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John M. Driscoll, *General Manager*

**Light Commissioners' Meeting
June 13, 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) Tom Berry

The meeting was called to order at 7:00 p.m. by Dana.

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

Old Business

The GM discussed the status of the new battery storage system with the Board, which had been completed in May 2019. MMWEC was able to capture the monthly transmission savings for us for Hour 19 on May 20, 2019. For Hour 19 our battery was discharging at the rate of 1,514 KW, resulting in a savings of \$14,322 for May 2019. The GM was pleased to see savings already from our battery storage project considering it had just been completed days before the May 20 hourly peak. Having budgeted about \$1,700,000 for this entire project it looked like our actual project cost would end up closer to \$1,550,000, or about 9% under project budget.

The GM reported to the Board that after a few trips to the office that Horrigan Flooring had completed the commercial carpet installation in the TMLWP office. A denser carpet was used in the entrance foyer and in front of the customer service counter to better stand up to the winter conditions, although the color was very similar. Visiting customers and our employees all seem pleased with the new carpet being installed and the TMLWP office managed to get 16 years out of the original commercial carpet installation. The GM said that the cost of the new carpeting was about \$16,000 and would be paid for out of depreciation funds.

The GM distributed to the Board the first draft of our proposed electric rates for 2020 thru 2023 as determined by Bruce of BH Leymaster, Inc. His company had been used previously in 2013 for another rate study performed to figure out our electric rates for 2014 and beyond. Bruce had determined that our cost-of-service targets (i.e., operating budgets) for these years should be:

2019	+0.08%	\$7,224,203	61,000,000 KWH Sold	\$0.11843 per KWH
2020	+1.06%	\$7,300,757	61,000,000 KWH sold	\$0.11969 per KWH
2021	+1.01%	\$7,374,513	61,000,000 KWH sold	\$0.12089 per KWH
2022	+1.00%	\$7,447,959	61,000,000 KWH sold	\$0.12210 per KWH
2023	+0.94%	\$7,518,099	61,000,000 KWH sold	\$0.12325 per KWH
Variances:	+4.07%	+\$293,896	0 KWH	+\$0.00482 per KWH

Bruce had laid out the following rate changes by our rate classes from 2020 thru 2023:

A1 Residential	+18.7%	C1 Industrial Tier 2	-13.6%
C3 Commercial	+23.5%	T3 Commercial TOU	-1.0%
C4 Commercial	-4.8%	C2 Private Area Lights	+45.0%
C1 Industrial Tier 1	-20.2%	ML Municipal Lights	+17.3%

The Board asked the GM why such rate decreases to some but then rate increases to others? The GM explained that a cost-of-service study determines retail electric rates based on the light department's cost to provide each customer with their volume of electricity across all of our rate classes. Often the customers with the highest KWH usage/load factor (industrial) are the least expensive while the residential are usually the most expensive. Our Rate C1 customers have a collective load factor of 65.8% while our Rate A1 customers are just 20.0%. The Board was not in favor of the 18.7% increase for our residential customers by 2023 and asked the GM if it would be possible to re-run Bruce's rate scenario while holding the 18.7% figure to just 10.0%. The GM said this would be possible and he would have Bruce do this and present those new results to the Board at the next meeting.

The GM updated on the Board regarding legislative matters involving MEAM, specifically the status of the MLP Bill H.2863 sponsored by Rep. Tom Golden and Sen. Anne Gobi. He stated that according to Bob Rodophele the bill was currently at the committee level being reviewed and possibly having amendments made and/or challenged. The GM thought it likely it could be well over a year till our bill was actually passed due to the nature of the legislative process. There would continue to be resistance at the legislative level by environmental groups such as MCAN, whose members were now infiltrating municipal light boards. The new bill would require municipal light plants (MLPs) to achieve 80% carbon-free/non-emitting (CF/NE) status in their wholesale power mixes by 2050. As of the end of 2018 the MLPs already were 43% CF/NE; the TMLWP was 68% CF/NE as of the end of 2018. The GM believed that this meant the TMLWP would not need to add any additional CF/NE energy resources to our mix till at least the year 2037.

The GM mentioned the status of our 2018 light audit by Melanson-Heath. They had provided us with draft financial statements on June 3 and the BM and GM had not yet had a chance to review them yet. He noted that the draft figures were showing a net income of \$723,219, roughly a 4% return-on-plant based on our 2017 year-end figures. MGL Chapter 164 Section 58 allows this figure to be up to 8%. The GM and BM will both examine the draft financial statements from Melanson-Heath and get back to them with any questions or concerns that we might have.

The GM revisited with the Board our adoption of a formal fraud policy for the light department. This was a recommendation by Melanson-Heath that actually went back to their preparation of our 2017 audited financial statements. The GM had distributed to the Board a generic fraud policy that would put the GM, the LS and the BM on an investigation team should one of them suspect fraudulent activity by another light department employee. The GM had found this version of such a policy to be inadequate since it did not address how to handle fraud if the GM, LS or BM were the one suspected of fraud. He reached out to Melanson-Heath on this and they suggested that in such a situation the Chairperson of the Board could act as the third member of the investigation team to replace the one who may be suspected of fraud. The GM stated that Melanson-Heath would again ask about our fraud policy while preparing our 2018 audited financial statements and it would continue to appear in subsequent management letters till the TMLWP enacted some fraud policy. The Board would look over the updated policy and decide later on in 2019; this would resolve the issue in advance of Melanson-Heath preparing our audited financial statements for 2019.

The GM brought up to the Board a potential credit to be given to 45 of our Rate C4 customers. The issue is that the Templeton Light website had the generation rate for Rate C4 at just \$0.0458 per KWH when in actuality it was \$0.0548 per KWH and these customers had been billed as such. The GM had since had the website error resolved but there remained this issue of potentially over-charging these customers, based purely from a false advertising point of view. This error in these customers' favor amounted to \$13,692 over 8 months of electric billing. The GM said he was fine waiting till the next meeting for a board decision on action, that these customers did not even know they might have a credit coming soon.

New Business

The GM and LS made the Board aware of a few more things that the Templeton Recreation Dept was requesting that we do for them at the Gilman-Waite ball fields. These were by no means large projects, but the GM and LS wanted to make sure the Board was alright with our continued assistance being given to them. The Board raised no objections to our continuing with this kind of assistance so we will continue till further notice.

The GM and the LS made the Board aware of a potential large industrial customer moving into the building at 16 School St that previously served as the Baldwinville Elementary School. IT was supposed to be one of those marijuana grow facilities which were large electrical loads due to the use of inefficient lighting inside to produce plant growth. The LS said we'd need some loads from them in order to determine the need for three-phase power to be installed. The GM thought that such a facility operating here would likely use 20x the electricity that the school had used when it was in session here. The company interested in purchasing the building was already in discussions with the Town on taxes and PILOT matters.

The LS had given the Board copies of quotes for a 2019 Chevrolet Silverado 4x4 to replace his existing pickup truck, a 2012 Ford F-150 4x4. The truck would come from Colonial Municipal Group in Plymouth instead of MHQ in Marlborough and hopefully yield a much quicker delivery lead time on the truck than MHQ could. The last municipal vehicle to be ordered thru MHQ was the GM's 2016 Ford Explorer and it was delivered to us 7 weeks late w/o explanation. The last time two equivalent trucks were priced out

from MHQ and from Liberty Chevrolet was in 2018, the Silverado cost \$600 more than the Ford F-150, but Liberty Chevrolet had a delivery lead time of just 8 weeks compared to 17 weeks for MHQ. The LS had a truck that was 7 years old and we typically replaced light-duty pickup trucks every 5 years.

At this time a vote took place as follows:

On a motion by Dana, seconded by Chris, 3-0 in favor the Board voted to purchase for the Light Superintendent the 2019 Chevrolet Silverado 4x4 from Colonial Municipal Group in Plymouth for their quoted price of \$32,135.

Dana - Aye

Chris - Aye

Gregg - Aye

The GM had prepared for the Board the following handouts:

- April 2019 Power Supply
- May 2019 Wind Generation
- May 2019 KWH Sales & Revenues
- June 2019 Electric Rates

At this time a vote took place as follows:

On a motion by Gregg, seconded by Chris, 3-0 in favor the Board voted to enter into Executive Session pursuant to MGL Ch 30A Sec 21a to conduct strategy sessions in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel. The Board would re-convene in Open Session following Executive Session only to Adjourn.

Dana - Aye

Chris - Aye

Gregg - Aye

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 8:30 p.m.

Respectfully Submitted,



John M Driscoll
General Manager