

# November 14, 2024 Marblehead Municipal Commission and Town Charter Committee joint meeting

To: Light Commission: Commissioners  
Light Department: J. Kowalik, General Manager  
From: Jean-Jacques Yarmoff, Secretary  
Date: November 19, 2024  
Re: Light Commission and Town Charter Committee Public Meeting, November 14, 2024

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A quorum of Commissioners participating in the Town Charter Committee hearings being present, Chair Wolf brought the meeting to order at 7:05 pm. The meeting was held in person and with remote internet access, both available to public participation. A recording of the meeting is made available to the public at the following [link](#).

## **Participated in meeting:**

Commissioners: Commissioners Hull, Wolf and Yarmoff participated in person.  
Light Department: General Manager, J. Kowalik.  
Town Charter Committee members.

## **Presentation by the General Manager**

Please refer to the slides below or to the recording of the meeting for details.

MMLD General Manager Joe Kowalik presented the historical context for the creation of the Marblehead Municipal Light Department by Town Meeting in 1894 following a statute created by the legislature 3 years prior. The legal statutes has evolved over the years and now, Massachusetts General Law Chapter 164 is the legal framework directing the organization of the Light Department of Marblehead and its relationship with the town. The current structure of the Light Department is effective since it serves Marblehead with power that is cheaper than in neighboring towns, reliably and decarbonizing the power in line with the Town's objective of net zero by 2040. By statute, the Department must cover all of its expenses from the sale of electricity for every yearly period, and the Light Commission oversees the financial operation on behalf of the town.

## **Q&A Session**

The Town Charter Committee asked several questions after the presentation.

**Q. The headquarters building** at 80 Commercial street is prime real estate, has the Light Department considered moving.

**A.** General Manager J. Kowalik: Yes. This was considered prior to the renovation of the building, in 2014. The original substation in Marblehead is located in this building and it is still very much part of the hub-and-spoke distribution system. Moving and relocating the substation would be very expensive. One of the issues the Department is facing is a lack of real estate for the assets that we need to introduce. For example, we need to put in place Utility Scale Batteries, which will help us keep the rates down. Finding the space to put in place the equipment we need is very hard.

**Q: What is the role of Commission?**

**A.** Chair of Light Commission, Lisa Wolf: The Commission sets the policy for the Department; it approves the rates (that are then filed with the DPU); it will approve the budget of the Department. The utility

world has been historically a very stable environment, but with changing electric production and distribution it is now very much in flux. We have a board that represents a variety of skills, has awareness of the new technologies which allows us to set policy accordingly.

**Q: Hiring.** Does the Commission gets involved with hiring?

**A:** Commissioner M. Hull: No, the Commission will only get involved with hiring the General Manager. The respective responsibilities are very well delineated by Mass GL chapter 164. Operational aspects are strictly the responsibility of the General Manager.

**Q: Collaboration with other Town departments?** Do you share any equipment with the town:

**A:** We do. Bucket trucks are the only 60-foot ladders in town, and we will help whenever the town needs. Hanging bunting on the old Townhouse. Putting banners across Tedesco Street. Getting some equipment on to the roof a school building.

We also collaborate with other departments. An example was the burying of utilities in collaboration with Water and Sewer department to ensure that the Brown School was beautified as per plan, without new poles that the contractor wanted to install. This was done for one third of the price the contractor would have charged the School Department to do it.

We prewired the school parking lot for future EV Chargers installation.

**Q: What are the benefits of the way the Department is organized?**

**A:** You pay less for the electricity you get, the service is more reliable, and the product has a lower carbon content. An average resident will use about 662 kWh per month. Marblehead does not have a large commercial or industrial base, which structurally impacts our rates.

**Q: Is 5 commissioners the right number?**

**A:** Commissioner Yarmoff. Yes. The majority of other Municipal Commissions has 3 members (21), 16 have 5 members, and in four systems, the Select Board members are also the Commissioners. Having a large enough number of Commissioners is helpful to gather the skillset that the Commission needs to oversee what is a complicated business. Not that Select Board members could not do it, but they are very busy and the world of electricity is complicated. It is a heavily regulated industry, with DPU oversight. By statute, we have to make sure that the end of year accounts do not show a deficit. Having the manpower to do the oversight that we need to conduct on behalf of the residents is working well.

**Q: Hiring** follow up question: The Commission hires the General Manager, but what other heads of groups?

**A:** This is all the responsibility of the General Manager. There is well established case law under 164 that these appointments are fully the responsibility of the General Manager.

General Manager: One other comment I would like to make is that we are not independent from the rest of the grid. In Marblehead, we produce electricity from the 5 MW Wilkins diesel plant, which is considered part of the grid. It is dispatched by ISO-NE: we operate it when ISO-NE asks for it.

Commissioner Yarmoff: Where electricity is concerned, Marblehead does not work in isolation, we are not an island. We are part of a larger grid in the northeast, which is regulated by ISO-NE, which itself follows the rules of the federal FERC. The people who ask our Wilkins plant to run are the people who regulate the whole grid. It is complicated, and it has taken all the members of the commission quite a bit of study to get on top of it.

There being no further question from the Charter Committee, Commissioner Hull proposed a motion to adjourn, which was seconded and unanimously approved at 7:40 pm.

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## Documents presented during the November 14, 2024 Light Commission Meeting



### Town Charter Committee-MMLD Meeting October 29, 2024

Joe Kowalik, General Manager  
[www.marbleheadelectric.com](http://www.marbleheadelectric.com)  
jkowalik@mhdld.com



#### Historical basis for the dept authority & structure

- 1880- Edison demonstrates his incandescent light bulb
- In 1891, a Mass statute, gives “cities & towns the right to establish and operate Gas & Electric Lighting plants.”
- 1893 Marblehead annual town meeting votes to study the statutes utility in Marblehead;
- 1894 town meeting votes to “establish an Electric Lighting plant for lighting streets and public buildings and for the sale of light to individuals under the authority of” the 1891 Mass statute.



#### Historical dept and board authority evolves

##### Mass case law further defines clarity in roles: State, City or Town, Board, Dept.

- Fiscal operation of the MLD is governed by Ch 164, and not statutory procedures applicable to other town Depts. *Peabody ML Comm vs Peabody* (1964); *Middleborough vs Middleborough Gas & Electric* (1996)
- MLD operation is not dependent on a Town appropriation *Peabody; Middleborough;*
- MLDs are vested with “broad discretion to expend money” *Bertone vs Mass DPU* (1992)



#### Effectiveness of the budget process

- Statutory requirement that electric rates cover all operating expenses plus capital and other reserves.
- Annual review of operating and capital budgets by Board
- Given electricity sales are a function of weather and New England weather is uncertain, we closely monitor revenue and power expenses monthly. (Power cost is 2/3 of all costs)
- We have a monthly rate adjustment tool (PPA- power cost adjustment) to modify rates monthly if needed e.g. 2022.



#### Outline

1. Historical basis for the dept structure
2. Effectiveness of the current structure
3. Effectiveness of the budget process in meeting dept needs
4. Need for restructuring & other suggestions



#### Historical basis for the dept authority & structure

- In 1894 the study committee is voted to become the implementation committee, given the authority granted by the 1891 statute
- In 1894 the town meeting votes 319-20 to issue a \$50,000 bond to acquire the land and build the 80 Commercial Street plant.
- The 1891 Mass statute is known today as MGL Chapter 164.



#### Effectiveness of the current structure

- **MMLD cost effectively provides electricity:**
  - Average MMLD residential customer @ 662 kwh/mo. pays \$141.70/mo
  - Avg Essex County Nat'l. Grid customer @ 662 kwh/mo. pays \$236.33/mo
  - MMLD residential customer saves \$95./month or **over \$1,130/year**
- **MMLD provides a highly reliable service**
  - 99.998% Average Service Availability Index (ASAI)
  - Recipient of American Public Power Assn (APPA) Certificate of Reliability- 3 years running
- **Significant focus reducing carbon in our power portfolio**
  - MMLD Board goal accelerates Mass goals by 10 years...2050 to 2040 Net Zero
  - Power Portfolio shift to carbon free is ongoing...target 55-60% this year



#### Restructuring & Other Suggestions

- MMLD: If its not broken, don't fix it. The Chapter 164 construction and entrepreneurial model has proven to be effective and sustainable.
- As applicable, enable and encourage more entrepreneurial practices and in other departments.
- Understand the roles and responsibilities of Boards and Board members across all town departments. Highlight the differences. It can be confusing.

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