includes the actual out-the-door cost of the pension.

The low-income incentive program was reviewed and will be a robust program included in the FY22 budget planning. A meeting was held to discuss the direction of the sustainability fund, and Mr. Blair and Mr. Lewellyn will provide an update at a meeting after the Memorial Day holiday. The solar rebates cost share program, which had been funded by the ELC and the State, was set to expire last December; however, the state offered to extend the program but did not offer any additional funding. The incentive is likely to be reduced from \$1.50 watt to \$.30 per watt for solar customers. Mr. Lewellyn predicts that solar demand will increase despite variations in incentives.

T The comprehensive audit program under development was described as an enhanced audit from the MMWEC auditors, CET, with a focus on decarbonizing homes and moving towards electrification. The audit will be expanded from lights and insulation to include customer habits, and customer service that strips down the barriers to entry by providing customers with an overhaul as to how they source their energy. Grants will be aggressively pursued.

Strategies for financing for special projects and borrowing opportunities aimed at reducing the burden in the operating budget were discussed.

*Action: As requested, Mr. Lezynski will provide a projection on how much cash will be on hand at the end of FY 2021*

Given that the data is historical, it is difficult to plan for strengthening the financial position of the ELD. It was noted that one loan has been paid in full with another to be paid off shortly. Additional cash has been added to the STAR fund, and multiple financial goals are being realized. Mr. Lezynski was complimented on his management of the budgeting process. The management of the ELD has resulted in a sound financial position for the ELD.

*Action: As requested, Mr. Blair will provide project narratives and rational for such in the next meeting's budget discussion.*

There was discussion regarding the prudence of considering both a one cent and 1.5 cent increase across the board and the associated pros and cons of each. It was agreed that any increase should be tied to something that is clear and identifiable.

*Action: As requested and for next month's budget discussion, Mr. Blair will present the next draft of the FY22 budget two ways: 1) incorporating a one cent per KW hour increase and 2) incorporating a 1.5 cent increase with a 3-4 increase in depreciation.*

It was reported that the rate design and cost of service study recommendations are expected in FY22 and, at that point, there will be likely action on those recommendations mid cycle. Proper time will be allotted for digestion of the recommendations that are included in that study.

**IV. Long Range Agenda**

The FY 2021 long-range agenda was presented and reviewed in detail. It was agreed that more battery storage proposal discussion is warranted prior to the December 8, 2021 meeting, if possible. Ownership options should be included in battery storage discussions. The rate/bill design agenda item in April 2021 will be an initial review with additional discussion as an agenda item in July or August 2021.

**IV. New Business**

There was concern expressed about the ELD's ability to handle a significant future electrical load if electrification proves to be a very successful activity in Ipswich as the community is starting to embrace that electrification as the way to move forward with a green strategy. Thought needs to be given to handling an additional load of any magnitude along with the associated financial implications. An evaluation, either inhouse or from an outside source, to evaluate the grid and any new technologies was discussed.

*There being no regular meeting further business, and after a motion for adjournment was made by Mr. Hatch and seconded by Mr. Engel, it was*

***Voted: To adjourn the regular meeting of the ELC at 9:02 pm. The motion passed unanimously.***

*A motion to adjourn into Executive Session at 9:02pm was made by Mr. Engel and seconded by Mr. Hatch for the purpose of discussing strategy, with respect to collective bargaining or litigation, if an open meeting may have a detrimental effect on the government's bargaining or litigating position. Specifically, a proposed power purchase agreement with a private wind turbine developer will be discussed. It was agreed that the recording of the meeting would be terminated.*

***Voted: To adjourn into Executive Session as indicated above. The motion passed unanimously.***

The next meeting of the ELC will be held on March 10, 2021.

Respectfully submitted,

Kathleen Reed, Recording Secretary