

**SHREWSBURY ELECTRIC
&
CABLE OPERATIONS
COMMISSION MEETING**

**January 8, 2019
7:00 PM**

MINUTES

**PRESENT: R. HOLLAND – Chairman
M. LEMIEUX
M. REFOLO
A. TRIPPI**

ABSENT: K. MARSHALL

**OTHERS
PRESENT: M. HALE
M. QUITADAMO
R. IACCARINO
J. LAVERTY
J. MALAVER**

- 1. Meeting Called to Order – 7:00 PM**
- 2. Review and Consider Approval – Bill Schedules**

The bill schedules were reviewed and approved.

3. Review and Consider Approval – Meeting Minutes – December 17, 2018

After a brief discussion, the Commission agreed to table the review and approval of the December 17, 2018 meeting minutes until the February 2019 Commission meeting.

4. Review and Consider Approval – Cable 2019 Operating and Capital Budget

M. Hale presented an overview of major points:

- Video subs continue to decline rapidly and may level off at the 40 – 45% homes passed.
- For the first time, the lost revenue from cord cutting is greater than the revenue produced from steep programming cost increases passed onto customers in the form of rate increases.
- Telephone continues to decline at a much slower pace.
- Important to note that reserves continue to increase. SELCO-Cable is well positioned for a major capital upgrade in the form of FTTH.
- If predictions play out accordingly, SELCO-Cable should have \$25M+ in Available Funds by year-end.
- Plan: Allocate \$15M towards the FTTH project and finance the remaining \$12M to \$14M over the course of the next three to five years.
- In 2019, focus on fiber build out of major trunk lines that will set the stage for the arterial build out in 2020 through 2024.
- Looking to expand SELCO's geographic borders, serving as a Headend for West Boylston and Sterling who expressed an interest in deploying fiber in their public buildings. They would install the fiber while SELCO will serve as the Internet Service Provider.
- SELCO-Cable is interested in peering with other firms such as Amazon.
- Replace the second UPS unit located at the Headend.
- Research ways in which to control costs in expensive set top box market
- Continue to monitor staffing expenses, shifting from a video centric to a broadband centric operation.

In response to a question from M. Lemieux, M. Hale reported that the first quarter 2019 SMC funds of \$110,000 has been transferred.

M. Quitadamo added, the following overview of the Cable budget:

- Operating Revenue for 2019 is estimated at \$21,535,368; up 3% from 2018.
- Total Operating Expenses is estimated at \$14,822,915; 1.3% greater than 2018.
- Total Signal Expenses are projected to be about 7.1% less than 2018.
- Projected Net Income is \$4,212,492 for 2019.

Following a brief discussion,

A motion:

Accept the Cable 2019 Operating and Capital Budget as presented.

Motion made by A. Trippi and seconded by M. Refolo.

Without further discussion, the motion was approved unanimously.

5. Review and Consider Approval – Electric 2019 Operating and Capital Budget

M. Hale presented and reviewed highlights of the Electric 2019 Operating and Capital budget:

- 2019 will be the first year SELCO will be able to measure the impact of the solar farm and the new peaking unit on an annual basis.
- The proposed budget results in a downward change of \$1,493,811 in the General Cash position due to a number of capital projects including ordinary capital improvements, debt service, In Lieu of Tax Payment, etc.
- M. Hale stated that he may ask the Commission to consider an increase in the Customer Charge and/or Distribution charge for plant improvements.
- Major initiatives include,
 - Service Area Projects - Resurface the driveway/parking area, raise the opening of garage bays by two feet, install security cameras, and purchase a full size plotter/scanner.

- To hedge against possible penalties, install remote starters at peaking units located behind Home Depot estimated at \$5,000.
- Collective bargaining agreement expires June 30, 2019. Contract negotiations anticipated to begin in the spring 2019.
- Wage consultant, hired to review non-union position classifications, will present recommendation for the Commission's consideration at the March 2019 meeting.
- Continue to review staffing/succession plan.
- IT to work with the Headend and School department personnel in implementing the new Fortigage devices.

M. Quitadamo added, the following overview of the Electric budget:

- Estimated KWH sales of 286,012,276; 2.7% less than 2018 in anticipation of milder weather conditions.
- Operating Revenues are estimated at \$32,225,065; 1.5% better than 2018.
- Power Cost is projected to be \$0.087/kWh, same as 2018.
- Operating Expenses are estimated at \$4,861,665; 15.6% greater than 2018.
- Net Income of \$919,539; \$841,362 more than the estimated 2018 Net Income of \$78,177.
- Year-end Cash Balance is estimated at \$11,648,395; \$1,493,811 less than 2018.

Following a brief discussion,

A motion:

Accept the Electric 2019 Operating and Capital Budget as presented.

Motion made by A. Trippi and seconded by M. Refolo.

Without further discussion, the motion was approved unanimously.

6. Other Business

R. Holland requested the following to be included in the minutes:

Attendance at Board meetings on a monthly basis is very important. Ahead of time, if we know or planned that some people are to travel to Europe, for example, we try to set the dates up accordingly. It is important that we all meet.

7. Adjourned – 8:02 PM

A motion:

Adjourn the meeting.

Motion made by A. Trippi and seconded by M. Refolo.

Without any further discussion, the motion was approved unanimously.

The next SELCO Commission meeting is scheduled for Thursday, February 28, 2019 at 7:00 PM.

Respectfully submitted,



Anthony Trippi, Clerk
SELCO Commission

Referenced Documents and Authors

Commission Meeting Minutes – December 17, 2018 – A. Trippi
Electric 2019 Operating and Capital Budget – M. Quitadamo
Cable 2019 Operating and Capital Budget – M. Quitadamo