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John M. Driscoll, *General Manager*

Light Commissioners' Meeting
October 17, 2017

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 Business Manager (BM) Jennifer Belliveau

The meeting was called to order at 6:22 p.m. by Dana.

The agenda for October 17, 2017 was approved on a motion from Chris, seconded by Gregg, 3-0 in favor.

The minutes for September 13, 2017 could only be approved by Dana and Chris since Gregg did not attend that meeting, 2-0 in favor.

Old Business:

The General Manager (GM) updated the Board on the Eaton AMI metering system. He stated that a total of seven (7) purchase orders had been issued to Eaton Corp for hardware, licenses and support. The TMLWP had just received our first invoice for $3,976.98 for the Network Scout Kit w/GPS. In November the TMLWP should be receiving the Gateways, Routers and miscellaneous communications equipment before delivery of the meters. The LS had gone back and forth several times with Eaton on the development of the meter programs for our commercial/industrial customers. He said that now we were all set with these programs. Dana asked if the 55 foot poles had been installed yet and also if they would require lights on top. The LS stated that these poles had been set; the GM said that we did not require the lighting because these poles did not meet the threshold height for FAA/MAA lighting.

The GM discussed the 2017 MMWEC Project Surplus Funds that we had received. The TMLWP got $556K, of which $446K was for Seabrook Project 6 overpayment of bond reserves. Dana suggested possibly applying monies toward one of the cooperative loans at MMWEC to bring down the years on the pay back for Templeton Wind. The GM had gotten from Peoples' Bank a payoff amount for the $994K loan, which had just been able to be called since August 1. The payoff figure, if paid by October 31, 2017, would be $305,180.62 ($298,125 Principal, $7,055.62 Interest). This was a 10 year note taken out at 5.5% for extra funds needed to complete Templeton Wind when AAER dissolved. If the TMLWP paid off this loan it would save us $7K per month in reduced debt service.

The GM stated that our monthly cooperative billing would drop from $22K to $15K, which is an annual savings of $84K. The Board liked the idea of having one less loan to pay off. The GM stated that the invoice has come down considerably from when we first started paying these bills in September 2010 (they were around $50K per month). The GM stated that Templeton Wind has had a good year thus far as far as generation output and maintenance down time. At this time a vote was taken by the Board as follows:

"On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to pay off the cooperative loan from Peoples' Bank at a cost of $305,180.62."

Chris – Aye *Gregg – Aye* *Dana – Aye*

After paying this loan off, there would be about $250K of the surplus funds left over. The GM suggested adding around $193K to the OPEB Trust held at MMWEC, since the new UAAL for the Light Plant would most definitely increase significantly in the FY2018 Actuarial Study. The GM was expecting an increase of roughly 67% for the Light Plant, i.e., UAAL = $4M. His assumption was based on the results from the FY2018 Actuarial Study already completed for the Water Plant. The OPEB Trust amount that had been deposited by the TMLWP at MMWEC was yielding returns well north of the expected 4%-7% (nearly 12% since November 2016).

Dana asked if the increase would be due only to elevated health care costs; the GM responded that was absolutely correct. Those doing actuarial studies had several times underestimated the annual increases in healthcare premiums affected by the ACA (Affordable Care Act). Every subsequent UAAL calculated for the TMLWP would be affected by the employer contribution (75%), which only seven (7) other light departments in MA currently offered. The GM did suggest that in future collective bargaining agreements for future hires that the TMLWP propose a 50% employer contribution; that this would have a significant positive effect on our UAAL figures going forward. The GM suggested waiting till the Light Plant's study was complete in January or February of 2018 before making a decision to increase the OPEB Trust balance by the $193K; for now these funds would remain at Fidelity Bank.

The GM updated the Board on the search for a new outside accounting firm for the TMLWP. The Georgetown Municipal Light Department had utilized the group Giusti, Hingston & Company, which is a smaller one than Goulet, Salvidio & Associates. The GM had sent our information to them, with the requests of DPU Report filing by March 31 and draft financial statements by April 15. Dick Hingston said that he talked to his partner and the first third of the year is their busiest time of year and they cannot felt that they could not commit to us due to their existing workload. The GM will contact Melanson-Heath Company and Marcum, LLP and commented that it was challenging to find a small accounting firm locally. As far as the TMLWP's procurement of accounting services, the GM had reached out to Steve Doucette to ask if there was a need to put out an RFP or a public bid notice for us to hire a new company. Steve stated that this action would fall under Ch 164 Sec 56 ("Management of Plant") and the GM was allowed to hire consultants based on sound business practices.

The GM and LS discussed Truck #27 with the Board. The RFP opening was on Friday, October 6, and the GM and LS spent three hours reviewing proposal and completing the required RFP documents. Altec Industries took nine bid exceptions and DC Bates Equipment took bid eight exceptions; James A Kiley took zero exceptions. The GM and LS recommended that the TMLWP purchase the unit proposed by James A Kiley even though Altec's price was the lowest. Their (Altec's) the exceptions taken would adversely affect our ability to reach things from the basket AND maneuver the basket. Because this was a RFP process and not a straightforward bid process, the GM reached out to Steve Doucette to make sure it was OK to award the bid to Kiley instead of Altec. Steve said that the exceptions that they took were significant deviations from our bid specifications and were enough to dis-qualify the Altec bid.

Both the GM and LS stated that Kiley's proposed trade-in value for the old Truck #27 was unacceptable, and since we were under no obligation to trade it in, the TMLWP should entertain another option. Chris asked if we should put the old truck onto the Municibid website and award it to the highest bidder. Dana suggested instead giving it to Town DPW since they had already expressed interest in replacing their existing aerial lift device that was now 31 years old. The Board agreed to discuss this further once the new Truck #27 from Kiley was ready for delivery. At this time a vote was taken by the Board as follows:

"On a motion by Gregg, seconded by Chris, 3-0 in favor the Board voted to purchase the Telect unit from James A. Kiley Co. for $149,659."

Gregg – Aye *Chris – Aye* *Dana – Aye*

The GM informed the Board about two MA House bills, H.1757 and H.2700 and one MA Senate bill S.1876. All three of these potential pieces of legislation were being reviewed at the committee level and were not laws yet.

House Bill H.1757 (Rep. Kulik) would dis-qualify any hydroelectric generation as "clean" generation with a nominal capacity under 7.5 MW. The TMLWP is currently 9% hydroelectric in our wholesale power portfolio, with 455 KW from Mini-Watt Hydroelectric Units in Holyoke, MA, 75 KW from Winchendon Hydroelectric Unit in Winchendon, MA and 453 KW from NYPA (New York Power Authority) in Massena, NY. The GM said that to dis-allow these three hydroelectric assets as "clean", the TMLWP's non-emitting percentage drops from 71% to 62%. Further, the TMLWP's "renewable" percentage drops from 30% to 21%. These were both unacceptable results of attempting to lump the light departments into this legislation.

House Bill H.2700 (Rep. Khan) would require the MLPs to comply with the MA GWSA (Global Warming Solutions Act) even more rigidly than now. The TMLWP is currently on a path to be 80% "renewable" by 2050 (we are 30% renewable as of September 30, 2017). This newly proposed bill would push that date up to 2030, which means that the TMLWP would have to increase its renewable share by 3.9% annually as opposed to 1.5%, much more realistic considering our existing purchased power agreements.

Senate Bill S.1876 (Sen. Pacheco) would require the MLPs to, starting in 2018, increase by 1% annually their share of "renewable" energy in their portfolios until… (was not clear). This was particularly disturbing to the GM because there seemed to be a plurality of MA elected officials who did not seem to understand that to achieve 100% renewable status by 2050 was not unlikely, it was impossible. Even to achieve an 80% renewable status was far-reaching. The largest MLP in the state (Taunton, also serving Berkeley, Dighton and Raynham) was also at odds with Senator Pacheco, one of Taunton's citizens' representatives, and they are not actively communicating. Bill S.1876 within its language specifically called out both MLPs (municipal light plants) and MLBs (municipal light boards) as being charged with this unrealistic task of forever adding 1% to our renewable energy supply.

The MEAM Legislative Committee has met on these bills several times and the result could be that MEAM will have to sue the MA Government in order to delay implementation of these bills completely OR simply remain exclusive of the State's RPS (Renewable Portfolio Standard) laws. The GM felt that to illustrate to the legislators graphically the MLPs' existing makeup of clean resources as opposed to that of Eversource, National Grid and Unitil would go a long way. He provided some sample graphs to the Board on just what these illustrations would look like for Templeton. They showed the TMLWP increasing our non-emitting generation from 45% to 70% over the last 10 years. The GM added that the average for ALL of the MLPs was 43% (not mandatory), compared to that of the IOUs, which was 7% (mandatory).

The GM stated that the underlying theme here was that the regulatory bodies COULD NOT interfere with MLPs and their own local control under the existing statutory structure, but the legislative bodies COULD absolutely pass laws that would hurt the MLPs and possibly contradict the wishes of each individual MLP's light commissioners. (The GM highlighted one extreme example in the Town of Concord where at annual town meeting the body voted to be 100% renewable by 2030, a goal which would increase their existing electric rates by 30% in 2018!!!.)

New Business:

The GM discussed the Town's health insurance premiums for FY2019. The GM went to a meeting with the Town Administrator (TA) and two MIIA representatives. They (MIIA) are proposing a 13% increase in health insurance premiums in order to keep the Town at the same level of benefits. This was due to their average loss/premium ratio over the last two fiscal years being high, with PPO claims disproportionately affecting the costs for HMO premiums. Both the GM and the TA asked these MIIA representatives what could be done to reduce the 13% to 7% or lower in order to make it more palatable for the Town to continue the existing 75/25% contribution split. MIIA suggested making changes that would increase co-pays at the doctors' offices from $20 to $40 and increasing co-pays at emergency rooms from $100 to $200. They also suggested implementing a system requiring a deductible of $1,000 to $2,500 be paid by the employee before health insurance benefits kicked in.

The TA had proposed recommending to the Selectmen that the Town no longer offer dental insurance post-retirement to their employees, citing an annual $12K in savings to the Town. The GM immediately said that it was a bad idea and would only garner more fury from the TMLWP's existing retirees and employees soon to be retirees. He advised getting off of the path of un-promising people things, and that the Town at one point voted to increase their contribution to 75% from some lower amount when times were good. Now that times were bad it was unfair to ask those on fixed incomes without annual income adjustments (COLA) to simply pay out more. The GM suggested looking forward to future hires and future collective bargaining agreements instead of current ones to increase co-pays and add deductibles and changing the contribution split to 50/50%.

The GM mentioned a few other MLPs where salaries and wages but countered by higher employee health insurance premiums. Notably Braintree, Chicopee, Concord, Hingham, Holyoke and Hudson MLPs all paid their employees more in salaries and wages BUT less for health insurance, so often the higher pay was justified. Dana asked if it was cheaper to go to the state's GIC plan? The GM stated that Peabody had done this a few years ago for savings only to return to MIIA a few years later for savings. Dana also asked whether it was necessary for the TMLWP to cover retiree spouses? The GM said that this practice was begun as a result of a town vote to do so, and it would require a new 2/3 majority town vote to cease this practice with the spouse coverages. The TA expressed frustration with all of the town employees (with the notable exception of the police) here being underpaid when compared against local similarly-sized towns. He said that it is difficult to "pile on" by reducing health care benefits as well.

The GM stated that the Town's IAC (Insurance Advisory Committee) will be meeting with MIIA on November 15 to go over some proposals for changes to the plan to reduce costs to the Town. Both the GM and the TA agreed that things would be a lot easier this time around if the IAC doesn't vote to simply throw the entire 13% increase back to the Selectmen, effectively saying, "just deal with it."

The GM talked about Mini-Watt & Winchendon Hydroelectric Units. He had emailed a proposal to O'Connell Energy Group, LLC who owns the two plants on pricing for another one-year extension. The GM thought that it was a bit early to be talking about pricing for power that would not take effect till March 2018. He did indicate that capacity costs had increased on June 1 of this year from $3.15 to $7.03 per KW-Mo. and would be increasing again on June 1 of next year from $7.03 to $9.55 per KW-Mo. O'Connell Energy would know this and expect to be able to use it as leverage for a higher purchase price for the TMLWP. The GM stated that we might be interested in paying somewhat of a premium for this hydroelectric power if the legislative matters persist, and these units did make up 3% of our total power supply and 12% of our renewable resources.

Next the GM handed out some Q3 2017 electric rate comparisons to the Board. Our residential cost per KWH in September 2017 was $0.1292 and National Grid's was $0.2164. Both the GM and LS have National Grid for their electricity and pay $200 for electric bills that would cost $110 in Templeton. Also, wholesale power was only $0.079 per KWH thru September 2017, which was $0.01 per KWH less than this same time in 2016. Because of this the PPCA had been negative consistently in 2017 and had hit an annual low of -$0.0117 last month.

The Manager had four handouts tonight:

1. August 2017 Power Supply
2. September 2017 Wind Generation (worst month)
3. September 2017 Kilowatt-Hour Sales/Revenues
4. October 2017 Retail Electric Rates

Other Business:

The GM informed the Board that the TMLP's Standard & Poors' rating of A- would remain intact for another two years. He had supplied S&P with some financial data and reports from 2016 and 2015 so that they could perform a credit rating review for us. This meant that the TMLP would be in no danger of violating ISONE's rules for wholesale market participants.

At this time (7:25 p.m.) a roll call vote was taken as follows:

"A motion was made by Chris, seconded by Gregg, 3-0 favor for the Board to resume the Executive Session for the Water Plant."

Chris – Aye *Gregg – Aye* *Dana - Aye*

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 7:55 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager