

Board of Light Commissioners - Minutes - Public Meeting

DATE: July 17th, 2019 6:00 PM

LOCATION: PMLD Office, 168 Worcester Rd, Princeton MA

"The listings of matters are those reasonably anticipated by the Chair 48 hours before said meeting, which may be discussed at the meeting.~ Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law."

Attendance: Rick Rys, Chris Conway, Brian Allen, Richard Chase

Public: Approximately 9 residents.

MEETING AGENDA ITEMS:

- Review and Vote to Approve the July 17, 2019 Meeting Agenda
Approved 3-0
- Review and Vote to Approve the following Meeting Minutes:
 - June 12, 2019 Public Meeting Minutes
 - Reviewed and postponed to add additional details.
- General Manager's Report:
 - Bank Balances – Mr. Allen presented the Board with the bank account balances report dated July 17, 2019 (a copy will be placed on file).
 - Citizen's Bank Operating account has a balance of \$189,807.75
 - Depreciation account has a total balance of \$1,109,081.82
 - MMDT Rate Stabilization account has a balance of \$927,472.20
 - Unibank Operating account has a balance of \$5,681.92
 - Meter Deposit account has a balance of \$36,621.93
 - Vendor accounts payable \$114,369.69
 - Electric Customer accounts receivable \$175,172.54
 - All bills are paid in a timely manner
 - MMWEC Wind Turbine training and monitoring. Mr. Allen informed the board that he has completed training the MMWEC staff so that they can monitor the wind farm in the same manner as they do for Berkshire Wind. This will allow 24x7x365 monitoring with the ability to shut down and restart the turbines. This will also allow prompt curtailment of generation when the wholesale price of power goes negative.
 - Staffing:
 - The new Accountant / Book keeper will start 8/5
 - The new Administrative Assistant /Customer Service & Billing Associate will start 7/29.
 - Mary Veinotte has generously agreed to delay her retirement to train the incoming staff.
 - Christine Trudeau has worked after hours in her new job to assist with billing and training.
 - Linesmen Unionization: Mr. Allen has been negotiating the contract. He has noted that the requested contract continues the current PMLD

employment policies. It does however limit the linesmen to standard Union definitions of work responsibilities. This would preclude working on the wind turbines which is a significant amount of their time previously. PMLD will need to find another way to provide for maintenance and repairs of the turbines. This will likely cost more than the previous employment practices. Mr. Allen distributed a copy of the draft contract to the Commissioners to review.

- Other/New Business
 - Review of Municipal Light Plant Related Legislation including analysis by Analysis Group, Inc. Mr. Allen provided copies of the MEAM commissioned report on the Fuel Mix and Greenhouse Gas Emissions of Municipal Electric Light Plants in Massachusetts. This report analyzes the Fuel Mix and Greenhouse Gas Emissions of the Muni and ISO-NE and Massachusetts IOU's generation portfolios. It also repeatedly outlines the historical independence of Muni's relative to IOUs State regulation.
 - In essence this report uses its own definitions for "non-emitting" and thus it is not using the accepted methods the State is using for other legislation such as the Global Warming Solutions Act.
 - This report is supporting the MEAM bill H.2863 currently before the legislature.
 - It appears this report is in part a response to the MCAN report which showed that the Munis are far behind the IOU's in progress on greenhouse gas reduction per the accepted definitions.
 - Commissioners Rys and Chase had significant concerns of the definitions and attempt to use these definitions to preserve the status quo, rather than move forward with the rest of the State to meet our responsibilities to phase out greenhouse gas emissions for the future of the planet for our children and future generations.
 - Commissioners voted 2-1 to draft a letter and have Mr. Allen send the letter revoking PMLD's previous support for above Bill H.2863 to Rep Ferguson and Sen Chandler.
 - Review of Methods for PMLD to sell our own wind power to our customers.
 - Commissioner Rys outlined a potential method to buy our own wind power and save PMLD money. Per the Nextera contract PMLD is selling the power from the wind farm on the open market for approximately 3 c/kwh and buying replacement power from Nextera for approximately \$5.6 c/kwh for energy and \$2.8 c/kwh for capacity and ancillary services. Per the above discussion potentially over time PMLD could purchase some of its own wind power at a significant cost savings. This savings can then be applied to additional principal payments. Mr. Allen noted that PMLD could sell and buyback ~ 1600 MWhr / year or 40% of the wind production without jeopardizing the Nextera Contract.
 - A member of the public asked if Virtual Net Metering could be applied to wind farm production?
 - A Discussion of the wind farm debt and possible steps which could be taken to pay it off more quickly without raising electric rates.

Commissioner Chase reviewed his analysis of the wind farm debt and some of the possible methods which could be used pay down the debt more rapidly, without raising rates or impacting staff or operations. All of these methods will be researched in detail with the appropriate people to ensure that all actions are effective and appropriate prior to any action being taken. All decisions will be done with public information and input. Review of the wind farm debt instruments (Bonds) show they do not contain a prepayment penalty.

Opportunities are:

1. PMLD is currently depositing \$30K+ per month into the Depreciation Account. This account is available for many uses when needed for facilities and equipment expenses. However it may not to be utilized for payroll. The accounting processes require this deposit on an ongoing basis. While the fiscal regulations require these deposits, there is no restrictions on withdrawal of the money after deposit. Here may be an opportunity to use a similar amount from this fund on a monthly basis to make additional principal payments on the bonds.
2. Per the Nextera contract PMLD is selling the power from the wind farm on the open market for approximately 3 c/kwh and buying replacement power from Nextera for approximately 8 c/kwh net with energy/capacity/and ancillary services. Per the above discussion potentially over time PMLD could purchase some of its own wind power at a significant cost savings. This savings can then be applied to additional principal payments.
3. Currently PMLD has approximately \$2M held in the MMDT deposit and Depreciation Accounts. These are used for capital purchases such as a truck and if an emergency such as another ice storm occurs These are paying ~1% interest. Currently the system and vehicle fleet are in very good condition and is anticipated to last 5 years or more without major repair or replacement. If a portion of the funds are moved to a ladder FDIC Insured 1 year CD's staggered one per month. These are currently paying approximately 2.5% the amount of income generated would grow 150% and that additional income could be applied to additional principal payments. Should there be an emergency which required access to the funds. First there would be a CD coming due each month, second, the penalty for cashing out a CD it typically 30 days interest to all of the interest accrued. Thus this is a very low risk way to increase the income without significantly reducing PMLD's financial flexibility.
4. Timing of cashflow and payments: PMLD receives the majority of its revenue on or about the 20th of the month. The bond payment is due on the 17th of the month. Thus the money to make the next month's bond payment is held most of the month, collecting very little interest. By paying the monthly payment in advance reduces the accrued interest so that more of the payment goes to principal, just like a mortgage.
5. The auditors recommend that PMLD have approximately \$3M in the depreciation and MMDT accounts given the size of the system. The current \$2M gives significant cushion against unexpected expense. When the bond

principal comes down it may be worth exploring if it is worth taking some of the funds and using it to pay off the bond and then replenish the accounts.

Mr. Allen noted that there is an outstanding OPEB funding shortfall of approximately \$1M which will also need to be paid off. The accountants recommends that this be paid after the wind farm debt is paid.

- A Review of the Production of Electricity by Source NextEra, Wind Farm including in Town Solar Systems and Consumption Within the Town
 - Mr. Allen provided a spreadsheet of PMLD sources. After discussion, it was felt that a quarterly update was an appropriate frequency for this report going forward.

Kwh	Nextera**	Wind Farm	Solar PPA	Solar No PPA
Jan –Jun 2019	7,690,288		45,478	62,501*
Jan-May 2019		1,880,000		
June 2019	1,179,581			
Cost @\$0.0759	583,701.28		3,638.24	0.00 *4,743.83
Windfarm \$				
Rev Sterling /W Boy		40,223.47		
Rev Open mkt		49,047.92		
Rev REC		24,440.00		
WF Maint		- 34,480.33		
WF Op exc debt		74,486.23		
Debt Serv YTD		-350,736.91		
WF Total YTD		-276,250.68		

- * This includes total to date including some production from prior years since this data has not been previously collected and reported. The \$ figure is the value at the avoided cost.
- ** This figure includes
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- Discuss Securing Services for Wind Turbine Maintenance

- Public Questions and Comments

- A member of the public asked about and lamented the resignation of Christine Trudeau. Commissioner Conway responded that there had been a number of toxic postings about the campaign on Nextdoor. The other commissioners agreed that it was unfortunate that this and discussions on other topics have become toxic on Nextdoor.
- Another member of the public lamented the loss of institutional knowledge with loss of staff and change in rolls due to unionization.
- Vote to enter Executive Session for the purpose of Discussing and Approving Executive Session Meeting Minutes from June 4, 2019. The Board does not anticipate reconvening in Open Session or Other/New Business
- Public Questions and Comments
 - No additional items were raised.
- Adjourn 8:30 pm to enter Executive Session, with expectation not to re-enter public session.

Respectfully submitted,

Richard Chase, Clerk.