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John M. Driscoll, *General Manager*

Light Commissioners' Meeting November 18, 2014

Members present were: Gregg Edwards, Chris Stewart

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:35 p.m. by Dana.

The agenda was approved on a motion by Chris, seconded by Gregg, 2-0 in favor.

The October 7, 2014 minutes were approved on a motion by Chris, seconded by Gregg, 2-0 in favor.

Old Business:

The Manager had mailed the board members copies of the Audited Financial Statements for the calendar year 2013 for the Light Plant. He noted that the actual net income for this year was **\$59,977** which was within an acceptable range of what the Manager and the Staff Accountant had estimated prior to the financial statements being audited.

The Manager re-visited with the Board the proposal to match the NRSD's contribution of **\$5,000** toward a full-blown energy audit performed at the high school and middle school by Enernoc, funded thru a state grant. He again reminded the Board that no such all-in-one commercial energy audit for this school would be possible thru MMWEC's HELPS Program audits, as commercial customer energy audits vary so widely from one to the next. This issue had already been discussed a few times, once in the context of eliminating the wind turbine land lease agreement payment for one fiscal year in exchange for the Light Plant's **\$5,000** contribution toward the energy audit. On a motion by Gregg, seconded by Chris, 2-0 in favor the Board voted to contribute **\$5,000** to the NRSD toward the funding of the schools' energy audit.

The Superintendent gave an update on the status of the interconnect work on Farnsworth Road for the solar project. Progress had been made and the majority of the necessary materials were already on-site at the Light Plant. No problems meeting the December 31, 2014 deadline were anticipated at this time.

The Manager had informed the Board about the Light Plant's receipt of an A- rating from Standard and Poors, after their extensive analysis of several of the Light Plant's calendar years' audited financial statements, revenues, rate structures and financial make up. The Manager would be contacting both the Gardner News and the Worcester Telegram & Gazette to get the word out that the Light Plant had freed itself of the need to post collateral with ISO New England for roughly \$228,000 as a result of the Town's losing its bond rating in July 2014. The Manager informed the Board that the total cost of the Light Plant's obtaining its own credit rating independent of the Town was \$17,000; \$15,000 to be paid to Standard and Poors for the credit rating project and \$2,000 to be paid to MMWEC for allowing Templeton to utilize their Bank of America Letter of Credit in the interim to satisfy ISO New England.

New Business:

The Manager had attended a meeting at the Mass DEP Offices in Boston with Attorney Bob Rodophele and several other municipal light plant managers from Ashburnham, Groveland, Middleton, Paxton, Shrewsbury and West Boylston. The Patrick Administration was issuing a final push to the Mass DEP to re-configure the state's Renewable Portfolio Standard (RPS) in such a way as to re-define for both the investor-owned and publicly-owned electric utilities what a non-emitting resource and what a renewable resource are. The Manager said that the Municipal Light Plant (MLP) sector had had good representation and was allowed to comment after a joint meeting of the member managers and Attorney Rodophele. The substance of this meeting was to solidify the position of the MLPs in general to position Attorney Rodophele to simply ask the Mass DEP why exactly they thought they now had authority to regulate MLPs. The questions were asked of Mass DEP's legal counsel and their answer was astonishing; a reference to the Global Warming Solutions Act (GWSA).

The Superintendent informed the Board of a voltage regulator control from 2002 that had recently been rebuilt for a cost of roughly \$700 in lieu of purchasing a new control for \$5,000 to \$8,000. This item had been on the October 2014 agenda and inadvertently passes over.

The Manager had again expressed his frustration at the Town's refusal to simply re-calculate the Light Plant's share of the August/September 2014 health and dental insurance in light of the unfortunate passing of one of its employees' spouses in August 2014. The Manager had now lost hope that this would be done by anyone at Town level so he planned to re-calculate the appropriate invoice amounts using an FY15 benefit cost sheet from Blue Cross/Blue Shield and estimating the Federal Insurance Contributions Act (FICA) costs per employee as well. He felt as though he would need to do this as to not fall behind in funds owed to the Town again until such time as the Light Plant got real invoices again for health and dental insurance from them.

The Manager had attended a seminar at the NEPPA Training Facility in Littleton hosted by Southeastern Data Cooperative (SEDC). The subject matter was a fully-integrated computer system capable of handling utility billing, project estimating, project invoicing,

inventory, general accounting/general ledger and purchase orders. The Manager was becoming increasingly dissatisfied with the Light Plant's current billing system and its lack of functionality. He said that this became very apparent at the onset of the Light Plant's 2013 Electric Rate Study when it took him months to compile rate data in the billing system for the rate consultant. The Manager said that the Light Plant is constantly being billed for various billing reports that could be gotten for free with SEDC's system. He was weighing options for switching over to SEDC or something like it in the future.

The Manager informed the Board of Westfield Gas & Electric Department's (WGELD) filing of a letter stating its intent to withdraw its MMWEC Membership effective October of 2015. There were several theories as to why they wished to do this but the Manager stated that over the last few years, WGELD had brought on as full-time employees the previous energy services director from MMWEC and the previous financial manager from MMWEC as well. The Manager's opinion was that moves like this had been signs that they were planning to leave and do things on their own with wholesale energy purchasing, energy conservation & efficiency measures and investments. There was now concern amongst several of the smaller systems who were still MMWEC Members that now some additional MMWEC administrative costs would be shifted their way and away from the remaining larger systems. The Manager stated that there had already been talk at the last MMWEC meeting about imposing a maximum charge to benefit the larger systems (Chicopee, Holyoke, Peabody and Wakefield) and a minimum to immune the smaller systems (Ashburnham, Boylston, Paxton, Princeton, Sterling, Templeton and West Boylston).

When several other larger systems had withdrawn from MMWEC in 2008 there was (necessarily) a good amount of layoffs and retirements as a result since MMWEC could no longer support such a payroll. The Manager had not gotten the sense from MMWEC's Chief Executive Officer (CEO) that there would be a repeat occurrence of such layoffs and retirements; that he felt that there were certain minimum staffing levels that MMWEC need maintain to guarantee quality service to any members it had left. Most of the managers from the smaller systems disagreed, and the Manager stated that this would not be the end of this issue, whether WGELD ends up leaving MMWEC or not.

On the Berkshire Wind front, the Manager informed the Board that he had been elected as Chairman of the Berkshire Wind Board of Directors to fill the vacancy left by Peter Dion, who was still to serve as the President of the cooperative, a different role. There were a host of issues to deal with at the moment; the PILOT to Hancock, new LNS charges from WMECO, old interconnect charges from WMECO and ever-changing maintenance issues. The Berkshire Wind Farm had achieved a lifetime capacity factor of 37%, higher than the projected 34% figure from 2009.

The Manager informed the Board that MMWEC had bid in all three of the Intermediate Units for December, January and February as part of ISO New England's Winter Reliability Program (WRP) for a total of 354 MW of mostly oil-fired generation. MMWEC had purchased roughly \$34,000,000 of #2 fuel oil at an average cost of \$2.69 per gallon in preparation for the WRP.

There were three (3) hand-outs that the Manager had prepared for the Board that did not particularly require any specific discussion:

- September 2014 Power Supply
- October 2014 Wind Generation
- November 2014 Residential Electric Rate Comparisons

Other Business:

The Manager distributed to the Board copies of his preliminary 2015 Light Plant Budget for their review in anticipation of a December vote.

The Manager had made the Board copies of a supplemental electric rate comparison done by MMWEC for November 2014 in light of the recent National Grid rate increase of roughly 37%. In November 2014 a Templeton Light customer would pay \$100.43 for 750 KWH or 13.39¢ per KWH, while a National Grid customer in the WCMA Zone would pay \$180.75 for the same usage. This demonstrated a savings of \$80.32, or 10.71¢ per KWH or 44%.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 2-0 in favor the Light Commissioners' Meeting adjourned at 7:45 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager