

whip city fiber

# Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes July 1, 2020

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 Sacco stated that this meeting of the Municipal Light Board is being electronically recorded in both video and audio by the Municipal Light Board. As stated in the WG+E MLB Video Policy the recording will be available on the WG+E website within one week. Is anyone, other than the Municipal Light Board, recording the meeting and if so state whether it is an audio or video recording and whether the recording is being live streamed. Peter Currier of the Westfield News indicated he was recording in audio only and not live streaming.

## 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 Liptak, it was unanimously:

After public participation the Chairman indicated if there were no objections, he would move the City's request for financial assistance forward from new business to discuss at this time. Chairman Sacco indicated that the MLB had received a number of letters from the Mayor and all members of the City Council and School Committee requesting a \$1 million donation to the City of Westfield. Commissioner Roman indicated it's the first time in 12 years that WG+E has received such a request from the City or the School Department. Upon reviewing WG+E financials, Commissioner Roman stated WG+E could afford the \$1 million payment. Commissioner Roman also said that looking at past contributions to the stabilization fund, WG+E has accumulated \$36 million. The fund is to be used to address catastrophic events that may occur, so rates would not have to be raised in the event of an unforeseen event. In his opinion, WG+E could afford this payment. Chairman Sacco indicated that the utility industry went through a transformation where it was made a free market and rates can go up based on the cost of power in the open market. As an example, if one of our nuclear assets were to go off line then WG+E would be in the market and need to draw from the stabilization fund. While he recognizes that \$36 million is a lot of money, WG+E buys \$8 million of power each month which can quickly draw down the reserve funds. Commissioner Roman indicated WG+E should help the City in order to avoid the draconian cuts they're faced with. WG+E has recently put in over \$2 million a year into the stabilization fund. Commissioner Rivera stated he is in favor of helping the City, but wants to make sure that the City has looked at all options before coming to WG+E. He suggests a zero interest loan so that the Commission could write off portions of a loan in case the state cuts to the City are severe. Commissioner Flaherty understands where all the speakers and the City are coming from. He indicated there is a problem that the amount of state aid is unknown at this time. He is concerned that after WG+E's contribution to the City is made, the City then receives more money from the state. It makes sense to wait until September to see the level of state aid received and avoid taxing the ratepayers unnecessarily. The ratepayers should know if the money is going for the Schools or to fill potholes. Commissioner Renaudette agrees with Commissioner Flaherty and the others that the WG+E has an obligation to look out for its ratepayers. The concern is if \$1 million is asked for now, the City may ask for \$5 million in the future. Commissioner Flaherty stated we've been considering \$1 million in discounts to our ratepayers to help them financially during this pandemic, as arrears over 90 days have grown significantly due to COVID-19. WG+E still strives to help the City and contributes much to the non-profits as can be seen from the acknowledgments that are received on a monthly basis by WG+E. Chairman Sacco said he hears everyone's concerns, but ratepayers must be first priority and there is still uncertainty as to the long term financial impact of COVID-19 to WG+E. Based on that, WG+E would need more information and continue to monitor WG+E's financials before a decision can be made. He further emphasized it is the ratepayer's money. He agrees with Councilor Bean for continued discussions. The Chairman requested the matter be kept on the agenda. The Manager echoed the comments of the various parties and wants to do what's right and reiterated WG+E's has a fiduciary responsibility to its ratepayers. He stated that the City should create and manage its own stabilization fund to cover these types of events. Further, he indicated that WG+E still has its \$15 million bond outstanding.

#### VI. COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:

- a) **Acknowledgement – Boys & Girls Club of Greater Westfield** – Letter from William R Parks, Chief Executive Officer, Boys and Girls Club of Greater Westfield thanking WG+E for its donation to the Giving Tuesday campaign.

presented a report which showed the training hours that WG+E Operations employees participate 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 its records reside 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. Commissioner Rivera inquired if some of the training was required by regulations. Mike Lee indicated some of it is required, such as operator qualifications for gas, some linemen training and annual training related to pole top rescue.

- e) **Monthly Financial Reports** - Finance Manager Jay Kline noted that the report reflects estimated amounts. Through the month of May 2020, the Gas Division gain exceeds the original budgetary estimate by \$1.7M, while the Electric Division gain is currently \$500k more than the original forecast. Commissioner Roman indicated that the financials are healthy. Jay Kline indicated that WG+E has hit its hedging targets through 2021 and financially WG+E is doing well. Commissioner Flaherty asked if CAF II money is coming in. Jay Kline said yes, the money is being received through a direct deposit into the escrow account. WG+E receives notice of the deposit. The Manager commented that significant deferrals from 2019 have helped the current financial position of WG+E. Commissioner Flaherty concurred that these deferrals are reflected in the budget. Commissioner Rivera asked if the moratorium on non-payment will be lifted soon and termination of service for non-payment could move forward. The Manager indicated the moratorium will not be lifted at least until the state of emergency ends. Commissioner Roman indicated the stabilization has been increased to \$75,000 per month on the gas side. Mr. Kline indicated that the increase occurred in April and is expected to continue until the end of the year.

**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:**

- a) **2019 Annual Consolidated Financial Audit Results** – Jay Kline indicated that the audit has still not been finalized while awaiting actuarial data from the City on the pension liability. The audit has been done for two months but the City was slow providing the actuarial numbers to PERAC who then reviewed the numbers and sent them back to Auditor Scanlon, the City's outside auditor for reviews. Once completed, the figures are sent back to the City and then onto Meyers Brothers Kalicka. Based on the timing the financial statements may not be available in August. Chairman Sacco asked if there are state requirements for the financials. Jay Kline indicated the DPU

payment yet likely due to the pandemic, we fully anticipate payment to be made in the months ahead. Commissioner Flaherty noted there should be no problems with the Municipals paying their bills. The Manager indicated residential and small commercial arrears over 90 days are growing. Commissioner Flaherty asked if collection letters are being sent to customers. The Manager indicated it wouldn't be appropriate to be aggressive with its collection efforts during this time, but the Department does remind customers that there is help available to them. Commissioner Renaudette indicated that some people are getting unemployment payments due to COVID-19 which can help them remain current on their bills. Chairman Sacco noted the growth of residential receivables as of June 17. Jay Kline indicated residential receivables were higher but not out of control. Commissioner Kelleher indicated that in future monthly updates, he would like the reports to show historic values from year to year to see the degree receivables compare to prior years. Jay Kline indicated a VOC payment of \$90,000 was received in June which has been applied and helped reduce the level of residential arrears. Commissioner Roman asked how the bad debt reserve is determined. Mr. Kline indicated he looks at percentages and past history. It becomes necessary to write off a number on accounts, particularly protected accounts, because we tend not to get paid on protected accounts. The Chairman asked if these accounts are sent to collections. Mr. Kline indicated not many are since the success rate of collection agencies is very low and it doesn't justify the risk created by holding and sharing customer information, including social security numbers, with the agency. Commissioner Flaherty asked if the revenues in the monthly financials reflect actual received cash to which Mr. Kline replied it does not, the P&L's show what has been billed as revenue and not actual receipts. Commissioner Roman noted that people that need help are over 90 days but not those that are protected and haven't paid for years. Commissioner Renaudette indicated a customer could be laid off tomorrow and need assistance but has managed to pay their bill all along and may never show in the 90 day column yet still in a difficult financial position. Commissioner Flaherty indicated we should help those in need and not provide a discount across the board. There should be some application process, but the process should be an easy process and the dollars need to be capped. Commissioner Renaudette indicated it shouldn't be a requirement that the customer be in arrears to access to available funding. Commissioner Rivera asked if those customers that seek to be put on a payment plan could receive a discount toward that person's arrears. Chairman Sacco indicated he agrees with Commissioner Flaherty and that we need to provide relief to the customers in need and it can't be a complicated process. Commissioner Roman inquired about the split between paper and electronic bills. Jay Kline indicated about one third of customers are billed electronically. There is concern that if this program is marketed and hundreds or thousands of customers apply, any manual work needed would make the process unmanageable. Any necessary programming for the CIS is also a time-consuming process, which then needs to get tested and verified. It is the desire of WG+E to have an automated process. Commissioner Rivera noted that the problem with applications online or electronic is that many customers aren't technologically savvy and won't be able to complete an electronic process if applications must be completed electronically. Commissioner Renaudette agreed. Chairman Sacco said the Board needs to define what the program is, is it a percent of a bill or is it a fixed amount. Commissioner Flaherty indicated that currently you can pay a bill on-time and get a 5%

**X. EXECUTIVE SESSION:**

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

Roman	"aye"
Kelleher	"aye"
Rivera	"aye"
Renaudette	"aye"
Liptak	"aye"
Flaherty	"aye"
Sacco	"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 the purchase, exchange, lease or value of real property in that an open meeting may have a detrimental effect on the negotiating position of WG+E, as noted on the agenda, and would not reconvene the Regular Session after adjournment from Executive Session.

**XI. ADJOURNMENT**

Chair Sacco declared the meeting adjourned at 9:32 p.m.

A TRUE RECORD.

Attest:

  
Robert C. Sacco, Chair

## 2021 MLB Commission Meeting Schedule

Anthony J. Contrino, General Manager  
October 7, 2020

Consistent with Commission policy (*MLB meeting to be held on the 1<sup>st</sup> Wednesday of the month*), and to facilitate sensible planning of reports and other items for board action by management, the following schedule for 2021 is submitted for MLB approval. Unless otherwise determined, all meetings will be held at the Operations Center at 40 Turnpike Industrial Road in Westfield.

**Action Required:** Approve or amend the proposed schedule of 2021 MLB meetings.

Wednesday	January 6, 2021
Wednesday	February 3, 2021
Wednesday	March 3, 2021
Wednesday	April 7, 2021
Wednesday	May 5, 2021
Wednesday	June 2, 2021
Wednesday	July 7, 2021
Wednesday	August 4, 2021 (tentative)
Wednesday	September 8, 2021
Wednesday	October 6, 2021
Wednesday	November 3, 2021
Wednesday	December 1, 2021

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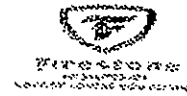
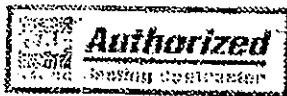
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