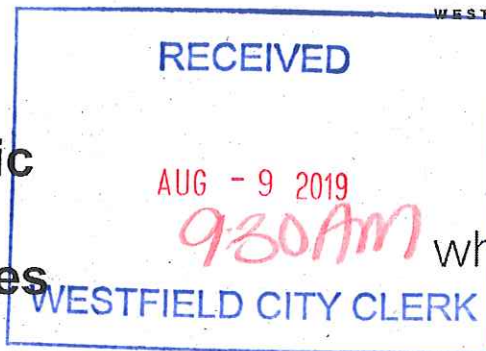


Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes July 10, 2019



whip city fiber

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 – Chairman Pro Tem Rivera called the meeting to order

II. ROLL CALL was taken as follows:

Present:

Ward #1 Commissioner, Kevin M. Kelleher
Ward #2 Commissioner, Ray Rivera
Ward #3 Commissioner, Dawn Renaudette
Ward #4 Commissioner, Francis L. Liptak
Ward #5 Commissioner, Thomas P. Flaherty
Ward #6 Commissioner, Robert C. Sacco (joined meeting in progress)
Appointed Commissioner, A. Edward Roman

Absent:

Present: 7 Absent: 0

III. PLEDGE OF ALLEGIANCE

IV. READING OF THE RECORD:

On motion by Commissioner Flaherty, seconded by Commissioner Kelleher, it was unanimously:

VOTED: To accept the minutes of the June 5, 2019 Regular Session Meeting of the Municipal Light Board as presented; and

To accept the minutes of the June 5, 2019 Executive Session Meeting of the Municipal Light Board as presented, but not release to the public at this time.

On motion by Commissioner Flaherty, seconded by Commissioner Rivera, it was:

VOTED: To accept the minutes of the June 20, 2019 Regular Session Meeting of the Finance Subcommittee of the Municipal Light Board as presented.

To accept the minutes of the June 20, 2019 Executive Session Meeting of the Finance Subcommittee of the Municipal Light Board as presented and release to the public at this time.

The voice vote was 3-0 of Subcommittee members with Commissioner Sacco absent.

Chairman Sacco joined the meeting at 7:02 p.m. and assumed the Chair

V. PUBLIC PARTICIPATION: City Councilor Brent Bean addressed the MLB. Councilor Bean indicated he was the liaison to WG+E for the City Council. He is interested in hearing the discussion and comments on the agenda item in regard to recording the MLB meetings. In addition, he wished to extend a thank you to the Commission for providing the additional \$100,000 to the City. The City has completed its budget incorporating the additional \$100,000 and this one-time voluntary payment is appreciated by the City.

VI. COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:

- a) **Acknowledgement – Greater Westfield Chamber of Commerce** – Letter from Bill Parks, Golf Committee Chair and Kate Phelon, Executive Director, thanking WG+E for its Title Sponsorship at their 58th Annual Golf Tournament.
- b) **Customer Compliment – 52 Old Quarry Road** – Karen and Lee Walker web-message thanking WG+E for its professional and helpful staff for assisting in the rescue of their cat which had gotten stuck high up in a tree. The customers waved down Troublemaker Jeff Pearson as he drove by and he stopped and went above and beyond to assist them in their efforts to rescue their cat.

VII. REPORTS FROM THE GAS & ELECTRIC:

A. Action Required Items

- a) **2018 Annual Consolidated Financial Audit Results** - Manager Contrino introduced Howard Cheney from Meyers Brothers Kalicka, WG+E's outside independent auditor and noted that WG+E finance staff and Finance Subcommittee members Commissioners Roman (Chair), Flaherty and Sacco, also present were Commissioners Liptak and Renaudette, attended the exit audit two weeks earlier on June 20th at MBK's offices in Holyoke to discuss the draft audit. Mr. Cheney began

the meeting by stating that MBK was providing a clean, unmodified opinion regarding the audit and that there were no significant deficiencies or material weaknesses. Mr. Cheney then went over, in detail, the audit results including noted changes in effect for the 2018 audit. He explained that the actuarial review received from PERAC and City's actuary, and which the Department was waiting on for the past few months, showed the impact of the revised pension liability. Mr. Cheney explained that the new accounting guidelines under GASB No. 75 have affected the OPEB value for this audit period as well. He made it clear that these are non-cash entries and, although shown in the audited financials, do not alter or affect how WG+E conducted itself operationally. The figures provided by the actuary are not known before year end and the Department can only provide an estimate. Finance Chair Roman stated that the financials, and the audit of the financials, show that the Department is strong and running well as there were no significant deficiencies or material weaknesses. He stated that when he came on the Board over ten years ago this was not the case and that the Department has not had any audit issues in many years. He and the General Manager commended the Finance team of Jay Kline, Tim Fouche' and Jamie Naughton for doing a phenomenal job. Chairman Sacco noted that the Finance Subcommittee performed a thorough review and had all questions answered at the Subcommittee meeting.

- b) **DPU Reports** - The Manager reported that now that the Financial Audit was completed, the DPU Annual Report was able to be finalized. The 2018 Annual DPU Report was circulated to the MLB for signature. In addition, due to changes in accounting requirements and the impact on the 2017 Financial Statements, a revised DPU Annual report for 2017 was necessary. The DPU has requested that a revised 2017 DPU Annual Report be filed. The revised 2017 Annual DPU Report was circulated to the MLB for signature.
- c) **Quarterly Power Line - Summer 2019** - The Manager reviewed the quarterly Powerline publication being distributed to customers in the July billing cycle. The Powerline highlighted the commitment to community that the WG+E employees demonstrate during the year in reference to activities relating to Westfield 350 celebration. The Manager's letter discussed the competitive rates of WG+E for the 12 month period ending March 2019 with average Massachusetts residential gas and electric costs 15% and 26% respectively above those of Westfield ratepayers. Competitive utility rates is one of the reasons why the WG+E continues to work closely with the City, the Chamber of Commerce and Westfield Bank in the initiative called Go Westfield, designed to market Westfield to businesses (and their employees) who are looking for a place to land and grow. On the WG+E operational side, there are some projects beginning this summer that will impact traffic in certain areas of the City. WG+E's Whip City Fiber continues with installation of new services. The PowerLine also highlighted WG+E's paperless bill option for its customers.
- d) **Operations and Maintenance Training** - The Manager presented a report which showed the training hours that WG+E Operations employees participate. 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. Training requirements fluctuate annually as the requirements in each discipline are on an industry prescribed schedule.

- e) **Heating Degree Day Histogram** – Jay Kline, Finance Manager, reported on the Heating Degree Day Histogram provided to the MLB. WG+E's single day record sendout of 16,485 DTH set on January 6, 2018 was exceeded in 2019 when WG+E reached a new all time peak sendout of 16,586 DTH on January 21, 2019. The previous peak in 2018 was reached during an extended period of frigid temperatures labeled the "Bomb Cyclone". The 2018/2019 winter period degree days were slightly lower than the previous winter and 2.5% above the previous 10 year average.
- f) **Gas Sales Histogram** – Mr. Kline presented a histogram relating to gas sales between 2002 and 2018. Annual sales in 2018 were 11% higher than 2017 due to colder weather conditions. Total degree days in 2018 were 2.8% higher than 2017. Mr. Kline also noted that the 2018 average cost per MCF is approximately 11% less than the fifteen year average and continues to remain stable.
- g) **Release of Executive Session Minutes** – The Manager reported that at previous MLB meetings there had been discussion regarding the criteria to be used to determine which Executive Session Minutes should be released. At the March 20, 2019 meeting, there was discussion relating to the requirements for release and the criteria to be used during such review. The Manager was requested to review the Executive Session Minutes that have not been released to date to determine if some of those, especially those relating to Whip City Fiber, could be released starting with the most recent. Review of previously unreleased Executive Session Minutes will continue each month, continually looking back six to twelve months prior to the previous month's review time period. The Manager indicated that certain portions of the of the minutes could be released, copies of which are contained in the MLB packet:

After review of the minutes to be released by the MLB, on motion by Commissioner Flaherty, seconded by Commissioner Rivera, it was unanimously:

VOTED: that the Westfield Gas & Electric Municipal Light Board determines that the following portions of the Executive Session minutes may be released to the public:

February 3, 2016 – Item b) Whip City Fiber.

April 6, 2016 – Item a) Whip City Fiber Update.

May 4, 2016 – Item a) Whip City Fiber.

June 8, 2016 – Item b) Whip City Fiber Update

July 6, 2016 – Item c) Whip City Fiber Update.

September 13, 2016 – Item a) Whip City Fiber.

October 5, 2016 – Item a) Whip City Fiber.

November 2, 2016 –Item c) Whip City Fiber.

December 7, 2016 – Item c) Whip City Fiber Update.

that the General Manager is hereby authorized and directed to take any actions he deems necessary or advisable to carry out the purposes of this vote in compliance with M.G.L.c. 30A §22.

- h) **CAF II Update.** IT Manager, John Leary, provided an update to the MLB on the activities relating to the Connect America Funds ("CAF II") grant from the FCC. As previously reported to the MLB WG+E was able to successfully procure an award of \$10,325,401 from the federal government for the benefit of 20 towns in Western Massachusetts. WG+E continues to work with the FCC in order to meet the CAF II requirements. The CAF II grant requires a letter of credit for the benefit of the FCC be established. The state through Mass Technology Collaborative has agreed to assist in procuring a letter of credit through Berkshire Bank and the state is contributing \$1 million to the fund. The letter of credit requires a backup account with Berkshire Bank to collateralize the letter of credit. In that the City of Westfield controls all bank accounts for the City, including WG+E, WG+E has been engaged in discussions with the City Solicitor and City Auditor and Treasurer's office in order to meet the legal requirements. The City has requested bond counsel to review the matter and to date there has been no official opinion received. WG+E has agreed to reimburse the City for any expense related to bond counsel review. Attorney Welch indicated it would appear that whatever recommendation is made, bond counsel will require City Council approval. In addition, the City will be looking for an Intergovernmental Agreement between WG+E and the City as to how the accounts are to be established and how they are to be funded as well as indemnification of the City. This matter is brought to the MLB's attention as information in that a vote may be going to the City Council requesting authorization with respect to the bank account established by the City and the letter of credit. In addition, the Intergovernmental Agreement would require approval by the MLB and City Council. It is unclear as to the timing of when any action or any matters will be forwarded to the City Council. Commissioner Roman asked what would occur if one of the towns did not retain WG+E as its ISP. Attorney Welch indicated that there was a side agreement that was being prepared for all the entities that are benefiting from the grant. The side agreement would require payment of all expenses relating to the grant as well as indemnifying and holding WG+E harmless, and agree that no money would be distributed until the letter of credit is released by the FCC. John Leary indicated that he was hopeful that all the remaining 19 towns would retain

WG+E as their ISP. Chairman Sacco asked what the risk would be that the City would be looking for indemnification from. Attorney Welch indicated that in all instances there is always potential for risk in that the letter of credit is set up so that if 95% completion of the networks in the 20 municipalities is not completed the FCC could claw back whatever monies they have paid. The FCC would then go to Berkshire Bank to pay on the line of credit and Berkshire Bank would withdraw the money from the accounts that were pledged as collateral. The Manager and Attorney Welch indicated that the requirements of the FCC are very strict, and the FCC is unwilling to waiver from the federal regulations or statute as to requiring a letter of credit, requiring opinions with respect to bankruptcy and other matters which the state is procuring.

- i) **Video Recording of MLB Meetings** - As requested at the May MLB meeting, John Leary, IT Manager, presented information relating to the recording of the MLB meetings. John Leary indicated that there is adequate technology at WG+E to record the MLB meetings. He indicated that he had purchased the necessary camera that could record the meetings and pointed out to the MLB where the camera was located and further demonstrated through a video of a staff meeting the quality of the video. He did indicate that the MLB tables would have to move back about five feet in order to get the entire horseshoe shaped conference table layout in the video. Mr. Leary also indicated that he was trying to have discussion with the City to determine if the videos could be posted on the City's Vimeo account. He indicated that if he was unable to post them on the Vimeo account that WG+E could have its own account for approximately \$900 a year. Commissioner Flaherty indicated that his preference was rather than a live feed, as the City Council has, instead record and then later post for people to watch. Chairman Sacco agreed to the concept of recording and posting later and indicated a preference for posting it on the WG+E website. Mr. Leary indicated a link can be placed on the website to the Vimeo site but felt that people are used to going to those types of sites and searching them. Commissioner Rivera asked how it would link and Mr. Leary indicated it would link very easily from a link on WG+E website that would bring you directly to the video. Commissioner Renaudette inquired as to how many people might want to watch the recordings, which is unknown at this time. Chairman Sacco is concerned about the public being recorded in that the public sits behind the MLB and would be in the video. There was discussion with respect to the City Council and while the camera is mainly on the City Council that when someone gets up to speak that the entire audience would also be in the screenshot. Further disclosures about the recording would be necessary prior to the meetings. Chairman Sacco was also concerned with respect to any rules and regulations the Attorney General's office may have with respect to this matter. Attorney Welch was requested to discuss with the Attorney General's office as to any policies on recording of MLB meetings and how long a meeting would need to be retained on a website. Attorney Welch indicated that the recording would be a public record and would have to be retained even if no longer on a web site. Chairman Sacco also indicated that we would be looking for practices and policy adopted by the MLB as to recording prior to placing any recordings online. It was decided that at the September meeting a test recording would be made so the MLB could review that

recording and determine how well the quality of the recording meets the needs of the MLB and the public.

- j) **Monthly Financial Reports** - Finance Manager Jay Kline noted that the report reflects actual amounts. Through the month of May 2019, the Gas Division gain exceeds the original budgetary estimate by \$701k, while the Electric Division gain is currently \$221k less than the original forecast. U.S. natural gas in storage totaled 2.203 Tcf for the week ending June 14th, which reflects an injection of 115 Bcf to storage. This pushed inventories to a 209 Bcf or 10% increase over year-ago levels. Inventory levels have now narrowed to only 199 Bcf below the five-year average. The report was far above of market expectations for a 104 Bcf build. Weather patterns continue to indicate modestly elevated temperatures later this summer. The continued downward trajectory in gas prices is leading to very attractive entry points for our gas and power hedging activities. Bloomberg's New Energy Outlook 2019 also anticipates the full retirement of nuclear and coal assets by 2050, with \$13 trillion in new investment in wind, solar and storage. These forecasts look for combined solar and battery facilities to fill the void. Our long-term strategic initiatives will continue to focus the organization in this changing environment. Mr. Kline indicated that gas is on target for its budgeted \$1.8 million at the end of the year. In that the winter heating season has ended, the remainder of the year is usually a net loss due to low summer consumption in comparison to the cost associated with running the business. Mr. Kline also indicated that on the gas side they had increased contributions to the Stabilization Fund to \$75,000 per month. On the electric side while electric prices have remained stable despite the hot weather we've recently seen, the electric financials are still being watched closely to see if they come within budget. Commissioner Roman indicated that the financials are healthy.

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: None

- IX. NEW BUSINESS:** Chairman Sacco indicated that currently the August meeting was tentative. He inquired of Management if there were any votes or other issues that needed to be addressed in August. The Manager indicated at this time he was unaware of any. Consensus of the MLB was to continue with not holding the August meeting as had been the practice in the past, but if there was anything that needed a vote or action by the MLB that the Manager would contact the Chair and discuss scheduling an August meeting.

X. ADJOURNMENT


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

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

Chair Sacco declared the meeting adjourned at 8:11 p.m.

A TRUE RECORD.

Attest:


Robert C. Sacco, Chair

Documents Presented at REGULAR SESSION July 10, 2019			
Name of Document	Author		Strategic Plan
Draft Municipal Light Board Regular Session Meeting Minutes - June 5, 2019			
Draft Municipal Light Board Executive Session Meeting Minutes - June 5, 2019			
Draft Municipal Light Board Finance Subcommittee Regular Session Meeting Minutes - June 20, 2019			
Draft Municipal Light Board Finance Subcommittee Executive Session Meeting Minutes - June 20, 2019			
Acknowledgement from Greater Westfield Chamber of Commerce	Bill Parks, Golf Committee Chair and Kate Phelon, Executive Director	June 18, 2019	
Customer Compliment - 52 Old Quarry Road - web-message	Lee and Karen Walker		
City of Westfield Gas and Electric Light Department and Southwest Cooperative Consolidated Financial Statements and Supplemental Information - December 31, 2018 and 2017	Meyers Brothers Katicka, PC Certified Public Accountants		
Return of the City of Westfield Gas & Electric to the DPU of Massachusetts - Year Ended 12/31/18			
Return of the City of Westfield Gas & Electric to the DPU of Massachusetts - Year Ended 12/31/17			
Quarterly Powerline Publication - Summer 2019			
Operations and Maintenance Training	Patrick M. Levesque, Utility Supervisor	June 20, 2019	Administration and Organization WG&E Training & Development, AO-3.6
Heating Degree Day Histogram	S. Blumenthal, Energy Supply Analyst	July 10, 2019	Marketing Gas Sales Reporting M-2.2
Gas Sales Report Histogram - DPU pg. 44	S. Blumenthal, Energy Supply Analyst	July 10, 2019	Marketing Gas Sales Reporting M-2.2
Connect America Fund II Award Process Update	John Leary, Information Technology Manager	July 10, 2019	Administration and Organization New Business Opportunities
May 2019 Financial Report	Timothy M. Fouche, Accounting Manager	July 10, 2019	Financial Annual & Quarterly Reports
Utility Issues	John W. Welch	July 10, 2019	Regulatory & Governmental Affairs Gas/Electric Regulatory issues, RGA-1.4; RGA1.5
Utility News/Pulse Line	Beth Burns, HR Coordinator/Records Manager	July 10, 2019	Communications/Customer Service/Community Affairs Media Relations - CCA-1.6
Utility Courses Update- 2019 Seminars/Workshops	Beth Burns, HR Coordinator/Records Manager	July 10, 2019	Administration and Organization WG&E Training & Development, AO-3.6

