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**BOARD OF LIGHT COMMISSIONERS**

**OCTOBER 8, 2014**

**REGULAR MEETING MINUTES**

**The meeting was called to order at 5:00 PM.**

**Present were: Commissioner & Chairman, Jim Whitman, Commissioner Chris Conway, Commissioner Tim Cochrell and PMLD General Manager, Brian Allen. Also in attendance were residents Judy Dino, Bill Dino, Tom Harmon and David Pratt.**

**Agenda:**

The Board voted unanimously in favor (3-0) to accept the Agenda as presented.

**Meeting Minutes:**

* The Board voted unanimously in favor (3-0) to accept the 09/17/2014 meeting minutes as presented.

**PMLD Financial Update:**

The Board reviewed the bank balances as of October 8, 2014. The Operating account has approximately $7K, the Depreciation account has approximately $118K, the Unibank account has approximately $5K and the Meter Deposit account has approximately $24K. PMLD anticipates $243K of revenue to be collected in October. All bills are being paid in a timely manner.

The Board reviewed the 2014 PMLD year-to-date working budget document dated 10/06/2014. They acknowledged that revenue for both July & August were lower than anticipated. Mr. Allen shared that other utilities confirmed the same trend during July & August; in relation power purchases were also lower than anticipated. PMLD has not received the employee benefit invoices for July & August from the Treasurer, which are estimated at $28K. $5,700 of the $8,000 of training expenses incurred in August were the May 2013 National Grid lineman training courses. Repairs to the pick-up truck ($1,200) and bucket truck ($5,900) were the major transportation costs in July & August. Mr. Allen shared the need to purchase stock before winter and explained that funds from the depreciation account will pay for those purchases (poles, transformers).

**Electric Rates and Rate Study Discussion:**

Mr. Allen shared that National Grid announced a rate increase due to rising supply costs that will raise their residential rates from approximately $0.16 per kwh to $0.24 per kwh starting November 1, 2014. He explained that National Grid reviews and sets their rates every 6 months. Unitil and NStar won’t have any communication about their rates until November 2014. The Board acknowledged that PMLD’s power purchase contract with NextEra keeps Princeton’s power purchase costs stable as we head into the volatile winter months.

The Board reviewed the Goulet, Salvidio & Associates (GSA) draft copy of the 2015 - 2017 rate analysis dated 10/2014 (a copy will be placed on file). Mr. Allen explained that the rate study includes funding for all aspects of the business (i.e. working capital reserve, depreciation account, wind debt & loan obligations, 1% rate of return) and provides a realistic view of what the rate per kilowatt would have to be set at if we wanted to sustain a healthy department. Mr. Allen outlined each line item in detail. The Board acknowledged that the last rate increase was in August 2011, which was the last year of a 5 year rate increase that totaled $0.0737. The Board discussed the need for a rate increase. The Board agreed to study the information and provide Mr. Allen with recommendations. Everyone agreed to revisit the issue again at a future meeting.

**Restructuring the Wind Co-Op Debt through MMWEC Pool Financing:**

Mr. Allen shared that MMWEC announced state approval to purchase bonds for pool financing for their members. Mr. Allen explained that he approached MMWEC and asked them to analyze PMLD’s debt and satisfy six refinancing goals, which included repayment of the outstanding loan within the existing amortization period, exit from wind cooperative, improve short term cash flow, fold in the working capital line of credit obligation and keep monthly payment between $58K-$70K. The Board reviewed the October 8, 2014 Princeton Wind Turbine Refinancing Opportunity power point presentation (a copy will be placed on file). The Board discussed questions about how bonds work, the risk of entering into the short-term loan to start and the risks/costs if the bond rate exceeded 3%. Mr. Allen shared the comments he received from MMWEC representatives on how the bond is structured and confirmed that PMLD is one of a few municipal light plants that are interested in the pool financing – PMLD is not the biggest participant, nor is the loan amount. The Board requested that Mr. Allen get answers to their unanswered questions, which includes MMWEC’s minimum participation requirement, bond class and rating and have GSA review the program and provide their opinion. The Board acknowledged that this is a new program through MMWEC and that PMLD would incur some legal costs , as well as early payment costs through Peoples Bank. Jim shared his research on the federal reserve’s anticipation that bond interest rates will hold steady through 2014. Mr. Allen was asked to confirm the time table for participation and the pros/cons of opting in sooner or later. The Board agreed to discuss the issue again at the next meeting.

**New/Unfinished Business:**

* ***November Regular Board Meeting –*** the Board agreed to move their November meeting from the 12th to the 5th and post as appropriate.
* ***Public Comment –*** Chairman Whitman asked for comments from the public and there were none.

**At 6:22 PM the Board voted unanimously in favor (3-0) to adjourn.**

***Respectfully Submitted,***

***Christine Trudeau***

***Recording Secretary***