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John M. Driscoll, *General Manager*

LIGHT COMMISSIONERS' MEETING

January 16, 2019

Members present were: Chairman Dana Blais
Clerk/Secretary Chris Stewart
Member Gregg Edwards

Employees present were: General Manager (GM) John Driscoll
Light Superintendent (LS) Thomas Berry
Business Manager (BM) Jennifer Belliveau

The meeting was called to order at 6:36 p.m. by Dana.

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

The minutes of November 7, 2018 were approved on a motion from Chris, seconded by Gregg, 3-0 in favor.

OLD BUSINESS:

The General Manager (GM) updated the Board on TMLWP's Battery Storage Project. The GM explained that the batteries were ordered 6 weeks ago for \$332,000 on order, and we should receive them at the end of April. Transformers and reclosers were also ordered. We will have plans from PLM in February and will go out to bid at that time. PLM and MMWEC will assist us in the bidding process and there are no project problems thus far.

The GM discussed the updated credit rating from S&P Global with the Board. The GM said that we were expecting this to be returned the last week of November 2018. The Light Plant was able to retain its "A-" rating for another 2 years based on their most recent analysis. The credit rating report is included within the Board's meeting materials for tonight. The primary concern of S&P was the fact that the Light Plant's 10 largest customers constituted roughly 40% of all KWH revenues, with the largest customer constituting 30%. The GM said that it was time for the Light Plant to have another electric rate study done so that the margins can be re-calculated for the Light Plant's six (6) rate schedules based on 2018 electric sales.

The GM discussed TMLP's OPEB Trust Returns with the Board. He stated that we were still on track to be fully funded in 2033, possibly earlier depending on our voluntary contributions to the trust till then. The GM pointed out the loss of about \$14,000 in December 2018 and gave an assurance that typically fourth

quarter financial markets are weak and bounce back in the first quarter. In February 2019 we will be depositing another \$41,639 into the OPEB Trust pursuant to the FY2015 actuarial results. The FY2018 actuarial results were a vast improvement due in large part to the Town's changing Medex plans. Accordingly, a dollar amount significantly less than \$41,639 will be our required annual deposit for 2020, 2021 and 2022.

The GM and Light Superintendent (LS) updated the Board on wind turbine maintenance. The LS explained that Templeton Wind is back online, but it was an uphill battle. The gearbox shaft was damaged beyond any appreciable repair and based on at least one recommendation it seems that gearbox replacement is not too far in our future. MultiGear was the company that initially reported to us on the apparent state of the JaKe gearbox. They recommended taking some of its parts to a local machine shop, which the LS did. Then the wind turbine was re-assembled and put back into service during the last week of November 2018. Since we have the only remaining JaKe box in operation in North America, the LS had put together a handout with our five (5) options:

1. Rebuild existing JaKe gearbox – use cranes to remove it, ship it overseas, rebuild it, ship it back, use cranes to re-install it, hope for the best.
2. Find another Jake gearbox and rebuild it – stay with a gearbox that we know fits, but where do we find this used one? Princeton's failed, Portsmouth's failed, etc.
3. Buy a new Jake gearbox – stay with a gearbox that we know fits, but where do we find this new one?
4. Buy a new DHHI gearbox – use a gearbox that the two AAER turbines in California have been running for 3 years, they are happy, turbines are quieter, but cost exceeds \$800,000.
5. Don't replace gearbox at all – replace the whole turbine with one manufactured by other than AAER with a gearbox and generator set that "agree" with each other more.

Gregg asked if there was any discussion on how long any of these repairs would last? The LS said that we would be talking about months of no wind generation. Chris asked how long it's been running and was it even worth it? The GM said it's been running since September 2010. The LS said that the meshing of gears had not been right since day 1, as Princeton experienced in an extreme fashion with a total gearbox failure. Gregg stated that a plan was necessary. The LS stated that the cost of the new gearbox from DHHI was about \$240,000 but that the real costs come to remove the old gearbox and dispose of it, then cover the costs of the DHHI unit to be shipped here from China and installed for us. The LS had mentioned his correspondence with the AAER unit owners in California who had been happy thus far with their new DHHI gearboxes; Gregg said that he would not object to the LS's taking a trip out there to see them first hand. Then he could report back to the Board and the GM on his comfort level in the Light Plant pursuing a similar path and going with a new DHHI gearbox. The LS said he would get some costs together for such a trip. Both the GM and the LS were considering limiting the wind turbine output to just 1,000 KW in the interest of maximizing the life of our JaKe gearbox. The GM had concerns over this since our unit was already a registered generation asset in the FCM; there may be penalties involved that may or may not outweigh any benefits realized by reducing output by 50%. Chris asked how long it would take to get a DHHI here; the LS said likely 4 months after an order acknowledgement. The NRSD would need to be coordinated with since we would have to lay down protection/transportation reinforcement over the track behind the school.

The GM let the Board know that Steve Castle from Cable Commission still has equipment being held at 11 ¾ Elm St, and that there is evidence of mice being the newest problem. The LS said that we have put some traps over there to hold us till he can get an exterminator there. The LS is also in the process of getting estimates to replace the entire roof; the water leaks are just not letting up. [The GM said that he had not heard from Chris Pera in months on our site survey; he will continue to attempt to get in touch with him to see where we were at. We cannot donate or sell the property till the Light Plant knows exactly where the property begins and ends.]

The GM discussed the office building carpet replacement with the Board. The GM had been in touch with Horrigan Flooring Center in Westminster and obtained an estimate to replace all the existing rolled-out carpet with brand new carpet tiles. He said that the issue with another new rolled-out carpet is the daunting task of clearing all the furniture and computers and printers and such out of each room in a systematic way, so nothing is in the way. The carpet tiles make it easier to leave lots of heavier items in place for the installation since the installers only must move things a few feet out of their way as opposed to moving things to another room. Also, stains that cannot be treated properly can be dealt with by simply replacing single carpet tiles coming from spare tiles that we could secure at the time of installation. Dana asked how long the existing carpet had been in place; the GM stated that it had been here since FY2003 or FY2004, so 15-16 years.

The GM updated the Board on the MEAM legislative matters, having just attended a MEAM meeting this morning. Bob Rodophele and the MEAM Legislative Committee had drafted language for proposed legislation to be filed on behalf of all MLPs. This was being done as a counter to those efforts by outside special interest environmental groups who had influence with the MA Legislature, MA DOER and Mass DEP. The MEAM members agreed that it would be better to have some non-emitting portfolio standards in place that MLPs would have to comply with but could do so without much effort. The GM noted that 35 other GM's of MLPs belonging to MEAM were in attendance this morning and he had never recollected such high attendance before at MEAM. The proposed MEAM legislation would mandate the following:

- MLPs would be 7% non-emitting by the year 2021
- MLPs would be 40% non-emitting by the year 2030
- MLPs would be 60% non-emitting by the year 2040
- MLPs would be 80% non-emitting by the year 2050

The GM stated that as of January 2019 the Light Plant was already 70% non-emitting in its load-serving energy resources, mostly due to our shares in both Millstone and Seabrook. In fact, while doing nothing differently at all, the Light Plant would already be following this new legislation till 2045 (we would also be compliant with the Mass DEP's most recent proposal for RPS standards which concludes at the same 80% in 2050). This bill was being sponsored by Senator Anne Gobi and Representative Tom Golden and would hopefully be taken up by the Telecommunications and Energy Committee in the next few weeks. Bob Rodophele will be filing the legislation on January 18.

NEW BUSINESS:

The GM informed the Board that effective 3-1-2019 the TMLP would no longer be purchasing energy from the hydroelectric units Winchendon Hydroelectric, Miniwatt Hydroelectric #1 or Miniwatt Hydroelectric #2 all managed by O'Connell Energy. The Light Plant had granted several contract extensions in the past

but with the recent changes in net metering policies for clean resources it would now be far more advantageous for O'Connell to sell directly to National Grid. O'Connell would be compensated at a rate that was 4-5 times that of the current TMLP rate of \$43.33 per MWH. From an energy perspective the TMLP would not lose money trading this hydroelectric energy for that of the ISO Interchange; now it would be cheaper to purchase from the open market. And from a capacity perspective the TMLP would still have the 455 KW counting towards our CSO (Capacity Supply Obligation) for another 2 auction cycles since we had already bid these hydroelectric assets into certain FCAs (Forward Capacity Auctions). The on disadvantage that the GM could see was the Light Plant's non-emitting figure being reduced from 70% in 2018 to about 67% in 2019 due to the loss of these hydroelectric units. Templeton would be knocked down from 5th place to 7th place out of 40 of the state's MLPs. The Winchendon and Miniwatt units currently made up roughly 4% of the TMLP's 70% share of non-emitting resources based on 2018 data.

The GM spoke on the topic of truck maintenance for Light Plant Truck #23. This was a 2012 International chassis with a Telect body on it. The chassis had experienced several electrical issues early on followed by some different types of problems later. For a unit that was barely 6 years old, Truck #23 had cost \$19,642 in miscellaneous repairs since it was put on the road. The GM was concerned that the normal depreciation cycle for such a vehicle at the Light Plant was 10-12 years, but he and the LS felt that based on what we have been through already with Truck #23 it would be an uphill battle just to get 7-8 years of service from it. The GM suggested that we go out to bid for a new (Freightliner) chassis in early 2019 with the expectation of another body for a new aerial lift body in late 2019. He felt that we could get a very good trade-in value for this vehicle despite its issues just because of how well it had been maintained since 2012. The usual Municibid submission would yield a fair market value for the old truck.

The LS pointed out that both Truck #25 and Truck #27 had Freightliner chassis and Telect bodies, one a digger-derrick and the other an aerial lift. Dana asked how long it would take to get a new chassis delivered here once it was ordered; the LS thought it would be 3-4 months. A new chassis at this time would run about \$87,000, so Dana asked if it would be feasible/possible to remove the old well-functioning Telect body from the existing International chassis and then install it back on the new Freightliner chassis. The LS wasn't sure if this could be done or not and will check into it. He did say that this would limit our new Truck #23 to a regular cab size as opposed to the extended cab that was used for the newer Truck #27. The GM and LS will discuss the pros and cons of the transfer of the older body onto the newer chassis, if in fact feasible, as well as to stick with an extended cab or a regular one.

The GM told the Board about some irregularities recently on employee payroll checks, specifically on federal tax deductions. The Town had recently changed payroll companies (1-1-19) from Harpers to Paychex, citing the need to display all their employees' PTO (Paid Time Off) accrued weekly as part of their paycheck stub. When the GM first learned of this he had a call with the Town Accountant (Kelli P) along with a representative from the Paychex company. During this call he learned that Paychex was calculating employee federal deductions on an annual basis rather than on a weekly one. The GM said that this was how federal taxes are estimated for employees in the private sector who may have fluctuating levels of income week-to-week. Traditionally this is the opposite of the way federal taxes had been determined for municipal employees for decades. After experiencing the frustration on the part of the TMLP employees (and himself) the GM asked the Town Accountant what could be done to reverse the effects of this change put into place by Paychex. She told him that all that could be done was employees could increase their respective # of dependents to be claimed on their W-2 forms. The GM

did not like this remedy at all, having been married almost 20 years himself and never claimed dependents in such a fashion; it seemed like a red flag for an IRS audit.

The GM did confer with Steve Doucette on the matter of was there any recourse for the TMLP in this scenario? Steve said that unfortunately what will happen is that the Town would point fingers at Paychex while Paychex did the same to the Town; meanwhile everyone's deductions are still wrong in our eyes here. He recommended telling our employees to simply make the W-2 changes on the # of dependents being claimed. The GM expressed his frustration at the Town's changing of payroll companies due to a grievance filed by a DPW employee. Apparently the Local 39 contract for the Templeton DPW (drafted 30+ years ago) had an article mandating the Town to show employee accrued PTO on paychecks and they were unable to do this with Harpers. The Gm felt that since a pattern of the Town's not doing this for several decades had already been established that such a grievance now in 2018/2019 would be invalid.

The GM discussed the matter of police details with the Board. In 2018 the TMLP had spent nearly \$22,000 on police details in town for both distribution work and tree trimming. But he recently noticed the rate of \$46 per hour for these details and thought it to be very high. The GM learned that the \$46 per hour rate was the same rate charged to contractors in the private sector; he did not feel like the TMLP should be locked into any "contractor rate" by the Town while doing work on behalf of the Town. The GM again reference the list of roads that now require police details all the time because of an agreement reached between the Town and the police union several years ago. The GM had always made a case that, in fact, this is an agreement between party 1 (Selectmen) and party 2 (Police) where the Light Plant is party 3 and were not involved in any of the negotiations resulting in this list of roads.

The GM has asked the Town Administrator (Carter T) to verify that we were paying the same labor rate as any outside contractor coming into town to work would. And if we were then ho do we get that reduced somewhat? The GM also spoke of the optics of this while the Police Department had gotten free electricity since FY2015. He noted that Flagmen would cost the Light Plant around \$24 per hour compared to the \$46 per hour paid out now to town police details. The GM had budgeted \$100,000 for 2019 tree-trimming work but roughly \$12,000 of this will likely go to details used rather than to actual tree-trimming.

OTHER BUSINESS:

The GM let the Board know that Kelly Brown from the MA DOER came in to talk to him regarding the 170 LED lights we received a partial grant for. The final step in the grant process was for her to come out to Templeton to verify that the LED lights had all been installed. She informed the GM that the Town of Templeton was now designated as a Green Community and will be receiving \$140,000 in initial grant funding to be used for energy efficiency projects. The GM elaborated on the need to look at the PILOT somewhat differently in the future now that the Town would be receiving grant funding from the same renewable trust that the Light Plant had been paying into since June 2009 (\$287,539 thru February 2019). Light Plant customers are already paying \$0.0005 per KWH into the renewable trust which, except for \$20,000 from the LED streetlight grant, is a fund that we cannot readily access for our own energy efficiency projects.

The Manager had five (5) handouts tonight:

1. Oct-18/Nov-18 Power Supply
2. Nov-18/Dec-18 Wind Generation
3. Nov-18/Dec-18 Kilowatt-Hour Sales/Revenue
4. Q4 2018 Electric Rates (MMWEC)*
5. Dec-18/Jan-19 Electric Rates (TMLP)

(*) Note: Templeton Light had the lowest rates in the state per MMWEC's electric rate comparisons in Q4 of 2018 for customers using between 190,000 KWH and 350,000 KWH monthly.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Dana, 3-0 in favor, the Light Commissioners' Meeting adjourned at 8:31 p.m.

Respectfully Submitted,



John M Driscoll
General Manager