MINUTES OF THE
MUNICIPAL LIGHT BOARD
MAY 31, 2016

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 Paul L. Criswell, David A. T. Donohue, Katharine Gibson, and Edward J. Stewart, III; MLP 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, Suzanne M. Newark, Kevin M. Sullivan, Daniel J. Trant and James W. Verner.

APPROVAL OF MINUTES

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

VOTED: To approve the April 25, 2016 Public 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

Community Preservation Committee ("CPC") Presentation. Mr. Dugan provided the Board and staff with an update on his May 11, 2016 CPC presentation. Overall the CPC seemed to be receptive to the historical preservation of the exterior of the Old Substation. Mr. Dugan reviewed the scope of work, anticipated timeline and cost. The CPC and Mr. Dugan discussed the approval process and required documentation. Mr. Dugan and Board Members re-examined the potential reuse of the building, including the possibility of a meeting room for all Town Departments.

Eversource Meeting. The staff and Mr. Dugan met with Eversource engineers on May 17, 2016 to review the events that led to the major outage on April 11th. Mr. Dugan summarized the sequence of events that resulted in the loss of power to all customers served from the Cedar Street Substation. The meeting was productive and the Chair and staff were confident Eversource had carefully evaluated the equipment and programming failures and implemented the appropriate corrective action.

Financial Statements. Accounting Supervisor, Joseph A. Bisol reviewed the April 2016 and year-to-date ("YTD") Income Statements. The YTD net income after the payment to the Town is $1.7 million compared to a loss of $.8 million in Fiscal Year 2015. The MLP's improved financial position is primarily a result of a decrease in energy costs and an increase in non-operating revenue. Mr. Bisol noted the available cash balance was $9.1 million. Mr. Joyce reviewed the Five Year Financial Forecast projection of a $9 million ending balance for Fiscal Year 2016 ("FY16"). The staff will be recommending the creation of a rate stabilization fund for

Fiscal Years 2018 and 2019 to offset major increases in Forward Capacity Market ("FCM") costs. Mr. Bisol referred to page 16, "Fiscal Year 2016 Variance Analysis" to point out actual expenditures were 3.3% below the total YTD budget and only the transmission category exceeded the budgeted amount.

Primary Metering. The Director outlined the four major assumptions used to evaluate the cost-benefits of providing real time communications with the Primary Customers:

1) Each customer reduces summer peak by 10%;
2) FCM price of $7.03/kilowatt ("kW");
3) Transmission price of $11.00/kW; and
4) FCM savings split 50/50.

Based on the volatility of ISO-New England FCM prices and the experience of two similar Massachusetts electric municipalities, the Director was skeptical peak shaving benefits would outweigh the drawbacks. For the 2016 through 2020 period FCM prices will fluctuate from an increase of 91% in 2018 to a decrease of 26% in 2020. Electric municipalities in Braintree and Taunton did not attract major commercial customers and/or reduce the collective participants peak by more than 3%. It is worth noting, however, both systems only recently adopted peak shaving programs.

In Wellesley, Primary Customers have reduced their summer peak by 6% from 2012 to 2015. Mr. Joyce was of the opinion there were too many unknown variables (office vacancies, temperatures, load additions, etc.) to make long term conclusions but the trend indicates an additional 10% reduction would be difficult to attain. The Director was in support of real time communications with commercial customers as part of a system-wide "Smart Gird" program in which electric rates are set by time-of-use. "Smart Grid" applications are being developed but are not yet at the point of full deployment in Wellesley.

Fiscal Year 2017 ("FY17") Streetlight Rate. The MLP calculates streetlight rates based on the formula established within Massachusetts General Law, Chapter 164, section 58. The kilowatt-hour ("kWh")charge is determined by dividing calendar year 2015 expenses ($32,185,371) by calendar year 2015 kWh sales (244,488,219). The FY17 streetlight rate of $0.13164/kWh is a 1.9% increase over FY16. As an alternative the Board could charge a rate based on the cost of service which PLM consultants had previously calculated at $0.17/kWh. The 1.9% increase is below the 3.0% increase that was estimated for the FY17 Town budget. Upon a motion made by Mr. Donohue and seconded by Mr. Criswell, it was unanimously

VOTED: To establish the Fiscal Year 2017 streetlight rate at $0.13164/per kilowatt-hour.

Trevor P. Criswell Recognition. Ms. Healy informed the Board that Trevor P. Criswell received his Master's Degree from Tufts University. Mr. Trevor Criswell thanked the Board for the financial assistance he received from the education reimbursement program.

Wellesley College Amendment. Assistant Director, Debra J. Healy reviewed the proposed changes stipulated within the Eighth Amendment To The Electric Supply Agreement ("Agreement"). The Agreement extends the terms and conditions for the MLP's commitment to provide "back up" electric service through May 31, 2017. Wellesley College will be responsible for the cost of transmission, FCM and energy charges the MLP incurs to serve the College, except for the purchase of one megawatt ("MW") of off peak energy. Wellesley College will

purchase one MW of electricity during all off peak hours from the MLP for the period July 1, 2016 through June 30, 2017 at the fixed price of $34.15/per megawatt-hour. Ms. Healy was pleased to inform the Board Wellesley College agreed to continue participation in the "Voluntary Renewable Energy Program" at a cost of $4,333.33/month. The Board thanked Ms. Healy for maintaining a good working relationship and upon a motion made by Mr. Dugan and seconded by Mr. Criswell, it was unanimously

VOTED: To authorize the Municipal Light Plant Director to execute the Eighth Amendment To The Electric Supply Agreement with Wellesley College based on the terms and conditions presented.

Standards & Poor's ("S&P") Credit Rating. Ms. Healy summarized the staff's interactions with S&P to retain the "AA Stable" credit rating. Ms. Healy explained how S&P assigned a '3" to the MLP's business risk profile on a scale of "1 to 10" with "1" being the strongest. S&P also recognized the Board's decision to lock-in a larger portion of energy purchases by approving a 100% Balanced Block, fixed purchase strategy in 2015. On the negative side S&P expressed a concern for the lack of liquidity resulting from the use of available cash to offset major FCM increases in 2018 and 2019. Ms. Healy was pleased with S&P's "AA Stable" reaffirmation which remains S&P's highest rating assigned to investor-owned or electric public power systems in New England.

Third Quarter Reliability Report. Supervisory Electrical Engineer Michael Coppellotti updated the Board on the fifteen power interruptions during the third quarter of FY16. A total of 967 customers experienced a loss of electricity with 929 (96%) having power restored in less than 60 minutes. Mr. Coppellotti compared the SAIDI (System Average Interruption Duration Index) of 11 minutes YTD to the five year average of 30 minutes. The Board asked if the increase of outages caused by equipment failures was an indication the MLP should re-evaluate the Five Year Capital Plan. Mr. Coppellotti recommended that the capital plan remain unchanged since all equipment failures were either cable faults or transformers with many years of useful life remaining.

James W. Verner Retirement. Mr. Joyce asked that the Minutes reflect the appreciation the Board and staff have for Mr. Verner's 32 years of dedicated and loyal service to the Town of Wellesley. Board Members individually thanked Mr. Verner and wished him well upon his retirement on July 5, 2016.

Next Meeting. The next Board Meeting is scheduled for Monday, June 27, 2016 at 5:30 PM.

ADJOURNMENT

The Board Meeting adjourned at 7:05 PM.

Respectfully submitted,

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Paul L. Criswell, Secretary