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John M. Driscoll, *General Manager*

**Light Commissioners' Meeting  
November 7, 2018**

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 6:35 p.m. by Dana.  
The agenda was approved on a motion from Gregg, seconded by Chris, 3-0 in favor.  
The minutes of September 18, 2018 were approved on a motion from Gregg, seconded by Chris, 3-0 in favor.

**Old Business:**

The GM updated the Board on Battery Storage; he explained that MMWEC and PLM will both be overseeing the project that NEC Energy Solutions will be providing the battery materials for. The TMLWP had not used PLM before, but they had already done several battery storage projects. Dana asked how many they had been involved in to date; the GM said that they had handled Sterling's needs during the project and are now assisting both Ashburnham and Wakefield with similarly sized battery storage projects. Gregg asked about why the TMLWP was not utilizing Power Engineers (Dave Columbo) for the battery like we had for the wind turbine. The GM explained that Dave had relocated his office to Kingston, MA, so travel distance would constantly be an issue as far as being charged to the project. Also, one of the most egregious errors with the wind turbine project was the unnecessary over-sizing of the foundation concrete from 4,000 to 6,000 PSI due to both European and North American safety factors being applied simultaneously. This yielded a foundation strength rating that was 60% over nominal rather than 30%. The GM felt that because Dave had chosen the civil engineering contractor for foundation strength calculations and testing that he should have been able to ascertain that the 60% was incorrect. There was no room for errors of similar scope and size for the battery storage project. Chris asked when this project was scheduled for completion; the GM said that all of the battery storage should be installed and commissioned and tested by mid-May 2019. This would allow it to be used to reduce Templeton's peak loads by June 2019, the start of the next FCA when capacity prices will be at \$7.03 per KW-Month.

The GM let the Board know there is was nothing new to report on the TMLP property at #11 ¾ Elm St.

The GM informed the Board the TMLP Office Bond was finally paid off in October 2018. The final payoff for this bond was \$304,229, with an expense of \$5,500 to be paid to US Bank & Hilltop Securities for their services. Now that this bond was paid off, these funds (about \$94,000 annually) could be available for other Light Plant expenses.

The GM/LS updated the Board on some wind turbine maintenance and outage scheduling issues along with associated costs. The MultiGear company had sent their tools to us first to make confirm their making it thru the customs process with no hiccups; then they would arrive a few days later. Baldwin Crane would be here before MultiGear got started in an effort to save time by starting disassembly of the generator set to make it easier to replace the main bearings. Dana asked how long it would take to complete the repair once MultiGear was here working on it; the LS said it should take about 12 hours in a single day. The GM estimated the roughly 5-month loss in generation to be approximately \$3,300, but this was only for the energy portion of the replacement cost. Dana asked how much the TMLP had in debt remaining on the wind turbine loan; the GM said about \$1,000,000, and this was CREBs Loan debt that could not be paid off early and there was no bond call date. ISONE had pulled Templeton Wind out of the capacity market last week finally, after the several months of no generation output. The GM had spoken with Alex Chaplin at MMWEC, who assured him that out getting back in would likely be as simple as our preparing a report listing the reasons for our extended wind outage and our corrective action now and in the future. The LS had taken care of this report for MMWEC to present to ISONE on our behalf.

The GM discussed the S&P Global credit rating review for the TMLP with the Board. He stated that Scott Sagen of S&P had promised the review to be complete by the end of November (likely after Thanksgiving). Preliminary discussions with Scott indicated that the TMLP would be able to stay at the current A- score with stable outlook, but S&P now had concerns about Seaman Paper Co and their volatility. The GM said that Seaman Paper Co represented 35% (20,451,200) of the total retail KWH sold along with 30% (\$2,119,834) of the total retail revenues collected. S&P was concerned that our margin on the paper mill was large enough due to our reduced power supply costs to adversely affect the other ratepayers if they went out of business. The GM said that he'd be looking into an updated rate study soon to assess all margins on all existing rate classes.

On the status of negotiations between the TMLP and IBEW Local Union #104, the union was very satisfied with our first year offering of \$2.25 per hour more for all line personnel plus 1% wage increase but not very satisfied with our second and third year offerings of 1% wage increases for all 8 union members. They had also asked for 14 hours of standby pay for regular weeks but 16 hours of standby pay for holiday weeks, in response to our offer of 13 hours of standby pay for all weeks. (The TMLP's unofficial goal, according to the GM, was not to exceed a 2%-2%-2% wage increase schedule for all of them, which DID NOT include the \$2.25 per hour wage adjustment to get our line personnel much closer to their Central MA counterparts). The GM would tell the union that we were standing firm on the 13 hours of standby regardless of the week having within it any holiday; he felt as though the 12 annual holidays were already memorialized enough by paying 200% of their regular rate instead of the usual 150% for overtime for call-outs. Negotiations were going much smoother than they had a few years back and the GM knew that the union appreciated this as well. He did not see them holding out too long for better raises in 2020 and 2021 when 6 of the 8 of them already had roughly an 8% raise for 2019

and 4 of the 8 of them had a 35% increase in standby compensation. The GM felt that this front-loading of wage increases had put the TMLP in a good bargaining position early on. He would keep the Board informed as to the progress on this.

### **New Business:**

The GM discussed the Hydro-Quebec Contract Renewal. The existing contract had been in place since 1998 and needed to be renewed. While the TMLP purchased no MWH (energy) from the Hydro-Quebec facilities we did enjoy a monthly capacity credit for 376 KW AND a monthly transmission credit for 727 KW. These arrangements had allowed the TMLP to flow system power over these lines from outside of MA when the congestion of the New England Transmission System made it necessary to. Back in 1998, several of the original H-Q participants who were now affiliated with Energy New England (ENE) rather than with MMWEC had broken off and negotiated their own transmission "flow rights" deals outside of the 1998 H-Q agreement unbeknownst, at that time, to the MMWEC CEO and the MMWEC General Counsel (Nick Scobbo). Now, since this agreement had to be re-entered into by all, MMWEC's position was that this was in fact illegal and all such outside deals would no longer be in place. Nick Scobbo had informed the GM and others at the last MMWEC Board meeting that it is MMWEC, and not the H-Q Participants, who had first rights of refusal since the entire agreement for both capacity and transmission space had begun as an MMWEC project. The GM stated that this was much to the Chagrin of ENE and its member systems and that meetings were already taking place to come to an arrangement by which all of the H-Q Agreement needs were met BEFORE any of these outside flow deals thru ENE would continue. The GM would be in contact with appropriate MMWEC Staff and with Nick Scobbo to keep the TMLP informed along the way thru this process. (The MLPs who had used ENE rather than MMWEC to negotiate these flow deals included Braintree, Concord, Danvers, Hingham, North Attleborough, Reading, Taunton and Westfield, all of whom were now affiliated with ENE. Other MLPs included Chicopee, Groton, Holden, Holyoke, Peabody, Princeton, Shrewsbury, South Hadley and Wakefield, all of whom were always and still are affiliated with MMWEC. At present, these two groups of MLPs are often at odds with each other for the most part on the handling and interpreting of power contracts and clean energy proposals). Once this new agreement is signed and we move forward, Templeton will enjoy an additional \$35K in annual savings, since these flow rights deals would now be negotiated for all H-Q Participants.

The GM notified the Board that Seabrook had been shut down for its regularly scheduled maintenance and re-fueling in October 2018. He distributed a graph of what the output from the power plant looked like last month so the Board could see the 5-day ramp-up period Seabrook required to go from 0 MW output up to the nominal 1,250 MW. The GM estimated that Templeton had 0 MW from Seabrook from October 1 thru October 26, 0.481 MW by October 27, 0.962 MW by October 28, 1.443 MW by October 29, 1.924 MW by October 30 and finally 2.405 MW by October 31. Seabrook's scheduled outage takes place every 18 months like this; similar outages for Millstone also occur every 18 months but are staggered as not to coincide with Seabrook. Replacement power supply costs are never an issue since MMWEC knows well in advance when these shutdowns will occur and can purchase for Templeton additional hedged power OR simply leave us in the interchange market.

The GM had a handout for estimated FY2020 health insurance premiums after he had attended a meeting with Town Administrator Carter Terenzini and MIIA Representative Tara Fafard. The handout had MIIA's

preliminary increase for the Town of Templeton at 7.5%, assuming no changes were made to the existing HMO or Medex plans. The GM immediately witnessed anxiety from Carter over the 7.5%, and he claimed that he had only budgeted 6% for premium increases for FY2020 and did not know where an additional 1.5% would come from (\$\$\$ amount not discussed). The GM stated that he had already budgeted 7% increases for such premiums since he'd been drafting the Light Plant Budget since 2010. He did understand why the Town would simply budget the same amount, as history has shown an average increase in health insurance premiums thru MIIA of 7% going back to FY2006. The GM stated that the Light Plant could sustain the 7.5% increase and was only off in his estimate by the 0.5%. Carter did not seem to have a plan ready to get another 1.5% that Tara said would be needed, although her estimates were preliminary and would be closer to actual in March 2019. Dana asked if we would be all set for such an increase; the GM responded YES that at the moment a 7.5% increase would only be \$6,000 more than what he had already budgeted for it. The GM was clearly frustrated over the Town's refusal to budget for a higher percentage increase than 6% for their share of the health insurance premiums. This increase had not been 6% or less in over 10 years. The GM anticipated another drama-filled, long, drawn-out period of employee angst and unnecessary IAC meetings, when ultimately the Town needed a simple majority of the Select Board to decide what health insurance was going to cover for ALL TOWN EMPLOYEES including TMLWP ones.

The GM discussed an estimate he had given to the DPW Director for the Town of Winchendon, Al Gallant, for LED Streetlight installations and maintenance. He had contacted the GM previously to see if the TMLWP would be interested in doing this work for a neighboring town served by National Grid. The GM said that he would first have to discuss the proposition with the Board and possibly with Legal Counsel as well. The Town of Winchendon had purchased all new LED fixtures thru a procurement process and then secured an installation contractor, not National Grid, who planned to charge them roughly \$2,200 per install to do it. He referenced other MA MLPs who are/were doing similar services for neighboring towns served by IOUs (Littleton working on Acton's lights, Paxton working on Spencer's lights, Sterling working on Lancaster's lights). Winchendon still has 20-30 LED lights to install that their previous electrical contractor could not install for a variety of reasons. Al Gallant mentioned that they would also be interested in some type of long-term contract for streetlight maintenance that they could enter with the TMLP. The GM provided them a rate of \$191 per hour to perform these installs which includes 2 first class linemen and 1 aerial lift, all materials to be invoiced separately. Dana asked how much we would make and about the wear and tear on our equipment; the GM stated that the rate came from the higher labor rate with benefits added in PLUS \$24 per hour for the aerial lift PLUS 8%. He added that to make anything more than the 8% would be contrary to MGL Ch 164 Sec 58 and would require a DPU filing and/or ruling. Gregg asked how long these installations would take' the GM said that the bulk of the 20-30 could be done within a week's time but a few would take a little due to location. Dana asked if National Grid would be able to take any legal action against the TMLP for doing such work; the GM had already checked with Steve Doucette who assured him that unlike residential or commercial/industrial electric services, this streetlight work WOULD NOT be a franchise rights matter contrary to MGL Ch 164 Sec 47a. He said that National Grid would be treating this as if we were electricians working on the Town of Winchendon's facilities since the Town owns the fixtures. The GM felt that a board vote would be in order at this time to allow he and the LS to start scheduling the work. At this time a vote took place as follows:

*"On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to provide streetlight installation and maintenance services to the Town of Winchendon at the rate suggested by the GM of \$191 per hour for 2019."*

*Gregg – Yes*

*Chris – Yes*

*Dana – Yes*

The GM handed out a draft 2019 Light Budget for the same \$\$\$ amount as 2018. Depreciation expense at 3% would be less than in 2018 since this figure was calculated as a percentage of the total plant in service. Melanson-Heath did not include the wind turbine as part of the plant as Goulet-Salvidio had done, so as a result, the depreciation expense had decreased by **\$139,525**. Consequently, the return-on-plant expense at 1% would also be less by **\$46,508**. However, power supply expense would increase due to the planned addition of the battery storage unit to our plant by **\$102,676**, as there would now be debt service payments made annually to MMWEC. Wind turbine maintenance expense would also increase by **\$41,916** due to uncertainty over the next repair crisis that may present itself in 2019. After some board discussion a vote took place as follows:

*"On a motion by Dana, seconded by Chris, 3-0 in favor the Board voted to accept the GM's draft operating budget for the Light Plant for 2019 of \$7,435,418"*

*Gregg – Yes*

*Chris – Yes*

*Dana – Yes*

The GM had a handout dealing with the annual capacity peak for FCA#9 which occurred on August 29, 2018 at Hour 18. During this hour the TMLWP load was **10,582** KW and the Templeton Solar output was **1,086** KW, resulting in a network load of just **9,496** KW. Our annual capacity savings for FCA #10 as a result would be as follows:

$$[1,086 \text{ KW}] * [\$7.03 \text{ per KW-Month}] * [12 \text{ Months}] * [1.4] = \mathbf{\$128,261}$$

The GM stated that Templeton Solar was again helping the TMLP to reduce their capacity supply obligation as it had already done in 2015, 2016 and 2017.

The GM talked to the Board about replacing the office carpet which was now 14 years old. He showed them some color choices on the 2' square carpet tiles that he had been provided by Patrick at Horrigan Flooring Center in Westminster, MA. The GM first thought that we would roll another new large carpet in place of the existing but learned that very few of the carpet installers deal with moving furniture. This made the 2' by 2' square carpet tile idea more attractive, and as Patrick had explained to him there is far less moving of furniture involved since these tiles can literally be installed all around a piece of furniture before there is need to move it only the 2' required to get the next carpet tile in. The GM was looking for any color suggestions by the Board but they thought he could make this decision when the time came. This type of carpet system also carries with easier replacement since every 4' SQ can be swapped out one at a time. Horrigan had provided an estimate for **\$16,000** but he wasn't sure if this figure also included the board conference room, so he would have to check on that. Dana had questions on what the warranty would cover and for how long, but the GM had not gotten that far yet; he would have to do more research on it. He also needed to find out the proper way to go thru a procurement process, i.e., was this to be considered a "public construction job"? The GM did say that if it was convenient for the installer the job did not have to be done all at once. The board conference room could be done at any time

during the week as could the GM, LS or WS office spaces while another work space could be used in the interim. Even to some degree the printer/server room could may be done during normal office hours, but the main administrative office could not and would have to be after hours. The GM suggested a darker color may be able to withstand longer than what is in here now; Dana agreed.

The Manager had five (5) handouts for the Board tonight:

1. August, September 2018 Power Supply
2. September, October 2018 Wind Generation
3. September, October 2018 KWH Sales
4. Q3 2018 Electric Rates/ MMWEC
5. October, November 2018 Electric Rates (TMLP)

**Other Business:**

The GM asked the Board if it was possible to CLOSE the TMLWP Office for the whole of Christmas Eve Day, which is a Monday, and OPEN the TMLWP Office for the whole of New Year's Eve Day. He thought it made little sense for the employees to work from 7-11 or from 8-12 on Monday just to have Tuesday OFF and return on Wednesday. The Board thought this would not be a problem.

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 7:57 p.m.

Respectfully Submitted,



John M. Driscoll