

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
January 9, 2018**

PURSUANT TO notice given, the Merrimac Municipal Light Board (“Board”) met in the Municipal Light Department’s (“MLD” or “Department”) Administration Building, 10 W Main Street, at 3:30 PM.

PRESENT

Those present included Chairwoman Paula Hamel, Vice Chair Larry Fisher, and Secretary Norman Denault, MLD’s General Manager Francisco Frias, and Office Manager Julie Hart. Also in attendance, for different sessions of the meeting, were MLD’s Working Foreman Ken Buzzell, and Brian Jamros and Alex Bartholomew from Bartholomew & Company.

MEETING START

A motion was made and accepted to bring the meeting to order at 3:33 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the December 12th, 2017 Minutes as written.

Executive Session:

Board voted 3-0 to go into Executive Session at 3:34 PM to discuss Union and personnel matters. A motion was made and accepted to bring the Regular meeting back to order at 4:48 PM.

GENERAL MANAGER’S ITEMS

Investment Presentation by Bartholomew:

Brian Jamros and Alex Bartholomew from Bartholomew & Company, Inc. (“Bartholomew”) came to this meeting to discuss the Department’s Investment strategy for the portion of the Depreciation funds they manage, after seeing little gains in the last nine months. Alex explained that under Massachusetts General Law, Depreciation accounts for Municipalities are bound to using the Legal List only when choosing investments. These generally are low risk and low returns. The Department is presently in a moderate to conservative exposure within the Legal List and saw a little under 1% gain in the investments over the last 9 months. After they spoke with the Town’s Treasurer they said that to go off the Legal List the Department would need to get a legal opinion and put together an investment policy. Bartholomew can give the Department a sample if needed. With OPEB funds the State allows Municipalities to take greater risks using the Prudent Investment Act.

Board wants General Manager (“Manager”) to follow up on getting a legal opinion for the Department to determine if it can get better returns for the fund.

November 2017 Financial Information:

Manager asked the Board if there were any questions regarding the financial information for the month of November 2017. The Department saw a total Net Loss in income of -\$36,330. The year to date Net

Income is \$440,931 but a significant drop in revenue is expected for December. Included in the Financial Information portion of the Board package was the Comparative Operating Statement for the previous year and the current year. Also enclosed, was the spreadsheet for November's ending balances.

Tangent Permanent Generation Project:

The Light Department and the Town's Board of Selectmen have agreed to give the Light Department permanent custody and control of the land where the Generator will be located at the Federal Way garage site. An Article will be put on the agenda at the Spring Town Meeting. In the meantime, the Selectmen have granted permission to continue with the installation of the generator until the next Town Meeting, or for the length of the Purchased Power Agreement ("PPA") with Tangent. Until then, the Light Department has permission to use the land for the length of the PPA Agreement with Tangent.

Since Tangent has been building without a Site License Agreement they have been insisting on the Department to sign the License Agreement for a number of months now. Manager discussed with the Board the concerns raised by the Department's counsel and the Board after discussion all the ramifications from signing the agreement now instead of waiting until April, instructed the Manager to sign the license agreement with Tangent and continue moving forward with this project since they do not think there would be anything negatively impacting the Department.

Distribution Reliability Quarterly Report:

Manager presented the Reliability Report for the 4th Quarter of Calendar Year 2017, which shows the number of outages sustained, how many customers were affected during each outage, and how long the outages lasted. During the 4th Quarter, there were 11 outages, 7 of which were caused by weather issues, one was caused by an animal, one caused by overhead cable connector, one by transformer failure and the last was unknown. Last year, during the same period, the Department had five outages. The report indicated that 96% of the customers who experienced an outage this quarter were restored within two hours.

The MLD's SAIDI for the 4th quarter was 76.3 minutes compared to 16 minutes last five-year average. The SAIFI was 1.09 and CAIDI was 70 minutes. The Reliability Report helps the Department see what areas of Town need attention.

Rate Stabilization Fund Status:

With the high power supply expenses ahead the Manager suggested increasing the Rate Stabilization Fund. At the end of November, there was \$291,124.30 associated with the Rate Stabilization account. The Manager suggested a one-time transfer from operating cash to the Rate Stabilization Fund in the amount that would bring the total to \$500,000. Board voted 3-0 in favor of transferring an amount from operating cash that will bring the total in the Rate Stabilization Fund to \$500,000. This fund can be withdrawn to pay for future power supply expenses.

Private Streetlight Policy:

With all the streetlights in Town being converted to LED lights, the Manager asked the Board how they want to handle the customers with rental lights. Commissioners want all town-owned and rentals lights to be LED's. Believing that all customers should not have to pay for the cost to upgraded rental streetlights, the Commissioners voted 3-0 to approve replacing all existing rental lights with LED's as the old fixtures fail, but charge the rental customer for the cost of all materials associated with the new

LED light. Letters will be sent out to all light rental customers explaining the updated streetlight rental policy. New streetlight customers will also be charged for all material associated with the new LED light.

Merrimac Light Schedule of Charges Review:

The Manager suggested four changes to the department's Schedule of Charges.

- 1) **Permanent Service Connection Fee:** The MMLD will bill for labor and material required for Permanent Service Connections and some Temporary Service connections at the actual cost and not the predetermined fixed amount. Also, services in which temporary connectors need to be replaced and the meter socket needs to be re-sealed will be charged a fee of \$185.00.
- 2) **Disconnect/Reconnect Fee:** The fees for scheduled disconnect/reconnect services will be \$125.00 to disconnect a service and \$125.00 to reconnect a service or \$250.00 for both.
- 3) **Non-payment Reconnect Charges:** During normal business hours the reconnect charge is \$50.00. The Department no longer restores power for non-payment after normal business hours.
- 4) **Payments:** Payments need to be received prior to any work being done. Scheduling will depend on the availability of crew and other jobs already scheduled.

Board voted 3-0 to accept changes to the Fee Schedule as listed above along with clarification on the Permanent and Temporary Service Connection Fees. An updated Schedule of Charges will be posted on the Department's website.

Five Year Department Update:

The Manager handed out a report, attached, that provides a picture of the progress the Department has achieved over the past 5 years. Manager divided this report into five categories with comparisons from the start of the 5 year period to the end of the period. The highlights for the different categories were the following:

- 1) Finances & Accounting: New power contract helping to bring the Department's operating cash from (-\$199,151) to over 1.4 million. Department now has a 5-year Financial Forecast report and Capital Plan. The MLD hired a new audit company at a lower cost and accounting duties are now being done in-house, saving the expense of an accountant.
- 2) Projects and Engineering: MLD now has a 2nd 23kV supply line coming into town and all the way to the largest substation. Also, the electrical design and engineering for new projects are being done by the Manager saving engineering costs. Department is now tracking outages throughout the year allowing us to pinpoint trouble areas.
- 3) Policies, Procedures & Power Purchases: Created office procedures, an inventory system and now have 5 master agreements in place for the purchase of power.
- 4) Distribution Expenses, Agreements, and Operations: Expense requisition forms now used and quotes from multiple vendors are acquired to get the best price. Established Safety Procedures and hold quarterly staff meetings to keep employees updated.
- 5) Miscellaneous Areas: Monthly substation inspections, labor and expense tracking based on projects, funding of OPEB and credit card payment now accepted.

Commissioners, after going over the entire presentation, said that a lot has been accomplished in the last five years and are very pleased with where the Department is at. The Manager indicated that all the accomplishments have been a result of the collaboration of all the employees and the commissioners as well.

Executive Session:

Board voted 3-0 to go into Executive Session at 6:50 PM to discuss Union and personal matters. Board voted 3-0 to come out of Executive Session at 7:14 PM and end the public meeting at 7:15 PM.

Chairwoman

Vice Chair

Secretary