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Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes April 6, 2016

Location: Gas & Electric Operations Center, 40 Turnpike Industrial Rd. Conference Room, Westfield, MA

RECEIVED
MAY - 5 2016
10 00AM
WESTFIELD CITY CLERK

The meeting was called to order at 7:00 p.m.

I. Call to Order

II. ROLL CALL was taken as follows:

Present: Ward #1 Commissioner, Kevin M. Kelleher
Ward #2 Commissioner, Ray Rivera
Ward #3 Commissioner, Jane C. Wensley
Ward #4 Commissioner, Francis L. Liptak
Ward #6 Commissioner, Robert C. Sacco (joined in progress)
Appointed Commissioner, A. Edward Roman

Absent: Ward #5 Commissioner, Thomas P. Flaherty

Present: 6 Absent: 1

In the absence of Chairman Flaherty, Vice Chair Wensley chaired the meeting.

III. PLEDGE OF ALLEGIANCE

IV. READING OF THE RECORD:

On motion by Commissioner Liptak, seconded by Commissioner Rivera, it was unanimously:

VOTED: To accept the minutes of the March 2, 2016 Regular Session Meeting of the Municipal Light Board as presented; and

To accept the minutes of the March 2, 2016 Executive Session Meeting of the Municipal Light Board as presented, but not release to the public at this time.

V. PUBLIC PARTICIPATION: None

VI. COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:

a) Acknowledgement – Kevs Foundation, Inc – Letter from Susan Canning, Director, KEVS Foundation, thanking WG+E for its donation to the 6th annual Kevin J. Major Memorial Hockey Tournament. The KEVS Foundation mission is to make a difference in the lives of

young persons, providing opportunities they otherwise would not have. They also provide automatic external defibrillators (AED's) across the community and free heart screenings.

b) Acknowledgement – Noble Visiting Nurses & Hospice – Letter from David Mol, President and CEO of the Noble VNA, thanking the WG+E for its sponsorship of Noble Hospital Visiting Nurses Changes in Latitudes benefit concert which was held on February 20, 2016.

c) Acknowledgement – St Mary's Ice Hockey Booster Club – Letter from St. Mary's Ice Hockey Booster Club, thanking WG+E for being a sponsor in the 2015-2016 hockey program book. The program book was given out at all of their home games.

d) Acknowledgement – The World is our Classroom (Mestek) – Letter from Nora Patten, thanking WG+E for its continued support for the Westfield Manufacturing Education Initiative at Mestek.

Commissioner Sacco joined the meeting at 7:04 p.m.

VII. REPORTS FROM THE GAS & ELECTRIC:

A. Action Required Items

a) **Monthly Lost Time Report.** Manager Howard reported that, during the month of March 2016, there were no new injuries involving in lost work time.

b) **Quarterly Power Line Publication**. A copy of the quarterly PowerLine publication was provided to the MLB. The PowerLine will be sent out with utility bills during the month of April. This issue of the PowerLine discussed the mild winter and how different it was from the prior year and its effect on fuel prices, the upcoming construction season within the Department, the new Whip City Fiber program which is now underway, the positive rate comparisons of WG+E to surrounding utilities for 2015 and the recent rate study and the recommended updates to WG+E's rate structure that the MLB approved in December of 2015.

c) **Gas Service Call Reliability Benchmarking Report**. The Manager presented a report relating to emergency response time for the Gas Servicemen. During 2015, the Gas Service area responded to 2,209 gas service-related calls, representing an average of 184 calls per month. This was a slight decrease of approximately 4% over the prior year. The average response time for emergency calls was 16 minutes while all other calls averaged a response time of 36 minutes. As has been the norm, the service area of WG+E does a great job and the response time is well above average. The Manager also mentioned that continual improvement in service is always a goal. As an example, texting notification will be investigated to remind customers of service appointments and expected arrival times of technicians. Commissioner Kelleher inquired if there were still three gas servicemen. The Manager responded that WG+E recently hired a gas serviceman, who had substantial previous experience. During the winter, with the additional call volume, maintaining the high level of service is difficult

with three gas servicemen.

d) **Call Center Year End Report.** The Manager reported that WG+E Call Center handled 32,097 calls for a monthly average of 2,674. The average speed of answer improved overall for the year (22% faster) in 2015 when compared to 2014. In 2015, a new Call Center monitor was introduced to help track performance and improve our service to the customers. That new measure has also helped improve speed of answer and reduced wait times for customers. The interactive voice system (IVR) has assisted in call response timing and will continue to be marketed to the customer base. Commissioner Rivera inquired if Whip City Fiber was spiking call volume into the Department. Sean Fitzgerald noted not at this time, but that could change with the upcoming rollout in some neighborhoods.

e) **Gas Reconstruction Program Report**. Aaron Bean, Operations Manager presented a report on the gas reconstruction program. While DPU does not have a minimum length or percentage of gas main replacement required on an annual basis, WG+E continues to address reconstruction of older pipes within the City of Westfield. Since 1980 approximately seventy five (75) miles of cast iron and bare steel piping have been abandoned and replaced with new steel or plastic. In 2015, the City's main paving project involved the Gas Light District area and also, in accordance with the Cast Iron Replacement Program, the following streets were upgraded in 2015; Sibley Street, Tow Path Lane, East Main Street, Ascutney Avenue, and Clifton Street. Commissioner Kelleher asked at what pressure could cast iron operate. Operations Manager Bean indicated typically at one quarter PSI.

f) **OPEB Reserve Trust Update.** Jay Kline, Business and Finance Manager reported that WG+E OPEB Trustees selected Rockland Trust Company as the investment manager of OPEB funds and the MLB affirmed this decision in April 2014. At that time the unfunded actuarial accrued liability (UAAL) was $19.8M and the net OPEB obligation (NOO) was estimated to be $6.7M. TheTrust account was established and $250k was transferred to the Trust in August 2014 and an additional $250k was transferred in December of 2014. The total planned Trust contribution for 2015 was $500k and WG+E employed a dollar cost averaging approach with transfers made on a quarterly basis. Additionally, the fourth quarter contribution reflected the difference between the budgeted $500k and the actual $430,113 pay as you go billing from the City ($125,000 + $69,887). Various factors have resulted in an overall NOO decrease of $56,000 from the original estimates. Some discussion took place concerning the rate of return and the Mananger indicated that the Department was looking into alternate investment vehicles for some stabilization monies with firms such as Rockland. It would provide diversification and possible better returns than the Department is currently receiving through MMWEC. Any investment vehicle would be guided by Massachusttes regulatory guidelines and be consistent with the long conservative approach of the WG+E.

g) **Annual ILOT Report**. The Manager presented the FY2017 in lieu of tax report. As projected by staff last year, WG+E's plant value decreased from the prior year. Likewise, even though the commercial tax rate increased by almost 6% from FY 2016,

the ILOT cash payment to the City was calculated to decrease in FY2017. While the ILOT calculation would show a reduction from the prior year, based on the MLB vote to cap the ILOT payment at $500,000, there is no change to the ILOT payment for FY2017 from FY2016. Some discussion amongst all commissioners took place and it was decided that, without Commissioner Flaherty present, any action on the ILOT should take place at the May MLB meeting.

On the motion of Commissioner Rivera, seconded by Commissioner Liptak, it was unanimously:

VOTED: To table the Annual ILOT Report and to place it on the May MLB agenda for further discussion and action.

h) **Annual Insurance Report**. Business and Finance Manager Jay Kline presented the Annual Insurance Report. The report indicates that, based on the current projections, insurance for 2016 will decrease by $67,323. The principal drivers of the decrease are the estimated cost of worker's compensation insurance (self funded and based on a four year average) and a new carrier for plant buildings insurance was selected with a reduction in premium and a correlating reduction in management fees. Mr. Kline also gave a brief overview of the Public Utility Risk Management Association (PURMA) and the advantages of it as well as WG+E's founding member status.

i) **Monthly Financial Reports**. Jay Kline, Business and Finance Manager noted that the monthly and year-to-date purchased power expenses and net income figures presented in this report reflect actual amounts. NYMEX futures traded higher in mid-January to test the $2.50/MMBtu level before falling sharply in February and trading as low as $1.60/MMBTU at month end. Unseasonably warm temperatures this winter prevented delivered gas in New England from developing much upward momentum this season, with prices averaging around the $3.50/MMBtu mark in February and peaking mid-month at $6.75/MMBtu. It is anticipated that the market will remain under significant selling pressure this spring, with analysts expecting a winter-season ending gas storage level of 2.5 Tcf. This storage level would be some 900 Bcf above the historical average and would require significantly high generation demand as well as production cutbacks this summer in order to end the season within the estimated 4.3Tcf maximum storage.

B. Informational Items:

a) **Utility Issues** was presented and accepted by the MLB.

b) **Utility News/Pulseline Articles** was presented. Commissioner Kelleher questioned why the article regarding the railing failures was in "Utility News". The Manager gave a briefing as to the newspapers quotes relative to the fencing/railings issues at the Great River Bridge stating that a high powered cable (an electric system cable at the Westfield River Crossing) may have played a part in the compromising of this system. This is completely inaccurate. The issue is likely to lie with design, engineering, or installation practices of the

railing system and is not isolated to this one area where the high voltage cable was damaged in the fall of 2015 by a city contractor.

c) **Utility Courses Update** was presented

VIII. OLD BUSINESS: None

IX. NEW BUSINESS: The Manager passed around the Business & Industry Journal that was published in the Westfield News on March 28th and noted the articles, pictures and advertisements regarding both WG+E and Whip City Fiber. All agreed that the magazine style was well done.

The Manager recommended changing the June 1st MLB meeting to June 8th as he was unsure he would be available on the original date.

On the motion of Commissioner Rivera, seconded by Commissioner Liptak, it was unanimously:

VOTED: To cancel the scheduled June 1, 2016 Municipal Light Board meeting and reschedule it for June 8, 2016.

The Manager than gave an update of the dig in of a substation getaway cable on the southern Westfield River levee. Fortunately there were no injuries and only one circuit was damaged and will remain out of service for up to a month until repairs can be scheduled. A contractor working for the City was responsible for the damage and WG+E followed protocol to mark out the areas under construction as defined by the contractor earlier that morning.

Commissioner Kelleher wished to commend Sean Fitzgerald, Aaron Bean and Joe Parda for their efforts in assisting the customers located at 53 Southampton Rd. with their telecommunication and fiber optic needs.

X. EXECUTIVE SESSION:

On the motion by Commissioner Rivera, seconded by Commissioner Sacco and on the basis of a roll call it was:

VOTED: To adjourn the regular meeting of the Municipal Light Board meeting and enter into executive session for the purpose of discussing trade secrets and competitively sensitive information the disclosure of which will adversely affect its ability to conduct business in relation to other entities making, selling or distributing electric power and energy and would not reconvene the Regular Session after adjournment from Executive Session.

Sacco "aye"
Roman "aye"

Kelleher	"aye"
Rivera	"aye"
Wensley	"aye"
Liptak	"aye"
Flaherty	"absent"

Motion passed 6 – 0, 1 absent

Vice Chair Wensley stated that the Municipal Light Board would be entering into executive session for the purpose of discussing trade secrets and competitively sensitive information the disclosure of which will adversely affect its ability to conduct business in relation to other entities making, selling or distributing electric power and energy and would not reconvene the Regular Session after adjournment from Executive Session.

XI. ADJOURNMENT

On the motion of Commissioner Rivera, seconded by Commissioner Sacco, it was unanimously:

VOTED: To adjourn the regular session of the Municipal Light Board meeting

Vice Chair Wensley declared the regular session portion of the meeting adjourned at 7:55 p.m.

A TRUE RECORD.

Attest:

Jane C. Wensley

Jane C. Wensley, Vice Chair

Documents Presented at
REGULAR SESSION April 6, 2016

Name of Document	Author		Strategic Plan
Draft Regular Session Minutes of the Municipal Light Board - March 2, 2016			
Draft Executive Session Minutes of the Municipal Light Board - March 2, 2016			
Monthly Lost Time Report	Beth Burns, HR Coordinator/Records Manager	April 6, 2016	Communications/Customer Service/Community Affairs. Information Brief
Kevs Foundation, Inc	Susan Canning, Director	March 17, 2016	
Noble Visiting Nurse & Hospice	David M. Mol, President and CEO	March 14, 2016	
St. Mary's Ice Hockey Booster Club	Susan Turrini, St. Mary's Hockey Booster Club	March 15, 2016	
The World is Our Classroom (Mestek)	Staff	February 1, 2016	
Spring 2016 Powerline		April 6, 2016	
Gas Service Call Reliability Benchmarking Report	Patrick Levesque, Utility Supervisor	April 6, 2016	Communications/ Customer Service/Community Affairs Operations Customer Service- CCA-2.6
Call Center Yearend Report	S. Fitzgerald, Customer Service Manager	March 1, 2016	Communications/Customer Service/Community Affairs Call Center Report, CCA-2.4
Gas Reconstruction Program	Patrick Levesque, Utility Supervisor	April 6, 2016	Gas Utility Business Gas Distribution Reconstruction - GUB- 3.2
OPEB Status Report	Jay Kline, Business & Finance Manager	April 6, 2016	Financial Other Post Employment Benefits (OPEB)- F-2.4
FY 2017 In-Lieu-of-Tax Contribution	Daniel Howard, General Manager	April 6, 2016	Communications/Customer Service/Community Affairs City Key Account Program, CCA-2.10
Annual Insurance Report	Timothy Fouche, Account Manager	March 18, 2016	Financial Annual Insurance Program & Risk Management F-5.1
February 2016 Financial Report	Timothy Fouche, Account Manager	March 23, 2016	Financial Annual & Quarterly Reports F-4.5
Utility Issues	John W. Welch	April 6, 2016	Regulatory & Governmental Affairs Gas/Electric Regulatory Issues, RGA-1.4; RGA 1.5
Utility News/Pulse Line	Beth Burns, HR Coordinator/Records Manager	April 6, 2016	Communications/Customer Service/Community Affairs Media Relations, CCA-1.6
Utility Courses Update- 2016 Seminars/Workshops		April 6, 2016	Administration and Organization WG&E Training & Development, AO-3.6