

**MINUTES OF THE
MUNICIPAL LIGHT BOARD
JUNE 16, 2014**

PURSUANT TO notice given the Wellesley Municipal Light Board ("Board") met in the Wellesley Municipal Light Plant ("MLP") Gordon F. Kingsley Board Room, 4 Municipal Way, at 5:30 PM.

PRESENT

Those present included Chairman Edward J. Stewart, III, Commissioners Paul L. Criswell, Owen H. Dugan and Katharine Gibson; Municipal Light Plant Director Richard F. Joyce and staff members Joseph A. Bisol, Kevin P. Bracken, Michael Coppellotti, Trevor P. Criswell, Debra J. Healy, Cynthia R. Lowe, William H. Marsh, Daniel J. Trant and James W. Verner. Also in attendance was Advisory Representative Thomas Frisardi.

APPROVAL OF MINUTES

Upon a motion made by Mr. Criswell and seconded by Mr. Dugan, it was unanimously

VOTED: To approve the May 12, 2014 Public Session Minutes as written.

CITIZEN SPEAK

The Chairman presented all of those in attendance with the opportunity to speak on matters of interest with respect to the MLP. No one in attendance wished to speak.

DIRECTOR'S ITEMS

Energy Purchase Strategy. The Director reviewed the increase in energy costs from April 29, 2014 to May 27, 2014. During that four week interval prices for the MLP's energy portfolio increased by 3.9%. As a result of this increase the MLP staff elected not to lock-in energy purchases as planned. From May 27, 2014 to June 10, 2014 energy prices in Fiscal Years 2015 and 2016 decreased by \$105,000 and \$79,000, respectively. The MLP along with Energy New England will continue to monitor market prices and lock-in energy blocks and/or Load Following purchases should prices continue downward. The MLP's current portfolio is \$3.9 million below current market prices.

The Board and Director discussed various strategies and agreed locking-in Fiscal Year 2015 ("FY15") and Fiscal Year 2016 ("FY16") prices should be the priority. The MLP has limited exposure since 83% of the MLP's energy is already hedged in FY15 and 70% in FY16.

Financial Statements. Accounting Supervisor Joseph A. Bisol summarized the Income Statement results for the month of April and year-to-date. Purchase power and transmission costs have exceeded the budgeted amount reducing Fiscal Year 2014 ("FY14") projected net income to \$534,000. The MLP's cash balance of \$6.4 million is approximately the same as last year. Mr. Joyce discussed the May 2014 financial results and was of the opinion the MLP's FY14 net income would exceed \$1 million prior to funding the annual Town payment.

Pad Mount Transformer Purchase. Electric Superintendent James W. Verner reviewed the prices the MLP received in response to Bid Specification 14E-80-145, Three Phase Pad Mount Transformers. Four transformers were bid for each of the twelve purchases. The ABB

transformers had the lowest purchase price and were the only transformers that complied with the MLP's standard concrete pad specification. ABB, along with one other manufacturer, had the quickest delivery schedule of eight to ten weeks. After a brief discussion and upon a motion made by Mr. Dugan and seconded by Mr. Stewart, it was unanimously

VOTED: To award the purchase of twelve (12) ABB Three Phase Pad Mount Transformers in accordance with Bid Specification #14E-80-145 to the lowest conforming bidder, WESCO Distribution Inc., in the amount of \$145,854.00.

FY14 Capital Work Plan. James W. Verner updated the Board on the completion of the FY14 Capital Work Plan. All projects are on schedule to be completed by June 30, 2014. Mr. Verner expects capital expenditures to be within 1% of the \$3.3 million budget. Those projects that exceeded the budget were reviewed and a detailed explanation provided for the cost increase.

FY14 Write-Offs. The MLP experienced a significant increase in uncollectible accounts compared to past years. Customer Service Supervisor, William H. Marsh has requested \$40,684.35 of electric receivables be written off. This compares to the most recent five-year average of \$12,383. Four accounts comprise 71% of the FY14 write-offs. Mr. Marsh was of the opinion that Massachusetts Department of Public Utilities ("DPU") regulations made it impossible to collect delinquent receivables on these four accounts. All accounts have been turned over to Attorney Plouffe for collection. No water or sewer accounts were deemed to be uncollectible.

The Board asked the MLP staff to explain what DPU policies were changed and how these changes impacted collections. Mr. Marsh reviewed the extended non-termination dates, medical hardship, financial hardship and other requirements all electric utilities must comply with. The Board asked if this level of write-offs is expected in future years. Mr. Joyce said there were a few accounts with similar large outstanding balances that would increase future write-offs. The MLP staff will provide a list of those accounts during the first quarter of FY15. Upon a motion made by Mr. Criswell and seconded by Mr. Stewart, it was unanimously

VOTED: To approve the write-off of thirty-two (32) residential accounts and one (1) commercial account in the amounts of \$38,480.79 and \$2,203.56, respectively.

Standard & Poor's Credit Rating. Trevor P. Criswell summarized the criteria Standard & Poor's ("S&P's") prioritizes in the assignment of public power credit ratings. The MLP's "AA Stable" is in the top 10% to 12% nationally for S&P's ratings of public power systems.

FY15 Street Light Rate. The FY15 streetlight rate is calculated based on Massachusetts General Law Chapter 164, Section 58. Calendar year 2013 operating expenditures are divided by calendar year 2013 kilowatt-hour sales to determine the streetlight charge. In 2013 the MLP's expenses were \$31,493,436 on kWh sales of 246,766,893. On a motion made by Mr. Criswell and seconded by Mr. Dugan, it was unanimously

VOTED: To establish the Fiscal Year 2015 street light rate at \$0.12762/per kilowatt hour.

Non-Operating Profits. The Board and Director discussed the potential profit the MLP could realize if the distributed antenna system ("DAS") was utilized by any one of the major carriers. Mr. Stewart polled each member of the Board and asked for suggestions with the understanding

such profits would be minimal until DAS is fully developed. All Board Members were in agreement the best use of these monies would be to fund projects that would reduce the annual and monthly peak demand. A secondary priority should be the continued funding of the Other Post Employment Benefit liability.

Wellesley College "North 40". Commissioner Dugan updated the Board and staff on the process the Town of Wellesley will follow to evaluate the purchase of the "North 40" parcel of land. Mr. Dugan is representing the MLP and Department of Public Works on the Town's committee.

Election of Officers.

Upon a motion made by Mr. Criswell and seconded by Mr. Dugan, it was unanimously

VOTED: To elect Katharine Gibson as Municipal Light Plant Chair;

Upon a motion made by Mr. Criswell and seconded by Mr. Stewart, it was unanimously

VOTED: To elect Owen H. Dugan as Municipal Light Plant Vice-Chair; and

Upon a motion made by Mr. Dugan and seconded by Mr. Stewart, it was unanimously

VOTED: To elect Paul L. Criswell as Municipal Light Plant Secretary.

Miscellaneous.

- MLP 25th Annual Golf Tournament is scheduled for July 29th with all proceeds going to the Doug Flutie, Jr. Foundation;
- Carousel telephone system to be installed and operational on July 24th; and
- Regional Greenhouse Gas Initiative voted favorably out of the Joint Committee on Telecommunications, Utilities and Energy.

ADJOURNMENT

The Board meeting adjourned at 7:05 PM.

Respectfully submitted,

Paul L. Criswell, Secretary