

PRINCETON MUNICIPAL LIGHT DEPARTMENT
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**BOARD OF LIGHT COMMISSIONERS
APRIL 11, 2018
REGULAR MEETING MINUTES**

The meeting was called to order at 7:00 PM.

Present were: Commissioner/Chairman, Jim Whitman, Commissioner, Chris Conway, Commissioner Rick Rys and PMLD General Manager, Brian Allen. Also Present at the meeting was Heather Isaac's of Goulet Salvidio & Associates and Phyllis Booth, report for the Landmark Newspaper.

Agenda:

The Board voted unanimously in favor (3-0) to approve the April 11, 2018 agenda as presented.

Meeting Minutes:

The Board tabled approval of the March 14th meeting minutes until the next meeting.

PMLD 2017 Audit Review:

Heather Isaac's of Goulet, Salvidio & Associates, P.C. (GSA) presented the Board with copies of the PMLD's year ending December 31, 2017 Financial Statements and Department of Public Utilities (DPU) Report. Copies of these documents will be placed on file and submitted to state and local officials as appropriate. Ms. Isaac reviewed the documents in detail and pointed out key figures to show PMLD's position in revenue, liabilities and assets. Ms. Isaacs confirmed that there was no need for a qualified opinion in 2017. The qualified opinion only applies to 2016 when the Worcester County Retirement (WCR) reports had expired due to a timing issue and were the only reports available for use during the 2016 audit. A qualified opinion will happen every even year until WCR reporting requirements change. Ms. Isaac answered Chairman Whitman's question confirming that there is no mandate at this time to fund the Other Post-Employment Benefits (OPEB) requirement, however it will be acknowledged on the financial statements until such time. Mr. Allen reminded the Board the previously agreed upon plan to fund OPEB after the Wind Farm debt is paid off. There were no material deficiencies found on how business is conducted at PMLD. The Board thanked Ms. Isaacs, her GSA staff and the PMLD staff for their efforts in completing the audit process.

PMLD Financials:

- **Bank Balances** – Mr. Allen presented the Board with the bank account balances report dated April 11, 2018 (a copy will be placed on file). The Citizen’s Bank Operating account has a balance of \$296K, the Depreciation account has a total balance of \$888K, the MMDT Rate Stabilization account has a balance of \$822K, the Unibank Operating account has a balance of \$5K, the Meter Deposit account has a balance of \$35K. As of April 11, 2018, PMLD has \$125 listed for vendor accounts payable and is waiting for \$277K in electric customer account receivables. All bills are paid in a timely manner.
- **2018 Year-to-Date Operating Budget Review** – Mr. Allen presented the Board members with a copy of the 2018 working budget analysis spreadsheet dated 04/09/2018 (a copy will be placed on file). The actual cashflow figures were through February 2018 with a target of 16.74%. Mr. Allen stated that revenues are at 18.45% and expenses are at 15.72%. Mr. Allen acknowledged that inventory purchases are at 40% due to utility pole changes associated with the Charter project.

General Manager’s Other Business:

- **Charter Utility Pole Work Update** – PMLD has 74% of the work completed. A completion timeframe has been set for the end of April/first week of May. Mr. Allen shared Charter’s satisfaction with PMLD’s work and ability. PMLD is working efficiently through the list of poles that need changes and Charter can move along without delay. The crews are now working Saturdays to ensure the work is completed on time. Mr. Allen has provided Town Officials with a cost estimate of \$178K. Charter and Town Officials have acknowledged that PMLD will require payment. The Board supported efforts to work with Charter and the Board of Selectmen on costs and reimbursement.
- **PURMA Insurance Audit** – The new underwriter for the wind farm insurance policy will be conducting a full inspection starting May 1st. Mr. Allen has no issue with the request and is confident that PMLD’s records and maintenance efforts will provide them with what they need to renew the insurance policy. Mr. Allen confirmed that the existing policy does include a rider benefit for revenue production loss.
- **West Princeton Rd off Westminster Rd** – Mr. Allen explained that PMLD currently services one customer on West Princeton Rd in Westminster because of an assumed agreement that was made with National Grid and PMLD back in the late 1990’s, which neither National Grid or PMLD can find documentation on. National Grid lines end about one mile back through undeveloped heavily wooded wildlife sanctuary at the north end of West Princeton Rd. When that one customer on West Princeton Rd worked with National Grid and PMLD back in the 90’s PMLD was granted permission to set poles and run service to that customer from Westminster Rd in Princeton and it has remained that way ever since. Today there is a developer who has purchased 3 building lots on West Princeton Rd and has inquired about running electric service from PMLD to his new lots. Mr. Allen is currently discussing with National Grid the possibility of swapping 5 customers on Dowd’s Lane at the Princeton/Rutland line with the existing customer and new home lots on West Princeton Rd on the Westminster/Princeton line. Mr. Allen explained the challenges with servicing Dowd’s Lane and the access through a difficult access ‘The Cut’ off private property. National Grid has suggested installing primary

metering equipment at both ends to reduce liabilities and maintain customers by each utility. The Board supported the installation of primary metering. Mr. Allen will work with National Grid to put a plan and agreement in place.

- ***Peak Shaving in the Summertime*** – Mr. Allen shared that the town of Princeton typically peaks in the winter, but the region peaks in the summer and that’s when the ISO sets capacity costs using the regional peak; therefore, it’s worth the effort to consider ways to shave peak in the summer. MMWEC has presented the opportunity to rent a 1½ - 2-megawatt generator to members, but the size is too large for what Princeton needs. Energy New England (ENE) can provide Princeton with a 1-megawatt generator. The generator is fully enclosed, comes in on a trailer, is a temporary unit, doesn’t require DEP licensing, can be located on the wind site, connected to the existing distribution system at the wind site, and all the controls are run by remote access through an independent contractor. Fuel is also provided by the contractor. Mr. Allen discussed the potential cost savings, less the rental fees. Mr. Allen will check on how it impacts our energy contract with Nextera. Mr. Allen would like to know if the Board wants him to continue to look into the idea. Chairman Whitman wants confirmation from Nextera that this will not have any adverse effect on our relationship or contract with them. Commissioner Rys wants to know more about the economics. Mr. Allen explained that capacity costs have increased and that’s why this option is better right now than batteries. Commissioner Rys shared his plans to attend the Energy Storage Conference in Boston next week and his plans to learn more about battery storage and micro-grid technology. Commissioner Rys stated that he will be in touch with companies who may have other products and solutions that might work for Princeton. Mr. Allen would like Commissioner Rys to provide financial costs as well. Commissioner Conway expressed concern with the noise and fuel containment. Commissioner Rys would like to see calculations on the financial impact and the environmental impact. Mr. Allen expressed his desire to do peak shaving for one year and attempt to save Princeton money on capacity. Mr. Allen stated that this option was attractive because the financial impact and risk are minimal. The Board acknowledged that they are not aware of any battery storage rental unit that currently exists or compares to a generator. The Board agreed that Mr. Allen should continue to get more information on the option.
- ***Wind Renewable Energy Credits*** – Mr. Allen is working to negotiate a Wind REC price for Q42017 and into 2018. The market has tanked, and RECs are currently getting \$5 a MWH. Mr. Allen should have something in place by the end of April and will share details at a future meeting.

Other Business:

- ***PMLD’s Human Resource Policy Manual Revisions*** – The Board agreed to table the vote to the revisions made to the Human Resource Policy Manual until the May meeting.
- ***Solar Net Meeting Cost Impact Information*** – Commissioner Rys presented his research and Berkley lab calculations that he felt provided a picture of the impact solar compensation and penetration has on electric rates. Commissioner Rys expressed that the calculations support his opinion that new solar PV owners, under the new interconnection policy, who remain

connected to PMLD's distribution system and are not compensated for excess power generation will reduce PMLD's power purchases. Commissioner Rys wanted to reconsider and discuss the previous conversations about charging solar customers a higher distribution cost in the future. Commissioner Rys expressed his concern that PMLD's green report card is not green enough and that conservation is the primary reason for declines in load over the years and is still the number 1 action folks can implement in order to become greener. Mr. Allen stated that Nextera can help reconfigure PMLD's energy portfolio to include more green power, but there will be a financial impact with that. Commissioner Rys presented his written statement (a copy will be placed on file) outlining his breakdown of distribution costs across the population and how it varies. Commissioner Rys encouraged alternate financial calculations. Chairman Whitman challenged the accuracy of the calculations and values and disagreed that the VoS calculation is reliable and could be applied to Princeton. Chairman Whitman presented his doubt in selling the idea to purchase higher priced green energy to customers. The Board discussed how converting homes from fossil fuels to electricity would make folks greener if they so choose to and there is a larger customer base that could do that versus' installing solar. Commissioner Rys shared how his solar panels interact with his home's electrical mechanical systems and the amount of effort and attention he must put into the task of maximizing the solar energy consumption when the sun is out and minimizing the electricity purchased from PMLD when the solar panels are not generating. If the purchase of more green energy was required by the state and needed to be offered to customers, Chairman Whitman would like it to be an individual choice a customer can make. Mr. Allen confirmed that Nextera can provide PMLD with a way to sell greener energy to customers on an individual basis.

At 9:15 PM the Board voted unanimously in favor (3-0) to adjourn.

***Respectfully Submitted,
Christine Trudeau
Recording Secretary***