

The minutes of the Budget Hearing for the Green Island Power Authority held on Wednesday, April 3, 2013 at 5:30 p.m., at the Green Island Municipal Center, 19 George Street, Green Island on the proposed budget for 2013-2014.

Chairperson Ellen M. McNulty-Ryan called the public hearing to order.

Board Members and GIPA Officials in attendance are as follows: Chairperson McNulty-Ryan, Vice Chairman Cocca, Trustees DeMento and Perfetti and Attorney Legnard. Also, Kristin M. Swinton, CEO, Dave Paterniani, CFO and Anne M. Strizzi, GIPA Recording Secretary.

There were approximately 15 residents in attendance.

Chairperson McNulty-Ryan asked the Secretary to read the Notice of Public Hearing.

To all residents, please take notice that the Board of Trustees of the Green Island Power Authority will hold a public hearing on Wednesday, April 3, 2013, at the Green Island Municipal Center, 19 George Street, Green Island, at 5:30 p.m. The purpose of the public hearing is to consider the preliminary 2013-2014 budget for the Green Island Power Authority.

Dated: March 25, 2013

Chairperson McNulty-Ryan stated that David Paterniani, Chief Financial Officer for the Green Island Power Authority will present the budget and then we will open the hearing for any questions from the public.

David Paterniani proceeded to make a slide presentation and welcomed everyone to the GIPA budget presentation for fiscal year ending May 31, 2014.

Dave stated that he would start by giving an Overview of the rates, projected revenue and projected expenses.

Dave stated that the **RATES**. The rates under the **Distribution System** consist of the Base Rate plus the Purchased Power Adjustment Clause (PPAC). The base rate is \$.065 and he does not foresee any increase to this rate. He anticipates that the PPAC will remain stable fluctuating between \$.03 - \$.05. The average annual rate for FYE 2013 is \$.10/kwh vs. National Grid at \$.15/kwh. He does not anticipate any change for 2014. He stated that there have two (2) rate increases to our rates and that was in 1987 and December of 2011.

The rates under the **Hydroelectric Generation** (Wholesale) are sold to National Grid using ZONAL LBMP – Market Price. The current market situation is below the ten (10) year average. The rule of thumb is that the electric wholesale market follows (LAGS)

natural gas pricing. So, the internal forecasting is based on historic data as well as natural gas futures.

Dave proceeded to next slide to touch on the **Natural Gas Futures**. He noted the parallel between natural gas and electric prices. The forecast shows 2013 to remain low in summer, with an UPTICK at the start of the heating season in November with a slight increase into 2014 cold season. So with the combination of data we are using \$.04/KWH for the upcoming budget year.

As far as **Revenue Projection** for the **Distribution System**, which is the power we sell to our ratepayers, it is not too hard to project where it is going. Dave provided the five (5) year average. So when we plug in rates, we are projecting that we will have about \$2,897,102.20 in revenue in the upcoming year on our distribution system.

The **Revenue Projection** for the **Hydroelectric Plant** shows a 15% reduction in generation due to inflatable flashboard that received damage from Hurricane Irene. The projection of hydroelectric revenue amounts to 40,268,198 x \$.04/kwh for a total of \$1,610,727.92.

Therefore the Revenue Projection for fiscal year ending May 31, 2014 is \$4,507,830.12.

The next graph – **Year to Year Budget Comparison** – gives you a good idea of where we are now. In 2009, our revenues were about \$5,844,843. In 2010 it was \$4,537,758 and that is actual, so you can see the \$1,000,000 drop from 2009 to 2010 and it had a slight uptake in 2011 but rates have come down for 2012 as well as the issue that we have at the plant. This year we are projecting to have almost \$4,574,629 in revenues for 2013 and the \$4,507,629 is what we are projecting for 2014.

Dave proceeded to speak on **Hydro Plant Operations**. He stated that since 2009, GIPA has had recurring operating expense reductions. The total operations expense reduction from FYE 2009 to FYE 2013 amounts to \$226,907 or 43% (\$527,005 vs. \$300,098). The proposed hydro operations budget for FYE 2014 is \$414,000.00.

Dave stated that on the **Distribution Operations** side since 2009, there has been recurring operating expense reduction. The total expense reduction from FYE 2009 to FYE 2013 is \$154,403, or 38% (\$401,915 vs. \$247,512). The proposed distribution expense for FYE 2014 Budget is \$281,827.

Dave proceeded onto **Salary Expense**. In comparison to FYE 2010 when GIPA was fully staffed at a cost of \$706,906, which represented the Superintendent's position and the Chairman's position, we are now showing a savings of \$296,924, or a 42% savings. There will be raises of 3% for any employees earning \$50,000 or less annually. The Board members will continue to receive NO compensation. The proposed salaries for FYE 2014 amount to \$409,982.

Dave proceeded to go over the GIPA Debt and Debt Service Summary for FYE 2014. The principal amount is \$720,000. and the interest amount is \$920,350. for a Total Debt Service amount of \$1,640,350. GIPA's debt beginning June 1st, 2013 amounts to \$17,120,000 less principal in the amount of \$720,000. for an ending debt total of \$16,400,000 for FYE May 31, 2014.

Dave proceeded on to the **Budget Summary** slide, which is self-explanatory.

Dave asked if there were any questions or comments from the public.

Mr. Tom Torrisi of 103 Hudson Avenue questioned the principal and interest payments on the debt.

Dave gave a brief explanation of the schedule.

John Finning of 81 Hudson Avenue asked two questions

Chairperson McNulty-Ryan stated thank everyone for coming and thanked Dave for his presentation.

No further comments.

Chairperson McNulty-Ryan closed the budget hearing of the Green Island Power Authority at 5:46 p.m.