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**BOARD OF LIGHT COMMISSIONERS**

**DECEMBER 10, 2014**

**REGULAR MEETING MINUTES**

**The meeting was called to order at 5:02 PM.**

**All were present - Commissioner & Chairman, Jim Whitman, Commissioner Chris Conway, Commissioner Tim Cochrell and PMLD General Manager, Brian Allen.**

**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 11/05/2014 meeting minutes as amended. Mr. Allen acknowledged that meeting materials are sent to each member of the board via email, but offered the option to receive a package of hardcopies going forward, if preferred.

**PMLD Financial Update:**

The Board reviewed the bank balances as of December 10, 2014 (Operating = $35K, Depreciation = $118K, Unibank = $4K, Meter Deposit = $24K) and acknowledged that the department is meeting the obligation of paying bills in a timely manner.

The Board reviewed the 2014 working year-to-date budget spreadsheet dated 11/20/2014 (copy placed on file). Mr. Allen reviewed actuals versus proposed and answered questions about payroll figures, stock purchases, transportation expenses, and wind co-op payment obligations.

**Electric Rates and Rate Study Discussion:**

Mr. Allen presented the Board members with a revised copy of PMLD’s 2015-2017 rate analysis working document, dated 12/10/2014 (copy placed on file). The Board acknowledged that the revised information to showed the percentage increases over the next three years and funding levels were reduced or eliminated for expenses originally recommended by GSA. The Board reviewed the information in detail and Mr. Allen explained the logic regarding the 17% increase in wind turbine maintenance, 30% increase in transmission costs, 5% increase in inventory, training, building, office & transportation expenses and a 22% electric rate increase. The Board acknowledged that the rate increase, although significant, would still be lower than all of the investor-owned utilities (IOUs) that make up 90% of the market in the state. IOUs recently announced rises in their electric rates as much as 37%. Mr. Allen explained that our wind turbine debt does continue to cost PMLD about $0.05 per kilowatt. He also shared that the auditors have confirmed that we are managing the business in a fiscally responsible manner. Our customer base is 94% residential. There are approximately 1,450 electric meters in town of which only 67 are small commercial, 19 are municipal buildings and 5 are farms. In 2014 approximately 86% of our revenue came from residential sales, the remaining 14% came from small commercial, municipal and farm sales combined.

Mr. Allen recommended to the Board that they approve a $0.0449 increase in the electric rates for all rate classes. Chairman Whitman acknowledged that for many years PMLD had to explain why rates were the highest and now they are no longer the highest. He explained that the Board and Mr. Allen continue to work together to find other ways to improve our financial position through partnerships with MMWEC and state officials & agencies. Commissioner Conway reminded everyone that the last rate increase was in August 2011. Mr. Allen shared that for the last 3 years he and the Board have worked to fix the wind turbine gearbox, manage and maintain the wind turbines efficiently and sell wind generation to offset the debt and expenses, analyze and tighten the department’s budget, secure a long term energy contract to stabilize the energy costs, and now it is time to set a new rate to start to rebuild a healthy department. Chairman Whitman stated that it’s unfortunate that we cannot fund all the key financial accounts and expenses at this time with the recommended rate increase; and acknowledged that there is still more work to be done. Mr. Allen shared his commitment to maintaining the reliability of electricity and customer service to all the ratepayers. The Board discussed the 30% projected rate of increase in transmission and distribution which PMLD can no longer absorb without a rate increase. Commissioner Conway shared some of the latest information about the pipeline project in the New England region and Canadian Hydro. Mr. Allen explained how the supply and demand of power drove market energy costs through the roof from $50 to $900 over the course of a few hours. Mr. Allen explained that PMLD’s rate structure is reflected as one flat rate for each rate class, unlike other utilities who show a flat energy rate but then also include additional line item fees like a purchase power cost adjustment, fuel charges, etc. Commissioner Conway made a motion to change the PMLD electric rate from $0.192 to $0.2369 per kilowatt effective January 1, 2015 to appear on the February 2015 billing cycle and authorized the General Manager to execute the rate change as required under Massachusetts General Law (MGL). Commissioner Cochrell seconded the motion. Commissioner Conway made a motion to amend the original motion as a point of clarification to increase the PMLD electric rate $0.0449 per kilowatt so that it is inclusive of all rate classes. Commissioner Whitman seconded the motion. All were in favor (3-0). The Board acknowledged that the rate change will be published in the Landmark newspaper as required by MGL. The Board and Mr. Allen also agreed to send a rate increase notification to all customers in December via the U.S. post office parcel mail.

**2015 Proposed Budget Plan:**

The Board reviewed Mr. Allen’s 2015 proposed budget document dated 12/10/2014. The Board members conveyed their approval of the budget and Mr. Allen shared that the budget was drafted to reflect the revenue and expense figures outlined in the rate analysis. In 2015 The Wind Co-Op loan and maintenance cost accounts will be separated out for clearer review.

**5-year Financial Analysis:**

The Board received Mr. Allen’s revised copy of the 2015-2019 financial analysis being used as an ongoing budgetary planning tool. The analysis projects an annual electric rate increase to offset an anticipated 30% increase in transmission costs, 3% increase in salaries, 10% increase in employee benefits, 17% increase in wind turbine maintenance and 5% increase in other expenses - inventory, trucks & transportation, outside contractors and training & safety over the next 5 years.

**2015 MMWEC HELPS Energy & Demand Services Master Plan Agreement:**

Mr. Allen provided the Board with the HELPS Agreement for the New Year and explained that annually the Board must vote to approve the new service agreement. This year MMWEC consolidated all the energy and demand services, which includes the HELPS program under a single master service agreement. The service agreement provides PMLD customers a monetary rebate check for purchasing energy efficient appliances for their homes; and customers can also request an in-home energy audit, free of charge, to determine home improvements needed to improve or make their homes more energy efficient. There is no direct cost to the customer; however PMLD pays MMWEC monthly costs associated with managing the HELPS program, conducting energy audits and covers rebates sent to customers. Commissioner Whitman made a motion to approve the Amended and Restated Energy and Demand Services Master Program Agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC) and authorized the Princeton Municipal Light Department (PMLD) General Manager, Brian Allen, to execute and deliver the Master Agreement substantially in the form presented in this meeting and file it with permanent records of this meeting; and that under the Master Agreement Brian Allen is hereby authorized to (a) execute and deliver Schedule A to the Master Agreement; (b) amend Schedule A from time to time to add or terminate various energy audit, energy savings, renewable energy and demand reduction projects and services to be provided by MMWEC to PMLD and (c) to execute and deliver such other instruments and take such other actions as may be necessary or appropriate to implement this vote and the energy and demand services; that this vote supersedes any all previous votes authorizing any prior agreement between MMWEC and PMLD with respect to Energy and Demand Services; the Master Agreement will supersede any and all prior agreements with MMWEC for Energy and Demand Services; and that all actions previously taken by the manager. Commissioner Cochrell seconded the motion. All were in favor (3-0). Commissioner Conway, as acting Secretary of the Board signed the motion as required. Copies of the vote, agreement, schedules and addendums will be placed on file as appropriate.

**2015 Board Meetings:**

The Board discussed and agreed to continue to schedule their monthly board meetings on the 2nd Wednesday of each month at 5:00 PM to be held at the PMLD Office, 168 Worcester Rd. A tentative schedule of board meeting dates will be shared and posted as appropriate.

**Other Business:**

* ***Wind Turbines Update*** – Mr. Allen informed the Board that the wind turbines are running well these days, but recently the battery system for the south turbine is no longer holding a charge sufficient enough to support the set-up process and therefore the turbine is offline until the new batteries are installed. The repair is necessary to run the turbine. The thirty new batteries are on order and are expected to arrive this month.

**At 6:20 PM the Board voted unanimously in favor (3-0) to adjourn.**

***Respectfully Submitted,***

***Christine Trudeau***

***Recording Secretary***