

Agenda Item - 03

SHREWSBURY ELECTRIC & CABLE OPERATIONS

COMMISSION MEETING

May 30, 2018
7:00 PM

MINUTES

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

ABSENT: NONE

OTHERS

PRESENT: M. HALE
M. QUITADAMO
R. IACCARINO
J. MALAVER
N. LUDOVICO
W. YOVAN
G. SIEBENHAAR
T. ASP – CTC Technology & Energy
E. WIRTH – CTC Technology & Energy

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 – April 30, 2018

After a brief discussion,

A motion:

Accept the April 30, 2018 Commission meeting minutes.

Motion made by M. Lemieux and seconded by R. Holland.

Without further discussion, the motion was approved.

4. Retirement - N. Ludovico, Manager of Electric Operations

R. Holland announced the impending (June 15, 2018) retirement of Norman Ludovico, SELCO's Manager of Electric Operations who began his career on January 9, 1971 working for Shrewsbury's Water Department for two and a half years before transferring to SELCO for forty-five years.

SELCO's Commissioners thanked and applauded Mr. Ludovico for his many years of dedicated service.

5. Presentation by CTC Technology & Energy on Cable Plant Upgrade Study

M. Hale reported that the cable plant upgrade study, commissioned last fall, has been completed. He introduced Tom Asp and Eric Wirth from CTC who presented a report on their findings:

CTC was engaged to develop a comprehensive technology and business assessment of the full range of options available to SELCO for upgrading its existing hybrid fiber-coaxial network that has begun to experience age-related reliability issues and capacity limitations.

Three upgrade options were considered:

- a. Retain the existing HFC infrastructure and upgrade the network platform
- b. Retain the existing HFC infrastructure and replace a portion of the network's existing coaxial cable with fiber to create a "fiber deep" network capable of running DOCSIS 3.1.

- c. Replace the entirety of the network with Fiber-To-The-Premises (FTTP) network.

Based on CTC's analysis, deploying and operating DOCSIS 3.1 will cost less in the short term and more in the long term relative to FTTP. The opposite was true for FTTP. FTTP deployment and operation will cost more in the short term but less in the long term relative to DOCSIS 3.1. The fiber deep model will be significantly more expensive than both DOCSIS 3.1 and FTTP in the long term.

Following a detailed comparison of all three options, CTC concluded that the FTTP model is the most logical choice for SELCO-Cable.

After additional discussion, M. Hale suggested that the Commission take the CTC report under advisement and perhaps conduct additional informal SWAT analysis over the summer of the strengths, weaknesses, opportunities, and threats of each option in order to proceed in the fall with a recommendation for funding.

6. Review and Consider Approval – April 2018 Electric Cash Statements

M. Quitadamo presented and reviewed the April 2018 Electric Cash Statements.

- Cash Receipts were \$12,987,584; 9% greater than 2017 and 5.4% more than budget projection.
- Revenue receipts were up by approximately 8%; 3% ahead of projection.
- Total Cash Expenditures of \$13,588,983 were 31% greater than 2017; 7% ahead of budget projection.
- Total Available Funds were \$13,603,610; 4% less than the 2017 balance and 2% less than projected.

7. Review and Consider Approval – March 2018 Electric Financial Statements

M. Quitadamo presented and reviewed the March 2018 Electric Financial Statements.

- Kilowatt-hour sales through March were 5.2% less than budget projections and 5% greater than 2017.
- Operating Revenue was reflective of the kWh sales-to-budget percentages – down 4.4% and 6.2% above 2017.
- Total Operating Expenses through the first quarter were 17% greater than

2017 and 4% below projection.

- Net Income was \$426,353 through March compared to Net Income of \$1,074,455 for the same period in 2017 and a projected budgeted income of \$493,000.

8. Review and Consider Approval – April 2018 Cable Cash Statements

M. Quitadamo presented and reviewed the April 2018 Cable Cash Statements.

- Cash Receipts were \$7,181,597; about 6% greater than 2017 and even with forecast.
- Cash Expenditures were \$5,045,924; 2.4% greater than 2017 and about 2.4% less than the same period budgeted expenditures.
- Total Available Funds was \$18,068,662; approximately 27% better than 2017 and even with forecast.

9. Review and Consider Approval – March 2018 Cable Financial Statements

M. Quitadamo presented and reviewed the March 2018 Cable Financial Statements.

- Total Operating Revenues for the quarter were approximately 3% better than budget; and with rate increases, 14% better than 2017.
- Operating Expenses were about 13.6% less than budgeted for the quarter and \$63,000/1.8% less than 2017.
- Net Income was \$1,454,587 at the end of March; \$653,697 greater than Net Income for the first quarter of 2017.

A motion:

Accept the Electric and Cable April 2018 Cash Statements and Electric and Cable March 2018 Financial Statements as presented.

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

Without further discussion, the motion was approved.

10. Review and Consider Authorizing the General Manager to Sign Pooled Financing Agreement

M. Hale recommended that the Commission vote to authorize the General Manager to sign MMWEC's Pooled Loan documents for the 2.5MW gas peaker generator.

The project is estimated to cost \$2.8M and is being funded by a combination of available cash and the issuance of debt, in the amount of \$2.2M, through MMWEC's pooled financing program.

Following a brief discussion, the following motion was read by Chairman Holland,

WHEREAS, the General Manager of the Shrewsbury Electric and Cable Operations ("SELCO") has determined, with the advice of counsel and the Financial Manager of SELCO, that it is prudent and in the best interests of SELCO to finance the purchase of an electric generation peaking unit located at the Centech Substation on Centech Boulevard in Shrewsbury, MA ("Peak Generator) through a loan from MMWEC through MMWEC's Pooled Loan Program;

WHEREFORE, it is voted:

Vote: That the Shrewsbury Electric and Cable Operations' Commission (Commission) hereby accepts the recommendations of the General Manager and SELCO's counsel and hereby finds that it is prudent and in the best interests of SELCO to finance the Peak Generator; and

hereby authorizes the General Manager with the advice of counsel, to execute, accept or deliver or perform obligations for any additional documents or agreements, and take any and all further actions the General Manager deems may be required to carry out, give effect to, and consummate the transactions contemplated by this vote.

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

Without further discussion the motion was carried – 4, 0, one abstention.

Vote: The Shrewsbury Electric and Cable Operations Commission ("Commission") hereby accepts the recommendations of the General Manager and the SELCO's counsel and hereby finds that it is prudent and in the best interests of the SELCO to: (i) finance the Peak

Generator through MMWEC under MMWEC's Pooled Loan Program; and

hereby authorizes and approves the SELCO's borrowing of funds through a loan from MMWEC, from time to time, pursuant to MMWEC's Pooled Loan Program for the purposes stated in this vote; and

hereby authorizes and approves the Pooled Loan Program Loan Agreement ("Loan Agreement"), to evidence the obligation to repay the lease made by MMWEC to the SELCO under the Loan Agreement, substantially in the form of the Loan Agreement presented to the Commission at this meeting and made a part of the record of this meeting; and

hereby authorizes the General Manager to execute and deliver the substantially in the form of the Loan Agreement presented to the Commission at this meeting, with such changes and amendments thereto as the General Manager, with the advice of counsel, may deem necessary or appropriate; and

hereby directs the General Manager to cause the SELCO to perform all of its obligations under the Loan Agreement at such time as the General Manager determines is appropriate to carry out the intent of the vote; and

hereby authorizes the General Manager, with the advice of counsel, to execute, accept, deliver or perform obligations for such further documents, or agreements and take any and all further actions, as the General Manager deems may reasonably be required to carry out, give effect to and consummate the Loan Agreement.

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

Without further discussion the motion was carried – 4, 0, one abstention.

11. Review and Consider Approval – Operating Brief

M. Hale presented and briefly reviewed the Operating Brief.

- Although retired, N. Ludovico, will be called back into service as need be during storm outages.
- John Laverty has been appointed as the new Manager of Electric Operations.
- Jonatan Malaver has been appointed to oversee substations and metering.
- The Commission agreed with the existing practice contained in the Wiring Inspection Policy.
- Tentative date for the solar project dedication is Friday, June 29, 2018.

12. Adjourned – 8:42 PM

A motion:

Adjourn the meeting.

Motion made by M. Refolo and seconded by R. Holland.

Without any further discussion, the motion was approved unanimously.

The next SELCO Commission meeting is scheduled for Monday, June 25, 2018 at 7:00 PM.

Respectfully submitted,



A. Trippi, Clerk
SELCO Commission

Referenced Documents and Authors

Commission Meeting Minutes – April 30, 2018 – M. Refolo

Electric Cash Statements – April 2018 – M. Quitadamo

Electric Financial Statements – March 2018 – M. Quitadamo

Cable Cash Statements – April 2018 – M. Quitadamo

Cable Financial Statements – March 2018 – M. Quitadamo

Pooled Loan Financing – M. Hale

Operating Brief - M. Hale, J. Covey, M. Quitadamo, R. Iaccarino, N. Ludovico, J. Pratt, J. Malaver, G. Onorato