

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
June 12, 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 4:00 PM.

PRESENT

Those present included Chairman Larry Fisher, Vice Chair Norman Denault, and Secretary Paula Hamel, MLD’s General Manager Francisco Frias and Senior Clerk Tara Aniello. Also in attendance, for different periods of the meeting, were Brett Pingree from Soltage, LLC and auditor Mike Nelligan from Powers and Sullivan.

MEETING START

A motion was made and accepted to bring the meeting to order at 4:11 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the May 8, 2018 Board Meeting Minutes as written.

GENERAL MANAGER’S ITEMS

Soltage Battery Storage Presentation:

Brett Pingree from the company Soltage, LLC came in to discuss battery storage opportunities. The company originates, develops, finances and operates electric power projects using solar technology. Soltage is sponsored by Tenaska which is one of the largest independent renewable energy companies in the United States. Battery storage projects allow peak shaving by storing power during the off-peak period and then releasing the energy during the on-peak periods when demand is high. Mr. Pingree indicated that while they have installed a lot of solar farms, they have not completed a battery storage project. Currently, they are talking to a number of municipalities about possible projects. Commissioner Fisher asked them if they have tried to do battery storage at those sites where they completed solar installations. Mr. Pingree said that he was going to look into that since that was a good idea. The General Manager (“Manager”) asked if they have a business relationship with Energy New England which they do not. The Manager said approaching Energy New England and trying to come up with a package for municipalities would be the best approach for them. Mr. Pingree thanked the MLD for allowing him to come in to do the presentation.

2017 Financial Audit Report:

The Manager informed the Board that at the time of the Board Meeting posting he did not know if Michael Nelligan from Powers & Sullivan, LLC was going to be able to come to the meeting but he later confirmed his attendance. The Board voted to alter the order of the Meeting Agenda and have Mr. Nelligan go over the financial audit results. The report includes statements of the MLD’s 2017 net position, \$7,940,646 and compared it to the previous year’s net position of 7,582,361. He noted that

the operating revenue decreased from the previous year by \$3,143 and operating expenses increased by \$340,293. The increase in operating expenses was mainly due to increased purchased power bills. The report also includes statements of cash flows and provides information about the Department's cash receipts and cash payments in 2017. These statements show a net decrease in Cash From Operating Activities of \$204,362 for the year ending December 31, 2017, compared to the previous year. Mr. Nelligan said that the finances of the Department are in order and in good standing. Mike noted that the MLD did much better on the investment interest it got compared to prior years. The Department is also doing very well funding the OPEB liability. Mr. Nelligan spoke briefly about the options available if the MLD wanted to increase the amount by which it depreciates assets. Based on rules by the Department of Public Utilities (DPU) the MLD can depreciate its assets at a rate of 3% or 5%. Currently, the Department is depreciating at 3% and if it wants to increase that amount to 5% it would need to get approval from the DPU. Powers and Sullivan will send the final draft of the Audit Report to the MLD once Manager sends an executed representation letter back to them.

April 2018 Financial Information:

The Manager asked the Board if there were any questions regarding the financial information for the month of April 2018. The Department saw a total Net Loss in income of (\$49,748). Two factors contributing to this were power expenses, specifically the capacity charges, and the distribution expenses from March that carried into April. Due to all the storms in March, which included expenses for mutual aid, there were considerable expenses related to cleanup efforts. Year-To-Date the Department has a net income loss of (\$43,318). 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 April's ending balances.

Ferriter & Ferriter, LLC Self-Insurance Trust Approval:

The Light Department came to an understanding with the Town on the acceptance of a Self-Insurance Trust Fund. John Ferriter, from Ferriter & Ferriter, LLC, contacted the Town Council to discuss their concerns and once their concerns were addressed, Carol McLeod agreed with the MLD. The Board voted to approve the Trust Fund Certificate and the Trust Fund Instrument agreement. Both documents are attached to the Minutes. There was a motion 3-0 to process the document with further discussion at a later time regarding the bonding to be provided by the Manager. The Manager will send the new trust information to LPL Financial so the Light Department can invest using the Prudent Person rule instead of the Legal List.

Tangent Generator Project Update:

The Manager reported that the generator project is pretty much all set. During May, Tangent was chasing the transmission peak and the generator was run a few days. Tangent has fenced in the area and did some work on the generator chimney to reduce the metal to metal flapper noise. There was a question, by the commissioners, on whether or not Tangent can turn on the system remotely, which they can. They still have to obtain point to point radio communication with a recloser at the Burnside substation, but that should not create an issue in running the generator. Manager asked the Board if at one point they would like to do a site visit and take a look inside the generator. This will probably be arranged for the future.

National Grid Meeting:

The Manager gave an update on the meeting with National Grid on May 21st. The general managers from surrounding utilities and several State Representatives met with National Grid executives to discuss their response to the March storms. National Grid expressed their challenges and the municipalities expressed their concerns. Merrimac waited the longest to get power restored and for that reason, the Manager has requested the installation of a disconnect switch at the border of Amesbury and Merrimac. This would allow NGrid to restore the 2396S Line, feeding Merrimac up to this disconnect switch, if the problem was determined to be after the disconnect switch. By doing this system upgrade and isolating the rest of the supply line, when necessary, an outage such as the one we had, which lasted for 36 hours, would have been 2 or 3 hours instead. The Manager will keep the Board updated on this particular system improvement by National Grid.

Other Items:

Negotiations:

The Manager has sent a copy of the Union Contract with negotiated changes to the Union representative. Once the Union reviews it, the contract will need to be executed by both parties to become effective on July 1st, 2018.

Town Green Community Project:

The Light Department is assisting the Town in its efforts to obtain Green Community status. The Department has provided consumption data for each of the municipal buildings to the State who has already determined that the updating of the Town streetlights to LED will be a big component in qualifying for Green Community designation.

DOER Streetlight Grant:

The Department had the final inspection of the LED retrofit installations. Everything went well and the MLD should be receiving the final program grant payment in the very near future.

NEPPA Conference:

The Manager discussed the availability of the Board members for the NEPPA conference that is approaching. Only Commissioner Denault and the Manager will be attending.

Executive Session:

Board voted 3-0 to go into Executive Session at 5:50 PM to discuss personnel matters. Board voted 3-0 to come out of Executive Session at 6:07 PM and end the public meeting at 6:09 PM.

Chairman

Vice Chair

Secretary