

**MINUTES OF THE  
MUNICIPAL LIGHT BOARD MEETING  
August 14, 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 4:01 PM.

**APPROVAL OF MINUTES**

Commissioners voted 3-0 to accept the July 10, 2018 Board Meeting Minutes as written.

**GENERAL MANAGER’S ITEMS**

**June 2018 Financial Information:**

General Manager (“Manager”) asked the Board if there were any questions regarding the financial information for the month of June 2018. The Department saw a total Net Loss of (\$74,414), with a previous forecasted loss of (\$112,354). 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 June’s ending balances.

**Winter Off-Peak Power Hedging:**

The Manager discussed with Board the possibility of hedging power for some of the upcoming winter months. Two to three years ago the Department was hit hard buying off-peak power when natural gas and energy prices went up drastically due to very cold winter temperatures. The Manager had asked Energy New England (“ENE”) to provide some analytical data on the Light Department’s Off-Peak Open Position for winter of 2019, which was shared with the Board. If the Department had a bad winter, having more power hedged could help us with the power expenses during off-peak times. The average the Department would be looking to pay would be \$53 per MWh for five months. The 5-year average for the months we are looking to hedge has been \$50.77 per MWh. If the MLD was to hedge January and February along, the price goes up to close to \$70 per MWh. The Department has done this type of hedging in the past but it is always a gamble as nobody really knows how cold of a winter the area will go through and what natural gas prices will be doing. There was a motion to move forward with winter power off-peak hedging. The Manager will continue to have more discussions with ENE and get firm prices from suppliers to make sure the Department can minimize exposure this winter.

**System Arc Flash Study Proposals:**

The Manager reached out to five engineering companies in order to get proposals on what it would cost to do an Arc Flash study. Utilities should do an Arc Flash study when there is a change in the distribution system that could affect electrical faults energy. Based on the proposals, provided to the Board, the Manager is recommending that the MLD uses Workplace Safety Solutions to perform the Arc Flash study. This company appears to have the best proposal, the lowest cost, and references. They are also becoming a leader in helping utilities become OSHA compliant. The Board approved moving forward with Workplace Safety Solutions.

**LED Streetlight Retrofit Program:**

The Department has met all the requirements for the LED streetlight retrofit grant program and has received two reimbursement payments. We are currently waiting for the last installment which should be arriving within the month. With the Town trying to get a Green Community designation, this project will prove to be very beneficial for that purpose. The Department has been providing energy usage for municipal buildings to the Massachusetts Department of Energy Resources (“DOER”) to help the Town reach its goal. The MLD will continue to send the DOER quarterly energy usage information of all the municipal accounts.

**Fiscal Year 2019 Capital Plan:**

The Manager provided a copy of the 5-Year Capital Plan to the Board and discussed what the Department will be targeting for future years. This Fiscal Year, the MLD will be working on the upgrade and conversion of the electrical infrastructure on River Road, from Locust to Broad, and installing cutouts to transformers that do not have them. The remaining man-hours have been left to accommodate customer-related projects that could start this fiscal year. The Department will take on future year’s capital projects if those customer-related projects are delayed. Other capital expenses will include replacing equipment used in operations, and computers that need an upgrade. The Board approved the Fiscal Year 2019 Capital Plan as written.

**Review of Consumer Deposit Charges:**

The Light Department is having an issue with the consumer deposits amounts, requested mainly from renters to set up their accounts, not covering the overdue balance they leave behind when some of them leave town without properly closing their accounts. One of the options discussed was to increase the minimum deposit amount. Having owners take responsibility for the tenants was also discussed but a legal opinion would be needed to determine if this can be done. Trailer Park owners selling their units, sometimes, have left with a small balance still overdue but that is not common. Regarding the trailer park, the Manager informed the Board that the Department has been paying a close watch on the load increase caused by larger units being installed. As people sell their old trailers, newer and larger units are being installed and that could start causing overloading of the transformers, especially is the Department is not made aware of the installation of the larger units. The Manager will be reaching out to the owners of the Trailer Park to discuss this situation.

**Other Items:****Verizon Intercompany Billing:**

The Manager informed the Board that he negotiated a new Intercompany Operating Procedure (“IOP”) with Verizon, which increases the rate that is charged when either company does pole or anchor work

in the system. Verizon is responsible for poles and anchors on Route 110 and the MLD is responsible for poles and anchors around the rest of the town. The MLD and Verizon have equal pole ownership in the town. The last time the IOP was updated was back in 2001. The Manager is in the process of updating the pole attachment fees for Comcast, which have not been updated since around 2002.

**Consumer Deposits:**

The Consumer Deposits interest is in the negative at this point in time. The reason for this is that customers are getting 1.2% interest on their deposits; however, the Department is only getting 0.25% interest from the bank. The Federal Reserve is who determines the amount of consumer deposit interest that has to be given back to customers, and every year it gets approved at a certain amount. The Manager is recommending putting a portion of the consumer deposits in a CD giving 2+% to have a better balance in this situation. Manager asked the auditors and they said the Department can do this move. Multiple banks have provided rates and Manager will determine which of them offers the best rates. Board approved to put between \$50k to \$70k into a CD account.

**Copy Machine:**

Instead of agreeing to a new lease for a copier, the Manager informed the Board that the Light Department went with the option of purchasing a new machine. With the new projected 60-month lease payments, it would take the Department less than 3 years to match what it paid to own the machine. With the purchase, the Department can have a copier that will last for a lot of years, and as a result, reduce administrative expenses.

**Flags on the Poles:**

Commissioner Fisher mentioned doing a fundraiser for the Veterans. The Light Department could be a facilitator by buying the flags and mounting them on the poles as we approach the center of the town. The board agreed to look further into this and discuss at a later time.

The meeting was adjourned at 6:13 PM.

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Chairman

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Vice Chair

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Secretary