

NOTE: During the meeting on July 20, 2011. The Board approved the July 11th Work Session minutes to be amended to replace Laidlaw with Berlin Station LLC.
July 11, 2011

Chairperson Langlois called a work session meeting of the Board of Water Commissioners to order at 12:05pm, with all members present except ex-officio member Mayor Grenier. Also present were Superintendent Viens and Debbie Baillargeon. Before beginning the meeting Chairperson Langlois welcomed Michael Caron the new Commissioner for Ward IV.

The purpose for this meeting was to review the final draft and comments regarding the contract to provide water to Laidlaw for the biomass plant. Superintendent Viens explained some of the background information regarding to the Laidlaw contract for Commissioner Michael Caron. He stated that a proposal had started to come together in May of this year. Berlin Water Works presently has eight levels on the current water rate structure billed quarterly, ranging from 0 cubic feet of usage to 40,000 cubic feet of usage. The proposal to Laidlaw included an 9th new usage level from 40,000 to 3,500,000 cubic feet of water for “industrial” usage. Then a new \$0.45(x) rate for both water and assessment for water used over the 3,500,000 cubic feet amount billed quarterly. Then a “daily usage” multiplier is used for usage over the 1.2 million there would be a penalty fee of 2x or \$0.90 for the amount over 1.2 million to 1.4 million, then 3x or \$1.35 for the amount from 1.4 to 1.7 million per day and 4x or \$1.80 for the amount used over 1.7 million; to create incentive to keep usage below 1.2 million to prevent excessive demands the Berlin Water Works Distribution System on any given day.

Berlin Water Works has discussed having Laidlaw install a water storage tank to protect the water system excessive peak short term demands. Laidlaw set a goal of \$753,000 for annual water billing at the proposed facility. As a result of this request, the BWW staff spent a lot of time crunching number, analyzing, and reviewing many options to accommodate Laidlaw, protect the interest of all our customers, and benefit the BWW operation. The best/fair balanced solution was determined to be a 15% rate decrease to all customer rates and the addition of a 9th new rate above 350,000 cu-ft per quarter for high usage “industrial “ customers.

The Board then discussed the draft letter from Charles E. Grecco of Cate Street Capital, Inc., requesting that there be no penalties (multipliers) for the high usage. Superintendent Viens stated that BWW needs to have some form of protection to prevent very high demands on the BWW water system.

Superintendent Viens spoke to the Berlin Water Works Attorney Paul Desjardins; he will review the draft letter and comment. The goal of Berlin Water Works is to have protection in a suggested twenty year contract with a minimum locked in fee of \$21,000 per month for capacity availability. Attorney Desjardins asked what type of form is needed for the proposal; Superintendent Viens stated that a letter of intent with a motion from the Board should be adequate. The agreement would commence on the “date of the Projects financial closure.”

During the twenty four month construction phase of the project the current water rate will be used with no discounts for any customers. Following the construction phase, there will be a three month start up schedule with the new rates and a \$21,000 minimum fixed fee monthly and the \$21,000 minimum fixed fee will be applicable to the monthly water usage billing. The water rates for Laidlaw will be subject to the same per cent increase or decreases as all the other Berlin Water Works customers for the life of the twenty year contract. Laidlaw has requested that the penalty rates for levels of water usage over 1.2 million gallons per day discussed earlier be removed from the proposal.

Laidlaw will also be responsible for installing a water meter capable of closing a cycle on a per day basis. Then each day's use will be totaled for a monthly billing. The meter will have to be tied into the SCADA system at Berlin Water Works so that we can monitor the amount of water drawn by Laidlaw on a daily basis.

The Board discussed the issue of the Federal Bureau of Prisons water use. If the Federal Bureau of Prisons does not open in Berlin it will have an effect on the proposed rates for Laidlaw. After a brief discussion it was decided that they will continue to work on the proposed contract as is.

Commissioner Caron asked where the original discussions with Laidlaw began and Superintendent Viens stated we started with the current rate structure that created an annual billing of over \$2,000,000. Commissioner Caron asked if Laidlaw would settle for a larger amount than the \$750,000. The response was that the negotiations had already progressed to the current amount.

Superintendent Viens stated that the BWW staff is working on a spreadsheet that will show the penalties on a daily basis and that Laidlaw estimates indicated that only occasional spikes in usage are expected and only a small number of total days would exceed into multiplier usage levels.

There was also a discussion regarding the need to keep the SCADA system and water meter as Laidlaw's responsibility to purchase and install, and that it may cost approximately \$30,000.

Commissioner Poulin questioned the cost of running the Brown Farm well if the Berlin Water Works system is running low on water due to drought or a high usage from Laidlaw. Superintendent Viens stated that there is an ongoing project to make the Brown Farm Well more efficient.

Chairperson Langlois asked the Superintendent what is needed from the Board at this time. He stated that a decision on the multipliers because the multiplier or penalty is Laidlaw's greatest concern at the present time.

The Board discussed the penalty charges and it was moved by Commissioner Poulin, seconded by Commissioner Caron, with all in favor except Commissioner Block recuse

from the vote to accept the draft letter to Charles Grecco and to change the minimum step of the multiplier from 1.2 million gallons per day to 1.4 million gallons per day for the 2x penalty and 1.7 million gallons per day for the 3x penalty and over 1.7 million gallons per day for the 3x penalty.

There being no further business to come before the Board at this time, it was moved by Commissioner Poulin, seconded by Commissioner Block, with all in favor to adjourn this meeting.

The meeting did so adjourn at 1:00 pm.

A True Record: _____
Paul Poulin, Clerk of the Board