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John M. Driscoll, *General Manager*

Light Commissioners' Meeting May 17, 2017

Members present were: Chairman Dana Blais
Clerk Gregg Edwards

Employees present were: General Manager John Driscoll
Light Superintendent Tom Berry
Business Manager Jennifer Belliveau

The meeting was called to order at 6:26 p.m. by Dana.

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

The minutes of April 12, 2107 were approved on a motion from Gregg, seconded by Dana, 2-0 in favor.

Old Business:

The General Manager (GM) and Light Superintendent (LS) showed the Commissioners an Itron/Eaton AMI Meter. This will be the meter that will be installed at approximately 3,100 customers' residences. Dana asked about the Eaton Company regarding their financial standing. The GM informed him that they are a very stable company and also own the Cooper Company which we purchase a lot of things from. The GM and LS went to visit Norwood Municipal Light Department, who are almost done converting their 16,000 meters over to Eaton's AMI system. They are approximately 5 times larger than we are, but geographically Templeton is larger. The meter conversion was their last portion of their AMI system, which they began with distribution feeder automation (24) and capacitor bank control (36).

Norwood showed us how they retrieve monthly/weekly/daily/hourly data and produce good graphics too. Norwood did state to us that they regret hosting their own system; Jason Haber from Norwood is overwhelmed with this because there is no one else cross-trained for the AMI system. Norwood seems very pleased with Eaton's customer service and offered no negative feedback to us. They did caution John and Tom of Eaton being a little laid back in their project management style which may necessitate John and Tom's prioritizing project tasks for Eaton instead.

The GM handed out to the Board an AMI Acquisition-Vendor Selection Report for the AMI System from David Scott. This handout includes the RFP, the 6 proposals received, evaluation & vendor selection criteria and what is next for the AMI System. Eaton did provide a second propagation analysis to us where the Light Plant would utilize 4 Gateways and 42 Routers w/ internal cellular modems rather than the initial 3 Gateways and 44 Routers with high-speed internet connections. The LS noted that in general this newer solution w/ cellular modems offered less "hops" between the headend system (TMLWP) and the endpoint (meter). Templeton Light does have a SCADA System in place at this time, which could always be upgraded to adapt to this Eaton system in the future. Eaton had acquired Cooper Power who specializes in distribution automation so this is by no means a stretch for their AMI system to become the communication for our SCADA system. There are a lot of positive takeaways with Eaton.

The GM also handed out to the Board a payment schedule for the AMI system. The Light Plant currently has just under \$900K in our Depreciation Cash account. By August of 2018 we should still have approximately \$650K due to funding our deprecation cash with \$36K monthly. We will be purchasing a New Truck #27 chassis in 2017 and an aerial lift in 2018. We will also be replacing the dump body to Truck #24 in 2017 for roughly \$4K due to its being rusted out in several spots (welding repair would cost more).

Gregg asked how long it actually took the GM and LS to get through this AMI RFP process. They replied that we started with bids back December 2016, but this was after many meetings and conference calls with David Scott going back to June 2016. Gregg did comment that Landis & Gyr was not looking good lately because of their financial trouble and their being up for sale from Toshiba, a (60%) Japanese subsidy.

Dana asked how long would the change-over would; Tom stated that it would be one year or sooner. We would start with 4 gateways, then 42 routers and then 3,600 meters. Gregg asked about the contracts. John specified that after the Board vote it would possibly about a month later. Dave Scott would be going over the **Master Project Agreement**; Steve Doucette would look over their **General Terms and Conditions**.

Gregg asked if we needed to vote to proceed along our AMI path w/ Eaton tonight. The GM responded that YES we would need one to initiate entering into contract negotiations with Eaton. At this time a vote was taken as follows:

"A motion from Gregg to enter into Contract Negotiations with Eaton with the assistance from David Scott Consulting; seconded by Dana, 2-0 in favor."

Gregg – Aye

Dana – Aye

The GM mentioned that battery storage is still a good idea for the Light Plant. He had a handout for the Capacity and Funding for the batteries. The MA DOER may not be contributing as much to this project as previously, and thus far the Light Plant has not met eligibility for their resiliency grant, their microgrid grant OR their critical care facilities grant. All this being said, a 2 MVA/4 MWH battery storage system is still a net positive project, w/ or w/o the MA DOER funding. The average revenue per KWH would be \$1.24, while the average expense per KWH would be \$0.57, yielding a net income per KWH of \$0.48 over 14.5 years. This would mean a

net positive value (NPV) of \$1.3M at a 4.0% rate. The most recent pro forma completed by MMWEC and the GM illustrated a 7.5-year payback term for \$2.2M project w/ 50% funding from MA DOER. He made changes to the battery system's charging costs over the 14.5 years since MMWEC had only used their off-peak LMP projections as the charging rate per KWH; this did not include any distribution or transmission rates.

The GM and LS discussed the Depot Rd recloser. Tom wrote a statement to Wesco Distribution and Thomas & Betts (T&B) this recloser. T&B have agreed to take back their recloser at full cost of about \$15K. It is on a pallet downstairs and should be shipped out this week back to Wesco Distribution. Dana asked what would replace this unit. John said that TMLWP would be going out to bid on 3 new units for about \$45K, one unit to replace the faulted Depot Rd unit and two additional units to serve as substation bus tie breakers (these will tie 1301 to 1303 AND tie 1302 to 1304 from inside the substation). TMLWP will move the Depot Rd recloser to another location on Depot Rd or onto North Main St. TMLWP is planning to get a bid from Cooper Power (now Eaton) this time around, since they were mysteriously absent for our last bid attempt. The previous bid had come down to two finalists, ABB and T&B and the T&B units were compatible with the Schweitzer controls which the industry was moving toward.

The GM gave the Board a status report on the MA DOER LED Streetlight Grant. The RFP process took a long time, and there were multiple vendors to whom the bid was awarded. A total of \$20K will be reimbursed to us in stages; the first \$5K upon our submission of a purchase order for the fixtures, the second \$5K upon 50% installation, the third \$5K upon 100% installation and the fourth and final \$5K after the MA DOER conducts a survey to verify that all fixtures were installed accordingly. TMLWP will pay about \$22K for \$40K worth of LED light fixtures thanks to this grant. All of these lights have the availability to dim with the accompaniment of a 7-pin versus 3-pin photo controller. Grant award was contingent upon these fixtures' ability to dim, even though the TMLWP will not likely invoke this practice. Neither John nor Tom understood why we would want to have less light output at the darkest point of the day. (The GM thinks that this is some type of energy efficiency initiative by the MA DOER.)

The GM revisited the 2016 Net Income for TMLP. Jim Goulet came out from Goulet, Salvadio & Associates (GSA) to discuss our draft audit with the GM and the Business Manager (BM). The DPU report and financial statements were stating a net income of \$755K, due in part to two distinct adjusting journal entries; one for \$300K and another for \$116K. The former reflected a transfer in January 2016 from the TMLWP's over-funded Working Capital Trust to our Maintenance Cash to pay some overdue MMWEC power bills at GSA's suggestion. The latter was to account for "wind revenues recoverable in the future", a concept foreign to both the GM and the BM. This not yet recovered wind turbine revenue would be from WRECs generated in 2016 but not received till 2017 (July 2016 thru December 2016), but these revenues would go to our wind cooperative account and not to our maintenance cash account. The consolidation of the TMLP's financial statements AND the Cooperative's financial statements was something that began with GSA in 2013, much to the chagrin of the GM and BM.

The meeting w/ Jim from GSA also brought to our attention the possibility of their "confusing" some of our trust accounts' descriptions and titles. GSA was under the impression that we had just over \$1M in our Select Energy Trust, when really it was our MA Reserve Trust that had just over \$1M (Select Energy has just over \$3K). This misinterpretation on their part was a cause of

the \$300K affecting our draft audit like it did; Jim would go back to their work papers to see where they went astray on this. Jim would get back to the GM and the BM on this, but it did appear that the final draft of our light audit for 2016 would not have the \$300K counted as income after all. The \$116K in not-yet-recovered wind revenues, however, would remain as income.

The GM discussed the property at 11 ¾ Elm Street once again. Dana had suggested that John contact Chris Pera, a local surveyor to take care of this issue., after having no luck with SZOC or Whitman & Bingham. The TMLWP would like to know where its boundaries are for their property behind the Central St businesses so that it may make a more informed decision on just what to do with the property in the future. Only the Cable TV Commission is using the space now; the Food Pantry operations had re-located to the Senior Center. The TMLP does keep some spare wind turbine parts there at present but the Superintendent feels that these can be re-located as well. John will contact Chris Pera before the June meeting.

The GM talked about the issues with the proposed electric service limiters and the MA DPU. TMLP has 3 customers (O'Neill, Brewer, Currier) that would be our first to use these types of devices on their homes. The total amount that these 3 customers alone owe TMLP is over \$9K. O'Neill may be losing her home on North Main St soon, but we routinely place municipal liens on her property and receive funds. Brewer owns the property on Hamlett Mill Rd but there is an issue with the deed; she owes the Town tax money as well as the Light Plant so John is attempting a way to clean up her deed to make her funds collectible for TMLWP and Town. Currier on Michael's Lane does not present any evidence of going away anytime soon but, like the North Main St customer, we have received municipal liens funds from him as well. Burgess on Baldwinville Rd was a potential fourth candidate for electric service limiting, but unfortunately for her a fire destroyed her house; it was a total loss so both electric and water are shut off.

The MA DPU meeting was with Nancy Stevens, the MA DPU Director of Consumer Division, along with 1 member of their legal counsel and 2 members of their electrical engineering staff. Chris Pollart of Rubin & Rudman, LLP accompanied John for this meeting. The TMLWP made their best case to those from the MA DPU on why we thought it was legal for us to limit electric service to non-paying customers those who did not pay protected by physicians' notes. This meeting basically turned into a session on electrical demands of common household loads that are considered necessary to make a home "habitable". The GM assured the MA DPU that the level of electric service that was to be provided to these non-paying customers would be sufficient to meet basic human needs, in addition to meeting their critical care needs.

The GM stressed that this idea of limiting is all that the TMLWP has left at this point, since regulations and statutes prevent total electric service termination but do not speak to any specifics on limiting said service. The GM expressed frustration by the Board and the other TMLP ratepayers who are effectively subsidizing those who do not pay; he added that the Light Plant has an annual budget of \$8M whether everyone pays their electric bills or not, and wholesale power suppliers do not wait to be paid. The GM added that the three customers in question collectively use nearly double the KWH that the Light Plant's other paying electric customers use, to which he added, "Why wouldn't they if it was all free?" The MA DPU requested a few weeks to arrive at a decision for us, so John would keep on them.

The GM needed to clarify the Seabrook Projects 4 (SP4) and 6 (SP6) payoff schedules; he had been informing the Board that SP6 was to be paid off July 1, 2017 and was off by 2 years. In actuality SP4 would be paid off July 1, 2017, and SP6 was not to be paid off till July 1, 2019. The SP6 has a bizarre bond schedule and its debt issuance is comprised of multiple bonds with different terms and maturity dates. The Light Plant will have to pay only \$10,412 to SP6 debt in FY2018 but then \$154,344 in FY2019. Rather than decrease wholesale rates on July 1, 2017 only to increase them again on July 1, 2018, which made no sense, the MMWEC Board agreed to flatten out the debt service over the remaining two-year period instead. The GM simplified that what this meant for the Light Plant was that our average monthly capacity cost for SP6 will decrease from \$90K to about \$40K. John stressed that this still did not change the fact that we would still have to look at its effect on our retail rates, since the \$50K in monthly savings are in capacity and not in fuel. The PPCA is for fluctuations in fuel prices, not capacity prices, and this was not a fluctuation, this was permanent. The GM had initiated a rate review process with MMWEC thru Scott Taylor who had subsequently left MMWEC; our rate review was now being looked at by Matt Ide.

The GM indicated that we currently had 20 residential customers w/ solar generation behind-the-meter. With the MA SREC II program that had been extended to 3/31/18, we could potentially have many more of these installed in advance of this date. The Light Plant pays these customers up to 22¢ per KWH and down to 6¢ per KWH depending on the energy market, but this is still not the full retail rate like the IOUs are crediting. The GM stated that even down at the 6¢ level of the solar credit that we are still paying double the market value for electric energy that we do not need. He added that if we were to change our net metering policy, we could still allow up to 10 KW AC of solar generation behind-the-meter per household, but instead offer no credit for KWH received (prospective, NOT retrospective). At present, a customer with a net KWH usage of 500 KWH received (energy to us) would be issued a credit of about \$50; the GM felt that for future in-town solar installations that this solar credit should go away. This surplus solar energy offers no benefit of costs savings to the Light Plant because it is not available during the summer peak hours, which have shifted from Hour 14 to Hour 17 in the last 5 years.

Gregg asked about what municipal regulations are in place for 2018. John stated that the most recent MA DOER straw proposal for the future of the SREC market would be punishing to the Light Plant if the light departments were to be included in new solar legislation. This is why there had been a joint ENE/MMWEC effort (rare) to offer a counterproposal to the state where each light department would have a voluntary solar program where their customers would receive \$5K from the light department and a matching contribution from the state. The GM said that this would still incentivize solar distributed generation but the light departments retain their local control.

Dana stated that we should not pay more to customers than fair market value. The GM agreed, which is why he had resurrected the issue of a solar cap in town.

New Business:

The GM brought up the re-organization of the Board following the May 2017 re-election of Dana Blais. Dan and Gregg thought it appropriate to wait till Chris was in attendance, so John will put it on June's meeting agenda.

The Manager had four (4) handouts for the Board tonight:

1. March 2017 Power Supply-note the cheap wind power
2. April 2017 Wind Generation
3. April 2017 Kilowatt Hour Sales/Revenues
4. May 2017 Residential Electric Rates

Other Business:

A customer in attendance wanted to let the Light Plant know that there was going to be a new aircraft hangar installed at the Gardner Airport which will have electric heat. This customer stated that this new airport customer had already gone thru the Planning Board. Both the GM and the LS were unaware of any new commercial loads to be added at the municipal airport; they stated that anything new there would require our involvement for planning purposes since all of the electric infrastructure was underground.

There being no other Open Session business to discuss, on a motion by Gregg, seconded by Dana, 2-0 in favor the Light Commissioners' Meeting adjourned at 8:02 p.m.

Respectfully Submitted,



John M. Driscoll
General Manager