Light Commissioners' Meeting
November 12, 2013

Members present were: Dana Blais, Gregg Edwards
Employees present were: John Driscoll, Tom Berry
The meeting was called to order at 6:20 p.m. by Dana.
The agenda was approved on a motion by Gregg, seconded by Dana, 2-0 in favor.

Old Business:

Bruce Leymaster of BH Leymaster, Inc. was in attendance at the meeting to explain his results for what would be the fifth cost-of-service model rum for Templeton Light to complete its electric rate study. The final figures would result in a 5.46% electric rate increase across the board for all rate classes, residential, commercial, industrial and other. The evolution of the change in the percent electric rate changes from +4.83% to +1.86% to -3.21% to +3.86% to +5.46% was due to several variable inputs to the cost-of-service model. The first model run was based on a 3.00% rate of return on net utility plant investment which would have been $398K on $13.3M worth of municipal light plant value. The second model run was adjusted down to only a 1.00% rate of return, or $142K on the same municipal light plant value. The third model run had a cost-of-service target equal to the proposed 2014 light budget of $8.2M rather than the target previously calculated by Bruce but had also put in the unadjusted PPCA (for 2012) of $0.0075 per KWH. These two actions inflated the expected revenues to nearly $8.5M which yielded a perceived decrease in necessary electric revenues.

The fourth and fifth model runs were done to see the effects of first applying the PASNY credit to only residential customers and then re-applying it to all rate classes. This was done to see the effects of the municipal light plant absorbing that credit through just residential customers rather than from all electric customers. After researching the 1995 NYPA Agreement with MMWEC the Manager realized that this credit could only ever be applied to residential customers only since the Light Plant's original share of the NYPA output was based on Templeton's residential load only. (The sixth and final model run would be done with an adjusted (downward) light budget figure of $8.1M, an assumed PPCA of $0.0000 for 2014, an assumed PASNY Credit of ($0.0076) for only residential customers for 2014 resulting in a 1.00% rate of return on net utility plant investment, but MOT before the December meeting).

Both the Manager and Bruce explained to the Board about the evolution of the changes in proposed electric rate increases and the reasons for it. They added that with National Grid's November 2013 basic service/generation charge increase from $0.07251 to $0.10025 per KWH, a 3.98% increase in Templeton's electric rates would still put them less than electric customers in neighboring National Grid territories by about 16%. The

Manager added that at present Templeton Light's residential rates are 20% lower than those of National Grid in the WCMA Load Zone.

A discussion was had between Bruce Leymaster and a resident who was in the audience advocating for a new low-income residential rate class, similar to National Grid's R-2 electric rate. Both the Manager and Bruce explained at length the reasons why this type of rate would not be favorable for Templeton Light's customers at this time, the primary reason being that to further decrease residential electric bills for what could end up being 20% of the municipal light plant's customer base could only result in additional increases of 5% for the others in that customer base who were NOT low-income. Bruce added that National Grid cuts a full 25% off of its R-2 electric bills, resulting in reduced customer, distribution, transition, transmission and generation charges for their low-income customers. The Manager added that he could not justify how a residential customer could actually cost the Light Plant less by a figure of 25%, adding that it costs just as much in power supply costs for residential customers who may pay less as it does for those who would pay more. If the wholesale electric rates are the same for ALL residential electric customers then it is not possible to have varying retail rates to the same customers.

The Manager knew of at least two other municipal light plants who utilized a low-income residential electric rate, Belmont and Concord, both of whom had higher overall residential electric rates than Templeton did. Some of their residential customers paid more so that some others paid less. The Manager added that the percentage of low-income residents to medium/high-income ones in these communities would be significantly lower than that of Templeton's.

Bruce also stated that Templeton Light offers both a hydroelectric power credit and an early-pay credit to its residential customers, neither of which is available to National Grid's residential customers. The combination of these two credits results in a 16% decrease in the average residential electric bill in Templeton already. The Manager stated that to develop another residential rate just to cut another 9% off of the bill like National Grid is unwarranted. He added that the new PPCA formula to be utilized in 2014 was designed to produce a $0.0000 value since it was now built into generation charges, and any variation in that would likely be a credit to the residential customer, not a charge.

The Board was pleased with the overall results and felt that BH Leymaster had done a good job in producing the rate study and then explaining it, and they would consider a vote on the new proposed electric rates in December.

The Manager had been in touch with Peter Chatellier of Braver, PC and had been promised some type of wind turbine cost certification close-out letter for December 6, 2013. He hoped to produce this letter at the December meeting.

New Business:

The Manager presented the Board with a draft light budget for 2014 of $8.2M. There was some discussion on some line items in questions; the payroll figure seemed to be too high at $826K, as did the figure for HVAC maintenance of $20K. The Manager realized that he had probably put in the wages of three lead linemen into the payroll figure, forgetting that one of those positions would now be a CL3 lineman w/o standby pay at a greatly reduced annual cost. The Manager also realized that he had put the roughly $17K furnace repair into next year's operating budget as a maintenance expense, even though this work had already been completed in 2013 as a capital expense. The Manager would make these changes so that the Board could vote on the 2014 Light Budget at the December meeting.

The Manager had done a quick report for the Board on the 10-year history of the ISO New England Transmission System peak dates versus those of Templeton Light's, demonstrating that the system peak had increased 13.44% to 26,908 MW while Templeton Light's had increased only 5.50% to 10.255 MW over the same duration. The LSR (Load Share Ratio) for Templeton Light had decreased from 0.0410% to 0.0381% from FY04 to FY13 which had resulted in lower overall RNS (Regional Network Service) costs. ISO New England still has yet to match their FY07 peak of 28,038 MW and Templeton Light still has yet to match their FY08 peak of 10.615 MW, which shows overall how demand in New England is down due to the economic conditions.

The Manager reported to the Board that all of the necessary Light Plant contracts exceeding $5K in value going back to January 1, 2000 had been delivered to the Board of Selectmen per their request under MGL Ch 164 Sec 56C regarding their overdue fulfillment of their obligation to have light plant contracts in their office for the public to view.

There being no other Open Session business to discuss, on a motion by Gregg, seconded by Dana, 2-0 in favor the Light Commissioners' Meeting adjourned at 7:50 p.m.

Respectfully Submitted,

John M. Driscoll
General Manager