



86 Bridge Street, P.O. Box 20, Baldwinville, MA 01436-0020

TEL: 978-939-5323

FAX: 978-939-4309

John M. Driscoll, *General Manager*

Light Commissioners' Meeting March 4, 2015

Members present were: Gregg Edwards, Chris Stewart

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:30 p.m. by Dana.

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

The January 13, 2014 minutes were approved on a motion by Chris, seconded by Gregg, 2-0 in favor.

Old Business:

The Manager updated the Board on the status of the MA DOR audit that was being performed on the Light Plant's commercial electric customers. There had been 9 commercial electric customers thus far who had been asked to complete the necessary updated ST-1 sales tax exemption forms as a result of the audit. To date, only 8 of them had sent in responses exempting them from the state sales tax on energy of 6.25%; the 9th had been assessed the tax based on the Light Plant's not receiving any response back. The Manager stated that any back sales taxes due to the state would have to be paid by the Light Plant first and then the Light Plant would have to pursue the customer on their own for reimbursement.

The Manager reported on the 2014 returns from the Light Plant's OPEB Trust held at MMWEC. There had been an average return of **+5.89%** on the average balance of **\$30,622** for 2014, which fell within MMWEC's original projections of 4-7% in a blended trust. The Manager felt it prudent to deposit another **\$40K** into the Light Plant's OPEB Trust, in following the Board's wishes last year to invest \$20K in 2014 and wait to see fund performance, then \$40K in 2015 and then \$60K in 2016. These funds would come from the Light Plant's MA Reserve Trust, also held at MMWEC.

New Business:

The Manager had distributed copies to the Board of the electric sales summaries for January and February 2015 for their review.

The Manager and the Superintendent had been considering replacement of the Town's 15 municipal HPS flood lighting with newer and more efficient LED flood lighting which had just been made available to the electric utilities by Cooper Lighting. There was a proposal to also replace the flood lighting at the substation to cut the Light Plant's expenses. The 400-Watt HPS equivalent would consume 129 LED Watts as opposed to 462 HPS Watts; the 250-Watt HPS equivalent would consume 85 LED Watts as opposed to 280 HPS Watts. The Manager's payback analysis had these fixtures paying for themselves in less than 3 years. The Board in general felt that this was a good plan so the Manager and Superintendent would move forward with said LED replacements.

The Superintendent gave the Board a maintenance update as to why the Templeton Wind Turbine was not able to generate for the month of February 2015. A high-impedance shorting bus bar known as the "crowbar" was failing to operate, and as a result the generator was losing stability and would not generate. Both IPS/Trico and MASC/Windtec had been needed to assist us in making necessary repairs to resume any wind generation from the unit. The Templeton Wind Turbine had no generation output from January 28, 2015 to March 5, 2015. The Manager noted that a WREC payment from MMWEC in February 2015 had helped to soften the blow of no output by reducing the Light Plant's monthly capacity payment to MMWEC from \$27,000 to just \$11,064.

The Board had previously expressed interest in finding ways to pay down the wind turbine debt sooner than another 13 years for the CREBs loan for \$2,160,000 and another 8 years for the People's Bank loan for \$993,750. The Manager had communicated with Carol Martucci of MMWEC to see if there were ways to do this. She had told him that there were no provisions within the CREBs loan's financing structure to do this and the term would remain at 180 months. On the People's Bank loan there existed a pre-payment penalty for any additional payments made against this loan prior to August 1, 2017, after which time there were ways to re-finance and shorten the 120-month loan term. The Manager would re-visit this issue in two years' time.

The Manager relayed to the Board his concerns about this year's moratorium on the termination of electricity for residential electric customers with or without protection via physician's notes. The Light Plant now had 8 different such customers protected year-round from termination of electric service due to such physician's notes on behalf of the residents citing various afflictions and ailments. Only 2 of these 8 were actual property owners and possessed real property on which municipal liens could be placed; the other 6 would have to be continually chased by the Light Plant and/or its collections agency in order to receive the funds owed for electricity consumption. The average residential arrears come April 1, 2015 would like exceed \$90,000, which would be about \$70,000 more than it was just 9 years ago.

The Manager had told the Board that the residential customer who had owed the most in electric arrears (over \$11,000 since June 2010) out of the 8 was being pursued another way, in conjunction with the Town's tax-taking of several properties in town delinquent on real property taxes. A private company had recently purchased the debt

of said properties in town from the Town and would force payment arrangements with the current tenants of these properties. Once this private company had received its payments from said tenants, the portion of the payments due to the Town would be paid to the Town, and then the portion of those funds that were due to the Light Plant would be paid to the Light Plant. The Manager added that the residential customer who owed the second most money on the list (over \$4,000) was being pursued via the small claims court process. [A subsequent court date has been set for June 8, 2015 in Winchendon District Court for a \$100 court filing fee.] Both of these residents were essentially renters.

The Manager had requested of Odyssey Advisors (formerly Primoris Benefit Advisors) to perform an updated actuarial study for the Light Plant's 10 employees and 5 retirees. He anticipated completion of this updated study by Odyssey Advisors by mid-2015.

The Manager had given the Board copies of the two documents that he had provided the Town for the publication of their FY2014 Annual Town Report book. These documents were the 2013 Light Report and the 2013 Light Financial Statements.

There were five (5) hand-outs that the Manager had prepared for the Board that did not particularly require any specific discussion:

- February & March 2015 Power Supply
- March & April 2015 Wind Generation
- May 2015 Residential Electric Rate Comparisons

Other Business:

The Manager wanted to inform the Board about the proposed changes to the Town's Health Insurance provider that the Selectmen and Town Administrator were considering. Without forming a proper IAC (Insurance Advisory Committee) under the state statutes, the Town Administrator would be scheduling several open meetings for the existing 94 town employees and retirees to attend. The Town was concerned over Blue Cross-Blue Shield's proposed 9% increase in town premiums for FY2016. There had been a document distributed to the first of these meetings stating that the Town expense for health insurance for FY2016 would be \$1,322,762. The Manager had been in attendance at this particular meeting and had inquired as to why all of the employee contributions were included in this figure like it was a taxpayer expense and not an employee one. The Town Administrator then stated that the actual cost to the Town was only \$992,072 and that this would be what voters would be voting to accept at the 2015 Templeton ATM.

The Manager then inquired as to whether or not the Light and Water Plant's health insurance premiums paid were in this new \$992,072 figure, to which the Town Administrator responded in the affirmative. The Manager then noted to him and to those town employees in attendance that this figure should be \$714,732 as soon as one were to deduct the light enterprise cost of \$201,120 and the water enterprise cost of

\$76,220. Neither of these expenses was covered by voter appropriation at town meeting resulting in taxation but rather was completely paid for by the sale of electricity to roughly 3,500 customers and water to roughly 2,200 customers. The Manager's principle concern was that the voters in May at town meeting would be asked to approve an unnecessary expense, thereby artificially inflating the Town's mill rate of taxation. The Manager reminded all that the light and water budgets were approved every December and May by the Light and Water Commissioners and these budget figures included all health insurance costs for 21 employees and retirees.

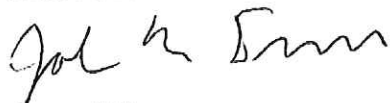
The Manager again brought to the Board the idea of moving some of the Light Plant's funds held in its MA Reserve Trust and/or Working Capital Trust over to the newer Blended Trust which MMWEC had established a few years back. He noted that this newer trust was a mix of bonds and stocks that was yielding a return to its participants in the range of 6% per annum. The yields of the other two trusts had been in the 1-2% range for 2014, the Manager cited for comparison. He added that the Light Plant's OPEB Trust established last year had an investment model resembling that of the Blended Trust and the Light Plant's funds had in fact returned 5.89% of what was invested in 2014. At this time the Board was not interested in making any changes to the levels of funding in the existing MA Reserve Trust and/or Working Capital Trust.

The need for a comprehensive arc flash had arrived coincident with a new OSHA Guideline. It involved minimum safe working distances from energized electrical apparatus and proper protective personnel equipment. The Manager stated that some of the other municipal light plants had recently engaged in such a study utilizing the services of Power Line Models or Power Engineers. Since Dave Columbo was much more familiar with the Light Plant's distribution system because of his past experiences here than anyone from PLM was, the Manager thought it prudent to choose Power Engineers as the consultant to perform this arc flash study. The Manager had concerns over not only the one-time cost of this study, but the endless costs it could potentially mean for the Light Plant to provide its personnel with more fire-resistant work clothing. By contract the Light Plant already provides its operations personnel an annual work clothing allowance of \$962, and the Manager saw this cost easily doubling if the arc flash study mandated such a change.

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 2-0 in favor the Light Commissioners' Meeting adjourned at 8:00 p.m.

Respectfully Submitted,

John M. Driscoll



General Manager