

PRINCETON MUNICIPAL LIGHT DEPARTMENT  
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**BOARD OF LIGHT COMMISSIONERS  
OCTOBER 18, 2017  
REGULAR MEETING MINUTES**

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**The meeting was called to order at 7:00 PM.**

**Present were: Commissioner/Chairman, Jim Whitman, Commissioner, Chris Conway, Commissioner Rick Rys and PMLD General Manager, Brian Allen. Also present was Phyllis Booth.**

**Agenda:**

The Board voted unanimously in favor (3-0) to approve the October 18, 2017 agenda as presented.

**Meeting Minutes:**

The Board voted unanimously in favor (3-0) to approve the August 16, 2017 regular meeting minutes as amended.

**PMLD Financials:**

- ***Bank Balances*** – Mr. Allen presented the Board with an explanation of the bank balances report dated October 18, 2017 (a copy will be placed on file). The Citizen's Bank Operating account has a balance of \$131K, the Depreciation account has a total balance of \$868K, the MMDT Rate Stabilization account has a balance of \$816K, the Unibank Operating account has a balance of \$9K, the Meter Deposit account has a balance of \$38K. As of October 18, 2017, PMLD has \$8K listed for accounts payable and is waiting for \$158K in electric customer account receivables. Mr. Allen confirmed that a vendor warrant to pay bills was processed this week and that is why the accounts payable amount is low. All bills are paid in a timely manner.
- ***2017 Year-to-Date Operating Budget Review*** – Mr. Allen presented the Board members with a detailed copy of the 2017 working budget analysis spreadsheet dated 10/16/2017 (a copy will be placed on file) and discussed each section and answered questions to provide specific information and understanding of the financial activity within the department. The target measure for revenue and expenses through August is 66.72%. Revenues are currently at 71.26% and expenses are at 66.42%. Mr. Allen explained overages in categories/line items.

- o Wind Farm expenses are up due to unforeseen costs related to the replacement of failed equipment. A \$3K anemometer was replaced in May and two \$4K power converter boards were replaced in August. American Superconductor in Devens MA had the boards in stock for PMLD to purchase and pick up minimizing the down time of the turbines. \$13K was paid to Bachmann for 3 unpaid annual invoices dated 2014, 2015 & 2016. Bachmann explained that there was a problem with invoicing between their Austria office and their U.S. office and invoices had never been sent out to PMLD. PMLD confirmed that there were no invoices received and agreed to pay the invoices in 2017. There was no interruption in Bachmann monitoring services during that timeframe. Mr. Allen explained the difference between the monitoring services American Superconductor and Bachmann provides. PLC monitoring and troubleshooting is provided by American Superconductor during business hours 5 days a week. Bachmann is a vibration 24/7 monitoring service that provides analytics on potential problems. Commissioner Rys asked for the windfarm loan and refinancing details to be explained to him. The Board and Mr. Allen explained in detail their efforts over the last 6 years to reduce the interest rate from 5.5% to 4% to 3.25% and refinance the loan from a long-term bank loan into a MMWEC pool-financing program that allowed for PMLD to place the debt into a short-term loan at rate of 1.25% for approximately 16 months and then a long-term bond at 3.05%. These actions enabled PMLD to consolidate the debt into one obligation through MMWEC and for those 16 months PMLD paid just interest on the short-term loan and rebuilt PMLD's Rate Stabilization Account from \$3K to \$800K. PMLD is locked into the bond payments through the year 2026, with a significant reduction in the monthly payment beginning in year 2023 (approximately \$70K-\$60K per month through 2023 / \$30K per month for the last 3 years 2024-2026). Mr. Allen reminded the Board that PMLD currently sells 16.66% of wind energy each month to the West Boylston Light Dept and 8.33% to the Sterling Light Dept at \$0.08 per kWh and his efforts through the years to secure additional wind energy sales to other MLPs. Commissioner Rys stated that he attended a MA Climate Action Network (MCAN) meeting recently and there was interest among the attendees that live in MLP territories to purchase wind energy. Mr. Allen explained to Commissioner Rys that PMLD has reached out to the Massachusetts Municipal Light Plant (MLP) managers to purchase wind energy but only two have ever been interested in purchasing \$0.08 wind energy and clarified that no MLP managers were at the MCAN environmental action meeting he attended to provide their position/ opinions on the matter. Commissioner Rys declared that he was at the meeting for his own personal interests and not representing PMLD. Those in attendance were in fact political and environmental action groups who want their cities/towns to purchase more green energy, and therefore cautioned Mr. Rys that any potential interest expressed at the meeting in buying wind energy from Princeton were likely not from MLP managers and/or any authority/decision maker that PMLD would be able to work with. Chairman Whitman reminded the Board that he

continues to work with a very interested party to purchase most, if not all, of PMLD's available wind energy and that details of the sale are still being negotiated. Chairman Whitman reminded everyone that PMLD is very green because of the wind turbine generation facility we own. He reminded everyone that our energy supplier, NextEra Energy, is biggest renewable energy producer in the United States. The Board discussed how PMLD's portfolio should reflect green energy. Mr. Allen explained that MLPs are very serious and proactive about green energy and provided a copy of the Clean Energy Standard Letter recently sent to legislators about the MLPs position and their commitment to green energy. Mr. Allen explained the history of the Seabrook nuclear power project and how PMLD went into wind power in the 1980's instead. Everyone acknowledged the recent activity from the DEP (Department of Environmental Protection) regarding potential regulation that will impact MLPs and rates in the future. Traditionally legislators have left MLPs alone and have allowed them to be overseen by their local government control with DPU oversight. Mr. Allen reminded everyone that he is part of a network of MLP managers who are committed to reviewing and staying informed of the industry and legislative issues that come through MMWEC, NEPPA, ISO, FERC, DPU and DEP and he and the other MLP managers formally discuss, meet with key representatives and address the issues and opportunities to enable them to take appropriate action and perform their managerial duties to serve the needs of their customers. Mr. Allen assured the Board he monitors and stays on top of the information and brings to the Board things that would work for or are concern for the Town of Princeton.

- o Payroll Expenses are up because PMLD was asked back in February/March to change the way they pay the Worcester County Retirement System's (WCR) annual obligation. PMLD agreed to pre-pay the annual obligation in full in March 2017 for the entire year (July 2017 – June 2018) to save a few thousand dollars, however this additional 6-month WCR pre-payment expense (approx. \$60K) was unforeseen and will be the reason for the overage at the end of 2017.
- o Training & Safety Expenses are slightly high; however, Mr. Allen anticipates to be on budget by year-end.
- o Transportation Expenses are up; however, Mr. Allen reminded the Board that the F-250 was purchased with full payment (\$28K) upfront versus a financed interest loan and the \$15K received from the sale of two old vehicles that was supposed to offset the purchase price was reallocated to Community Events. Also, there is still money (\$7K) earmarked in Depreciation to offset transportation expenses for 2017 that have no yet been transferred. In August the Digger Derek had a \$3,500 repair.

The PMLD's revenues were discussed in detail for both electricity sales to ratepayers and wind energy & renewable energy credits (RECs) sales to associates in the industry for Commissioner Rys' benefit. Commissioner Conway explained the value that the working budget detail has provided to the Board over the past 6 years and how it's been refined and has enabled the Board to make smart financial decisions and that no other town board

or committee has anything like it, to his knowledge. Chairman Whitman shared the value of the 5-year planning tool also used to support the budget planning process each year. Mr. Allen reminded everyone that budget season is upon us and he will once again provide the Board with a proposed budget for the new year in November /December and it will be reviewed in detail and discussed before the start of the new year for approval. Mr. Allen added that the PMLD staff use the working budget in daily tasks and it has enabled the business to survive through difficult financial times.

#### **General Manager Updates:**

- ***October 1<sup>st</sup> Billing Invoice Changes*** – Mr. Allen explained that changes were made to separate out the electric rate costs associated with providing traditional electricity to consumers and to maintain the operation of the windfarm and debt. This request came from many residents in town over the years. A breakdown the electric rate (residential rate = \$0.1975 energy rate / \$0.05 for windfarm) was implemented to provide the information about what makes up the monthly energy rate that customers pay in a constant and easy way. In the past PMLD sent out letters on the subject but acknowledged that those letters were soon forgotten. So, about a year ago the Board and Mr. Allen desired a more permanent way to get the information published. A pie chart to show the residential retail (\$0.2475) rate allocations in detail was created and is posted on the PMLD.com webpage. But that still wasn't enough, according to some, so the decision was made to include the rate detail on the monthly invoice to customers. The 10/01/2017 change brought comments of confusion that were expressed, so it was decided to include a bulletin in the 11/01/2017 bills to further explain the change. The Board acknowledged that the billing changes required programming changes through Billtrust and a collaborated effort through Northern Data Systems to insure the Edifice billing system's datafile and Billtrust's invoice creation system could produce the information and calculations. PMLD staff worked with programmers on this task for about 6 months and it cost \$1,400 to implement. The Board was pleased with the change and acknowledged that PMLD has essentially two businesses – energy supplier to the Town of Princeton and Wind Turbine energy production. Everyone agreed that it is important for folks to have a clear understanding of the department's daily operations and function.
- ***Tree Trimming Contract/Vegetation Management Update*** – Mr. Allen informed the Board that he received 3 bids for the 2018 tree trimming project. The bid was awarded to All Reliable Services (ARS) for \$154K. PMLD budgeted \$120K for trimming this year and can handle allocating an additional \$34K. ARS will start tree trimming this month on/about October 23<sup>rd</sup> and will complete the trimming by December 31<sup>st</sup>. ARS will coordinate police details as needed.
- ***Wind Turbine Converter Update*** - A new converter was put on order in July to insure we will have one in inventory to avoid down-time should we lose another converter. This purchase is in place of repairing a failed converter that was in Devens. As it turns out, the old converter was shipped to Wisconsin months back and the logistics to get the broken converter to Austria and Romania resulted in just a \$4K savings, however the lead time was 2 months longer than purchasing a new converter. Additionally, the service technician in Wisconsin confirmed via inspection that the insides were burnt up and the exterior box would likely be

the only part of the broken converter they could refurbish. Based on this information, Mr. Allen made the decision to order a new converter to satisfy the inventory need and reminded the Board that PMLD lost 2 converters in the last 6 years. Mr. Allen confirmed that he has a working relationship with other turbine owners in the U.S. to offer, purchase and replenish parts in times of need, but that the converter was something no one else has. He also reminded the Board that PMLD continues to maintain a healthy inventory of parts, tools and equipment that the turbine manufacturer recommends, as well as, perform weekly site inspections in addition to daily Scada monitoring.

- ***Community Events Update*** – On September 19<sup>th</sup> PMLD hosted a senior luncheon in the PMLD garage for approximately 60 people and Chairman Whitman shared his appreciation for the caterer, Scott Toupin, for a wonderful meal; the MMWEC HELPS program representatives Mike Plaask & Brian Sewell, for the home energy audit & HELPS program presentation; and the PMLD staff for coordinating all the details and logistics. On September 30<sup>th</sup> PMLD staff was on site for the first annual Princetonfest event at Krashes fields, despite the rain which ended the event early, PMLD provided some truck exploration to children and handed out nightlights, flashlights, reusable shopping bags and water bottles to those who braved the weather. On October 16<sup>th</sup> PMLD staff did two 45-minute interactive presentations about energy generation and distribution to two 5<sup>th</sup>-grade classes at the Thomas Prince School. The students and teachers enjoyed the presentation and free nightlights, flashlights and water bottles so much that they asked PMLD to come back next year and do the same presentation again. The Board was pleased and thanked the employees, Brian Allen, Mary Veinotte, Christine Trudeau, Christopher Courville, Brian Pellerin and Brian Booth for their time and effort this year on this and supported the participation in future community events. In addition to these 3 events PMLD also hosted an ice cream social in the summer for seniors and was present at the first Farmer's Market on the Town Common this past spring. The Board previously approved \$15K to be used to fund community events for 2017 & 2018. Mr. Allen will provide a 2018 community events participation plan at a future meeting.

#### **Other Business:**

- ***Line Crew Deployment to Homestead Florida for Hurricane Irma Storm Work (09/09/17-09/24/17)*** – Mr. Allen explained that a request for crews from the northeast came through NEPPA on September 6<sup>th</sup>. NEPPA mobilized 29 crews from the New England area to head to Florida and aid with storm work repairs. Hurricane Harvey that hit Texas weeks prior spread the storm crews thin across the south. Mr. Allen, who is a 29-year veteran first-class lineman along with second-class lineman, Brian Booth, were one crew of the ten 2-man crews that were sent to Homestead Florida for two weeks to rebuild the distribution system damaged during Hurricane Irma. Assistant General Manager, Nick Lawlar, of the Littleton Municipal Light Dept, did an outstanding job coordinating lodging, meals & fuel logistics for the crews so they could just focus on rebuilding and restoring power. Mr. Allen was asked to oversee 5 of the 10 crews while he was there. 93% of the city was out of power. There is a file of pictures for the commissioners to look at if desired. Mr. Allen was proud to share that NEPPA's crews were very professional and hardworking and were the first crews on site and the last ones to leave. There were no accidents or injuries to report. Mr. Allen submitted all

costs associated with the storm work on September 27<sup>th</sup> and they will be 100% reimbursed by Homestead. Chairman Whitman and Board members commended Mr. Allen and Mr. Booth for their willingness to serve, the leadership role Mr. Allen took on, and the field work they performed.

- ***Environmental Action Committee (EAC) Meeting*** – Mr. Allen accepted the EAC’s invitation to attend their December meeting.
- ***Amber Kinetics Flywheel Energy Storage Technology*** – Mr. Allen had a conference call in September & October with representatives from Amber Kinetics and MMWEC to discuss the results of the proforma he requested to determine if flywheel technology would work at the Princeton Windfarm. This technology would cost approximately \$2M with a positive return on investment beginning as far out as 2031; and because of ISO and market restrictions for storage the flywheel would have to be listed as a separate PMLD asset and require a lot of effort to do so. The Board agreed with Mr. Allen’s determination that flywheel technology would not be a good fit for Princeton right now based on the fiscal impact and logistical limitations. Mr. Allen reminded the Board that he is committed to continuous research and analysis of available battery storage technologies and green energy projects in the effort to find the right applications for Princeton. The Board acknowledged his previous efforts to consider ~~Tesla-B~~ battery storage for wind energy; and most recently, the analysis that was done on the old Princeton landfill site to develop a design and build a community solar project in collaboration with NextEra, which couldn’t move forward because of land restrictions and financial commitments.
- ***NextEra Energy Contract*** – Mr. Allen shared with the Board that he received notifications that real-time pricing had soared to a \$1,063 per MWH at 6:30 PM on 10/18. Mr. Allen explained that if we didn’t have the NextEra energy contract with a locked rate for energy, ratepayers would have been paying that high price for energy during the town’s peak consumption hours. Commissioner Conway said that the NextEra energy contract was one of the best financial decisions that Mr. Allen and the Commissioners made in the last 6 years. PMLD has climbed out of a financial mess working hard to manage the windfarm debt and yearly operational costs partly due to the energy contract with NextEra that helped to stabilize the budget, which has been a primary focus in past years. PMLD does benefit from high market prices when we sell wind energy, unfortunately the Scada system confirmed that the turbines were barely producing energy due to low wind conditions at 6:30 PM on 10/18/17. The wind energy sales are separate and do not impact the NextEra contract. PMLD must work with MMWEC to facilitate any new wind purchase power contracts.
- ***Charter Communications*** – Mr. Allen presented the Board with a copy of the October 18, 2017 letter he sent to Town Officials regarding Charter’s additional utility pole make-ready work (a copy will be placed on file). Mr. Allen explained that he previously informed the Princeton Broadband Municipal Light Plant (PBMLP) officials of Charter’s possible need to do pole surveys and additional make-ready work to meet their requirements to install their equipment; and this week he received confirmation from Charter that they will indeed do pole surveys and will provide a list of poles that require additional make-ready work. Mr. Allen also expressed his concern about costs associated with any additional make-ready work. The

letter states that PMLD will notify town officials of any additional costs once the Charter pole make-ready work is known.

- ***Protocol for Social Media Responses*** – The Board discussed social media posts about PMLD business and the dialogue that happens when a post is made. The Board acknowledged that any post on social media is perceived as representing the view of the department and each Commissioner shared their own concerns about who, when and what should post and be posted on social media. The Board discussed various steps that could be taken to address posts and acknowledged that individual opinions should not be part of any response that will represent the position of the department. Everyone agreed that social media should not be ignored. The Board would like to have the General Manager be the one to respond to posts and to reiterate factual information about important issues as appropriate. Commissioner Conway shared the Princeton Facilities Committee's recent vote not to engage in any posting or responses about their committee business on social media and he suggested that PMLD do the same. Commissioner Conway would like to remind townspeople to access the official town website and view department webpages for information about business issues. PMLD has their own page on the town's website and townspeople should be reminded via social media to find information there and not to hold as truth the opinions of social media bloggers that have no supporting facts verified by PMLD. Mr. Allen reminded the Board that they previously agreed not to activate and develop any social media accounts, like Facebook, because it would require additional resources PMLD does not have. Mr. Allen explained that other municipalities do have social media accounts but that they confirm it does require a lot of effort to manage to be effective and relevant. Chairman Whitman made a motion to draft a social media policy to authorize only the General Manager to represent the position of the Light Department, on behalf of the elected Board of Light Commissioners and PMLD staff, to respond to social media posts as deemed necessary; in an effort to represent the department's official position on debated PMLD business issues and provide correction or clarification to incorrect information posted that may be misleading to ratepayers and harmful to the reputation of the Light Department. Commissioner Rys seconded the motion. All were in favor (3-0). Everyone agreed to review and vote on the social media policy at a future meeting.
- ***November Board Meeting*** – The Board agreed to push out the November meeting one week out, changing the date from the 8<sup>th</sup> to the 15<sup>th</sup>.

**At 9:15 PM the Board voted unanimously in favor (3-0) to adjourn.**

***Respectfully Submitted,  
Christine Trudeau  
Recording Secretary***