

MASSENA ELECTRIC UTILITY BOARD
MINUTES of Monday, June 20, 2022
Town of Massena Electric Department – 71 East Hatfield Street

Present:

James Shaw -via Zoom
Rene Hart-via Zoom
Richard Maginn
John Bogosian
Charles Raiti
Eric Gustafson, Attorney

Andrew McMahon, Superintendent
Jeffrey Dobbins, Treasurer
Matt Gray, Deputy Superintendent
Margo Rochefort, Deputy Treasurer
Patrick Facticeau, Town Liaison
Debra Willer, Town Liaison

Chairman Shaw opened the meeting at 1:30 p.m.

1) APPROVAL OF MINUTES:

RESOLUTION:

The Massena Electric Utility Board hereby approves the minutes of the regular meeting of May 24, 2022 as presented.

Moved by John Bogosian - Seconded by Charles Raiti - All in Favor

2) OPERATIONS UPDATE: by Matt Gray, Deputy Superintendent

A. Safety: MED experienced no lost time accidents in the month of May. The number of consecutive days without a lost time injury now stands at 673 days. There were also no reportable injuries in May. As of May 31st, MED has been 355 days without a reportable injury.

Lou Gabrielle with NEPPA was on-site to present a Pole top and Bucket rescue training for all members of the Line Crew.

B. Customer Impact Chart: MED experienced only 384 Customer Impact Minutes throughout the month of May. The largest Customer Impact was due to a tree contact on Wallace Rd. Given that our monthly CIM continues to trend downward, our 12-month average has also decreased slightly and now stands at 25,907.

C. Reliability: MED Crews responded to eleven calls in the month of May. The majority of which being requests to disconnect due to Customer issues, such as flooded basements or fire calls. Of the calls received, one call affected no Customers, six calls affected only one Customer and four calls affected more than one Customer. Only two of the eleven calls received contributed to the monthly CIM total. The largest Customer Impact occurred on May 16th and was the result of tree contact on Wallace Road. This outage affected 12 Customers for 20 minutes. The other CIM contributor was due to an animal contact on the Van Kennen Road in Norfolk that resulted in a 36-minute outage for four Customers. In addition, on May 23rd Circuit 2301 had a trip and reclose event due to a tree contact that affected 1149 Customers momentarily.

D. Work Schedule: Crews are finishing pole replacements near the Raquette River Bridge on State Highway 37c.

The service upgrades at Massena Central Schools are ongoing with Nightengale and Madison School transformers having been set in the last few days. A service changeover from the old equipment to the new equipment will take place once school is out for the summer.

Crews are working on Perkins Road to replace original equipment in need of replacement.

3) FINANCIAL REPORTS: by *Jeffrey Dobbins, Treasurer*

A. Write-Offs:

Write-offs: Treasurer Dobbins noted that at the start of the year the Department did not write-off any accounts with the expectation that some of the amounts owed could be recovered from Covid funding from either the State or Federal Government. Based on recent guidelines on funding available, the customers included in write-offs would not be eligible. Each customer on the list has moved out of the service territory and no longer has an active service with the Department. To get assistance from either the State or Federal Government, having an active service is a requirement.

Treasurer Dobbins also indicated that the Department continues to perform service terminations for non-payment. Due to the restrictions on service terminations during 2020 and 2021 many of these are at locations where the customer of record has moved out, sometimes several months earlier. Additional write-offs are expected in the next few months due to this large number terminations related to customers no longer living in the service territory.

RESOLUTION:

The Massena Electric Utility Board hereby authorizes the write-off of bad debt totaling \$25,181.15 as audited by Mr. Rene Hart.

Moved by John Bogosian - Seconded by Charles Raiti - All in Favor

B. Power Comparison Graph: Power cost for May totaled \$284,780. Supplemental Power costs were \$59,550, 2,560 MWh of incremental energy purchased. Zone D Average Energy rate was \$23.25/MWh. Higher than May 2021, abnormally low at \$9.50/MWh. Impact to customers- PPAC credit projected for July. Peak Demand for May was 28,140 kW, similar to previous years. Peak set May 21st at 4:00pm. MWh purchased, over 15,770, slightly higher than 5-yr max.

C. Cash Flow: The Operating Fund increased by \$868,844 during May. The Operating Fund at month end was over \$6 MM. May receipts were 1,676,500, \$498,200 more than budgeted. Higher sales through May compared to previous years. We continue to receive payments from L1-HEAP and other assistance programs. May expenditures totaled over \$807,666, less than budgeted.

D. Approval of Bills:

RESOLUTION:

The Massena Electric Utility Board hereby approves the bills as audited by Mr. Rene Hart totaling \$631,959.75

Moved by Charles Raiti – Seconded by James Shaw - All in Favor

4) COMMITTEE REPORTS: by *Andrew McMahon, Superintendent*

A. Personnel:

1. Staff Update: Mr. McMahon told the board that there have been 2 cases of covid reported coming out of the Nashville conference. One of those who was impacted by covid is affiliated with Massena electric. At this point the covid impacts appear minor.

Mr. McMahon also advised the board that in addition to what Mr. Gray reported in his month end reports there was a subsequent safety incident involving one of our employees. It does not appear that there will be any permanent damage to the employee but the employee will be out of work for approximately one month. Mr. McMahon and Mr. Gray described some of the basic details of the incident which involved alignment of bar that was being passed through a reel. The bar unexpectedly moved and jammed the finger of the employee. The injury required stitches and a splint for a broken bone in the finger.

2. Security Update: Mr. McMahon and Mr. Dobbins continue to review the security of the work environment for the front office. They are finalizing plans with Massena Police Department to do a table top exercise this summer. During the initial meeting with the Police Department some changes to the front office were suggested. Once the table top is completed, management will review all the changes identified with the Engineering Committee.

B. Finance & Economic Development:

1. Payment and Delinquency: Treasurer Dobbins noted that the majority of receivables reflect balances owed on bills from this past winter. The amount owed related to the pandemic was significantly smaller compared to this time last year. The Department continues to encourage customers to seek assistance.

2. Energy Efficiency Programs: Nothing to report

3. Communication: Mr. McMahon said he is scheduled to be on WMSA later this week. However, that may be delayed due to the schedule of the regular morning host. Mr. McMahon said he intends to discuss the projected natural gas prices for this coming winter which are 30% higher than last winter.

C. Engineering & Energy:

1. Cybersecurity: Treasurer Dobbins noted that he continues to meet bi-weekly with IronNet and NYPA. To date nothing of significance has been identified. Over the next few weeks, Treasurer Dobbins reported that some equipment upgrades will be occurring. These were included in the 2022 budget and the upgrades will replace some equipment approaching end of life.

Mr. McMahon added that he and Mr. Dobbins continue to participate in training exercises through IronNet and other services to stay abreast of industry threats and trends.

2. Forward Energy Procurement: Mr. McMahon reported that he had the opportunity at a recent conference to talk to one of our lawyers working on this and an energy firm who is interested in doing this for us. Both acknowledge that this type of agreement has not been done by an individual municipal utility in NYS previously, resulting in delays as we have continued to uncover issues that need to be resolved.

3. Arbor Issues: NYPA should be getting information out shortly on trees to purchase.
4. NYSERDA submittals: There is no word on timing of assessment of applications.

We had a preliminary meeting with SUNY Canton and Liberty utilities to discuss the proposed community loop geothermal. Mr. Gustafson joined the meeting and we discussed not only design and technical challenges to consider during the feasibility stage but also potential business models and legal challenges.

5. CAC/IJA path forward: We are still monitoring how and when these programs will roll out. We expect a number of opportunities to expand our deployment of smartgrid and expansion of efficiency programs.

5) LEGAL ISSUES: *by Eric Gustafson, Attorney:* No update

6) UNFINISHED BUSINESS:

- APPA National Conference Summary

Mr. McMahon submitted a written report and he will be forwarding notes from Mr. Shaw (both attached). Mr. Raiti noted that he thought it was a great conference and he would try to synthesize his 13 pages of notes. Mr. McMahon stated that one issue he did not discuss on his notes that was worth mentioning was the idea of adult education. Specifically, teaching people how to weatherize their home and separately how we are exposed to outside forces in the market.

Mr. Shaw reported that there was a general lack of labor to run the hotel where the conference was held. Mr. McMahon expanded on this by stating that a number of municipal utilities, even large ones, are dealing with vacancies that they cannot fill.

7) NEW BUSINESS:

Mr. McMahon reported that the price of natural gas which is typically correlated with the price of electric is very high presently and looks to stay this way through next winter. In fact, the prices for natural gas are 30 percent higher than they were last winter.

Mr. Raiti and Mr. Hart encouraged that we consider doing periodic bill inserts, in addition to the newspaper and radio, to communicate key messages like energy efficiency and the impending high bills of winter.

Mr. McMahon advised the board that due to the war in Ukraine that Germany is opening up a number of shuttered coal plants. From an environmental standpoint this is a tremendous step backwards but should further isolate Russia and also lower the demand for natural gas. This may not have a direct impact on MED but is worth noting because it is so out of step with where the industry had been going environmentally.

8) ARTICLES OF INTEREST:

9) SCHEDULE OF EVENTS: Next regular meeting, Thursday, July 21, 2022

10) PUBLIC COMMENT:

11) EXECUTIVE SESSION:

Motion to move into executive session at 2:24 p.m.

Moved by Charles Raiti – Seconded by John Bogosian- All in Favor

Motion to move out of executive session at 2:26 p.m.

Moved by Charles Raiti– Seconded by John Bogosian -All in Favor

Motion to adjourn at 2:26 p.m.

Moved by James Shaw- Seconded by Richard Maginn -All in Favor

APPA Annual Conference/Andrew McMahon

Nashville, June 12-15, 2022

I attended the conference with Jim Shaw and Chuck Raiti.

As always with APPA there were multiple tracts that tried to appeal to a membership that is diverse in size, set up and priorities.

The outgoing Board Chair, Colin Hansen spoke to the unique challenges that he had in his full-time job in Kansas in that many of his member systems in Kansas have less than 100 customers. The path to achieving success may be different but some of the same priorities emerge; safety, reliability and economic development. After a number of years of Board Chairs from very large entities it was refreshing to have a Board Chair who had a deeper perspective on the needs of the small and moderate systems.

Given some of the recent economic development leads we have had focusing on hydrogen I was able to attend a breakout session on that subject and the potential pitfalls and opportunities. I was also able to attend a breakout session on economic development that was led by developers from Tennessee. They were able to brag that they are among the leading areas for job growth and a lot of it is from datacenters and shipping fulfillment. I was interested in the datacenter portion of this presentation obviously and what kind of job commitments they are getting.

Final there were two speakers of note who were part of General Sessions. The first was Marci Rossell who was formerly the Chief economist for CNBC. She tried to articulate how the economy has gotten to where it is and perhaps how we might get back on track. The other speaker was Willy Shih who is a Supply Chain expert and Harvard Professor. He discussed the various supply chain issues we are dealing with as an economy and as an industry. He did a very nice job of describing both the supply shocks and demand shocks we have experienced and how he can still see some of the shocks rolling through the economy from both the pandemic and Ukraine. Much of the problem is from the "Bullwhip" effect. I asked him "if you were the GM of a municipal electric department would you advocate for purchasing transformers now when the price and lead time are so high." He advocated for "pooling" resources with other similarly situated utilities. I am not sure that this answer will work given the unique voltage we utilize outside of the village but I have started reaching out to the few municipalities I know of that utilize our same voltages. On the positive side he noted that in some areas we are going to start having over supply which may lead to some deep discounts on some items that have been constrained.

Comments from the June 2022 APPA Nashville Conference/Jim Shaw

In addition to Andy's comments, I add the following

The economist state there were three major issues we needed to handle, inflation, supply chain, and labor shortage. The first two are short term. Labor shortage is long term. The labor force and the young population has shrunk drastically over the last 10 year. Young people do not exist. (Very evident at the hotel Food service was very understaffed. Joke was a beautiful place to starve. 1 hour wait for a table and then 30 minute wait to be served was not unusual when half the tables are empty. Seating was service staff flow control not table availability.)

The effects of the COVID shutdown, spending was turned upside down!!!!

The supply chain presentation repeatedly mentioned that the electrical grid can't take the forecasted loads as it is now and needs major changes. The grid is a significant supply chain issues in itself.

TVA CEO mentioned their objective was to be 50% renewable by 2050 and 80% carbon free by 2035. New York State wants to 100% renewable by 2050

TVA is pushing EV's in their fleet of light trucks and cars but not heavy duty vehicles Have tried some heavy duty vehicles with limited success

I attended a session on environmental regulations. The aggressiveness of the proposed and expanded EPA regulation changes is unbelievable. They are actively significantly tightening almost all regulation associated with energy. The quote from the APPA moderator describing the EPA position was "that if they can't get the green new deal through legislation they are going to get it through regulations".

I attended a session EV's with representatives of GM, TVA and TN Environmental Department

GM is pouring billions into EV's most of it in Tennessee. GM rep could not answer many questions he was more responsible to build one of the three plants. TVA guy has an EV's implementation goal but head his head on practical straight. The state rep talked about all they are doing to install chargers and going to put in hundreds most on major roads and plan on giving away the electricity for at least the first year.