



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

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

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
 Appointed Commissioner, A. Edward Roman

Absent:

Ward #5 Commissioner, Thomas P. Flaherty
 Ward #6 Commissioner, Robert C. Sacco

Present: 5 Absent: 2

Vice Chair Jane C. Wensley presided over the meeting in the absence of the Chair.

III. PLEDGE OF ALLEGIANCE

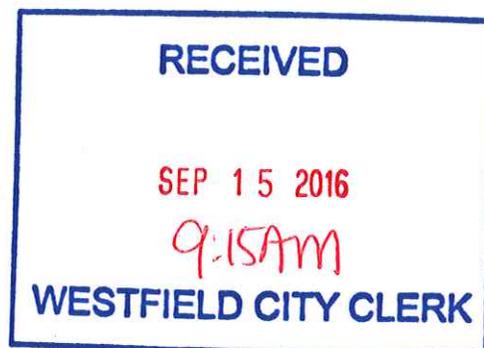
IV. READING OF THE RECORD:

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

VOTED: To accept the minutes of the June 8, 2016 Regular Session Meeting of the Municipal Light Board as presented; and

To accept the minutes of the June 8, 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 – Fort Meadow PTO – A note from the Fort Meadow PTO thanking WG+E for its donation to the Fort Meadow Calendar Raffle. With WG+E's support they raised \$3,500 to benefit to Parent Teacher Organization.
- b) Acknowledgement - Friends of Grandmothers' Garden – Letter from Richard Holcomb and Lynn McCann, Co-Chairs thanking WG+E for its patronage of the 2016 Grandmothers' Garden Tour at "The Porch Swing" sponsorship level. The funds are raised for the maintenance and development of Grandmothers' Garden and Chauncey Allen Park.
- c) Acknowledgement – Friends of the Columbia Greenway Rail Trail – A note from Sandy Sorel thanking WG+E for sponsorship of a recent Golf Tournament that helps them with the Columbia Greenway Rail Trail activities.
- d) Acknowledgement - Greater Westfield Chamber of Commerce - Letter from Kate Phelon, Executive Director thanking WG+E for its Ball Sponsorship provided for its 55th Annual Golf Tournament. The funds are used to help the local Chamber to continue to support its mission of fostering a prosperous business environment through programming, education and advocacy.

VII. REPORTS FROM THE GAS & ELECTRIC:

A. *Action Required Items*

- a) Annual Consolidate Financial Audit - Meyers Brothers Kalicka - The Manager introduced Melissa Brown from Meyers Brothers Kalicka, WG+E's outside independent auditors and noted that the Finance Subcommittee had met with Howard Cheney and Ms. Brown to discuss the draft audit on June 29th. Ms. Brown indicated the audit was a consolidated audit, combining the WG+E with the Southwest Cooperative and presented a summary of the annual audit through a PowerPoint presentation. She also noted that it was a single year presentation and their independent audit revealed no significant audit adjustments or disagreements with management and that GASB 68 was implemented with respect to retirement liability. She noted that there were no internal control issues, material weaknesses or significant deficiencies. She went on to explain how the OPEB liability was handled within a separate area of the audit because of the trust and it's exclusivity to the rest of the Department's holdings. Ms. Brown also noted that there was no comparison data from 2014 because of the pension liability now being placed on the Department's financials and the confusion that comparative numbers would have caused. It was explained that the 2016 audit would return to the format used in past years. Ms. Brown explained that, in summarizing, MBK's opinion was that it was a clean audit, there were no internal control issues and that GASB 68, regarding the pension liability, was the significant change. She proceeded to go over some of the changes over the next three years that would have an effect on the Department. At the conclusion of the presentation, Commissioner Roman stated that there were no material weaknesses or significant deficiencies and stated that this was

one of the cleanest audits he has seen and wanted to commend Jay Kline, Tim Fouche and Jamie Naughton for their efforts in making this happen. The General Manager echoed the commissioner's comments and added that he appreciated the Finance Subcommittee made up of Commissioners Roman (Chair), Flaherty and Sacco for putting in the time to review the audit and attend the exit audit a week earlier at MBK's offices in Holyoke.

- b) **DPU Annual Report** - The Manager provided the MLB with the annual report and budget. The Department received three one month extensions by the Department of Public Utilities (DPU) while the independent financial audit of the WG+E was completed. The final report is required to be filed with the Massachusetts Department of Public Utilities by July 29th. The DPU report takes most of its information from the independent audit of the utility. The MLB accepted and signed the report.
- c) **Monthly Lost Time Report** - General Manager Howard reported that during the month of June a lineman exacerbated a previous work injury, requiring minor surgery on his elbow. At the time of this reporting, he is currently out on worker's comp while he recovers from the procedure.
- d) **Quarterly Power Line Publication** - The Manager provided a copy of the quarterly Powerline publication that is being distributed to customers in the July billing cycle. The informational piece provided information on the Whip City Fiber project. The Powerline also provided information on items such as the automated meter reading status, the possible changes in the customer's bill dates and the upcoming 2016 customer satisfaction survey announcement. The Manager's letter discussed Whip City Fiber and the pilot program success and also the gradual replacement the city street lights to LED lights. A question from Vice Chair Wensley was posed regarding the city's street light monthly bill and if the city has seen any benefits relating to lower bills because of the more efficient lights being installed. The Manager replied that the saving from the lights is being distributed accordingly to the city in lower consumption costs as well as allowing WG+E to fund the capital expenditures to change the lights noting that the replacement costs are expensive. He further noted that as the program progresses and nears completion in three years the city savings will be more pronounced as capital costs decline. The Powerline also announced that crews have been installing free WIFI in the downtown area for the various community events that occur and will be providing Billy Bullens field with WIFI access for the upcoming Babe Ruth World Series. The year ending March 31, 2016 residential rate comparisons for both electric and gas is also included showing the utility's competitiveness with area suppliers.
- e) **Operations and Maintenance Training** - The Manager presented a report which showed the training hours that WG+E employees participated in. The training is in compliance with regulatory requirements in both gas and electric distribution systems along with general safety training for the employees and resides on a departmental database. The training is scheduled throughout the calendar year utilizing both internal and external resources. Over the past five years, approximately 73% of training is devoted to job skills development while another 16% is devoted to safe work practices and the balance on career development. The General/Safety training hours spiked in

2015 with the introduction of Fiber to the home training. On-line training continues to evolve. In 2015, 260 hours of training were performed through an on-line service. Commissioner Roman inquired how the amount invested in training was arrived at and the Manager replied that it was simply the amount of hours spent by the employees multiplied by their wages.

- f) **Heating Degree Histogram** – Energy Supply Manager Tony Contrino reported on the Heating Degree Day Histogram provided to the MLB. WG+E's single day record send out of 15,212 BTH remains the one set on February 15, 2015. The degree day on that date measured at 61, the third highest degree day value experienced in the past decade. Sendout reached 14,963 DTH on February 14, 2016 during a brief cold snap. Temperatures were consistently at or above normal for the remainder of the winter period. Sendout was 29% lower than previous years due to the mild winter. The histogram also showed a fairly regular increase in degree day send outs over the years which are attributed to moderate customer growth in WG+E's system.
- g) **Gas Sales Histogram Report** – Mr. Contrino presented a histogram relating to gas sales between 2000 and 2015. Annual sales were 4.8% higher than 2014 due to colder weather conditions and increased usage from larger commercial/industrial customers such as Westfield State University and Lane Construction. He also noted that the 2015 average cost per MCF is approximately 8% less than the fifteen year average. The Manager noted that recent comments made at the City Council by a councilor incorrectly noted that rates regularly continue to rise at the WG+E without much outcry from the ratepayers. As this report clearly shows, the rates have been stable and consistent over the past ten years and this is testament to the various disciplines of the Department.
- h) **City Key Account Summary Report** - The Manager presented the Semi-Annual City Report relating to this key account. The Manager noted the City focus so far in 2016 was on 2.7MW Community Solar project located at North Road Barnes Municipal Airport. The project has been under negotiation with Ameresco. WG+E has spent considerable time evaluating the project and preparing for the marketing effort required to reach DOER required customer participation. WG+E continues to support city wide projects including the new community radio station 89.5 and the Westfield Chamber of Commerce annual golf tournament as the primary event sponsor. In addition Whip City Fiber has become active in city sponsorships i.e.- Babe Ruth World Series, Westfield Run Walk (free Wi-Fi and event sponsor), Westfield on Weekends Thursday Night Concert Series. WG+E representatives have provided the City guidance and input on solicitations from DOER director and former Mayor Dan Knapik's request for Westfield to joining the Green communities designation in addition to other support. The report shows the efforts of Sean Fitzgerald in communicating with the City. The General Manager and staff continue to attend regularly scheduled meetings to maintain sound communication between the City and the WG+E. The Manager conducted a presentation to the City Council and other city officials in February 2016 in an ongoing effort to share WG+E community investment made by WG+E.

- i) **Communications Tower** - The Manager reported that the Department continues to work with the Mayor and the Tech Center Director, Ms. Lenore Bernashe. The Department has made some structural improvements to the tower to allow the City to utilize it under the class-type that it requires to occupy the tower. The WG+E is working to get the registration of the tower with the FCC in its name. The Mayor and Manager have agreed to continue moving forward with the city placement of radio equipment on the structure while concurrently drafting an agreement that recognizes the value of the tower space and improvements that have been made on the city's behalf. The value of various donations to the city including, but not limited to, the recent fireworks, the River Esplanade and other in kind work would be documented through a billing and credit process that would much improve the efficiencies in providing these reports when they come under scrutiny. Commissioner Kelleher stated that it is unfortunate that statements are made by elected officials regarding the ILOT process or the questioning of savings and benefits that the utility provides the City yet not one official has attended an MLB meeting to voice these concerns. The Commission was in agreement that as a municipal utility, the WG+E should continue to show its support for the community and was in agreement with the Manager regarding in kind services and the documentation of the value provided with these services. .
- j) **Monthly Financial Reports** - Finance Manager Jay Kline noted that the report reflects estimated amounts. Through the first five months of 2016, the year-to-date net income gain of \$4.7m exceeds the original budgetary forecast by \$1.2m. Although still estimates, the positive variances continue to reflect lower than anticipated power supply costs as well as the timing of various capital and maintenance projects. The July NYMEX gas futures contract price has moved significantly over the past month, rallying from \$2.15/MMbtu to \$2.65/MMbtu by mid-June. This summer is expected to be warmer than usual, which should boost demand for natural gas used in power generation as cooling loads build. In May, AccuWeather Global released their summer forecast calling for above average temperatures across the Northeast and mid-Atlantic. Although low by historical measure, NYMEX gas prices have increased almost 40% since trading at \$1.62/MMbtu in March, primarily on expectations of increased gas-fired generation required to meet air conditioning needs. In summary, he stated that the numbers to date may be a little light but generally look good. He also stated that depending on how GASB 68 numbers are reflected over the next few years in the accounting and actuarial world it could have a significant impact on the Department.

B. Informational Items:

- a) **Utility Issues** was presented and accepted by the MLB
- b) **Utility News** was presented.
- c) **Utility Courses Update** was presented

VIII. OLD BUSINESS: It was determined that there were no pressing matters for an August meeting, therefore it would be cancelled. If something significant did come up the Manager would notify the Chair to schedule a meeting.

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

VOTED: To cancel the August meeting of the Municipal Light Board and to hold the next MLB meeting a September 7, 2016.

IX. NEW BUSINESS: None

X. EXECUTIVE SESSION:

On the motion of Commissioner Rivera, seconded by Commissioner Liptak 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 strategy with respect to collective bargaining and 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 to consider the exchange, lease or value of real property in that an open meeting may have a detrimental effect on the negotiating position of the public body and to reconvene the Regular Session after adjournment from Executive Session.

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

Motion passed 5-0. 2 absent

Vice Chair Wensley stated that the Municipal Light Board would be entering into executive session for the purpose of discussing strategy with respect to collective bargaining and 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 to consider the exchange, lease or value of real property in that an open meeting may have a detrimental effect on the negotiating position of the public body and would reconvene the Regular Session after adjournment from Executive Session.

The meeting recessed at 8:10 p.m

The Regular Session of the meeting resumed at 8:38 p.m. following the Executive Session.

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

VOTED: To ratify and confirm all positive votes taken during executive session

XI. ADJOURNMENT

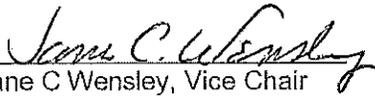
On motion by Commissioner Rivera, seconded by Commissioner Liptak, it was unanimously voted:

VOTED: To adjourn the Regular Session portion of the meeting.

Vice Chair Wensley declared the regular session portion of the meeting adjourned at 8:39 p.m.

A TRUE RECORD.

Attest:


Jane C Wensley, Vice Chair

Documents Presented at
REGULAR SESSION July 6, 2016

Name of Document	Author		Strategic Plan
Draft Regular Session Minutes of the Municipal Light Board - June 8, 2016			
Draft Executive Session Minutes of the Municipal Light Board - June 8, 2016			
Acknowledgement- Fort Meadow PTO	Fort Meadow PTO	May 25, 2016	
Acknowledgement- Friends of Grandmother's Garden	Richard Holcomb and Lynn McCann, Co-Chairs	June 25, 2016	
Acknowledgement- Friends of the Columbia Greenway Rail Trail	Sandy Sorel	June 22, 2016	
Acknowledgement- Greater Westfield Chamber of Commerce	Kate Phelon, Executive Director	June 9, 2016	
Draft Annual Audit	Meyers Brother Kalicka	July 6, 2016	Financial External Audit Management F-4.3
Department of Public Utilities Annual Report and Budget Draft	Jay Kline, Finance Department Manager	July 6, 2016	Financial External Audit Management F-4.1
Draft Return of the City of Westfield Gas and Electric to the Department of Utilities of Massachusetts for year ending December 31, 2015	Timothy M. Fouche, Accounting Manager	July 6, 2016	
Monthly Lost Time Report	Beth Burns, HR Coordinator/Records Manager	July 6, 2016	Communications/Customer Service/Community Affairs. Information Brief
Powerline	WG&E	July 6, 2016	
Operations and Maintenance Training	Dana G. Bein, Operations Supervisor	July 6, 2016	Administration and Organization Operations & Maintenance Training AO-4.6
Heating Degree Day Histogram	S. Blumenthal, Energy Supply Analyst	July 6, 2016	Marketing Sales Reporting M-2.2 Gas
Gas Sales Report Histogram-DPU pg. 44	S. Blumenthal, Energy Supply Analyst	July 6, 2016	Gas Sales Reporting M-2.2
Semi-Annual City Report	Sean Fitzgerald, Key Account & Customer Service Manager	July 6, 2016	Communications/Customer Service/Community Affairs. City Key Account Summary Report CCA-2.9
Utility Issues	John W. Welch	July 6, 2016	Regulatory & Governmental Affairs Gas / Electric Regulatory Issues, RGA-14; RGA1.5
Utility News/Pulse Line	Beth Burns, HR Coordinator/Records Manager	July 6, 2016	Communications/Customer Service/Community Affairs. Media Relations-CCA-1.6
Utility Courses Update- 2016 Seminars/Workshops	Beth Burns, HR Coordinator/Records Manager	July 6, 2016	Administration and Organization WG&E Training & Development AO-3.6