

WMGLD
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John J. Warchol, Chair
Elton Prifti, Secretary
Thomas Boettcher
Jennifer Kallay
Sharon Daly

Peter D. Dion, General Manager

WAKEFIELD MUNICIPAL GAS & LIGHT DEPARTMENT

BOARD OF GAS & LIGHT COMMISSIONERS MEETING

November 1, 2023

IN ATTENDANCE:

Comms., Chair Jack Warchol
Elton Prifti, Secretary
Jennifer Kallay
Thomas Boettcher
Sharon Daly

Peter Dion, General Manager, WMGLD
Mark Cousins, Finance Manager
Dave Polson, Engineering and Operations Manager
Sylvia Vaccaro, Minute Secretary

Zach Fentross, Marcum LLP
Derek Gelineo, Marcum LLP

PLACE:

**480 North Ave., Wakefield, MA
& ZOOM MEETING**

CALL TO ORDER:

Commr. Warchol called the meeting to order at 6:30 pm and advised the meeting was being recorded.

CHAIR REMARKS:

Commr. Warchol stated that the WMGLD calendars will be available after Thanksgiving. He also commented that the presentation on the Community Solar program has been postponed until December's Board meeting.

COMMISSIONER REMARKS:

Commr. Boettcher explained that WCAT will televise the ESC (Environmental Sustainability Committee) Information Session on Town Meeting Warrant Article #7 on November 6, 2023, so that voters can learn more about the proposed adoption of Specialized Energy Code at Town Meeting on November 18, 2023.

TOWN COUNCIL LIASON:

Not present

Public Comments

None

SECRETARY'S REPORT

Approval of the October 4, 2023, minutes was before the Board for approval.

A motion to approve the October 4, 2023, minutes with amendments provided in the Board book was made by Commr. Boettcher and seconded by Commr. Kallay.

Vote: The motion was approved unanimously 5-0.

Presentation of FY 2023 Audit- Marcum Accountants

Zach Fentross, a Director at Marcum Accountants and Advisors, commented that Melanson was acquired by Marcum on January 1, 2023. Marcum is the 15th largest accounting firm in the country. Zach presented the audit for the year ending June 30, 2023. He noted that the takeaway and conclusion from the audit is that WMGLD has a very tight cash position but has positive operating results. The Department also has a very well-funded OPEB trust fund and WMGLD did not have a management letter again this year, which demonstrates the department has adequate and functioning financial internal controls. He also mentioned that it is important to note that only 10% of Marcum's clients audited do not receive a management letter. Zach stated that the Department received a clean opinion for FY 2023, which means there were no exceptions identified. Zach noted that this is the best opinion you can receive from an independent audit and is the same opinion the department has received in prior years. There was a discussion of the strong OPEB funding status along with the Department's cash position, as of June 30, 2023. It was also noted that, similar to prior years, the audit is presented without the pension numbers which are provided once Wakefield's Retirement Board has completed their audit in January 2024. Zach stated that he does not anticipate anything unusual with the pension liability numbers. He noted that OPEB is 102% funded and recommended seeking guidance from the Town's actuary, as how to proceed with contributions in the future.

He wanted to point out that WMGLD's cash on hand to cover monthly expenses is under one month for FY 2023, a very tight position as it has been in years past. The industry average is three months. Mark noted that this is due to this past

winter's commodities' cost. Pete mentioned that we still have to recover this past winter's high gas costs. Zach stated that most of WMGLD's contemporaries did draw down their cash positions because of the high commodities costs. Zach thanked Pete, Mark and the WMGLD team for their assistance in the audit.

A motion to accept the preliminary auditor's report was made by Commr. Kallay and seconded by Commr. Prifti.

Vote: The motion was approved unanimously 5-0.

Old Business

IT Department Update – Jeff Morris

Jeff provided the Board with an overview of IT projects that were completed this year. He explained that our meter provider, Itron, moved their headquarters from Washington to Las Vegas, resulting in the need to migrate our remote meter reading functions to the new host location. The collectors, repeaters and network connections all had to be remapped to this new location. He also explained that the WMGLD website was migrated to a new host allowing greater control, security and stability. The new customer portal is taking a little longer than anticipated to launch to the public due to some minor tweaking to allow for a more friendly customer experience. He noted that WMGLD recruited about 50 customers to test the new portal by offering a \$25 bill credit. He commented that their feedback about the functionality of the portal has been helpful. He explained that the billing and financial system that functions on the Cogsdale software system was upgraded. Another project underway includes moving the gas department data from a spreadsheet-based system to an online database that will improve accuracy and provide enhanced reporting. Jeff commented that the mobile application by SpryMobile will allow crews to enter meter information while out in the field thereby eliminating paper and allowing for greater accuracy. [The completion of the SpryMobile project will be delayed until early next year.](#)

New Business

Specialized Energy Code- Town Warrant Article 7

Commr Boettcher drafted a statement in support of the Specialized Energy Code – Town Warrant Article 7 and is seeking the support of the Board of Commissioners. Commr. Boettcher explained that the town has a base building code and has adopted the Stretch Energy Code that was implemented in January of this year as part of the Town becoming a Green Community. The Specialized Energy Code would be an addition to the Stretch Energy Code and would better enable Wakefield to be able to reach the net zero 2050 goals. This code would only impact new construction. He stated that even if we decarbonized our electric system, we would still not meet the 2050 goals as a Town without moving people from fossil fuel based heating sources and there could be significant financial implications for the Town if we do not meet these goals. Commr. Boettcher noted that the Environmental Sustainability Committee (ESC) conducted a greenhouse gas inventory and discovered that 55 percent of Wakefield's greenhouse gas

comes from buildings. The Massachusetts Department of Energy Resources (DOER) stated that by 2050, 27% of all buildings will have been constructed from 2023 to present. The Specialized Energy Code states that if you build an all-electric home, there are no additional requirements beyond the existing Stretch Energy Code. However, if you choose a mix fuel (fossil fuel) pathway for heating and cooling, you would be required to install solar and prewire for electrification of that home. This protects the end user from potentially significant future renovation costs. The same is true for commercial buildings. He noted that this is not a ban on fossil fuels. The Board discussed and finalized the statement in support of the Specialized Energy Code as follows:

We, the Wakefield Municipal Gas and Light Board support Wakefield Town Meeting Article 7- **Specialized Energy Code**. The adoption of the Specialized Energy Code along with WMGLD's continuous efforts to decarbonize its energy portfolio positions the Town to meet the State's 2050 Net Zero requirement. We support the adoption of the Specialized Energy Code to make new buildings more energy efficient thereby reducing fossil fuel consumption and associated carbon emissions.

A motion to approve the support of the Town to adopt the Specialized Energy Code was made by Commr. Prifti and seconded by Commr. Boettcher.

Vote: The motion was approved unanimously 5-0.

Pete will give a brief presentation of the benefits of the Specialized Energy Code from WMGLD's perspective in conjunction with the ESC's presentation at the Town Meeting.

Review of Energy Efficiency Program Budget and Programs for CY 2024

Pete stated that he is recommending holding the energy conservation charge constant for this year and changing the focus of incentives a bit. Joe Collins reviewed the rebates and incentive numbers for FY 2023 with the Board. The total budget is just under \$700,000.00. The proposed Energy Conservation Program changes for FY 2024 are in line with the State's 2050 goals. The proposed plan for 2024 would eliminate rebates on all gas appliances and equipment. Additionally, WMGLD would lower the solar rebate to \$0.80 per Watt (which is consistent with other MLPs). This change will allow the Department to enhance rebates for customers replacing their fossil fuel heating with heat pumps. Commr. Daly inquired if the rebate could possibly increase if the customer was switching from a gas stove to an induction stove and noted that Belmont MLP is doing this. Pete noted that this would be difficult to verify. He said that he will check with Belmont to see how this information is being verified. He noted that we now have rebate data, so we can track trends. Commr. Kallay inquired about the time frame to submit rebates for heat pumps and insulation if the customer is looking for the enhanced incentive for installing both around the same time. Pete stated that the rebate application would need to be submitted within a year the customers will receive the enhanced incentive, because we only want to conduct

one post audit for verification. Commr. Warchol asked why the EV chargers were included in these totals. Pete said all EV charger expenditures were included in this one place. We were able to recover \$145,000.00 in grant money and the overage of \$150,000.00 was capital expenditures for EV chargers at the head of the lake and the chargers that were installed in the WMGLD garage. This is an investment that we are not going to get back. Commr. Kallay recommends having the Department's decarbonization investments (e.g. EV charging infrastructure) be broken out and not included in the calculation of the energy conservation charge.

FY 2024 Expense Budget – CY 2024 Capital Budget

Finance and Customer Service Manager, Mark Cousins, reviewed the Capital and Expense budget with the Board. He noted a correction in the electric operating budget. The \$1,071,419.00 is avoided cost for the Energy Park in the out year of 2026 instead of a cost. As a result of this change, we are now budgeting a surplus of \$500,000.00 instead of a deficit. He explained that the actual revenue came in a little under planned revenues and the actual costs are a little higher than planned costs due to the high commodity costs last winter. The power costs came in right around where we budgeted with the gross profit up a little compared to budget because we bumped up the rates slightly. On the pension and OPEB the box is in red because we are awaiting the final number from the Town. Mark stated that the Board will be voting for the FY 2024 budget this evening. He continued to say that the revenue total of roughly \$30 million dollars is actually the numbers we received from MMWEC, which is a 13-14% decrease. This corresponds to the decrease in costs for purchase power based on MMWEC's projections for the year. Commr. Daly asked how often we go out for bid on power. Pete explained that we have short and long-term contracts. MMWEC is going out on the open market for only about 20 percent of our portfolio in a given year. He noted that WMGLD's has a layered portfolio resulting in only being exposed to the market for a small amount. Commr. Boettcher inquired about the community relations and advertising budget. Mark noted that it was from the North Ave. project and Albion Street lights. Commr. Prifti asked about the general administrative expenses. Mark stated it was a one-time inventory adjustment that was made due to old inventory and inventory that was not assigned to a specific job. Mark said the generator debt was rewritten which cut the debt service in half. Pete stated that we accelerated the debt repayment. All debt will be paid off in 10 years except for the battery, and the Wallace substation. The percentage rate for this debt is a little over 3 percent. On the gas side, we had a 2.8 million loss. We had budgeted 8 million dollars for the purchase of gas. The actual cost was closer to 11 million dollars. The budget for FY24 is 9.1 million dollars for the purchase of gas, which is under the actual cost for last year by 18-20 percent. Commr. Kallay mentioned that FY 24 & FY 25 net income is trending higher and wondered if we should reduce our charges and revenue projections. Mark stated that we are precluded from any surplus over eight percent.

Mark reviewed the Gas Department capital budget. WMGLD received grant money for \$1.3 million for gas street work and Joe and Raven are also working on obtaining additional grant money. The budget for FY 2024 is \$1.9 million.

Commr. Kallay asked about the portable LNG totals in 2025 and 2026. Pete noted that this is a place holder in the event we need to utilize LNG in the future. The Electric Department capital budget covers underground work, Energy Park site work and deposits for equipment of approximately \$1.14 million. Dave noted there is also substation relay testing, protection upgrades in conjunction with a National Grid project included.

A motion to approve the FY Operational & Capital Budget was made by Commr. Prifti and seconded by Commr. Kallay.

Vote: The motion was approved unanimously 5-0.

Any other matter not reasonably anticipated by the Chair

None

A motion to adjourn was made at 9:30 pm by Commr. Prifti and seconded by Commr. Kallay

Vote: The motion was approved unanimously 5-0.