Light Commissioners' Meeting
October 7 2014

Members present were: Dana Blais, Gregg Edwards, Chris Stewart

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:35 p.m. by Dana.

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

The August 5, 2014 minutes were approved on a motion by Gregg, seconded by Dana, 2-0 in favor.

Old Business:

The Manager informed the Board that the audited financial statements for 2013 were not yet complete by Goulet-Salvidio & Associates because the Light Plant had switched accounting firms so late in the tax season and also that the bank confirmation from the Town had taken several weeks to obtain. He had in his possession two (2) drafts of the audit but didn't see any point in distributing them since the final version was (he thought) to be received in a week's time.

The Light Plant had only received one bid response from James A. Kiley Co. for a Telect unit to replace the existing Light Truck #25 for $153,000 less a $4,000 trade allowance for the 2005 Altec unit. Both the Manager and the Superintendent felt that more than $4,000 could be obtained thru the municipal bid process but the 2005 unit had had so many maintenance issues that they both felt selling it to a private party would not be just. 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 $153,000 less the $4,000 trade allowance.

Several months earlier the Narragansett Regional School District (NRSD) had approached the Light Plant about their contributing $5,000 toward a $10,000 payment to the DOER for a comprehensive energy audit of the Narragansett Regional High School (NRHS). The Manager had run the idea by the Board previously and they wanted to some more background data on the energy audit first, namely the total audit cost and scope and also the results when completed. Copies of the energy audit results had been mailed to the Board's residences so that they could view the results in advance of tonight's meeting. The Board wanted the Manager to ask the NRSD if they would substitute a $5,000 in-kind payment toward the total energy audit costs for the Light plant's FY 2014 Land Lease Agreement payment. The Manager will look into this.

New Business:

The Manager and Superintendent both gave the Board updates on the status of the solar array interconnect on Farnsworth Road. All of the necessary utility poles that were 35' in height had been replaced with poles that were 40' in height but there still needed to be overhead wire installed. The primary metering cabinet and base and primary switch cabinet and base had already been ordered and there were no anticipated delays in receiving the other necessary project materials by the construction deadline of December 31, 2014.

The Manager was in the middle of attempting to find out whether or not an errant land lease payment of $20,000 had been made in August or September of 2011 to the NRSD. He had found a light vendor warrant to support the existence of a $20,000 check to NRSD but could ascertain the status of this check. The NRSD Superintendent had done a thorough search of the school's records and determined that they had received no such check. If there turned out to be no overpayment to the NRSD of $20,000 then the Light Plant was basically caught up with its $5,000 land lease payments except for FY 2014, which would be negotiated as a substitution for their building energy audit.

The 2013 DPU Report had been completed by Goulet-Salvidio & Associated in August after having filed two (2) different extensions with the DPU after the March 31, 2014 deadline. The Manager noted that the DPU was not pleased with the Light Plant's filing of their fifth extension request in the last five (5) years, but the Manager had informed them that since the Light Plant had joined the wind cooperative and the financial statements needed to be audited separately and then combined, more time has been needed. The purpose of switching from Braver, PC to Goulet-Salvidio & Associates was to alleviate this long delay between the year's end and the completed audit of the financial statements. The Manager felt that this objective could not have been met for 2013 due to a number of factors but that it would be met for 2014.

[Discussion on the 1301 Circuit Regulator Controls was passed over accidentally.]

The Manager distributed to the Board copies of some documentation and analysis on MMWEC's new Blended Trust which had been established several months prior. In contrast to the Massachusetts Reserve Trust (MRT), which was invested mostly in bonds, this newer Blended Trust combined its investments in bonds and equities with far more impressive returns. The Manager offered a comparison of the Light Plant's Working Capital Trust (WCT) and MRT returns to those of their OPEB Trust (OPEBT) whose investments were blended. The WCT and MRT returns were at 0.44% and 0.39% respectively compared to the OPEBT's returns at 5.68%. The Manager added that if the Light Plant had blended the average MRT balance of $991,694 like it had with the

OPEBT there would have been $56K in returns gained from February thru August of this year. Gregg had some concerns on MMWEC's new direction of fund management for municipal light plants, a departure from their traditional objectives on the procurement of affordable wholesale electricity for the Light Plant. He also had concerns about how much the Light Plant would have to pay MMWEC to manage this new Blended Trust if the Board decided to establish their own. The Manager would get some more information from Matthew Ide at MMWEC on the terms and conditions of Templeton getting into this new Blended Trust.

The Manager had distributed to the Board copies of the Massachusetts General Laws, Chapter 164, Sections 58(b) thru 58(f) inclusive. These provisions dealt with municipal liens placed on private properties where electric accounts were in arrears in the absence of any bank mortgage. He wanted the Board to vote to adopt these provisions so that he could work with the Town's tax-taking attorney to recover electric arrears from customers who he felt had no intention of settling up their debt…ever. The Board vote would produce a document of the Light Plant's acceptance of these lien provisions under the law and be filed with the Town's Collector and the Worcester County Registry of Deeds. Once filed the Light Plant would have the ability to treat electric liens like property tax liens and, with the assistance of the Town, force the sale of property for funds to be transferred to electric liens. On a motion by Chris, seconded by Gregg, 3-0 in favor the Board voted to adopt the provisions of the Massachusetts General Laws, Chapter 164, Sections 58(b) thru 58(f) inclusive to be used as an instrument to collect electric liens from tax-delinquent properties.

National Grid was going to raise their basic service offer charge from 8.277¢ to 16.273¢ effective November 1, 2014 in their residential rates resulting in an overall increase of 37% to the average National Grid residential customer. There were similarly outrageous increases coming for their commercial and industrial customers as well and the Manager had done an analysis of Templeton's winter rates against those of National Grid's. The average deviation between rates was 45% (Templeton lower). The Manager stated that the influx of $96K in Wind REC payments in September had necessarily driven the fuel adjustment from $0.0000 down to -$0.0050 and this would continue downward thru the remainder of 2014.

The Manager advised the Board of new invoicing to be coming to the Light Plant from Northeast Utilities regarding their getting reimbursed for a portion of their Greater Springfield Reliability Project (GSRP). They had gotten approval from the Federal Energy Regulatory Council (FERC) to recover a portion of the project costs thru their local transmission tariffs rather than thru their local retail rates. Because Templeton was a quasi-transmission customer of Northeast Utilities in Hancock and Lanesboro, MA as part of Berkshire Wind they would be responsible for their Load Ratio Share (LSR) of the project costs not allocated to distribution rates. The Manger felt as though these costs would average $180 per month for 18 months or so; not a huge financial burden to the Light Plant but still absurd nonetheless.

Copies of Templeton's bulk power supply projections were distributed to the Board by the Manager for their review which demonstrated Templeton's small exposure to the open market in December thru March 2014. Only 9% of Templeton's power supply needs would need to be met by the ISO Interchange during these months. MMWEC had hedged for Templeton 30% of their on-peak power at 9.1¢ per KWH and 30% of their off-peak power at 7.9¢ per KWH.

The Manager had been working with Matthew Ide at MMWEC in order to secure for the Light Plant a credit rating independent of the Town's, which currently was non-existent. MMWEC had suggested going thru S&P to establish the credit rating which will be based on Templeton's audited financial statements from 2009 thru 2013. Templeton had been able to use MMWEC's credit rating thru Bank of America in the interim period to satisfy ISO New England's requirement of having either credit rating thru an agency like S&P or collateral posted in the amount of $225K until the Town's credit rating returned. Preliminary results gave Matthew Ide the impression that Templeton's credit rating, once determined by S&P, would be 1 or 2 grades *above* where the Town's was prior to its being downgraded the first time by Moody's.

Eight (8) months' worth of health and dental insurance invoices had *finally* been issued to the TMLWP by the Town in July 2014, and as far as the Manager and the Staff Accountant could tell, *all* of them were incorrect/not enough. The assumption was that either all of the Light Plant's retirees were absent from the invoices OR they were void of Medicare costs OR both. The Manager had committed the TMLWP to payment schedule anyway so that the Town could get some of its general funds reimbursed before these health and dental invoices were corrected. The TMLWP paid $31,283.36 in health and dental invoices to the Town on October 1 and would pay $31,283.36 and $31,890.98 on October 15 and October 29 respectively to cover its health and dental insurance obligations thru July 2014. The TMLWP would not pay the $32,498.60 in additional invoices for August and September 2014 since the Town had not credited back that portion of the health and dental insurances that no longer required funding due to the unfortunate death of a light employee's spouse.

Six (6) months' worth of retirement invoices had also *finally* been issued to the TMLWP by the Town in September 2014, and like the previous health and dental insurance invoices there were mistakes. The Manager and the Staff Accountant had determined that the FY 2013 payroll figure for light employees had been recorded by the Town at $1,204,296 when in actuality the figure was $750,092. This $454,204 error by the Town was brought to the attention of the Town Accountant, as its being incorrect made all of the other town department's retirement assessment incorrect as well. Adjusting the FY 2013 light payroll figure down to only $750,092 made the total for town payroll in FY 2013 only $4,155,770 rather than the stated $4,609,974 so as a result the sewer and water enterprise assessments were incorrect along with all of the other town departments (fire, highway, police, etc.). The Town's figures versus the TMLWP's figures are detailed below:

Department:	**Town Figures:**	**TMLWP Figures:**
Town	$ 409,208 / 59.988 %	$ 453,934 / 66.545 %
Light Enterprise	$ 178,205 / 26.124 %	$ 123,124 / 18.049 %
Sewer Enterprise	$ 44,722 / 6.556 %	$ 49,612 / 7.273 %
Water Enterprise	$ 50,015 / 7.332 %	$ 55,479 / 8.133 %

The Manager had made the decision to produce light and water vendor warrants to the Town for ½ of the FY 2015 retirement assessments for $61,561.94 and $27,739.47 respectively, leaving it up to the Town as to whether or not they would now reimburse their general fund for the light and water retirement expenses that they had already paid. The Manager that either the Town Accountant would decide to accept the Manager's adjusted payment figures OR the next Town Accountant would; either way he felt that the TMLWP was doing all that it could to assist the Town in their retirement reimbursement. The Manager had last week met with the Town Administrator who was, like the Manager, of the opinion that the TMLWP should not be paying the Town for invoices that were incorrect.

There were six (6) hand-outs that the Manager had prepared for the Board that did not particularly require any specific discussion:

- July 2014 Power Supply
- August 2014 Power Supply
- August 2014 Wind Generation
- September 2014 Wind Generation
- September 2014 Residential Electric Rate Comparisons
- October 2014 Residential Electric Rate Comparisons

A motion was made by Gregg, seconded by Chris, 3-0 in favor for the Board to enter into Executive Session for the purpose of discussing salary adjustments for FY 2015 for the Light Plant's three (3) exempt employees; General Manager, Light Superintendent and Business Manager pursuant to MGL Chapter 30A Section 21a Subsection 2. The Board would only reconvene in Open Session for the purpose of adjournment. At this time a roll-call vote was taken in the Open Session:

Gregg – "Aye" Chris – "Aye" Dana – "Aye"

There being no other Open Session business to discuss, on a motion by Gregg, seconded by Chris, 3-0 in favor the Light Commissioners' Meeting adjourned at 8:45 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager