

**Mansfield Municipal Electric Department
Minutes of Light Commissioners Meeting
December 12, 2016**

Present: Chairman Frank Delvecchio, Vice Chairman Michael Trowbridge, Clerk Steve Schoonveld, Commissioner George Dentino, Commissioner Jess Aptowitz, Director Joseph Sollecito, Financial Assistant Jacqueline Lee and Town Manager William Ross

The meeting was held at the Mansfield Town Hall Room 3AB and called to order at 7:00 PM followed by the Pledge of Allegiance. Chairman Delvecchio stated that this meeting is being televised and taped for future broadcast and asked if anyone in the audience was intending to record the meeting to please state their intentions. No one did so.

A complete copy of the Board packet containing all documents that are referenced in the minutes is on file at the Mansfield Municipal Electric Department office.

Citizens Comments: none

Motion: To approve the minutes of the October 19, 2016 Light Commissioners meeting (Trowbridge/Aptowitz) Passes 4/0

Motion: To approve the minutes of the October 24, 2016 Light Commissioners meeting (Trowbridge/Aptowitz) Passes 4/0

Cost of Service Analysis and Rate Design Update-Director Sollecito told the Board that there would be no vote on this tonight and that he was just looking for their thoughts and ideas. He said that at the next meeting he would have rate structures prepared for them. He cautioned not to despair about what they saw on the paper in front of them and that Mayhew Seavey of PLM, who was also in attendance at the meeting, would provide an explanation for what they were seeing in tonight's presentation. Director Sollecito stated that the rate structures need to represent every category with accuracy. He commented that there is a lot of opportunity here.

Clerk Schoonveld joined the meeting at 7:05.

Mr. Seavey began with a recap of FY2016 historic test year cost of service. The overall rate of return was 2.2% before payment in-lieu of tax. He said that individual class rates don't vary as much and are more uniform than in previous rate studies. The overall return decreased significantly due to decreased sales and revenues. Mr. Seavey said that for FY17 the overall rate of return is predicted to fall from 2.2% to 1.7% with no growth or increase in sales.

Mr. Seavey explained the NYPA credit on residential bills is due to energy from projects in New York which is provided to bordering states. The present credit hasn't been changed in 14 years and reflects an outdated calculation. According to the most recent calculations which use actual market value numbers, the NYPA credit would be 0.5 cents instead of the

current amount which is 2.54 cents. Changing this credit would also reduce the Generation Charge by about 0.3 cents per kWh.

Mr. Seavey also spoke about classification of large customer rates. He explained that the present rate classification is divided by Low Tension customers who do not own a transformer and High Tension customers who do own a transformer. The regulated utility rate classification is based on the size of the customer. Those over a certain demand level, which is usually 100-200 kW, would be classified as Large General Service.

The proposed rate structure is to keep the Commercial rate as is with no demand charge. The Low Tension would become General Service Demand for those customers who use more than 5,000 kWh and less than 200 kW of demand. The distribution demand charge would be decreased and the 80% ratchet would remain. The High Tension would become Large General Service for those customers using more than 200 kW of demand. As with the General Service Demand, the demand charge would decrease and the 80% ratchet would remain in effect.

It was then explained there are three competing objectives. The first is uniform rates of return which means everyone would pay their share. The second is uniform competitiveness. If MMED is not competitive, the larger business customer could choose to move or even go out of business. The third objective is uniform customer impact where all classes get the same percent increase or decrease. Unfortunately, you can't realize all three of these objectives. It was pointed out that MMED is strongly competitive with National Grid while its competitiveness is more comparable to other municipalities.

Commissioner Aptowitz said that he appreciates the hard work that was put into the presentation but he does not believe any businesses are going to pack up and go. He said there is no way he will support this change because of the effect on the residential class. He commented that residents could care less about what the line items on their bill say or how the credits are listed, they just look at what they owe.

Clerk Schoonveld commented that MMED needs to set up rate structures that ensure behavior that is not adverse to the system. He thinks it is about risk and the different classes. He believes all pricing is risk based. He asked for next time that they define the risk elements in whatever pricing mechanism they chose. Clerk Schoonveld also noted that Mr. Seavey and Director Sollecito need to go back more than one year on the rate of return.

Commissioner Dentino said that he is in agreement with Commissioner Aptowitz and said that it has taken years to get the rates down to where they are now. Vice Chairman Trowbridge said he is not opposed to a slight increase for residents but would prefer to see the commercial/industrial take on more of the burden. Even with a slight increase, the commercial/industrial rates will still be below NGRID. Chairman Delvecchio also agrees with Commissioner Aptowitz. He said that the residents are the owners of the system and should get a benefit as long as MMED does not become non-competitive on the commercial side.

Mr. Seavey thanked everyone for their feedback.

Commissioner Aptowitz asked that they bring to the next meeting an example of a customer's bill.

Future Energy Renewable Initiatives- Director Sollecito told the Board that he would like to evaluate the cap that MMED now has on renewable energy installations. It presently caps solar renewables at 2% of the historical system peak and has been in place since 2011. He said that he would like to have a discussion about cost of service and setting basic rates and eventually develop long-range plans for MMED's power portfolio and future customer investments. He reported that MMED did hire Power Engineers LLC, as approved by the Board, to evaluate MMED's circuits. According to their report MMED can add to the circuits without causing operational problems.

Review of Collection Statistics and Activities- Director Sollecito reminded the Board of the change on the due date of 25 days that was made on customer bills that they had previously approved. He said it was working as the way it was set up before the termination notices went out after the customer was 60 days past due so the same names continually came up on the shut-off list. The due date change will help alleviate the problem.

Commercial Service Application-Director Sollecito brought back the new commercial/industrial application that the Board had previously asked be reviewed by counsel before they would approve it.

Motion: To approve the revised Commercial/Industrial Application for Electric Service (Trowbridge/Schoonveld) Passes 5/0

Review of Job Descriptions for AFSCME Local 1702- Director Sollecito explained that the former Director Gary Babin had completed 95% of this task and that all of this had been reviewed internally. Vice Chairman Trowbridge asked if all of this had been negotiated. Town Manager Ross answered yes, the Town Human Resource person Patti Firing had involved herself in it.

Motion: To approve the revised job descriptions for AFSCME Local 1702 (Trowbridge/Schoonveld) Passes 4/0/1 (Dentino)

Update on Distributive Generation RFP-Director Sollecito reported that by the next Light Commissioners meeting he will have the whole thing ready to go. He is still waiting on information that he expects to get next week.

Financial Statement October 2016-Director Sollecito presented the financial statements from October 2016. The net operating income year-to-date through October is \$564,711 while the net income through the month of October is \$760,419. MMED's operating cash position through October 2016 is \$12,751,461. FY17 year to date energy sales are up 2.4% from last year. Director Sollecito also reported that MMED's depreciation fund level is currently being evaluated.

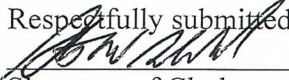
Clerk Schoonveld questioned whether they would consider a formula rate with a rebate approach. Town Manager Ross answered yes, it would be worked into the structure of the

rates so the rebate would not be given all at once. He also noted that MMED has some expenditures coming up and need to be cautious of their cash position.

Commissioner Aptowitz feels MMED should lower their rate of return and give money back to the customers. Clerk Schoonveld said that is his sentiment as well. He believes the current ratepayers are the ones who should have the benefit and not to do it in a timely manner would be inequitable. He would also like for MMED to provide a long-term plan for 2017, 2018 and 2019.

**Motion: To adjourn at 9:00pm
(Trowbridge)**

Respectfully submitted: Jacqueline Lee



Signature of Clerk



Date of Approval