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John M. Driscoll, *General Manager*

Light Commissioners' Meeting June 5th, 2012

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

Employees present were: John Driscoll, Tom Berry

The meeting was called to order at 6:25 p.m. by Dana.

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

The May 1st minutes approval had been tabled for a later time when Gregg was present.

Old Business:

The Manager and Superintendent had previously informed the Board about a problem with the wind turbine's generator, likely in the bearings. Lumus Construction had come last week but had to cancel a vibration analysis due to the lack of wind necessary for generation. The Superintendent had said that Lumus Construction had not yet re-scheduled said vibration analysis, but the Manager added that Templeton Light was currently holding a \$ 16,800 invoice from Lumus Construction for the second installment of their maintenance agreement.

[Gregg joins the meeting circa 6:40 p.m.]

The Manager had revisited the issue of Templeton Light purchasing new television sets with DVD capability for NRSD. He had previously stated the need to have DVD compatibility in these units since Ray Gouley's collection of safety videos were all on DVD rather than VHS. At this time, now knowing of the approximate \$ 1,000 cost for

Templeton Light to acquire said television sets, the Board felt that it was unnecessary for Templeton Light to act as the purchaser of audio/video equipment for the school district.

New Business:

A discussion was had between the Board and the Manager regarding National Grid's May of 2012 reduction of their residential basic service charge from \$ 0.08265 per KWH to \$ 0.06718 per KWH. He had prepared several analyses of how this reduction would translate into the appearance of an increase in Templeton Light's rates, segregated by total monthly charges and usage rates. The Manager had used several similarly-sized local municipal light plants in his comparison of our new positioning of residential electric rates. The Manager stated that for a typical residential bill for 750 KWH of usage, the average Templeton customer would pay \$ 102.82 to National Grid's \$ 104.68, which is 1.78 % lower. Taking into consideration this new decrease in the residential basic service charge, this same customer's \$ 102.82 was against National Grid's \$ 99.90, which is 3.03 % higher.

The Manager thought it crucial to advise the Board of this rate decrease, should any electric ratepayers approach the members of the Board to voice their concern over it. It was likely that National Grid had just purchased a very large block of power fueled by natural gas which is at record lows; less than \$ 3.00 per unit. The Manager went on to explain that Templeton Light's share of natural gas in its power portfolio was very low but since natural gas drives New England wholesale electricity costs, any open market power needed by Templeton Light is affected quickly by these types of price fluctuations.

There had been much discussion around town as of late about Templeton Light's annual PILOT being too low. The Manager had distributed to the Board copies of several PILOT formulation methods utilized by other municipal light plants in Massachusetts, the most common of which was a calculation of one to two times the average 10-year mill rate times the total utility plant worth (less acct. #360 & #390). For Templeton Light's FY13 PILOT, this calculation would yield an acceptable PILOT of \$ 82,000 to \$ 164,000. Analysis performed by the Manager going back the same 10 years illustrated that Templeton Light's average PILOT back to FY03 was \$ 121,000, and since this figure falls directly in the middle of the formulated range, he saw no issues with this fiscal year's accepted PILOT.

The Manager felt it noteworthy that there were three municipal light plants which had paid nothing for a PILOT in FY13, stating that in-kind services to their towns had reduced or eliminated their PILOT obligation. He had further stated that upon some local research with some town tax collectors, National Grid had paid the Town of

Winchendon only \$ 67,000 for its substation and three circuits, while simultaneously paying the Town of Westminster \$ 98,000 for its two substations and six circuits. The Manager went on to state that Templeton Light's level of staffing had remained constant for many years at 10/11 employees, yet he felt that there were more town employees than ever before, thus necessitating the ever-increasing taxes. Templeton Light had increased its total utility plant worth 68 % over the past 10 years while only increasing their electric rates 23 %. When taking into consideration adjustments in costs of living, this equates to nearly no electric rate increase at all.

The Board had been interested in finding out what level of funds that Templeton Light need keep in reserve to plan for emergencies. The Manager had had a discussion with Jeff lafrati of MMWEC, and he told the Manager that MMWEC requires a minimum balance in Working Capital equal to 2 months of Non-PSA power bills. In Templeton Light's case this figure was calculated several years ago at \$ 360,000, which is fine for MMWEC but puts Templeton Light nearly in last place for the numbers of days of power supply budget in reserve. The Manager suggested that the assessments of MA Reserve Trust and Working Capital, presently \$ 14,292 and \$ 6,000 respectively, could potentially be doubled to begin to build up Templeton Light's reserves. He further stated that this year's power supply cost thus far had dropped from the same months last year and that this increase in MRT and WC assessments could be done with no impact to electric ratepayers.

[Upon re-entering open session, the May 1st minutes were approved on a motion by Gregg, seconded by Dana, 2-0 in favor w/ Chris abstaining.]

There being no other regular session business to discuss, on a motion by Gregg, seconded by Chris, 3-0 in favor the light board meeting adjourned at 7:15 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager