

## **Light Commissioners' Meeting March 11, 2014**

Members present were: Dana Blais, Gregg Edwards, Chris Stewart

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:25 p.m. by Dana.

The agenda was approved on a motion by Chris, seconded by Gregg, 3-0 in favor.

The January 14, 2014 minutes were approved on a motion by Dana, seconded by Gregg, 3-0 in favor.

### **New Business:**

The Manager gave the Board a report on the power supply expenses for January 2014. The Light Plant had purchased 6,445,460 Kilowatt-Hours for a final cost of **\$668,786** resulting in a wholesale rate of 10.38¢ per Kilowatt-Hour. The Light Plant had received a check from ISO New England in the amount of **\$80,516** as a credit toward energy sold back to the market which had helped reduce January 2014's power supply cost. The Manager stated that in the absence of this ISO New England credit wholesale electricity would have cost **\$749,302** and resulted in a rate of 11.63¢ per Kilowatt-Hour. Electricity sales were 5,527,445 Kilowatt-Hours for \$727,310 at a retail rate of 13.16¢ per Kilowatt-Hour.

The Manager also gave the Board a report on the wind generation from Berkshire Wind and Templeton Wind for January 2014. The Light Plant's 823-Kilowatt share of Berkshire Wind provided 321,585 Kilowatt-Hours of wholesale generation at an ultimate operating cost of **-\$37,678** with an LMP of 16.25¢ per Kilowatt-Hour and an estimated WREC rate of 6.00¢ per Kilowatt-Hour. Templeton Wind provided 213,042 Kilowatt-Hours of wholesale generation at an ultimate operating cost of **-\$17,402** with the same LMP and estimated WREC rate.

A similar report was offered for February 2014 wind generation from both sources with Berkshire Wind this time providing 264,566 Kilowatt-Hours at an operating cost of **-\$22,372** with an LMP of 15.26¢ per Kilowatt-Hour and an estimated WREC rate of 6.00¢ per Kilowatt-Hour. Templeton Wind had provided 167,720 Kilowatt-Hours at an operating cost of **-\$5,657** again assuming the same LMP and WREC rate.

The Manager had prepared for the Board a residential rate comparison with the Light Plant versus the three local investor-owned electric utilities; National Grid, Unitil and

Western MA Electric. Templeton's residential rates for January 2014 were lower than the three aforementioned private utilities by 21%, 40% and 24% respectively. Templeton's residential rates for February 2014 were lower by 21%, 39% and 24% respectively. Templeton's residential rates for March 2014 were lower by 23%, 36% and 24% respectively. The Manager had stated that the Light Plant's new electric rates implemented on January 1, 2014 seemed to be working well with an average PPCA of only -0.08¢ per Kilowatt-Hour thru March 31, 2014.

Copies of the Light Plant's 2012 Annual Report and Financials to the Town were distributed to the Board by the Manager. This information would be placed into the Town's FY14 Annual Report and the Manager had e-mailed them to the Selectmen's Administrative Assistant on February 28, 2014.

The Manager informed the Board that he had acquired the accounting services of Goulet-Salvidio & Associates to close the Light Plant's books for CY13. Jim Goulet, one of their principals, had assured the Manager of an April completion date in 2014 even with Templeton's late entry into the mix. Most of the other local municipal light plants had been using Goulet-Salvidio & Associates for several years now w/o complaints. The reason given to the Board by the Manager for this change was simple; he felt that the Light Plant should not be waiting anywhere from 6-15 months in order to receive audited financial statements from the previous calendar year anymore like they had been w/ Braver, PC.

The Manager had been in contact with both the manager from Boylston Light and ASA Tire Systems on the feasibility/possibility of the Light Plant processing their own vendor warrant checks rather than the Town. Over the past year many of the Light Plant's vendor warrant checks had been mailed too late to make prompt payment to their corresponding vendor. The Manager had stated that this had resulted in several instances of late fees and interest charges for the Light Plant and many "balance forward" notifications on subsequent vendor invoices as well. He felt that the best way to avoid this going forward would be to process all of the vendor warrant checks here at the office, bring them to the selectmen's office for review and signature by the Town Accountant and Town Treasurer and then bring them back to the office here for mailing.

The Manager felt that this would ensure prompt payment of all vendor invoices while eliminating the need for office staff here to explain to the Light Plant's vendors why a lot of them were getting paid for products and services too late. The Board was enthusiastic about this proposal so the Manager stated that he would fast-track the project, particularly due to the Town's appointment of its fourth treasurer in 3 years.

Copies of the Light Plant's December 2013 financials were distributed to the Board by the Manager to facilitate a discussion of the net income for the previous calendar year. Although not yet audited by Goulet-Salvidio & Associates, internal work performed by the Staff Accountant had presented an estimated net income of \$114,662 for CY13. This figure was representative of a 0.89% return on net utility plant, short of the 1.00% target established in the Light Plant's recently completed cost-of-service electric rate study. To this the Manager added that ultimate Kilowatt-Hours sales had been down for 2013 by about -200,000 Kilowatt-Hours/\$200,000 from 2012. Simultaneously the costs

for wholesale electricity for 2013 were up by about \$230,000 from 2012. The aforementioned electric rate study had shown that the Light Plant had under-collected electric revenue by about \$310,000 in 2012 (likely similar for 2013). When the Manager combined the lower sales revenue with the higher wholesale electricity cost and the rate shortfall he came up with a figure of about \$740,000. In his opinion it could have been a toss-up as to the Light Plant's finishing 2013 in a negative or positive cash position, so we was pleased with this (preliminary) result.

The Manager did stress to the Board that the \$114,662 figure was an estimate at this point in the absence of audited light financials, and if anything the final figure would be lower, not higher, than this one. At this point the topic of conversation shifted to an FY15 PILOT to the Town. As he had done in the previous year, the Manager had prepared for the discussion several reports on some budget notables for 2013 and several PILOT surveys on all of the state's municipal light plants and on just a few select ones, both for 2012 and 2013 for comparison w/ Templeton. He had also prepared, at the request of the Chairman, reports on unforeseen legal expenses for the Light Plant for 2012 and 2013, comprised of open meeting law complaint, records request, citizen's petition and town warrant article defenses. These unplanned legal expenses for 2013 totaled \$26,305 for the Light Plant, up from \$9,063 in 2012. The Manager stressed that nothing substantive had occurred in the form of changes at the Light Plant in their daily operations and these expenses only contributed to the year-end low net income.

Rather than offer to the Town another sum of electric funds that would simply enter the general fund the next fiscal year to reduce the rate of taxation, the Board opted to make an offer to the Town to fund some town road project that they otherwise may not be able to given their current financial standing. The Clerk added that over the past twelve years the Light Plant had contributed about \$1,500,000 to the Town and felt as though there was little to show for it; no particular completed projects to tie the funding to. The Manager said that he would draft a letter to the Selectmen citing the Light Commission's offer for the Light Plant to fund a town roadway project of their choosing from its final 2013 net income.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 3-0 in favor the Light Commissioners' Meeting adjourned at 8:05 p.m.

Respectfully Submitted,

John M. Driscoll  
General Manager