

MASSENA ELECTRIC UTILITY BOARD
MINUTES of Wednesday, October 19, 2022
Town of Massena Electric Department – 71 East Hatfield Street

Present:

James Shaw
Charles Raiti
Richard Maginn
John Bogosian
Andrew McMahon, Superintendent

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

Chairman Shaw opened the meeting at 1:04p.m.

1) APPROVAL OF MINUTES:

RESOLUTION:

The Massena Electric Utility Board hereby approves the minutes of the regular meeting of September 20, 2022 as presented.

Moved by John Bogosian - Seconded by Richard Maginn - All in Favor

2) OPERATIONS UPDATE: by Matt Gray, Deputy Superintendent

A. Safety: MED has not had a lost time injury since June 8th. Our consecutive days without a lost time accident now stands at 114 days.

There were no reportable injuries in June. This brings the number of days without a reportable injury to 477 days.

Lou Gabrielle with NEPPA was on-site to present a chainsaw safety and green power safety training.

B. Customer Impact Chart: MED experienced only 330 Customer Impact Minutes throughout the month of September. The largest Customer Impact was due to an animal contact on Grinnell Ave. Given the low amount of Customer Impact in September, our 12-month average has decreased to 19,174.

C. Reliability: MED Crews received 9 calls in the month of September. Of the calls received, two calls affected no Customers, five calls affected only one Customer and two calls affected more than one Customer. Four of the calls received contributed to the monthly CIM total. The largest Customer Impact was an outage on Grinnell Ave due to an animal contact at a transformer. The resulting outage affected five Customers for thirty-six minutes. The one hundred seventy-four Customers on Circuit 3303 also experienced a momentary outage on September 8. The issue was found to be a crow contact on Cr 42. The remainder of the CIM contributing calls were relatively small in duration and impact and are mostly attributed to bird or animal contacts.

D. Work Schedule: Crews have begun construction on Fregoe road in support of the NYPA smart path project. The scope of work involves MED relocating approximately 3,500 feet of overhead primary from the north side of the road to the south side of the road. Crews have installed and energized a 1,300' primary underground line extension to serve the new cellular tower on State Highway 420 in the vicinity of Perras Excavating. MED installed new controls at the regulator bank on County Route 37. This upgrade addresses a need to replace dated technology while at the same time standardizing our regulator controls.

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

A. Write-Offs:

RESOLUTION:

The Massena Electric Utility Board hereby authorizes the write-off of bad debt totaling \$4,374.37 as audited by Mr. John Bogosian.

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

B. Power Comparison Graph: September power costs \$182,000, lowest monthly total in the past 20 years. Supplemental Power costs were \$9,600. Incremental Energy rate was \$48.20/MWh. Transmission costs were negative during September. Zone D price was \$10/MWh less than Zone A/Niagara (\$76.37 vs \$86.49). Impact to customers – small PPAC credit for November. Peak Demand for September 24,000 kW, set at the start of the month, slightly higher than our allocation of 23,640. MWh purchased, over 12,360, very similar to previous Septembers. Only 199 MWh of supplemental energy purchased.

C. Cash Flow: The Operating Fund decreased by \$463,715. Decrease was expected-Sept. expenses included school taxes. The Operating Fund at month end was over \$6 MM. September receipts were \$638,930. Sales were lower in July and August, contributing to lower than budgeted receipts for Sept. Increase in interest revenues during September, expect this to be higher than budgeted for the remainder of the year. Expenditures totaled \$1.1 MM, this was \$45,650 less than budgeted.

D. Approval of Bills:

RESOLUTION:

The Massena Electric Utility Board hereby approves the bills as audited by Mr. Rene Hart totaling \$632,898.07.

Moved by John Bogosian – Seconded by Richard Maginn - All in Favor

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

A. Personnel

1. Staff Update: Mr. McMahon noted that there are no notable developments with staff. However, given the perceived local uptick in Covid cases Mr. McMahon would be reaffirming the importance of proper health protection as we head in to the winter season. Mr. Bogosian asked if we had any policy, or if we should have a policy, regarding covid and flu shots. Mr. McMahon will speak to Mr. Gustafson about possible approaches to emphasizing this issue.

2. Security Update: Mr. McMahon and Mr. Dobbins are still working to arrange a table top with Massena PD.

B. Finance & Economic Development

1. Energy Efficiency Programs: Treasurer Dobbins reported there have been a couple of inquiries from businesses looking to have audits performed. Their contact information was forwarded to Energy Answers and Treasurer Dobbins expects audit reports in the coming weeks for these customers. Each of the businesses were looking to make lighting upgrades at their facilities.

2. Tariff Changes-Purchase Power Adjustment Charges:

Treasurer Dobbins reviewed the language changes to this section originally distributed at the September meeting. The new language will address issues that arose prior to temporarily suspending this charge in fall of 2020. The Department's regulator has already approved the language changes and once approved by the MEUB, the section will be reinstated.

The language changes include reducing the number of months the Supplemental Purchase Power Adjustment Charge is billed from 6-months to 5-months, and adjusting the calculation to better align costs used to calculate charge with energy being billed to customers. Treasurer Dobbins noted the effective date for the new tariff is December 1, 2022. This effective date agrees with the change to months this charge is billed, which is changing from November 1, through April 30, to December 1 through April 30.

Superintendent McMahon noted that the Town Board Liaison's received a series of inquiries during the 2021-2022 heating season and again in recent months, regarding the impact higher costs for electricity have had on customers. The changes in place are designed to pass along the higher costs incurred during the winter months to those users that use more electricity during this time period. Chairman Shaw noted that customers using more during this time period can take steps to make their homes and businesses more efficient, thus reducing the amount of supplemental energy needed to serve them. Any reduction to usage can go a long way to reduce their energy bills.

RESOLUTION:

The Massena Electric Utility Board hereby authorizes the proposed changes to Section X – Purchase Power Adjustment, of the Massena Electric tariff, with an effective date of December 1, 2022.

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

3. 2023 Final Budget:

Treasurer Dobbins reviewed the 2023 Proposed Budget, which includes projected revenues of \$15 million for 2023. The projection includes MWh sales above 200,000 and increased sales due to higher power costs. Treasurer Dobbins also noted that additional interest revenues were projected in 2023.

Expenditures total \$15.4 million for the year. This includes increases to Salaries and Benefits, Power and ISO costs, expenditures to Suppliers and Vendors, as well as an increase in Utility investment. The Power and ISO costs increase reflects higher Zone D rates compared to historical rates and higher Transmission costs in 2023.

Paid to Suppliers and Vendors reflect additional tree trimming expenditures in 2023. This includes normal/routine work, as well as additional spending to address trees impacted by the Emerald Ash Borer. Utility Investment is expected to be higher in 2023, some of the increase is due to inflation that has increased the price of various materials and supplies. The Capital Budget is also higher in 2022 and includes projects related to cyber security and software upgrades.

After Mr. Dobbins explained the budget, Mr. McMahon went through the Capital Budget in more detail. It was pointed out that due to the uncertainty of some major federal funding programs the number of specific projects in the budget is smaller than past years. Depending on what projects are eligible and the boards appetite to pursue them the capital budget may change dramatically. The projects that staff will be focusing on in the short term are a re-conductoring of circuit 2303, upgrading high side and low side switches at Engstrom substation, replacement of a trougher drain in the garage area (and associated repairs to the floor), a Transformer Turns Ratio set and a Schweitzer Fault Load Locator. Mr. Bogosian asked about the Turns ratio kit. Mr. Gray explained that the TTR kit will allow us to better understand if Transformers are salvageable. So, rather than just disposing of transformers we will have a better idea if it is worth spending money on a potential repair. The board also discussed the Schweitzer Load Locator. Mr. McMahon explained that the value of the devices being that we will be better prepared to respond quickly to outages but also be able to have a better understanding of where load growth is occurring.

RESOLUTION:

The Massena Electric Utility Board approves the Proposed 2023 Budget as presented.

Moved by John Bogosian – Seconded by Richard Maginn - All in Favor

4. Communications: Mr. McMahon discussed on-going communications efforts on issues of concern. Most importantly the issue of expected high energy prices is being communicated to rate payers. Mr. Raiti and Mr. Bogosian emphasized that more than just radio and newspaper need to be used to pass this message along. They recommended a bill stuffer to supplement the normal channels of communication.

C. Engineering & Energy:

1. Cybersecurity: Treasurer Dobbins reported that there has been no suspicious activity identified by IronNet to date. Even though no activity has been identified, communication remains ongoing and include bi-weekly calls. Treasurer Dobbins also indicated that Adirondack Techs have been on site installing the new switches for the internal network and that they would be on-site prior to the end of October to install the new security appliance/firewall.

2. Forward Energy Procurement: Mr. McMahon reported that MED has received a draft tariff amendment that, in NYPA's opinion, will allow us to procure power forward. Eric Gustafson is reviewing NYPA's proposed language and will be working towards finalizing the language so that MED will have the ability to take positions that will meet our expected energy needs.

3. Inventory: Mr. McMahon discussed MED's inventory for key components. Staff has been monitoring the price and delivery lead times of key components that have varied widely in recent months. Mr. McMahon reported that our stock of certain transformers is at historically normal levels but given that lead times have grown so significantly we are becoming concerned. We have found a vendor that, while their lead time is more than our historical expectation of 12-16 weeks, their delivery time is 22 weeks which is significantly less than other vendors who are

quoting 60 to 100 weeks. The board discussed the importance of having adequate materials available for on-going operations and the need to assure we have adequate equipment to support on-going operation.

RESOLUTION:

The Massena Electric Utility Board hereby resolves to purchase \$85,000 worth of transformers to assure adequate supply of materials to support on-going operations.

Moved by Richard Maginn – Seconded by Charles Raiti - All in Favor

4. Arbor Program: Mr. McMahon informed the board that Alcoa has offered us a second \$10k grant for 2022.
 5. EAB extra work: Mr. Gray described progress that has been initiated to remove Ash trees in the vicinity of our lines and showed a series of pictures from a recent take down by Putney Tree service. The importance of taking down these trees to alleviate potential outages in the future and overall safety to the community was discussed. Mr. Gray also noted that these trees are also more difficult take down due to damage already done to the tree by the EAB.
 6. NYSERDA Submittals: MED is in negotiations with NYSERDA on some of our proposals.
 7. CAC/IJJA path forward: Mr. McMahon and Mr. Shaw discussed the evolution of these spending programs. We expect there to be a number of initiatives for MED to benefit from.
 8. Inflation Reduction Act (comparable incentives): This is another spending plan that is similar to the IJJA. What is different is a provision that allows for Comparable incentives for municipal entities. What this means is that historically, many incentives that were given for generation were tax incentives that were of no use to municipals who are tax exempt. The IRA allows that municipals will get an incentive directly and not through a tax break. This will allow municipals to move forward on generation projects with the benefit of incentives that they had not received in the past.
- 5) LEGAL ISSUES: *by Eric Gustafson, Attorney:*
- 6) UNFINISHED BUSINESS: NYAPP Annual Meeting, Corning, NY

Mr. Shaw and Mr. Raiti attended the NYAPP meeting in Corning. Their key takeaway was the opportunity to work with NYPA on Federal and State spending programs. MED may have opportunities to receive funding to address concerns with Emerald Ash Borer, metering and on-going electrification load growth.

Mr. Raiti also brought up remarks from John Howard of the Public Service Commission who discussed the disparity between paying for projects on a load share basis versus a beneficiary pays basis. As an example, the Smart Path project being constructed through the North Country will raise the zonal price of power in our region. So if the beneficiary pays standard was used, downstate would have to pay for the project. However, the state has elected to say that everyone benefits from the project so not only will the cost of power in the region go up but we will have to pay a pro-rata share of the cost of the transmission lines that are causing our rates to go up. Mr. Howard did not think it was equitable and has gone on the record at the Commission saying that a beneficiary pays method should have been used.

Mr. Raiti also emphasized that a recurring theme of those who spoke, including Mr. Howard, was that we need to work to have our voice heard in Albany and Washington.

- 7) NEW BUSINESS:
- 8) ARTICLES OF INTEREST:
- 9) SCHEDULE OF EVENTS: Next regular meeting, Thursday November 17, 2022
- 10) PUBLIC COMMENT:
- 11) EXECUTIVE SESSION: N/A

Motion to adjourn at 2:30 p.m.

Moved by John Bogosian – Seconded by Richard Maginn, All in Favor

DRAFT