

Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes May 8, 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

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
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 April 10, 2019 Regular Session Meeting of the Municipal Light Board as amended.

To accept the minutes of the April 10, 2019 Executive Session Meeting of the Municipal Light Board as presented, but not release to the public at this time.



V. PUBLIC PARTICIPATION:

City Councilor Brent Bean spoke with the MLB indicating that he is the liaison from the City Council to the MLB. Councilor Bean stated he noticed the ILOT Review item listed on the meeting's agenda and indicated he would withhold his comments at this time and wait to hear the Board's discussion relating to this topic later during the meeting. He then asked about the Board's progress reviewing his prior request to have WG+E televise its MLB meetings. He stated he had made his request during the February meeting asking the Board to initiate a technical review of the subject and indicated he was expecting more progress to have been made during the three months that have passed. He reiterated his request to have the MLB meetings recorded and available for review on the Department's website.

VI. COMMUNICATION RECEIVED BY THE GAS AND ELECTRIC

- a) **Acknowledgement- Kiwanis Club of Westfield** – Letter from Kellie Brown, President, thanking WG+E for its donation at the Westfield Kiwanis Club's 50th Annual TV Auctions.
- b) **Acknowledgement- Mercy Medical Center** - Letter from Mark Fulco, President, thanking WG+E for its support of their 3rd Annual Caritas Gala held March 23rd at MGM Springfield.
- c) **Acknowledgement – Stanley Park** – Letter from Robert McKean, Managing Director, thanking WG+E for its contribution to the Sunday Night Concert Loop Project at Stanley Park.

VII. REPORTS FROM THE GAS & ELECTRIC:

A. Action Required Items

- a) **Financial Audit Update - Meyers Brothers Kalicka** - Finance Manager Jay Kline indicated that Meyers Brothers Kalicka (MBK), WG+E's outside independent auditor, was on site for two weeks during March and is now finalizing their audit. He stated the general process of how the studies are performed and where they currently stand. Figures have been received from PERAC for pension and OPEB liabilities and the process appears ahead of the timing of past years. Mr. Kline indicated that the audit could conclude before the end of May, but it could be June before the audit is ready for presentation to the Finance subcommittee which would allow the results to be presented to the Board at the July meeting.
- b) **Sales Tax Audit.** Finance Manager Kline reported that, on a weekly basis, commercial accounts that have been transferred to a new business/customer are reviewed. The tax status on each account is verified. Various businesses, based on such items as size, have various forms and instructions on renewing sales tax exemptions regarding gas and electric service. As of January 2019, filing a Small Business Energy Exemption Certificate (ST-13) process has been revised. Small businesses that qualify for an

exemption apply online for an exemption certificate through the DOR's MassTaxConnect application. DOR provides the customer with an exemption certificate, a copy of which is filed with WG+E. Manufacturers (ST-12) and Nonprofit/Charities (ST-5) shall be provided exemption forms through the WG+E "Welcome Packet". Existing customers requesting a new service shall be forwarded ST-12 and ST-5 exemption forms upon request.

- c) **Release 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. Additionally, it was agreed that those recently reviewed Executive Session Minutes which remain unreleased be reviewed annually and reported upon at the March meeting. The Manager indicated that certain portions of the most recent 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 Rivera, seconded by Commissioner Liptak, 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:

- March 20, 2019 – Item b) Whip City Fiber Update.
- February 6, 2019 – Item a) Whip City Fiber Update.
- January 2, 2019 – Item c) Whip City Fiber Update.
- December 5, 2018 – Item a) Whip City Fiber Update.
- November 7, 2018 – Item a) Whip City Fiber Update.
- July 11, 2018 – Item a) Whip City Fiber Status Update.
- June 6, 2018 – Item a) Whip City Fiber Update.
- May 2, 2018 – Item a) Whip City Fiber Update.
- April 4, 2018 – Item a) Whip City Fiber Update.
- March 8, 2018 – Item c) Whip City Fiber Update.

February 13, 2018 – Item b) Whip City Fiber Update.

January 3, 2018 – Item b) 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.

- d) **Gas and Electric Price Projections for City.** The Manager noted that FY2019 electric costs are expected to come in 1% below WG+E's original projections made in May 2018 due to slightly reduced consumption and an unchanged average cost per kWh. FY 2019 gas consumption exceeded the quantities used in the original budget model due to the sustained cold weather experienced primarily in February and March 2019. As on the electric side, WG+E's per unit gas rate was lower than the prior year, reducing the potential cost of this larger volume of natural gas consumed. In the end, gas costs exceeded the original budget by approximately 4%. FY 2020 projections are based upon forward energy prices, normal weather and average consumption levels. Westfield Public Schools continue to benefit from the Department's expanded gas capabilities. The additional capacity provided by the Southwick lateral allows the Westfield Public Schools to run on natural gas throughout the entire year as a firm, non-curtailable customer. Due to the cost difference between natural gas and fuel oil, it is estimated the Schools saved over \$70,000 this past year by receiving uninterrupted gas supply.
- e) **Review ILOT.** Commissioner Flaherty reported that the Chairman and he had received a communication from the Mayor concerning the City's reduction in franchise payment revenues from Comcast. The Mayor indicated he would like some discussion on the issue and other means to generate a more equitable in lieu of tax payment for the coming fiscal year. Commissioner Flaherty noted that cable television providers nationally continue to lose customers who choose streaming services to fulfill their viewing needs in lieu of traditional cable services and the actual impact Whip City Fiber has had on Comcast is hard to quantify since many factors lead to loss of customers. Commissioner Roman stated that the reduction in Comcast franchise payments has amounted to approximately \$118,000 over the past two fiscal years and payments continue to decline. Commissioner Renaudette suggested the City review the franchise payments received over a longer period of time such as ten years, to see if the reductions began prior to the Whip City Fiber launch. Commissioner Sacco noted he believed the City receives a quarterly check from Comcast with little or no backup documentation to support how the dollar amount is calculated. The City also hasn't been able to audit Comcast's records to verify proper payment. Commissioner Flaherty stated the source for the franchise payments comes from an added fee charged on each customer's bills and is not a goodwill gesture from Comcast. Commissioner Rivera noted that although Whip City Fiber has caused some number of customers to leave Comcast, WCF has also brought additional tax revenues in from businesses that have moved to Westfield due, in part, to the availability of Whip City Fiber's high-speed offerings. The Manager spoke to recent customer survey results, in which 79% of

responding customers indicated they are against raising the Department's ILOT payment. He noted that although we are sympathetic to the City, we must also consider our fiduciary responsibility to our ratepayers. It was decided that a vote to change the ILOT payment would not be appropriate until more information could be reviewed.

- f) **Monthly Financial Reports**. Finance Manager Jay Kline noted that the monthly and year-to-date purchased power expenses and net income figures presented in this report reflect actual amounts. Through the third month of 2019, the Gas Division gain exceeds the original budgetary estimate by \$1.1M, while the Electric Division gain is currently \$93k more than the original forecast. The lack of volatility in wholesale prices continues to reflect market expectations for a strong gas storage build this summer. WG+E continues to believe gas futures to remain range bound over the next few weeks and are reviewing opportunities to add to both power and gas hedges at attractive levels. Commissioner Roman indicated that the financials looked fantastic, noting the gas net income level of 45% over budget is unheard of. He stated the Department is doing a great job.

B. Informational Items:

- a) **Utility Issues** was presented and accepted by the MLB.
- b) **Utility News/Pulseline Articles** was presented.
- c) **Utility Courses Update** The Manager stated that educational opportunities are not limited to those utility courses listed in the monthly report. He indicated that if the MLB has other topics for which additional training would prove beneficial, the Board should make this known to the Manager. Depending on the topic, WG+E staff or other subject matter experts may be brought in to provide the Board a presentation on the requested topic.

VIII. OLD BUSINESS:

Commissioner Flaherty revisited the topic of video recording of Municipal Light Board meetings. He stated there had been some confusion regarding whether or not the issue was delegated to the Technology Subcommittee and thought it appropriate to discuss it at this point. He asked that IT Manager John Leary put together an overview of the equipment he would recommend we use to record the meetings and present his recommendations during the July meeting's regular session.

IX. NEW BUSINESS:

- a) **Westfield 350th Parade Participation** The Manager reported that on May 19th there will be a parade for the Westfield 350th celebration. WG+E will be marching in the parade and expects to have two trucks participating. MLB members are invited to participate and march as part of the WG+E contingent. Staging for the parade begins at 11 a.m.

- b) **Safety Council of Western New England Awards** The Manager reported that on May 3rd, WG+E received two awards from the Safety Council of Western New England. An Occupational Incident Improvement Award was received along with a Motor Vehicle Safety Award. Both awards recognize WG+E's continued commitment to safety and the results stemming from that commitment.

X. EXECUTIVE SESSION:

On the motion of Commissioner Rivera, seconded by Commissioner Flaherty 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 in that an open meeting may have a detrimental effect on the bargaining position of WG+E, as noted on the agenda and not to reconvene the Regular Session after adjournment from Executive Session.

Kelleher	"aye"
Rivera	"aye"
Renaudette	"aye"
Liptak	"aye"
Flaherty	"aye"
Sacco	"aye"
Roman	"aye"

Motion passed 7-0. 0 absent

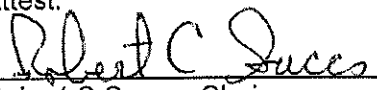
Chairman Sacco stated that the Municipal Light Board would be entering into executive session for the purpose of discussing strategy with respect to collective bargaining in that an open meeting may have a detrimental effect on the bargaining position of WG+E, as noted on the agenda, and would not reconvene the Regular Session after adjournment from Executive Session.

XI. ADJOURNMENT

Chairman Sacco declared the regular session portion of the meeting adjourned at 7:49 p.m.

A TRUE RECORD.

Attest:


Robert C Sacco, Chairman

Documents Presented at REGULAR SESSION May 8, 2019			
Name of Document	Author		Strategic Plan
Draft Municipal Light Board Regular Session Meeting Minutes - April 10, 2019			
Draft Municipal Light Board Executive Session Meeting Minutes - April 10, 2019			
Acknowledgement from Kiwanis Club of Westfield	Kellie Brown, President	March 15, 2019	
Acknowledgement from Mercy Medical Center	Mark Fulco, President	April 11, 2019	
Acknowledgement from Stanley Park	Robert McKean, Managing Director	April 20, 2019	
Status Report: State Sales Tax Audit	Arlene Paton, Customer Accounts/Credit Manager	April 16, 2019	Communications/Customer Service/Community Affairs State Tax Exemption CCA-2.5
Gas & Electric Price Projection - Updated FY19 and FY20	Anthony J. Contrino, General Manager	May 1, 2019	
Capital Telecom Projects		April 3, 2019	
Monthly Financial Report	Timothy Fouche, Accounting Manager	May 1, 2019	Financial Annual & Quarterly Reports F-4.5
Utility Issues	John W. Welch	May 8, 2019	Regulatory & Governmental Affairs Gas/Electric Regulatory issues, RGA-1.4; RGA1.5
Utility News/Pulse Line	Beth Burns, HR Coordinator/Records Manager	May 8, 2019	Communications/Customer Service/Community Affairs Media Relations - CCA-1.6
Utility Courses Update- 2019 Seminars/Workshops	Beth Burns, HR Coordinator/Records Manager	May 8, 2019	Administration and Organization WG&E Training & Development, AO-3.6

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