

**MINUTES OF THE  
MUNICIPAL LIGHT BOARD  
JULY 21, 2015**

**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 Chair Owen H. Dugan, Commissioners Katharine Gibson, and Edward J. Stewart, III; MLP Director Richard F. Joyce and staff members Kevin P. Bracken, Michael Coppellotti, Trevor P. Criswell, Debra J. Healy, William H. Marsh, Suzanne M. Newark, Kevin M. Sullivan, and Daniel J. Trant.

**APPROVAL OF MINUTES**

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

**VOTED:** To approve the June 30, 2015 Public Session Minutes as written.

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

**VOTED:** To approve the June 30, 2015 Executive Session Minutes as written.

**CITIZEN SPEAK**

The Chair 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**

**Director’s Objectives.** During Fiscal Year 2015 (“FY15”) 11 of the 14 Objectives were completed, one Objective was partially completed and two Objectives were not completed. The Director reviewed five Objectives that will provide long term benefits:

- Safety record of 1,376 days without a Lost Time Accident;
- Distributed Antenna System (“DAS”) installation of fiber backbone;
- Purchase of Verizon’s interest in jointly-owned poles;
- Demolition of administration building \$30,000 under budget; and
- Replacement of the telephone system for the MLP, Department of Public Works, Fire Station 2 and Council on Aging.

One of the Objectives not completed was the audit of the MLP’s pension funds. This Objective was deferred to Fiscal Year 2016 as Segal is completing a valuation of the assets at the end of FY15. The second Objective was the evaluation of a winter tier rate. Since winter rates decreased from \$185/megawatt-hour (“MWH”) to \$75/MWH the evaluation was not necessary.

**Reliability Report.** Mr. Coppellotti reviewed the fourth quarter and FY15 reliability results. The SAIDI (System Average Interruption Duration Index) for FY15 was nine minutes. During

the past year the MLP experienced 23 power outages compared to 24 the prior year. Nine of the 23 (39%) outages were caused by squirrels. This compares to two of the 24 (8%) outages in Fiscal Year 2014.

**DAS Fiber Installation.** Line Supervisor, Kevin P. Bracken, updated the Board on the progress MLP line crews have made with the installation of DAS fiber. As of July 14<sup>th</sup> 40,384 feet of fiber has been installed. Mr. Bracken was of the opinion all of the fiber would be installed by the end of August.

**SCADA Purchase Award.** The MLP received four responses to Bid Specification #15E-80-148, Supervisory Control and Data Acquisition System ("SCADA") Request for Proposal. Mr. Coppellotti requested Board approval for the purchase of the Advanced Control Systems ("ACS") technology in the amount of \$203,095. The ACS proposal was the lowest conforming bid and Mr. Coppellotti was impressed with their responsiveness. Mr. Stewart asked if ACS was currently providing SCADA equipment for any electric utilities in this region. Mr. Coppellotti provided the names of investor-owned and public power systems using ACS equipment. Mr. Coppellotti also noted the proposed SCADA was below the capital budget estimate of \$250,000. Upon a motion made by Mr. Stewart and seconded by Ms. Gibson it was unanimously

**VOTED:** To award the purchase of the Supervisory Control and Data Acquisition System (SCADA), Bid Specification #15E-80-148 to the lowest conforming bidder, Advanced Control Systems, Inc. in the amount of \$203,095.00.

**Commercial Lighting Retrofit.** Office Manager, Suzanne M. Newark, reviewed the cost-benefit analysis the committee performed to analyze a MLP funded program to retrofit commercial lighting with Light Emitting Diode ("LED") bulbs. The committee consisted of Ms. Newark, Mr. Coppellotti and Mr. Marsh. Although the payback for the MLP's 100% funding of a retrofit program was unacceptable, 62 years, the committee gained a great deal of valuable information from the pilot program. The pilot program involved five commercial customers: 1) Wellesley Hills Gulf; 2) Littlebits Toy Store; 3) 141 Partnership, LLC; 4) Wellesley Dental Group; and 5) Fire Station 1. Pilot participants were selected based on their participation in the voluntary renewable energy program. The committee reached several conclusions:

- the MLP would need to be the primary contact with commercial customers;
- information requested from individual businesses would have to be concise and straightforward;
- average payback for commercial customers would exceed seven years for most businesses;
- most customers would likely not retrofit their lights without a subsidy from the MLP; and
- a LED program 100% funded by the MLP was not cost effective.

Ms. Gibson asked if the committee had evaluated other LED retrofit alternatives such as a rebate for retrofits completed. Mr. Joyce stated the committee had not looked at this alternative but it should be considered. The Board and staff discussed the importance of energy conservation and the need to balance financial incentives. Mr. Joyce committed to evaluating a rebate program for customer completed LED retrofits. The Board was in agreement.

Advisory Representative Scott Tarbox joined the meeting.

**Energy Purchase Comparison.** Mr. Criswell summarized a comparison of energy purchases using the 100% Balanced Block (“BB”) methodology versus Load Following (“LF”). In May 2014 the Board elected to purchase energy using the BB hedging strategy. Mr. Criswell calculated the LF energy costs for the period November 2014 through June 2015 using the MWH costs provided by Energy New England (“ENE”). For the aforementioned, eight-month period the BB strategy costs exceeded LF by \$17,000. Mr. Criswell had expected this result because of the higher prices in the winter months and the MLP’s inability to hedge the remaining open position. Since LF is primarily a long-term “blend & extend” strategy, winter prices would be artificially low and offset by higher prices in other months. Mr. Criswell pointed out the BB purchases from March through June 2015 were \$443,000 below LF costs. Mr. Criswell also noted that the ENE Load Following prices covered a five year purchasing strategy. Based on a decrease in energy prices and the Board’s adoption of the 100% Balanced Block methodology the MLP expects to realize significant savings through Fiscal Year 2019.

**Braintree Watson Plant.** The MLP committee of Joseph A. Bisol, Trevor P. Criswell, William H. Marsh and Suzanne M. Newark evaluated the cost-benefit of the MLP’s 10% entitlement in the Braintree Watson Plant. The committee reached three conclusions.

- 1) Energy generated from the Watson Plant will always provide a savings compared to spot market purchases due to ISO-New England peak shaving compensation requirements.
- 2) The financial benefits from capacity is totally dependent on ISO-New England’s Forward Capacity Market (“FCM”) bidding procedures. For Fiscal Years 2015, 2016 and 2017 the staff estimates Watson’s debt service costs will exceed FCM by \$1,100,000. For Fiscal Years 2018 and 2019 Watson’s capacity entitlement is expected to provide a savings of \$782,000.
- 3) The Watson entitlement provides additional diversification benefits as a result of the limited available alternatives to hedge capacity and energy. The staff also noted the financial benefits will increase significantly once the debt is paid off in fourteen years.

The Board thanked the committee for providing an extensive analysis and recognized the overall complexity of New England’s power supply market.

#### **ADJOURNMENT**

The Board meeting adjourned at 6:55 PM.

Respectfully submitted,

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Owen H. Dugan, Chair