

COMMITTEE ON FINANCE

March 18, 1997

Upon Recess of BMA

Mayor Wieczorek called the meeting to order.

The Clerk called the roll. There were twelve Aldermen present.

Present: Aldermen Wihby, Elise, Reiniger, Sysyn, Clancy, Soucy, Shea, Domaingue, Pariseau, Cashin, Robert and Hirschmann

Messrs.: K. Clougherty, R. Sherman

Mayor Wieczorek addressed item 3 of the agenda:

Request for budget appropriation transfer:
Highway \$60,000.00

On motion of Alderman Clancy, duly seconded by Alderman Sysyn, it was voted to approve the request for budget appropriation transfer.

Mayor Wieczorek addressed item 4 of the agenda:

1996 CIP Budget Authorization:
8.20401 Archival Record Retrieval Project - Revision #5

On motion of Alderman Robert, duly seconded by Alderman Pariseau, it was voted to approve the budget authorization subject to the final adoption of the related Resolution.

Mayor Wieczorek addressed item 5 of the agenda:

Communication from the Deputy Finance Officer suggesting the Board

continue participation through the appeal process relating to the New Hampshire PUC Final Plan for restructuring New Hampshire's electric utility industry and submitting a resolution to include \$40,000 in expenses incurred through February 28, 1997 and \$5,000 for funding toward the appeal cost.

Resolution:

“Authorizing the Finance Officer to effect a transfer of Forty Five Thousand Dollars (\$45,000.00) from Contingency to Finance Incidentals.”

On motion of Alderman Reiniger, duly seconded by Alderman Soucy, it was voted that the Resolution be read by title only, and it was so done.

Alderman Clancy moved that the Resolution ought to pass. Alderman Shea duly seconded the motion.

Alderman Soucy stated I'm not opposed to it, but wondering where this money comes from, how much we had actually budgeted for this process, or had we actually set aside money and what's the balance in the fund.

Mr. Clougherty replied as you may recall, we were going to try and handle this out of the Finance Incidentals account and go as far as we could and I think there's been about \$70,000 spent so far out of General Fund. Now, there are other dollars where Nashua is matching and some from the Enterprises as contributing also. But, this would be added to that \$70,000.

Alderman Soucy asked would it be coming out of Contingency.

Mr. Clougherty replied, yes.

Alderman Elise asked what portion will Nashua be paying.

Mr. Clougherty replied Nashua will pay 40% of the cost, so this is our share moving forward. What we had talked about was that the process was moving along and weren't sure what the cost would be, but wanted to get through the first procedure and then there was the appeals. We've gone through that, we've gotten the numbers, and what we're talking about today is providing our share of the costs plus money to go forward.

Alderman Elise stated that the consultant's feel that 40% recovery of stranded cost is reasonable, maybe not reasonable.

Mr. Clougherty stated we're still proceeding with our position through the appeals process and we're trying to get involved in that.

Alderman Elise asked what is the consultant's position on the stranded costs.

Mr. Clougherty replied, I am going to defer to Randy on that and is this something that maybe we should discuss.

Mr. Sherman stated the City had put forth a plan that in essence worked up to about a thirty percent rate savings and where the plan finally ended up was in the 18 to 19 percent rate savings. But, a lot of the differences get down to be where the actual market value is going to be and if the market value is higher as we anticipate it will be that 19 percent will actually go up. If the market rate is lower than what we had anticipated, our 30 percent would have come down. So, the Commission chose a market rate and when you throw that market rate in there it settles into that 18-19 percent.

Alderman Elise asked are you going to be intervening to support the PUC's plan.

Mr. Clougherty replied we are trying to intervene; that is one of the questions that is before the Judge in Rhode Island, we'd like to and that is what this funding is for. If they say "go", we want to be prepared to go ahead and defend the position at that level.

Alderman Elise stated I do want to point out in your letter, Randy, that with the PUC's present plan there could be an annual savings of about a million dollars to the City.

Mr. Clougherty stated this is significant money that we are involved with, as the Board knows.

Alderman Pariseau stated when I first read Randy's letter, I got the impression that we were more or less taking pleasure in the fact of the possible Public Service bankruptcy, is this what we're doing.

Mr. Sherman replied, no. Actually, what Public Service is claiming is that the methodology that the Commission has put forth would actually force them to write-off assets which in essence could lead them into another bankruptcy. When the City put forth its plan, it used a different approach that would require Public

Service not to write-off assets, thereby avoiding any bankruptcy discussions. The City took a position that would prevent that. The different ways of calculating the rates and the position the City took certainly avoided that issue. We've got testimony in front of the PUC; that was one of the direct questions we were asked...is that one of the City's goals...and it certainly was not.

Mayor Wieczorek called for a vote on the motion. There being none opposed, the motion carried.

Mayor Wieczorek addressed item 6 of the agenda:

Resolutions:

“Increasing Income Limits for Exemptions From Real Estate Taxes For the Elderly.”

“Amending the 1996 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of \$35,489 for the 1996 CIP 8.20401 Archival Retrieval Project.”

On motion of Alderman Reiniger, duly seconded by Alderman Wihby, it was voted that the Resolutions be read by titles only, and it was so done.

On motion of Alderman Cashin, duly seconded by Alderman Robert, it was voted that the Resolutions ought to pass.

There being no further business to come before the Committee on Finance, on motion of Alderman Soucy, duly seconded by Alderman Clancy, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee