

PRINCETON MUNICIPAL LIGHT DEPARTMENT
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**BOARD OF LIGHT COMMISSIONERS
DECEMBER 12, 2018
REGULAR MEETING MINUTES**

The meeting was called to order at 6:00 PM.

Present were: Commissioner/Chairman - Jim Whitman, Commissioner - Chris Conway, Commissioner - Rick Rys and PMLD General Manager - Brian Allen. Also present EAC Member – Phil Gott.

Agenda:

The Board voted unanimously in favor (3-0) to accept the agenda as presented and add an additional item to discuss - “NextEra conference Call”.

Meeting Minutes:

- **November 14, 2018 Public Meeting Minutes** - The Board voted unanimously in favor (3-0) to approve the minutes as written. A copy will be placed on file and will be available online at www.pml.com.

General Manager’s Report:

- **Current Bank Balances** – Mr. Allen presented the Board with the bank account balances report dated December 12, 2018. A copy will be placed on file. The Citizen’s Bank Operating account has a balance of \$209K, the Depreciation account has a total balance of \$1.13M, the MMDT Rate Stabilization account has a balance of \$834K, the Unibank Operating account has a balance of \$1K, the Meter Deposit account has a balance of \$34K. As of December 12, 2018, PMLD has \$111K listed for vendor accounts payable and is waiting for \$291K in electric customer account receivables. All bills are paid in a timely manner.
- **2018 Operating Budget Review** – Mr. Allen presented the Board members with a copy of the 2018 working budget analysis spreadsheet dated 12/12/2018. A copy will be placed on file. The cashflow figures were through September 2018 with a target of 83.34%. Mr. Allen stated that revenues are at 86.44% and expenses are at 84.07%. The Board had no questions or concerns about the budget.

Mr. Allen explained that the \$47K reimbursement from Tallahassee FL was held up due to new FEMA changes with expense requirements relating to fuel charges. PMLD had approximately \$1,000 in fuel costs that required additional paperwork. Mr. Allen explained that the storm crew was not aware of

the requirement before or during the storm work; and now were unable to produce logs and signatures. The other NEPPA municipal departments who were called upon for storm assistance also had to deal with the same issue. The Tallahassee General Manager acknowledged that the receipts submitted did follow the older FEMA requirement used earlier in the year and agreed to pay the invoice in full. The reimbursement check is expected by the end of the year.

Mr. Allen informed the Board that the Auditors (Goulet, Salvidio & Associates) have started the annual audit and their preliminary field work. The Auditors will come back in January to do inventory and again in February to finish up their field work. The 2018 audit will be available in March/April.

Chairman Whitman reminded everyone that 10 years ago today PMLD and the residents of Princeton were in the throes of the infamous Ice Storm of 2008.

- ***5 Year Plan (2019-2023) and 2019 Proposed Operating Budget Review*** – Chairman Whitman made a motion to keep the electric rate the same for 2019 and go with the proposed budget that Mr. Allen put together to support no change in the rate. Commissioner Conway seconded the motion. All were in favor (3-0). Chairman Whitman suggested that Mr. Allen put together a press release announcing no change in electric rates to be published in the Redemption Rock News and Landmark newspapers.
- ***Police Officer and Flagger Detail for PMLD Road Work*** – Mr. Allen updated the Board on meetings he and his Foreman have had with Police Chief Powers. Mr. Allen received a letter from the Police Union telling PMLD to cease and desist with illegal use of non-certified flaggers. Mr. Allen has not replied back to the Police Union letter as of today, however he did inform Chief Powers of the letter and acknowledged that the representative who wrote the letter was incorrect in accusing PMLD of illegal use of non-certified flaggers. Chief Powers is aware that PMLD has certifications for all its employees to perform the duties of a Flagger for road safety detail as needed on public roadways. The Town Administrator has also been made aware of the issue. A meeting will be arranged between Town Officials and Department Heads once the Town Administrator meets with the Police Chief and Police Union Representative. The Board expressed their concern that if PMLD is unable to use flaggers and is forced to hire police details for every roadside job there will need to be an increase for that budget line item of approximately \$200K.
- ***Heat Pump Additional Rebate Incentive Program*** – The Board reviewed the marketing flyers to promote the additional heat pump installation matching rebate incentive to be rolled out to all Princeton residents in tandem with the HELPS program. The incentive is on a first-come-first-serve basis. Residents are only eligible for the rebate if they have completed an in-home energy audit (a \$215 value) which is paid by PMLD to first determine if a heat pump installation is the right for their home. A public educational forum was recommended to educate folks about heat pumps and what they do, how much they cost, etc. MMWEC can assist PMLD with the forum. The commissioners worry about getting people to attend a forum and would like to look for a high-traffic community event to promote the program at. The Board agreed that publishing information about the program in the newspaper(s) would help promote it and get the word out. Mr. Allen explained that MMWEC and a mini-split heat pump vendor are looking for sites to install their equipment for a state program they

are working on. Mr. Allen submitted PMLD as a possible site and is waiting for a response. Commissioner Rys asked Mr. Allen to send him the information so he could see it and share it and thought that customers with solar generation systems on their homes may want to be considered as sites too. Mr. Gott shared that the Environmental Action Committee (EAC) report has been delayed, it will now be completed and submitted to the Town in February. Mr. Allen is waiting on the DOER to release the new SMART program to the public and as soon as information is received it will be shared.

- ***NextEra Conference Call*** – The Commissioners discussed the information presented to them during the 11/29/18 conference call. The three options presented during the meeting included – Option 1: Modeled after a large server farm that would own and operate their wind power but would look to NextEra to buy the wind power and provide an equivalent amount of power to the server farm. In this option the PMLD wind stays as an ISO-NE entity and NextEra buys all the power or perhaps 75% of the power if Sterling and West Boylston PPA's remain. This may require some form of non-profit entity but NextEra was not really likely to approve this as they rejected a much larger offer from a server proposal. One issue is that NextEra had no control over the reliability of the wind asset and while PMLD does a good job on that, our wind machines are quite old and not a desirable – reliable wind asset from a production risk point of view. Also with peak load in the summer the wind does little to reduce transmission costs / Option 2: The Wind turbines are removed from the ISO-NE market and put behind the meter. In this case NextEra would reconstitute our load as (town load minus wind production) and readjust the terms of our contract based on the new load profile. This would require cancelling PPA's with Sterling and West Boylston and also require handling the situation where the wind turbines produce more than the town load. This might require new control systems that measure the town load and trims wind production to avoid export. / Option 3: Do nothing and PMLD could still seek non-profit buyers for our wind power or buy it ourselves if possible. PMLD could still buy RECs or retire our own RECs to meet any new environmental requirements.

Mr. Allen explained the limitations on purchasing our own wind generation energy through the ISO. Mr. Allen provided the details of MMWEC's ability to, as a non-profit, purchase the wind generation and resell it back to PMLD if the Board would like to purchase the wind energy in the future. It was confirmed that NextEra cannot purchase the wind energy (not a non-profit) and sell it back to PMLD. Any change in the energy PMLD purchases would require a change in the NextEra energy contract. NextEra reaffirmed their contractual obligation to work with PMLD to meet any new state mandates if the requirement for greener energy purchases is passed onto municipalities. The Board acknowledged that an increase in more renewables in PMLD's portfolio would also increase energy purchase costs. Commissioner Rys explained that he pursued this information to find out all the options available should PMLD decide to improve PMLD's green score card to support the MCAN initiatives and Omnibus bill referendum. Mr. Allen shared his opinion that improving a green score card now just to boast is far less important than keeping the energy purchasing structure and contract in place. He recommends only taking action to meet state mandates if a second Omnibus bill or something else is passed at the state level and forces compliance. Mr. Allen shared details about a possible buyer MMWEC has for the remaining 75% of wind energy which currently PMLD sells on the real-time market; the other 25% is currently under contract purchase power agreements and sold to the Sterling Municipal Light and the West Boylston Municipal Light. The Board discussed the details of the new

proposal which would tie up the remaining wind energy, capacity and RECs for no less than 10 years. The financial benefit would be minimal depending on which way the market went in the upcoming years. The current proforma is about a break-even based on 2018 financials. The Board agreed not to pursue any opportunity at this time that involves the wind RECs. Mr. Allen will notify MMWEC.

- ***General Manager's Performance Review*** – The Commissioners shared their individual comments on their satisfaction with Mr. Allen's performance this year as the General Manager. He was commended on his exemplary efforts to manage the department and improve its financial stability, retention and training of the staff, negotiation of contracts and working relationships with town officials and other departments. His high level of hard-working ethics and professionalism were also highlighted. The Commissioners have a great appreciation of his value to the department and the service he has provided to the town of Princeton and its residents. Commissioner Conway made a motion to approve a 3% pay raise in 2019 to the General Manager, Brian Allen. Chairman Whitman seconded the motion. All were in favor (3-0). Mr. Allen announced employee, Brian Booth's completion of lineman school on 12/7/2018 and his promotion First-Class Lineman.

At 7:26 PM the Board voted unanimously in favor (3-0) to adjourn the meeting.

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