

MUNICIPAL LIGHT ADVISORY BOARD

Charge:

The Belmont Municipal Light Department Advisory Board (MLAB) was established by the Light Board to assure that the board governance structure of the Belmont Municipal Light Department provides focused direction and oversight to the manager of the Department that is consistent with their respective statutory roles, which is critical in light of the increased complexity and risk factors in the power supply and related financial markets. MLAB is comprised of five (5) voting members, appointed by the Board of Selectmen and includes persons with expertise in engineering, power, related financial markets, economics, marketing, legal and regulatory matters related to municipal utilities, and knowledge of the history and operations of the BMLD and the community it serves.

MLAB assists the Light Board in: discharging their duties under G.L. 164, Section 56, including advising them on the selection and compensation of the manager and assessing the manager's exercise of his or her duties; setting the strategic direction of the department and periodically reviewing this direction and updating it in light of developments in wholesale and retail power and related credit markets; and monitoring progress towards the goals of the department, including the identification and use of key indicators and trends to compare BMLD performance with industry standards.

They also meet and confer with the manager and make recommendations to the Light Board on: issues related to the operation and maintenance of the departmental plant, the procurement of power supplies, service quality, rate structure, and related matters of customer services, human resources, financial, and legal management; efficiency and effectiveness of operations; and communication to the community regarding the performance and value of the Municipal Light Department.

Major Accomplishments:

The Municipal Light Advisory Board (MLAB) focused on the future power supply procurement and the development of a Power Supply Procurement Policy in 2006. Power supply costs and procurement will remain a major challenge for the Municipal Light Department in the future. Deregulation has resulted in numerous changes in the market for electricity. To develop this policy, MLAB conducted public meetings to inform the public about the electricity market and to solicit input from the Department's ratepayers. Numerous vendors were interviewed to determine which vendor could best provide support to MLD management in making power supply decisions. The risk of each option was presented and analyzed. It was determined that BMLD should pursue a procurement policy that hedges our financial exposure by using multiple contracts, staggered over time, with different vendors. This should reduce BMLD's exposure to contract defaults, allow BMLD to participate in the market to purchase power based on time and cost considerations, and limit our ratepayers to the high price volatility of the daily electric market.

MLAB has brought a commitment to renewable energy sources and Demand Side Management (DSM) programs to the forefront of BMLD's energy policy. As a public power utility, BMLD has a bully pulpit to engage the community in energy efficiency and conservation. MLAB has worked with Sustainable Belmont (a subcommittee of the Vision 21) to make a contribution to the climate action plan supported by the Town of Belmont. Belmont residents can look forward to these programs in 2007 and beyond.

MLAB has been tasked to advise the Municipal Light Board (presently the Board of Selectmen) on the performance and policies of the Belmont Municipal Light Department. Their performance has led to a discussion on whether the Town should create an appointed Municipal Light Board to perform the statutory role of governance for the Municipal Light Department. Toward this end, MLAB has met with the Warrant Committee to discuss this issue.

The close of 2006 brought about an unexpected change in leadership for BMLD. The Manager/CEO, Ron Lunt, resigned in September of 2006, effective in November, 2006. This action caused MLAB to review the process used in the previous managerial search. Timothy Richardson, who has been with BMLD over twelve years, was selected as the new Manager/CEO in February 2007.

MLAB has maintained their oversight role of the financial performance of BMLD. Their expertise in the finances and operation of BMLD helps insure that the ratepayers of Belmont are benefiting from their public power utility.

Respectfully submitted,
Ashley Brown, Chairman