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John M. Driscoll, *General Manager*

Light Commissioners' Meeting May 6, 2015

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

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:45 p.m. by Dana.

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

The March 4, 2015 minutes were approved on a motion by Chris, seconded by Gregg, 2-0 in favor.

Old Business:

The Manager had informed the Board about some changes that he and the Business Manager had made regarding collections of electric bills in arrears. Once out of the winter moratorium the customer's total balance in arrears would now be divided by 5 rather than 6 and added to his/her regular monthly electric bill. Further, all customers who needed to set up a payment plan would be required to put down 25% of their current balance in arrears first, thereby securing for the Light Plant a minimum of 25% of electric funds owed to them. For example, an electric customer owing **\$1,000** in electric arrears would need to put down \$250 before any payment plan arrangements were made by the Business Manager. Their payments would then be determined by dividing the remaining \$750 by 5, adding \$150 to the customer's regular monthly electric bill for 5 months.

The Manager distributed copies to the Board of the latest actuarial study performed by Odyssey Advisors (formerly Primoris Benefit Advisors) for the Light Plant's 10 employees and 5 retirees. The results were not good due to several adverse side effects by the Affordable Care Act, causing health insurance to increase by **40%** since 2012 as opposed to an expected **17%** in the previous study. The Manager stated that in order for the Light Plant to stay on its present 17-year fully funded track for OPEB, there would need to be **\$41,639** deposited annually till 2018 into their OPEB Trust annually held at MMWEC rather than the previous **\$12,617**.

The Manager added that the Board would still need to vote to contribute **\$40,000** in 2015 and another **\$60,000** in 2016 in addition to the actuarially determined \$41,639, pursuant to their initial plan to contribute a total of **\$120,000** to the OPEB Trust in 3 years contingent on its returning the expected 4-7% on average monthly. He stated

that this fund had returned on average in 2014 **5.89%** in investment earnings which was within MMWEC's original projection of 4-7%. The Manager informed that Board that they would be called to vote on the next \$40,000 payment to the OPEB Trust at the June meeting, and he would update the returns data for this meeting.

The Manager and the Superintendent both went over the results from the arc flash study that had been prepared by Power Engineers, LLC, for a not-to-exceed cost of \$6,500. Both had been back and forth with Dave Columbo several times over the suggestion that the Light Plant transition from 4 up to **12** calorie per square centimeter clothing for its 6 operations personnel. Assumptions had been made by Power Engineers within its study that energized substation bus work was a common practice at the Light Plant as well as energized distribution work without the protection of any non-reclosing operation upstream from the work zone. The Superintendent had asked Dave Columbo to re-run his analyses assuming de-energized substation bus work and non-reclosing for any distribution work under a 40K line fuse or larger. Both the Manager and the Superintendent thought that the new level for calories per square centimeter for ALL work within the Light Plant's system would be far closer to **8** than it was to 12. (The Manager advised the Board that whatever the newer result was that it would necessitate a higher clothing allowance for the Light Plant's operations personnel, which was part of the existing union contract with IBEW Local 104.)

The Manager updated the Board on the status of the new proposed Mass DEP CES regulations on renewable energy. The state agency had indefinitely suspended the scheduling of another CES meeting, likely because of the backlash by those in attendance at the January 2015 meeting. Several municipal light plant managers had been in attendance voicing opposition over being included with investor-owned electric utilities in any new regulations controlling alternative compliance payments, specifically which electric utilities were to be made to pay them. The Manager stated that the municipal light plants as a whole had already been purchasing wholesale electricity from several renewable and non-emitting resources such as hydroelectric, nuclear, solar and wind. This purchasing had been done in advance of any state regulations requiring electric utilities to purchase energy from such resources in an effort to be 20% renewable by the year 2020. The Manager stated that the aggregate of the state's municipal light plants were already 29% non-emitting in 2014 a full 6 years in advance of the state's target year of 2020. (He added that Templeton is currently **23%** renewable with the addition of solar generation on Farnsworth Road AND also Templeton is currently **66%** non-emitting with its hydroelectric, nuclear and wind generation are added into the mix.)

New Business:

The Manager informed the Board that the Light Plant's 2014 financial audit had not yet been finalized by Goulet-Salvidio. He stated that the Staff Accountant had relayed to them all of the necessary data that they would need to complete it so even she was uncertain as to why it would take this long. The Manager had only switched from Braver to Goulet-Salvidio to speed the financial audit process up and this was clearly not

happening yet. He cited one key difference between the two; that Braver had not previously included the wind turbine in Templeton's changes in net position and Goulet-Salvidio had. This was an important distinction since the wind turbine was owned by the Cooperative and not by the Light Plant (not yet), so why its assets and liabilities were part of the audit was unknown. At year's end neither MMWEC nor the Light Plant have made any net revenue off of the wind turbine since MMWEC is a non-profit and any generation savings is passed on immediately to Templeton's ratepayers by the Light Plant. The Manager felt that the wind turbine should have no effect on the Light Plant's net position unless they had been billed for its capacity incorrectly.

The Board was given copies of the Light Plant's KWH sales and revenue and miscellaneous revenue for March and April of 2015 for their review.

The Manager informed the Board about the need to vote on a wind cooperative board member who was also a light commissioner; presently this was Gregg. Since there was no interest by Dana or by Chris to take over this role, a vote was taken as follows:

"On a motion by Dana, seconded by Chris, 3-0 in favor the Board voted to re-appoint Gregg Edwards to another 2-year term as a director on the Massachusetts Municipal Light Department Wind Energy Cooperative Corporation."

The Manager stated that the gearbox for Unit 5A at the Berkshire Wind Power Cooperative Corporation site in Hancock, MA, had experienced a failure on Monday, March 16, 2015. This failure had rendered Unit 5A inoperable till its GETS (General Electric Transportation Service) gearbox had been replaced with a Winergy gearbox. All of the units at Berkshire Wind were covered for this type of catastrophic event plus business interruption (revenue loss) for such a gearbox failure, and thus far Traveler's Insurance had made good on roughly \$500K of a \$700K+ claim made by the Cooperative. The Manager said that the reason for this higher cost was the condition of the access road up to Unit 5A, and the repair that was necessary to perform on it in order to get large cranes and such to the top of Brodie Mountain.

The Manager had knowledge that this claim would considerably raise insurance premiums for Berkshire Wind for its FY 2016 coverage but that it would also do the same to the cost to insure Templeton Wind. He had already received from MMWEC a sizeable request on data regarding Templeton Wind's maintenance records going back to the date of commercial operation, September 2010. Those insurance companies which did insure wind turbines are now looking to get out quickly of the business but in the interim both wind cooperatives would be paying almost double for the same insurance coverage to their wind generation assets. The Manager had estimated the Light Plant's total losses due this Unit 5A gearbox failure at 25.4 MWH or roughly \$4K.

The Manager told the Board that he would be attending the 2015 Annual MMWEC Meeting in Southbridge, MA, on May 7-8. He also told them he would be attending the 2015 Annual MEAM Conference in Plymouth, MA, on May 14-15.

The Manager made a suggestion to the Board about implementing some type of solar electricity cap in town to prevent any more surplus solar electricity from being generated

by electric customers and purchased at a premium by the Light Plant. He stated that the addition of the 3,050 KW at the Farnsworth Road facility to the Light Plant's 1 office installation (5.3 KW) and all of the 6 existing residential installations (47.4 KW) put the Light Plant's installed solar capacity at 3,102.7 KW. This was equivalent to roughly 24% of the Light Plant's total installed capacity requirement of 12,851 KW so the Manager thought that maybe a January 1, 2016 cut-off date would be appropriate to give electric customers enough notice. He stated that going forward the Light Plant could continue to allow solar residential installations up to 10 KW but simply cease any and all payments to electric customers for surplus solar generation. Essentially these residential electric customers would just be lessening their delivered KWH by whatever amount of solar generation they could produce.

The Manager had said that there had not been a discussion on the matter of a financial contribution to the Town for their fiscal year 2016. He had no audited net income figure to present to the Board at this time because of the audit situation but he did feel that the Light Plant's net income would likely not even reach \$25K for their calendar year 2014. After some discussion on the issue, a vote was taken as follows:

"On a motion by Dana, seconded by Chris, 3-0 in favor the Board voted to pay for the Town's municipal and roadway lighting (\$19,478 estimated) for FY 2016 AND pay the Town's electric bills (\$22,048 estimated) for FY 2016 AND these payments were not to exceed \$50,000 from July 1, 2015 thru June 30, 2016."

There were six (6) hand-outs that the Manager had prepared for the Board that did not particularly require any specific discussion:

- February & March 2015 Power Supply
- March & April 2015 Wind Generation
- April & May 2015 Residential Electric Rate Comparisons

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 8:15 p.m.

Respectfully Submitted,

John M. Driscoll



General Manager