

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
July 10, 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 Office Clerk Tara Aniello.

MEETING START

A motion was made and accepted to bring the meeting to order at 4:10 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the June 12, 2018 Board Meeting Minutes as written.

GENERAL MANAGER’S ITEMS

May 2018 Financial Information:

General Manager (“Manager”) asked the Board if there were any questions regarding the financial information for the month of May 2018. The Department saw a total Net Income of \$14,291, with a forecasted loss of (\$2,024). 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 May’s ending balances.

2018 Appliance Rebate Program:

The rebate program will be coming to an end for Fiscal Year 2018 at the end of July. From July 1st, 2017 to June 30th, 2018 the Department had 74 rebates that customers took advantage of at a total of \$4,135. The MLD’s Residential Conservation Service (“RCS”) charges totaled \$7,095. The RCS program is meant to cover such costs as the rebate program. There was also the amount the Department paid to Energy New England (“ENE”) to administer and perform residential audits which totaled \$5,655. At the end of the day, the Department had an out-of-pocket expense of \$2,695 after subtracting out all those costs from the RCS charges the Department took in. All of this information is included in a spreadsheet (Attached with Minutes) the Manager provided the commissioners during the meeting. There was a discussion of continuing the same program but making minor changes for the upcoming year.

2nd Quarter 2018 Reliability Report:

The Board was given a copy of the Reliability Report for the 2nd Quarter of 2018 to review. There were a total of 10 outages in this quarter, 7 of them being a result of animal contact. The rest were from a transformer failure, a vehicle accident, and weather issues. There were a total of 178 customers

affected, 169 of them being restored within an hour. The average wait time for an outage according to CAIDI report was 55 minutes.

OPEB Liability Contributions:

The Department has not made a contribution to OPEB liability since May because Manager wanted to get feedback from the Board on how soon the Department should fund the OPEB liability based on the Department's financial status. Looking at the 2017 Actuarial Report, the MLD can adjust the annual OPEB contribution depending on when it wants the liability to be fully funded. The Department has an unfunded liability, as of June 20, 2017, of \$191,770. If the Department wants to fund it in 25 years then the annual expense would be \$16,000, for 20 years it would be \$17,500, for 15 years it would be \$21,000, and for 10 years it would be \$26,700. Additionally, to avoid the liability from growing, there is an annual charge of about \$3,434 the Department would need to pay. The Board made a motion to project having the OPEB liability fully funded in 10 years.

2018 General Manager Objectives Update:

1) Fixed Asset Accounts Analysis: Completed. The Manager provided an analysis (Attached with Minutes) of the annual depreciation expenses based on 3% and 5% contributions. At 3% depreciation, some assets will not fully depreciate by the time they need to be replaced. This is the case for the vehicles. Currently, the Department is paying \$320,898.78 annually, but if it went to 5% the amount would be \$534,831.3. This is a large increase which would be hard for the Department to handle considering the existing higher power expenses. The Department would also need approval from the Department of Public Utilities ("DPU") to get the contribution percentage changed. At this point, the commissioners and Manager agreed to leave the percentage at 3%.

2) Comcast Pole Attachment Rate Negotiation: Manager will be reaching out to Comcast to negotiate the existing pole attachment fees, last revised in 2002. The Manager indicated that the Intercompany Operating Procedure between Verizon and the MLD is also outdated and costs need to be updated to recuperate expenses of new pole installations and old pole removals. He will include negotiations with Verizon as part of this objective as well.

3) City of Haverhill Streetlight Retrofit: The Department has been doing the streetlight maintenance for the City of Haverhill and wanted to be able to put in a proposal for the LED retrofit of their streetlights. At this point, the City of Haverhill has not put out a Request for Proposals, but they have a requirement to have all the streetlights retrofitted by the end of the year. With that kind of time requirement, the Manager believes it would be almost impossible for the MLD to get into that project. The Manager will keep obtaining information on how things develop in case something changes.

4) Union Contract Negotiation: Completed. Manager, together with the Board, successfully negotiated three more years with the Union employees represented by AFCSME93.

5) Department Reorganization: Ken Buzzell has moved to the newly created Line Superintendent position and Scott Saunders has moved to the Crew Leader's position. Both are transitioning well into their new roles. Ken particularly has been doing a great job and has adapted very well to this management role.

6) 2018 DPU Report: Manager completed and submitted the annual DPU report before its due date.

7) 5-Year Financial Forecast & Capital Plan: This objective has not been started, but the Manager will have the 5-Year Capital Plan for the Board to review next month.

8) 23 kV System Sectionalizing Project: Manager is analyzing different schemes which will improve the reliability of the 23 kV System within the Town. Additionally, he is working with National Grid to

get them to add isolation equipment outside the town which will improve restoration time in the event of a similar storm season like the area experienced in March.

9) Arc Flash Study: The Manager will be reaching to a number of engineering companies and reviewing their qualifications to perform the Arc Flash study. Qualified companies will be asked to submit a proposal for this work, which Manager will review and provide a recommendation to the Board.

Other Items:

Trust Fund:

The Manager has been working with LPL Financial to finish setting up the Self-Insurance Trust Fund. Bartholomew has also been notified by the Department's decision to move the existing funds they are managing for us to the Trust Fund and start investing using the Prudent Person's rule.

Tangent Generator:

The commissioners inquired about how the generator responded to the recent peaks because of the heat wave. The Manager informed them that Tangent has been actively chasing capacity and transmission peaks. There was a transmission peak on June 18th at 6:00 PM, which was caught by Tangent.

Union Contract:

The Manager brought up the part of the union contract about the paid day off for employees that do not use more than 4 sick days during the year. The wording states that if an employee takes no more than 4 sick days then they are entitled to one day off equivalent to a vacation day. When asked to interpret that language, they all agreed that it meant no more than 32 hours of sick time.

Chief Larry Fisher:

Norman Denault mentioned that Larry Fisher had recently been promoted to Chief of the Merrimac Fire Department. The Board and the Department wanted to congratulate him on his efforts and promotion.

The meeting was adjourned at 5:46 PM.

Chairman

Vice Chair

Secretary