

Ashburnham Municipal Light Board

Wednesday, December 12, 2018
24 Williams Road, Conference Room
Ashburnham, MA 01430

Meeting Minutes

Commissioners: Rick Ahlin, Chairman
Mark Carlisle, Vice Chairman
Stephen Hogan, Secretary

AMLPL General Manager: Kevin Sullivan

Other Attendees: Brooke Czasnowski, Matt Ide, MMWEC Executive Director, Energy & Financial Markets (left at 11:04am), Kelly Lovett, MMWEC Analyst (left at 11:04am).

Ahlin called the meeting to order at 10:01am with a roll call vote. Hogan present, Carlisle present, Ahlin present.

Ahlin announced all Board meetings are subject to audio and video recording.

Carlisle made a motion to accept the agenda as written. Hogan seconded. All in favor. Hogan aye, Carlisle aye, Ahlin aye.

Hogan made a motion to approve the October 24, 2018 Open Session meeting minutes. Carlisle seconded. All in favor. Ahlin aye, Carlisle aye, Hogan aye.

Hogan made a motion to approve the October 24, 2018 Executive Session meeting minutes. Carlisle seconded. All in favor. Ahlin aye, Carlisle aye, Hogan aye.

Hogan made a motion to approve the November 15, 2018 Open Session meeting minutes. Carlisle seconded. All in favor. Ahlin aye, Carlisle aye, Hogan aye.

General Manager Items:

Cost of Service Study Update: Sullivan began with an overview of the Cost of Service Study (CoS). Ide provided additional information to the Board explaining that CoS studies are typically conducted every 3 to 5 years. He said that the fundamental purpose of the CoS is to compare the revenues collected from each customer class with the costs associated with providing service to the customers in each class. The 6-step approach used for the CoS is as follows: calculate revenue requirement, functionalization of revenue requirement, classification of functionalized costs, allocation of costs, summarize results and design new rates to meet the class revenue responsibility.

Ide spoke about the different Municipal Light Plant expenses. He explained that most of the expenses are fixed and the largest variable expense is the power supply. In contrast, the revenues received from customers are mostly reliant on volume.

The CoS begins by establishing a Base Year and a Base Case. The Base Year is created by using existing rates, current sales volume, current budgeted power costs, budgeted operating expenses and capital expenditures. The Base Year is used to illustrate how everything is today and is used to create the Base Case 5-year forecast. The Base Case forecast for the AMLP shows that without any changes in rates a revenue shortfall will be experienced.

Ide explained that in addition to the Base Case a forecast was created for the AMLP to show the impact of the battery storage unit. These five-year forecast projections were then used to model different rate design options for the AMLP that show the projected impact on revenues from the rate adjustments throughout the five-year period.

Sullivan stated that the CoS will be an ongoing discussion. The AMLP will be able to present different scenarios to MMWEC and the scenarios will be run through the model to show the projected impact of the rate adjustments.

Battery Storage Update: Sullivan stated that everything is going as planned. He said that there have been a few setbacks, but he does not think the AMLP is in jeopardy of missing the 1/1/19 go live date. He mentioned that there is a possibility the unit will be operational the last week of December. Sullivan said the DC cabling was laid out today. He mentioned the project is within budget.

2019 Operating and Capital Budget: Sullivan presented the 2019 Proposed Budget Capital and Operating Plan included in the Board packet. The total budget for 2019 is \$5,782,897. The projected allocation for the Capital budget is \$541,895 and the allocation for the Operating Budget is \$5,241,002. Sullivan stated that each budget is a work in progress and is used as a guideline.

Carlisle made a motion to accept the budget as presented. Hogan seconded. All in favor. Carlisle aye, Hogan aye, Ahlin aye.

OPEB Funding 2018: Sullivan recommends making a \$62,000 contribution in 2018 to the unfunded actuarial liability for OPEB. This amount was identified in the Disclosures under GASB 45 and GASB 74 as of December 31, 2017 to be paid each year starting in 2018 to pay off the unfunded liability at the end of 2048. Sullivan recommends revisiting this every year to decide if we will be funding \$62,000 for that year. Carlisle made a motion to accept as presented by Sullivan. Hogan seconded. Carlisle aye, Hogan aye, Ahlin aye.

General Manager Contract, Sections III: Ahlin presented Sullivan with the Board's decision to award him a 5% salary increase. Ahlin stated that Sullivan has gone above and beyond for the AMLP and he said the AMLP is very fortunate to have him.