

PRINCETON MUNICIPAL LIGHT DEPARTMENT  
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**BOARD OF LIGHT COMMISSIONERS  
DECEMBER 13, 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.**

**Agenda:**

The Board voted unanimously in favor (3-0) to approve the December 13, 2017 agenda as presented.

**Meeting Minutes:**

The Board voted unanimously in favor (3-0) to approve the November 15, 2017 regular meeting minutes as amended.

**PMLD Financials:**

- **Bank Balances** – Mr. Allen presented the Board with an explanation of the bank balances report dated December 13, 2017 (a copy will be placed on file). The Citizen's Bank Operating account has a balance of \$104K, the Depreciation account has a total balance of \$832K, the MMDT Rate Stabilization account has a balance of \$817K, the Unibank Operating account has a balance of \$9K, the Meter Deposit account has a balance of \$34K. As of December 13, 2017, PMLD has \$7K listed for vendor accounts payable and is waiting for \$256K in electric customer account receivables. All bills are paid in a timely manner.
- **2017 Year-to-Date Operating Budget Review** – Mr. Allen presented the Board members with a copy of the working budget analysis spreadsheet dated 12/11/2017 (a copy will be placed on file). The target measure for revenue and expenses through September is 91.66%. Revenues are currently at 93.92% and expenses are at 87.73%. Mr. Allen stated that there are no significant financial concerns at this time.
- **2018 Proposed Budget** - Mr. Allen reviewed in detail various budget documents to support the 2018 proposed budget plan. Mr. Allen presented copies of the graph "PMLD Yearly KWh Sold to Customer" (a copy will be placed on file) showing the annual kilowatts sold to customers from 2006 through 2017. The Board acknowledged that kilowatts are trending

down in volume sold each year. Electricity sales have had approximately 1.2% reduction on average per year in revenue (an approximate cumulative total of 10% in 9 years). Mr. Allen discussed the recent notification and inquiry by a state contractor, Solect Energy, to analyze converting the school buildings in the Wachusett region to solar. The Thomas Prince School is Princeton's largest energy consumer during the school year (10 months) and would be a 2.5% energy loss (an estimate of 400,000 kwhs loss per year) if the building were to be converted to solar power. Mr. Allen explained that the contractor is in the initial stages of a viability study for the school district and it would have to be presented to each town and would have to be voted upon as well. Mr. Allen said that the Sterling municipal light manager already met with Solect Energy and said that their solar program is capped and they are not interested at this time. The Board and Mr. Allen shared their thoughts and ideas on other ways the department could consider/develop other services to customers and generate revenue. Everyone supported Chairman Whitman's idea to look into 0% financing options through an agreement with a local bank and PMLD for customers to take advantage of to finance things like installation of electric heat pumps, insulation for the home, etc. Mr. Allen shared the general foreman, Chris Courville's idea to consider and develop a fee-based annual maintenance service agreement for property owners to opt-in with no obligation and be able to call upon PMLD for services like, emergency repair, upgrades and/or tree trimming. The idea is to have a PMLD assurance policy of sort to cover property owners from unforeseen expenses associated with repair of electric services on private property due to severe weather events, neglect or accidents. The Board agreed that it would require a lot of effort to develop, legalize and implement but acknowledged that it is time to start thinking outside of the traditional box and research/develop some unique programs and services that could fit within the scope of PMLD's abilities, add value to the customer experience, and generate revenue to offset the trending reduction in energy consumption. Mr. Rys shared his hope that the Charter cable installation in town will generate more construction of new homes and new customers. Mr. Allen confirmed that home construction was up in 2017 compared to years prior. Mr. Allen informed the Board that he has invited David Camardese & David Doscocil from NextEra Energy to a Board meeting next month to provide an overview of PMLD's contract and discuss the gas market, energy supplies and cost projections for the future.

A copy of the 2018 proposed budget dated 12/13/2017 was presented to the Board (a copy will be placed on file). Mr. Allen and Ms. Trudeau explained that the layout was changed to be more representative of a Cash In-Flow and Out-Flow monthly report. These changes allow for cashflow activity to be shown for not only revenue and expenses accounts, but also other key accounts like liabilities, assets and depreciation. Mr. Allen confirmed that he completed a rate analysis comparing 2017 figures to proposed 2018 figures and confirmed that the energy rates can remain the same as 2017 (\$0.2475 for residential / \$0.2515 for municipal &

commercial / \$0.2227 for farm). The proposed budget figures were reviewed in detail. Depreciation funds will be used to offset wind farm expenses in 2018. Payroll expense was set at \$560K and includes an annual salary increase for each employee, and is a \$5K reduction of the 2017 expense. The Board acknowledged the elimination of a part-time meter reader and vehicle. Meters are now read in 1 day (instead of 6-7days) by a full-time employee using the new automated meter reading system installed in the F250 PMLD truck. Employee benefits (Health Insurance/Retirement Fund) increased from 15% to 27% for PMLD in 2018. Mr. Allen has tasked Goulet Salvidio & Associates (GSA) to review and verify the accuracy of the increase. PMLD benefits are a portion of the total Town benefits obligation and therefore the percentage changes each year. Mr. Allen confirmed that PMLD's salary and benefit amounts for employees are within the same ranges as other municipal light departments published in the Municipal Electric Association of Massachusetts report. Mr. Allen reminded the Board that the Wind REC contract with NextEra is up for renegotiation in September 2018. Everyone acknowledged that there may be some high interest in purchasing wind energy in 2018 if regulations and supply/demand changes happen as predicted. Overall the 2018 proposed budget is set with anticipated Cash In-Flow of \$4.190M and Cash Out-Flow of \$4.186M. Commissioner Conway asked Mr. Allen to find out if Sterling and Paxton are changing their electric rates in 2018 and shared that Holden is not changing their electric rate in 2018. The Board thanked Mr. Allen and his staff for all their efforts to develop a working budget for 2018 that keeps the electric rates in place with no change for the 3<sup>rd</sup> consecutive year in a row while still meeting the daily operations of the department. Commissioner Conway made a motion to approve the 2018 proposed budget and salary increases as presented. Commissioner Conway confirmed that Mr. Allen will receive a 3% salary increase. Commissioner Rys seconded the motion. All were in favor (3-0).

Mr. Allen presented a copy of the updated 5-year financial analysis report for 2018-2022 dated 12/13/2017 to the Board (a copy will be placed on file). Mr. Allen also provided a comparison to last year's report, and called out the trend for revenues to decrease over the years and expenses to increase. The Board acknowledged the figures are estimated projections because most of the variables are not locked in, but rather assumptions based on today's information. There was no major concern or call for action by the Board. Mr. Allen confirmed that the 2018 energy price is locked in at \$76.49 and 2019 & 2020 are locked in at \$85.54 for projection purposes. A copy of the WCMA Net Regional Clearing Price information was reviewed in detail (a copy will be placed on file). Capacity costs are the component of the energy price that has a significant impact to the rising cost. Once the February auction is closed Mr. Allen will discuss locking in capacity through 2023. David Camardese from NextEra can discuss capacity in detail when they meet. The Board discussed

shaving energy use during peak time. Mr. Allen explained that the \$600K grant that was awarded to Ashburnham is just a small piece of the \$2.5M they will have to spend on the battery storage project they are now committed to. Commissioner Rys shared some of the research he did on battery development and manufacturing. Each commissioner expressed their commitment to stay informed and do research about innovative technologies and developments that customers and the wind farm may benefit from. The state's new SMART program replaced the SREC program and it's not as attractive or profitable.

**Other Business:**

- ***Gearbox Maintenance Webinar sponsored by the Danish Wind Institute*** – The webinar information was sent over to Mr. Allen by Commissioner Rys. Mr. Allen and Mr. Courville sat in on the webinar. Mr. Allen explained that he is pleased to inform the Board that PMLD meets and in some cases, exceeds the monitoring and maintenance recommendations that were addressed during the webinar. Mr. Allen stated that PMLD's success in managing the wind turbines has proven itself, resulting in setting a new high for Princeton in wind generation for 2017 since their commission. For 2017 the wind turbines have produced 4600 MWHs of wind energy and are running at 28% capacity as of today (final year-end figures will be posted on the PMLD webpage).
- ***Charter*** – Mr. Allen met with Town Officials and Charter Representatives on December 8<sup>th</sup>. Charter could not confirm at that time that there are or would be any poles to change out for their installation process. Mr. Allen did share the State's plan for the Main St/Route 140 East Princeton Historic District upgrade planned to start in 2018. Charter will be sent a copy of the plans and detail, so Charter can coordinate their involvement.
- ***Social Media Policy*** – Commissioner Rys discussed some of his recommendations for changes to the draft copy of a new social media policy and agreed to provide the changes in writing to everyone for their review. The Board agreed to table the policy discussion to be discussed at a future meeting under unfinished business.

**At 8:50 PM the Board voted unanimously in favor (3-0) to adjourn.**

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